UNITED STATES BANKRUPTCY COURT
MIDDLE DISTRICT OF FLORIDA
JACKSONVILLE DIVISION

In re:	x	
Trailer Bridge, Inc.,[1]	:	Case No. 3:11-bk-08348-[JAF]
Debtor.	:	Chapter 11
_____/	x	

DISCLOSURE STATEMENT WITH RESPECT TO THE FIRST AMENDED PLAN OF REORGANIZATION OF TRAILER BRIDGE, INC.

Dated February 9, 2012

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THIS DISCLOSURE STATEMENT HAS NOT YET BEEN APPROVED BY THE UNITED STATES BANKRUPTCY COURT FOR THE MIDDLE DISTRICT OF FLORIDA AS COMPLYING WITH THE REQUIREMENTS OF SECTION 1125 OF THE BANKRUPTCY CODE. THIS DISCLOSURE STATEMENT HAS BEEN SUBMITTED TO THE BANKRUPTCY COURT FOR APPROVAL, BUT HAS NOT YET BEEN APPROVED. INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS SUBJECT TO COMPLETION AND AMENDMENT. THE DEBTOR INTENDS TO REQUEST APPROVAL OF THIS DISCLOSURE STATEMENT CONCURRENTLY WITH CONFIRMATION OF THE PROPOSED PLAN OF REORGANIZATION OF TRAILER BRIDGE, INC.

INTRODUCTION AND DISCLAIMER

THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS INCLUDED HEREIN FOR PURPOSES OF SOLICITING ACCEPTANCES OF THE PLAN OF REORGANIZATION OF TRAILER BRIDGE, INC. AND MAY NOT BE RELIED UPON FOR ANY PURPOSE OTHER THAN TO DETERMINE HOW TO VOTE ON THE PLAN. NO PERSON MAY GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS, OTHER THAN THE INFORMATION AND REPRESENTATIONS CONTAINED IN THIS DISCLOSURE STATEMENT, REGARDING THE PLAN OR THE SOLICITATION OF ACCEPTANCES OF THE PLAN.

THIS DISCLOSURE STATEMENT SETS FORTH CERTAIN INFORMATION REGARDING THE DEBTOR'S PREPETITION OPERATING AND FINANCIAL HISTORY, THE NEED TO SEEK CHAPTER 11 PROTECTION, SIGNIFICANT EVENTS DURING THE CHAPTER 11 CASE, AND THE ANTICIPATED ORGANIZATION, OPERATIONS AND FINANCING OF THE DEBTOR UPON SUCCESSFUL EMERGENCE FROM CHAPTER 11. THIS DISCLOSURE STATEMENT ALSO DESCRIBES TERMS AND PROVISIONS OF THE PLAN, CERTAIN EFFECTS OF CONFIRMATION OF THE PLAN, CERTAIN RISK FACTORS, AND THE CONFIRMATION PROCESS AND VOTING PROCEDURES THAT HOLDERS OF CLAIMS ENTITLED TO VOTE UNDER THE PLAN MUST FOLLOW FOR THEIR VOTES TO BE COUNTED.

EXCEPT AS OTHERWISE PROVIDED HEREIN, CAPITALIZED TERMS NOT OTHERWISE DEFINED IN THIS DISCLOSURE STATEMENT HAVE THE MEANINGS ASCRIBED TO THEM IN THE PLAN. UNLESS OTHERWISE NOTED, ALL DOLLAR AMOUNTS PROVIDED IN THIS DISCLOSURE STATEMENT AND THE PLAN ARE GIVEN IN UNITED STATES DOLLARS.

ALL CREDITORS ARE ADVISED AND ENCOURAGED TO READ THIS DISCLOSURE STATEMENT AND THE PLAN IN THEIR ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THE PLAN. PLAN SUMMARIES AND STATEMENTS MADE IN THIS DISCLOSURE STATEMENT ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PLAN, THE EXHIBITS AND SCHEDULES ANNEXED TO THE PLAN, THE PLAN SUPPLEMENT DOCUMENTS ONCE FILED, AND THIS DISCLOSURE STATEMENT. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE ONLY AS OF THE DATE HEREOF, AND THERE CAN BE NO ASSURANCE THAT THE STATEMENTS CONTAINED HEREIN WILL BE CORRECT AT ANY TIME AFTER THE DATE HEREOF.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE UNITED STATES BANKRUPTCY CODE AND RULE 3016(c) OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE AND NOT NECESSARILY IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER NON-BANKRUPTCY LAW. THIS DISCLOSURE STATEMENT HAS BEEN NEITHER APPROVED NOR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION (THE "SEC"), NOR HAS THE SEC PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED HEREIN. PERSONS OR ENTITIES TRADING IN OR OTHERWISE PURCHASING, SELLING OR TRANSFERRING SECURITIES

OR CLAIMS OF TRAILER BRIDGE, INC. SHOULD EVALUATE THIS DISCLOSURE STATEMENT AND THE PLAN IN LIGHT OF THE PURPOSE FOR WHICH THEY WERE PREPARED.

AS TO CONTESTED MATTERS, ADVERSARY PROCEEDINGS AND OTHER ACTIONS OR THREATENED ACTIONS, THIS DISCLOSURE STATEMENT SHALL NOT CONSTITUTE OR BE CONSTRUED AS AN ADMISSION OF ANY FACT OR LIABILITY, STIPULATION OR WAIVER, BUT RATHER AS A STATEMENT MADE IN SETTLEMENT NEGOTIATIONS PURSUANT TO RULE 408 OF THE FEDERAL RULES OF EVIDENCE AND OTHER APPLICABLE EVIDENTIARY RULES. THIS DISCLOSURE STATEMENT SHALL NOT BE ADMISSIBLE IN ANY NON-BANKRUPTCY PROCEEDING NOR SHALL IT BE CONSTRUED TO BE CONCLUSIVE ADVICE ON THE TAX, SECURITIES OR OTHER LEGAL EFFECTS OF THE PLAN AS TO HOLDERS OF CLAIMS AGAINST, OR EQUITY INTERESTS IN, TRAILER BRIDGE, INC.

TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, EACH HOLDER IS HEREBY NOTIFIED THAT (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES IN THIS DISCLOSURE STATEMENT IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY ANY HOLDER FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON A HOLDER UNDER THE TAX CODE; (B) SUCH DISCUSSION IS INCLUDED HEREBY BY THE DEBTOR IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF CIRCULAR 230) BY THE DEBTOR OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) EACH HOLDER SHOULD SEEK ADVICE BASED ON ITS PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

TABLE OF APPENDICES

I. INTRODUCTION

Trailer Bridge, Inc., the debtor and debtor in possession in the above-referenced Chapter 11 Case (No. 3:11-bk-08348-[JAF]), submits this disclosure statement (the "Disclosure Statement") pursuant to section 1125 of title 11 of the United States Code (the "Bankruptcy Code"), for use in the solicitation of votes on the First Amended Plan of Reorganization of Trailer Bridge, Inc. dated February 9, 2012 (the "Plan"). **A copy of the Plan is attached as Appendix A to this Disclosure Statement. All capitalized terms used in this Disclosure Statement but not otherwise defined herein have the meanings ascribed to such terms in Article I of the Plan**.

This Disclosure Statement sets forth certain information regarding the Debtor's pre-petition operating and financial history, its reasons for seeking protection and reorganization under chapter 11, significant events that have occurred during the Chapter 11 Case and the anticipated organization, operations, and financing of the Debtor upon its successful emergence from chapter 11. This Disclosure Statement also describes certain terms and provisions of the Plan, certain effects of confirmation of the Plan, certain risk factors associated with the Plan and the securities to be issued under the Plan, and the manner in which distributions will be made under the Plan. In addition, this Disclosure Statement discusses the confirmation process and the voting procedures that holders of Claims entitled to vote under the Plan must follow for their votes to be counted.

Pursuant to the provisions of the Bankruptcy Code, only classes of claims or interests that are (i) "impaired" by the Plan and (ii) entitled to receive a distribution under such Plan are entitled to vote on the Plan. In the Debtor's case, only Claims and Interests in **Classes 3, 4, 5, and 8** are impaired by and entitled to receive a distribution under the Plan, and only the holders of Claims and Interests in those Classes are entitled to vote to accept or reject the Plan. Claims and Interests in **Classes 1, 2, 6, and 7** are unimpaired by the Plan, and such holders are conclusively presumed to have accepted the Plan. Interests in **Class 9** are impaired by the Plan, and such holders are conclusively presumed to have rejected the Plan.

FOR A DESCRIPTION OF THE PLAN AND VARIOUS RISKS AND OTHER FACTORS PERTAINING TO THE PLAN, PLEASE SEE SECTION V OF THIS DISCLOSURE STATEMENT, ENTITLED "SUMMARY OF THE PLAN OF REORGANIZATION," AND SECTION VI OF THIS DISCLOSURE STATEMENT, ENTITLED "CERTAIN RISK FACTORS TO BE CONSIDERED."

THIS DISCLOSURE STATEMENT CONTAINS SUMMARIES OF CERTAIN PROVISIONS OF THE PLAN, CERTAIN STATUTORY PROVISIONS, CERTAIN DOCUMENTS RELATING TO THE PLAN, CERTAIN EVENTS THAT HAVE OCCURRED IN THE CHAPTER 11 CASE, AND CERTAIN FINANCIAL INFORMATION. ALTHOUGH THE DEBTOR BELIEVES THAT ALL SUCH SUMMARIES ARE FAIR AND ACCURATE AS OF THE DATE HEREOF, SUCH SUMMARIES ARE QUALIFIED TO THE EXTENT THAT THEY DO NOT SET FORTH THE ENTIRE TEXT OF UNDERLYING DOCUMENTS AND TO THE EXTENT THAT THEY MAY CHANGE AS PERMITTED BY THE PLAN AND APPLICABLE LAW. FACTUAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS BEEN PROVIDED BY THE DEBTOR'S MANAGEMENT, EXCEPT WHERE OTHERWISE SPECIFICALLY NOTED. THE DEBTOR DOES NOT WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT, INCLUDING THE FINANCIAL INFORMATION, IS WITHOUT ANY MATERIAL INACCURACY OR OMISSION.

NOTHING CONTAINED IN THIS DISCLOSURE STATEMENT CONSTITUTES AN ADMISSION OF ANY FACT OR LIABILITY BY ANY PARTY. THIS DISCLOSURE STATEMENT SHALL NOT BE ADMISSIBLE IN ANY NON-BANKRUPTCY PROCEEDING INVOLVING THE

DEBTOR OR ANY OTHER PARTY, NOR SHALL IT BE DEEMED CONCLUSIVE ADVICE ON THE TAX OR OTHER LEGAL EFFECTS OF THE REORGANIZATION AS TO HOLDERS OF ALLOWED CLAIMS OR INTERESTS. YOU SHOULD CONSULT YOUR PERSONAL COUNSEL OR TAX ADVISOR WITH RESPECT TO ANY QUESTIONS OR CONCERNS REGARDING TAX, SECURITIES, OR OTHER LEGAL CONSEQUENCES OF THE PLAN.

CERTAIN OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS BY ITS NATURE FORWARD LOOKING AND CONTAINS ESTIMATES, ASSUMPTIONS, AND PROJECTIONS THAT MAY BE MATERIALLY DIFFERENT FROM ACTUAL, FUTURE RESULTS. Except with respect to the financial projections set forth in the attached Appendix B (the "Projections") and except as otherwise specifically and expressly stated herein, this Disclosure Statement does not reflect any events that may occur subsequent to the date hereof and that may have a material impact on the information contained in this Disclosure Statement. The Debtor does not undertake any obligation to, and does not intend to, update the Projections; thus, the Projections will not reflect the impact of any subsequent events not already accounted for in the assumptions underlying the Projections. Further, the Debtor does not anticipate that any amendments or supplements to this Disclosure Statement will be distributed to reflect such occurrences. Accordingly, the delivery of this Disclosure Statement will not under any circumstance imply that the information herein is correct or complete as of any time subsequent to the date hereof. Moreover, the Projections are based on assumptions that, although believed to be reasonable by the Debtor, may differ from actual results.

THE DEBTOR BELIEVES THAT THE PLAN WILL ENABLE THE DEBTOR TO SUCCESSFULLY REORGANIZE AND ACCOMPLISH THE OBJECTIVES OF CHAPTER 11 AND THAT ACCEPTANCE OF THE PLAN IS IN THE BEST INTERESTS OF THE DEBTOR AND ITS CREDITORS, INCLUDING THE HOLDERS OF CLAIMS AND INTERESTS IN CLASSES 3, 4, 5 AND 8. THE DEBTOR URGES SUCH HOLDERS TO VOTE TO ACCEPT THE PLAN.

II. OVERVIEW OF THE PLAN

The following is a brief overview of the material provisions of the Plan and is qualified in its entirety by reference to the full text of the Plan. For a more detailed description of the terms and provisions of the Plan, see Section V of this Disclosure Statement, entitled "Summary of the Plan of Reorganization."

The Plan designates eight (8) Classes of Claims and one (1) Class of Interests. These Classes take into account the differing nature and priority of the various Claims and Interests under the Bankruptcy Code.

The Debtor believes that the Plan provides the best means currently available for the Debtor's emergence from chapter 11.

A. Overview of the Plan

Claims are treated generally in accordance with the priorities established under the Bankruptcy Code. Claims that have priority status under the Bankruptcy Code or that are secured by valid liens on collateral are to be paid in full or reinstated as provided in the Plan.

The following is an overview of certain material terms of the Plan:

- The Debtor will be reorganized pursuant to the Plan and will continue in operation, achieving the objectives of chapter 11 for the benefit of its creditors, customers, suppliers, employees, and community.

- Allowed Administrative Claims, Priority Tax Claims, and Class 7: Other Priority Claims will be paid in full as required by the Bankruptcy Code, unless holders of such claims agree otherwise.

- At the election of the holders of MARAD 6.52% Bond Claims, either (i) the MARAD 6.52% Indenture shall be Reinstated, except to the extent that such Indenture requires the MARAD Agent to consent to a second priority lien and a third priority lien being placed on the MARAD Collateral, and the MARAD 6.52% Bond Claims shall be paid in accordance with the terms and conditions of the MARAD 6.52% Indenture, or (ii) if the requisite number of holders of MARAD 6.52% Bond Claims exercise their right to make the Premium Waiver Election by checking the applicable box on the Ballot, the MARAD 6.52% Bond Claims shall be paid in full. The form of intercreditor agreement that will govern the second and third priority liens being placed on the MARAD Collateral is attached as Exhibit A-3 to the Plan.

- At the election of the holders of MARAD 7.07% Bond Claims, either the MARAD 7.07% Indenture shall be Reinstated, except to the extent that such Indenture requires the MARAD Agent to consent to a second priority lien and a third priority lien being placed on the MARAD Collateral, and the MARAD 7.07% Bond Claims shall be paid in accordance with the terms and conditions of the MARAD 7.07 Indenture, or (ii) if the requisite number of holders of MARAD 7.07% Bond Claims exercise their right to make the Premium Waiver Election by checking the applicable box on the Ballot, the MARAD 7.07% Bond Claims shall be paid in full. The form of intercreditor agreement that will govern the second and third priority liens being placed on the MARAD Collateral is attached as Exhibit A-3 to the Plan.

- Each holder of an Allowed Class 5: Secured Note Claim shall receive that holder's Pro Rata share of the New Class 5 Secured Note.

- Each holder of an Allowed Class 6: Miscellaneous Secured Claim shall receive either (i) Cash in the full amount of such Allowed Class 6: Miscellaneous Secured Claim, including any postpetition interest accrued pursuant to section 506(b) of the Bankruptcy Code, to be paid from the Miscellaneous Secured Reserve (ii) the proceeds of the sale or disposition of the collateral securing such Allowed Class 6: Miscellaneous Secured Claim to the extent of the value of the holder's secured interest in such collateral, (iii) the collateral securing such Allowed Other Secured Claim and any interest on such Allowed Class 6: Miscellaneous Secured Claim required to be paid pursuant to section 506(b) of the Bankruptcy Code; or (iv) such other distribution as necessary to satisfy the requirements of section 1129 of the Bankruptcy Code.

- If Class 8: General Unsecured Claims accepts the Plan, on the Effective Date (or as soon thereafter as is practicable), each holder of an Allowed Class 8: General Unsecured Claim, other than the holders of Allowed Noteholder Deficiency Claims, shall receive, in full satisfaction, settlement, release, and discharge of, and in exchange for such Allowed Class 8: General Unsecured Claim, either (i) its Pro Rata share of the General Unsecured Reserve, initially funded in an amount of $3.5 million, or (ii) such other no more favorable treatment as to which such holder and the Debtor shall have agreed upon in writing and as to which each of the Majority Secured Noteholders consents. In the event that Class 8: General Unsecured Claims accepts the Plan, but each holder of an Allowed Class 8: General Unsecured Claim (other than holders of the Allowed Noteholder Deficiency Claims) receives a distribution of less than 85% of its Allowed Claim, then each holder of an Allowed Class 8: General Unsecured Claim, other than the holders of an Allowed Noteholder Deficiency Claim, shall receive, subject to Article V.D of the Plan (providing that no fractional New Common Stock shares shall be issued or distributed), such holder's Pro Rata share of (x) 4,841 shares of New Common Stock; (y) for each share of New Common Stock so issued, 2.272 Tranche 1 Warrants; and (z) for each share of new Common Stock so issued, 1.685 Tranche 2 Warrants ((x),(y), and (z) of this clause collectively, the "Equity Consideration")[2]; *provided* that each unit of Equity Consideration shall not be separable, so that the New Common Stock and the New Warrants comprising such units shall not be separately conveyed. Nothing herein will preclude any person or group of persons, including the holders of Class 9: Old Common Interests, from providing the Company with Cash to distribute to holders of Allowed Class 8: General Unsecured Claims, other than the holders of an Allowed Noteholder Deficiency Claim, so that each holder will receive a distribution of 85% or greater on its Allowed Class 8: General Unsecured Claim, thereby enabling holders of the Class 9: Old Common Interests to receive a distribution under the Plan, as set forth in greater detail below.

- If Class 8: General Unsecured Claims accepts the Plan, and a particular holder of an Allowed Class 8: General Unsecured Claim votes to accept the Plan, any and all potential Avoidance Actions against such holder shall be waived.

- Further, if Class 8: General Unsecured Claims accepts the Plan, each holder of an Allowed Class 8: General Unsecured Claim in an amount less than $10,000 who votes to accept the Plan may elect to receive 75% of such Allowed Claim amount in Cash on the Effective Date or as soon as practicable thereafter in lieu of any other recovery provided for under the Plan, provided that no objection to such Claim is filed on or before the Effective Date. In the event that a holder of an Allowed Class 8: General Unsecured Claim has made such an election, the holder foregoes any potential for a higher recovery on such Allowed Class 8: General Unsecured Claim.

- If Class 8: General Unsecured Claims rejects the Plan, on the Effective Date (or as soon thereafter as is practicable) each holder of an Allowed Class 8: General Unsecured Claim, other than the holders of an Allowed Noteholder Deficiency Claim, shall receive, in full satisfaction, settlement, release, and discharge of, and in exchange for, such Allowed Class 8: General Unsecured Claim, either (i) its Pro Rata share of

[2] As set forth in the Plan, the share amounts referenced throughout this Disclosure Statement assume a 2,500:1 reverse split using 12,103,000 as the current number of outstanding shares. The Debtor's management and financial advisors are currently verifying the figure, and will update if necessary.

(a) the General Unsecured Reserve, initially funded in an amount of $2 million, and (b) subject to Article V.D of the Plan (providing that no fractional New Common Stock shares shall be issued or distributed), the Equity Consideration; or (ii) such other no more favorable treatment as to which such holder and the Debtor shall have agreed upon in writing and as to which each of the Majority Secured Noteholders consents.

- The holders of the Allowed Noteholder Deficiency Claims shall be deemed to waive their right to participate in any distribution from the General Unsecured Reserve or receive Equity Consideration and instead will receive that holder's Pro Rata share of 48,950 shares of the outstanding shares of New Common Stock, which shall be subject to (i) ratable dilution of up to 5% upon the issuance of any shares of stock granted pursuant to the New Management Incentive Plan and (ii) further dilution upon the exercise of the New Warrants.

- Holders of Class 9 Common Interests are Impaired under the Plan and receive zero recovery. However, if Class 8: General Unsecured Claims votes to accept the Plan, and the General Unsecured Reserve (which shall include any Cash contribution permitted in Article III.E.8(b) of the Plan, excess Cash from the Miscellaneous Secured Reserve, and excess Cash from the Cure Reserve) is adequate to provide a distribution of at least 85% to holders of Allowed Class 8: General Unsecured Claims, then on the Effective Date, or as soon as practicable thereafter, each holder of an Allowed Class 9: Old Common Interest shall elect to receive in full satisfaction, settlement, release, and discharge of, and in exchange for such Interest and on the terms and conditions set forth more fully in the Plan either: (i) a cash payment of $0.15 per share; or (ii) subject to Article V.D of the Plan (providing that no fractional New Common Stock shares shall be issued or distributed) such holder's Pro Rata share of Equity Consideration; *provided* that each unit of Equity Consideration shall not be separable, so that the New Common Stock and the New Warrants comprising such units shall not be separately conveyed. In the event a holder of an Allowed Class 9: Old Common Interest holds less than 2,500 shares, such holder will receive a cash payment of $0.15 per share; and *provided further*, however, that to the extent a holder of an Allowed Class 9: Old Common Interest elects or otherwise receives the cash payment of $0.15 per share referenced above, such holder's Pro Rata share of the Equity Consideration shall not be issued to such holder. For the avoidance of doubt, if Class 8: General Unsecured Claims votes to reject the Plan, the holders of Class 9: Old Common Interests will receive no recovery.

- ***DIP Facility***. The Debtor obtained debtor in possession financing in the amount of $15 million to fund its Chapter 11 Case. The DIP Lenders shall receive, in full satisfaction, settlement, release and discharge of and in exchange for their Allowed DIP Facility Claim: (i) Cash equal to the full amount of the DIP Lender's share of the Allowed DIP Facility Claim; or (ii) such other treatment as to which the Debtor and the DIP Lenders agree upon in writing.

- ***Exit Facility***. On the Effective Date, the Reorganized Debtor shall obtain new financing in the approximate amount of $31 million. Funds from the Exit Facility will be used to pay off the DIP Facility, fund payments under the Plan, pay transaction costs and fund working capital and other general corporate purposes of the Reorganized Debtor after the Effective Date.

B. Summary of Treatment of Claims and Interests under the Plan

The table below summarizes the classification and treatment of the pre-petition Claims and Interests under the Plan. Estimated Claim amounts assume a calculation date of the Petition Date. Estimated percentage recoveries are also set forth below for certain Classes of Claims. Estimated percentage recoveries have been calculated based upon a number of assumptions, including the estimated amount of Allowed Claims in each Class.

For certain Classes of Claims, the actual amounts of Allowed Claims could materially exceed or could be materially less than the estimated amounts shown in the table that follows. The Debtor has not yet reviewed and fully analyzed all Proofs of Claim filed in the Chapter 11 Case. Estimated Claim amounts for each Class set forth below are based upon the Debtor's review of its books and records and of certain Proofs of Claim, and include estimates of a number of Claims that are contingent, disputed, and/or unliquidated.

The foregoing valuation of the Reorganized Debtor is based on a number of assumptions and conditions, which are more fully set forth in the valuation attached as Appendix D to this Disclosure Statement..

Description and Amount of Claims or Interests	Summary of Treatment
Class 1: Wells Term Loan Secured Claims Estimated Aggregate Amount: $4.4 million	• Unimpaired • Class 1 consists of all Allowed Wells Term Loan Secured Claims • On the Effective Date (or as soon thereafter as is practicable) the holder of any Allowed Wells Term Loan Secured Claims shall receive either (i) Cash in the full amount of such Allowed Wells Term Loan Claims, including any unpaid postpetition interest accrued pursuant to section 506(b) of the Bankruptcy Code or (ii) such other no more favorable treatment as to which the holder of Wells Term Loan Secured Claims and the Debtor shall have agreed upon in writing and as to which each of the Majority Secured Noteholders consents. • Conclusively presumed to have accepted the Plan and, therefore, not entitled to vote. • Estimated Recovery: 100%
Class 2: Wells Revolver Loan Secured Claims Estimated Aggregate Amount: $5.9 million	• Unimpaired • Class 2 consists of all Allowed Wells Revolver Secured Claims • On the Effective Date (or as soon thereafter as is practicable) the holder of any Allowed Wells Revolver Secured Claims shall receive either (i) Cash in the full amount of such Allowed Wells

	Revolver Secured Claims, including any unpaid postpetition interest accrued pursuant to section 506(b) of the Bankruptcy Code or (ii) such other no more favorable treatment as to which the holder of Wells Term Loan Secured Claims and the Debtor shall have agreed upon in writing and as to which each of the Majority Secured Noteholders consents. • Conclusively presumed to have accepted the Plan and, therefore, not entitled to vote. • Estimated Recovery: 100%
Class 3: MARAD 6.52% Bond Claims Estimated Aggregate Amount: $8.57 million	• Impaired • Class 3 consists of all Allowed MARAD 6.52% Bond Claims • On the Effective Date, at the election of the holders of MARAD 6.52% Bond Claims, either (i) the MARAD 6.52% Indenture shall be Reinstated, except to the extent that such Indenture requires the MARAD Agent to consent to a second priority lien and a third priority lien being placed on the MARAD Collateral, and the MARAD 6.52% Bond Claims shall be paid in accordance with the terms and conditions of the MARAD 6.52% Indenture, or (ii) if the requisite number of holders of MARAD 6.52% Bond Claims exercise their right to make the Premium Waiver Election by checking the applicable box on the Ballot, the MARAD 6.52% Bond Claims shall be paid in full. The form of intercreditor agreement that will govern the second and third priority liens being placed on the MARAD Collateral is attached as Exhibit A-3 to the Plan. • Entitled to vote to accept or reject the Plan. • Estimated Recovery: 100%
Class 4: MARAD 7.07% Bond Claims Estimated Aggregate Amount: $5.1 million	• Impaired • Class 4 consists of all Allowed MARAD 7.07% Bond Claims • On the Effective Date, at the election of the holders of MARAD 7.07% Bond Claims, either the MARAD 7.07% Indenture shall be Reinstated, except to the extent that such Indenture requires the MARAD Agent to consent to a second priority lien and a third priority lien being placed on the MARAD Collateral, and the MARAD 7.07% Bond Claims shall be paid in accordance with the terms and conditions of the MARAD 7.07 Indenture, or (ii) if the requisite number of holders

	of MARAD 7.07% Bond Claims exercise their right to make the Premium Waiver Election by checking the applicable box on the Ballot, the MARAD 7.07% Bond Claims shall be paid in full. The form of intercreditor agreement that will govern the second and third priority liens being placed on the MARAD Collateral is attached as Exhibit A-3 to the Plan. • Entitled to vote to accept or reject the Plan. • Estimated Recovery: 100%
Class 5: Secured Note Claims Estimated Aggregate Amount: $86.3 million	• Impaired • Class 5 consists of all Allowed Secured Note Claims • Unless the holder of the Secured Note Claim and the Debtor agree to a different treatment, to which each of the Majority Secured Noteholders consents on the Effective Date, each holder of an Allowed Secured Note Claim shall receive that holder's Pro Rata share of the New Class 5 Secured Note. The Allowed Noteholder Deficiency Claim shall receive such treatment as set forth in Class 8: General Unsecured Claims below. • Entitled to vote to accept or reject the Plan. • Estimated Recovery: 75%
Class 6: Miscellaneous Secured Claims Estimated Aggregate Amount: $700,000 to $1.25 million	• Unimpaired • Class 6 consists of all Allowed Class 6: Miscellaneous Secured Claims. The Allowed Class 6: Miscellaneous Secured Claims shall be deemed to have been classified into separate subclasses within Class 6 to the extent such claims are secured by different collateral. • Unless the holder of such claim and the Debtor agree to a different treatment, to which each of the Majority Secured Noteholders consents, on the Effective Date, each holder of an Allowed Class 6: Miscellaneous Secured Claim shall receive, in full satisfaction, settlement, release, and discharge of, and in exchange for, such Class 6: Miscellaneous Secured Claim, either (i) Cash in the full amount of such Allowed Class 6: Miscellaneous Secured Claim, including any postpetition interest accrued pursuant to section 506(b) of the Bankruptcy Code, to be paid from the Miscellaneous Secured Reserve (ii) the proceeds of the sale or disposition of the collateral securing such Allowed Class 6: Miscellaneous Secured Claim to the extent of the value of the holder's secured interest in such

	collateral, (iii) the collateral securing such Allowed Other Secured Claim and any interest on such Allowed Class 6: Miscellaneous Secured Claim required to be paid pursuant to section 506(b) of the Bankruptcy Code, or (iv) such other distribution as necessary to satisfy the requirements of section 1129 of the Bankruptcy Code. If the claim of a holder of such Allowed Class 6: Miscellaneous Secured Claim exceeds the value of the collateral that secures it, such holder will have a Class 6: Miscellaneous Secured Claim equal to the collateral's value and a Class 8: General Unsecured Claim for the deficiency. • Conclusively presumed to have accepted the Plan and, therefore, not entitled to vote. • Estimated Recovery: 100%
Class 7: Other Priority Claims Estimated Aggregate Amount: $75,000 to $125,000	• Unimpaired • Class 7 consists of all Allowed Other Priority Claims. • On the Effective Date, each holder of an Allowed Other Priority Claim shall receive, in full satisfaction, settlement, release and discharge of and in exchange for such Allowed Other Priority Claim, (i) Cash in an amount equal to the aggregate principal amount of the unpaid portion of such Allowed Other Priority Claim, or (ii) such other no more favorable treatment as to which such holder and the Debtor shall have agreed upon in writing and as to which each of the Majority Secured Noteholders consents. • Conclusively presumed to have accepted the Plan and, therefore, not entitled to vote. • Estimated Recovery: 100%
Class 8: General Unsecured Claims Estimated Aggregate Amount: $4.5 to 6.5 million[3]	• Impaired • Class 8 consists of all Allowed General Unsecured Claims • If Class 8: General Unsecured Claims accepts the Plan, on the Effective Date (or as soon thereafter as is practicable), each holder of an Allowed Class 8: General Unsecured Claim, other than the holders of Allowed Noteholder Deficiency Claims, shall receive, in full satisfaction, settlement, release, and discharge of, and in

[3] This estimate assumes a settlement in the aggregate amount of $275,000 with certain antitrust plaintiffs to resolve their claims filed against the Debtor and that holders of Allowed Noteholder Deficiency Claims have waived their right to participate in any distribution from the General Unsecured Reserve or receive Equity Consideration.

	exchange for such Allowed Class 8: General Unsecured Claim, either (i) its Pro Rata share of the General Unsecured Reserve, initially funded in an amount of $3.5 million, or (ii) such other no more favorable treatment as to which such holder and the Debtor shall have agreed upon in writing and as to which each of the Majority Secured Noteholders consents. In the event that Class 8: General Unsecured Claims accepts the Plan, but each holder of an Allowed Class 8: General Unsecured Claim (other than holders of the Allowed Noteholder Deficiency Claims) receives a distribution of less than 85% of its Allowed Claim, then each holder of an Allowed Class 8: General Unsecured Claim, other than the holders of an Allowed Noteholder Deficiency Claim, shall receive, subject to Article V.D of the Plan (providing that no fractional New Common Stock shares shall be issued or distributed), such holder's Pro Rata share of (x) 4,841 shares of New Common Stock; (y) for each share of New Common Stock so issued, 2.272 Tranche 1 Warrants; and (z) for each share of New Common Stock so issued, 1.685 Tranche 2 Warrants ((x),(y), and (z) of this clause collectively, the "Equity Consideration"); provided that each unit of Equity Consideration shall not be separable, so that the New Common Stock and the New Warrants comprising such units shall not be separately conveyed. Nothing herein will preclude any person or group of persons, including the holders of Class 9: Old Common Interests, from providing the Company with Cash to distribute to holders of Allowed Class 8: General Unsecured Claims, other than the holders of an Allowed Noteholder Deficiency Claim, so that each holder will receive a distribution of 85% or greater on its Allowed Class 8: General Unsecured Claim, thereby enabling holders of the Class 9: Old Common Interests to receive a distribution under the Plan, as set forth in greater detail below. • If Class 8: General Unsecured Claims accepts the Plan, and a particular holder of an Allowed Class 8: General Unsecured Claim votes to accept the Plan, any and all potential Avoidance Actions against such holder shall be waived. • Further, if Class 8: General Unsecured Claims accepts the Plan, each holder of an Allowed Class 8: General Unsecured Claim in an amount less than $10,000 who votes to accept the Plan may elect to receive 75% of such Allowed Claim amount in Cash on the Effective Date or as soon as practicable thereafter in lieu of any other recovery provided for under the Plan, provided

	that no objection to such Claim is filed on or before the Effective Date. In the event that a holder of an Allowed Class 8: General Unsecured Claim has made such an election, the holder foregoes any potential for a higher recovery on such Allowed Class 8: General Unsecured Claim. • If Class 8: General Unsecured Claims rejects the Plan, on the Effective Date (or as soon thereafter as is practicable) each holder of an Allowed Class 8: General Unsecured Claim, other than the holders of an Allowed Noteholder Deficiency Claim, shall receive, in full satisfaction, settlement, release, and discharge of, and in exchange for, such Allowed Class 8: General Unsecured Claim, either (i) its Pro Rata share of (a) the General Unsecured Reserve, initially funded in an amount of $2 million, and (b) subject to Article V.D of the Plan (providing that no fractional New Common Stock shares shall be issued or distributed), the Equity Consideration; or (ii) such other no more favorable treatment as to which such holder and the Debtor shall have agreed upon in writing and as to which each of the Majority Secured Noteholders consents. • Regardless of whether the Plan has been accepted or rejected by Class 8: General Unsecured Claims, if the holders of the Allowed Class 8: General Unsecured Claims, other than the holders of an Allowed Noteholder Deficiency Claim, are paid in full, any excess Cash shall be returned to the operating accounts of the Reorganized Debtor. • The holders of the Allowed Noteholder Deficiency Claims shall be deemed to waive their right to participate in any distribution from the General Unsecured Reserve or receive Equity Consideration and instead will receive that holder's Pro Rata share of 48,950 shares of the outstanding shares of New Common Stock, which shall be subject to (i) ratable dilution of up to 5% upon the issuance of any shares of stock granted pursuant to the New Management Incentive Plan and (ii) further dilution upon the exercise of the New Warrants. • Entitled to vote to accept or reject the Plan. • Estimated Recovery: 65-95%
Class 9: Old Common Interests Estimated Aggregate Amount: N/A	• Impaired • Class 9 consists of all Allowed Class 9: Old Common Interests of the Debtor. • The legal, equitable and contractual rights of the holders of Class 9: Old Common Interests are

	Impaired under the Plan and will receive no recovery. If Class 8: General Unsecured Claims votes to accept the Plan, and the General Unsecured Reserve (which shall include any Cash contribution permitted in Article III.E.8(b) of the Plan, excess Cash from the Miscellaneous Secured Reserve, and excess Cash from the Cure Reserve) is adequate to provide a distribution of at least 85% to holders of Allowed Class 8: General Unsecured Claims, then on the Effective Date, or as soon as practicable thereafter, each holder of an Allowed Class 9: Old Common Interest shall elect to receive in full satisfaction, settlement, release, and discharge of, and in exchange for such Interest and on the terms and conditions set forth more fully in the Plan either: (i) a cash payment of $0.15 per share; or (ii) subject to Article V.D of the Plan (providing that no fractional New Common Stock shares shall be issued or distributed) such holder's Pro Rata share of Equity Consideration; provided that each unit of Equity Consideration shall not be separable, so that the New Common Stock and the New Warrants comprising such units shall not be separately conveyed. In the event a holder of an Allowed Class 9: Old Common Interest holds less than 2,500 shares, such holder will receive a cash payment of $0.15 per share; and provided further, however, that to the extent a holder of an Allowed Class 9: Old Common Interest elects or otherwise receives the cash payment of $0.15 per share referenced above, such holder's Pro Rata share of the Equity Consideration shall not be issued to such holder. For the avoidance of doubt, if Class 8: General Unsecured Claims votes to reject the Plan, the holders of Class 9: Old Common Interests will receive no recovery. • Conclusively presumed to have rejected the Plan and, therefore, not entitled to vote. • Estimated Recovery: N/A

THE DEBTOR BELIEVES THAT THE PLAN PROVIDES THE BEST RECOVERIES POSSIBLE FOR HOLDERS OF CLAIMS AND INTERESTS AGAINST THE DEBTOR AND THUS **STRONGLY RECOMMENDS** THAT YOU VOTE TO **ACCEPT** THE PLAN.

III. GENERAL INFORMATION CONCERNING THE DEBTOR

A. Overview of Business Operations

1. Operational Matters

Trailer Bridge is a publicly-traded, integrated trucking and marine freight carrier company that provides freight transportation between the continental United States, Puerto Rico, and the Dominican Republic operated under the Jones Act. The Debtor has a diverse customer base and ships a wide variety of goods and products to and from the United States. Typical shipments to Puerto Rico from the United States include furniture, consumer goods, raw materials for manufacturing, electronics, new and used automobiles, and apparel. The typical shipments from Puerto Rico to the United States include healthcare products, pharmaceuticals, electronics, shoes, and recyclables. Typical shipments to the Dominican Republic are made from the Untied States via Puerto Rico and consist of materials for manufacturing. Typical shipments from the Dominican Republic to the United States include apparel, raw materials for manufacturing, and recyclables.

The Debtor is the only Jones Act company serving both the Puerto Rico and Dominican Republic markets with Jones Act qualified vessels. The Debtor services these markets though its marine fleet. This fleet consists of two 736 foot long triple-deck, roll-on/roll-off ocean going barges (each a, "Ro/Ro") and five 403 foot long triplestack box carriers (each a "TBC"). These marine vessels are fully configured to carry 53 foot long, 102 foot wide, "high-cube" cargo containers, which the Debtor believes provides operating efficiencies that are not available to ocean carriers using traditional, smaller capacity equipment (i.e., 40 foot containers). The Debtor uses a "tug & barge" model, that it believes results in lower costs per unit mile at sea compared to self-propelled vessels. Importantly, the Debtor's marine vessels have an average age of 16 years, which is half the age of its competitors' vessels.

The Debtor's trucking equipment includes a fleet of tractors, trailers, vehicle transport modules, nearly 4,000 containers and over 3,100 chassis. The Debtor uses these assets to transport freight over land between places in the continental United States and the Debtor's Jacksonville port facility. Certain of this equipment is also used to transport freight over the water to its facility in San Juan, Puerto Rico and to the Dominican Republic.

2. Environmental Matters

The Debtor's operations are subject to a number of federal, state and local environmental laws and regulations including those governing air emissions, wastewater discharges, the use, generation, storage, management and disposal of, or exposure to hazardous or toxic substances and wastes, the investigation and remediation of contaminated soil, air, and groundwater and occupational health and safety. While these laws and regulations could impose capital and operating costs on the Debtor's business and there are significant penalties for violations, these costs currently are not material.

3. Government Regulation

The Debtor is subject to regulation by a number of federal, state, and local governmental agencies. The Company believes that it is in material compliance with these laws and regulations.

4. Litigation

On April 17, 2008, the Debtor received a subpoena from the Antitrust Division of the U.S. Department of Justice (the "DOJ") seeking documents and information relating to a criminal grand

jury investigation of alleged anti-competitive conduct by Puerto Rico ocean carriers. Debtor representatives met with United States Justice Department attorneys and pledged the Debtor's full and complete cooperation with the DOJ investigation. The Debtor made document submissions to the DOJ in response to the subpoena. Neither the Debtor nor any of its employees were charged with any wrongdoing in this investigation.

Following the DOJ investigation, beginning on April 22, 2008, shippers in the Puerto Rico trade lane, and in one case indirect consumer purchasers within Puerto Rico, filed at least 40 purported class actions against domestic ocean carriers, including Horizon Lines, Sea Star Lines, Crowley Liner Services and the Debtor. The actions alleged that the defendants inflated prices and engaged in other allegedly anti-competitive conduct in violation of federal antitrust laws and seek treble damages, attorneys' fees and injunctive relief. The actions, which were filed in the United States District Court for the Southern District of Florida, the United States District Court for the Middle District of Florida, and the United States District Court for the District of Puerto Rico, were consolidated into a single multi-district litigation proceeding (MDL 1960) in the District of Puerto Rico for pretrial purposes (the "Antitrust Litigation").

On April 30, 2010, the court granted the Debtor's motion to dismiss the last operative consolidated complaint in the Antitrust Litigation with prejudice, with respect to the claims of the putative lead plaintiffs. Horizon Lines, Crowley Liner Services, Sea Star Lines, LLC, Saltchuck Resources, an affiliate of Sea Star Lines, LLC, and their related companies entered into settlement agreements with certain named direct purchaser plaintiffs on behalf of a purported class of claimants in the Antitrust Litigation, while denying any liability for the underlying claims. Plaintiffs who have "opted-out" of such class (the "Opt-Out Plaintiffs") are likely to pursue claims against the settling defendants, including the Debtor.

Certain of the individual Opt-Out Plaintiffs have filed proofs of claim against the Debtor in excess of $1 billion based on claims substantially similar to those alleged and dismissed in the Antitrust Litigation (the "Antitrust Proofs of Claim"). The Debtor successfully defended all such allegations in the Antitrust Litigation, and believes that it has no liability for the claims filed by these Opt-Out Plaintiffs. However, to avoid prolonged litigation with respect to claim amounts and to prevent any delay in distributions to creditors, the Debtor has entered into a settlement agreement with the Opt-Out Plaintiffs, resolving the Antitrust Proofs of Claim. The settlement agreement, which shall be filed with the Court, provides that the Opt-Out Plaintiffs will receive an Allowed Claim in the aggregate amount of $275,000.

On October 15, 2009, the Debtor commenced legal action against its insurer for a judicial declaration that the insurer owes and has breached its duty to defend the Debtor in the Antitrust Litigation and for judgment requiring the insurer to defend and to reimburse the Debtor's defense expenses. The case was held in the Middle District of Florida, Jacksonville Division, and was captioned: "Trailer Bridge, Inc. v. Illinois National Insurance Debtor". On July 23, 2010 the court denied the Debtor's motion and granted summary judgment in favor of the defendant. The Debtor appealed this decision to the Eleventh Circuit Court of Appeals on August 19, 2010. The district court decision was upheld on appeal and the Debtor chose not to seek a further appeal.

5. Compliance with Nasdaq Marketplace Rule 5450(a)(1)

On October 6, 2011, the Debtor received a letter from The Nasdaq Stock Market ("Nasdaq") stating that, based upon the closing bid price of the Debtor's common stock for the last 30 consecutive business days, the Debtor no longer meets the requirement that listed securities maintain a minimum bid price of $1.00 per share in accordance with Nasdaq Marketplace Rule 5450(a)(1). As of the filing of the bankruptcy, the Debtor's common stock has been delisted.

B. Pre-Bankruptcy Capital Structure

1. Prepetition Term Loan Agreement

The Debtor and Wells Fargo, N.A. ("Wells") are parties to that certain Term Loan and Security Agreement, by and among Trailer Bridge, Inc., as borrower, and Wells, as successor in interest to Wachovia Bank National Association, as Agent and the Lenders from Time to Time Party Hereto, dated June 14, 2007 (the "Wells Term Loan"). The Wells Term Loan is secured by a first lien on eligible equipment (the "Term Loan Collateral"), the value of which the Debtor estimates at $13.9 million as of June 30, 2011. There is presently no junior lien on this collateral.

Under the Wells Term Loan, the Debtor had access to $10 million until April 2012, upon which the Company could draw to fund eligible equipment purchases. Interest accrued on the Wells Term Loan at a rate equal to 2% plus prime. The Wells Term Loan principal is amortized over a 72 month period, ending in December 2014, and as of the Petition Date, the outstanding obligations under the Wells Term Loan were approximately $4.4 million. Additionally, the Company has been in default under the Wells Term Loan since October 24, 2011, however, Wells had agreed to forbear from exercising remedies through November 15, 2011.

2. Prepetition Revolving Loan Agreement

The Debtor and Wells are also parties to that certain Loan and Security Agreement, by and among Trailer Bridge, Inc., as borrower, and Wells, as successor in interest to Congress Financial Corporation (Florida), as Agent, and the Lenders from Time to Time Party Hereto, dated April 23, 2004 (the "Wells Revolver"), which expires in April 2012. The Wells Revolver is secured by a first lien on the Company's accounts receivable and certain of the Company's equipment (the "Revolver Collateral").

Under the Wells Revolver, the Company was provided a maximum availability of $10 million. This revolving line of credit is subject to a borrowing base formula based on a percentage of eligible accounts receivable, and absent a default, interest accrued on funds borrowed under the Wells Revolver at a rate equal to 1.5% per annum in excess of the prime rate. As a result of various defaults and waivers, the interest on the revolver was increased by an additional 2%. Notwithstanding the existing defaults, Wells has continued to make advances under the Wells Revolver pursuant to forbearance agreements and as of November 15, 2011 the amount outstanding under the Wells Revolver was approximately $5.9 million.

3. MARAD Bonds

On June 23, 1997, the Debtor, as a ship owner, entered into that certain Trust Indenture Relating to United States Government Guaranteed Ship Financing Obligations with State Street Bank and Trust Company, as Indenture Trustee,[4] under which the Debtor was authorized to issue up to an aggregate principal amount of $10,515,000 of bonds designated as "United States Government Guaranteed Ship Financing Bonds, 1997 Series". That issuance of MARAD Bonds bears interest at a rate of 7.07% per annum and matures on September 30, 2022 (the "7.07% MARAD Bonds"). The 7.07% MARAD Bonds are secured by a first lien on certain of the TBCs that have a combined appraised fair market value of $21,542,858 as of June 28, 2010 (the "7.07% MARAD Bond Collateral"). As of October 31, 2011, the total outstanding on the 7.07% MARAD Bonds was $5,104,475. There is presently no default with respect to the 7.07% MARAD Bonds, and the next scheduled payment on the Bonds is March 30, 2012 in the amount of $232,022 in principal, and $180,443 in interest.

[4] The successor Indenture Trustee for MARAD Bonds is U.S. Bank National Association.

Additionally, on December 4, 1997, the Debtor, as ship owner, entered into that Certain Trust Indenture Relating to the United States Government Guaranteed Ship Financing Obligations with State Street Bank and Trust Company, as Indenture Trustee, under which the debtor was authorized to issue up to an aggregate principal amount of $16,918,000 of bonds, designated as "United States Government Guaranteed Ship Financing Bonds, 1997 Series II". These MARAD Bonds bear interest at a rate of 6.52% per annum and mature on March 30, 2023 (the "6.52% MARAD Bonds"). The 6.52% MARAD Bonds are secured by a first lien on the TBCs other than those that secure the 7.07% MARAD Bonds (the "6.52% MARAD Bond Collateral" and together with the 7.07% MARAD Bond Collateral, the "MARAD Bond Collateral"). The 6.52% MARAD Bond Collateral has a combined appraised fair market value of $32,750,001 as of June 28, 2010.

As of October 31, 2011, the total outstanding on the 6.52% MARAD Bonds was $8,565,858. There is presently no default under the 6.52% MARAD Bonds, the next scheduled payment on these bonds is March 30, 2012, and the amount of that payment is $372,429 in principal and $279,247 in interest.

In connection with obtaining the consent of the Secretary of Transportation of the United States of America to offer and sell the MARAD Bonds, the Company was from time to time required to deposit funds into a reserve fund that serves as additional security for the Company payment obligations with respect to MARAD Bonds, the "MARAD Reserve Fund"). As of November 15, 2011, there is approximately $3,557,942.94 in the MARAD Reserve Fund.

4. Senior Secured Notes

The Debtor is also a party to that certain 9.25% Senior Secured Notes Due 2011 Indenture, dated as of December 1, 2004, under which the Debtor issued notes in the principal amount of $85 million (the "Senior Secured Notes"). The Senior Secured Notes matured on November 15, 2011.

Prior to their maturity, the Debtor redeemed $2.5 million of the Senior Secured Notes through open market purchases, leaving $82.5 million in outstanding principal amount of the Senior Secured Notes. Interest due and owing as of the November 15, 2011 maturity date was approximately $3.8 million, leaving a fixed, liquidated balance due and owing to the holders of approximately $86.3 million. The Debtor did not make any payment on the Senior Secured Notes on the maturity date and is therefore in payment default.

The Senior Secured Notes are secured by a first priority lien on the Debtor's two Ro/Ro barges, certain equipment consisting of container and chassis equipment, and the Debtor's Jacksonville, Florida, office and terminal, including associated real estate (the "Senior Secured Note Collateral"). Based upon relatively recent appraisals of the Senior Secured Note Collateral, the Debtor believes that the obligations owing under the Senior Secured Notes are significantly undersecured.

C. Events Leading to Chapter 11 Case

1. Inability to Fund Debt Service Obligations

The Debtor experienced a decline in revenues during the last year prior to the commencement of its Chapter 11 Case, which resulted in a lack of liquidity. The Debtor's declining revenues were a result of lower volume and lower charterhire revenue (rental revenue for vessels not in use in liner service) combined with higher fuel and purchased transportation costs. The decrease in freight volume was partially attributable to schedule disruption arising from the dry-docking of both the Debtor's Ro/Ro vessels and to maintenance of operating equipment, which resulted in a shortage of

available equipment to meet peak service demands. The decrease in charterhire revenue was primarily the result of lower daily charter rates and fewer days the vessels were charted in the second quarter of 2011 as compared to the same period in the prior year. The Debtor's higher fuel expense was a result of higher fuel market prices. Simultaneously with declining revenue, the Debtor experienced increased operating expenses. This increase was primarily due to higher fuel, inland purchased transportation, and dry-docking costs, partially offset by a decrease in operating and maintenance expenses.

As a result of the factors above, the Debtor's available liquidity plus the additional cash expected to be generated by operations was not sufficient, without additional financing, to pay the Senior Secured Notes or the interest thereon, and the $11.2 million current portions of the Debtor's other indebtedness which would have become due periodically throughout 2012.

2. The Debtor's Out Of Court Restructuring Efforts

Anticipating that a number of the secured obligations set forth above, including the Senior Secured Notes, would be maturing in mid to late 2011, the Company embarked upon a process to refinance or otherwise address their existing debt. With respect to that process, the Debtor hired the investment banking firm of Global Hunter Securities, LLC ("GHS") who launched a process to seek out secured financing from potential first and second lien lenders. The process resulted in a potential lender being selected that undertook significant due diligence. That potential investor, however, stopped the process upon learning that there was a pending Department of Justice investigation of the Debtor's competitors.

Notwithstanding the investor stepping away from the transaction, a potential first lien lender was identified and while that lender conducted significant due diligence, GHS began soliciting interest in a second lien position that would have enabled the Company to retire the Senior Secured Notes on their maturity date. This process continued into the first quarter of 2011 and over 20 management presentations were made. Ultimately, a second lien lender was chosen and the parties moved to documenting refinancing. Unfortunately, during the documentation stage the parties ran into material differences regarding an intercreditor agreement and negotiations were terminated.

During this same time period, the Debtor released its year-end financial results as well as its 2011 first quarter indications. Both of these were below expectations and, thus, deterred "traditional" lender and investor interest in a refinancing transaction. Accordingly, in the second quarter of 2011, the Debtor and GHS solicited investor interest in other types of transactions, and in the early part of the third quarter of 2011, multiple parties provided term sheets for alternative financing transactions that included a first lien financing. The Debtor pursued two such structures, but ultimately none of the parties were able to arrange for the financing necessary to consummate a transaction. Towards the end of this process, the Debtor was also approached about a potential merger transaction. Again, the Debtor pursued that transaction, however, no agreement could be reached and the parties broke off negotiations.

Thus although the Company, with the help of GHS and its other advisers, had vigorously pursued an out of court restructuring of its balance sheet, it was unable to finalize any such transaction prior to the Senior Secured Notes maturing on November 15, 2011. Importantly, throughout this process and especially in the last two months, the Debtor had been in contact with its three most significant holders of the Senior Secured Notes and attempted to keep them apprised of their efforts upon those holders signing appropriate non disclosure agreements ("NDAs").

IV. COMMENCEMENT OF CHAPTER 11 CASE

A. Continuation of Business; Stay of Litigation

As described above, on November 16, 2011, the Debtor commenced the Chapter 11 Case by filing a petition for relief under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Middle District of Florida. Since the Petition Date, the Debtor has continued to operate as a debtor in possession subject to the supervision of the Bankruptcy Court and in accordance with the Bankruptcy Code, and has been authorized to operate its business and manage its property in the ordinary course, with transactions outside of the ordinary course of business requiring Bankruptcy Court approval.

An immediate effect of the filing of the Debtor's bankruptcy petition was the imposition of the automatic stay under the Bankruptcy Code which, with limited exceptions, enjoined the commencement or continuation of all collection efforts by creditors, the enforcement of Liens against property of the Debtor, and the continuation of litigation against the Debtor. The relief provided the Debtor with the "breathing room" necessary to assess and reorganize its business and prevented creditors from obtaining an unfair recovery advantage while the Case was ongoing.

The automatic stay remains in effect, unless modified by the Bankruptcy Court, until consummation of a plan.

B. First Day Orders

The first day hearing (the "First Day Hearing") was held in this Chapter 11 Case before the Bankruptcy court on November 18, 2011. At the First Day Hearing, the Bankruptcy Court heard certain requests for immediate relief filed by the Debtor to facilitate the transition between the Debtor's pre-petition and post-petition business operations. Many of the first day orders in the Bankruptcy Case by the Debtor were typical for large chapter 11 cases.

Following the First Day Hearing, the Bankruptcy Court entered first day orders that authorized, among other things:

- the extension of time for the Debtor to file its schedules and statement of financial affairs (Docket No. 72);
- continued use of existing cash management system and bank accounts on an interim basis (Docket No. 36);
- payment of certain pre-petition employee wages and certain employee benefits (Docket No. 37);
- deeming utilities adequately assured of payment, prohibiting utilities from altering, refusing, or discontinuing services, and establishing procedures for resolving requests for adequate assurance (Docket No. 71);
- continued payment of pre-petition insurance and payment of pre-petition premiums, related obligations, and premium financing payments (Docket No. 70);
- payment of certain pre-petition sales, use and trust fund taxes (Docket No. 69);

- the honoring of certain pre-petition customer obligations and continuation of customer programs and practices (Docket No. 68);

- payment of critical vendors in exchange for trade terms on an interim basis (Docket No. 35);

- payment of contractors and service providers in satisfaction of liens (Docket No. 67); and

- obtaining secured, superpriority, post-petition financing and use of cash collateral on an interim basis (Docket No. 38).

C. Retention and Employment of Professionals

During the Chapter 11 Case, the Debtor sought and obtained authority to retain and employ the following Professionals to assist in the administration of the Debtor's Chapter 11 Case: (i) Foley & Lardner LLP, as co-bankruptcy counsel to the Debtor; (ii) DLA Piper LLP (US), as co-bankruptcy counsel to the Debtor; (iii) Global Hunter Securities, as Investment Bankers for the Debtor; (iv) RAS Management Advisors, LLC, as Financial Advisors the Debtor; and (v) Kurtzman Carson Consultants, as claims and noticing agent to the Debtor. The Bankruptcy Court also entered an order authorizing the Debtor to employ and retain various professionals utilized by the Debtor in the ordinary course of business.

D. Appointment of Creditors Committee

On December 6, 2011, the United States Trustee for the Middle District of Florida appointed a three-member statutory committee of unsecured creditors to represent the interests of unsecured creditors of the Debtor pursuant to section 1102(a)(1) of the Bankruptcy Code (the "Committee"). The following entities were appointed to the Committee: (i) Earl W. Colvard Inc., (ii) First Coast Express, Inc., and (iii) Railport Services, Inc. The Committee retained as its counsel the law firm of Stutsman Thames & Markey, P.A.

E. Post-Petition and Post-Confirmation Funding

1. DIP Facility

Prior to the Petition Date, in connection with the Debtor's restructuring efforts, the Debtor and its advisors contacted a number of institutions to determine whether they were interested in providing financing to the Debtor. Two (2) institutions submitted term sheets to the Debtor and its advisors regarding financing and/or an investment in the Debtor, including Whippoorwill Associates, Inc. and certain other lender parties (the "DIP Lenders"). The Debtor and its advisors reviewed these term sheets and engaged in extensive negotiations with these parties in an effort to obtain financing on the best possible terms.

After careful consideration, the Debtor ultimately decided that the proposal for debtor in possession financing advanced by the DIP Lenders was the best available under the circumstances and adequately addressed the Debtor's reasonably foreseeable working capital needs. The Debtor reached a deal on the DIP Facility with the DIP Lenders whereby the DIP Lenders agreed to provide postpetition financing to the Debtor in the form of a multiple advance, secured, term loan credit facility in the aggregate principal amount of $15 million (the "DIP Facility").

On November 18, 2011, the Bankruptcy Court entered an order approving the DIP Facility on an interim basis, and authorizing the Debtor to borrow up to $5 million thereunder. On December 19, 2011, the Bankruptcy Court entered a final order approving the DIP Facility and authorizing the Debtor to borrow up to $15 million thereunder. The final order approving the DIP Facility incorporated changes requested by various parties, including the Committee.

The proceeds of the DIP Facility are used by the Debtor for the purpose of funding the Debtor's costs and expenses associated with the Chapter 11 Case and to provide for the Debtor's postpetition operating expenses and working capital needs during this Chapter 11 Case, all in accordance with a certain budget.

The DIP Facility is secured by (i) a first priority mortgage, lien and/or security interest on all tangible and intangible real and personal property assets of the Debtor and the Debtor's estate, whether now owned or hereafter acquired, that were unencumbered as of the Petition Date by any liens, mortgages and/or security interests, and (ii) a junior and subordinate mortgage, lien and/or security interest, pursuant to section 364(c)(3) of the Bankruptcy Code, on all tangible and intangible real and personal property assets of the Debtor, whether now owned or hereafter acquired, that were encumbered as of the Petition Date by perfected and non-avoidable liens, mortgages and security interests, including any replacement liens granted to Wells Fargo or the holders of the MARAD Bonds by order of the Court, all as described more fully in the DIP Facility.

The DIP Facility contained certain milestones with respect to the Debtor's Chapter 11 Case. These milestones required the Debtor to, among other things, (i) file a plan of reorganization and disclosure statement with the Bankruptcy Court that are reasonably acceptable in form and substance to the DIP Lenders by the 45th day after the Petition Date; (ii) have a disclosure hearing with respect to such disclosure statement by the 85th day after the Petition Date; (iii) obtain an order from the Bankruptcy Court confirming such plan of reorganization by the 135th day following the Petition Date; and (iv) consummate such plan of reorganization by the 15th day after the date on which such order confirming such plan of reorganization is entered by the Bankruptcy Court in the Chapter 11 Case.

On December 30, 2011, the Debtor and the DIP Lenders entered into a first amendment revising the milestones and requiring the Debtor to, among other things, (i) deliver a draft plan of reorganization and disclosure statement by January 3, 2012 and (ii) file a plan of reorganization and disclosure statement with the Bankruptcy Court by January 7, 2012. On January 5, 2012, the Debtor and DIP Lenders entered into a second amendment that extended the deadline to file a plan and disclosure statement until January 14, 2012. The Debtor and the DIP Lenders will be entering into a third amendment to the DIP Facility that will extend the milestone that requires the Debtor to hold a disclosure statement hearing by the 85th day after the Petition Date to March 16, 2012.

2. Exit Facility

The Plan contemplates that the Reorganized Debtor will obtain exit financing in the approximate amount of $31 million, which amount will satisfy the DIP Facility Claims, support other required payments under the Plan, and be used to conduct post-reorganization operations. The Exit Facility is being provided by the three (3) largest holders of the Debtor's Senior Secured Notes: (i) Seacor Holdings, Inc.; (ii) Whippoorwill Associates, Inc.; and (iii) Edge Asset Management, Inc. (collectively, the "Exit Lenders"). The Plan provides that the terms of the Exit Facility will be agreed to by the Debtor, the Majority Secured Noteholders and the Exit Lenders, which terms will be substantially in the form filed as part of the Plan Supplement.

F. Other Material Matters Addressed During the Chapter 11 Case

1. Schedules and Statements

On November 23, 2011, the Bankruptcy Court entered an order granting the Debtor an extension until January 3, 2012 to file its schedules of assets and liabilities and statements of financial affairs (collectively, the "Schedules"). On December 22, 2011, the Debtor filed the Schedules.

2. Exclusivity

Under the Bankruptcy Code, a debtor has the exclusive right to file a plan or plans of reorganization for an initial period of 120 days from the date on which the debtor filed a petition for voluntary relief (which may be extended by the Court for a period of up to 18 months from the petition date). If a debtor files a plan within this exclusive period, then the debtor has the exclusive right for 180 days from the petition date to solicit acceptances to the plan (which may be extended by the Court for a period of up to 20 months from the petition date). During a debtor's exclusive periods, no other party in interest may file a competing chapter 11 plan; however, a court may terminate the debtor's exclusive periods upon request of a party in interest and "for cause." The Debtor filed the Plan and Disclosure Statement within the initial exclusivity period.

3. Bar Date

By order entered December 19, 2011 (Docket No. 135) (the "Bar Date Order"), the Bankruptcy Court established February 1, 2012 at 5:00 p.m. (Pacific Time) as the general bar date for filing proofs of claim against the Debtor (the "General Bar Date"), including any claim arising under section 503(b)(9) of the Bankruptcy Code. Governmental units are required to file proofs of claim by May 14, 2012 at 5:00 p.m. (Pacific Time) (the "Governmental Bar Date"). The Bar Date Order provides that any Creditor that is required to file but fails to file a Proof of Claim for its Claim on or before the General Bar Date or the Governmental Bar Date, as applicable, shall not be treated as a Creditor with respect to such Claim for purposes of voting and distribution.

V. SUMMARY OF THE PLAN OF REORGANIZATION

THIS SECTION PROVIDES A SUMMARY OF THE STRUCTURE AND IMPLEMENTATION OF THE PLAN AND THE CLASSIFICATION AND TREATMENT OF CLAIMS UNDER THE PLAN AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE PLAN, WHICH ACCOMPANIES THIS DISCLOSURE STATEMENT, AND TO THE EXHIBITS ATTACHED THERETO.

THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT INCLUDE SUMMARIES OF THE PROVISIONS CONTAINED IN THE PLAN AND IN DOCUMENTS REFERRED TO THEREIN. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT DO NOT PURPORT TO BE PRECISE OR COMPLETE STATEMENTS OF ALL THE TERMS AND PROVISIONS OF THE PLAN OR DOCUMENTS REFERRED TO THEREIN, AND REFERENCE IS MADE TO THE PLAN AND TO SUCH DOCUMENTS FOR THE FULL AND COMPLETE STATEMENTS OF SUCH TERMS AND PROVISIONS.

THE PLAN ITSELF AND THE DOCUMENTS REFERRED TO THEREIN WILL CONTROL THE TREATMENT OF CLAIMS AGAINST, AND INTERESTS IN, THE DEBTOR UNDER THE PLAN AND WILL, UPON THE EFFECTIVE DATE, BE BINDING UPON HOLDERS OF CLAIMS AGAINST, OR INTERESTS IN, THE DEBTOR, THE REORGANIZED DEBTOR, AND

OTHER PARTIES IN INTEREST. IN THE EVENT OF ANY CONFLICT BETWEEN THIS DISCLOSURE STATEMENT AND THE PLAN OR ANY OTHER OPERATIVE DOCUMENT, THE TERMS OF THE PLAN AND/OR SUCH OTHER OPERATIVE DOCUMENT WILL CONTROL.

A. Overall Structure of the Plan

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. Under chapter 11, a debtor is authorized to reorganize its business for the benefit of its creditors and shareholders. Upon the filing of a petition for relief under chapter 11, section 362 of the Bankruptcy Code provides for an automatic stay of substantially all acts and proceedings against the debtor and its property, including all attempts to collect claims or enforce liens that arose prior to the commencement of the chapter 11 cases.

The consummation of a plan of reorganization is the principal objective of a chapter 11 case. A plan of reorganization sets forth the means for satisfying claims against the interests in a debtor. Confirmation of plan of reorganization by the Bankruptcy Court makes the plan binding upon the debtor, any issuer of securities under the plan, any person acquiring property under the plan, and any creditor of, or equity security holder in, the debtor, whether or not such creditor or equity security holder (i) is impaired under or has accepted the plan or (ii) receives or retains any property under the plan. Subject to certain limited exceptions, and other than as provided in the plan itself or the confirmation order, the confirmation order discharges the debtor from any debt that arose prior to the date of confirmation of the plan and substitutes for such debt the obligations specified under the confirmed plan, and terminates all rights and interests of equity security holders.

The terms of the Debtor's Plan are the result of extensive negotiation between and among the Debtor, the Majority Secured Noteholders and the DIP Lenders, and reflects a settlement regarding the valuation of the Debtor's business and the parties' determination that the Debtor's vendors, suppliers and employees are critical to the future successes of the business. Accordingly, the Plan reflects the Debtor's best assessment of its ability to achieve the goals of its business plan with vendor and supplier support, offer to creditors and equity interest holders the significant and substantial recoveries set forth more fully in the Plan, and to pay its continuing obligations in the ordinary course of its business.

Under the Plan, Claims against and Interests in the Debtor are divided into Classes according to their relative seniority and other criteria. If the Plan is confirmed by the Bankruptcy Court and consummated, (i) the claims in certain Classes will be reinstated or modified and receive Distributions equal to the full amount of such Claims, and (ii) the Claims of certain other Classes will be modified and receive Distributions constituting a partial recovery on such Claims. On the Distribution Date and at certain times thereafter, the Reorganized Debtor will distribute Cash and other property in respect of certain Classes of Claims as provided in the Plan. The Classes of Claims against and Interests in the Debtor created under the Plan, the treatment of those Classes under the Plan, and the other property to be distributed under the Plan, are described below.

B. Reorganized Capital Structure Created by Plan

The Plan sets forth the capital structure for the Reorganized Debtor upon its emergence from chapter 11, which is summarized as follows:

1. Exit Facility

On the Effective Date, the Reorganized Debtor will obtain new financing in the approximate amount of $31 million. Funds from the exit facility will be used to satisfy the DIP Facility

Claims, support other payments required to be made under the Plan, pay transaction costs, and fund working capital and other general corporate purposes of the Reorganized Debtor following the Effective Date.

2. Ownership of Reorganized Debtor

The Corporate Governance Documents of the Reorganized Debtor will provide for the authorization of and issuance of New Common Stock in the Reorganized Debtor to the holders of Allowed Noteholder Deficiency Claims which will be subject to dilution based upon the issuance of New Common Stock issued pursuant to any New Management Incentive Plan as set forth in Article IV of the Plan, the exercise of New Warrants issued as set forth in Article IV of the Plan, or pursuant to the provisions of the Reorganized Debtor's Corporate Governance Documents.

C. Classification and Treatment of Claims and Interests

Section 1122 of the Bankruptcy Code provides that a plan of reorganization must classify the claims and interests of a debtor's creditors and equity interest holders. In accordance with section 1122 of the Bankruptcy Code, the Plan divides Claims and Interests into Classes and sets forth the treatment for each Class (other than Administrative Claims and Priority Tax Claims, which, pursuant to section 1123(a)(1), do not need to be classified). The Debtor also is required, under section 1122 of the Bankruptcy Code, to classify Claims against and Interests in the Debtor into Classes that contain Claims and Interests that are substantially similar to the other Claims and Interests in such Class.

The Debtor believes that the Plan has classified all Claims and Interests in compliance with the provisions of section 1122 of the Bankruptcy Code and applicable case law, but it is possible that a holder of a Claim or Interest may challenge the Debtor's classification of Claims and Interests and that the Bankruptcy Court may find that a different classification is required for the Plan to be confirmed. In that event, the Debtor intends, to the extent permitted by the Bankruptcy Code, the Plan, and the Bankruptcy Court, to make such reasonable modifications of the classifications under the Plan to permit confirmation and to use the Plan acceptances received for purposes of obtaining the approval of the reconstituted Class or Classes of which each accepting holder ultimately is deemed to be a member. Any such reclassification could adversely affect the Class in which such holder initially was a member, or any other Class under the Plan, by changing the composition of such Class and the vote required of that Class for approval of the Plan.

The amount of any Impaired Claim that ultimately is allowed by the Bankruptcy Court may vary from any estimated allowed amount of such Claim and, accordingly, the total Claims ultimately allowed by the Bankruptcy Court with respect to each Impaired Class of Claims may also vary from any estimates contained herein with respect to the aggregate Claims in any Impaired Class. Thus, the value of the property that ultimately will be received by a particular holder of an Allowed Claim under the Plan may be adversely (or favorably) affected by the aggregate amount of Claims ultimately allowed in the applicable Class.

The classification of Claims and Interests and the nature of Distributions to members of each Class are summarized below. The Debtor believes that the consideration, if any, provided under the Plan to holders of Claims and Interests reflects an appropriate resolution of their Claims and Interests, taking into account the differing nature and priority (including applicable contractual and statutory subordination) of such Claims and Interests and the fair value of the Debtor's assets. To the extent necessary, the Debtor will request confirmation of the Plan, as it may be modified from time to time, under section 1129(b) of the Bankruptcy Code. Specifically, section 1129(b) of the Bankruptcy Code permits confirmation of a chapter 11 plan in certain circumstances even if the plan has not been accepted

by all impaired classes of claims and interests. See Section IX.J below. Although the Debtor believes that the Plan can be confirmed under section 1129(b), there can be no assurance that the Bankruptcy Court will find that the requirements to do so have been satisfied.

1. Treatment of Unclassified Claims under the Plan

(a) DIP Facility Claims

Pursuant to the Plan, a DIP Facility Claim is a Claim arising under the DIP Facility. The Debtor estimates that as of the Effective Date, the DIP Facility Claims will aggregate approximately $15 million on account of borrowings under the DIP Facility Agreement.

On the Effective Date or on another date as expressly agreed to by the DIP Lenders, the DIP Lenders shall receive, in full satisfaction, settlement, release and discharge of and in exchange for their Allowed DIP Facility Claim: (i) Cash equal to the full amount of the DIP Lender's share of the Allowed DIP Facility Claim; or (ii) such other treatment as to which the Debtor and the DIP Lenders agree upon in writing, and all commitments under the DIP Facility Agreement shall terminate, except for the payment of the DIP Lenders' fees as provided below.

(b) Administrative Claims

An Administrative Claim is defined in the Plan as a Claim entitled to priority under Bankruptcy Code sections 507(a)(2), 507(a)(3) and 507(b) for costs and expenses of administration of the Chapter 11 Case, including (a) any actual and necessary costs and expenses incurred after the Petition Date of preserving the Estate and operating the business of the Debtor (such as wages, salaries and commissions for services and payments for goods, leased equipment and premises) and (b) all other Claims entitled to administrative status pursuant to a Final Order of the Bankruptcy Court, but excluding the DIP Facility Claims, Priority Tax Claims, Other Priority Claims and Professional Fee Claims, for which a holder has made request for payment by the Administrative Claims Bar Date.

Each holder of an Allowed Administrative Claim shall receive, in full satisfaction, settlement, release and discharge of and in exchange for its Administrative Claim, on the later of (i) the Initial Distribution Date, (ii) the next Distribution Date following an order allowing the Administrative Claim, or such other time as set forth in such order, (iii) the date on which its Administrative Claim becomes payable under any agreement with the Debtor relating thereto, (iv) in respect of liabilities incurred in the ordinary course of business, the date upon which such liabilities are payable in the ordinary course of the Debtor's business, consistent with past practice or (v) such other date as may be agreed upon between the holder of such Allowed Administrative Claim, the Debtor or the Reorganized Debtor, as the case may be, and each of the Majority Secured Noteholders, Cash equal to the unpaid portion of its Allowed Administrative Claim.

The Plan provides that all holders of Administrative Claims must file a request for payment prior to the Administrative Claims Bar Date. No later than the Administrative Claims Objection Deadline (unless extended by an order of the Bankruptcy Court), the Debtor or the Reorganized Debtor, as the case may be, shall file objections to the Administrative Claims with the Bankruptcy Court and serve such objection upon the holders of such Administrative Claims to which objections are made. Nothing contained herein or the Plan, however, shall limit the Reorganized Debtor's right to object to Administrative Claims, if any, filed or amended after the Administrative Claims Objection Deadline.

The Plan further provides that all final requests for compensation or reimbursement of costs and expenses pursuant to sections 327, 328, 330, 331, 503(b) or 1103 of the Bankruptcy Code for

services rendered to the Debtor or the Committee prior to the Effective Date must be filed with the Bankruptcy Court and served on the Reorganized Debtor and its counsel no later than 60 days after the Effective Date, unless otherwise ordered by the Bankruptcy Court. Objections to applications of such Professionals or other entities for compensation or reimbursement of costs and expenses must be filed and served on the Reorganized Debtor and its counsel and the requesting Professional or other entity no later than 25 days (or such longer period as may be allowed by order of the Bankruptcy Court) after the date on which the applicable application for compensation or reimbursement was served. The Reorganized Debtor may pay charges that they incur on and after the Effective Date for professionals' fees, disbursements, expenses or related support services in the ordinary course of business and without application to the Bankruptcy Court.

(c) Priority Tax Claims

The Plan defines Priority Tax Claims as Claims that are entitled to priority under section 507(a)(8) of the Bankruptcy Code.

Provided that a Priority Tax Claim has not been paid prior to the Effective Date, on, or as soon as reasonably practicable after, the Distribution Date immediately following the date a Priority Tax Claim becomes an Allowed Priority Tax Claim, but in no event later than the date that is five (5) years after the Petition Date, a holder of an Allowed Priority Tax Claim shall receive, in full satisfaction, settlement, release and discharge of and in exchange for such Allowed Priority Tax Claim, (i) Cash in an amount equal to the aggregate principal amount of the unpaid portion of such Allowed Priority Tax Claim, plus interest on the unpaid portion of such Allowed Priority Tax Claim from the Effective Date through the date of payment at the rate of interest determined under applicable nonbankruptcy law as of the calendar month in which confirmation occurs, or (ii) such other treatment as to which such holder and the Debtor shall have agreed upon in writing and as to which each of the Majority Secured Noteholders consent.

2. Treatment of Classified Claims and Interests under the Plan

(a) Class 1 – Wells Term Loan Secured Claims

(i) *Claims in Class:* Class 1 consists of all Allowed Wells Term Loan Secured Claims.

(ii) *Treatment:* The legal, equitable and contractual rights of the holder of Wells Term Loan Secured Claims are Unimpaired by the Plan. In full satisfaction, settlement, release, and discharge of, and in exchange for, the Allowed Wells Term Loan Secured Claims, on the Effective Date (or as soon thereafter as is practicable) the holder of any Allowed Wells Term Loan Secured Claims shall receive either (i) Cash in the full amount of such Allowed Wells Term Loan Claims, including any unpaid postpetition interest accrued pursuant to section 506(b) of the Bankruptcy Code or (ii) such other no more favorable treatment as to which the holder of Wells Term Loan Secured Claims and the Debtor shall have agreed upon in writing and as to which each of the Majority Secured Noteholders consents.

(b) Class 2 – Wells Revolver Secured Claims

(i) *Claims in Class:* Class 2 consists of all Allowed Wells Revolver Secured Claims.

(ii) *Treatment:* The legal, equitable and contractual rights of the holder of Wells Revolver Secured Claims are Unimpaired by the Plan. In full satisfaction, settlement, release, and discharge of, and in exchange for, the Allowed Wells Revolver Secured Claims, on the Effective Date (or as soon thereafter as is practicable) the holder of any Allowed Wells Revolver Secured Claims shall receive either (i) Cash in the full amount of such Allowed Wells Revolver Secured Claims, including any unpaid postpetition interest accrued pursuant to section 506(b) of the Bankruptcy Code or (ii) such other no more favorable treatment as to which the holder of Wells Term Loan Secured Claims and the Debtor shall have agreed upon in writing and as to which each of the Majority Secured Noteholders consents.

(c) Class 3 – MARAD 6.52% Bond Claims

(i) *Claims in Class:* Class 3 consists of all Allowed MARAD 6.52% Bond Claims.

(ii) *Treatment:* The legal, equitable and contractual rights of the holders of MARAD 6.52% Bond Claims are Impaired by the Plan. On the Effective Date, at the election of the holders of MARAD 6.52% Bond Claims, either (i) the MARAD 6.52% Indenture shall be Reinstated, except to the extent that such Indenture requires the MARAD Agent to consent to a second priority lien and a third priority lien being placed on the MARAD Collateral, and the MARAD 6.52% Bond Claims shall be paid in accordance with the terms and conditions of the MARAD 6.52% Indenture, or (ii) if the requisite number of holders of MARAD 6.52% Bond Claims exercise their right to make the Premium Waiver Election by checking the applicable box on the Ballot, the MARAD 6.52% Bond Claims shall be paid in full. The form of intercreditor agreement that will govern the second and third priority liens being placed on the MARAD Collateral is attached as Exhibit A-3 to the Plan.

(d) Class 4 – MARAD 7.07% Bond Claims

(i) *Claims in Class*: Class 4 consists of all Allowed MARAD 7.07% Bond Claims.

(ii) *Treatment*: The legal, equitable and contractual rights of the holders of MARAD 7.07% Bond Claims are Impaired by the Plan. On the Effective Date, at the election of the holders of MARAD 7.07% Bond Claims, either (i) the MARAD 7.07% Indenture shall be Reinstated, except to the extent that such

Indenture requires the MARAD Agent to consent to a second priority lien and a third priority lien being placed on the MARAD Collateral, and the MARAD 7.07% Bond Claims shall be paid in accordance with the terms and conditions of the MARAD 7.07 Indenture, or (ii) if the requisite number of holders of MARAD 7.07% Bond Claims exercise their right to make the Premium Waiver Election by checking the applicable box on the Ballot, the MARAD 7.07% Bond Claims shall be paid in full. The form of intercreditor agreement that will govern the second and third priority liens being placed on the MARAD Collateral is attached as Exhibit A-3 to the Plan.

(e) Class 5 – Secured Note Claims

(i) *Claims in Class:* Class 5 consists of all Allowed Class 5: Secured Note Claims.

(ii) *Treatment:* The legal, equitable, and contractual rights of the holders of the Class 5: Secured Note Claims are Impaired by the Plan. Unless the holder of the Class 5: Secured Note Claim and the Debtor, agree to a different treatment, to which each of the Majority Secured Noteholders consents, on the Effective Date, each holder of an Allowed Class 5: Secured Note Claim shall receive that holder's Pro Rata share of the New Class 5 Secured Note. The Allowed Noteholder Deficiency Claim shall receive such treatment as set forth in Class 8: General Unsecured Claims below.

(f) Class 6 –Miscellaneous Secured Claims

(i) *Claims in Class:* Class 6 consists of all Allowed Class 6: Miscellaneous Secured Claims. The Allowed Class 6: Miscellaneous Secured Claims shall be deemed to have been classified into separate subclasses within Class 6 to the extent such claims are secured by different collateral.

(ii) *Treatment:* The legal, equitable, and contractual rights of the holders of Allowed Class 6: Miscellaneous Secured Claims are Unimpaired by the Plan. Unless the holder of such claim and the Debtor agree to a different treatment, to which each of the Majority Secured Noteholders consents, on the Effective Date, each holder of an Allowed Class 6: Miscellaneous Secured Claim shall receive, in full satisfaction, settlement, release, and discharge of, and in exchange for, such Class 6: Miscellaneous Secured Claim, either (i) Cash from the Miscellaneous Secured Reserve in the full amount of such Allowed Class 6: Miscellaneous Secured Claim, including any postpetition interest accrued pursuant to section 506(b) of the Bankruptcy Code, (ii) the proceeds of the sale or disposition of the collateral securing such Allowed Class 6: Miscellaneous Secured Claim to the extent of the value of the holder's secured interest in such

collateral, (iii) the collateral securing such Allowed Class 6: Miscellaneous Secured Claim and any interest on such Allowed Class 6: Miscellaneous Secured Claim required to be paid pursuant to section 506(b) of the Bankruptcy Code, or (iv) such other distribution as necessary to satisfy the requirements of section 1129 of the Bankruptcy Code. If the claim of a holder of such Allowed Class 6: Miscellaneous Secured Claim exceeds the value of the collateral that secures it, such holder will have a Class 6: Miscellaneous Secured Claim equal to the collateral's value and a Class 8: General Unsecured Claim for the deficiency.

(g) Class 7 – Other Priority Claims

(i) *Claims in Class*: Class 7 consists of all Allowed Other Priority Claims.

(ii) *Treatment:* The legal, equitable and contractual rights of the holders of Other Priority Claims are Unimpaired by the Plan. On the Effective Date, each holder of an Allowed Other Priority Claim shall receive, in full satisfaction, settlement, release and discharge of and in exchange for such Allowed Other Priority Claim, (i) Cash in an amount equal to the aggregate principal amount of the unpaid portion of such Allowed Other Priority Claim, or (ii) such other no more favorable treatment as to which such holder and the Debtor shall have agreed upon in writing and as to which each of the Majority Secured Noteholders consents.

(h) Class 8 – General Unsecured Claims

(i) *Claims in Class*: Class 8 consists of all Allowed Class 8: General Unsecured Claims.

(ii) *Treatment*: The legal, equitable and contractual rights of the holders of General Unsecured Claims are Impaired by the Plan.

If Class 8: General Unsecured Claims accepts the Plan, on the Effective Date (or as soon thereafter as is practicable), each holder of an Allowed Class 8: General Unsecured Claim, other than the holders of Allowed Noteholder Deficiency Claims, shall receive, in full satisfaction, settlement, release, and discharge of, and in exchange for such Allowed Class 8: General Unsecured Claim, either (i) its Pro Rata share of the General Unsecured Reserve, initially funded in an amount of $3.5 million, or (ii) such other no more favorable treatment as to which such holder and the Debtor shall have agreed upon in writing and as to which each of the Majority Secured Noteholders consents. In the event that Class 8: General Unsecured Claims accepts the Plan, but each holder of an Allowed Class 8: General Unsecured Claim (other than holders of the Allowed Noteholder Deficiency Claims) receives a distribution of less than 85% of its Allowed Claim, then each holder of an Allowed Class 8: General Unsecured Claim, other than the holders of an Allowed Noteholder Deficiency Claim, shall receive, subject to Article V.D of the Plan (providing that no fractional New Common Stock shares shall be issued or distributed), such holder's Pro Rata share of (x) 4,841 shares of New Common Stock; (y) for each share of New Common Stock so issued, 2.272 Tranche 1 Warrants; and (z) for each share of new Common Stock so issued, 1.685 Tranche 2 Warrants ((x),(y), and (z) of this clause collectively, the

"Equity Consideration"); *provided* that each unit of Equity Consideration shall not be separable, so that the New Common Stock and the New Warrants comprising such units shall not be separately conveyed. Nothing herein will preclude any person or group of persons, including the holders of Class 9: Old Common Interests, from providing the Company with Cash to distribute to holders of Allowed Class 8: General Unsecured Claims, other than the holders of an Allowed Noteholder Deficiency Claim, so that each holder will receive a distribution of 85% or greater on its Allowed Class 8: General Unsecured Claim, thereby enabling holders of the Class 9: Old Common Interests to receive a distribution under the Plan, as set forth in greater detail below.

If Class 8: General Unsecured Claims accepts the Plan, and a particular holder of an Allowed Class 8: General Unsecured Claim votes to accept the Plan, any and all potential Avoidance Actions against such holder shall be waived.

Further, if Class 8: General Unsecured Claims accepts the Plan, each holder of an Allowed Class 8: General Unsecured Claim in an amount less than $10,000 who votes to accept the Plan may elect to receive 75% of such Allowed Claim amount in Cash on the Effective Date or as soon as practicable thereafter in lieu of any other recovery provided for under the Plan, provided that no objection to such Claim is filed on or before the Effective Date. In the event that a holder of an Allowed Class 8: General Unsecured Claim has made such an election, the holder foregoes any potential for a higher recovery on such Allowed Class 8: General Unsecured Claim.

If Class 8: General Unsecured Claims rejects the Plan, on the Effective Date (or as soon thereafter as is practicable) each holder of an Allowed Class 8: General Unsecured Claim, other than the holders of an Allowed Noteholder Deficiency Claim, shall receive, in full satisfaction, settlement, release, and discharge of, and in exchange for, such Allowed Class 8: General Unsecured Claim, either (i) its Pro Rata share of (a) the General Unsecured Reserve, initially funded in an amount of $2 million, and (b) subject to Article V.D of the Plan (providing that no fractional New Common Stock shares shall be issued or distributed), the Equity Consideration; or (ii) such other no more favorable treatment as to which such holder and the Debtor shall have agreed upon in writing and as to which each of the Majority Secured Noteholders consents.

Regardless of whether the Plan has been accepted or rejected by Class 8: General Unsecured Claims, if the holders of the Allowed Class 8: General Unsecured Claims, other than the holders of an Allowed Noteholder Deficiency Claim, are paid in full, any excess Cash shall be returned to the operating accounts of the Reorganized Debtor.

The holders of the Allowed Noteholder Deficiency Claims shall be deemed to waive their right to participate in any distribution from the General Unsecured Reserve or receive Equity Consideration and instead will receive that holder's Pro Rata share of 48,950 shares of the outstanding shares of New Common Stock, which shall be subject to (i) ratable dilution of up to 5% upon the issuance of any shares of stock granted pursuant to the New Management Incentive Plan and (ii) further dilution upon the exercise of the New Warrants.

(i) Class 9 – Old Common Interests

(i) *Interests in Class*: Class 9 consists of all Allowed Class 9: Old Common Interests of the Debtor.

(ii) *Treatment:* The legal, equitable and contractual rights of the holders of Class 9: Old Common Interests are Impaired under the Plan and will receive no recovery. If Class 8: General

Unsecured Claims votes to accept the Plan, and the General Unsecured Reserve (which shall include any Cash contribution permitted in Article III.E.8(b) above, excess Cash from the Miscellaneous Secured Reserve, and excess Cash from the Cure Reserve) is adequate to provide a distribution of at least 85% to holders of Allowed Class 8: General Unsecured Claims, then on the Effective Date, or as soon as practicable thereafter, each holder of an Allowed Class 9: Old Common Interest shall elect to receive in full satisfaction, settlement, release, and discharge of, and in exchange for such Interest and on the terms and conditions set forth more fully in the Plan either: (i) a Cash payment of $0.15 per share; or (ii) subject to Article V.D of the Plan (providing that no fractional New Common Stock shares shall be issued or distributed) such holder's Pro Rata share of Equity Consideration; *provided* that each unit of Equity Consideration shall not be separable, so that the New Common Stock and the New Warrants comprising such units shall not be separately conveyed. In the event a holder of an Allowed Class 9: Old Common Interest holds less than 2,500 shares, such holder will receive a Cash payment of $0.15 per share; and provided further, however, that to the extent a holder of an Allowed Class 9: Old Common Interest elects or otherwise receives the cash payment of $0.15 per share referenced above, such holder's Pro Rata share of the Equity Consideration shall not be issued to such holder. For the avoidance of doubt, if Class 8: General Unsecured Claims votes to reject the Plan, the holders of Class 9: Old Common Interests will receive no recovery.

3. Reservation of Rights Regarding Claims

Except as otherwise explicitly provided in the Plan, nothing will affect the Debtor's or the Reorganized Debtor's rights and defenses, both legal and equitable, with respect to any Claims, including, but not limited to, all rights with respect to legal and equitable defenses to alleged rights of setoff or recoupment.

D. Notice to Holders of Claims and Interests

Approval by the Bankruptcy Court of this Disclosure Statement means that the Bankruptcy Court has found that this Disclosure Statement contains information of a kind and in sufficient and adequate detail to enable holders of Claims and Interests entitled to vote on the Plan to make an informed judgment about whether to accept or reject the Plan. THE BANKRUPTCY COURT'S APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE EITHER A GUARANTEE OF THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED HEREIN OR THEREIN OR AN ENDORSEMENT OF THE PLAN BY THE BANKRUPTCY COURT.

IF THE PLAN IS APPROVED BY THE REQUISITE VOTE OF HOLDERS OF CLAIMS OR INTERESTS ENTITLED TO VOTE AND IS SUBSEQUENTLY CONFIRMED BY THE BANKRUPTCY COURT, THE PLAN WILL BIND ALL HOLDERS OF CLAIMS AGAINST, AND INTEREST IN, THE DEBTOR, WHETHER OR NOT THEY WERE ENTITLED TO VOTE OR DID VOTE ON THE PLAN AND WHETHER OR NOT THEY RECEIVE OR RETAIN ANY

DISTRIBUTIONS OR PROPERTY UNDER THE PLAN. THUS ALL HOLDERS OF CLAIMS OR INTERESTS AGAINST THE DEBTOR ENTITLED TO VOTE ARE ENCOURAGED TO READ THIS DISCLOSURE STATEMENT AND ITS APPENDICES, SUPPLEMENTS AND EXHIBITS CAREFULLY AND IN THEIR ENTIRETY BEFORE DECIDING TO VOTE EITHER TO ACCEPT OR REJECT THE PLAN.

THIS DISCLOSURE STATEMENT AND THE PLAN ARE THE ONLY DOCUMENTS AUTHORIZED BY THE BANKRUPTCY COURT TO BE USED IN CONNECTION WITH THE SOLICITATION OF VOTES TO ACCEPT OR REJECT THE PLAN. No solicitation of votes may be made except after distribution of this Disclosure Statement, and no person has been authorized to distribute any information concerning the Debtor other than the information contained herein or therein. No such information should be relied upon in making a determination to vote to accept or reject the Plan.

E. Voting Rights

Pursuant to the provisions of the Bankruptcy Code, only holders of claims and interests in classes that are (a) treated as "impaired" by a plan of reorganization and (b) entitled to receive a distribution under such plan are entitled to vote on the Plan. Under the Plan, only holders of Claims and Interests in Classes 3, 4, 5, and 8 are entitled to vote on the Plan. Holders of Interests in Class 9 shall conclusively be deemed to have rejected the Plan and are, therefore, not entitled to vote. Claims in other Classes are Unimpaired and their holders are deemed to have accepted the Plan.

Only holders of Claims and Interests in the voting Classes are entitled to vote on the Plan. Pursuant to Bankruptcy Code section 105(a) and Bankruptcy Rule 3003(c)(2), any holder of a Claim (a) that is either (i) not scheduled or (ii) scheduled in the schedules and statements at zero, as unknown or as disputed, contingent or unliquidated, and (b) that is not the subject of a Proof of Claim filed by the applicable Bar Date set by the Court will not be treated as a creditor with respect to such Claim for purposes of voting on or objecting to the Plan.

F. Solicitation Materials

In soliciting votes for the Plan pursuant to this Disclosure Statement, the Debtor, through its voting agent, Kurtzman Carson Consultants LLC (the "Voting Agent"), will send to holders of Claims and Interests who are entitled to vote copies of (a) the Disclosure Statement and Plan, (b) the notice of, among other things, (i) the date, time, and place of the hearing to consider confirmation of the Plan and related matters and (ii) the deadline for filing objections to confirmation of the Plan (the "Confirmation Hearing Notice"), (c) one or more ballots (and return envelopes) to be used in voting to accept or to reject the Plan, and (d) other materials as authorized by the Bankruptcy Court.

If you are the holder of a Claim or Interests who believes you are entitled to vote on the Plan, but you did not receive a ballot or your ballot is damaged or illegible, or if you have any questions concerning voting procedures, you should contact the following:

Trailer Bridge, Inc. Ballot Processing Center,
c/o Kurtzman Carson Consultants LLC,
2335 Alaska Avenue, El Segundo, California 90245
Tel: (866) 381-9100

After carefully reviewing the Plan, this Disclosure Statement, and the detailed instructions accompanying your ballot, you are asked to indicate your acceptance or rejection of the Plan

by voting in favor of or against the Plan on the accompanying ballot. You should complete and sign your original ballot (copies will not be accepted) and return it as instructed in the envelope provided.

Each ballot has been coded to reflect the Class of Claims or Interests it represents. Accordingly, in voting to accept or reject the Plan, you must use only the coded ballot(s) sent to you with this Disclosure Statement.

All votes to accept or reject the Plan must be cast by using the ballot enclosed with the Disclosure Statement. IN ORDER FOR YOUR VOTE TO BE COUNTED, YOUR BALLOT MUST BE PROPERLY COMPLETED AS SET FORTH ABOVE AND IN ACCORDANCE WITH THE VOTING INSTRUCTIONS ON THE BALLOT AND RECEIVED NO LATER THAN MARCH 9, 2012, AT 4:00 P.M. PACIFIC TIME (THE "VOTING DEADLINE").

UNLESS OTHERWISE PROVIDED IN THE INSTRUCTIONS ACCOMPANYING THE BALLOTS, BALLOTS CAST BY FACSIMILE, E-MAIL OR OTHER ELECTRONIC MEANS WILL NOT BE ACCEPTED. BALLOTS THAT ARE RECEIVED BUT NOT SIGNED WILL NOT BE COUNTED. DO NOT RETURN ANY STOCK CERTIFICATES, DEBT INSTRUMENTS, OR OTHER EVIDENCES OF YOUR CLAIM WITH YOUR BALLOT.

If you have any questions about (a) the procedure for voting your Claim or Interest, (b) the packet of materials that you have received, or (c) the amount of your Claim, or if you wish to obtain, at your own expense unless otherwise specifically required by Bankruptcy Rule 3017(d), an additional copy of the Plan, this Disclosure Statement, or any appendices or exhibits to such documents, please contact:

Trailer Bridge, Inc. Ballot Processing Center,
c/o Kurtzman Carson Consultants LLC,
2335 Alaska Avenue, El Segundo, California 90245

For further information and general instruction on voting to accept or reject the Plan, see the instructions accompanying your ballot.

THE DEBTOR URGES ALL HOLDERS OF CLAIMS AND INTERESTS ENTITLED TO VOTE TO EXERCISE THEIR RIGHT TO ACCEPT THE PLAN BY COMPLETING THEIR BALLOTS AND RETURNING THEM BY THE VOTING DEADLINE.

G. Means for Implementation of the Plan

1. Exit Facility

A form of the Exit Facility Credit Agreement, the terms and conditions of which shall be acceptable to each of the Majority Secured Noteholders, the DIP Lenders and the Exit Lenders, shall be contained in the Plan Supplement. The Reorganized Debtor may use the Exit Facility for any purpose permitted by the governing documents, including the funding of obligations under the Plan and satisfaction of ongoing working capital needs. Cash payments to be made on the Effective Date under the Plan shall be funded by Cash on hand and borrowing under the Exit Facility.

Confirmation of the Plan shall constitute approval of the Exit Facility and all transactions contemplated thereby, including any supplementation or additional syndication of the Exit Facility, and all actions to be taken, undertakings to be made and obligations to be incurred by the Reorganized Debtor in connection therewith, including the payment of all fees, indemnities and expenses provided for therein

and authorization for the Reorganized Debtor to enter into and execute the Exit Credit Facility Agreement and such other documents as may be required or appropriate. On the Effective Date, the Exit Facility, together with new promissory notes evidencing the obligation of the Reorganized Debtor thereunder, and all other documents, instruments, mortgages, and agreements to be entered into, delivered, or confirmed thereunder, the final forms of which shall be acceptable to each of the Majority Secured Noteholders, the DIP Lenders and the Exit Lenders, shall become effective. The obligations incurred by the Reorganized Debtor pursuant to the Exit Facility and related documents shall be paid as set forth in the Exit Credit Facility Agreement and related documents.

As of the Effective Date, the Exit Credit Facility Agreement shall constitute a legal, valid, binding, and authorized obligation of the Reorganized Debtor, enforceable in accordance with its terms. The financial accommodations to be extended pursuant to the Exit Credit Facility Agreement are being extended, and shall be deemed to have been extended, in good faith, for legitimate business purposes, are reasonable, and the Reorganized Debtor's obligations thereunder shall not be subject to avoidance, recharacterization, or subordination (including equitable subordination) for any purposes whatsoever, and shall not constitute preferential transfers, fraudulent conveyances, or other voidable transfers under the Bankruptcy Code or any other applicable non-bankruptcy law. On the Effective Date, all of the Liens and security interests to be granted in accordance with the Exit Credit Facility Agreement (i) shall be deemed to be approved, (ii) shall be legal, binding, and enforceable Liens on, and security interests in, the Collateral granted thereunder in accordance with the terms of the Exit Credit Facility Agreement, (iii) shall be deemed perfected, subject only to such Liens and security interests as may be permitted under the Exit Credit Facility Agreement, and (iv) shall not be subject to avoidance, recharacterization, or subordination (including equitable subordination) for any purposes whatsoever and shall not constitute preferential transfers, fraudulent conveyances, or other voidable transfers under the Bankruptcy Code or any applicable non-bankruptcy law. The Reorganized Debtor and the Persons granted such Liens and security interests are authorized to make all filings and recordings, and to obtain all governmental approvals and consents necessary to establish and perfect such liens and security interests under the provisions of the applicable state, federal, or other law (whether domestic or foreign) that would be applicable in the absence of the Plan and the Confirmation Order (it being understood that perfection shall occur automatically by virtue of the entry of the Confirmation Order, and any such filings, recordings, approvals, and consents shall not be required), and will thereafter cooperate to make all other filings and recordings that otherwise would be necessary under applicable law to give notice of such Liens and security interests to third parties. To the extent that any holder of a Claim secured by a Lien (regardless of whether such Lien was properly perfected or whether there is any economic value to such Lien or whether such Claim is a Secured Claim) that has been satisfied or discharged in full pursuant to the Plan, or any agent for such holder, has filed or recorded publicly any Liens and/or security interests to secure such holder's Secured Claim, then as soon as practicable on or after the Effective Date, pursuant to Article IV of the Plan, such holder (or the agent for such holder) shall take any and all steps requested by the Debtor, the Reorganized Debtor or any administrative agent under the Exit Credit Facility Agreement to file or record any necessary documents or take any other necessary steps to cancel and/or extinguish such publicly-filed Liens and/or security interests, and the Reorganized Debtor and any administrative agent under the Exit Credit Facility Agreement are authorized to file or record any necessary documents or take any other necessary steps to cancel and/or extinguish such publicly-filed Liens and/or security interests. In each case all costs and expenses in connection therewith will be paid by the Reorganized Debtor.

Notwithstanding anything to the contrary in the Plan, the Bankruptcy Court's retention of jurisdiction shall not apply to the enforcement of the loan documentation executed in connection with the Exit Credit Facility Agreement or any rights or remedies related thereto.

2. Issuance of New Class 5 Secured Note

As soon as reasonably practicable after the Effective Date, the Reorganized Debtor shall issue the New Class 5 Secured Note to the New Secured Note Indenture Trustee for the benefit of all holders of Allowed Class 5: Secured Note Claims.

3. Issuance of New Common Stock

On or as soon as reasonably practicable after the Effective Date, the Reorganized Debtor shall issue the New Common Stock. The Reorganized Debtor shall issue 48,950 shares of New Common Stock to the holders of Allowed Noteholder Deficiency Claims, and up to 4,841 shares of New Common Stock (as part of units of Equity Consideration including Tranche 1 Warrants and Tranche 2 Warrants) to the holders of either Allowed Class 8: General Unsecured Claims, other than the holders of Allowed Noteholder Deficiency Claims, or Allowed Class 9: Old Common Interests. The issuance of the New Common Stock pursuant to distributions under the Plan shall be authorized under section 1145 of the Bankruptcy Code as of the Effective Date without further act or action by any Person, except as may be required by the Corporate Governance Documents of the Reorganized Debtor, or applicable law, regulation, order or rule; and all documents evidencing same shall be executed and delivered as provided for in the Plan or the Plan Supplement. The New Common Stock and Equity Consideration consisting of New Common Stock and New Warrants, will be subject to certain restrictions on transferability as set forth in the stockholders agreement discussed in Article VIII of the Plan, and each unit of Equity Consideration shall trade as a unit together for the full term of the New Warrants.

As soon as it is determined that each holder of an Allowed Class 8: General Unsecured Claim, other than the holders of Allowed Noteholder Deficiency Claims, shall receive a distribution of 85% or greater on its Allowed Class 8: General Unsecured Claim, an Election Notice shall be sent to each holder of Allowed Class 9: Old Common Interests notifying such holder of its right to receive a distribution pursuant to the Plan. The Election Notice will allow each holder of an Allowed Class 9: Old Common Interest to elect, as described in Article III.E.9(b) of the Plan, either: (i) cash payment of $0.15 per share; or (ii) its Pro Rata share of the Equity Consideration. If a holder of an Allowed Class 9: Old Common Interest holds less than 2,500 shares, such holder will receive a cash payment of $0.15 per share.

As soon as it is determined that each holder of an Allowed Class 8: General Unsecured Claim, other than the holders of Allowed Noteholder Deficiency Claims, shall receive a distribution of less than 85% on its Allowed Class 8: General Unsecured Claims, a No Distribution Notice shall be sent to each holder of an Allowed Class 9: Old Common Interest, notifying such holder that it will not receive a distribution under the Plan and providing notice of the Cash shortfall causing each holder of an Allowed Class 8: General Unsecured Claim, other than the holders of Allowed Noteholder Deficiency Claims, to receive a distribution of less than 85% on its Allowed Class 8: General Unsecured Claim. Holders of Allowed Class 9: Old Common Interests shall have thirty (30) days from the date of the mailing of the No Distribution Notice to notify the Disbursing Agent in writing of their intent to make a Cash contribution to the Company, which Cash contribution will be distributed to holders of Allowed Class 8: General Unsecured Claims, other than holders of an Allowed Noteholder Deficiency Claim, so that such holders shall receive a distribution of 85% or greater on their Allowed Class 8: General Unsecured Claims. Nothing herein will preclude any person or group of persons, whether or not a holder of a Class 9: Old Common Interest, from providing such Cash contribution.

One member of the Committee and its counsel shall be appointed to oversee the distributions to holders of Allowed Class 8: General Unsecured Claims until the later of: (a) the date the Election Notice has been sent; and (b) thirty (30) days after the date of mailing the No Distribution

Notice. The Committee shall appoint such Committee member and counsel to oversee distributions and any fees and expenses of the Committee member and its counsel shall be limited to reasonable fees and expenses not to exceed a total of $2,000 per month.

Nothing in the preceding paragraphs shall affect the rights of holders of Allowed Noteholder Deficiency Claims from receiving, on the Effective Date, or as soon as practicable thereafter, that holder's Pro Rata share of 48,950 shares of New Common Stock, as described in Article III.E.8(b) of the Plan.

4. Issuance of New Warrants

Subject to the provisions described in Article IV.C. of the Plan, as soon as reasonably practicable after the Effective Date, the Reorganized Debtor shall issue the New Warrants to the holders of either Allowed Class 8: General Unsecured Claims, other than the holders of an Allowed Noteholder Deficiency Claim, or Allowed Old Common Interests. The New Warrants shall be issued in the form set forth in the Plan Supplement and as part of a unit of Equity Consideration; each unit shall not be separable, so that the New Common Stock and the New Warrants shall not be separately conveyed. Specific terms of the New Warrants will be set forth in the respective forms of warrant agreements, the final forms of which shall be acceptable to each of the Majority Secured Noteholders. The New Warrants' respective strike prices per New Common Stock are subject to increase based on the number of holders of Old Common Interests that elect to or otherwise receive a cash payment of $0.15.

5. New Management Incentive Plan

As soon as reasonably practicable after the Effective Date, the board of directors of the Reorganized Debtor may adopt the New Management Incentive Plan, the final form of which shall be acceptable to each of the Majority Secured Noteholders. Up to 5% of the New Common Stock may be reserved for issuance pursuant to the New Management Incentive Plan. Also, the following amounts of New Warrants shall be authorized and reserved for issuance pursuant to the New Management Incentive Plan (which amounts of New Warrants are in addition to the New Warrants actually issued to either the holders of Allowed Class 9: Old Common Interests or Allowed Class 8: General Unsecured Claims, other than the holders of Allowed Noteholder Deficiency Claims): (a) an amount of additional Tranche 1 Warrants equal to 10% of the Tranche 1 Warrants that are actually issued to either the holders of Allowed Class 9: Old Common Interests or Allowed Class 8: General Unsecured Claims, other than the holders of Allowed Noteholder Deficiency Claims, and (b) an amount of additional Tranche 2 Warrants equal to 10% of the Tranche 2 Warrants that are actually issued either to holders of Allowed Class 9: Old Common Interests or Allowed General Unsecured Claims, other than the holders of Allowed Noteholder Deficiency Claims.

6. Cancellation of Agreements, Notes and Old Equity Interests

On, or as soon as reasonably practicable after the Effective Date, the Secured Notes, Old Common Interests and any other promissory notes, share certificates, whether for preferred or common stock (including treasury stock), other instruments evidencing any Claims or Interests, including, but not limited to the Secured Note Indenture and the Secured Note Security Documents, and all options, warrants, calls, rights, puts, awards and commitments shall be deemed cancelled and of no further force and effect, without any further act or action under any applicable agreement, law, regulation, order, or rule, and the obligations of the Debtor under the notes, share certificates, and other agreements and instruments governing such Claims and Interests shall be released; *provided, however*, that certain instruments, documents, and credit agreements, including, but not limited to the Secured Note Indenture and the Secured Note Security Documents shall continue in effect solely for the purposes of (i) allowing

the agents to make distributions to the beneficial holders and lenders hereunder, (ii) allowing the agents and the Secured Note Indenture Trustee to perform all necessary administrative functions relating thereto, (iii) allowing beneficial holders to receive distributions under the Plan, and (iv) permitting the Secured Note Indenture Trustee to maintain and assert its charging lien for reasonable compensation, disbursements, advances and expenses, including the reasonable compensation, disbursements and expenses of the Secured Note Indenture Trustee's agents and counsel, and the Secured Note Indenture Trustee's predecessor and its counsel, pursuant to Section 7.07 of the Secured Note Indenture, including as against any amounts received pursuant to the Adequate Protection Order. After the Effective Date, except as otherwise set forth herein, the Secured Note Indenture Trustee shall be discharged as trustee under the Secured Note Indenture, the Secured Note Security Documents and any other document in connection with the Secured Notes and shall no longer have any obligations to any party, including but not limited to, the holders of the Secured Notes.

If the record holder of notes, securities, debenture or other evidence of indebtedness is DTC or its nominee or another security depository or custodian thereof, and such notes, securities, debentures or other evidence of indebtedness are represented by a global security held by or on behalf of DTC or such other securities depository or custodian, then the beneficial holders of such notes, securities, debentures, or other evidence of indebtedness shall be deemed to have surrendered their respective note, security, debenture of other evidence of indebtedness upon surrender of such global security by DTC or such other securities depository or custodian thereof.

7. Continued Existence and Vesting of Assets in the Reorganized Debtor

The Debtor shall continue to exist as the Reorganized Debtor after the Effective Date in accordance with the applicable law for the State of Delaware and pursuant to the Reorganized Debtor Certificate of Incorporation and the Reorganized Debtor Bylaws, each of which shall be in form and substance acceptable to each of the Majority Secured Noteholders and shall be contained in the Plan Supplement.

The Reorganized Debtor's Corporate Governance Documents shall include a provision prohibiting the issuance of nonvoting equity securities as required under section 1123(a)(6) of the Bankruptcy Code.

On and after the Effective Date, all property of the Estate, and all Litigation Claims, and any property acquired by the Debtor under or in connection with the Plan, shall vest in the Reorganized Debtor free and clear of all Claims, Interests, Liens, charges, other encumbrances, and interests except as otherwise expressly provided in the Plan. On and after the Effective Date, the Reorganized Debtor may operate its business and may use, acquire and dispose of property and compromise or settle any Claims without supervision of or approval by the Bankruptcy Court and free and clear of any restrictions of the Bankruptcy Code or Bankruptcy Rules other than restrictions expressly imposed by the Plan or the Confirmation Order. Without limiting the foregoing, the Reorganized Debtor may pay charges that it incurs on and after the Effective Date for professionals' fees, disbursements, expenses or related support services without application to the Bankruptcy Court.

8. Directors and Officers

The board of directors of the Reorganized Debtor ("Board") shall be initially comprised of seven (7) members, consisting of: (i) three (3) members appointed by Seacor Holdings, Inc.; (ii) one (1) member appointed by Whippoorwill Associates, Inc., (iii) one (1) member appointed by Edge Asset Management, Inc.; (iv) one (1) independent member initially chosen by the Debtor and reasonably acceptable to the Majority Secured Noteholders; and (v) the Reorganized Debtor's Chief Executive

Officer. The identity of each member of the Board shall be announced at or before the Confirmation Hearing.

The Corporate Governance Documents of the Reorganized Debtor shall contain substantially the same Indemnification Provisions in favor of the Board as are contained in the Corporate Governance Documents of the Debtor as of the Petition Date.

9. Preservation of Rights of Action; Settlement of Litigation Claims

Except as otherwise provided in the Plan, the Confirmation Order or in any document, instrument, release or other agreement entered into in connection with the Plan, in accordance with section 1123(b) of the Bankruptcy Code, all of the Debtor's Litigation Claims shall vest in the Reorganized Debtor, and the Reorganized Debtor may enforce, sue on, settle or compromise (or decline to do any of the foregoing) any or all of such Litigation Claims with the consent of each of the Majority Secured Noteholders. The failure of the Debtor to specifically list any claim, right of action, suit or proceeding herein, in the Plan, or in the Plan Supplement does not, and will not be deemed to, constitute a waiver or release by the Debtor of such claim, right of action, suit or proceeding, and the Reorganized Debtor will retain the right to pursue additional claims, rights of action, suits or proceedings. In addition, at any time after the Petition Date and before the Effective Date, notwithstanding anything in the Plan to the contrary, the Debtor may settle some or all of the Litigation Claims with the approval of the Bankruptcy Court pursuant to Bankruptcy Rule 9019 and the consent of each of the Majority Secured Noteholders. Notwithstanding the above, the Debtor and the Reorganized Debtor waive their right to pursue any and all potential Avoidance Actions against vendors who receive payments under the Order Authorizing Payment of Prepetition Claims of Certain Critical Vendors and Service Providers [Dkt. No. 143].

10. Establishment of Reserves

(a) Fee Reserve

Under the Plan, the Debtor or the Reorganized Debtor will create and fund the Fee Reserve on the Effective Date (or as soon thereafter as is practicable) in the amount: (a) set forth in the DIP Budget but unpaid through the Effective Date, or in good faith estimated by the Majority Secured Noteholders as unpaid through the Effective Date, and (b) earned but unpaid through the Effective Date by Global Hunter Securities, LLC on account of its restructuring fee; which amount will be used to pay Allowed Fee Claims held by (i) any Professionals working on behalf of the Debtor, (ii) counsel and any advisors to the Committee, (iii) counsel to the Majority Secured Noteholders; (iv) counsel to the DIP Lenders; and (v) the Secured Note Indenture Trustee and its counsel. The Reorganized Debtor will be obligated to pay all such Allowed Fee Claims designated to be paid from the proceeds of the Fee Reserve in excess of the amounts actually deposited in the Fee Reserve. In the event that any Cash remains in the Fee Reserve after payment of all such Allowed Fee Claims, such Cash will be returned to the operating accounts of the Reorganized Debtor.

(b) Miscellaneous Secured Reserve

Under the Plan, the Debtor or the Reorganized Debtor will create and fund the Miscellaneous Secured Reserve on the Effective Date (or as soon thereafter as is practicable) in the amount of $1.3 million, which amount will be used to pay Allowed Miscellaneous Secured Claims. In the event that any Cash remains in the Miscellaneous Secured Reserve after payment of all Allowed Miscellaneous Secured Claims, such Cash shall be deposited into the General Unsecured Reserve.

(c) Cure Reserve

Under the Plan, the Debtor or the Reorganized Debtor will create and fund the Cure Reserve on the Effective Date (or as soon thereafter as is practicable) in the amount of $700,000, which amount will be used to make all Cure Payments with respect to any executory contract or unexpired lease to be assumed under the Plan, as set forth in Article VII therein. In the event that any Cash remains in the Cure Reserve after payment of all Cure Payments, such Cash shall be deposited into the General Unsecured Reserve.

(d) General Unsecured Reserve

Under the Plan, the Debtor or the Reorganized Debtor will create and fund the General Unsecured Reserve on the Effective Date (or as soon thereafter as is practicable) in an amount determined by whether the Plan has been accepted or rejected by Class 8: General Unsecured Claims, which amount will be used to pay Allowed General Unsecured Claims. Any excess Cash remaining in the Miscellaneous Secured Reserve or Cure Reserve shall be deposited into the General Unsecured Reserve. In the event that any Cash remains in the General Unsecured Reserve after payment of all Allowed Class 8: General Unsecured Claims, such Cash shall be returned to the operating accounts of the Reorganized Debtor.

11. Effectuating Documents; Further Transactions

The chairman of the board of directors, president, chief executive officer, chief financial officer or any other appropriate officer of the Debtor or the Reorganized Debtor shall be authorized to execute, deliver, file or record such contracts, instruments, releases, indentures and other agreements or documents, and take such actions, as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan. The secretary or assistant secretary of the Debtor or the Reorganized Debtor shall be authorized to certify or attest to any of the foregoing actions.

12. Exemption from Certain Transfer Taxes

Pursuant to section 1146(a) of the Bankruptcy Code, the issuance, transfer or exchange of debt and equity securities under the Plan, the making or delivery of any mortgage, deed of trust, or other instrument of transfer under, in furtherance of, or in connection with the Plan shall be exempt from all taxes (including, without limitation, stamp tax or similar taxes) to the fullest extent permitted by section 1146(a) of the Bankruptcy Code, and the appropriate state or local governmental officials or agents shall not collect 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.

13. Release of Liens

Except as otherwise expressly provided herein, the Confirmation Order or in any document, instrument or other agreement created in connection with the Plan, on the Effective Date, all mortgages, deeds of trust, Liens, or other security interests against the property of the Debtor or the Estate automatically shall be released, and the holders of such mortgages, deeds of trust, liens, or other security interests shall execute such documents as may be necessary or desirable to reflect or effectuate such releases. The Reorganized Debtor is authorized to file or record any necessary documents or take any other necessary steps to cancel and/or extinguish such publicly filed Liens and/or security interests. In each case, all costs and expenses in connection therewith will be paid by the Reorganized Debtor.

H. Distributions for Claims and Interests Allowed as of the Effective Date

1. Date of Distributions

Except as otherwise provided in the Plan, on the Effective Date or as soon as reasonably practicable thereafter (or if a Claim or Interest is not an Allowed Claim or Interest on the Effective Date, on the date that such a Claim or Interest becomes an Allowed Claim or Interest, on the next Distribution Date or as soon as reasonably practicable thereafter), each holder of an Allowed Claim or Interest against the Debtor shall receive the full amount of the distributions that the Plan provides for Allowed Claims or Interests in the applicable Class and in the manner provided herein. In the event that any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day, but shall be deemed to have been completed as of the required date. If and to the extent that there are Disputed Claims, distributions on account of any such Disputed Claims shall be made pursuant to the provisions set forth in Article VI of the Plan. Except as otherwise provided herein, holders of Claims shall not be entitled to interest, dividends or accruals on the distributions provided for herein, regardless of whether such distributions are delivered on or at any time after the Effective Date.

2. Disbursing Agent(s)

The Disbursing Agent(s) shall make all distributions required under the Plan (subject to the provisions of Articles II, III and IV thereof); *provided, however*, that with respect to a holder of a Claim or Interest whose distribution is governed by an agent or other agreement which is administered by an indenture trustee, agent or servicer, such distributions shall be deposited with the appropriate agent or servicer, who shall then deliver such distributions to the holders of Claims or Interests in accordance with the provisions of the Plan and the terms of the relevant indenture or other governing agreement; *provided further, however* that distributions to the Disbursing Agent (other than the Debtor or the Reorganized Debtor) under the Plan will be deemed payment in full, regardless of whether such agent (other than the Debtor or the Reorganized Debtor) ultimately distributes such distribution to the appropriate Claim or Interest holder; *provided further*, that unless the Debtor is otherwise informed in writing by the Secured Note Indenture Trustee, the distributions made to holders of the Secured Notes in Class 5 and Class 8 shall not be made to the Secured Note Indenture Trustee for distribution to the beneficial holders of the Secured Notes, although the Secured Note Indenture Trustee shall distribute on the Effective Date, or as soon as reasonably practical thereafter, Pro Rata to the beneficial holders of the Secured Notes, any monies in its possession payable to the holders of the Secured Notes that were paid to the Secured Note Indenture Trustee as adequate protection payments in respect of holders of the Secured Notes pursuant to the Adequate Protection Order, subject to the assertion of the Secured Note Indenture Trustee's charging lien, as set forth in Section IV.F of the Plan.

Disbursing Agent(s) other than the Debtor, including any agent or servicer or indenture trustee, shall receive, without further Bankruptcy Court approval, reasonable compensation for distribution services rendered pursuant to the Plan and reimbursement of reasonable out-of-pocket expenses incurred in connection with such services from the Reorganized Debtor on terms acceptable to the Reorganized Debtor. No Disbursing Agent shall be required to give any bond or surety or other security for the performance of its duties unless otherwise ordered by the Bankruptcy Court. If otherwise so ordered, all costs and expenses of procuring any such bond shall be paid by the Reorganized Debtor.

3. Means of Cash Payment

Cash payments under the Plan will be in U.S. funds, and will be made, at the option, and in the sole discretion, of the Reorganized Debtor, by (i) checks drawn on or (ii) wire transfers from a

domestic bank selected by the Reorganized Debtor. Cash payments to foreign creditors may be made, at the option, and in the sole discretion, of the Reorganized Debtor, in such funds and by such means as are necessary or customary in a particular foreign jurisdiction. Cash payments made pursuant to the Plan in the form of checks issued by the Reorganized Debtor will be null and void if not cashed within 120 days of the date of the issuance thereof. Requests for reissuance of any check will be made directly to the Reorganized Debtor.

For purposes of effectuating Distributions under the Plan, any Claim denominated in foreign currency will be converted to U.S. Dollars pursuant to the applicable published exchange rate in effect on the Petition Date.

4. Calculation of Distribution Amounts of New Common Stock

No fractional New Common Stock shares shall be issued or distributed under the Plan or by the Reorganized Debtor, or any Disbursing Agent, agent or servicer. Each Person entitled to receive New Common Stock shares shall receive the total number of whole New Common Stock shares to which such Person is entitled. Whenever any distribution to a particular Person would otherwise call for distribution of a fraction of New Common Stock shares, the Reorganized Debtor, or any Disbursing Agent, agent or servicer, shall aggregate all fractional shares (the "Fractional Pool") and shall thereafter allocate one whole New Common Stock share to Persons who would otherwise be entitled to receive fractional shares in descending order of the fractional portion of their entitlements, starting with the largest such fractional portion, until all whole New Common Stock shares in the Fractional Pool have been allocated. Upon the allocation of a whole New Common Stock share to a Person in respect of the fractional portion of its entitlement, such fractional portion shall be deemed canceled. If two or more Persons are entitled to equal fractional entitlements and the number of Persons so entitled exceeds the number of whole New Common Stock shares which remain to be allocated out of the Fractional Pool, the Reorganized Debtor, or any Disbursing Agent, agent or servicer, after consulting with the Disbursing Agent, shall allocate the remaining whole New Common Stock shares to such holders by random lot or such other impartial method as the Prepetition Agent and Reorganized Debtor, or any Disbursing Agent, agent or servicer deems fair. Upon the allocation of all of the whole New Common Stock shares in the Fractional Pool, all remaining fractional portions of the entitlements shall be canceled and shall be of no further force and effect. No New Common Stock shares will be issued and no other property will be distributed under the Plan or by the Reorganized Debtor, or any Disbursing Agent, agent or servicer on account of entitlements to a fractional New Common Stock share which fall below a threshold level to be entitled to the allocation of a whole New Common Stock share out of the Fractional Pool in respect of fractional entitlements as described above. Accordingly, a Person who otherwise would be entitled to receive a distribution of a fractional New Common Stock share will not receive any such distribution if such Person's fractional entitlement is less than the fractional entitlement that results in a distribution from the Fractional Pool.

5. Application of Distribution Record Date

At the close of business on the Distribution Record Date, the claims registers for all Claims shall be closed, and there shall be no further changes in the record holders of Claims. Except as provided herein, the Reorganized Debtor, the Disbursing Agent, and each of their respective agents, successors, and assigns shall have no obligation to recognize any transfer of Claims occurring after the Distribution Record Date and shall be entitled instead to recognize and deal for all purposes hereunder with only those record holders stated on the claims registers as of the close of business on the Distribution Record Date irrespective of the number of Distributions to be made under the Plan to such Persons or the date of such Distributions.

6. Delivery of Distributions; Undeliverable or Unclaimed Distributions

Distributions to holders of Allowed Claims and Interests shall be made by the Disbursing Agent (i) at each holder's address set forth in the Debtor's books and records, unless such address is superseded by a proof of claim or interest or transfer of claim filed pursuant to Bankruptcy Rule 3001, (ii) at the address in any written notice of address change delivered to the Disbursing Agent, or (iii) in the case of any prepetition indebtedness, at the addresses set forth in the respective agents' system. If any holder's distribution is returned as undeliverable, no further distributions to such holder shall be made, unless and until the Disbursing Agent or the Prepetition Agent is notified of such holder's then current address, at which time all missed distributions shall be made to such holder without interest. Amounts in respect of undeliverable distributions made through the Disbursing Agent shall be returned to the Reorganized Debtor until such distributions are claimed. The Prepetition Agent and/or Disbursing Agent shall deliver any non-deliverable Cash and/or New Common Stock to the Reorganized Debtor no later than ten (10) Business Days following the first anniversary of the Effective Date. All claims for undeliverable distributions must be made within one year after the Effective Date, after which date the claim of any holder or successor to such holder with respect to such property will be discharged and forever barred. In such cases, any Cash for distribution on account of or in exchange for unclaimed or undeliverable distributions shall become property of the Reorganized Debtor free of any restrictions thereon and notwithstanding any federal or state escheat laws to the contrary. Any New Common Stock held for distribution on account of such Claim or Interest shall be canceled and of no further force or effect. Nothing contained in the Plan shall require any Disbursing Agent, including, but not limited to, the Reorganized Debtor, or the Prepetition Agents to attempt to locate any holder of an Allowed Claim or Interest.

7. Withholding and Reporting Requirements

In connection with the Plan and all distributions thereunder, the Reorganized Debtor, the Disbursing Agent and the Prepetition Agents shall comply with all withholding and reporting requirements imposed by any federal, state, local or foreign taxing authority, and all distributions shall be subject to any such withholding and reporting requirements. The Reorganized Debtor shall be authorized to take any and all actions that may be necessary or appropriate to comply with such withholding and reporting requirements. Notwithstanding any other provision of the Plan, (i) each holder of an Allowed Claim or Interest that is to receive a distribution of property, including Cash and/or New Common Stock, pursuant to the Plan shall have sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed by any governmental unit, including income, withholding and other tax obligations, on account of such distribution, and (ii) no distribution shall be made to or on behalf of such holder pursuant to the Plan unless and until such holder has made arrangements satisfactory to the Reorganized Debtor for the payment and satisfaction of such tax obligations or has, to the Reorganized Debtor's, the Prepetition Agents' and the Disbursing Agent's satisfaction, established an exemption therefrom. Any property, including Cash and/or New Common Stock, to be distributed pursuant to the Plan shall, pending the implementation of such arrangements, be treated as undeliverable pursuant to Article V of the Plan.

8. Allocation of Plan Distributions Between Principal and Interest

To the extent that any Allowed Claim entitled to a distribution under the Plan is comprised of principal and accrued but unpaid interest thereon, such distribution shall, for the Debtor's federal income tax purposes, be allocated on the Debtor's books and records to the principal amount of the Claim first and then, to the extent the consideration exceeds the principal amount of the Claim, to accrued but unpaid interest.

9. Setoffs

Except as provided in the Plan, the Debtor may, but shall not be required to, set off or offset against any Claim, and the payments or other distributions to be made pursuant to the Plan in respect of such Claim, claims of any nature whatsoever that the Debtor may have against the Claim's holder; *provided, however*, that neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by the Debtor of any claim that the Debtor may have against such holder. Nothing herein shall be deemed to expand rights to setoff under applicable law.

10. Fractional Distributions

Notwithstanding any other provision of the Plan to the contrary, no payment of fractional cents will be made pursuant to the Plan. Whenever any payment of a fraction of a cent under the Plan would otherwise be required, the actual Distribution made will reflect a rounding of such fraction to the nearest whole penny (up or down), with half cents or more being rounded up and fractions less than half of a cent being rounded down.

11. De Minimis Distributions

Notwithstanding anything to the contrary contained in the Plan, the Disbursing Agent will not be required to distribute, and will not distribute, Cash or other property to the holder of any Allowed Claim or Interest if the amount of Cash or other property to be distributed on account of such Claim or Interest is less than $100. Any holder of an Allowed Claim or Interest on account of which the amount of Cash or other property to be distributed is less than $100 will have such Claim or Interest discharged and will be forever barred from asserting such Claim or Interest against the Debtor, the Reorganized Debtor, or their respective property. Any Cash or other property not distributed pursuant to this provision will be the property of the Reorganized Debtor, free of any restrictions thereon.

12. Prepayment

Except as otherwise provided in the Plan, any ancillary documents entered into in connection with the Plan, or the Confirmation Order, the Reorganized Debtor will have the right to prepay, without penalty, all or any portion of an Allowed Claim entitled to payment in Cash at any time; *provided, however*, that any such prepayment will not be violative of, or otherwise prejudice, the relative priorities and parities among the Classes of Claims.

13. No Distribution in Excess of Allowed Amounts

Notwithstanding anything to the contrary set forth in the Plan, no holder of an Allowed Claim or Interest will receive in respect of such Claim or Interest any Distribution of a value as of the Effective Date in excess of the Allowed amount of such Claim or Interest (excluding payments on account of interest due and payable from and after the Effective Date pursuant to the Plan, if any).

14. Joint Distributions

The Reorganized Debtor may, in its sole discretion, make Distributions jointly to any holder of a Claim or Interest and any other entity who has asserted, or whom the Debtor has determined to have, an interest in such Claim or Interest. Except as otherwise provided in the Plan or in the Confirmation Order, and notwithstanding the joint nature of any Distribution, all Distributions made by the Debtor will be in exchange for, and in complete satisfaction, settlement, discharge, and release of, all

Claims and Interests of any nature whatsoever against the Debtor or any of its assets or properties as set forth in Article V of the Plan.

I. Procedures for Resolving Disputed, Contingent and Unliquidated Claims

1. Resolution of Disputed Claims

Holders of Claims must file proofs of claims on or prior to the applicable Bar Date. No later than the Claims Objection Deadline (unless extended by an order of the Bankruptcy Court), the Debtor or the Reorganized Debtor, as the case may be, shall file objections to Claims that were required to be filed by the applicable Bar Date with the Bankruptcy Court and serve such objections upon the holders of such Claims to which objections are made. Nothing contained herein, however, shall limit the Reorganized Debtor's right to object to Claims, if any, filed or amended after the Claims Objection Deadline.

In addition, the Debtor or the holder of a contingent or unliquidated Claim may, at any time, request that the Bankruptcy Court estimate any contingent or unliquidated Claim pursuant to section 502(c) of the Bankruptcy Code regardless of whether the Debtor has previously objected to such Claim or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court will retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any Claim, including during the pendency of any appeal relating to any such objection. In the event the Bankruptcy Court estimates any contingent or unliquidated Claim, that estimated amount will constitute either the Allowed amount of such Claim or a maximum limitation on such Claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on such Claim, the Debtor may elect to pursue any supplemental proceedings to object to any ultimate payment on such Claim. All of the aforementioned Claims objection, estimation and resolution procedures are cumulative and are not necessarily exclusive of one another. Claims may be estimated and thereafter resolved by any permitted mechanism. Notwithstanding the foregoing, in no event shall any Person request that an Allowed Class 5: Secured Note Claim or the Allowed Noteholder Deficiency Claim be estimated.

Holders of Administrative Claims must file a request for payment on or prior to the Administrative Claims Bar Date. No later than the Administrative Claims Objection Deadline (unless extended by an order of the Bankruptcy Court), the Debtor or the Reorganized Debtor, as the case may be, shall file objections to the Administrative Claims with the Bankruptcy Court and serve such objection upon the holders of such Administrative Claims to which objections are made. Nothing contained herein, however, shall limit the Reorganized Debtor's right to object to Administrative Claims, if any, filed or amended after the Administrative Claims Objection Deadline.

2. No Distribution Pending Allowance

No payments or distributions, if any contemplated by the Plan, will be made with respect to all or any portion of a Disputed Claim or Interest unless and until all objections to such Disputed Claim or Interest have been settled or withdrawn or have been determined by Final Order, and the Disputed Claim or Interest, or some portion thereof, has become an Allowed Claim or Interest.

3. Distributions After Allowance

On each Quarterly Distribution Date (or such earlier date as determined by the Reorganized Debtor in its sole discretion but subject to Article VI.B of the Plan), the Reorganized Debtor will make distributions (a) on account of any Disputed Claim that has become an Allowed Claim during the preceding calendar quarter, and (b) on account of previously Allowed Claims that would have been

distributed to the holders of such Claim or Interest on the dates distributions previously were made to holders of Allowed Claims and Interests in such Class had the Disputed Claims or Interests that have become Allowed Claims or Interests been Allowed on such dates. Such distributions will be made pursuant to the applicable provisions of Article V of the Plan. Holders of such Claims and Interests that are ultimately Allowed will also be entitled to receive, on the basis of the amount ultimately Allowed, the amount of any dividends or other distributions, if any, received on account of the shares of New Common Stock and New Secured Notes between the date such Claim or Interest is Allowed and the date such stock or notes are actually distributed to the holders of such Allowed Claim or Interest.

4. Reservation of Right to Object to Allowance or Asserted Priority of Claims

Nothing herein will waive, prejudice or otherwise affect the rights of the Debtor, the Reorganized Debtor or the holders of any Claim to object at any time, including after the Effective Date, to the allowance or asserted priority of any Claim, except with respect to any Allowed Claim.

J. Treatment of Contracts and Leases

1. Assumed Contracts and Leases

Except as otherwise expressly provided in the Plan or in any contract, instrument, release, indenture or other agreement or document entered into in connection with the Plan, as of the Effective Date the Debtor shall be deemed to have rejected each executory contract and unexpired lease to which the Debtor is a party unless such contract or lease (i) previously was assumed or rejected by the Debtor, (ii) previously expired or terminated pursuant to its own terms, (iii) is the subject of a motion to assume or reject filed on or before the Confirmation Date, or (iv) is specifically designated on the Assumption Schedule as a contract or lease to be assumed. The Confirmation Order shall constitute an order of the Bankruptcy Court under sections 365 and 1123 of the Bankruptcy Code approving the contract and lease assumptions and rejections described above as of the Effective Date. The Debtor reserves the right, at any time prior to the Confirmation Date, with the consent of each of the Majority Secured Noteholders, to seek to reject or assume any executory contract or unexpired lease to which the Debtor is a party. The Debtor further reserves the right on or prior to the Confirmation Date, with the consent of each of the Majority Secured Noteholders, to amend the Assumption Schedule to add any executory contract or unexpired lease thereto or delete any executory contract or unexpired lease therefrom, in which event such executory contract(s) or unexpired lease(s) shall be deemed to be assumed or rejected, respectively. The Debtor shall provide notice of any amendment to the Assumption Schedule to the non-Debtor party to the executory contracts and unexpired leases affected thereby.

Each executory contract and unexpired lease that is assumed and relates to the use, ability to acquire or occupancy of real property shall include (i) all modifications, amendments, supplements, restatements or other agreements made directly or indirectly by any agreement, instrument or other document that in any manner affect such executory contract or unexpired lease and (ii) all executory contracts or unexpired leases appurtenant to the premises, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, powers, uses, usufructs, reciprocal easement agreements, vaults, tunnel or bridge agreements or franchises, and any other interests in real estate or rights in rem related to such premises, unless any of the foregoing agreements has been rejected pursuant to an order of the Bankruptcy Court or is the subject of a motion to reject filed on or before the Confirmation Date.

2. Treatment of Change of Control Provisions

The entry of the Confirmation Order, consummation of the Plan, issuance of the New Class 5 Secured Note, issuance of the New Common Stock and issuance of the New Warrants under the Plan and/or any other acts taken to implement the Plan shall not constitute a "change in control" under any provision of any contract, agreement or other document which provides for the occurrence of any event, the granting of any right, or any other change in the then existing relationship between the parties upon a "change in control" of the Debtor.

3. Payments Related to Assumption of Contracts and Leases

Any monetary amounts by which any executory contract or unexpired lease to be assumed under the Plan is in default shall be satisfied, under section 365(b)(1) of the Bankruptcy Code, by a Cure Payment made from the Cure Reserve. If there is a dispute regarding (i) the nature or amount of any Cure Payment, (ii) the ability of the Reorganized Debtor to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the contract or lease to be assumed or (iii) any other matter pertaining to assumption, a Cure Payment shall be made following the entry of a Final Order of the Bankruptcy Court resolving the dispute and approving the assumption.

4. Claims Based on Rejection of Executory Contracts or Unexpired Leases

If the rejection by the Debtor, pursuant to the Plan or otherwise, of an executory contract or unexpired lease gives rise to a Claim, a proof of claim must be served upon the Debtor or the Reorganized Debtor, as applicable, and its counsel within thirty (30) days after the later of (i) notice of entry of the Confirmation Order or (ii) other notice that the executory contract or unexpired lease has been rejected. Any Claims not served within such time periods will be forever barred from assertion against the Debtor, the Reorganized Debtor, the Estate and their property.

5. Compensation and Benefit Plans and Treatment of Retirement Plan

Except as otherwise expressly provided in the Plan or in any contract, instrument, release, indenture or other agreement or document entered into in connection with the Plan, all of the Debtor's programs, plans, agreements and arrangements relating to employee compensation and benefits, including programs, plans, agreements and arrangements subject to sections 1114 and 1129(a)(13) of the Bankruptcy Code and including, without limitation, all savings plans, retirement plans, healthcare plans, disability plans, severance plans, incentive plans, life, accidental death and dismemberment insurance plans, and employment, severance, salary continuation and retention agreements entered into before the Petition Date and not since terminated, will be deemed to be, and will be treated as though they are, executory contracts that are assumed under Article VII of the Plan, without the necessity of including any such programs, plans, agreements or arrangements on the Assumption Schedule, and the Debtor's obligations under such programs, plans, agreements and arrangements will survive confirmation of the Plan, except for executory contracts or plans that previously have been rejected, are the subject of a motion to reject or have been specifically waived by the beneficiaries of any plans or contracts. In addition, pursuant to the requirements of section 1129(a)(13) of the Bankruptcy Code, the Plan provides for the continuation of payment by the Debtor of all "retiree benefits," as defined in section 1114(a) of the Bankruptcy Code, if any, at previously established levels.

6. Indemnification of Directors and Officers

The Debtor's indemnification obligations in favor of its officers and directors shall be treated as executory contracts under the Plan and deemed assumed as of the Effective Date, without the

necessity of including any such indemnification obligations on the Assumption Schedule. The Debtor's indemnification obligations in favor of its officers and directors contained in the certificate of incorporation and bylaws of the Debtor as of the Petition Date shall be included in the amended and restated certificate of incorporation and bylaws of the Reorganized Debtor.

K. Securities To Be Issued In Connection With The Plan

1. New Common Stock and New Warrants

On or as soon as reasonably practicable after the Effective Date, the Reorganized Debtor shall issue for distribution in accordance with the provisions of the Plan the New Common Stock and Equity Consideration required for distribution pursuant to the provisions hereof. All New Common Stock and Equity Consideration to be issued shall be deemed issued as of the Effective Date regardless of the date on which they are actually distributed. All interests issued by the Reorganized Debtor pursuant to the provisions of the Plan shall be deemed to be duly authorized and issued, and fully paid and nonassessable. The terms of the New Common Stock and New Warrants are summarized in the Reorganized Debtor's Corporate Governance Documents to be included in the Plan Supplement. The New Common Stock and Equity Consideration will be subject to certain restrictions on transferability as set forth in the stockholders agreement discussed in Article VIII of the Plan, and each unit of Equity Consideration shall trade as a unit together for the full term of the New Warrants.

2. Exemption from Registration

The issuance by the Reorganized Debtor of (i) the New Class 5 Secured Note, (ii) the New Common Stock, (iii) the New Warrants, and (iv) the New Common Stock upon the exercise of the New Warrants shall be exempt from the registration requirements of the Securities Act and similar state statutes pursuant to section 1145 of the Bankruptcy Code.

3. Registration Rights

The Reorganized Debtor shall be bound by a registration rights agreement with respect to the shares of New Common Stock to be issued by the Reorganized Debtor to the Majority Secured Noteholders and Edge Asset Management, Inc., the form of which shall be provided in the Reorganized Debtor's Corporate Governance Documents to be included in the Plan Supplement. The final form of such registration rights agreement shall be acceptable to each of the Majority Secured Noteholders and Edge Asset Management, Inc.

4. Stockholders Agreement

The Reorganized Debtor shall enter into a stockholders agreement with the Majority Secured Noteholders and Edge Asset Management, Inc., the final form of which shall be acceptable to each of the Majority Secured Noteholders and Edge Asset Management, Inc. and shall be included in the Plan Supplement. Any Person issued New Common Stock by the Reorganized Debtor shall be deemed to be a party to such stockholders agreement irrespective of whether such Person was a signatory to the stockholders agreement.

L. Conditions to Effective Date

The following are conditions precedent to the occurrence of the Effective Date, each of which must be satisfied or waived (with the consent of each of the Majority Secured Noteholders and the DIP Lenders) in accordance with the Plan:

(a) The Bankruptcy Court shall have entered an order, which shall not be subject to any stay or subject to an unresolved request for revocation under section 1144 of the Bankruptcy Code, approving the Disclosure Statement with respect to the Plan, in a manner acceptable to each of the Majority Secured Noteholders and the DIP Lenders, as containing adequate information within the meaning of section 1125 of the Bankruptcy Code.

(b) The Plan and all Plan Supplement documents, including any amendments, modifications, or supplements thereto, shall be in form and substance acceptable to each of the Majority Secured Noteholders (except that in the event such documents relate to the Exit Facility, such documents must be in form and substance acceptable to each of the Majority Secured Noteholders, the DIP Lenders and the Exit Lenders).

(c) The Confirmation Order, in form and substance acceptable to the Debtor, each of the Majority Secured Noteholders and the DIP Lenders, confirming the Plan (i) shall have been entered, (ii) shall include a finding by the Bankruptcy Court that the New Common Stock to be issued on the Effective Date will be authorized and exempt from registration under applicable securities law pursuant to section 1145 of the Bankruptcy Code, and (iii) must provide, among other things, that:

(i) all provisions, terms and conditions of the Plan are approved;

(ii) the provisions of the Confirmation Order are nonseverable and mutually dependent;

(iii) all executory contracts or unexpired leases assumed by the Debtor during the Chapter 11 Case or under the Plan shall remain in full force and effect for the benefit of the Reorganized Debtor or its assignee notwithstanding any provision in such contract or lease (including those described in sections 365(b)(2) and (f) of the Bankruptcy Code) that prohibits such assignment or transfer or that enables, permits or requires termination of such contract or lease; and

(iv) except as expressly provided in the Plan or the Confirmation Order, the Debtor is discharged effective upon the Confirmation Date, subject to the occurrence of the Effective Date, from any "debt" (as that term is defined in section 101(12) of the Bankruptcy Code), and the Debtor's liability in respect thereof shall be extinguished completely, whether such debt (i) is reduced to judgment or not, liquidated or unliquidated, contingent or noncontingent, asserted or unasserted, fixed or unfixed, matured or unmatured, disputed or undisputed, legal or equitable, or known or unknown, or (ii) arose from (a) any agreement of the Debtor that has either been assumed or rejected in the Chapter 11 Case or pursuant to the Plan, (b) any obligation the Debtor incurred before the Confirmation Date or (c) any conduct of the Debtor prior to the Confirmation Date, or that otherwise arose before the Confirmation Date, including, without

limitation, all interest, if any, on any such debts, whether such interest accrued before or after the Petition Date.

(d) The Confirmation Order shall have become a Final Order and shall not be subject to any stay or the subject of an unresolved request for revocation under section 1144 of the Bankruptcy Code.

(e) The Reorganized Debtor shall have entered into the Exit Facility and all conditions precedent to funding under the Exit Facility shall have been satisfied or waived.

(f) All payments and transfers to be made on the Effective Date shall be made or duly provided for, and the Debtor shall have sufficient Cash on such date to make such payments.

(g) All authorizations, consents and regulatory approvals required, if any, in connection with the consummation of the Plan shall have been obtained.

(h) All other actions, documents and agreements necessary to implement the Plan shall be in form and substance acceptable to each of the Majority Secured Noteholders and shall have been effected or executed.

(i) The Effective Date, and all foregoing conditions shall have occurred on or before the 15th day after entry of the Confirmation Order.

2. Waiver of Conditions

Except with respect to the requirements set forth in Article IX.A (1), (3) of the Plan, none of which may be waived, each of the conditions set forth in Article IX.A of the Plan may be waived in whole or in part by the Debtor with the consent of each of the Majority Secured Noteholders and the DIP Lenders without any notice to other parties in interest or the Bankruptcy Court and without a hearing. The failure to satisfy or waive any condition to the Effective Date may be asserted by the Debtor regardless of the circumstances giving rise to the failure of such condition to be satisfied. The failure of the Debtor to exercise any of the foregoing rights shall not be deemed a waiver of any other rights, and each such right shall be deemed an ongoing right that may be asserted at any time.

M. Modifications and Amendments

The Debtor may alter, amend or modify the Plan or any exhibits or schedules hereto under section 1127(a) of the Bankruptcy Code at any time prior to the Confirmation Date; *provided, however*, that in the case of a material amendment or modification, the Debtor shall receive the consent of each of the Majority Secured Noteholders and the DIP Lenders. The Debtor reserves the right to include any amended exhibits or schedules in the Plan Supplement. After the Confirmation Date and prior to substantial consummation of the Plan, as defined in section 1101(2) of the Bankruptcy Code, the Debtor may, under section 1127(b) of the Bankruptcy Code, institute proceedings in the Bankruptcy Court to remedy any defect or omission or reconcile any inconsistencies in the Plan, the Disclosure Statement or the Confirmation Order, and to accomplish such matters as may be necessary to carry out the purposes and effects of the Plan so long as such proceedings do not materially adversely affect the treatment of holders of Claims under the Plan; *provided, however*, that prior notice of such proceedings shall be served in accordance with the Bankruptcy Rules or order of the Bankruptcy Court.

N. Retention Of Jurisdiction

Under sections 105(a) and 1142 of the Bankruptcy Code, and notwithstanding the Plan's confirmation and the occurrence of the Effective Date, the Bankruptcy Court shall retain exclusive jurisdiction (except with respect to the matters described under clause (a) below, as to which jurisdiction shall not be exclusive) over all matters arising out of or related to the Chapter 11 Case and the Plan, to the fullest extent permitted by law, including jurisdiction to:

(a) Determine any and all objections to the allowance of Claims;

(b) Determine any and all motions to estimate Claims at any time, regardless of whether the Claim to be estimated is the subject of a pending objection, a pending appeal, or otherwise;

(c) Hear and determine all Fee Claims and other Administrative Claims;

(d) Hear and determine all matters with respect to the assumption or rejection of any executory contract or unexpired lease to which the Debtor is a party or with respect to which the Debtor may be liable, including, if necessary, the nature or amount of any required Cure Payment or the liquidation of any Claims arising therefrom;

(e) Hear and determine any and all adversary proceedings, motions, applications and contested or litigated matters arising out of, under or related to, the Chapter 11 Case;

(f) Enter such orders as may be necessary or appropriate to execute, implement or consummate the provisions of the Plan and all contracts, instruments, releases and other agreements or documents created in connection with the Plan, the Disclosure Statement or the Confirmation Order;

(g) Hear and determine disputes arising in connection with the interpretation, implementation, consummation or enforcement of the Plan, the Confirmation Order, and all contracts, instruments and other agreements executed in connection with the Plan or the Confirmation Order;

(h) Hear and determine any request to modify the Plan or to cure any defect or omission or reconcile any inconsistency in the Plan or any order of the Bankruptcy Court;

(i) Issue and enforce injunctions or other orders, or take any other action that may be necessary or appropriate to restrain any interference (or assure compliance) with the implementation, consummation or enforcement of the Plan or the Confirmation Order;

(j) Enter and implement such orders as may be necessary or appropriate if the Confirmation Order is for any reason reversed, stayed, revoked, modified or vacated;

(k) Hear and determine any matters arising in connection with or relating to the Plan, the Disclosure Statement, the Confirmation Order or any contract, instrument,

release or other agreement or document created in connection with the Plan, the Disclosure Statement or the Confirmation Order;

(l) Enforce all orders, judgments, injunctions, releases, exculpations, indemnifications and rulings entered in connection with the Chapter 11 Case;

(m) Recover all assets of the Debtor and property of the Debtor's Estate, wherever located;

(n) Hear and determine matters concerning state, local and federal taxes in accordance with sections 346, 505 and 1146 of the Bankruptcy Code;

(o) Hear and determine all disputes involving the existence, nature or scope of the Debtor's discharge;

(p) Hear and determine such other matters as may be provided in the Confirmation Order or as may be authorized under or not inconsistent with, provisions of the Bankruptcy Code; and

(q) Enter a final decree closing the Chapter 11 Case.

O. Miscellaneous Provisions

1. Corporate Action

Prior to, on or after the Effective Date (as appropriate), all matters expressly provided for under the Plan that would otherwise require approval of the interest holders, managers or directors of the Debtor shall be deemed to have occurred and shall be in effect prior to, on or after the Effective Date (as appropriate) pursuant to the applicable General Corporation Law of the State of Delaware without any requirement of further action by the interest holders or directors of the Debtor.

2. Professional Fee Claims

All final requests for compensation or reimbursement of costs and expenses pursuant to sections 327, 328, 330, 331, 503(b) or 1103 of the Bankruptcy Code for services rendered to the Debtor, the Committee, or other committee (if appointed) prior to the Effective Date must be filed with the Bankruptcy Court and served on the Reorganized Debtor and its counsel no later than 60 days after the Effective Date, unless otherwise ordered by the Bankruptcy Court. Objections to applications of such Professionals or other entities for compensation or reimbursement of costs and expenses must be filed and served on the Reorganized Debtor and its counsel and the requesting Professional or other entity no later than 25 days (or such longer period as may be allowed by order of the Bankruptcy Court) after the date on which the applicable application for compensation or reimbursement was served. The Reorganized Debtor may pay charges that it incurs on and after the Effective Date for professionals' fees, disbursements, expenses or related support services in the ordinary course of business and without application to the Bankruptcy Court.

3. Payment of Statutory Fees

All fees payable under section 1930 of title 28 of the United States Code, as determined by the Bankruptcy Court at the Confirmation Hearing, shall be paid on or before the Effective Date. All

such fees that arise after the Effective Date but before the closing of the Chapter 11 Case shall be paid by the Reorganized Debtor.

4. Payment of DIP Lenders' Fees

Pursuant to the DIP Facility Agreement, the DIP Lenders and their agent shall have an Allowed Administrative Expense Claim for all unpaid professional fees and expenses incurred in connection with the DIP Facility, including fees and expenses incurred in the DIP Lenders' capacity as postpetition lenders and in negotiating the Plan, without the necessity of filing a request for payment by the Administrative Claims Bar Date, and to be paid by the Debtor on the Effective Date, or upon the submission of a fee statement by the DIP Lenders to the Reorganized Debtor, without further order of the Bankruptcy Court.

5. Payment of Majority Secured Noteholders' Fees

Subject to entry of the Confirmation Order, the reasonable fees and expenses (including attorneys fees) of each of the Majority Secured Noteholders shall, to the extent incurred and unpaid by the Debtor prior to the Effective Date, be Allowed as an Administrative Claim without the necessity of filing a request for payment by the Administrative Claims Bar Date and be paid by the Debtor on the Effective Date without further order of the Bankruptcy Court.

6. Severability of Plan Provisions

If, prior to the Confirmation Date, any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void or unenforceable, the Bankruptcy Court, at the request of the Debtor, shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration or interpretation, the remainder of the terms and provisions of the Plan shall remain in full force and effect and shall in no way be affected, impaired or invalidated by such holding, alteration or interpretation.

7. Successors and Assigns

The rights, benefits and obligations of any Person named or referred to in the Plan shall be binding upon, and shall inure to the benefit of, any heir, executor, administrator, successor or assign of that Person.

8. Discharge of Claims and Termination of Interests

Pursuant to and to the fullest extent permitted by section 1141(d) of the Bankruptcy Code, and except as otherwise provided herein or in the Confirmation Order, the distribution, rights, and treatment that are provided in the Plan shall be in exchange for, and in full and final satisfaction, settlement, discharge, and release of, effective as of the Effective Date, all Claims and Interests (other than those Claims and Interests that are Unimpaired under the Plan) of any nature whatsoever against the Debtor or any of its assets or properties, and regardless of whether any property shall have been distributed or retained pursuant to the Plan on account of such Claims and Interests. Except as otherwise provided herein, any default by the Debtor with respect to any Claim or Interest that existed immediately prior to or on account of the filing of the Chapter 11 Case shall be deemed cured on the Effective Date. Upon the Effective Date, each of the Debtor and the Reorganized Debtor shall be deemed discharged and released under section 1141(d)(1)(A) of the Bankruptcy Code from any and all Claims and Interests

(other than those Claims and Interests that are not Impaired under the Plan), including, but not limited to, demands and liabilities that arose before the Confirmation Date, and all debts of the kind specified in section 502(g), 502(h), or 502(i) of the Bankruptcy Code, in each case whether or not: (i) a proof of claim or interest based upon such Claim, debt, right, or Interest is filed or deemed filed pursuant to section 501 of the Bankruptcy Code; (ii) a Claim or Interest based upon such Claim, debt, right, or Interest is Allowed pursuant to section 502 of the Bankruptcy Code; or (iii) the holder of such a Claim or Interest has accepted the Plan.

9. ***Releases***

(a) ***Releases by Debtor***

As of the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, the Debtor (in its individual capacity and as debtor and debtor in possession) will be deemed to release forever, waive, and discharge all claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action, and liabilities (other than the rights of the Debtor to enforce the Plan and the contracts, instruments, releases, indentures, and other agreements or documents delivered hereunder, and liabilities arising after the Effective Date in the ordinary course of business) whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity, or otherwise that are based in whole or part on any act omission, transaction, event, or other occurrences, except where resulting from willful misconduct or gross negligence as determined by a Final Order of a court of competent jurisdiction, (i) taking place on or after the Petition Date through and including the Effective Date in connection with, relating to, or arising out of or in any way related to the Debtor, the Chapter 11 Case, the negotiation and filing of the Plan, the Disclosure Statement or any prior plans of reorganization, the filing of the Chapter 11 Case, the pursuit of confirmation of the Plan or any prior plans of reorganization, the consummation of the Plan, the administration of the Plan, or the property to be liquidated and/or distributed under the Plan, or (ii) in connection with, relating to, or arising out of the negotiation of the DIP Facility Agreement or the DIP Facility, or (iii) in connection with, relating to, or arising out of the negotiation of the Exit Financing, against the Released Parties.

(b) ***Releases by Third Parties.***

As of the Effective Date, in exchange for their rights and distributions hereunder, each holder of a Claim or Interest hereby shall be deemed to have released, waived and discharged, irrevocably, absolutely and permanently, each of the Released Parties from any and all claims, obligations, suits, judgments, damages, demands, debts, causes of action, liabilities, or rights whatsoever, whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity, or otherwise that are based in whole or part on any act, omission, transaction, event, or other occurrences taking place on or before the Effective Date arising out of or in any way related to the Debtor, the Chapter 11 Case, the business arrangements with the Debtor, the formulation, preparation, negotiation, dissemination, implementation, administration, confirmation or consummation of the Plan, or any other act or omission in connection with the Debtor's bankruptcy, to the maximum extent allowed by law and without further notice to or action by the Bankruptcy Court, or act or action under applicable law, regulation, order or rule or the vote, consent, authorization or approval of any entity, except where resulting from willful misconduct or gross negligence as determined by a Final Order of a court of competent jurisdiction

*10. **Exculpation and Limitation of Liability***

The Released Parties, and any and all of their respective current or former members, officers, directors, managers, employees, equity holders, partners, affiliates, advisors, attorneys, agents or representatives, or any of their successors or assigns, shall not have or incur any liability to any holder of a Claim or Interest, or any other party in interest, or any of their respective members, officers, directors, managers, employees, equity holders, partners, affiliates, advisors, attorneys, agents or representatives, or any of their successors or assigns, for any act or omission in connection with, relating to or arising out of, the administration of the Chapter 11 Case, the Disclosure Statement, the negotiation of the terms of the Plan, the solicitation of acceptances of the Plan, the pursuit of confirmation of the Plan, the consummation of the Plan, the administration of the Plan or the property to be distributed under the Plan, any contract, instrument, release or other agreement or document created, modified, amended, terminated, or entered into in connection with or related to the Plan, or any other act or omission in connection with the Debtor's bankruptcy, except for their willful misconduct or gross negligence, and in all respects shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities with respect to the Chapter 11 Case and the Plan.

Notwithstanding any other provision of the Plan, but without limiting the releases provided in the Plan or affecting the status or treatment of any Claim Allowed pursuant to the Plan, no holder of a Claim or Interest, no other party in interest, none of their respective members, officers, directors, managers, employees, equity holders, partners, affiliates, subsidiaries, advisors, attorneys, agents or representatives, and no successors or assigns of the foregoing, shall have any right of action against the Released Parties, or any of their respective current or former members, officers, directors, managers, employees, equity holders, partners, affiliates, subsidiaries, advisors, attorneys, agents or representatives, or any of their successors or assigns, for any act or omission in connection with, relating to or arising out of, the administration of the Chapter 11 Case, the Disclosure Statement, the negotiation of the terms of the Plan, the solicitation of acceptances of the Plan, the pursuit of confirmation of the Plan, the consummation of the Plan, the administration of the Plan or the property to be distributed under the Plan, any contract, instrument, release or other agreement or document created, modified, amended, terminated, or entered into in connection with or related to the Plan, or any other act or omission in connection with the Debtor's bankruptcy, except for their willful misconduct or gross negligence.

11. Injunction

Except as provided in the Plan or the Confirmation Order and to the fullest extent authorized or provided by the Bankruptcy Code, including Bankruptcy Code sections 524 and 1141, as of the Confirmation Date, subject to the occurrence of the Effective Date, all Persons that have held, currently hold or may hold a Prepetition Lender Claim, a Claim, Interest, or other debt or liability that is discharged pursuant to the terms of the Plan are permanently enjoined from taking any of the following actions against the Debtor, the Reorganized Debtor or its property on account of any such discharged Prepetition Lender Claims, debts or liabilities or terminated rights: (i) commencing or continuing, in any manner or in any place, directly or indirectly, any action or other proceeding; (ii) enforcing, attaching, collecting or recovering in any manner, whether directly or indirectly, any judgment, award, decree or order; (iii) creating, perfecting or enforcing any lien or encumbrance of any kind; (iv) asserting a setoff, right of subrogation or recoupment of any kind against any debt, liability or obligation due to the Debtor or the Reorganized Debtor; and (v) commencing or continuing any action, in each case in any manner, in any place that does not comply with or is inconsistent with the provisions of the Plan.

By accepting distributions pursuant to the Plan, each holder of an Allowed Claim or Interest receiving distributions pursuant to the Plan shall **be deemed to have specifically consented to the releases, injunctions, and exculpations set forth in Article XII of the Plan.**

12. Term of Bankruptcy Injunction or Stays

All injunctions or stays provided for in the Chapter 11 Case under Bankruptcy Code section 105 or 362, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the Effective Date. Upon the Effective Date, the injunction provided in Article XII of the Plan shall apply.

13. Enforcement of Subordination

All subordination rights that the Debtor or a holder of a Claim or Interest may have with respect to any claim or distribution to be made pursuant to the Plan will not be discharged and terminated, and all actions to request or direct subordination arising in law or in equity, including rights under Bankruptcy Code section 510(b) are not waived and expressly preserved.

14. Binding Effect

The Plan shall be binding upon and inure to the benefit of the Debtor, all present and former holders of Claims against and Interests in the Debtor, whether or not such holders will receive or retain any property or interest in property under the Plan, their respective successors and assigns, including, without limitation, the Reorganized Debtor, and all other parties in interest in the Chapter 11 Case.

15. Plan Supplement

Exhibits to the Plan not attached hereto shall be filed with the Bankruptcy Court on or before March 2, 2012 or by such later date as may be established by order of the Bankruptcy Court, with the consent of each of the Majority Secured Noteholders, in one or more Plan Supplements. Any document included in the Plan Supplement (and amendments thereto) filed by the Debtor shall be deemed an integral part of the Plan and shall be incorporated by reference as if fully set forth herein. To the extent any exhibit or schedule to the Plan is inconsistent with the terms of the Plan, the Plan shall control.

16. Committees

On the Effective Date, the Committee shall cease to exist, except with respect to any application for compensation or reimbursement of costs and expenses in connection with services rendered prior to the Effective Date.

17. Notice

Any notice, request or demand required or permitted to be made or provided under the Plan shall be (i) in writing, (ii) served by (a) certified mail, return receipt requested, (b) hand delivery, (c) overnight delivery service, (d) first-class mail or (e) facsimile transmission, and (iii) deemed to have been duly given or made when actually delivered or, in the case of notice by facsimile transmission, when received and telephonically confirmed, addressed as follows:

(1) IF TO THE DEBTOR:

Trailer Bridge, Inc.
10405 New Berlin Road East
Jacksonville, Florida 32226
Tel: (904) 751-7192
Fax: (904) 751-7160

with copies to:

Foley & Lardner LLP
One Independent Drive, Suite 1300
Jacksonville, FL 32202
Attn: Gardner F. Davis, Esq.
Tel: (904) 359-8726
Fax: (904) 359-8700

-and-

DLA Piper LLP (US)
919 North Market Street
15th Floor
Wilmington, DE 19801
Attn: Craig Martin, Esq.
Tel: (302) 468-5700
Fax: (302) 394-2341

-and-

DLA Piper LLP (US)
1251 Avenue of the Americas, 27th Fl.
New York, NY 10020
Attn: Gregg M. Galardi, Esq.
Tel: (212) 335-4500
Fax: (212) 335-4501

(2) IF TO THE DIP LENDERS:

CADWALADER, WICKERSHAM & TAFT LLP
One World Financial Center
Attn: John J. Rapisardi
New York, NY 10281
Tel: (212) 504-6000
Fax: (212) 504-6666

-and-

CADWALADER, WICKERSHAM & TAFT LLP
700 Sixth Street, N.W.
Washington, DC 20001
Attn: Douglas S. Mintz

Tel: (202) 862-2200
Fax: (202) 862-2400

-and-

BERGER SINGERMAN, P.A.
200 S. Biscayne Blvd., Ste. 1000
Miami, FL 33131
Attn: Jordi Guso
Tel: (561) 241-9500
Fax: (561) 998-0028

18. Governing Law

Unless a rule of law or procedure is supplied by federal law (including the Bankruptcy Code and Bankruptcy Rules), (i) the laws of the State of Florida shall govern the construction and implementation of the Plan, (ii) except as expressly provided otherwise in any agreements, documents and instruments executed in connection with the Plan, the laws of the State of Florida shall govern the construction and implementation of such agreements, documents and instruments, and (iii) the laws of the state of incorporation, organization or formation of the Debtor shall govern corporate governance matters with respect to the Debtor, in each case without giving effect to the principles of conflicts of law thereof.

19. Section 1125(e) of the Bankruptcy Code

As of the Confirmation Date, the Debtor shall be deemed to have solicited acceptances of the Plan in good faith and in compliance with the applicable provisions of the Bankruptcy Code. The Debtor and each of its affiliates, agents, directors, officers, employees, investment bankers, financial advisors, attorneys and other professionals have participated in good faith and in compliance with the applicable provisions of the Bankruptcy Code in the offer and issuance of the New Common Stock under the Plan, and therefore are not, and on account of such offer, issuance and solicitation will 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 the offer and issuance of the New Common Stock under the Plan.

VI. CERTAIN RISK FACTORS TO BE CONSIDERED

The holders of Claims and Interests in Classes **3, 4, 5, and 8** should read and carefully consider the following factors, as well as the other information set forth in this Disclosure Statement (and the documents delivered together herewith and/or incorporated by reference herein), before deciding whether to vote to accept or reject the Plan. These risk factors should not, however, be regarded as constituting the only risks associated with the Plan and its implementation.

A. General Considerations

The Plan sets forth the means for satisfying the Claims against the Debtor. The reorganization of the Debtor's business and operations under the proposed Plan avoids the potentially adverse impact of a sale or liquidation on the Debtor's customers, suppliers, employees, communities, and the recoveries that creditor and equity interests are projected to receive under the Plan.

B. Certain Bankruptcy Considerations

Even if all voting Impaired Classes vote in favor of the Plan, the Bankruptcy Court, which, as a court of equity, may exercise substantial discretion, may choose not to confirm the Plan. Section 1129 of the Bankruptcy Code requires, among other things, a showing that confirmation of the Plan will not be followed by liquidation or the need for further financial reorganization of the Debtor, see Article IX hereto, and that the value of distributions to dissenting holders of Claims and Interests will not be less than the value such holders would receive if the Debtor was liquidated under chapter 7 of the Bankruptcy Code. See Article IX hereto. Although the Debtor believes that the Plan meets such tests, there can be no assurance that the Bankruptcy Court will reach the same conclusion. See Article IX.G for a liquidation analysis of the Debtor.

The Debtor's future results are dependent upon the successful confirmation and implementation of a plan of reorganization. Failure to obtain this approval in a timely manner could adversely affect the Debtor's operating results materially, as the Debtor's ability to obtain financing to fund its operations and its relations with customers and suppliers may be harmed by protracted bankruptcy proceedings. Furthermore, the Debtor cannot predict the ultimate amount of all settlement terms for its liabilities that will be subject to a plan of reorganization. Once a plan of reorganization is approved and implemented, the Debtor's operating results may be adversely affected by the possible reluctance of prospective lenders, customers, and suppliers to do business with a company that recently emerged from bankruptcy proceedings.

C. Exit Facility

The Plan contemplates that the Reorganized Debtor will obtain exit financing in the approximate amount of $31 million, which amount the Debtor believes is sufficient to satisfy the DIP Facility Claims, support other required payments under the Plan, and conduct its post-reorganization operations.

D. Class Estimations

There can be no assurance that any estimated Claim amounts set forth in this Disclosure Statement are correct. The actual Allowed Amount of Claims might differ materially in some respect from the estimates as the estimated amounts are subject to certain risks, uncertainties, and assumptions. Should one or more of these risks or uncertainties materialize, or should the underlying assumptions prove incorrect, the actual Allowed Amount of Claims may vary materially from those estimated herein. For example, as discussed in section III.A.4 above, claims have been filed by certain Opt-Out Plaintiffs. The Debtor believes that it has no liability for the claims filed by the Opt-Out Plaintiffs and has entered into a settlement agreement resolving such claims. However, should the Court not approve such settlement agreement and ultimately determine that the Antitrust Proofs of Claim are Allowed in an amount greater than set forth in the settlement, such claims may have a significant dilutive effect on any recovery by creditors in Class 8. If any or all of the Antitrust Proofs of Claim asserted by the Opt-Out Plaintiffs are deemed Allowed Claims, general unsecured creditors classified in Class 8 may receive little or no distribution on account of their claims.

Similarly, with respect to holders of Claims entitled to receive a distribution of New Common Stock under the Plan, the value of the New Common Stock received by holders of such Claims will be diluted by additional share issuances.

E. Conditions Precedent to Consummation; Timing

The Plan provides for certain conditions that must be satisfied (or waived) prior to the Confirmation Date and for certain other conditions that must be satisfied (or waived) prior to the Effective Date. As of the date of this Disclosure Statement, there can be no assurance that any or all of the conditions in the Plan will be satisfied (or waived). Accordingly, even if the Plan is confirmed by the Bankruptcy Court, there can be no assurance that the Plan will be consummated and the restructuring completed.

F. Inherent Uncertainty of Financial Projections

The Projections set forth in the attached Appendix B cover the operations of the Reorganized Debtor through fiscal year 2016. These Projections are based on numerous assumptions, including confirmation and consummation of the Plan in accordance with its terms; realization of the operating strategy of the Reorganized Debtor; industry performance; no material adverse changes in applicable legislation or regulations, or the administration thereof, or generally accepted accounting principles; no material adverse changes in general business and economic conditions; no material adverse changes in competition; the Reorganized Debtor's retention of key management and other key employees; adequate financing; the absence of material contingent or unliquidated litigation, indemnity, or other claims; and other matters, many of which will be beyond the control of the Reorganized Debtor and some or all of which may not materialize.

To the extent that the assumptions inherent in the Projections are based upon future business decisions and objectives, they are subject to change. In addition, although they are presented with numerical specificity and are based on assumptions considered reasonable by the Debtor, the assumptions and estimates underlying the Projections are subject to significant business, economic, and competitive uncertainties and contingencies, many of which will be beyond the control of the Reorganized Debtor. Accordingly, the Projections are only estimates and are necessarily speculative in nature. It can be expected that some or all of the assumptions in the Projections will not be realized and that actual results will vary from the Projections, which variations may be material and are likely to increase over time. In light of the foregoing, readers are cautioned not to place undue reliance on the Projections. The Projections were not prepared in accordance with standards for projections promulgated by the American Institute of Certified Public Accountants or with a view to compliance with published guidelines of the SEC regarding projections or forecasts. The Projections have not been audited, reviewed, or compiled by the Debtor's independent public accountants. The projected financial information contained in this Disclosure Statement should not be regarded as a representation or warranty by the Debtor, the Debtor's advisors, or any other Person that the Projections can or will be achieved.

G. Certain Risk Factors Relating to Securities to be Issued Under the Plan

1. No Current Public Market for Securities

The New Common Stock to be issued pursuant to the Plan are securities for which there is currently no market, and there can be no assurance as to the development or liquidity of any market for the New Common Stock. If a trading market does not develop or is not maintained, holders of the New Common Stock may experience difficulty in reselling such securities or may be unable to sell them at all. Even if such a market were to exist, such securities could trade at prices higher or lower than the estimated value set forth in this Disclosure Statement depending upon many factors, including, without limitation, prevailing interest rates, markets for similar securities, industry conditions and the performance of, and investor expectations for, the Reorganized Debtor.

Furthermore, Persons to whom the New Common Stock is issued pursuant to the Plan may prefer to liquidate their investments rather than hold such securities on a long-term basis. Accordingly, any market that does develop for such securities may be volatile.

2. Potential Dilution

The ownership percentage represented by New Common Stock distributed on the Effective Date under the Plan will be subject to dilution in the event that (a) New Common Stock is issued pursuant to Management Incentive Plan, including issuances upon the exercise of options and (b) any other shares of New Common Stock are issued post-emergence or are issuable post-emergence upon the exercise of warrants issued under the Plan and the exercise or conversion of any options, warrants, convertible securities, exercisable securities or other securities issued post-emergence.

In the future, similar to all companies, additional equity financings or other share issuances by the Reorganized Debtor could adversely affect the market price of the New Common Stock.

3. Dividends

The Debtor does not anticipate that cash dividends or other distributions will be paid with respect to the New Common Stock in the foreseeable future.

H. Competition

As did the Debtor, the Reorganized Debtor will face intense competition which could adversely affect its operations and harm financial condition. For example, the Reorganized Debtor cannot ensure that a new marine freight carrier will not commence operations in the Puerto Rico market or that an existing competitor will not increase capacity or lower prices in the Puerto Rico market. Similarly, the trucking industry remains a highly competitive and fragmented market. Many of the Debtor's current competitors have substantially greater financial resources, operate more equipment, or carry larger volume of freight than the Debtor.

I. Environmental and Other Regulations

The Debtor is not aware of any environmental condition at any of its properties that it considers material. However, it is possible that the environmental investigations of its properties might not have revealed all potential environmental liabilities or might have underestimated certain potential environmental issues. It is also possible that future environmental laws and regulations, or new interpretations of existing environmental laws, will impose material environmental liabilities on the Debtor, or that current environmental conditions of properties that the Debtor owns or operates will be adversely affected by hazardous substances associated with other nearby properties or the actions of unrelated third parties. The cost to defend any future environmental claims, perform any future environmental remediation, satisfy any environmental liabilities, or respond to changed environmental conditions could have a material adverse effect on the Debtor's financial condition and operating results.

J. Leverage

The Debtor believes that it will emerge from chapter 11 with a reasonable level of debt that can be effectively serviced in accordance with its business plan. Circumstances, however, may arise which might cause the Debtor to conclude that it is overleveraged, which could have significant negative consequences, including:

- it may become more difficult for the Reorganized Debtor to satisfy its obligations with respect to all of its obligations;

- the Reorganized Debtor may be vulnerable to a downturn in the markets in which they operate or a downturn in the economy in general;

- the Reorganized Debtor may be required to dedicate a substantial portion of its cash flow from operations to fund working capital, capital expenditures, and other general corporate requirements;

- the Reorganized Debtor may be limited in its flexibility to plan for, or react to, changes in its business and the industry in which it operates or entry of new competitors into its markets;

- the Reorganized Debtor may be placed at a competitive disadvantage compared to its competitors that have less debt, including with respect to implementing effective pricing and promotional programs; and

- the Reorganized Debtor may be limited in borrowing additional funds.

The covenants in the Exit Facility may also restrict the Reorganized Debtor's flexibility. Such covenants may place restrictions on the ability of the Reorganized Debtor to incur indebtedness; pay dividends and make other restricted payments or investments; sell assets; make capital expenditures; engage in certain mergers and acquisitions; and refinance existing indebtedness.

Additionally, there may be factors beyond the control of the Reorganized Debtor that could impact its ability to meet debt service requirements. The ability of the Reorganized Debtor to meet debt service requirements will depend on its future performance, which, in turn, will depend on the Reorganized Debtor's ability to sustain sales conditions in the markets in which the Reorganized Debtor operates, the economy generally, and other factors that are beyond its control. The Debtor can provide no assurance that the business of the Reorganized Debtor will generate sufficient cash flow from operations or that future borrowings will be available in amounts sufficient to enable the Reorganized Debtor to pay its indebtedness or to fund its other liquidity needs. Moreover, the Reorganized Debtor may need to refinance all or a portion of its indebtedness on or before maturity. The Debtor cannot make assurances that the Reorganized Debtor will be able to refinance any of its indebtedness on commercially reasonable terms or at all. If the Reorganized Debtor is unable to make scheduled debt payments or comply with the other provisions of its debt instruments, its various lenders will be permitted under certain circumstances to accelerate the maturity of the indebtedness owing to them and exercise other remedies provided for in those instruments and under applicable law.

K. Litigation

The Reorganized Debtor will be subject to various claims and legal actions arising in the ordinary course of its business. The Debtor is not able to predict the nature and extent of any such claims and actions and cannot guarantee that the ultimate resolution of such claims and actions will not have a material adverse effect on the Reorganized Debtor.

L. Adverse Publicity

Adverse publicity or news coverage relating to the Reorganized Debtor, including but not limited to publicity or news coverage in connection with the Chapter 11 Case, may negatively impact the Debtor's efforts to establish and promote name recognition and a positive image after the Effective Date.

M. Certain Tax Considerations

There are a number of income tax considerations, risks, and uncertainties associated with (i) the consummation of the Plan or (ii) in the alternative, if the Plan is not confirmed, the liquidation of the Debtor under chapter 7 of the Bankruptcy Code. Interested parties should carefully read (x) the discussions set forth in Section VIII of this Disclosure Statement regarding certain U.S. federal income tax consequences of the transactions proposed by the Plan to the Debtor and the Reorganized Debtor and to certain holders of Claims or Interests who are entitled to vote to accept or reject the Plan and (y) the Liquidation Analysis set forth in Appendix C to this Disclosure Statement.

VII. APPLICATION OF FEDERAL AND OTHER SECURITIES LAWS

Except as noted above, the Debtor believes that, subject to certain exceptions described below, various provisions of the Securities Act, the Bankruptcy Code and state securities laws exempt from federal and state securities registration requirements (a) the offer and the sale of such securities pursuant to the Plan and (b) subsequent transfers of such securities.

A. Offer and Sale of New Securities: Bankruptcy Code Exemption

Holders of Allowed Noteholder Deficiency Claims and either Allowed Class 9: Old Common Interests or Allowed Class 8: General Unsecured Claims shall receive shares of New Common Stock pursuant to the Plan. Section 1145(a)(1) of the Bankruptcy Code exempts the offer or sale of securities under a plan of reorganization from registration under Section 5 of the Securities Act and state laws if three principal requirements are satisfied: (1) the securities must be issued "under a plan" of reorganization by the debtor or its successor under a plan or by an affiliate participating in a joint plan of reorganization with the debtor; (2) the recipients of the securities must hold a pre-petition or administrative expense claim against the debtor or an interest in the debtor; and (3) the securities must be issued entirely in exchange for the recipient's claim against or interest in the debtor, or "principally" in such exchange and "partly" for cash or property. In reliance upon this exemption, the Debtor believes that the offer and sale of the New Common Stock under the Plan will be exempt from registration under the Securities Act and state securities laws.

In addition, the Debtor will seek to obtain, as part of the Confirmation Order, a provision confirming such exemption. Accordingly, such securities may be resold without registration under the Securities Act or other federal securities laws pursuant to an exemption provided by Section 4(1) of the Securities Act, unless the holder is an "underwriter" (see discussion below) with respect to such securities, as that term is defined under the Bankruptcy Code. In addition, such securities generally may be resold without registration under state securities or "blue sky" laws pursuant to various exemptions provided by the respective laws of the several states. However, recipients of securities issued under the Plan are advised to consult with their own legal advisors as to the availability of any such exemption from registration under state law in any given instance and as to any applicable requirement or conditions to such availability.

B. Subsequent Transfers of New Securities

Section 1145(b) of the Bankruptcy Code defines the term "underwriter" for purposes of the Securities Act as one who, except with respect to "ordinary trading transactions" of an entity that is not an "issuer," (1) 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 distributing any security received in exchange for such a claim or interest; (2) offers to sell securities offered or sold under a plan for the holders of such securities; (3) offers to buy securities offered or sold under the plan from the holders of such securities, if the offer to buy is: (a) with a view to distribution of such securities and (b) 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 (4) is an "issuer" with respect to the securities, as the term "issuer" is defined in Section 2(11) of the Securities Act.

The term "issuer" is defined in Section 2(4) of the Securities Act; however, the reference contained in section 1145(b)(1)(D) of the Bankruptcy Code to Section 2(11) of the Securities Act purports to include 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. "Control" (as such term is defined in Rule 405 of Regulation C under the Securities Act) means the possession, direct or indirect, of the power to direct or cause the direction of the 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 "control person," particularly if such management position is coupled with the ownership of a significant percentage of the debtor's (or successor's) voting securities. Mere ownership of securities of a reorganized debtor could result in a person being considered to be a "control person."

To the extent that persons deemed to be "underwriters" receive New Common Stock pursuant to the Plan, resales by such persons would not be exempted by section 1145 of the Bankruptcy Code from registration under the Securities Act or other applicable law. Such persons would not be permitted to resell such New Common Stock unless such securities were registered under the Securities Act or an exemption from such registration requirements were available. Entities deemed to be statutory underwriters for purposes of section 1145 of the Bankruptcy Code may, however, be able, at a future time and under certain conditions, to sell securities without registration pursuant to the resale provisions of Rule 144 under the Securities Act.

Pursuant to the Plan, certificates evidencing shares of New Common Stock received by holders of the New Common Stock will bear a legend substantially in the form below:

> THE SECURITIES REPRESENTED BY THIS CERTIFICATE (THE "SECURITIES") WERE ORIGINALLY ISSUED IN RELIANCE UPON AN EXEMPTION FROM THE REGISTRATION REQUIREMENT OF SECTION 5 OF THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), PROVIDED BY SECTION 1145 OF THE BANKRUPTCY CODE, 11 U.S.C. § 1145. THE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE ACT OR ANY STATE SECURITIES LAW, AND TO THE EXTENT THE HOLDER OF THE SECURITIES IS AN "UNDERWRITER", AS DEFINED IN SECTION 1145(B)(1) OF THE BANKRUPTCY CODE, THE SECURITIES MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR AN EXEMPTION FROM REGISTRATION THEREUNDER.

THE SALE, ASSIGNMENT, PLEDGE, ENCUMBRANCE OR OTHER TRANSFER OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE IS RESTRICTED BY THE TERMS OF, AND THE HOLDER HEREOF IS SUBJECT TO CERTAIN OTHER OBLIGATIONS PURSUANT TO, THE PROVISIONS OF A STOCKHOLDERS' AGREEMENT, DATED AS OF **[___]**, 2012, AMONG THE COMPANY AND CERTAIN HOLDERS OF ITS SECURITIES, AS MAY BE AMENDED FROM TIME TO TIME IN ACCORDANCE WITH ITS TERMS. A COPY OF SUCH STOCKHOLDERS' AGREEMENT IS ON FILE AT THE PRINCIPAL EXECUTIVE OFFICE OF THE COMPANY.

Whether or not any particular person would be deemed to be an "underwriter" with respect to the New Common Stock to be issued pursuant to the Plan, or an "affiliate" of the Reorganized Debtor, would depend upon various facts and circumstances applicable to that person. Accordingly, the Debtor expresses no view as to whether any such person would be such an "underwriter" or "affiliate." PERSONS WHO RECEIVE NEW COMMON STOCK UNDER THE PLAN ARE URGED TO CONSULT THEIR OWN LEGAL ADVISOR WITH RESPECT TO THE RESTRICTIONS APPLICABLE UNDER RULE 144 AND THE CIRCUMSTANCES UNDER WHICH SHARES MAY BE SOLD IN RELIANCE UPON SUCH RULE.

THE FOREGOING SUMMARY DISCUSSION IS GENERAL IN NATURE AND HAS BEEN INCLUDED IN THIS DISCLOSURE STATEMENT SOLELY FOR INFORMATIONAL PURPOSES. THE DEBTOR MAKES NO REPRESENTATIONS CONCERNING, AND DOES NOT PROVIDE, ANY OPINIONS OR ADVICE WITH RESPECT TO THE NEW COMMON STOCK 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 DEBTOR ENCOURAGES EACH CREDITOR 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 PARTICULAR HOLDER MAY BE AN UNDERWRITER, THE DEBTOR MAKES NO REPRESENTATION CONCERNING THE ABILITY OF A PERSON TO DISPOSE OF THE NEW COMMON STOCK.

VIII. CERTAIN U.S. FEDERAL TAX CONSEQUENCES OF THE PLAN

The following discussion summarizes certain anticipated U.S. federal income tax consequences of the Plan to the Debtor and certain holders of Claims or Interests that are entitled to vote to accept or reject the Plan. This summary is provided for information purposes only and is based on the Internal Revenue Code of 1986, as amended (the "Tax Code"), Treasury regulations promulgated thereunder, judicial authorities, and current administrative rulings and practice, all as in effect as of the date hereof and all of which are subject to change, possibly with retroactive effect, that could adversely affect the U.S. federal income tax consequences described below.

This summary does not address all aspects of U.S. federal income taxation that may be relevant to a particular holder of a Claim or Interests in light of such holder's particular facts and circumstances or to certain types of holders of Claims or Interests subject to special treatment under the Tax Code (for example, non-U.S. taxpayers, financial institutions, broker-dealers, life insurance companies, tax-exempt organizations, real estate investment trusts, regulated investment companies, grantor trusts, persons holding a Claim as part of a "hedging," "integrated," "constructive" sale or straddle transaction, persons holding claims through a partnership or other pass through entity, persons that have a "functional currency" other than the U.S. dollar, and persons who acquired or expect to acquire either an

equity interest or other security in a Debtor or a Claim in connection with the performance of services). In addition, this summary does not discuss any aspects of state, local, or non-U.S. taxation and does not address the U.S. federal income tax consequences to holders of Claims or Interests that are unimpaired under the Plan or holders of Claims or Interests that are not entitled to receive or retain any property under the Plan.

A substantial amount of time may elapse between the date of this Disclosure Statement and the receipt of a final distribution under the Plan. Events occurring after the date of this Disclosure Statement, such as additional tax legislation, court decisions, or administrative changes, could affect the U.S. federal income tax consequences of the Plan and the transactions contemplated thereunder. There can be no assurance that the Internal Revenue Service (the "IRS") will not take a contrary view with respect to one or more of the issues discussed below. No ruling will be sought from the IRS with respect to any of the tax aspects of the Plan, and no opinion of counsel has been or will be obtained by the Debtor with respect thereto.

TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, EACH HOLDER IS HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES IN THIS DISCLOSURE STATEMENT IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY ANY HOLDER FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON A HOLDER UNDER THE TAX CODE; (B) SUCH DISCUSSION IS INCLUDED HEREBY BY THE DEBTOR IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF CIRCULAR 230) BY THE DEBTOR OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) EACH HOLDER SHOULD SEEK ADVICE BASED ON ITS PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

A. U.S. Federal Income Tax Consequences to the Debtor

1. Tonnage Tax Regime

The American Jobs Creation Act of 2004 instituted an elective tonnage tax regime whereby a corporation may elect to pay a tonnage tax based upon a notional shipping income determined by the net tonnage of such corporation's qualifying U.S. flag vessels rather than the traditional federal corporate income tax on the taxable income from such vessels and related inland service (the "Tonnage Tax Regime"). In 2007, the Debtor concluded that using the tonnage tax method would effectively reduce the Debtor's federal income tax burden and, accordingly, elected the Tonnage Tax Regime. Under the Tonnage Tax Regime, the Tax Code disallows deductions with respect to net operating loss carryforwards ("NOLs") attributable to the qualifying shipping activities of a taxpayer that are carried forward from taxable years preceding the first taxable year that the election of the Tonnage Tax Regime is effective ("Pre-Election NOLs"). Approximately $85 million of the Debtor's federal NOLs are Pre-Election NOLs. The Debtor's Pre-Election NOLs are currently unavailable to shelter income that is not subject to the Tonnage Tax Regime.

2. Cancellation of Indebtedness Income

Under the Tax Code, a U.S. taxpayer generally must include in gross income the amount of any cancellation of indebtedness ("COD") income recognized during the taxable year. COD income generally equals the excess of the adjusted issue price of the indebtedness discharged over the sum of (i) the amount of cash, (ii) the issue price of any new debt, and (iii) the fair market value of any other property (including stock) transferred by the debtor in satisfaction of such discharged indebtedness. COD

income also includes any interest that has been previously accrued and deducted but remains unpaid at the time the indebtedness is discharged.

The Tax Code permits a debtor in bankruptcy to exclude its COD income from gross income, but requires the debtor to reduce its tax attributes ("Attribute Reduction")– such as NOLs, current year losses, net operating losses, capital loss carryforwards, tax credits, and tax basis in assets (collectively, "Tax Attributes") – by the amount of the excluded COD income (but not, in the case of asset tax basis, in an amount greater than the excess of the aggregate tax bases of the property held by the debtor immediately after the discharge over the debtor's aggregate liabilities immediately after the discharge). The excess of COD income over the Tax Attributes of the Debtor that are available for reduction generally, has no further federal income tax consequences for the Debtor. The reduction in Tax Attributes generally occurs after the calculation of a debtor's tax for the year in which the debt is discharged.

Under the Tax Code, a debtor that realizes excluded COD income may elect to reduce its basis in depreciable assets prior to the reduction of other Tax Attributes, with any excess COD income applied next to reduce NOLs and other Tax Attributes in the prescribed statutory order.

It is likely that the Debtor will realize a significant amount of COD income upon the consummation of the Plan. However, the Debtor will not be required to include COD income in gross income because the indebtedness will be discharged while the Debtor is under the jurisdiction of a court in a Title 11 case, and the discharge of the indebtedness will occur pursuant to a Plan approved by the court. Instead, as described above, the Debtor will be required to reduce its Tax Attributes by the amount of the excluded COD income (but not, in the case of asset tax basis, in an amount greater than the excess of the aggregate tax bases of the property held by the debtor immediately after the discharge over the debtor's aggregate liabilities immediately after the discharge). As noted above, the Debtor has approximately $85 million of Pre-Election NOLs. The Debtor's remaining Tax Attributes are limited relative to the amount of COD income expected to be recognized upon the consummation of the Plan. Currently, there are no Treasury Regulations, in final, temporary or proposed form, and we are unaware of any published or private rulings (collectively, "IRS Guidance") addressing the application of the Attribute Reduction rules to Pre-Election NOLs. If Pre-Election NOLs are not available for Attribute Reduction, the Debtor expects that the excluded COD income realized upon the consummation of the Plan will substantially eliminate all of the Debtor's other Tax Attributes.

3. Limitation on NOL Carryforwards and Other Tax Attributes

As discussed above, Pre-Election NOLs are not currently allowed to offset any of the Debtor's federal taxable income that is not subject to the Tonnage Tax Regime. Further, there is no IRS Guidance regarding the ability of the Debtor to use Pre-Election NOLs after the termination of the Tonnage Tax Regime. In addition, as discussed above, if Pre-Election NOLs are not available for Attribute Reduction, the Debtor expects that the COD income realized upon the consummation of the Plan will substantially eliminate all of the Debtor's other Tax Attributes~~.~~, including tax basis in its assets. Thus, it is likely that notwithstanding the discussion below, the Debtor's ability to utilize Tax Attributes allocable to periods prior to the Effective Date will be significantly limited. Notwithstanding the above, if a portion of the Debtor's NOLs was available for use after taking into account the limitations imposed by the Tonnage Tax Regime and the impact of excluded COD income on the Debtor's Tax Attributes, the Debtor NOLs may be subject to additional limitations pursuant to Section 382 of the Tax Code ("Section 382") as a result of the change in ownership of the Debtor that will occur upon emergence from bankruptcy, as described below.

(a) General Section 382 Limitation

In general, when a corporation undergoes an "ownership change" and the corporation does not qualify for (or elects out of) the so called "Bankruptcy Exception" discussed below, Section 382 limits the corporation's ability to utilize its pre-change NOLs to offset future taxable income. Such limitation also may apply to certain losses or deductions that are "built-in" (i.e., economically accrued but unrecognized) as of the date of the ownership change and that are subsequently recognized. It is anticipated that the Debtor will undergo an ownership change as a result of the Plan.

In general, unless the Bankruptcy Exception applies, Section 382 places an annual limitation on a corporation's use of pre-change NOLs equal to the product of (i) the fair market value of the stock of the corporation immediately before the ownership change (with certain adjustments); and (ii) the highest of the adjusted federal "long-term tax-exempt rates" in effect for any month in the three-calendar-month period ending with the month in which the ownership change occurs (the "Annual Limitation"). For a corporation in bankruptcy that undergoes a change of ownership pursuant to a confirmed plan, the stock value generally is determined immediately after (rather than before) the ownership change, and certain adjustments that ordinarily would apply do not apply.

Unless the Bankruptcy Exception applies, for any taxable year ending after an ownership change, the pre-change NOLs that can be used in that year to offset taxable income of a corporation generally cannot exceed the amount of the Annual Limitation. Any unused Annual Limitation may be carried forward, thereby increasing the Annual Limitation in the subsequent taxable year. However, if the corporation does not continue its historic business or use a significant portion of its assets in a new business for two years after the ownership change, the Annual Limitation resulting from the ownership change is zero. Furthermore, if the corporation undergoes a second ownership change, the second ownership change may result in a lesser Annual Limitation with respect to any pre-change NOLs that existed at the time of the first ownership change.

(b) Built-in Gains and Losses

Under certain circumstances, Section 382 also limits the deductibility of certain built-in losses that are recognized during the five-year period following the date of an ownership change. In particular, subject to a de minimis exception, if a loss corporation has a net unrealized built-in loss at the time of an ownership change (taking into account its assets and items of "built-in" income and deduction), then any built-in losses recognized during the following five years (up to the amount of the original net unrealized built-in loss) generally will be treated as a pre-change NOL and will be subject to the Annual Limitation.

Conversely, if the loss corporation has a net unrealized built-in gain at the time of an ownership change, any built-in gains recognized during the five-year period following the ownership change (up to the amount of the original net unrealized built-in gain) generally will increase the Annual Limitation in the year recognized, such that the loss corporation would be permitted to use its pre-change NOLs against such built-in gain income in addition to the loss corporation's Annual Limitation.

(c) Bankruptcy Exception

Section 382 provides an exception to the Annual Limitation for corporations under the jurisdiction of a court in a Title 11 case (the "Bankruptcy Exception") if shareholders of the debtor immediately before an ownership change and qualified (so-called "historic") creditors of the debtor own, in respect of their claims or equity interests in the debtor, stock possessing at least 50 percent of the vote and value of all the stock of the reorganized debtor (or of a controlling corporation if such corporation is

also in bankruptcy) pursuant to a confirmed bankruptcy plan of reorganization. For this purpose, a "historic creditor" is a creditor that (i) has held its indebtedness since the date that is at least eighteen months before the date on which the debtor filed its petition with the Bankruptcy Court; or (ii) whose indebtedness arose in the ordinary course of the business of the debtor and is held by the creditor who at all times was the beneficial owner of such claim. In determining whether the Bankruptcy Exception applies, unless the debtor has actual knowledge to the contrary, certain holders of Claims that own directly or indirectly less than 5 percent of the total fair market value of the debtor's stock immediately after the ownership change are presumed to have held their Claims since the origination of such Claims. The Bankruptcy Exception applies to a reorganized debtor that satisfies the qualifications, therefor unless the debtor files an election for the Bankruptcy Exception not to apply. Moreover, if the Bankruptcy Exception applies, a subsequent ownership change of the debtor within a two-year period after the consummation of the bankruptcy plan of reorganization will cause the Annual Limitation to be zero with respect to the pre-change NOLs on the date of emergence from bankruptcy that remain on the date of such second ownership change.

If a corporation is eligible for and applies the Bankruptcy Exception, its pre-change NOLs will not be subject to the Annual Limitation. However, the amount of its pre-change NOLs that may be carried over to a post-change year must be reduced by the amount of interest payments made during the current taxable year and the three preceding taxable years in respect of indebtedness that was exchanged for stock pursuant to the bankruptcy reorganization.

B. U.S. Federal Income Tax Consequences to the Claimholders

The U.S. federal income tax consequences to holders of Allowed Claims or Interests arising from the distributions to be made in satisfaction of their Claims or Interests pursuant to a bankruptcy plan of reorganization may vary, depending upon, among other things: (a) the type of consideration received by the holder of a Claim or Interest in exchange for such Claim; (b) the nature of such Claim or Interest; (c) whether the holder has previously claimed a bad debt or worthless security deduction in respect of such Claim or Interest; (d) whether such Claim or Interest constitutes a security; (e) whether the holder of such Claim or Interest is a citizen or resident of the United States for tax purposes, or otherwise subject to U.S. federal income tax on a net income basis; (f) whether the holder of such Claim or Interest reports income on the accrual or cash basis; and (g) whether the holder of such Claim or Interest receives distributions under the bankruptcy plan in more than one taxable year. For U.S. federal income tax purposes, the modification of a Claim may represent an exchange of the Claim for a new Claim, even though no actual transfer takes place. In addition, where gain or loss is recognized by a holder, the character of such gain or loss as long-term or short-term capital gain or loss or as ordinary income or loss will be determined by a number of factors, including the tax status of the holder, whether the Claim or Interest constitutes a capital asset in the hands of the holder and how long it has been held or is treated as having been held, whether the Claim-was acquired at a market discount, and whether and to what extent the holder previously claimed a bad debt deduction with respect to the underlying Claim. A holder who purchased its Claim from a prior holder at a market discount may be subject to the market discount rules of the Tax Code. Under those rules, assuming that the holder has made no election to amortize the market discount into income on a current basis with respect to any market discount instrument, any gain recognized on the exchange of its Claim (subject to a *de minimis* rule) generally would be characterized as ordinary income to the extent of the accrued market discount on such Claim as of the date of the exchange.

In general, to the extent a holder of a debt instrument receives property in satisfaction of interest accrued during the holding period of such instrument, such amount will be taxable to the holder as interest income (if not previously included in the holder's gross income). Conversely, such a holder

generally recognizes a deductible loss to the extent that any accrued interest claimed or amortized original issue discount ("OID") was previously included in its gross income and is not paid in full.

The extent to which property received by a holder of a debt instrument will be attributable to accrued but unpaid interest is unclear. Pursuant to the Plan, all distributions in respect of any Allowed Claim will be allocated first to the principal amount of such Allowed Claim, and thereafter to accrued but unpaid interest, if any. However, there is no assurance that such allocation will be respected by the IRS for U.S. federal income tax purposes.

Each holder of an Allowed Claim or Interest is urged to consult its own tax advisor regarding the allocation of consideration and the deductibility of previously included unpaid interest and OID for tax purposes.

C. Information Reporting and Backup Withholding

Certain payments, including certain payments of Claims pursuant to the Plan, payments of interest, and the proceeds from the sale or other taxable disposition of the Claims may be subject to information reporting to the IRS. Moreover, such reportable payments may be subject to backup withholding unless the taxpayer: (i) comes within certain exempt categories (which generally include corporations) or (ii) provides a correct taxpayer identification number and otherwise complies with applicable backup withholding provisions. In addition, 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 own 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.

D. Importance of Obtaining Professional Tax Assistance

THE FOREGOING DISCUSSION IS INTENDED ONLY AS A SUMMARY OF CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING WITH A TAX PROFESSIONAL. THE ABOVE DISCUSSION IS FOR INFORMATION PURPOSES ONLY AND IS NOT TAX ADVICE. THE TAX CONSEQUENCES ASSOCIATED WITH THE PLAN ARE IN MANY CASES UNCERTAIN AND MAY VARY DEPENDING ON A HOLDER'S INDIVIDUAL CIRCUMSTANCES. ACCORDINGLY, HOLDERS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS ABOUT THE U.S. FEDERAL, STATE, LOCAL AND NON-U.S. INCOME AND OTHER TAX CONSEQUENCES OF THE PLAN.

IX. PLAN CONFIRMATION AND CONSUMMATION

A. Plan Confirmation Hearing.

Bankruptcy Code section 1128(a) requires the Bankruptcy Court, after appropriate notice, to hold a hearing on confirmation of a Plan. As of the date of the filing of the Plan and Disclosure Statement, the Debtor has requested pursuant to the requirements of the Bankruptcy Code and the Bankruptcy Rules, that the Bankruptcy Court schedule the Plan Confirmation Hearing. Notice of the Plan Confirmation Hearing will be provided to all known creditors, equity holders or their representatives. The Plan Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for an announcement of the adjourned date made at the Plan Confirmation Hearing or any subsequent adjourned Plan Confirmation Hearing.

Pursuant to Bankruptcy Code section 1128(b), any party in interest may object to confirmation of a plan of reorganization. Any objection to confirmation of the Plan must be in writing, must conform to the Bankruptcy Rules, must set forth the name of the objector, the nature and amount of Claims or Interests held or asserted by the objector against the Debtor, the basis for the objection and the specific grounds of the objection, and must be filed with the Bankruptcy Court, with a copy to Chambers, together with proof of service thereof, and served upon: (i) DLA Piper LLP (US), 1251 Avenue of the Americas, New York, New York 10020 (Attn: Gregg M. Galardi, Esq.), attorneys for the Debtor; (ii) Foley & Lardner LLP, One Independent Drive, Suite 1300, Jacksonville, FL 32202 (Attn: Gardner F. Davis, Esq.), attorneys for the Debtor; (iii) the Office of the United States Trustee for the Middle District of Florida, U.S. Department Of Justice, 135 W. Central Blvd., Suite 620, Orlando, FL 32801 (Attn: Elena L. Escamilla, Esq., Trial Attorney); (iv) Stutsman Thames & Markey, P.A., 50 N. Laura Street, Suite 1600, Jacksonville, Florida 32202 (Attn: Richard R. Thames, Esq.), attorneys for the Committee; (v) Cadwalader, Wickersham & Taft LLP, One World Financial Center, New York, New York 10281 (Attn: John J. Rapisardi, Esq. and Douglas S. Mintz, Esq.), attorneys for the DIP Lenders; and (vi) such other parties as the Bankruptcy Court may order.

Bankruptcy Rule 9014 governs objections to confirmation of the Plan. **UNLESS AN OBJECTION TO CONFIRMATION OF THE PLAN IS TIMELY SERVED UPON THE PARTIES LISTED ABOVE AND FILED WITH THE BANKRUPTCY COURT, IT MAY NOT BE CONSIDERED BY THE BANKRUPTCY COURT IN DETERMINING WHETHER TO CONFIRM THE PLAN.**

B. Plan Confirmation Requirements Under the Bankruptcy Code.

At the Plan Confirmation Hearing, the Bankruptcy Court will consider the terms of the Plan and determine whether the Plan terms satisfy the requirements set out in section 1129 of the Bankruptcy Code. The Debtor believes that the Plan satisfies or will satisfy the following requirements of section 1129, certain of which are discussed in more detail below:

- The Plan complies with the applicable provisions of the Bankruptcy Code.

- The Debtor, as a proponent of the Plan, has complied with the applicable provisions of the Bankruptcy Code.

- The Plan has been proposed in good faith and not by any means forbidden by law.

- Any payment made or promised by the Debtor or by a person acquiring property under the Plan for services or for costs and expenses in, or in connection with, the Chapter 11 Case, or in connection with the Plan and incident to the Chapter 11 Case, has been disclosed to the Bankruptcy Court, and any such payment: (i) made before the confirmation of the Plan is reasonable; or (ii) is subject to the approval of the Bankruptcy Court as reasonable, if such payment is to be fixed after confirmation of the Plan.

- Each holder of an Impaired Claim or Interest either has accepted the Plan or will receive or retain under the Plan, on account of such holder's Claim or Interest, property of a value as of the Effective Date that is not less than the amount such

holder would receive or retain if the Debtor was liquidated on the Effective Date under chapter 7 of the Bankruptcy Code.

- Except to the extent the Plan meets the requirements of section 1129(b) of the Bankruptcy Code, each Class of Claims or Interests either has accepted the Plan or is not an Impaired Class under the Plan.

- Except to the extent that the holder of a particular Claim has agreed to a different treatment of such Claim, the Plan provides that Allowed Administrative Expense Claims, Allowed Priority Tax Claims and Allowed Other Priority Claims will be paid in full as required by the Bankruptcy Code.

C. Plan Consummation.

Upon confirmation of the Plan by the Bankruptcy Court, the Plan will be deemed consummated on the Effective Date. Distributions to holders of Claims receiving a Distribution pursuant to the terms of the Plan will follow consummation of the Plan.

D. Feasibility of the Plan

In connection with confirmation of the Plan, the Bankruptcy Court will be required to determine that the Plan is feasible pursuant to section 1129(a)(11) of the Bankruptcy Code, which means that the confirmation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtor.

To support its belief in the feasibility of the Plan, the Debtor has relied upon the Projections, which are annexed to this Disclosure Statement as Appendix B.

The Projections indicate that the Reorganized Debtor should have sufficient cash flow to pay and service its debt obligations and to fund its operations. Accordingly, the Debtor believes that the Plan complies with the financial feasibility standard of section 1129(a)(11) of the Bankruptcy Code.

The Projections are based on numerous assumptions, including confirmation and consummation of the Plan in accordance with its terms; realization of the operating strategy of the Reorganized Debtor; industry performance; no material adverse changes in applicable legislation or regulations, or the administration thereof, or generally accepted accounting principles; no material adverse changes in general business and economic conditions; no material adverse changes in competition; the Reorganized Debtor's retention of key management and other key employees; adequate financing; the absence of material contingent or unliquidated litigation, indemnity, or other claims; and other matters, many of which will be beyond the control of the Reorganized Debtor and some or all of which may not materialize.

To the extent that the assumptions inherent in the Projections are based upon future business decisions and objectives, they are subject to change. In addition, although they are presented with numerical specificity and are based on assumptions considered reasonable by the Debtor, the assumptions and estimates underlying the Projections are subject to significant business, economic, and competitive uncertainties and contingencies, many of which will be beyond the control of the Reorganized Debtor. Accordingly, the Projections are only estimates and are necessarily speculative in nature. It can be expected that some or all of the assumptions in the Projections will not be realized and

that actual results will vary from the Projections, which variations may be material and are likely to increase over time. In light of the foregoing, readers are cautioned not to place undue reliance on the Projections. The Projections were not prepared in accordance with standards for projections promulgated by the American Institute of Certified Public Accountants or with a view to compliance with published guidelines of the SEC regarding projections or forecasts. The Projections have not been audited, reviewed, or compiled by the Debtor's independent public accountants. The Debtor will be required to adopt a "fresh start" accounting upon its emergence from chapter 11. The actual adjustments for "fresh start" accounting that the Debtor may be required to adopt upon emergence, may differ substantially from those "fresh start" adjustments in the Projections. The projected financial information contained in this Disclosure Statement should not be regarded as a representation or warranty by the Debtor, the Debtor's advisors, or any other Person that the Projections can or will be achieved.

The Projections should be read together with the information in Article VI of this Disclosure Statement entitled "Certain Risk Factors to be Considered," which sets forth important factors that could cause actual results to differ from those in the Projections.

The Debtor does not intend to update or otherwise revise the Projections, including any revisions to reflect events or circumstances existing or arising after the date of this Disclosure Statement or to reflect the occurrence of unanticipated events, even if any or all of the underlying assumptions do not come to fruition. Furthermore, the Debtor does not intend to update or revise the Projections to reflect changes in general economic or industry conditions.

The Debtor will face a number of risks with respect to its continuing business operations upon emergence from chapter 11, including but not limited to the following: the Debtor's ability to improve profitability and generate positive operating cash flow; the Debtor's ability to sustain sales increases in the 2012 fiscal year; the Debtor's ability to increase capital expenditures in the future to invest in its equipment; the Debtor's response to the entry of new competitors into its markets; the Debtor's ability to reduce the level of operating losses experienced in recent years; the Debtor's ability to upgrade its information systems and implement new technology and business processes; the Debtor's ability to implement new customer service programs; the Debtor's ability to implement effective pricing and promotional programs; the Debtor's ability to successfully implement effective business continuity and IT recovery planning; the Debtor's ability to reserve appropriately for self insurance liabilities; changes in federal, state or local laws or regulations; general economic conditions in the Debtor's operating regions; stability of product costs; increases in labor and employee benefit costs, such as health care and pension expenses; or changes in accounting standards, taxation requirements and bankruptcy laws.

E. Acceptance of the Plan

As a condition to Confirmation, the Bankruptcy Code requires that each Class of Impaired Claims or Interests vote to accept the Plan, except under certain circumstances. 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 (2/3) in dollar amount and more than one-half (1/2) in number of claims in that class, but for that purpose counts only those who actually vote to accept or to reject the Plan. Thus, holders of Claims or Interests in each of **3, 4, 5, and 8** will have voted to accept the Plan only if two-thirds (2/3) in amount and a majority in number of the Claims or Interests actually voting in each Class cast their ballots in favor of acceptance. Holders of Claims or Interests who fail to vote are not counted as either accepting or rejecting a plan.

F. Best Interests Test

As noted above, even if a plan is accepted by each class of claims and interests, the Bankruptcy Code requires a bankruptcy court to determine that the plan is in the best interests of all holders of claims or interests that are impaired by the plan and that have not accepted the plan. The "best interests" test, as set forth in section 1129(a)(7) of the Bankruptcy Code, requires a bankruptcy court to find either that all members of an impaired class of claims or interests have accepted the plan or that the plan will provide a member who has not accepted the plan with a recovery of property of a value, as of the effective date of the plan, that is not less than the amount that such holder would recover if the debtor were liquidated under chapter 7 of the Bankruptcy Code.

To calculate the probable distribution to holders of each impaired class of claims and interests if a debtor were liquidated under chapter 7, a bankruptcy court must first determine the aggregate dollar amount that would be generated from the debtor's assets if its chapter 11 case were converted to a chapter 7 case under the Bankruptcy Code. This "liquidation value" would consist primarily of the proceeds from a forced sale of the debtor's assets by a chapter 7 trustee.

The amount of liquidation value available to unsecured creditors would be reduced by, first, the claims of secured creditors to the extent of the value of their collateral and, second, by the costs and expenses of liquidation, as well as by other administrative expenses and costs of both the chapter 7 case and the chapter 11 case. Costs of liquidation under chapter 7 of the Bankruptcy Code would include the compensation of a trustee, as well as of counsel and other professionals retained by the trustee, asset disposition expenses, all unpaid expenses incurred by the debtor in its chapter 11 case (such as compensation of attorneys, financial advisors, and accountants) that are allowed in the chapter 7 cases, litigation costs, and claims arising from the operations of the debtor during the pendency of the chapter 11 case. The liquidation itself would trigger certain priority payments that otherwise would be due in the ordinary course of business. Those priority claims would be paid in full from the liquidation proceeds before the balance would be made available to pay general unsecured claims or to make any distribution in respect of equity security interests. The liquidation would also prompt the rejection of a large number of Executory Contracts and unexpired leases and thereby significantly enlarge the total pool of unsecured claims by reason of resulting rejection damages claims.

Once the bankruptcy court ascertains the recoveries in liquidation of secured creditors and priority claimants, it must determine the probable distribution to general unsecured creditors and equity security holders from the remaining available proceeds in liquidation. If such probable distribution has a value greater than the distributions to be received by such creditors and equity security holders under the plan, then the plan is not in the best interests of creditors and equity security holders.

G. Liquidation Analysis

For purposes of the Best Interests test, in order to determine the amount of liquidation value available to creditors, the Debtor prepared two liquidation analyses (each a "Liquidation Analysis" and collectively, the "Liquidation Analyses"). In this case, the Debtor has prepared two Liquidation Analyses because, as described in greater detail in Article VIII of the Disclosure Statement, although the Debtor believes that its net operating loss carryforwards are not currently available to offset any of the Debtor's federal taxable income, for completeness, a second Liquidation Analysis setting forth the potential recoveries if those net operating loss carryforwards are available to offset any of the Debtor's federal taxable income is included as well. Both Liquidation Analyses conclude that in a chapter 7 liquidation, holders of Class 8: General Unsecured Claims would receive less of a recovery than the recovery they would receive under the Plan. This conclusion is premised upon the assumptions set forth in the Liquidation Analyses, which the Debtor believes is reasonable.

Notwithstanding the foregoing, the Debtor believes that any liquidation analysis with respect to the Debtor is inherently speculative. The Liquidation Analyses for the Debtor necessarily contains estimates of the net proceeds that would be received from a forced sale of assets and/or business units, as well as the amount of Claims that would ultimately become Allowed Claims. Claims estimates are based solely upon the Debtor's review of the Claims filed and the Debtor's books and records. No order or finding has been entered by the Bankruptcy Court estimating or otherwise fixing the amount of Claims at the projected amounts of Allowed Claims set forth in the Liquidation Analyses. In preparing the Liquidation Analyses, the Debtor has projected an amount of Allowed Claims that represents its best estimate of the chapter 7 liquidation dividend to holders of Allowed Claims. The estimate of the amount of Allowed Claims set forth in the Liquidation Analyses should not be relied on for any other purpose, including, without limitation, any determination of the value of any distribution to be made on account of Allowed Claims under the Plan.

The full Liquidation Analyses are annexed as Appendix C to this Disclosure Statement.

H. Valuation of the Reorganized Debtor

Solely for purposes of the Plan, GHS has estimated that the enterprise value of the Reorganized Debtor falls in a range from approximately $108 to 109 million to approximately $118 to $119 million and that the equity value falls in a range between approximately $12.5 million to $22.5 million. These estimated ranges of values represent hypothetical values that reflect the estimated intrinsic value of the Reorganized Debtor derived through the application of various valuation techniques.

The valuation of the Reorganized Debtor is based on a number of assumptions as set forth in the Valuation attached hereto as Appendix D.

I. Application of the "Best Interests" of Creditors Test to the Liquidation Analysis and the Valuation

It is impossible to determine with any specificity the value each holder of an Unsecured Claim will receive as a percentage of its Allowed Claim. Notwithstanding the difficulty in quantifying recoveries with precision, the Debtor believes that the financial disclosures and projections contained in this Disclosure Statement imply a greater or equal recovery to holders of Claims in Impaired Classes than the recovery available in a chapter 7 liquidation. Accordingly, the Debtor believes that the "best interests" test of section 1129 of the Bankruptcy Code is satisfied.

J. Confirmation Without Acceptance of All Impaired Classes: The "Cramdown" Alternative

The Debtor reserves the right to seek a "cramdown" confirmation of the Plan with respect to the Claims and Interests in Classes **3, 4, 5, and 8** in the event the holders of such Claims or Interests vote to reject the Plan. Specifically, section 1129(b) of the Bankruptcy Code provides that a plan can be confirmed even if the plan is not accepted by all impaired classes, as long as at least one impaired class of claims has accepted it. The Bankruptcy Court may confirm a plan at the request of the debtor if the plan "does not discriminate unfairly" and is "fair and equitable" as to each impaired class that has not accepted the plan. A plan does not discriminate unfairly within the meaning of the Bankruptcy Code if a dissenting class is treated equally with respect to other classes of equal rank.

A plan is fair and equitable as to a class of unsecured claims that rejects a plan if the plan provides (i) for each holder of a claim included in the rejecting class to receive or retain on account of that claim property that has a value, as of the effective date of the plan, equal to the allowed amount of such

claim or (ii) that the holder of any claim or interest that is junior to the claims of such class will not receive or retain on account of such junior claim or interest any property at all.

A plan is fair and equitable as to a class of equity interests that rejects a plan if the plan provides (i) that each holder of an interest included in the rejecting class receive or retain on account of that interest property that has a value, as of the effective date of the plan, equal to the greatest of the allowed amount of any fixed liquidation preference to which such holder is entitled, any fixed redemption price to which such holder is entitled or the value of such interest or (ii) that the holder of any interest that is junior to the interests of such class will not receive or retain under the plan on account of such junior interest any property at all.

The Debtor believes the Plan does not discriminate unfairly with respect to the Claims and Interests in Classes **3, 4, 5, and 8**. In the event it becomes necessary to "cramdown" the Plan over the rejection of any such Classes, the Debtor will demonstrate at the Confirmation Hearing that the Plan does not discriminate unfairly and is fair and equitable with respect to such Classes. The fair and equitable tests set forth above for unsecured claims and interests applies to Class **8**. The fair and equitable test for secured claims, which is applicable to **3, 4, and 5** is that the plan provides (i) that the holders of secured claims retain the liens in the property securing such claims to the extent of the allowed amount of such claims, and that the holders of such claims receive on account of such claims deferred cash payments totaling at least the allowed amount of such claims, of a value, as of the effective date of the plan, of at least the value of such holders' interest in the estate's interest in such property; (ii) for the sale of any property subject to the liens securing such claims, free and clear of such liens, with the liens attaching to the proceeds of such sale, and such liened proceeds being treated either pursuant to (i) or (ii); or (iii) for the realization by such holders of the indubitable equivalent of such claims. The treatment proposed for Classes **3, 4, 5, and 8** satisfies the fair and equitable test and can be crammed down, if necessary.

X. ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

The Debtor believes that the Plan affords holders of Claims and Interests in Classes **3, 4, 5, and 8** the potential for the greatest realization on the Debtor's assets and, therefore, is in the best interests of such holders. If, however, the requisite acceptances are not received or the Plan is not confirmed and consummated, the theoretical alternatives include (a) formulation of an alternative plan or plans of reorganization or (b) liquidation of the Debtor under chapter 7 or chapter 11 of the Bankruptcy Code.

A. Alternative Plan(s) of Reorganization

If the requisite acceptances are not received or if the Plan is not confirmed, the Debtor or any other party in interest could attempt to formulate and propose a different plan or plans of reorganization. Such a plan or plans might involve either a reorganization and continuation of the Debtor's business or an orderly liquidation of assets.

The Debtor believes that the Plan enables creditors to realize the greatest possible value under the circumstances and has the greatest chance to be confirmed and consummated.

B. Liquidation under Chapter 7 or Chapter 11

If no plan is confirmed, the Debtor's case may be converted to a case under chapter 7 of the Bankruptcy Code, pursuant to which a trustee would be elected or appointed to liquidate the Debtor's assets for distribution in accordance with the priorities established by the Bankruptcy Code. It is

impossible to predict precisely how the proceeds of the liquidation would be distributed to the respective holders of Claims against or Interests in the Debtor.

The Debtor believes that in a liquidation under chapter 7, additional administrative expenses involved in the appointment of a trustee or trustees and attorneys, accountants, and other professionals to assist such trustees would cause a substantial diminution in the value of the Debtor's Estate. The assets available for distribution to creditors would be reduced by such additional expenses and by Claims, some of which would be entitled to priority, arising by reason of the liquidation and from the rejection of leases and other Executory Contracts in connection with the cessation of operations and the failure to realize the greater going concern value of the Debtor's assets. More importantly, conversion to chapter 7 liquidation would likely result in the immediate cessation of the Debtor's business, as most chapter 7 trustees are disinclined to continue operations.

The Debtor could also be liquidated pursuant to the provisions of a chapter 11 plan of liquidation. In a liquidation under chapter 11, the Debtor's assets theoretically could be sold in an orderly fashion over a more extended period of time than in a liquidation under chapter 7, thus resulting in a potentially greater recovery. Conversely, to the extent the Debtor's business incurs operating loss, the Debtor's effort to liquidate its assets over a longer period of time theoretically could result in a lower net distribution to creditors than they would receive through chapter 7 liquidation. Nevertheless, because there would be no need to appoint a chapter 7 trustee and to hire new professionals, chapter 11 liquidation might be less costly than chapter 7 liquidation and thus provide larger net distributions to creditors than in chapter 7 liquidation. Any recovery in a chapter 11 liquidation, while potentially greater than in a chapter 7 liquidation, would also be highly uncertain. Although preferable to a chapter 7 liquidation, the Debtor believes that any alternative liquidation under chapter 11 is a much less attractive alternative to creditors than the Plan because of the greater return anticipated by the Plan.

The full Liquidation Analysis is annexed as Appendix C to this Disclosure Statement.

XI. RECOMMENDATION AND CONCLUSION

For all of the reasons set forth in this Disclosure Statement, the Debtor believes that confirmation and consummation of the Plan is preferable to all other alternatives. Consequently, the Debtor urges all holders of Claims and Interests in Classes **3, 4, 5, and 8** to vote to ACCEPT the Plan, and to complete and return their ballots so that they will be RECEIVED on or before 4:00 p.m. Pacific Time on the Voting Deadline.

Dated: February 9, 2012

TRAILER BRIDGE, INC.

By: Mark A. Tanner

Name: Mark A. Tanner

Title: Co-Chief Executive Officer

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Counsel for the Debtor and Debtor in Possession

APPENDIX A

UNITED STATES BANKRUPTCY COURT
MIDDLE DISTRICT OF FLORIDA
JACKSONVILLE DIVISION

In re:	x	
Trailer Bridge, Inc.,[1]	:	Case No. 3:11-bk-08348-[JAF]
Debtor.	:	Chapter 11
_____/	x	

FIRST AMENDED PLAN OF REORGANIZATION
FOR TRAILER BRIDGE, INC.

Dated February 9, 2012

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[1]The Debtor's taxpayer identification number is 13-3617986. The mailing address for the Debtor, solely for purposes of notices and communications is 10405 New Berlin Road East, Jacksonville, Florida 32226.

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TABLE OF EXHIBITS

INTRODUCTION

Trailer Bridge, Inc. proposes the following plan of reorganization under chapter 11 of the Bankruptcy Code (as defined below).

ARTICLE I
DEFINITIONS, RULES OF INTERPRETATION AND COMPUTATION OF TIME

A. Scope of Definitions; Rules of Construction

Except as expressly provided or unless the context otherwise requires, capitalized terms not otherwise defined in this Plan shall have the meanings ascribed to them in this Article I. Any term used in the Plan that is not defined herein, but is defined in the Bankruptcy Code or the Bankruptcy Rules (as defined below), shall have the meaning ascribed to it therein. Where the context requires, any definition applies to the plural as well as the singular number.

B. Definitions

1.1 "Adequate Protection Order" means the Final Order Pursuant to Bankruptcy Code Sections 105(a), 361, 362, 363, 364 and 507 and Bankruptcy Rules 2002, 4001 and 6004(I) Authorizing Borrower to (A) Obtain Postpetition Financing and (B) Grant Liens and Superpriority Claims to the Agent, to Itself and for the Benefit of Lenders and (II) Approving the Orders Permitting the Use of Cash Collateral and Providing Adequate Protection, dated December 19, 2011 [Dkt. No. 146].

1.2 "Administrative Claim" means a Claim against the Debtor entitled to priority under Bankruptcy Code sections 507(a)(2), 507(a)(3) and 507(b) for costs and expenses of administration of the Chapter 11 Case, including (a) any actual and necessary costs and expenses incurred after the Petition Date of preserving the Estate and operating the business of the Debtor (such as wages, salaries and commissions for services and payments for goods, leased equipment and premises) and (b) all other Claims entitled to administrative status pursuant to a Final Order of the Bankruptcy Court for which a holder has made request for payment by the Administrative Claims Bar Date, but excluding the DIP Facility Claims, Priority Tax Claims, Other Priority Claims and Fee Claims.

1.3 "Administrative Claims Bar Date" means, notwithstanding Rule 3071-1 of the Local Rules of the United States Bankruptcy Court for the Middle District of Florida, the first Business Day that is thirty days after the Effective Date.

1.4 "Administrative Claims Objection Deadline" means the first Business Day following the later of (i) 120 days following the Effective Date and (ii) such other date as may be established by an order of the Bankruptcy Court.

1.5 "Affiliate" means, with respect to any "entity" as defined in section 101(15) of the Bankruptcy Code, "affiliate" as defined in section 101(2) of the Bankruptcy Code, as though such entity was a debtor.

1.6 "Allowed Claim" means a Claim against the Debtor (i) that has been scheduled as a liquidated, non-contingent, and undisputed Claim in an amount greater than zero on the schedules, subject to Debtor's right to amend the schedules on or before the Claims Objection Deadline, (ii) as to which no objection or request for estimation has been filed on or before the Administrative Claims Objection Deadline, the Claims Objection Deadline or the expiration of any other applicable period fixed by the Bankruptcy Court or the Plan; (iii) as to

which any and all objections have been settled, waived, withdrawn or denied by a Final Order or in accordance with the Plan; or (iv) that is allowed (a) by a Final Order, (b) by an agreement between the holder of such Claim and the Debtor or the Reorganized Debtor or (c) pursuant to the terms of the Plan; *provided, however*, that, notwithstanding anything herein to the contrary, by treating a Claim as an "Allowed Claim" under (ii) above (the expiration of the Claims Objection Deadline or other applicable deadline), the Debtor does not waive its rights to contest the amount and validity of any disputed, contingent and/or unliquidated Claim in the time, manner and venue in which such Claim would have been determined, resolved or adjudicated if the Chapter 11 Case had not been commenced. For the avoidance of doubt, an Allowed Claim (i) shall be net of any valid setoff exercised with respect to such Claim pursuant to the provisions of the Bankruptcy Code and applicable law and (ii) unless otherwise specified herein, or required by section 506(b) of the Bankruptcy Code or specified in a Final Order of the Bankruptcy Court, shall not include any interest on such Claim accruing from or after the Petition Date through the Effective Date.

1.7 "Allowed Class __ Claim" means, with respect to a Claim within a particular Class, an Allowed Claim of the type described in such Class.

1.8 "Assumption Schedule" means that certain schedule, prepared with the consent of each of the Majority Secured Noteholders, to be included in the Plan Supplement that specifically designates executory contracts or unexpired leases as contracts or leases to be assumed pursuant to the Plan.

1.9 "Avoidance Actions" means the estate Causes of Action under sections 542 through 550 of the Bankruptcy Code.

1.10 "Ballot(s)" means each of the ballot forms distributed to each holder of a Claim or Interest entitled to vote to accept or reject this Plan.

1.11 "Board" shall have the meaning set forth in Article IV.H.

1.12 "Bankruptcy Code" means title 11 of the United States Code, 11 U.S.C. §§ 101 et seq., as now in effect or hereafter amended.

1.13 "Bankruptcy Court" means the United States Bankruptcy Court for the Middle District of Florida, Jacksonville Division.

1.14 "Bankruptcy Rules" means, collectively, the Federal Rules of Bankruptcy Procedure, the Official Bankruptcy Forms, and the Federal Rules of Civil Procedure, as now in effect or hereafter amended, as applicable to the Chapter 11 Case or proceedings therein, as the case may be.

1.15 "Business Day" means any day, excluding Saturdays, Sundays or "legal holidays" (as defined in Bankruptcy Rule 9006(a)), on which commercial banks are open for business in New York, New York.

1.16 "Cash" means legal tender of the United States or equivalents thereof.

1.17 "Causes of Action" means any action, proceeding, agreement, claim, cause of action, controversy, demand, right, action, Lien, indemnity, guaranty, suit, obligation, liability, damage, judgment, account, defense, offset, power, privilege, license and franchise of any kind or character whatsoever, known, unknown, contingent or non-contingent, matured or unmatured, suspected or unsuspected, liquidated or unliquidated, disputed or undisputed, secured or unsecured, assertable directly or derivatively, whether arising before, on, or after the Petition Date, in contract or in tort, in law or in equity or pursuant to any other theory of law. Causes of Action also includes: (a) any right of setoff, counterclaim or recoupment and any claim on contracts or for breaches of duties imposed by law or in equity; (b) the right to object to Claims or Interests;

(c) any claim pursuant to section 362 or chapter 5 of the Bankruptcy Code; (d) any claim or defense including fraud, mistake, duress and usury and any other defenses set forth in section 558 of the Bankruptcy Code; (e) any state law fraudulent transfer claim; and (f) any claim listed in the Plan Supplement.

1.18 "Chapter 11 Case" means the chapter 11 case of the Debtor.

1.19 "Claim" shall have the meaning set forth in section 101(5) of the Bankruptcy Code.

1.20 "Claims Objection Deadline" means the first Business Day following the later of (i) 180 days following the Effective Date and (ii) such other date as may be established by an order of the Bankruptcy Court.

1.21 "Class" means one of the classes of Claims or Interests listed in Article III below.

1.22 "Class 1: Wells Term Loan Secured Claims" mean any Claims against the Debtor arising under, in connection with, or related to the Wells Term Loan Agreement by and among the Debtor and the Wells Term Loan Agent.

1.23 "Class 2: Wells Revolver Secured Claims" mean any Claims against the Debtor arising under, in connection with, or related to Wells Revolving Loan Agreement by and among the Debtor and the Wells Revolving Loan Agent.

1.24 "Class 3: MARAD 6.52% Bond Claims" mean any Claims against the Debtor arising under, in connection with, or related to the MARAD 6.52% Indenture.

1.25 "Class 4: MARAD 7.07% Bond Claims" mean any Claims against the Debtor arising under, in connection with, or related to the MARAD 7.07% Indenture.

1.26 "Class 5: Secured Note Claims" mean any Claims against the Debtor arising under, in connection with, or related to the Secured Note Indenture by and among the Debtor and the Secured Note Indenture Trustee.

1.27 "Class 6: Miscellaneous Secured Claims" mean Secured Claims against the Debtor other than a Prepetition Lender Claim that is secured by either (i) a valid, duly perfected lien as of the Petition Date on property in which the Estate has an interest or (ii) a right of setoff under section 553 of the Bankruptcy Code, to the extent of the value of the Claim holder's interest in the Estate's interest in such property or to the extent of the amount subject to setoff, as applicable, as determined pursuant to section 506(a) of the Bankruptcy Code or, in the case of setoff, pursuant to section 553 of the Bankruptcy Code.

1.28 "Class 7: Other Priority Claims" mean Claims against the Debtor entitled to priority under section 507(a) of the Bankruptcy Code other than a DIP Facility Claim, Administrative Claim or Priority Tax Claim.

1.29 "Class 8: General Unsecured Claims" means a Claim against the Debtor arising prior to the Petition Date that is neither a Secured Claim nor entitled to priority under section 507 of the Bankruptcy Code or ay order of the Bankruptcy Court, including the Noteholder Deficiency Claim.

1.30 "Class 9: Old Common Interests" mean the common stock of the Debtor issued and outstanding immediately prior to the Petition Date, and all options, warrants, calls, rights, puts, awards, commitments, or any other agreements of any character to acquire such stock.

1.31 "Collateral" means any property or interest in property of the Estate subject to a lien or security interest to secure the payment or performance of a Claim, which lien or security interest is not subject to avoidance under the Bankruptcy Code or otherwise invalid under the Bankruptcy Code or applicable law.

1.32 "Committee" means the official statutory committee of unsecured creditors appointed in the Chapter 11 Case, as such committee may be reconstituted from time to time.

1.33 "Confirmation Date" means the date of entry of the Confirmation Order on the docket of the Bankruptcy Court.

1.34 "Confirmation Hearing" means the hearing conducted by the Bankruptcy Court pursuant to section 1128(a) of the Bankruptcy Code to consider confirmation of the Plan, as such hearing may be adjourned or continued from time to time.

1.35 "Confirmation Order" means the order of the Bankruptcy Court confirming the Plan pursuant to section 1129 of the Bankruptcy Code, which order shall be proposed in form and substance acceptable to each of the Majority Secured Noteholders and the DIP Lenders.

1.36 "Consummation" means the occurrence of the Effective Date.

1.37 "Corporate Governance Documents" means the certificate of incorporation and bylaws of the Debtor and the Reorganized Debtor.

1.38 "Cure Payment" means the payment of Cash or the distribution of other property by the Debtor (as the parties may agree or the Bankruptcy Court may order), as is necessary for the Debtor to cure monetary defaults under an executory contract or unexpired lease so as to permit the Debtor to assume that contract or lease under section 365(a) of the Bankruptcy Code.

1.39 "Cure Reserve" means the reserve of Cash in the amount of $700,000 established and maintained by the Debtor or Reorganized Debtor, as the case may be, to make Cure Payments.

1.40 "Debtor" means Trailer Bridge, Inc., in its capacity as debtor and debtor in possession under sections 1107 and 1108 of the Bankruptcy Code and, as to acts or rights on or after the Effective Date or when the context otherwise so requires, the post-confirmation entity reorganized hereunder.

1.41 "DIP Budget" means that budget prepared in accordance with the DIP Facility Agreement, as amended, supplemented or modified from time to time; provided that such budget shall not be amended, supplemented or modified without five days prior notice to the Committee.

1.42 "DIP Facility" means the postpetition debtor in possession credit facility provided to the Debtor during the Chapter 11 Case pursuant to the DIP Facility Agreement.

1.43 "DIP Facility Agreement" means (i) that certain debtor in possession senior secured priming credit facility by and between the Debtor, Law Debenture Trust Company Of New York, as Agent and certain lenders signatory thereto, dated as of November 21, 2011, in the amount of up to Fifteen Million Dollars ($15,000,000) and (ii) such other loan or credit agreements, security agreements, pledge agreements, guarantees, or similar agreements or instruments executed and delivered by the Debtor relating to or executed and delivered pursuant to such agreement, and all Uniform Commercial Code financing statements required thereby that were filed, or other filings and/or registrations that were made or obtained, as the case may be, with respect to the security interests in personal property, real property and fixtures created pursuant to any of the foregoing agreements, as amended by the parties thereto and approved by the Bankruptcy Court.

1.44 "DIP Facility Claim" means a Claim against the Debtor arising under, in connection with, or related to the DIP Facility.

1.45 "DIP Lender" means any lender under the DIP Facility Agreement.

1.46 "Disallowed Claim" means any Claim against the Debtor that has been disallowed, in whole or in part, by Final Order or written agreement between the Debtor and the holder of such Claim, to the extent of such disallowance.

1.47 "Disbursing Agent" means the Reorganized Debtor or any party designated by the Reorganized Debtor, in its sole discretion, to serve as disbursing agent under the Plan.

1.48 "Disclosure Statement" means the written disclosure statement that relates to the Plan, as amended, supplemented or modified from time to time, is prepared and distributed in accordance with section 1125 of the Bankruptcy Code and Bankruptcy Rule 3018, and is in form and substance acceptable to each of the Majority Secured Noteholders and the DIP Lenders.

1.49 "Disputed Claim" means any Claim or any portion of a Claim against the Debtor that is not an Allowed Claim or a Disallowed Claim; *provided* that in no event shall the Class 5: Secured Note Claims or any other Claim arising under, in connection with, or relating to the Secured Note Indenture and the Secured Notes be Disputed Claims for any purpose hereunder.

1.50 "Distribution Date" means any date occurring after the Effective Date on which the Disbursing Agent makes a distribution to the holders of Allowed Claims as provided in Article V of the Plan.

1.51 "Distribution Record Date" means the Confirmation Date.

1.52 "DTC" means the Depository Trust Company.

1.53 "Effective Date" means a date selected by the Debtor, with the consent of each of the Majority Secured Noteholders and the DIP Lenders, which date shall be on or after the first Business Day on which all the conditions to the consummation of the Plan set forth in Article IX have been satisfied or waived.

1.54 "Election Notice" means that certain notice that may be sent to each holder of an Allowed Class 9: Old Common Interest, notifying such holders of Allowed Class 9: Old Common Interests that they will receive a distribution pursuant to the terms of the Plan.

1.55 "Estate" means the estate of the Debtor in the Chapter 11 Case, as created under section 541 of the Bankruptcy Code.

1.56 "Equity Consideration" means the consideration described in Article III.E.8(b) of this Plan.

1.57 "Exit Credit Facility Agreement" means one or more financing agreements to be executed by the Reorganized Debtor and the Exit Lenders on terms and conditions agreed to with such lenders, including in either instance any agreements, amendments, modifications or supplements or documents related thereto, the final form of which shall be acceptable to the Debtor, each of the Majority Secured Noteholders, the DIP Lenders and the Exit Lenders and the material terms of which shall be included in the Plan Supplement.

1.58 "Exit Facility" means the exit financing provided to the Reorganized Debtor on the Effective Date pursuant to the Exit Credit Facility Agreement.

1.59 "Exit Lender" means each lender that is a party to the Exit Credit Facility Agreement.

1.60 "Fee Claim" means a Claim against the Debtor for compensation or reimbursement of costs and expenses relating to services provided after the Petition Date and prior to and including the Effective Date.

1.61 "Fee Reserve" means the reserve of Cash established and maintained by the Debtor or the Reorganized Debtor, as the case may be, to pay Allowed Fee Claims.

1.62 "Final Order" means an order or judgment, entered by the Bankruptcy Court or other court of competent jurisdiction, that has not been amended, modified or reversed, and as to which (i) no stay is in effect, (ii) the time to seek rehearing, file a notice of appeal or petition for certiorari has expired and (iii) no appeal, request for a stay, petition seeking certiorari, or other review is pending; *provided, however*, that the possibility that a motion under section 502(j) of the Bankruptcy Code, Rule 59 or 60 of the Federal Rules of Civil Procedure, or any analogous rule (whether federal or state) may be but has not then been filed with respect to such order shall not cause such order not to be a Final Order.

1.63 "General Bar Date" shall mean February 1, 2012 at 5:00 p.m. (Pacific Time).

1.64 "General Unsecured Reserve" means the reserve of Cash established and maintained by the Debtor and the Reorganized Debtor, as the case may be, to pay Allowed Class 8: General Unsecured Claims, excluding the Noteholder Deficiency Claim, the amount of which shall depend on whether the Plan has been accepted or rejected by holders of Class 8: General Unsecured Claims.

1.65 "Governmental Bar Date" means May 14, 2012 at 5:00 p.m. (Pacific Time).

1.66 "Impaired" shall have the meaning set forth in section 1124 of the Bankruptcy Code with respect to a Class of Claims or Interests and each Claim or Interest in such Class.

1.67 "Impaired Class" means a Class that is impaired within the meaning of section 1124 of the Bankruptcy Code.

1.68 "Indemnification Provisions" means each of the indemnification provisions, agreements or obligations in place as of the Petition Date, whether in the bylaws, certificates of incorporation, board resolutions or employment contracts, for the Debtor and the current directors, officers, members (including ex officio members), employees, attorneys, other professionals and agents of the Debtor.

1.69 "Initial Distribution Date" means the first Distribution Date, which Date shall occur no later than 30 days following the Effective Date.

1.70 "Interest" means any legal, equitable, contractual or other right of any Person (including any 401(k) plan or plan participant) in the ownership of the Debtor, whether or not transferable and whether or not reflected in a stock certificate or agreement that is not a Claim, and the legal, equitable, contractual or other rights of any Person to acquire or receive any of the foregoing that is not a Claim.

1.71 "Lien" shall have the meaning ascribed to such term in section 101(37) of the Bankruptcy Code.

1.72 "Litigation Claims" means all Claims, Causes of Action, suits or proceedings, whether in law or in equity, whether known or unknown, that the Debtor or its Estate may hold against any Person, except any Claims or Causes of Action that are released under the Plan or the Confirmation Order.

1.73 "Majority Secured Noteholders" means Seacor Holdings, Inc. and Whippoorwill Associates, Inc.

1.74 "MARAD 6.52% Indenture" means that certain Trust Indenture, dated as of December 4, 1997, as amended, restated, supplemented or otherwise modified as of the date hereof, by and among the Debtor and the MARAD Agent.

1.75 "MARAD 7.07% Indenture" means that certain Trust Indenture, dated as of June 23, 1997, as amended, restated, supplemented or otherwise modified as of the date hereof, by and among the Debtor and the MARAD Agent.

1.76 "MARAD Agent" means U.S. Bank National Association, in its capacity as successor indenture trustee under the MARAD Indentures.

1.77 "MARAD Collateral" means the property securing the obligations owed by the Debtor to the MARAD Agent under the MARAD Indentures.

1.78 "MARAD Indentures" means the MARAD 7.07% Indenture together with the MARAD 6.25% Indenture.

1.79 "Miscellaneous Secured Reserve" means the reserve of Cash in the amount of $1.3 million established and maintained by the Debtor or the Reorganized Debtor, as the case may be, to pay Allowed Miscellaneous Secured Claims.

1.80 "New Common Stock" means 120,000 authorized common shares in the capital of the Reorganized Debtor, authorized pursuant to the Plan, of which: (a) 48,950 shares of New Common Stock will be initially issued to the holders of Allowed Noteholder Deficiency Claims, (b) up to 4,841 shares of New Common Stock (as part of units of Equity Consideration) may be issued to the holders of Allowed Class 8: General Unsecured Claims, other than the holders of Allowed Noteholder Deficiency Claims, and/or Allowed Old Common Interest, (c) up to 21,070 shares of New Common Stock will be initially reserved for issuance upon the exercise of the Tranche 1 Warrants and the Tranche 2 Warrants and (d) up to 2,831 shares may be authorized for issuance by the New Board under the New Management Incentive Plan. For the avoidance of doubt, the actual number of shares issued as of the Effective Date (the "Initial Shares") may be diluted by any shares subsequently issued under the New Management Incentive Plan or upon exercise of the New Warrants (as set forth in greater detail below).[2]

1.81 "New Class 5 Secured Note" means that certain promissory note in the principal amount of $65 million to be issued by the Reorganized Debtor pursuant to the New Secured Note Indenture and secured by a second priority lien on all assets of the Reorganized Debtor other than the MARAD Collateral, and a third priority lien on the MARAD Collateral.

1.82 "New Management Incentive Plan" means that certain equity incentive plan, which may be adopted by the board of directors of the Reorganized Debtor following the Effective Date, the final form of which shall be acceptable to each of the Majority Secured Noteholders and subject to the stockholders agreement discussed in Article VIII of the Plan.

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[2] The share amounts above assume a 2,500:1 reverse split using 12,103,000 as the current number of outstanding shares. The Debtor's management and financial advisors are currently verifying the figure, and will update if necessary.

1.83 "New Secured Note Indenture" means that certain Indenture, to be dated as of the Effective Date, between the Reorganized Debtor, as issuer, and the New Secured Note Indenture Trustee, relating to the New Class 5 Secured Note, the final form of which shall be acceptable to each of the Majority Secured Noteholders.

1.84 "New Secured Note Indenture Trustee" means U.S. Bank National Association.

1.85 "New Warrants" means, collectively, the Tranche 1 Warrants and the Tranche 2 Warrants, substantially in the forms to be included in the Plan Supplement and on terms and conditions acceptable to each of the Majority Secured Noteholders.

1.86 "No Distribution Notice" means that certain notice that may be sent to each holder of an Allowed Class 9: Old Common Interest, notifying such holders of Allowed Class 9: Old Common Interests that they will not receive a recovery pursuant to the terms of the Plan.

1.87 "Noteholder Deficiency Claim" means that portion of the Claims against the Debtor arising under, in connection with, or related to the Secured Note Indenture that exceeds $65 million.

1.88 "Old Common Interests" mean the common stock of the Debtor issued and outstanding immediately prior to the Petition Date, and all options, warrants, calls, rights, puts, awards, commitments, or any other agreements of any character to acquire such stock.

1.89 "Other Priority Claims" means any Claim against the Debtor entitled to priority treatment under section 507 of the Bankruptcy Code, other than a Priority Tax Claim.

1.90 "Person" means an individual, corporation, partnership, joint venture, association, joint stock company, limited liability company, limited liability partnership, trust, estate, unincorporated organization, estate, trust, governmental unit or other entity as defined in section 101(15) of the Bankruptcy Code.

1.91 "Petition Date" means November 16, 2011.

1.92 "Plan" means this plan of reorganization and all exhibits and schedules hereto, as amended, modified or supplemented from time to time with the consent of each of the Majority Secured Noteholders and the DIP Lenders in accordance with the Bankruptcy Code, the Bankruptcy Rules, or the terms hereof, as the case may be.

1.93 "Plan Supplement" means the compilation of documents in substantially final form acceptable to each of the Majority Secured Noteholders, including any exhibits to the Plan not included herewith, that the Debtor shall file with the Bankruptcy Court on or before March 2, 2012 or by such later date as may be established by order of the Bankruptcy Court in one or more Plan Supplements upon the consent of each of the Majority Secured Noteholders.

1.94 "Postpetition Interest" means interest accruing on and after the Petition Date on a Claim.

1.95 "Premium Waiver Election" means the waiver of any right to a Redemption Premium.

1.96 "Prepetition Agents" means, collectively, the Wells Revolving Loan Agent, the Wells Term Loan Agent, the MARAD Agent, and the Secured Note Indenture Trustee.

1.97 "Prepetition Lender Claims" means, collectively, the Claims of the Prepetition Agents against the Debtor arising under, in connection with, or related to the Wells Revolving Loan Agreement, the Wells Term

Loan Agreement, the MARAD Indentures, and the Secured Note Indenture.

1.98 "Principal and Interest" means the aggregate principal amount of a Claim plus accrued and unpaid interest thereon to the Petition Date.

1.99 "Priority Tax Claim" means a Claim against the Debtor that is entitled to priority under section 507(a)(8) of the Bankruptcy Code.

1.100 "Pro Rata" means with reference to any distribution on account of or in exchange for any Claim in any Class, the proportion that the amount of a Claim (numerator) bears to the aggregate amount of all Claims (including Disputed Claims, but excluding Disallowed Claims) (denominator) in such Class.

1.101 "Professional" means any professional employed in the Chapter 11 Case pursuant to section 327 or 1103 of the Bankruptcy Code.

1.102 "Quarterly Distribution Date" means the last Business Day of the month following the end of each calendar quarter after the Effective Date; *provided, however*, that if the Effective Date is within thirty (30) days of the end of a calendar quarter, then the first Quarterly Distribution Date will be the last Business Day of the month following the end of the first calendar quarter after the calendar quarter in which the Effective Date falls.

1.103 "Redemption Premium" means any "pre-payment" premium or "make-whole" payment to which a holder would be entitled in connection with a redemption of the obligations under either (i) the MARAD 6.52% Indenture or (ii) MARAD 7.07% Indenture.

1.104 "Reinstate," "Reinstated" or "Reinstatement" means (i) leaving unaltered the legal, equitable and contractual rights to which a Claim entitles the holder of such Claim so as to leave such Claim unimpaired in accordance with section 1124 of the Bankruptcy Code or (ii) notwithstanding any contractual provision or applicable law that entitles the holder of such Claim to demand or receive accelerated payment of such Claim after the occurrence of a default, (a) curing any such default that occurred before or after the Petition Date, other than a default of a kind specified in section 365(b)(2) of the Bankruptcy Code; (b) reinstating the maturity of such Claim as such maturity existed before such default; (c) compensating the holder of such Claim for any damages incurred as a result of any reasonable reliance by such holder on such contractual provision or such applicable law; and (d) not otherwise altering the legal, equitable or contractual rights to which such Claim entitles the holder of such Claim; *provided, however*, that any contractual right that does not pertain to the payment when due of principal and interest on the obligation on which such Claim is based, including, but not limited to, financial covenant ratios, negative pledge covenants, covenants or restrictions on merger or consolidation, and affirmative covenants regarding corporate existence, prohibiting certain transactions or actions contemplated by the Plan, or conditioning such transactions or actions on certain factors, shall not be required to be reinstated in order to accomplish Reinstatement and shall be deemed cured on the Effective Date.

1.105 "Released Parties" means (i) the directors and officers of the Debtor as of the Petition Date and up to and through the Effective Date, (ii) any of the representatives, agents, employees, professionals, advisors or attorneys of the Debtor and its directors and officers, (iii) the Secured Note Indenture Trustee, (iv) Seacor Holdings, Inc.; (v) Whippoorwill Associates, Inc.; (vi) Edge Asset Management, Inc.; (vii) the DIP Lenders; (viii) any member of the Committee, solely in its capacity as a member of the Committee and not in any other capacity; and (ix) with respect to each of the Persons named in (iii)-(viii), such Person's directors, officers, shareholders, partners, members, employees, agents, Affiliates, parents, subsidiaries, predecessors, successors, heirs, executors and assignees, attorneys, financial advisors, investment bankers, accountants and other professionals, advisors or representatives.

1.106 "Reorganized Debtor" means the Debtor on and after the Effective Date.

1.107 "Reorganized Certificate of Incorporation" means the certificate of incorporation of Reorganized Debtor in effect under the laws of the State of Delaware, substantially in the form annexed hereto as Exhibit A-1, the final form of which shall be acceptable to each of the Majority Secured Noteholders.

1.108 "Reorganized Debtor Bylaws" means the Bylaws of Reorganized Debtor in effect under the laws of the State of Delaware, substantially in the form annexed hereto as Exhibit A-2, the final form of which shall be acceptable to each of the Majority Secured Noteholders.

1.109 "Secured Claim" means a Claim against the Debtor that is secured by a Lien, including, but not limited to, a maritime lien on the deck barges San Juan JAX Bridge, JAX San Juan Bridge, Memphis Bridge, Atlanta Bridge, Brooklyn Bridge, Charlotte Bridge, or Chicago Bridge, which is not subject to avoidance under the Bankruptcy Code or otherwise invalid under the Bankruptcy Code or applicable state law, on property in which the Estate has an interest, or a Claim that a holder may setoff against property of the Debtor pursuant to section 553 of the Bankruptcy Code; to the extent of the value of the holder's interest in the Estate's interest in such property or to the extent of the amount subject to setoff, as applicable; as determined by a Final Order pursuant to section 506(a) of the Bankruptcy Code, or in the case of setoff, pursuant to section 553 of the Bankruptcy Code, or in either case as otherwise agreed upon in writing by the Debtor or the Reorganized Debtor and the holder of such Claim. The amount of any Claim that exceeds the value of the holder's interest in the Estate's interest in property or the amount subject to setoff shall be treated as a Class 8: General Unsecured Claim.

1.110 "Secured Note Collateral" means the property securing the obligations of the Debtor under the Secured Note Indenture and the Secured Note Security Documents.

1.111 "Secured Notes" means those certain 9.25% senior secured notes issued by the Debtor pursuant to the Secured Note Indenture.

1.112 "Secured Note Indenture" means that certain Indenture by and among the Debtor and the Secured Note Indenture Trustee, dated as of December 1, 2004, pursuant to which the Debtor issued the Secured Notes.

1.113 "Secured Note Indenture Trustee" means Deutsche Bank Trust Company Americas, in its capacity as successor trustee under the Secured Note Indenture.

1.114 "Secured Note Security Documents" means, as defined in the Secured Note Indenture, the Security Agreement, the First Preferred Fleet Mortgage, the Real Estate Mortgage, the Assignment of Insurances, and the Assignment of Earnings, each as entered into between the Debtor and the Secured Note Indenture Trustee and Congress Financial Corporation (Florida) as agent, together with any grants or transfers for security executed and delivered by the Debtor or any other obligor creating, or purporting to create, a lien upon collateral in favor of the Secured Note Indenture Trustee for the benefit of the holders of the Secured Notes, in each case as amended, modified, supplemented, renewed, restated or replaced from time to time.

1.115 "Security" shall have the meaning ascribed to it in Section 101(49) of the Bankruptcy Code.

1.116 "Tranche 1 Warrants" means up to, in the aggregate 12,098[3] warrants to be issued under the

[3] The share amounts above assume a 2,500:1 reverse split using 12,103,000 as the current number of outstanding shares. The Debtor's management and financial advisors are currently verifying the figure, and will update if

terms of the Plan, which would enable the holders thereof to acquire, in the aggregate, a number of shares of New Common Stock (subject to dilution on a *pari passu* basis with all other holders of New Common Stock upon the issuance of any shares of stock granted pursuant to the New Management Incentive Plan and upon the exercise of Tranche 2 Warrants) which maximum number assumes no cash payments of $0.15 per share are made pursuant to subsection 9(b) of Article III.E. hereto; such Tranche 1 Warrants would be exercisable over a five-year period, in cash or by means of cashless exercise, at an exercise price implied by a total equity value of the New Common Stock of $41.5 million (such exercise price to be adjusted for certain events).

1.117 "Tranche 2 Warrants" means up to, in the aggregate, 8,972[4] warrants to be issued under the terms of the Plan, which would enable the holders thereof to acquire, in the aggregate, a number of shares of New Common Stock (subject to dilution on a *pari passu* basis with all other holders of New Common Stock upon the issuance of any shares of stock granted pursuant to the New Management Incentive Plan) which maximum number assumes no cash payments of $0.15 per share are made pursuant to subsection 9(b) of Article III.E hereto; such Tranche 2 Warrants would be exercisable over a five-year period, in cash or by means of cashless exercise, at an exercise price implied by a total equity value of the New Common Stock of $92.5 million (such exercise price to be adjusted for certain events).

1.118 "Unimpaired" means, with reference to a Class of Claims or Interest or any Claims or Interests in such Class, a Class, Claim or Interest that is not impaired within the meaning of section 1124 of the Bankruptcy Code.

1.119 "Unsecured Claims Amount" means the aggregate amount of all Allowed Class 8: General Unsecured Claims.

1.120 "Wells Adequate Protection Order" means the Agreed Order Between the Debtor and Wells Fargo Bank, N.A., Regarding Adequate Protection, dated November 18, 2011 [Docket No. 40].

1.121 "Wells Revolver Collateral" means the property securing the Wells Revolving Loan Agreement.

1.122 "Wells Revolving Loan Agent" means Wells Fargo Bank, National Association, in its capacity as agent, under the Wells Revolving Loan Agreement.

1.123 "Wells Revolving Loan Agreement" means that certain Loan and Security Agreement, dated April 23, 2004, as amended, restated, supplemented or otherwise modified as of the date hereof, by and among the Debtor and the Wells Revolving Loan Agent, and the financial institutions party thereto as lenders.

1.124 "Wells Term Loan Agent" means Wells Fargo Bank, National Association, in its capacity as agent, under the Wells Term Loan Agreement.

1.125 "Wells Term Loan Agreement" means that certain Term Loan and Security Agreement, dated June 14, 2007, as amended, restated, supplemented or otherwise modified as of the date hereof, by and among the Debtor and the Wells Term Loan Agent, and the financial institutions party thereto as lenders.

1.126 "Wells Term Loan Collateral" means the property securing the Wells Term Loan Agreement.

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necessary.

[4] The share amounts above assume a 2,500:1 reverse split using 12,103,000 as the current number of outstanding shares. The Debtor's management and financial advisors are currently verifying the figure, and will update if necessary.

C. Rules of Interpretation

In the Plan (a) any reference to a contract, instrument, release, indenture or other agreement or document as being in a particular form or on particular terms and conditions means that such document shall be substantially in such form or on such terms and conditions, (b) any reference to an existing document or exhibit filed or to be filed means such document or exhibit as it may have been or may be amended, modified or supplemented, (c) unless otherwise specified, all references to Sections, Articles, Schedules and Exhibits are references to Sections, Articles, Schedules and Exhibits of or to the Plan, (d) the words "herein" and "hereto" refer to the Plan in its entirety rather than to a particular portion of the Plan, (e) captions and headings to Articles and Sections are for convenience of reference only and are not intended to be a part of or to affect the interpretation of the Plan, and (f) the rules of construction in section 102 of the Bankruptcy Code and in the Bankruptcy Rules shall apply.

The Plan is the product of extensive discussions between and among, *inter alia*, the Debtor, each of the Majority Secured Noteholders, and the DIP Lenders. Each of the foregoing was or had the opportunity to be represented by counsel and either (a) participated in the formulation and documentation of or (b) was afforded the opportunity to review and provide comments on the Plan, the Disclosure Statement, and the documents ancillary thereto. Accordingly, the general rule of contract construction known as "*contra preferentem*" shall not apply to the construction or interpretation of any provision of this Plan, the Disclosure Statement, or any contract, instrument, release, exhibit, or other agreement or document generated in connection herewith.

D. Computation of Time

In computing any period of time prescribed or allowed by the Plan, the provisions of Bankruptcy Rule 9006(a) shall apply.

E. Exhibits

All exhibits (as amended from time to time following their initial filing with the Bankruptcy Court with the consent of each of the Majority Secured Noteholders) are incorporated into and are a part of the Plan as if set forth in full herein, and, to the extent not attached hereto, such exhibits shall be filed with the Bankruptcy Court as part of the Plan Supplement. To the extent any exhibit contradicts the non-exhibit portion of the Plan, unless otherwise ordered by the Bankruptcy Court the non-exhibit portion of the Plan shall control.

ARTICLE II
TREATMENT OF UNCLASSIFIED CLAIMS

In accordance with section 1123(a)(1) of the Bankruptcy Code, DIP Facility Claims, Administrative Claims and Priority Tax Claims are not classified and holders of such Claims are not entitled to vote on the Plan.

A. DIP Facility Claims

On the Effective Date or on another date as expressly agreed to by the DIP Lenders, the DIP Lenders shall receive, in full satisfaction, settlement, release and discharge of and in exchange for their Allowed DIP Facility Claim: (i) Cash equal to the full amount of the DIP Lender's share of the Allowed DIP Facility Claim; or (ii) such other treatment as to which the Debtor and the DIP Lenders agree upon in writing, and all commitments under the DIP Facility Agreement shall terminate, except for the payment of the DIP Lenders' fees as provided in Article XII below.

B. Administrative Claims

Each holder of an Allowed Administrative Claim shall receive, in full satisfaction, settlement, release and discharge of and in exchange for its Administrative Claim, on the later of (i) the Initial Distribution Date, (ii) the next Distribution Date following an order allowing the Administrative Claim, or such other time as set forth in such order, (iii) the date on which its Administrative Claim becomes payable under any agreement with the Debtor relating thereto, (iv) in respect of liabilities incurred in the ordinary course of business, the date upon which such liabilities are payable in the ordinary course of the Debtor's business, consistent with past practice or (v) such other date as may be agreed upon between the holder of such Allowed Administrative Claim, the Debtor or the Reorganized Debtor, as the case may be, and each of the Majority Secured Noteholders, Cash equal to the unpaid portion of its Allowed Administrative Claim.

C. Priority Tax Claims

Provided that a Priority Tax Claim has not been paid prior to the Effective Date, on, or as soon as reasonably practicable after, the Distribution Date immediately following the date a Priority Tax Claim becomes an Allowed Priority Tax Claim, but in no event later than the date that is five (5) years after the Petition Date, a holder of an Allowed Priority Tax Claim shall receive, in full satisfaction, settlement, release and discharge of and in exchange for such Allowed Priority Tax Claim, (i) Cash in an amount equal to the aggregate principal amount of the unpaid portion of such Allowed Priority Tax Claim, plus interest on the unpaid portion of such Allowed Priority Tax Claim from the Effective Date through the date of payment at the rate of interest determined under applicable nonbankruptcy law as of the calendar month in which confirmation occurs, or (ii) such other treatment as to which such holder and the Debtor shall have agreed upon in writing and as to which each of the Majority Secured Noteholders consent.

ARTICLE III
CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS

A. Introduction

The Plan places all Claims and Interests, except unclassified claims provided for in Article II, in the Classes listed below. A Claim or Interest is placed in a particular Class only to the extent that it falls within the description of that Class, and is classified in other Classes to the extent that any portion thereof falls within the description of other Classes.

B. Summary of Classified Claims and Interests

Class	***Impaired/Unimpaired; Entitlement to Vote***
Class 1: Wells Term Loan Secured Claims	Unimpaired: Conclusively presumed to have accepted the Plan and, therefore, not entitled to vote.
Class 2: Wells Revolver Loan Secured Claims	Unimpaired: Conclusively presumed to have accepted the Plan and, therefore, not entitled to vote.
Class 3: MARAD 6.52% Bond Claims	Impaired: Entitled to vote to accept or reject the Plan.
Class 4: MARAD 7.07% Bond Claims	Impaired: Entitled to vote to accept or reject the Plan

Class 5: Secured Note Claims	Impaired: Entitled to vote to accept or reject the Plan
Class 6: Miscellaneous Secured Claims	Unimpaired: Conclusively presumed to have accepted the Plan and, therefore, not entitled to vote.
Class 7: Other Priority Claims	Unimpaired: Conclusively presumed to have accepted the Plan and, therefore, not entitled to vote.
Class 8: General Unsecured Claims	Impaired: Entitled to vote to accept or reject the Plan.
Class 9: Old Common Interests	Impaired: Conclusively presumed to have rejected the Plan and, therefore, not entitled to vote.

C. Acceptance by Impaired Class

All Classes of Claims are Impaired, except Class 1: Wells Term Loan Secured Claims, Class 2: Wells Revolver Loan Secured Claims, Class 6: Miscellaneous Secured Claims and Class 7: Other Priority Claims. Any one of the Impaired Classes of Claims shall have accepted the Plan if (i) the holders of at least two-thirds in amount of the Allowed Claims actually voting in such Impaired Class have voted to accept the Plan and (ii) the holders of more than one-half in number of the Allowed Claims actually voting in such Class have voted to accept the Plan, in each case not counting the vote of any insider or any holder whose vote is designated under section 1126(e) of the Bankruptcy Code.

Class 9: Old Common Interests is Impaired under the Plan and shall be deemed to have rejected the Plan.

D. Cramdown

To the extent necessary, the Debtor will request confirmation of the Plan, as it may be modified from time to time, under section 1129(b) of the Bankruptcy Code. The Debtor reserves the right to modify the Plan to the extent, if any, that confirmation pursuant to section 1129(b) of the Bankruptcy Code requires modification, in form and substance acceptable to each of the Majority Secured Noteholders and the DIP Lenders.

E. Treatment of Classes

Pursuant to the terms of the Plan, each of the holders of Claims and Interests in Classes 1 through 9 will receive the treatment described below.

1. Class 1: Wells Term Loan Secured Claims

a. *Claims in Class:* Class 1 consists of all Allowed Wells Term Loan Secured Claims.

b. *Treatment:* The legal, equitable and contractual rights of the holder of Wells Term Loan Secured Claims are Unimpaired by the Plan. In full satisfaction, settlement, release, and discharge of, and in exchange for, the Allowed Wells Term Loan Secured Claims, on the Effective Date (or as soon thereafter as is practicable) the holder of any Allowed Wells Term Loan Secured Claims shall receive either (i) Cash in the full amount of such Allowed Wells Term Loan Claims, including any unpaid

postpetition interest accrued pursuant to section 506(b) of the Bankruptcy Code or (ii) such other no more favorable treatment as to which the holder of Wells Term Loan Secured Claims and the Debtor shall have agreed upon in writing and as to which each of the Majority Secured Noteholders consents.

2. Class 2: Wells Revolver Secured Claims

a. *Claims in Class:* Class 2 consists of all Allowed Wells Revolver Secured Claims.

b. *Treatment:* The legal, equitable and contractual rights of the holder of Wells Revolver Secured Claims are Unimpaired by the Plan. In full satisfaction, settlement, release, and discharge of, and in exchange for, the Allowed Wells Revolver Secured Claims, on the Effective Date (or as soon thereafter as is practicable) the holder of any Allowed Wells Revolver Secured Claims shall receive either (i) Cash in the full amount of such Allowed Wells Revolver Secured Claims, including any unpaid postpetition interest accrued pursuant to section 506(b) of the Bankruptcy Code or (ii) such other no more favorable treatment as to which the holder of Wells Term Loan Secured Claims and the Debtor shall have agreed upon in writing and as to which each of the Majority Secured Noteholders consents.

3. Class 3: MARAD 6.52% Bond Claims

a. *Claims in Class:* Class 3 consists of all Allowed MARAD 6.52% Bond Claims.

b. *Treatment:* The legal, equitable and contractual rights of the holders of MARAD 6.52% Bond Claims are Impaired by the Plan. On the Effective Date, at the election of the holders of MARAD 6.52% Bond Claims, either (i) the MARAD 6.52% Indenture shall be Reinstated, except to the extent that such Indenture requires the MARAD Agent to consent to a second priority lien and a third priority lien being placed on the MARAD Collateral, and the MARAD 6.52% Bond Claims shall be paid in accordance with the terms and conditions of the MARAD 6.52% Indenture, or (ii) if the requisite number of holders of MARAD 6.52% Bond Claims exercise their right to make the Premium Waiver Election by checking the applicable box on the Ballot, the MARAD 6.52% Bond Claims shall be paid in full. The form of intercreditor agreement that will govern the second and third priority liens being placed on the MARAD Collateral shall be substantially in the form attached hereto as Exhibit A-3, the final form of which shall be acceptable to each of the Majority Secured Noteholders.

4. Class 4: MARAD 7.07% Bond Claims

a. *Claims in Class:* Class 4 consists of all Allowed MARAD 7.07% Bond Claims.

b. Treatment*:* The legal, equitable and contractual rights of the holders of MARAD 7.07% Bond Claims are Impaired by the Plan. On the Effective Date, at the election of the holders of MARAD 7.07% Bond Claims, either (i) the MARAD 7.07% Indenture shall be Reinstated, except to the extent that such Indenture requires the MARAD Agent to consent to a second priority lien and a third priority lien being placed on the MARAD Collateral, and the MARAD 7.07% Bond Claims shall be paid in accordance with the terms and conditions of the MARAD 7.07 Indenture, or (ii) if the requisite number of holders of MARAD 7.07% Bond Claims exercise their right to make the Premium Waiver Election by checking the applicable box on the Ballot, the MARAD 7.07% Bond Claims shall be paid in full. The form of intercreditor agreement that will govern the second and third priority liens being placed on the MARAD Collateral shall be substantially in the form attached hereto as Exhibit A-3, the final form of which shall be acceptable to each of the Majority Secured Noteholders.

5. Class 5: Secured Note Claims

a. *Claims in Class:* Class 5 consists of all Allowed Class 5: Secured Note Claims.

b. *Treatment:* The legal, equitable, and contractual rights of the holders of the Class 5: Secured Note Claims are Impaired by the Plan. Unless the holder of the Class 5: Secured Note Claim and the Debtor agree to a different treatment, to which each of the Majority Secured Noteholders consents, on the Effective Date, each holder of an Allowed Class 5: Secured Note Claim shall receive that holder's Pro Rata share of the New Class 5 Secured Note. The Allowed Noteholder Deficiency Claim shall receive such treatment as set forth in Class 8: General Unsecured Claims below.

6. Class 6: Miscellaneous Secured Claims

a. *Claims in Class:* Class 6 consists of all Allowed Class 6: Miscellaneous Secured Claims. The Allowed Class 6: Miscellaneous Secured Claims shall be deemed to have been classified into separate subclasses within Class 6 to the extent such claims are secured by different collateral.

b. *Treatment:* The legal, equitable, and contractual rights of the holders of Allowed Class 6: Miscellaneous Secured Claims are Unimpaired by the Plan. Unless the holder of such claim and the Debtor agree to a different treatment, to which each of the Majority Secured Noteholders consents, on the Effective Date, each holder of an Allowed Class 6: Miscellaneous Secured Claim shall receive, in full satisfaction, settlement, release, and discharge of, and in exchange for, such Class 6: Miscellaneous Secured Claim, either (i) Cash from the Miscellaneous Secured Reserve in the full amount of such Allowed Class 6: Miscellaneous Secured Claim, including any postpetition interest accrued pursuant to section 506(b) of the Bankruptcy Code, (ii) the proceeds of the sale or disposition of the collateral securing such Allowed Class 6: Miscellaneous Secured Claim to the extent of the value of the holder's secured interest in such collateral, (iii) the collateral securing such Allowed Class 6: Miscellaneous Secured Claim and any interest on such Allowed Class 6: Miscellaneous Secured Claim required to be paid pursuant to section 506(b) of the Bankruptcy Code, or (iv) such other distribution as necessary to satisfy the requirements of section 1129 of the Bankruptcy Code. If the claim of a holder of such Allowed Class 6: Miscellaneous Secured Claim exceeds the value of the collateral that secures it, such holder will have a Class 6: Miscellaneous Secured Claim equal to the collateral's value and a Class 8: General Unsecured Claim for the deficiency.

7. Class 7: Other Priority Claims

a. *Claims in Class*: Class 7 consists of all Allowed Other Priority Claims.

b. *Treatment:* The legal, equitable and contractual rights of the holders of Other Priority Claims are Unimpaired by the Plan. On the Effective Date, each holder of an Allowed Other Priority Claim shall receive, in full satisfaction, settlement, release and discharge of and in exchange for such Allowed Other Priority Claim, (i) Cash in an amount equal to the aggregate principal amount of the unpaid portion of such Allowed Other Priority Claim, or (ii) such other no more favorable treatment as to which such holder and the Debtor shall have agreed upon in writing and as to which each of the Majority Secured Noteholders consents.

8. Class 8: General Unsecured Claims

a. *Claims in Class*: Class 8 consists of all Allowed Class 8: General Unsecured

Claims.

b. *Treatment:* The legal, equitable and contractual rights of the holders of Class 8: General Unsecured Claims are Impaired by the Plan.

If Class 8: General Unsecured Claims accepts the Plan, on the Effective Date (or as soon thereafter as is practicable), each holder of an Allowed Class 8: General Unsecured Claim, other than the holders of Allowed Noteholder Deficiency Claims, shall receive, in full satisfaction, settlement, release, and discharge of, and in exchange for such Allowed Class 8: General Unsecured Claim, either (i) its Pro Rata share of the General Unsecured Reserve, initially funded in an amount of $3.5 million, or (ii) such other no more favorable treatment as to which such holder and the Debtor shall have agreed upon in writing and as to which each of the Majority Secured Noteholders consents. In the event that Class 8: General Unsecured Claims accepts the Plan, but each holder of an Allowed Class 8: General Unsecured Claim (other than holders of the Allowed Noteholder Deficiency Claims) receives a distribution of less than 85% of its Allowed Claim, then each holder of an Allowed Class 8: General Unsecured Claim, other than the holders of an Allowed Noteholder Deficiency Claim, shall receive, subject to Article V.D hereof (providing that no fractional New Common Stock shares shall be issued or distributed), such holder's Pro Rata share of (x) 4,841 shares of New Common Stock; (y) for each share of New Common Stock so issued, 2.272 Tranche 1 Warrants; and (z) for each share of New Common Stock so issued, 1.685 Tranche 2 Warrants ((x),(y), and (z) of this clause collectively, the "Equity Consideration"); provided that each unit of Equity Consideration shall not be separable, so that the New Common Stock and the New Warrants comprising such units shall not be separately conveyed. Nothing herein will preclude any person or group of persons, including the holders of Class 9: Old Common Interests, from providing the Company with Cash to distribute to holders of Allowed Class 8: General Unsecured Claims, other than the holders of an Allowed Noteholder Deficiency Claim, so that each holder will receive a distribution of 85% or greater on its Allowed Class 8: General Unsecured Claim, thereby enabling holders of the Class 9: Old Common Interests to receive a distribution under the Plan, as set forth in greater detail below.

If Class 8: General Unsecured Claims accepts the Plan, and a particular holder of an Allowed Class 8: General Unsecured Claim votes to accept the Plan, any and all potential Avoidance Actions against such holder shall be waived.

Further, if Class 8: General Unsecured Claims accepts the Plan, each holder of an Allowed Class 8: General Unsecured Claim in an amount less than $10,000 who votes to accept the Plan may elect to receive 75% of such Allowed Claim amount in Cash on the Effective Date or as soon as practicable thereafter in lieu of any other recovery provided for under the Plan, provided that no objection to such Claim is filed on or before the Effective Date. In the event that a holder of an Allowed Class 8: General Unsecured Claim has made such an election, the holder foregoes any potential for a higher recovery on such Allowed Class 8: General Unsecured Claim.

If Class 8: General Unsecured Claims rejects the Plan, on the Effective Date (or as soon thereafter as is practicable) each holder of an Allowed Class 8: General Unsecured Claim, other than the holders of an Allowed Noteholder Deficiency Claim, shall receive, in full satisfaction, settlement, release, and discharge of, and in exchange for, such Allowed Class 8: General Unsecured Claim, either (i) its Pro Rata share of (a) the General Unsecured Reserve, initially funded in an amount of $2 million, and (b) subject to Article V.D hereof (providing that no fractional New Common Stock shares shall be issued or distributed), the Equity Consideration; or (ii) such other no more favorable treatment as to which such holder and the Debtor shall have agreed upon in writing and as to which each of the Majority Secured Noteholders consents.

Regardless of whether the Plan has been accepted or rejected by Class 8: General Unsecured Claims, if the holders of the Allowed Class 8: General Unsecured Claims, other than the holders of an Allowed Noteholder Deficiency Claim, are paid in full, any excess Cash shall be returned to the operating accounts of the Reorganized Debtor.

The holders of the Allowed Noteholder Deficiency Claims shall be deemed to waive their right to participate in any distribution from the General Unsecured Reserve or receive Equity Consideration and instead will receive that holder's Pro Rata share of 48,950 shares of the outstanding shares of New Common Stock, which shall be subject to (i) ratable dilution of up to 5% upon the issuance of any shares of stock granted pursuant to the New Management Incentive Plan and (ii) further dilution upon the exercise of the New Warrants.

9. Class 9: Old Common Interests

a. *Interests in Class*: Class 9 consists of all Allowed Old Common Interests of the Debtor.

b. *Treatment:* The legal, equitable and contractual rights of the holders of Old Common Interests are Impaired under the Plan and will receive no recovery. If Class 8: General Unsecured Claims votes to accept the Plan, and the General Unsecured Reserve (which shall include any Cash contribution permitted in Article III.E.8(b) above, excess Cash from the Miscellaneous Secured Reserve, and excess Cash from the Cure Reserve) is adequate to provide a distribution of at least 85% to holders of Allowed Class 8: General Unsecured Claims, then on the Effective Date, or as soon as practicable thereafter, each holder of an Allowed Class 9: Old Common Interest shall elect to receive in full satisfaction, settlement, release, and discharge of, and in exchange for such Interest and on the terms and conditions set forth more fully in the Plan either: (i) a Cash payment of $0.15 per share; or (ii) subject to Article V.D hereof (providing that no fractional New Common Stock shares shall be issued or distributed) such holder's Pro Rata share of Equity Consideration; provided that each unit of Equity Consideration shall not be separable, so that the New Common Stock and the New Warrants comprising such units shall not be separately conveyed. In the event a holder of an Allowed Class 9: Old Common Interest holds less than 2,500 shares, such holder will receive a Cash payment of $0.15 per share; and provided further, however, that to the extent a holder of an Allowed Class 9: Old Common Interest elects or otherwise receives the cash payment of $0.15 per share referenced above, such holder's Pro Rata share of the Equity Consideration shall not be issued to such holder. For the avoidance of doubt, if Class 8: General Unsecured Claims votes to reject the Plan, the holders of Class 9: Old Common Interests will receive no recovery.

F. Allowed Claims

Notwithstanding any provision herein to the contrary, the Debtor and/or the Reorganized Debtor, shall only make distributions to holders of Allowed Claims. No holder of a Disputed Claim will receive any distribution on account thereof until and to the extent that its Disputed Claim becomes an Allowed Claim. For avoidance of doubt, on the Effective Date, the Class 5: Secured Note Claims and the Noteholder Deficiency Claim shall be deemed Allowed in an amount of at least $86.3 million, which final Allowed amount will be agreed to and included in the Confirmation Order and shall not be subject to any avoidance, reductions, setoff, offset, recoupment, recharacterization, subordination (whether contractual, equitable, or otherwise), counterclaims, cross-claims, defenses, disallowance, impairment, objection, or any other challenges under any applicable law or regulation.

G. Postpetition Interest

In accordance with section 502(b)(2) of the Bankruptcy Code, the amount of all Claims against the Debtor shall be calculated as of the Petition Date. Except as otherwise explicitly provided herein, in an order of the Bankruptcy Court or in a section of the Bankruptcy Code, no holder of a Claim shall be entitled to or receive Postpetition Interest.

H. Special Provision Regarding Unimpaired Claims

Except as otherwise provided in the Plan, and to the extent permitted by the Bankruptcy Code, nothing shall affect the Debtor's rights and defenses, both legal and equitable, with respect to any Unimpaired Claim (including Claims that are Allowed pursuant to the Plan), including, without limitation, all rights with respect to legal and equitable defenses to setoffs or recoupments against Unimpaired Claims, and the Debtor's failure to object to such Claims in the Chapter 11 Case shall be without prejudice to the Reorganized Debtor's right to contest or defend against such Claims in (i) any appropriate non-bankruptcy forum as if such Chapter 11 Case had not been commenced or (ii) the Bankruptcy Court (such forum to be selected at the Debtor's or the Reorganized Debtor's option).

ARTICLE IV
MEANS FOR IMPLEMENTATION OF THE PLAN

A. Exit Facility

A form of the Exit Facility Credit Agreement, the terms and conditions of which shall be acceptable to each of the Majority Secured Noteholders, the DIP Lenders and the Exit Lenders, shall be contained in the Plan Supplement. The Reorganized Debtor may use the Exit Facility for any purpose permitted by the governing documents, including the funding of obligations under the Plan and satisfaction of ongoing working capital needs. Cash payments to be made on the Effective Date under the Plan shall be funded by Cash on hand and borrowing under the Exit Facility.

Confirmation of the Plan shall constitute approval of the Exit Facility and all transactions contemplated thereby, including any supplementation or additional syndication of the Exit Facility, and all actions to be taken, undertakings to be made and obligations to be incurred by the Reorganized Debtor in connection therewith, including the payment of all fees, indemnities and expenses provided for therein and authorization for the Reorganized Debtor to enter into and execute the Exit Credit Facility Agreement and such other documents as may be required or appropriate. On the Effective Date, the Exit Facility, together with new promissory notes evidencing the obligation of the Reorganized Debtor thereunder, and all other documents, instruments, mortgages, and agreements to be entered into, delivered, or confirmed thereunder, the final forms of which shall be acceptable to each of the Majority Secured Noteholders, the DIP Lenders and the Exit Lenders, shall become effective. The obligations incurred by the Reorganized Debtor pursuant to the Exit Facility and related documents shall be paid as set forth in the Exit Credit Facility Agreement and related documents.

As of the Effective Date, the Exit Credit Facility Agreement shall constitute a legal, valid, binding, and authorized obligation of the Reorganized Debtor, enforceable in accordance with its terms. The financial accommodations to be extended pursuant to the Exit Credit Facility Agreement are being extended, and shall be deemed to have been extended, in good faith, for legitimate business purposes, are reasonable, and the Reorganized Debtor's obligations thereunder shall not be subject to avoidance, recharacterization, or subordination (including equitable subordination) for any purposes whatsoever, and shall not constitute preferential transfers, fraudulent conveyances, or other voidable transfers under the Bankruptcy Code or any other applicable non-bankruptcy law. On the Effective Date, all of the Liens and security interests to be granted in accordance with the Exit Credit Facility Agreement (i) shall be deemed to be approved, (ii) shall be legal, binding, and enforceable Liens on, and security interests in, the Collateral granted thereunder in accordance with the terms of the Exit Credit Facility Agreement, (iii) shall be deemed perfected, subject only to such Liens and security interests as may be permitted under the Exit Credit Facility Agreement, and (iv) shall not be subject to avoidance, recharacterization, or subordination (including equitable subordination) for any purposes whatsoever and shall not constitute preferential transfers, fraudulent conveyances, or other voidable transfers under the Bankruptcy Code or any applicable non-bankruptcy law. The Reorganized Debtor and the Persons granted such Liens and security interests are authorized to make all filings and recordings, and to obtain all governmental approvals and consents necessary to

establish and perfect such liens and security interests under the provisions of the applicable state, federal, or other law (whether domestic or foreign) that would be applicable in the absence of the Plan and the Confirmation Order (it being understood that perfection shall occur automatically by virtue of the entry of the Confirmation Order, and any such filings, recordings, approvals, and consents shall not be required), and will thereafter cooperate to make all other filings and recordings that otherwise would be necessary under applicable law to give notice of such Liens and security interests to third parties. To the extent that any holder of a Claim secured by a Lien (regardless of whether such Lien was properly perfected or whether there is any economic value to such Lien or whether such Claim is a Secured Claim) that has been satisfied or discharged in full pursuant to the Plan, or any agent for such holder, has filed or recorded publicly any Liens and/or security interests to secure such holder's Secured Claim, then as soon as practicable on or after the Effective Date, pursuant to Article IV of the Plan, such holder (or the agent for such holder) shall take any and all steps requested by the Debtor, the Reorganized Debtor or any administrative agent under the Exit Credit Facility Agreement to file or record any necessary documents or take any other necessary steps to cancel and/or extinguish such publicly-filed Liens and/or security interests, and the Reorganized Debtor and any administrative agent under the Exit Credit Facility Agreement are authorized to file or record any necessary documents or take any other necessary steps to cancel and/or extinguish such publicly-filed Liens and/or security interests. In each case all costs and expenses in connection therewith will be paid by the Reorganized Debtor.

Notwithstanding anything to the contrary in the Plan, the Bankruptcy Court's retention of jurisdiction shall not apply to the enforcement of the loan documentation executed in connection with the Exit Credit Facility Agreement or any rights or remedies related thereto.

B. Issuance of New Class 5 Secured Note

As soon as reasonably practicable after the Effective Date, the Reorganized Debtor shall issue the New Class 5 Secured Note to the New Secured Note Indenture Trustee for the benefit of all holders of Allowed Secured Note Claims.

C. Issuance of New Common Stock

On or as soon as reasonably practicable after the Effective Date, the Reorganized Debtor shall issue the New Common Stock. The Reorganized Debtor shall issue 48,950 shares of New Common Stock to the holders of Allowed Noteholder Deficiency Claims, and up to 4,841 shares of New Common Stock (as part of units of Equity Consideration including Tranche 1 Warrants and Tranche 2 Warrants) to the holders of either Allowed Class 8: General Unsecured Claims, other than the holders of Allowed Noteholder Deficiency Claims, or Allowed Old Common Interests. The issuance of the New Common Stock pursuant to distributions under the Plan shall be authorized under section 1145 of the Bankruptcy Code as of the Effective Date without further act or action by any Person, except as may be required by the Corporate Governance Documents of the Reorganized Debtor, or applicable law, regulation, order or rule; and all documents evidencing same shall be executed and delivered as provided for in the Plan or the Plan Supplement. The New Common Stock and Equity Consideration consisting of New Common Stock and New Warrants, will be subject to certain restrictions on transferability as set forth in the stockholders agreement discussed in Article VIII of the Plan, and each unit of Equity Consideration shall trade as a unit together for the full term of the New Warrants.

As soon as it is determined that each holder of an Allowed Class 8: General Unsecured Claim, other than the holders of Allowed Noteholder Deficiency Claims, shall receive a distribution of 85% or greater on its Allowed Class 8: General Unsecured Claim, an Election Notice shall be sent to each holder of Allowed Class 9: Old Common Interests notifying such holder of its right to receive a distribution pursuant to the Plan. The Election Notice will allow each holder of an Allowed Class 9: Old Common Interest to elect, as described in Article III.E.9(b), either: (i) cash payment of $0.15 per share; or (ii) its Pro Rata share of the Equity Consideration. If a

holder of an Allowed Class 9: Old Common Interest holds less than 2,500 shares, such holder will receive a cash payment of $0.15 per share.

As soon as it is determined that each holder of an Allowed Class 8: General Unsecured Claim, other than the holders of Allowed Noteholder Deficiency Claims, shall receive a distribution of less than 85% on its Allowed Class 8: General Unsecured Claims, a No Distribution Notice shall be sent to each holder of an Allowed Class 9: Old Common Interest, notifying such holder that it will not receive a distribution under the Plan and providing notice of the Cash shortfall causing each holder of an Allowed Class 8: General Unsecured Claim, other than the holders of Allowed Noteholder Deficiency Claims, to receive a distribution of less than 85% on its Allowed Class 8: General Unsecured Claim. Holders of Allowed Class 9: Old Common Interests shall have thirty (30) days from the date of the mailing of the No Distribution Notice to notify the Disbursing Agent in writing of their intent to make a Cash contribution to the Company, which Cash contribution will be distributed to holders of Allowed Class 8: General Unsecured Claims, other than holders of an Allowed Noteholder Deficiency Claim, so that such holders shall receive a distribution of 85% or greater on their Allowed Class 8: General Unsecured Claims. Nothing herein will preclude any person or group of persons, whether or not a holder of a Class 9: Old Common Interest, from providing such Cash contribution.

One member of the Committee and its counsel shall be appointed to oversee the distributions to holders of Allowed Class 8: General Unsecured Claims until the later of: (a) the date the Election Notice has been sent; and (b) thirty (30) days after the date of mailing the No Distribution Notice. The Committee shall appoint such Committee member and counsel to oversee distributions and any fees and expenses of the Committee member and its counsel shall be limited to reasonable fees and expenses not to exceed a total of $2,000 per month.

Nothing in the preceding paragraphs shall affect the rights of holders of Allowed Noteholder Deficiency Claims from receiving, on the Effective Date, or as soon as practicable thereafter, that holder's Pro Rata share of 48,950 shares of New Common Stock, as described in Article III.E.8(b) above.

D. Issuance of New Warrants

Subject to the provisions described above in Article IV.C., as soon as reasonably practicable after the Effective Date, the Reorganized Debtor shall issue the New Warrants to the holders of either Allowed Class 8: General Unsecured Claims, other than the holders of an Allowed Noteholder Deficiency Claim, or Allowed Old Common Interests. The New Warrants shall be issued in the form set forth in the Plan Supplement and as part of a unit of Equity Consideration; each unit shall not be separable, so that the New Common Stock and the New Warrants shall not be separately conveyed. Specific terms of the New Warrants will be set forth in the respective forms of warrant agreements, the final forms of which shall be acceptable to each of the Majority Secured Noteholders. The New Warrants' respective strike prices per New Common Stock are subject to increase based on the number of holders of Old Common Interests that elect to or otherwise receive a cash payment of $0.15.

E. New Management Incentive Plan

As soon as reasonably practicable after the Effective Date, the board of directors of the Reorganized Debtor may adopt the New Management Incentive Plan, the final form of which shall be acceptable to each of the Majority Secured Noteholders. Up to 5% of the New Common Stock may be reserved for issuance pursuant to the New Management Incentive Plan. Also, the following amounts of New Warrants shall be authorized and reserved for issuance pursuant to the New Management Incentive Plan (which amounts of New Warrants are in addition to the New Warrants actually issued to either the holders of Allowed Class 9: Old Common Interests or Allowed Class 8: General Unsecured Claims, other than the holders of Allowed Noteholder Deficiency Claims): (a) an amount of additional Tranche 1 Warrants equal to 10% of the Tranche 1 Warrants that are actually issued to either the holders of Allowed Class 9: Old Common Interests or Allowed Class 8: General Unsecured Claims, other than the holders of Allowed Noteholder Deficiency Claims, and (b) an amount of additional Tranche 2 Warrants equal

to 10% of the Tranche 2 Warrants that are actually issued either to holders of Allowed Class 9: Old Common Interests or Allowed General Unsecured Claims, other than the holders of Allowed Noteholder Deficiency Claims.

F. Cancellation of Agreements, Notes and Old Equity Interests

On, or as soon as reasonably practicable after the Effective Date, the Secured Notes, Old Common Interests and any other promissory notes, share certificates, whether for preferred or common stock (including treasury stock), other instruments evidencing any Claims or Interests, including, but not limited to the Secured Note Indenture and the Secured Note Security Documents, and all options, warrants, calls, rights, puts, awards and commitments shall be deemed cancelled and of no further force and effect, without any further act or action under any applicable agreement, law, regulation, order, or rule, and the obligations of the Debtor under the notes, share certificates, and other agreements and instruments governing such Claims and Interests shall be released; *provided, however*, that certain instruments, documents, and credit agreements, including, but not limited to the Secured Note Indenture and the Secured Note Security Documents shall continue in effect solely for the purposes of (i) allowing the agents to make distributions to the beneficial holders and lenders hereunder, (ii) allowing the agents and the Secured Note Indenture Trustee to perform all necessary administrative functions relating thereto, (iii) allowing beneficial holders to receive distributions under the Plan, and (iv) permitting the Secured Note Indenture Trustee to maintain and assert its charging lien for reasonable compensation, disbursements, advances and expenses, including the reasonable compensation, disbursements and expenses of the Secured Note Indenture Trustee's agents and counsel, and the Secured Note Indenture Trustee's predecessor and its counsel, pursuant to Section 7.07 of the Secured Note Indenture, including as against any amounts received pursuant to the Adequate Protection Order. After the Effective Date, except as otherwise set forth herein, the Secured Note Indenture Trustee shall be discharged as trustee under the Secured Note Indenture, the Secured Note Security Documents and any other document in connection with the Secured Notes and shall no longer have any obligations to any party, including but not limited to, the holders of the Secured Notes.

If the record holder of notes, securities, debenture or other evidence of indebtedness is DTC or its nominee or another security depository or custodian thereof, and such notes, securities, debentures or other evidence of indebtedness are represented by a global security held by or on behalf of DTC or such other securities depository or custodian, then the beneficial holders of such notes, securities, debentures, or other evidence of indebtedness shall be deemed to have surrendered their respective note, security, debenture of other evidence of indebtedness upon surrender of such global security by DTC or such other securities depository or custodian thereof.

G. Continued Existence and Vesting of Assets in the Reorganized Debtor

The Debtor shall continue to exist as the Reorganized Debtor after the Effective Date in accordance with the applicable law for the State of Delaware and pursuant to the Reorganized Debtor Certificate of Incorporation and the Reorganized Debtor Bylaws, each of which shall be in form and substance acceptable to each of the Majority Secured Noteholders and shall be contained in the Plan Supplement.

The Reorganized Debtor's Corporate Governance Documents shall include a provision prohibiting the issuance of nonvoting equity securities as required under section 1123(a)(6) of the Bankruptcy Code.

On and after the Effective Date, all property of the Estate, and all Litigation Claims, and any property acquired by the Debtor under or in connection with the Plan, shall vest in the Reorganized Debtor free and clear of all Claims, Interests, Liens, charges, other encumbrances, and interests except as otherwise expressly provided in the Plan. On and after the Effective Date, the Reorganized Debtor may operate its business and may use, acquire and dispose of property and compromise or settle any Claims without supervision of or approval by the Bankruptcy Court and free and clear of any restrictions of the Bankruptcy Code or Bankruptcy Rules other than restrictions expressly imposed by the Plan or the Confirmation Order. Without limiting the foregoing, the Reorganized Debtor

may pay charges that it incurs on and after the Effective Date for professionals' fees, disbursements, expenses or related support services without application to the Bankruptcy Court.

H. Directors and Officers

The board of directors of the Reorganized Debtor ("Board") shall be initially comprised of seven (7) members, consisting of: (i) three (3) members appointed by Seacor Holdings, Inc.; (ii) one (1) member appointed by Whippoorwill Associates, Inc., (iii) one (1) member appointed by Edge Asset Management, Inc.; (iv) one (1) independent member initially chosen by the Debtor and reasonably acceptable to the Majority Secured Noteholders; and (v) the Reorganized Debtor's Chief Executive Officer. The identity of each member of the Board shall be announced at or before the Confirmation Hearing.

The Corporate Governance Documents of the Reorganized Debtor shall contain substantially the same Indemnification Provisions in favor of the Board as are contained in the Corporate Governance Documents of the Debtor as of the Petition Date.

I. Preservation of Rights of Action; Settlement of Litigation Claims

Except as otherwise provided in the Plan, the Confirmation Order or in any document, instrument, release or other agreement entered into in connection with the Plan, in accordance with section 1123(b) of the Bankruptcy Code, all of the Debtor's Litigation Claims shall vest in the Reorganized Debtor, and the Reorganized Debtor may enforce, sue on, settle or compromise (or decline to do any of the foregoing) any or all of such Litigation Claims with the consent of each of the Majority Secured Noteholders. The failure of the Debtor to specifically list any claim, right of action, suit or proceeding herein or in the Plan Supplement does not, and will not be deemed to, constitute a waiver or release by the Debtor of such claim, right of action, suit or proceeding, and the Reorganized Debtor will retain the right to pursue additional claims, rights of action, suits or proceedings. In addition, at any time after the Petition Date and before the Effective Date, notwithstanding anything in the Plan to the contrary, the Debtor may settle some or all of the Litigation Claims with the approval of the Bankruptcy Court pursuant to Bankruptcy Rule 9019 and the consent of each of the Majority Secured Noteholders. Notwithstanding the above, the Debtor and the Reorganized Debtor waive their right to pursue any and all potential Avoidance Actions against vendors who receive payments under the Order Authorizing Payment of Prepetition Claims of Certain Critical Vendors and Service Providers [Dkt. No. 143].

J. Establishment of Reserves

1. Fee Reserve

Under the Plan, the Debtor or the Reorganized Debtor will create and fund the Fee Reserve on the Effective Date (or as soon thereafter as is practicable) in the amount: (a) set forth in the DIP Budget but unpaid through the Effective Date, or in good faith estimated by the Majority Secured Noteholders as unpaid through the Effective Date, and (b) earned but unpaid through the Effective Date by Global Hunter Securities, LLC on account of its restructuring fee; which amount will be used to pay Allowed Fee Claims held by (i) any Professionals working on behalf of the Debtor, (ii) counsel and any advisors to the Committee, (iii) counsel to the Majority Secured Noteholders; (iv) counsel to the DIP Lenders; and (v) the Secured Note Indenture Trustee and its counsel. The Reorganized Debtor will be obligated to pay all such Allowed Fee Claims designated to be paid from the proceeds of the Fee Reserve in excess of the amounts actually deposited in the Fee Reserve. In the event that any Cash remains in the Fee Reserve after payment of all such Allowed Fee Claims, such Cash will be returned to the operating accounts of the Reorganized Debtor.

2. Miscellaneous Secured Reserve

Under the Plan, the Debtor or the Reorganized Debtor will create and fund the Miscellaneous Secured Reserve on the Effective Date (or as soon thereafter as is practicable) in the amount of $1.3 million, which amount will be used to pay Allowed Miscellaneous Secured Claims. In the event that any Cash remains in the Miscellaneous Secured Reserve after payment of all Allowed Miscellaneous Secured Claims, such Cash shall be deposited into the General Unsecured Reserve.

3. Cure Reserve

Under the Plan, the Debtor or the Reorganized Debtor will create and fund the Cure Reserve on the Effective Date (or as soon thereafter as is practicable) in the amount of $700,000, which amount will be used to make all Cure Payments with respect to any executory contract or unexpired lease to be assumed under the Plan, as set forth below in Article VII. In the event that any Cash remains in the Cure Reserve after payment of all Cure Payments, such Cash shall be deposited into the General Unsecured Reserve.

4. General Unsecured Reserve

Under the Plan, the Debtor or the Reorganized Debtor will create and fund the General Unsecured Reserve on the Effective Date (or as soon thereafter as is practicable) in an amount determined by whether the Plan has been accepted or rejected by Class 8: General Unsecured Claims, which amount will be used to pay Allowed Class 8: General Unsecured Claims. Any excess Cash remaining in the Miscellaneous Secured Reserve or Cure Reserve shall be deposited into the General Unsecured Reserve. In the event that any Cash remains in the General Unsecured Reserve after payment of all Allowed Class 8: General Unsecured Claims, such Cash shall be returned to the operating accounts of the Reorganized Debtor.

K. Effectuating Documents; Further Transactions

The chairman of the board of directors, president, chief executive officer, chief financial officer or any other appropriate officer of the Debtor or the Reorganized Debtor shall be authorized to execute, deliver, file or record such contracts, instruments, releases, indentures and other agreements or documents, and take such actions, as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan. The secretary or assistant secretary of the Debtor or the Reorganized Debtor shall be authorized to certify or attest to any of the foregoing actions.

L. Exemption from Certain Transfer Taxes

Pursuant to section 1146(a) of the Bankruptcy Code, the issuance, transfer or exchange of debt and equity securities under the Plan, the making or delivery of any mortgage, deed of trust, or other instrument of transfer under, in furtherance of, or in connection with the Plan shall be exempt from all taxes (including, without limitation, stamp tax or similar taxes) to the fullest extent permitted by section 1146(a) of the Bankruptcy Code, and the appropriate state or local governmental officials or agents shall not collect 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.

M. Release of Liens

Except as otherwise expressly provided herein, the Confirmation Order or in any document, instrument or other agreement created in connection with the Plan, on the Effective Date, all mortgages, deeds of trust, Liens or, other security interests against the property of the Debtor or the Estate automatically shall be released, and the holders of such mortgages, deeds of trust, liens, or other security interests shall execute such documents as may be

necessary or desirable to reflect or effectuate such releases. The Reorganized Debtor is authorized to file or record any necessary documents or take any other necessary steps to cancel and/or extinguish such publicly filed Liens and/or security interests. In each case, all costs and expenses in connection therewith will be paid by the Reorganized Debtor.

ARTICLE V
PROVISIONS GOVERNING DISTRIBUTIONS

A. Distributions for Claims and Interests Allowed as of the Effective Date

Except as otherwise provided in the Plan, on the Effective Date or as soon as reasonably practicable thereafter (or if a Claim or Interest is not an Allowed Claim or Interest on the Effective Date, on the date that such a Claim or Interest becomes an Allowed Claim or Interest, on the next Distribution Date or as soon as reasonably practicable thereafter), each holder of an Allowed Claim or Interest against the Debtor shall receive the full amount of the distributions that the Plan provides for Allowed Claims or Interests in the applicable Class and in the manner provided herein. In the event that any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day, but shall be deemed to have been completed as of the required date. If and to the extent that there are Disputed Claims, distributions on account of any such Disputed Claims shall be made pursuant to the provisions set forth in Article VI hereof. Except as otherwise provided herein, holders of Claims shall not be entitled to interest, dividends or accruals on the distributions provided for herein, regardless of whether such distributions are delivered on or at any time after the Effective Date.

B. Disbursing Agent(s)

The Disbursing Agent(s) shall make all distributions required under the Plan (subject to the provisions of Articles II, III and IV hereof); *provided, however*, that with respect to a holder of a Claim or Interest whose distribution is governed by an agent or other agreement which is administered by an indenture trustee, agent or servicer, such distributions shall be deposited with the appropriate agent or servicer, who shall then deliver such distributions to the holders of Claims or Interests in accordance with the provisions of the Plan and the terms of the relevant indenture or other governing agreement; *provided further, however* that distributions to the Disbursing Agent (other than the Debtor or the Reorganized Debtor) under the Plan will be deemed payment in full, regardless of whether such agent (other than the Debtor or the Reorganized Debtor) ultimately distributes such distribution to the appropriate Claim or Interest holder; *provided further*, that unless the Debtor is otherwise informed in writing by the Secured Note Indenture Trustee, the distributions made to holders of the Secured Notes in Class 5 and Class 8 shall not be made to the Secured Note Indenture Trustee for distribution to the beneficial holders of the Secured Notes, although the Secured Note Indenture Trustee shall distribute on the Effective Date, or as soon as reasonably practical thereafter, Pro Rata to the beneficial holders of the Secured Notes, any monies in its possession payable to the holders of the Secured Notes that were paid to the Secured Note Indenture Trustee as adequate protection payments in respect of holders of the Secured Notes pursuant to the Adequate Protection Order, subject to the assertion of the Secured Note Indenture Trustee's charging lien, as set forth in Section IV.F of the Plan.

Disbursing Agent(s) other than the Debtor, including any agent or servicer or indenture trustee, shall receive, without further Bankruptcy Court approval, reasonable compensation for distribution services rendered pursuant to the Plan and reimbursement of reasonable out-of-pocket expenses incurred in connection with such services from the Reorganized Debtor on terms acceptable to the Reorganized Debtor. No Disbursing Agent shall be required to give any bond or surety or other security for the performance of its duties unless otherwise ordered by the Bankruptcy Court. If otherwise so ordered, all costs and expenses of procuring any such bond shall be paid by the Reorganized Debtor.

C. Means of Cash Payment

Cash payments under the Plan will be in U.S. funds, and will be made, at the option, and in the sole discretion, of the Reorganized Debtor, by (i) checks drawn on or (ii) wire transfers from a domestic bank selected by the Reorganized Debtor. Cash payments to foreign creditors may be made, at the option, and in the sole discretion, of the Reorganized Debtor, in such funds and by such means as are necessary or customary in a particular foreign jurisdiction. Cash payments made pursuant to the Plan in the form of checks issued by the Reorganized Debtor will be null and void if not cashed within 120 days of the date of the issuance thereof. Requests for reissuance of any check will be made directly to the Reorganized Debtor.

For purposes of effectuating Distributions under the Plan, any Claim denominated in foreign currency will be converted to U.S. Dollars pursuant to the applicable published exchange rate in effect on the Petition Date.

D. Calculation of Distribution Amounts of New Common Stock

No fractional New Common Stock shares shall be issued or distributed under the Plan or by the Reorganized Debtor, or any Disbursing Agent, agent or servicer. Each Person entitled to receive New Common Stock shares shall receive the total number of whole New Common Stock shares to which such Person is entitled. Whenever any distribution to a particular Person would otherwise call for distribution of a fraction of New Common Stock shares, the Reorganized Debtor, or any Disbursing Agent, agent or servicer, shall aggregate all fractional shares (the "Fractional Pool") and shall thereafter allocate one whole New Common Stock share to Persons who would otherwise be entitled to receive fractional shares in descending order of the fractional portion of their entitlements, starting with the largest such fractional portion, until all whole New Common Stock shares in the Fractional Pool have been allocated. Upon the allocation of a whole New Common Stock share to a Person in respect of the fractional portion of its entitlement, such fractional portion shall be deemed canceled. If two or more Persons are entitled to equal fractional entitlements and the number of Persons so entitled exceeds the number of whole New Common Stock shares which remain to be allocated out of the Fractional Pool, the Reorganized Debtor, or any Disbursing Agent, agent or servicer, after consulting with the Disbursing Agent, shall allocate the remaining whole New Common Stock shares to such holders by random lot or such other impartial method as the Prepetition Agent and Reorganized Debtor, or any Disbursing Agent, agent or servicer deems fair. Upon the allocation of all of the whole New Common Stock shares in the Fractional Pool, all remaining fractional portions of the entitlements shall be canceled and shall be of no further force and effect. No New Common Stock shares will be issued and no other property will be distributed under the Plan or by the Reorganized Debtor, or any Disbursing Agent, agent or servicer on account of entitlements to a fractional New Common Stock share which fall below a threshold level to be entitled to the allocation of a whole New Common Stock share out of the Fractional Pool in respect of fractional entitlements as described above. Accordingly, a Person who otherwise would be entitled to receive a distribution of a fractional New Common Stock share will not receive any such distribution if such Person's fractional entitlement is less than the fractional entitlement that results in a distribution from the Fractional Pool.

E. Application of Distribution Record Date

At the close of business on the Distribution Record Date, the claims registers for all Claims shall be closed, and there shall be no further changes in the record holders of Claims. Except as provided herein, the Reorganized Debtor, the Disbursing Agent, and each of their respective agents, successors, and assigns shall have no obligation to recognize any transfer of Claims occurring after the Distribution Record Date and shall be entitled instead to recognize and deal for all purposes hereunder with only those record holders stated on the claims registers as of the close of business on the Distribution Record Date irrespective of the number of Distributions to be made under the Plan to such Persons or the date of such Distributions.

F. Delivery of Distributions; Undeliverable or Unclaimed Distributions

Distributions to holders of Allowed Claims and Interests shall be made by the Disbursing Agent (i) at each holder's address set forth in the Debtor's books and records, unless such address is superseded by a proof of claim or interest or transfer of claim filed pursuant to Bankruptcy Rule 3001, (ii) at the address in any written notice of address change delivered to the Disbursing Agent, or (iii) in the case of any prepetition indebtedness, at the addresses set forth in the respective agents' system. If any holder's distribution is returned as undeliverable, no further distributions to such holder shall be made, unless and until the Disbursing Agent or the Prepetition Agent is notified of such holder's then current address, at which time all missed distributions shall be made to such holder without interest. Amounts in respect of undeliverable distributions made through the Disbursing Agent shall be returned to the Reorganized Debtor until such distributions are claimed. The Prepetition Agent and/or Disbursing Agent shall deliver any non-deliverable Cash and/or New Common Stock to the Reorganized Debtor no later than ten (10) Business Days following the first anniversary of the Effective Date. All claims for undeliverable distributions must be made within one year after the Effective Date, after which date the claim of any holder or successor to such holder with respect to such property will be discharged and forever barred. In such cases, any Cash for distribution on account of or in exchange for unclaimed or undeliverable distributions shall become property of the Reorganized Debtor free of any restrictions thereon and notwithstanding any federal or state escheat laws to the contrary. Any New Common Stock held for distribution on account of such Claim or Interest shall be canceled and of no further force or effect. Nothing contained in the Plan shall require any Disbursing Agent, including, but not limited to, the Reorganized Debtor, or the Prepetition Agents to attempt to locate any holder of an Allowed Claim or Interest.

G. Withholding and Reporting Requirements

In connection with the Plan and all distributions thereunder, the Reorganized Debtor, the Disbursing Agent and the Prepetition Agents shall comply with all withholding and reporting requirements imposed by any federal, state, local or foreign taxing authority, and all distributions shall be subject to any such withholding and reporting requirements. The Reorganized Debtor shall be authorized to take any and all actions that may be necessary or appropriate to comply with such withholding and reporting requirements. Notwithstanding any other provision of the Plan, (i) each holder of an Allowed Claim or Interest that is to receive a distribution of property, including Cash and/or New Common Stock, pursuant to the Plan shall have sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed by any governmental unit, including income, withholding and other tax obligations, on account of such distribution, and (ii) no distribution shall be made to or on behalf of such holder pursuant to the Plan unless and until such holder has made arrangements satisfactory to the Reorganized Debtor for the payment and satisfaction of such tax obligations or has, to the Reorganized Debtor's, the Prepetition Agents' and the Disbursing Agent's satisfaction, established an exemption therefrom. Any property, including Cash and/or New Common Stock, to be distributed pursuant to the Plan shall, pending the implementation of such arrangements, be treated as undeliverable pursuant to Article V of the Plan.

H. Allocation of Plan Distributions Between Principal and Interest

To the extent that any Allowed Claim entitled to a distribution under the Plan is comprised of principal and accrued but unpaid interest thereon, such distribution shall, for the Debtor's federal income tax purposes, be allocated on the Debtor's books and records to the principal amount of the Claim first and then, to the extent the consideration exceeds the principal amount of the Claim, to accrued but unpaid interest.

I. Setoffs

Except as provided in the Plan, the Debtor may, but shall not be required to, set off or offset against any Claim, and the payments or other distributions to be made pursuant to the Plan in respect of such Claim, claims of any nature whatsoever that the Debtor may have against the Claim's holder; *provided, however,* that neither the

failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by the Debtor of any claim that the Debtor may have against such holder. Nothing herein shall be deemed to expand rights to setoff under applicable law.

J. Fractional Distributions

Notwithstanding any other provision of the Plan to the contrary, no payment of fractional cents will be made pursuant to the Plan. Whenever any payment of a fraction of a cent under the Plan would otherwise be required, the actual Distribution made will reflect a rounding of such fraction to the nearest whole penny (up or down), with half cents or more being rounded up and fractions less than half of a cent being rounded down.

K. De Minimis Distributions

Notwithstanding anything to the contrary contained in the Plan, the Disbursing Agent will not be required to distribute, and will not distribute, Cash or other property to the holder of any Allowed Claim or Interest if the amount of Cash or other property to be distributed on account of such Claim or Interest is less than $100. Any holder of an Allowed Claim or Interest on account of which the amount of Cash or other property to be distributed is less than $100 will have such Claim or Interest discharged and will be forever barred from asserting such Claim or Interest against the Debtor, the Reorganized Debtor, or their respective property. Any Cash or other property not distributed pursuant to this provision will be the property of the Reorganized Debtor, free of any restrictions thereon.

L. Prepayment

Except as otherwise provided in the Plan, any ancillary documents entered into in connection with the Plan, or the Confirmation Order, the Reorganized Debtor will have the right to prepay, without penalty, all or any portion of an Allowed Claim entitled to payment in Cash at any time; *provided, however*, that any such prepayment will not be violative of, or otherwise prejudice, the relative priorities and parities among the Classes of Claims.

M. No Distribution in Excess of Allowed Amounts

Notwithstanding anything to the contrary set forth in the Plan, no holder of an Allowed Claim or Interest will receive in respect of such Claim or Interest any Distribution of a value as of the Effective Date in excess of the Allowed amount of such Claim or Interest (excluding payments on account of interest due and payable from and after the Effective Date pursuant to the Plan, if any).

N. Joint Distributions

The Reorganized Debtor may, in its sole discretion, make Distributions jointly to any holder of a Claim or Interest and any other entity who has asserted, or whom the Debtor has determined to have, an interest in such Claim or Interest. Except as otherwise provided in the Plan or in the Confirmation Order, and notwithstanding the joint nature of any Distribution, all Distributions made by the Debtor will be in exchange for, and in complete satisfaction, settlement, discharge, and release of, all Claims and Interests of any nature whatsoever against the Debtor or any of its assets or properties as set forth in Article V of the Plan.

ARTICLE VI
PROCEDURES FOR RESOLVING DISPUTED, CONTINGENT AND UNLIQUIDATED CLAIMS

A. Resolution of Disputed Claims

Holders of Claims must file proofs of claims on or prior to the applicable Bar Date. No later than the Claims Objection Deadline (unless extended by an order of the Bankruptcy Court), the Debtor or the Reorganized Debtor, as the case may be, shall file objections to Claims that were required to be filed by the applicable Bar Date with the Bankruptcy Court and serve such objections upon the holders of such Claims to which objections are made. Nothing contained herein, however, shall limit the Reorganized Debtor's right to object to Claims, if any, filed or amended after the Claims Objection Deadline.

In addition, the Debtor or the holder of a contingent or unliquidated Claim may, at any time, request that the Bankruptcy Court estimate any contingent or unliquidated Claim pursuant to section 502(c) of the Bankruptcy Code regardless of whether the Debtor has previously objected to such Claim or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court will retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any Claim, including during the pendency of any appeal relating to any such objection. In the event the Bankruptcy Court estimates any contingent or unliquidated Claim, that estimated amount will constitute either the Allowed amount of such Claim or a maximum limitation on such Claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on such Claim, the Debtor may elect to pursue any supplemental proceedings to object to any ultimate payment on such Claim. All of the aforementioned Claims objection, estimation and resolution procedures are cumulative and are not necessarily exclusive of one another. Claims may be estimated and thereafter resolved by any permitted mechanism. Notwithstanding the foregoing, in no event shall any Person request that an Allowed Class 5: Secured Note Claim or the Allowed Noteholder Deficiency Claim be estimated.

Holders of Administrative Claims must file a request for payment on or prior to the Administrative Claims Bar Date. No later than the Administrative Claims Objection Deadline (unless extended by an order of the Bankruptcy Court), the Debtor or the Reorganized Debtor, as the case may be, shall file objections to the Administrative Claims with the Bankruptcy Court and serve such objection upon the holders of such Administrative Claims to which objections are made. Nothing contained herein, however, shall limit the Reorganized Debtor's right to object to Administrative Claims, if any, filed or amended after the Administrative Claims Objection Deadline.

B. No Distribution Pending Allowance

No payments or distributions, if any contemplated by the Plan, will be made with respect to all or any portion of a Disputed Claim or Interest unless and until all objections to such Disputed Claim or Interest have been settled or withdrawn or have been determined by Final Order, and the Disputed Claim, or some portion thereof, has become an Allowed Claim or Interest.

C. Distributions After Allowance

On each Quarterly Distribution Date (or such earlier date as determined by the Reorganized Debtor in its sole discretion but subject to Article VI.B), the Reorganized Debtor will make distributions (a) on account of any Disputed Claim that has become an Allowed Claim during the preceding calendar quarter, and (b) on account of previously Allowed Claims that would have been distributed to the holders of such Claim or Interest on the dates distributions previously were made to holders of Allowed Claims and Interests in such Class had the Disputed Claims or Interests that have become Allowed Claims or Interests been Allowed on such dates. Such distributions will be made pursuant to the applicable provisions of Article V of this Plan. Holders of such Claims and Interests

that are ultimately Allowed will also be entitled to receive, on the basis of the amount ultimately Allowed, the amount of any dividends or other distributions, if any, received on account of the shares of New Common Stock and New Secured Notes between the date such Claim or Interest is Allowed and the date such stock or notes are actually distributed to the holders of such Allowed Claim or Interest.

D. Reservation of Right to Object to Allowance or Asserted Priority of Claims

Nothing herein will waive, prejudice or otherwise affect the rights of the Debtor, the Reorganized Debtor or the holders of any Claim to object at any time, including after the Effective Date, to the allowance or asserted priority of any Claim, except with respect to any Allowed Claim.

ARTICLE VII
TREATMENT OF CONTRACTS AND LEASES

A. Assumed Contracts and Leases

Except as otherwise expressly provided in the Plan or in any contract, instrument, release, indenture or other agreement or document entered into in connection with the Plan, as of the Effective Date the Debtor shall be deemed to have rejected each executory contract and unexpired lease to which the Debtor is a party unless such contract or lease (i) previously was assumed or rejected by the Debtor, (ii) previously expired or terminated pursuant to its own terms, (iii) is the subject of a motion to assume or reject filed on or before the Confirmation Date, or (iv) is specifically designated on the Assumption Schedule as a contract or lease to be assumed. The Confirmation Order shall constitute an order of the Bankruptcy Court under sections 365 and 1123 of the Bankruptcy Code approving the contract and lease assumptions and rejections described above as of the Effective Date. The Debtor reserves the right, at any time prior to the Confirmation Date, with the consent of each of the Majority Secured Noteholders, to seek to reject or assume any executory contract or unexpired lease to which the Debtor is a party. The Debtor further reserves the right on or prior to the Confirmation Date, with the consent of each of the Majority Secured Noteholders, to amend the Assumption Schedule to add any executory contract or unexpired lease thereto or delete any executory contract or unexpired lease therefrom, in which event such executory contract(s) or unexpired lease(s) shall be deemed to be assumed or rejected, respectively. The Debtor shall provide notice of any amendment to the Assumption Schedule to the non-Debtor party to the executory contracts and unexpired leases affected thereby.

Each executory contract and unexpired lease that is assumed and relates to the use, ability to acquire or occupancy of real property shall include (i) all modifications, amendments, supplements, restatements or other agreements made directly or indirectly by any agreement, instrument or other document that in any manner affect such executory contract or unexpired lease and (ii) all executory contracts or unexpired leases appurtenant to the premises, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, powers, uses, usufructs, reciprocal easement agreements, vaults, tunnel or bridge agreements or franchises, and any other interests in real estate or rights in rem related to such premises, unless any of the foregoing agreements has been rejected pursuant to an order of the Bankruptcy Court or is the subject of a motion to reject filed on or before the Confirmation Date.

B. Treatment of Change of Control Provisions

The entry of the Confirmation Order, consummation of the Plan, issuance of the New Class 5 Secured Note, issuance of the New Common Stock and issuance of the New Warrants under the Plan and/or any other acts taken to implement the Plan shall not constitute a "change in control" under any provision of any contract, agreement or other document which provides for the occurrence of any event, the granting of any right, or any other change in the then-existing relationship between the parties upon a "change in control" of the Debtor.

C. Payments Related to Assumption of Contracts and Leases

Any monetary amounts by which any executory contract or unexpired lease to be assumed under the Plan is in default shall be satisfied, under section 365(b)(1) of the Bankruptcy Code, by a Cure Payment made from the Cure Reserve. If there is a dispute regarding (i) the nature or amount of any Cure Payment, (ii) the ability of the Reorganized Debtor to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the contract or lease to be assumed or (iii) any other matter pertaining to assumption, a Cure Payment shall be made following the entry of a Final Order of the Bankruptcy Court resolving the dispute and approving the assumption.

D. Claims Based on Rejection of Executory Contracts or Unexpired Leases

If the rejection by the Debtor, pursuant to the Plan or otherwise, of an executory contract or unexpired lease gives rise to a Claim, a proof of claim must be served upon the Debtor or the Reorganized Debtor, as applicable, and its counsel within thirty (30) days after the later of (i) notice of entry of the Confirmation Order or (ii) other notice that the executory contract or unexpired lease has been rejected. Any Claims not served within such time periods will be forever barred from assertion against the Debtor, the Reorganized Debtor, the Estate and their property.

E. Compensation and Benefit Plans and Treatment of Retirement Plan

Except as otherwise expressly provided in the Plan or in any contract, instrument, release, indenture or other agreement or document entered into in connection with the Plan, all of the Debtor's programs, plans, agreements and arrangements relating to employee compensation and benefits, including programs, plans, agreements and arrangements subject to sections 1114 and 1129(a)(13) of the Bankruptcy Code and including, without limitation, all savings plans, retirement plans, healthcare plans, disability plans, severance plans, incentive plans, life, accidental death and dismemberment insurance plans, and employment, severance, salary continuation and retention agreements entered into before the Petition Date and not since terminated, will be deemed to be, and will be treated as though they are, executory contracts that are assumed under Article VII of the Plan, without the necessity of including any such programs, plans, agreements or arrangements on the Assumption Schedule, and the Debtor's obligations under such programs, plans, agreements and arrangements will survive confirmation of the Plan, except for executory contracts or plans that previously have been rejected, are the subject of a motion to reject or have been specifically waived by the beneficiaries of any plans or contracts. In addition, pursuant to the requirements of section 1129(a)(13) of the Bankruptcy Code, the Plan provides for the continuation of payment by the Debtor of all "retiree benefits," as defined in section 1114(a) of the Bankruptcy Code, if any, at previously established levels.

F. Indemnification of Directors and Officers

The Debtor's indemnification obligations in favor of its officers and directors shall be treated as executory contracts under the Plan and deemed assumed as of the Effective Date, without the necessity of including any such indemnification obligations on the Assumption Schedule. The Debtor's indemnification obligations in favor of its officers and directors contained in the certificate of incorporation and bylaws of the Debtor as of the Petition Date shall be included in the amended and restated certificate of incorporation and bylaws of the Reorganized Debtor.

ARTICLE VIII
SECURITIES TO BE ISSUED
IN CONNECTION WITH THE PLAN

A. New Common Stock and New Warrants

On or as soon as reasonably practicable after the Effective Date, the Reorganized Debtor shall issue for distribution in accordance with the provisions of the Plan the New Common Stock and Equity Consideration required for distribution pursuant to the provisions hereof. All New Common Stock and Equity Consideration to be issued shall be deemed issued as of the Effective Date regardless of the date on which they are actually distributed. All interests issued by the Reorganized Debtor pursuant to the provisions of the Plan shall be deemed to be duly authorized and issued, and fully paid and nonassessable. The terms of the New Common Stock and New Warrants are summarized in the Reorganized Debtor's Corporate Governance Documents to be included in the Plan Supplement. The New Common Stock and Equity Consideration will be subject to certain restrictions on transferability as set forth in the stockholders agreement discussed in Article VIII of the Plan, and each unit of Equity Consideration shall trade as a unit together for the full term of the New Warrants.

B. Exemption from Registration

The issuance by the Reorganized Debtor of (i) the New Class 5 Secured Note, (ii) the New Common Stock, (iii) the New Warrants, and (iv) the New Common Stock upon the exercise of the New Warrants shall be exempt from the registration requirements of the Securities Act and similar state statutes pursuant to section 1145 of the Bankruptcy Code.

C. Registration Rights

The Reorganized Debtor shall be bound by a registration rights agreement with respect to the shares of New Common Stock to be issued by the Reorganized Debtor to the Majority Secured Noteholders and Edge Asset Management, Inc., the form of which shall be provided in the Reorganized Debtor's Corporate Governance Documents to be included in the Plan Supplement. The final form of such registration rights agreement shall be acceptable to each of the Majority Secured Noteholders and Edge Asset Management, Inc.

D. Stockholders Agreement

The Reorganized Debtor shall enter into a stockholders agreement with the Majority Secured Noteholders and Edge Asset Management, Inc., the final form of which shall be acceptable to each of the Majority Secured Noteholders and Edge Asset Management, Inc. and shall be included in the Plan Supplement. Any Person issued New Common Stock by the Reorganized Debtor shall be deemed to be a party to such stockholders agreement irrespective of whether such Person was a signatory to the stockholders agreement.

ARTICLE IX
CONDITIONS PRECEDENT TO EFFECTIVE DATE

A. Conditions to Effective Date

The following are conditions precedent to the occurrence of the Effective Date, each of which must be satisfied or waived (with the consent of each of the Majority Secured Noteholders and the DIP Lenders) in accordance with the Plan:

(1) The Bankruptcy Court shall have entered an order, which shall not be subject to any stay or subject to an unresolved request for revocation under section 1144 of the Bankruptcy Code, approving the Disclosure Statement with respect to the Plan, in a manner acceptable to each of the Majority Secured Noteholders and the DIP Lenders, as containing adequate information within the meaning of section 1125 of the Bankruptcy Code.

(2) The Plan and all Plan Supplement documents, including any amendments, modifications, or supplements thereto, shall be in form and substance acceptable to each of the Majority Secured Noteholders (except that in the event such documents relate to the Exit Facility, such documents must be in form and substance acceptable to each of the Majority Secured Noteholders, the DIP Lenders and the Exit Lenders).

(3) The Confirmation Order, in form and substance acceptable to the Debtor, each of the Majority Secured Noteholders and the DIP Lenders, confirming the Plan (i) shall have been entered, (ii) shall include a finding by the Bankruptcy Court that the New Common Stock to be issued on the Effective Date will be authorized and exempt from registration under applicable securities law pursuant to section 1145 of the Bankruptcy Code, and (iii) must provide, among other things, that:

(a) all provisions, terms and conditions of the Plan are approved;

(b) the provisions of the Confirmation Order are nonseverable and mutually dependent;

(c) all executory contracts or unexpired leases assumed by the Debtor during the Chapter 11 Case or under the Plan shall remain in full force and effect for the benefit of the Reorganized Debtor or its assignee notwithstanding any provision in such contract or lease (including those described in sections 365(b)(2) and (f) of the Bankruptcy Code) that prohibits such assignment or transfer or that enables, permits or requires termination of such contract or lease; and

(d) except as expressly provided in the Plan or the Confirmation Order, the Debtor is discharged effective upon the Confirmation Date, subject to the occurrence of the Effective Date, from any "debt" (as that term is defined in section 101(12) of the Bankruptcy Code), and the Debtor's liability in respect thereof shall be extinguished completely, whether such debt (i) is reduced to judgment or not, liquidated or unliquidated, contingent or noncontingent, asserted or unasserted, fixed or unfixed, matured or unmatured, disputed or undisputed, legal or equitable, or known or unknown, or (ii) arose from (a) any agreement of the Debtor that has either been assumed or rejected in the Chapter 11 Case or pursuant to the Plan, (b) any obligation the Debtor incurred before the Confirmation Date or (c) any conduct of the Debtor prior to the Confirmation Date, or that otherwise arose before the Confirmation Date, including, without limitation, all interest, if any, on any such debts, whether such interest accrued before or after the Petition Date.

(4) The Confirmation Order shall have become a Final Order and shall not be subject to any stay or the subject of an unresolved request for revocation under section 1144 of the Bankruptcy Code.

(5) The Reorganized Debtor shall have entered into the Exit Facility and all conditions precedent to funding under the Exit Facility shall have been satisfied or waived.

(6) All payments and transfers to be made on the Effective Date shall be made or duly provided for, and the Debtor shall have sufficient Cash on such date to make such payments.

(7) All authorizations, consents and regulatory approvals required, if any, in connection with the consummation of the Plan shall have been obtained.

(8) All other actions, documents and agreements necessary to implement the Plan shall be in form and substance acceptable to each of the Majority Secured Noteholders and shall have been effected or executed.

(9) The Effective Date, and all foregoing conditions shall have occurred on or before the 15th day after entry of the Confirmation Order.

B. Waiver of Conditions

Except with respect to the requirements set forth in Article IX.A (1), (3), none of which may be waived, each of the conditions set forth in Article IX.A above may be waived in whole or in part by the Debtor with the consent of each of the Majority Secured Noteholders and the DIP Lenders without any notice to other parties in interest or the Bankruptcy Court and without a hearing. The failure to satisfy or waive any condition to the Effective Date may be asserted by the Debtor regardless of the circumstances giving rise to the failure of such condition to be satisfied. The failure of the Debtor to exercise any of the foregoing rights shall not be deemed a waiver of any other rights, and each such right shall be deemed an ongoing right that may be asserted at any time.

ARTICLE X
MODIFICATIONS AND AMENDMENTS

The Debtor may alter, amend or modify the Plan or any exhibits or schedules hereto under section 1127(a) of the Bankruptcy Code at any time prior to the Confirmation Date; *provided*, *however*, that in the case of a material amendment or modification, the Debtor shall receive the consent of each of the Majority Secured Noteholders and the DIP Lenders. The Debtor reserves the right to include any amended exhibits or schedules in the Plan Supplement. After the Confirmation Date and prior to substantial consummation of the Plan, as defined in section 1101(2) of the Bankruptcy Code, the Debtor may, under section 1127(b) of the Bankruptcy Code, institute proceedings in the Bankruptcy Court to remedy any defect or omission or reconcile any inconsistencies in the Plan, the Disclosure Statement or the Confirmation Order, and to accomplish such matters as may be necessary to carry out the purposes and effects of the Plan so long as such proceedings do not materially adversely affect the treatment of holders of Claims under the Plan; *provided, however,* that prior notice of such proceedings shall be served in accordance with the Bankruptcy Rules or order of the Bankruptcy Court.

ARTICLE XI
RETENTION OF JURISDICTION

Under sections 105(a) and 1142 of the Bankruptcy Code, and notwithstanding the Plan's confirmation and the occurrence of the Effective Date, the Bankruptcy Court shall retain exclusive jurisdiction (except with respect to the matters described under clause (a) below, as to which jurisdiction shall not be exclusive) over all matters arising out of or related to the Chapter 11 Case and the Plan, to the fullest extent permitted by law, including jurisdiction to:

(1) Determine any and all objections to the allowance of Claims;

(2) Determine any and all motions to estimate Claims at any time, regardless of whether the Claim to be estimated is the subject of a pending objection, a pending appeal, or otherwise;

(3) Hear and determine all Fee Claims and other Administrative Claims;

(4) Hear and determine all matters with respect to the assumption or rejection of any executory contract or unexpired lease to which the Debtor is a party or with respect to which the Debtor may be liable, including, if necessary, the nature or amount of any required Cure Payment or the liquidation of any Claims arising therefrom;

(5) Hear and determine any and all adversary proceedings, motions, applications and contested or litigated matters arising out of, under or related to, the Chapter 11 Case;

(6) Enter such orders as may be necessary or appropriate to execute, implement or consummate the provisions of the Plan and all contracts, instruments, releases and other agreements or documents created in connection with the Plan, the Disclosure Statement or the Confirmation Order;

(7) Hear and determine disputes arising in connection with the interpretation, implementation, consummation or enforcement of the Plan, the Confirmation Order, and all contracts, instruments and other agreements executed in connection with the Plan or the Confirmation Order;

(8) Hear and determine any request to modify the Plan or to cure any defect or omission or reconcile any inconsistency in the Plan or any order of the Bankruptcy Court;

(9) Issue and enforce injunctions or other orders, or take any other action that may be necessary or appropriate to restrain any interference (or assure compliance) with the implementation, consummation or enforcement of the Plan or the Confirmation Order;

(10) Enter and implement such orders as may be necessary or appropriate if the Confirmation Order is for any reason reversed, stayed, revoked, modified or vacated;

(11) Hear and determine any matters arising in connection with or relating to the Plan, the Disclosure Statement, the Confirmation Order or any contract, instrument, release or other agreement or document created in connection with the Plan, the Disclosure Statement or the Confirmation Order;

(12) Enforce all orders, judgments, injunctions, releases, exculpations, indemnifications and rulings entered in connection with the Chapter

11 Case;

(13) Recover all assets of the Debtor and property of the Debtor's Estate, wherever located;

(14) Hear and determine matters concerning state, local and federal taxes in accordance with sections 346, 505 and 1146 of the Bankruptcy Code;

(15) Hear and determine all disputes involving the existence, nature or scope of the Debtor's discharge;

(16) Hear and determine such other matters as may be provided in the Confirmation Order or as may be authorized under or not inconsistent with, provisions of the Bankruptcy Code; and

(17) Enter a final decree closing the Chapter 11 Case.

ARTICLE XII
MISCELLANEOUS PROVISIONS

A. Corporate Action

Prior to, on or after the Effective Date (as appropriate), all matters expressly provided for under the Plan that would otherwise require approval of the interest holders, managers or directors of the Debtor shall be deemed to have occurred and shall be in effect prior to, on or after the Effective Date (as appropriate) pursuant to the applicable General Corporation Law of the State of Delaware without any requirement of further action by the interest holders or directors of the Debtor.

B. Professional Fee Claims

All final requests for compensation or reimbursement of costs and expenses pursuant to sections 327, 328, 330, 331, 503(b) or 1103 of the Bankruptcy Code for services rendered to the Debtor, the Committee, or other committee (if appointed) prior to the Effective Date must be filed with the Bankruptcy Court and served on the Reorganized Debtor and its counsel no later than 60 days after the Effective Date, unless otherwise ordered by the Bankruptcy Court. Objections to applications of such Professionals or other entities for compensation or reimbursement of costs and expenses must be filed and served on the Reorganized Debtor and its counsel and the requesting Professional or other entity no later than 25 days (or such longer period as may be allowed by order of the Bankruptcy Court) after the date on which the applicable application for compensation or reimbursement was served. The Reorganized Debtor may pay charges that it incurs on and after the Effective Date for professionals' fees, disbursements, expenses or related support services in the ordinary course of business and without application to the Bankruptcy Court.

C. Payment of Statutory Fees

All fees payable under section 1930 of title 28 of the United States Code, as determined by the Bankruptcy Court at the Confirmation Hearing, shall be paid on or before the Effective Date. All such fees that arise after the Effective Date but before the closing of the Chapter 11 Case shall be paid by the Reorganized Debtor.

D. Payment of DIP Lenders' Fees

Pursuant to the DIP Facility Agreement, the DIP Lenders and their agent shall have an Allowed Administrative Expense Claim for all unpaid professional fees and expenses incurred in connection with the DIP Facility, including fees and expenses incurred in the DIP Lenders' capacity as postpetition lenders and in negotiating the Plan, without the necessity of filing a request for payment by the Administrative Claims Bar Date, and to be paid by the Debtor on the Effective Date, or upon the submission of a fee statement by the DIP Lenders to the Reorganized Debtor, without further order of the Bankruptcy Court.

E. Payment of Majority Secured Noteholders' Fees

Subject to entry of the Confirmation Order, the reasonable fees and expenses (including attorneys fees) of each of the Majority Secured Noteholders shall, to the extent incurred and unpaid by the Debtor prior to the Effective Date, be Allowed as an Administrative Claim without the necessity of filing a request for payment by the Administrative Claims Bar Date and be paid by the Debtor on the Effective Date without further order of the Bankruptcy Court.

F. Severability of Plan Provisions

If, prior to the Confirmation Date, any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void or unenforceable, the Bankruptcy Court, at the request of the Debtor, shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration or interpretation, the remainder of the terms and provisions of the Plan shall remain in full force and effect and shall in no way be affected, impaired or invalidated by such holding, alteration or interpretation.

G. Successors and Assigns

The rights, benefits and obligations of any Person named or referred to in the Plan shall be binding upon, and shall inure to the benefit of, any heir, executor, administrator, successor or assign of that Person.

H. Discharge of Claims and Termination of Interests

Pursuant to and to the fullest extent permitted by section 1141(d) of the Bankruptcy Code, and except as otherwise provided herein or in the Confirmation Order, the distribution, rights, and treatment that are provided in the Plan shall be in exchange for, and in full and final satisfaction, settlement, discharge, and release of, effective as of the Effective Date, all Claims and Interests (other than those Claims and Interests that are Unimpaired under this Plan) of any nature whatsoever against the Debtor or any of its assets or properties, and regardless of whether any property shall have been distributed or retained pursuant to this Plan on account of such Claims and Interests. Except as otherwise provided herein, any default by the Debtor with respect to any Claim or Interest that existed immediately prior to or on account of the filing of the Chapter 11 Case shall be deemed cured on the Effective Date. Upon the Effective Date, each of the Debtor and the Reorganized Debtor shall be deemed discharged and released under section 1141(d)(1)(A) of the Bankruptcy Code from any and all Claims and Interests (other than those Claims and Interests that are not Impaired under this Plan), including, but not limited to, demands and liabilities that arose before the Confirmation Date, and all debts of the kind specified in section 502(g), 502(h), or 502(i) of the Bankruptcy Code, in each case whether or not: (i) a proof of claim or interest based upon such Claim, debt, right, or Interest is filed or deemed filed pursuant to section 501 of the Bankruptcy Code; (ii) a Claim or Interest based upon such Claim, debt, right, or Interest is Allowed pursuant to section 502 of the Bankruptcy Code; or (iii) the holder of such a Claim or Interest has accepted the Plan.

I. Releases

1. Releases by Debtor

As of the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, the Debtor (in its individual capacity and as debtor and debtor in possession) will be deemed to release forever, waive, and discharge all claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action, and liabilities (other than the rights of the Debtor to enforce this Plan and the contracts, instruments, releases, indentures, and other agreements or documents delivered hereunder, and liabilities arising after the Effective Date in the ordinary course of business) whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity, or otherwise that are based in whole or part on any act omission, transaction, event, or other occurrences, except where resulting from willful misconduct or gross negligence as determined by a Final Order of a court of competent jurisdiction, (i) taking place on or after the Petition Date through and including the Effective Date in connection with, relating to, or arising out of or in any way related to the Debtor, the Chapter 11 Case, the negotiation and filing of this Plan, the Disclosure Statement or any prior plans of reorganization, the filing of the Chapter 11 Case, the pursuit of confirmation of this Plan or any prior plans of reorganization, the consummation of this Plan, the administration of this Plan, or the property to be liquidated and/or distributed under this Plan, or (ii) in connection with, relating to, or arising out of the negotiation of the DIP Facility Agreement or the DIP Facility, or (iii) in connection with, relating to, or arising out of the negotiation of the Exit Financing, against the Released Parties.

2. Releases by Third Parties.

As of the Effective Date, in exchange for their rights and distributions hereunder, each holder of a Claim or Interest hereby shall be deemed to have released, waived and discharged, irrevocably, absolutely and permanently, each of the Released Parties from any and all claims, obligations, suits, judgments, damages, demands, debts, causes of action, liabilities, or rights whatsoever, whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity, or otherwise that are based in whole or part on any act, omission, transaction, event, or other occurrences taking place on or before the Effective Date arising out of or in any way related to the Debtor, the Chapter 11 Case, the business arrangements with the Debtor, the formulation, preparation, negotiation, dissemination, implementation, administration, confirmation or consummation of the Plan, or any other act or omission in connection with the Debtor's bankruptcy, to the maximum extent allowed by law and without further notice to or action by the Bankruptcy Court, or act or action under applicable law, regulation, order or rule or the vote, consent, authorization or approval of any entity, except where resulting from willful misconduct or gross negligence as determined by a Final Order of a court of competent jurisdiction.

J. Exculpation and Limitation of Liability

The Released Parties, and any and all of their respective current or former members, officers, directors, managers, employees, equity holders, partners, affiliates, advisors, attorneys, agents or representatives, or any of their successors or assigns, shall not have or incur any liability to any holder of a Claim or Interest, or any other party in interest, or any of their respective members, officers, directors, managers, employees, equity holders, partners, affiliates, advisors, attorneys, agents or representatives, or any of their successors or assigns, for any act or omission in connection with, relating to or arising out of, the administration of the Chapter 11 Case, the Disclosure Statement, the negotiation of the terms of the Plan, the solicitation of acceptances of the Plan, the pursuit of confirmation of the Plan, the consummation of the Plan, the administration of the Plan or the property to be distributed under the Plan, any contract,

instrument, release or other agreement or document created, modified, amended, terminated, or entered into in connection with or related to the Plan, or any other act or omission in connection with the Debtor's bankruptcy, except for their willful misconduct or gross negligence, and in all respects shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities with respect to the Chapter 11 Case and the Plan.

Notwithstanding any other provision of the Plan, but without limiting the releases provided in the Plan or affecting the status or treatment of any Claim Allowed pursuant to the Plan, no holder of a Claim or Interest, no other party in interest, none of their respective members, officers, directors, managers, employees, equity holders, partners, affiliates, subsidiaries, advisors, attorneys, agents or representatives, and no successors or assigns of the foregoing, shall have any right of action against the Released Parties, or any of their respective current or former members, officers, directors, managers, employees, equity holders, partners, affiliates, subsidiaries, advisors, attorneys, agents or representatives, or any of their successors or assigns, for any act or omission in connection with, relating to or arising out of, the administration of the Chapter 11 Case, the Disclosure Statement, the negotiation of the terms of the Plan, the solicitation of acceptances of the Plan, the pursuit of confirmation of the Plan, the consummation of the Plan, the administration of the Plan or the property to be distributed under the Plan, any contract, instrument, release or other agreement or document created, modified, amended, terminated, or entered into in connection with or related to the Plan, or any other act or omission in connection with the Debtor's bankruptcy, except for their willful misconduct or gross negligence.

K. Injunction

Except as provided in the Plan or the Confirmation Order and to the fullest extent authorized or provided by the Bankruptcy Code, including Bankruptcy Code sections 524 and 1141, as of the Confirmation Date, subject to the occurrence of the Effective Date, all Persons that have held, currently hold or may hold a Prepetition Lender Claim, a Claim, Interest, or other debt or liability that is discharged pursuant to the terms of the Plan are permanently enjoined from taking any of the following actions against the Debtor, the Reorganized Debtor or its property on account of any such discharged Prepetition Lender Claims, debts or liabilities or terminated rights: (i) commencing or continuing, in any manner or in any place, directly or indirectly, any action or other proceeding; (ii) enforcing, attaching, collecting or recovering in any manner, whether directly or indirectly, any judgment, award, decree or order; (iii) creating, perfecting or enforcing any lien or encumbrance of any kind; (iv) asserting a setoff, right of subrogation or recoupment of any kind against any debt, liability or obligation due to the Debtor or the Reorganized Debtor; and (v) commencing or continuing any action, in each case in any manner, in any place that does not comply with or is inconsistent with the provisions of the Plan.

By accepting distributions pursuant to the Plan, each holder of an Allowed Claim or Interest receiving distributions pursuant to the Plan shall be deemed to have specifically consented to the releases, injunctions and exculpations set forth in this Article XII.

L. Term of Bankruptcy Injunction or Stays

All injunctions or stays provided for in the Chapter 11 Case under Bankruptcy Code section 105 or 362, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the Effective Date. Upon the Effective Date, the injunction provided in Article XII of the Plan shall apply.

M. Enforcement of Subordination

All subordination rights that the Debtor or a holder of a Claim or Interest may have with respect to any claim or distribution to be made pursuant to the Plan will not be discharged and terminated, and all actions to

request or direct subordination arising in law or in equity, including rights under Bankruptcy Code section 510(b) are not waived and expressly preserved.

N. Binding Effect

The Plan shall be binding upon and inure to the benefit of the Debtor, all present and former holders of Claims against and Interests in the Debtor, whether or not such holders will receive or retain any property or interest in property under the Plan, their respective successors and assigns, including, without limitation, the Reorganized Debtor, and all other parties in interest in the Chapter 11 Case.

O. Plan Supplement

Exhibits to this Plan not attached hereto shall be filed with the Bankruptcy Court on or before March 2, 2012 or by such later date as may be established by order of the Bankruptcy Court, with the consent of each of the Majority Secured Noteholders, in one or more Plan Supplements. Any document included in the Plan Supplement (and amendments thereto) filed by the Debtor shall be deemed an integral part of this Plan and shall be incorporated by reference as if fully set forth herein. To the extent any exhibit or schedule to the Plan is inconsistent with the terms of the Plan, the Plan shall control.

P. Committees

On the Effective Date, the Committee shall cease to exist, except with respect to any application for compensation or reimbursement of costs and expenses in connection with services rendered prior to the Effective Date.

Q. Notices

Any notice, request or demand required or permitted to be made or provided under the Plan shall be (i) in writing, (ii) served by (a) certified mail, return receipt requested, (b) hand delivery, (c) overnight delivery service, (d) first-class mail or (e) facsimile transmission, and (iii) deemed to have been duly given or made when actually delivered or, in the case of notice by facsimile transmission, when received and telephonically confirmed, addressed as follows:

(1) IF TO THE DEBTOR:

Trailer Bridge, Inc.
10405 New Berlin Road East
Jacksonville, Florida 32226
Tel: (904) 751-7192
Fax: (904) 751-7160

with copies to:

Foley & Lardner LLP
One Independent Drive, Suite 1300
Jacksonville, FL 32202
Attn: Gardner F. Davis, Esq.
Tel: (904) 359-8726
Fax: (904) 359-8700

-and-

DLA Piper LLP (US)
919 North Market Street
15th Floor
Wilmington, DE 19801
Attn: Craig Martin, Esq.
Tel: (302) 468-5700
Fax: (302) 394-2341

-and-

DLA Piper LLP (US)
1251 Avenue of the Americas, 27th Fl.
New York, NY 10020
Attn: Gregg M. Galardi, Esq.
Tel: (212) 335-4500
Fax: (212) 335-4501

(2) IF TO THE DIP LENDERS:

CADWALADER, WICKERSHAM & TAFT LLP
One World Financial Center
Attn: John J. Rapisardi
New York, NY 10281
Tel: (212) 504-6000
Fax: (212) 504-6666

-and-

CADWALADER, WICKERSHAM & TAFT LLP
700 Sixth Street, N.W.
Washington, DC 20001
Attn: Douglas S. Mintz
Tel: (202) 862-2200
Fax: (202) 862-2400

-and-

BERGER SINGERMAN, P.A.
200 S. Biscayne Blvd., Ste. 1000
Miami, FL 33131
Attn: Jordi Guso
Tel: (561) 241-9500

Fax: (561) 998-0028

R. Governing Law

Unless a rule of law or procedure is supplied by federal law (including the Bankruptcy Code and Bankruptcy Rules), (i) the laws of the State of Florida shall govern the construction and implementation of the Plan, (ii) except as expressly provided otherwise in any agreements, documents and instruments executed in connection with the Plan, the laws of the State of Florida shall govern the construction and implementation of such agreements, documents and instruments, and (iii) the laws of the state of incorporation, organization or formation of the Debtor shall govern corporate governance matters with respect to the Debtor, in each case without giving effect to the principles of conflicts of law thereof.

S. Section 1125(e) of the Bankruptcy Code

As of the Confirmation Date, the Debtor shall be deemed to have solicited acceptances of the Plan in good faith and in compliance with the applicable provisions of the Bankruptcy Code. The Debtor and each of its affiliates, agents, directors, officers, employees, investment bankers, financial advisors, attorneys and other professionals have participated in good faith and in compliance with the applicable provisions of the Bankruptcy Code in the offer and issuance of the New Common Stock under the Plan, and therefore are not, and on account of such offer, issuance and solicitation will 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 the offer and issuance of the New Common Stock under the Plan.

Dated: February 9, 2012

TRAILER BRIDGE, INC.

By: Mark A. Tanner

Name: Mark A. Tanner

Title: Co-Chief Executive Officer

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Gardner F. Davis (FL 0471712)
E. Robert Meek (FL 0302910)
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cynthia.moh@dlapiper.com

Counsel for the Debtor and Debtor in Possession

EXHIBIT A-1

(To be filed with the Plan Supplement)

EXHIBIT A-2

(To be filed with the Plan Supplement)

EXHIBIT A-3

MARAD COLLATERAL INTERCREDITOR AGREEMENT

This **MARAD COLLATERAL INTERCREDITOR AGREEMENT** (this "**Agreement**") is made as of the [_] day of [_____], 2012, by and among **TRAILER BRIDGE, INC.** (the "**Company**"), **U.S. BANK NATIONAL ASSOCIATION**, in its capacity as successor indenture trustee for the holders of the First Lien Obligations (as defined below) (together with its successors and permitted assigns in such capacity, the "**First Lien Agent**"), **LAW DEBENTURE TRUST COMPANY OF NEW YORK**, in its capacity as agent for the holders of the Second Lien Obligations (as defined below) (together with its successors and permitted assigns in such capacity, the "**Second Lien Agent**") and **[_____]**, in its capacity as indenture trustee for the holders of the Third Lien Obligations (as defined below) (together with its successors and permitted assigns in such capacity, the "**Third Lien Agent**"). Capitalized terms used in this Agreement have the meanings assigned to them in Section 1 below.

RECITALS

WHEREAS, the Company commenced a voluntary case under Chapter 11 of the Bankruptcy Code (as defined below) in the United States Bankruptcy Court for the Middle District of Florida (the "**Bankruptcy Court**") and the Company has continued to operate its businesses and manage its properties as debtors-in-possession pursuant to sections 1107 and 1108 of the Bankruptcy Code;

WHEREAS, by order, dated [_____], 2012, the Bankruptcy Court confirmed the Debtors' Plan of Reorganization under Chapter 11 of the Bankruptcy Code, dated [January 14, 2012] (as amended, supplemented or otherwise modified from time to time, the "**Plan of Reorganization**"), in accordance with section 1129 of the Bankruptcy Code;

WHEREAS, the Company and U.S. Bank National Association, in its capacity as indenture trustee, are parties to that certain Trust Indenture, dated as of [December 4, 1997][June 23, 1997], providing for an issuance of bonds bearing interest at [6.52%][7.07%] per annum and maturing on [March 30, 2023][September 30, 2022] (as amended, restated, supplemented or otherwise modified, replaced or Refinanced from time to time, the "**MARAD Facility**");

WHEREAS, in accordance with the terms of an Authorization Agreement, dated as of [December 4, 1997][June 23, 1997], between the United States of America, represented by the Secretary of Transportation, acting by and through the Maritime Administrator, and U.S. Bank National Association, as indenture trustee under the MARAD Facility, the aforementioned bonds are guaranteed by the United States of America;

WHEREAS, the Company, the lenders party thereto and Law Debenture Trust Company Of New York, as agent, entered into that certain [Exit Credit and Security Agreement], dated as of the date hereof, providing for a term loan [and revolver][1] (as amended, restated, supplemented or otherwise modified, replaced or Refinanced from time to time, the "**Exit Credit Facility**");

WHEREAS, the Company, as issuer, and [_____], as indenture trustee, entered into that certain Indenture, dated as of the date hereof, providing for an issuance of senior secured notes (as amended, restated, supplemented or otherwise modified, replaced or Refinanced from time to time, the "**Secured Note Facility**");

[1] Note: To be confirmed.

WHEREAS, the obligations of the Company under the MARAD Facility will be secured on a first priority basis by liens on the MARAD Collateral (as defined below), pursuant to the terms of the First Lien Collateral Documents;

WHEREAS, the obligations of the Company under the Exit Credit Facility will be secured on a second priority basis by liens on the MARAD Collateral, pursuant to the terms of the Second Lien Collateral Documents;

WHEREAS, the obligations of the Company under the Secured Note Facility will be secured on a third priority basis by liens on the MARAD Collateral, pursuant to the terms of the Third Lien Collateral Documents; and

WHEREAS, in order to induce the First Lien Claimholders, the Second Lien Claimholders and the Third Lien Claimholders (i) to continue the MARAD Facility and enter into the Exit Credit Facility and the Secured Note Facility and (ii) to extend credit and other financial accommodations and lend monies to or for the benefit of the Company, the First Lien Agent on behalf of the First Lien Claimholders, the Second Lien Agent on behalf of the Second Lien Claimholders and the Third Lien Agent on behalf of the Third Lien Claimholders have agreed to the intercreditor and other provisions set forth in this Agreement.

NOW THEREFORE, in consideration of the foregoing, the mutual covenants and obligations herein set forth and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

1. **DEFINITIONS**.

1.1 Defined Terms. The following terms shall have the meanings set forth in this Section 1.1 or elsewhere in the provisions of this Agreement referred to below.

"**Agreement**" means this MARAD Collateral Intercreditor Agreement, as amended, restated, supplemented or otherwise modified from time to time.

"**Bankruptcy Code**" means Title 11 of the United States Code entitled "Bankruptcy", as amended from time to time, and any applicable successor statute.

"**Bankruptcy Court**" as defined in the recitals hereto.

"**Bankruptcy Law**" means the Bankruptcy Code and any similar federal, state or foreign law for the relief of debtors.

"**Business Day**" means any day on which banking institutions in New York, New York are open for the transaction of banking business.

"**Cap Amount**" (i) with respect to the First Lien Obligations, has the meaning assigned to that term in the definition of "First Lien Obligations", (ii) with respect to the Second Lien Obligations, has the meaning assigned to that term in the definition of "Second Lien Obligations", and (iii) with respect to the Third Lien Obligations, has the meaning assigned to that term in the definition of "Third Lien Obligations".

"**Company**" as defined in the preamble hereto.

"**Comparable Second Lien Collateral Document**" means, in relation to any portion of the MARAD Collateral subject to any Lien created under any First Lien Collateral Document, the Second Lien Collateral Document that creates a Lien on the same portion of the MARAD Collateral, granted by the Company.

"**Comparable Third Lien Collateral Document**" means, in relation to any portion of the MARAD Collateral subject to any Lien created under any First Lien Collateral Document or Second Lien Collateral Document, the Third Lien Collateral Document that creates a Lien on the same portion of the MARAD Collateral, granted by the Company.

"**Controlling Agent**" means (a) prior to the Discharge of First Lien Obligations, the First Lien Agent; (b) following the Discharge of First Lien Obligations but prior to the Discharge of Second Lien Obligations, the Second Lien Agent; and (c) following the Discharge of First Lien Obligations and the Discharge of Second Lien Obligations but prior to the Discharge of Third Lien Obligations, the Third Lien Agent.

"**Controlling Claimholders**" means (a) prior to the Discharge of First Lien Obligations, the First Lien Claimholders; (b) following the Discharge of First Lien Obligations but prior to the Discharge of Second Lien Obligations, the Second Lien Claimholders; and (c) following the Discharge of First Lien Obligations and the Discharge of Second Lien Obligations but prior to the Discharge of Third Lien Obligations, the Third Lien Claimholders.

"**Controlling Collateral Documents**" means (a) prior to the Discharge of First Lien Obligations, the First Lien Collateral Documents; (b) following the Discharge of First Lien Obligations but prior to the Discharge of Second Lien Obligations, the Second Lien Collateral Documents; and (c) following the Discharge of First Lien Obligations and the Discharge of Second Lien Obligations but prior to the Discharge of Third Lien Obligations, the Third Lien Collateral Documents.

"**Controlling Facility**" means (a) prior to the Discharge of First Lien Obligations, the MARAD Facility; (b) following the Discharge of First Lien Obligations but prior to the Discharge of Second Lien Obligations, the Exit Credit Facility; and (c) following the Discharge of First Lien Obligations and the Discharge of Second Lien Obligations but prior to the Discharge of Third Lien Obligations, the Secured Note Facility.

"**Controlling Facility Documents**" means (a) prior to the Discharge of First Lien Obligations, the MARAD Facility Documents; (b) following the Discharge of First Lien Obligations but prior to the Discharge of Second Lien Obligations, the Exit Credit Facility Documents; and (c) following the Discharge of First Lien Obligations and the Discharge of Second Lien Obligations but prior to the Discharge of Third Lien Obligations, the Secured Note Facility Documents.

"**Controlling Obligations**" means (a) prior to the Discharge of First Lien Obligations, the First Lien Obligations; (b) following the Discharge of First Lien Obligations but prior to the Discharge of Second Lien Obligations, the Second Lien Obligations; and (c) following the Discharge of First Lien Obligations and the Discharge of Second Lien Obligations but prior to the Discharge of Third Lien Obligations, the Third Lien Obligations.

"**DIP Financing**" as defined in Section 6.1.

"**Discharge of Controlling Obligations**" means (a) prior to or contemporaneous with the Discharge of First Lien Obligations, the Discharge of First Lien Obligations; (b) following the Discharge of First Lien Obligations, but prior to or contemporaneous with the Discharge of Second Lien Obligations, the Discharge of Second Lien Obligations; and (c) following the Discharge of First Lien

Obligations and the Discharge of Second Lien Obligations, but prior to or contemporaneous with the Discharge of Third Lien Obligations, the Discharge of Third Lien Obligations.

"**Discharge of First Lien Obligations**" means, except to the extent otherwise expressly provided in Section 5.6:

(a) payment in full in cash of the principal of and interest (including interest accruing on or after the commencement of any Insolvency or Liquidation Proceeding, whether or not such interest would be allowed in such Insolvency or Liquidation Proceeding) on all Obligations outstanding under the MARAD Facility Documents and constituting First Lien Obligations; and

(b) payment in full in cash of all other First Lien Obligations that are due and payable or otherwise accrued and owing at or prior to the time such principal and interest are paid (other than any indemnification obligations for which no claim or demand for payment, whether oral or written, has been made at such time).

"**Discharge of Second Lien Obligations**" means, except to the extent otherwise expressly provided in Section 5.6:

(a) payment in full in cash of the principal of and interest (including interest accruing on or after the commencement of any Insolvency or Liquidation Proceeding, whether or not such interest would be allowed in such Insolvency or Liquidation Proceeding) on all Obligations outstanding under the Exit Credit Facility Documents and constituting Second Lien Obligations; and

(b) payment in full in cash of all other Second Lien Obligations that are due and payable or otherwise accrued and owing at or prior to the time such principal and interest are paid (other than any indemnification obligations for which no claim or demand for payment, whether oral or written, has been made at such time).

"**Discharge of Third Lien Obligations**" means, except to the extent otherwise expressly provided in Section 5.6:

(a) payment in full in cash of the principal of and interest (including interest accruing on or after the commencement of any Insolvency or Liquidation Proceeding, whether or not such interest would be allowed in such Insolvency or Liquidation Proceeding) on all Obligations outstanding under the Secured Note Facility Documents and constituting Third Lien Obligations; and

(b) payment in full in cash of all other Third Lien Obligations that are due and payable or otherwise accrued and owing at or prior to the time such principal and interest are paid (other than any indemnification obligations for which no claim or demand for payment, whether oral or written, has been made at such time).

"**Disposition**" as defined in Section 5.1(b).

"**Enforcement Action**" means any action to:

(a) foreclose, execute, levy, or collect on, take possession or control of, sell or otherwise realize upon (judicially or non-judicially), or lease, license, or otherwise dispose of (whether publicly or privately), any MARAD Collateral, or otherwise exercise or enforce remedial rights with respect to any MARAD Collateral under the MARAD Facility Documents, the Exit Credit Facility Documents or the Secured Note Facility Documents (including by way of setoff, recoupment, notification of a public or private sale or other disposition pursuant to the UCC or other applicable law, notification to

account debtors, notification to depositary banks under deposit account control agreements, or exercise of rights under landlord consents, if applicable);

(b) solicit bids from third Persons to conduct the liquidation or disposition of any MARAD Collateral or to engage or retain sales brokers, marketing agents, investment bankers, accountants, appraisers, auctioneers, or other third Persons for the purposes of valuing, marketing, promoting and selling any MARAD Collateral;

(c) receive a transfer of any MARAD Collateral in satisfaction of Indebtedness or any other Obligation secured thereby;

(d) otherwise enforce a security interest or exercise another right or remedy, as a secured creditor or otherwise, pertaining to any MARAD Collateral at law, in equity, or pursuant to the MARAD Facility Documents, the Exit Credit Facility Documents or the Secured Note Facility Documents (including the commencement of applicable legal proceedings or other actions with respect to all or any portion of the MARAD Collateral to facilitate the actions described in the preceding clauses); or

(e) consent to the Disposition of any MARAD Collateral by the Company after the occurrence and during the continuation of an event of default under the MARAD Facility Documents, the Exit Credit Facility Documents or the Secured Note Facility Documents.

"**Excess First Lien Obligations**" means any Obligations that would constitute First Lien Obligations if not for the Cap Amount applicable thereto.

"**Excess Second Lien Obligations**" means any Obligations that would constitute Second Lien Obligations if not for the Cap Amount applicable thereto.

"**Excess Third Lien Obligations**" means any Obligations that would constitute Third Lien Obligations if not for the Cap Amount applicable thereto.

"**Exit Credit Facility**" as defined in the recitals hereto.

"**Exit Credit Facility Documents**" means the Exit Credit Facility and the other "Financing Agreements" as defined in the Exit Credit Facility, including, without limitation, the Second Lien Collateral Documents, and each of the other agreements, documents and instruments providing for or evidencing any other Second Lien Obligations, and any other document or instrument executed or delivered at any time in connection with any Second Lien Obligations, including any intercreditor or joinder agreement among any of the holders of the Second Lien Obligations, to the extent such are effective at the relevant time, as each may be amended, restated, supplemented, modified, renewed or extended from time to time in accordance with the provisions of this Agreement.

"**Exit Facility-Secured Note Intercreditor Agreement**" shall mean that certain Intercreditor Agreement, dated as of the date hereof (as amended, restated, supplemented or otherwise modified from time to time, among Trailer Bridge, Inc., Law Debenture Trust Company Of New York, as agent under the Exit Credit Facility, and [_____], as indenture trustee under the Secured Note Facility (as defined therein).

"**First Lien Agent**" as defined in the preamble hereto.

"**First Lien Claimholders**" means, at any relevant time, the holders of the First Lien Obligations at that time, including the lenders and the trustee under the MARAD Facility Documents,

provided that, with respect to any vote, consent or other action by the First Lien Claimholders, "First Lien Claimholders" shall mean the First Lien Claimholders acting with such percentage vote as may be required by the MARAD Facility Documents.

"**First Lien Collateral Documents**" means the ["Security Agreement" and "Mortgage"][2] as defined in the MARAD Facility and any other agreement, document or instrument pursuant to which a Lien is granted securing any First Lien Obligations or under which rights or remedies with respect to such Liens are governed.

"**First Lien Obligations**" means all Obligations outstanding under the MARAD Facility and the other MARAD Facility Documents, in each case whether or not allowed or allowable in an Insolvency or Liquidation Proceeding.

To the extent any payment with respect to any First Lien Obligations (whether by or on behalf of the Company, as proceeds of security, enforcement of any right of setoff or otherwise) is declared to be a fraudulent conveyance or a preference in any respect, set aside or required to be paid to any debtor in possession, Second Lien Claimholder, Third Lien Claimholder, receiver or similar Person, then the obligation or part thereof originally intended to be satisfied shall, for the purposes of this Agreement and the rights and obligations of the First Lien Claimholders, the Second Lien Claimholders and the Third Lien Claimholders, be deemed to be reinstated and outstanding as if such payment had not occurred. To the extent that any interest, fees, expenses or other charges (including, without limitation, Post-Petition Interest) to be paid pursuant to the MARAD Facility Documents are disallowed by order of any court, including, without limitation, by order of a Bankruptcy Court in any Insolvency or Liquidation Proceeding, such interest, fees, expenses and charges (including, without limitation, Post-Petition Interest) shall, as between the First Lien Claimholders, the Second Lien Claimholders and the Third Lien Claimholders, be deemed to continue to accrue and be added to the amount to be calculated as "First Lien Obligations".

Notwithstanding the foregoing, if the principal outstanding under the MARAD Facility is in excess of $[8,565,858][5,104,475] in the aggregate (with respect to the First Lien Obligations, the "**Cap Amount**"), then only that portion of such principal equal to the Cap Amount shall constitute "First Lien Obligations" and interest and reimbursement obligations with respect to such Indebtedness shall only constitute "First Lien Obligations" to the extent related to Indebtedness included in the First Lien Obligations, provided that, in all cases, fees, expenses and indemnity rights of the First Lien Agent shall constitute "First Lien Obligations".

"**Indebtedness**" means and includes all Obligations that constitute "Indebtedness" within the meaning of the MARAD Facility, the Exit Credit Facility or the Secured Note Facility, as applicable.

"**Insolvency or Liquidation Proceeding**" means:

(a) any voluntary or involuntary case or proceeding under the Bankruptcy Code with respect to the Company;

(b) any other voluntary or involuntary insolvency, reorganization or bankruptcy case or proceeding, or any receivership, liquidation, reorganization or other similar case or proceeding, with respect to the Company or with respect to a material portion of its assets;

[2] Note: To be provided by DLA Piper.

(c) any liquidation, dissolution, reorganization or winding up of the Company whether voluntary or involuntary and whether or not involving insolvency or bankruptcy; or

(d) any assignment for the benefit of creditors or any other marshalling of assets and liabilities of the Company.

"**Lien**" means any lien (including, without limitation judgment liens and liens arising by operation of law), mortgage, pledge, assignment, security interest, charge or encumbrance of any kind (including any agreement to give any of the foregoing, any conditional sale or other title retention agreement, and any lease in the nature thereof) and any option, call, trust, UCC financing statement or other preferential arrangement having the practical effect of any of the foregoing.

"**MARAD Collateral**" means [_____][3].

"**MARAD Facility**" as defined in the recitals hereto.

"**MARAD Facility Documents**" means the MARAD Facility and the other ["Credit Documents"][4] as defined in the MARAD Facility, including, without limitation, the First Lien Collateral Documents, and each of the other agreements, documents and instruments providing for or evidencing any other First Lien Obligations, and any other document or instrument executed or delivered at any time in connection with any First Lien Obligations, including any intercreditor or joinder agreement among any of the holders of the First Lien Obligations, to the extent such are effective at the relevant time, as each may be amended, restated, supplemented, modified, renewed or extended from time to time in accordance with the provisions of this Agreement.

"**New Controlling Agent**" as defined in Section 5.6.

"**New Controlling Debt Notice**" as defined in Section 5.6.

"**Obligations**" means all obligations of every nature of the Company from time to time owed to any of the First Lien Claimholders, the Second Lien Claimholders or the Third Lien Claimholders under the MARAD Facility Documents, the Exit Credit Facility Documents or the Secured Note Facility Documents, whether for principal, interest (including, without limitation, Post-Petition Interest), fees, expenses, indemnification or otherwise and all guarantees of any of the foregoing.

"**Person**" means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, governmental authority or other entity.

"**Plan of Reorganization**" as defined in the recitals hereto.

"**Pledged Collateral**" as defined in Section 5.5.

"**Post-Petition Interest**" means interest, fees, expenses and other charges that, pursuant to the MARAD Facility, the Exit Credit Facility or the Secured Note Facility, continue to accrue after the commencement of any Insolvency or Liquidation Proceeding, whether or not such interest, fees, expenses and other charges are allowed or allowable under the Bankruptcy Law or in any such Insolvency or Liquidation Proceeding.

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[3] Note: Definition to match collateral description in MARAD Security Documents. Relevant documents requested from DLA Piper.

[4] Note: Definitions in MARAD Indentures to be provided by DLA Piper.

"**Purchase Price**" means:

(a) for purposes of Section 5.7(a), the sum of (i) the principal amount of all loans, advances or similar extensions of credit included in the First Lien Obligations (or the Second Lien Obligations, as applicable) and all accrued and unpaid interest thereon through the date of purchase (and including any prepayment penalties or premiums) plus (ii) all accrued and unpaid fees, expenses and other amounts owed to the First Lien Claimholders (or the Second Lien Claimholders, as applicable) on the date of purchase to the extent not allocable to Excess First Lien Obligations (or Excess Second Lien Obligations, as applicable); and

(b) for purposes of Section 5.7(b), the sum of (i) the principal amount of all loans, advances or similar extensions of credit included in the First Lien Obligations and the Second Lien Obligations and all accrued and unpaid interest thereon through the date of purchase (and including any prepayment penalties or premiums) plus (ii) all accrued and unpaid fees, expenses and other amounts owed to the First Lien Claimholders and the Second Lien Claimholders on the date of purchase to the extent not allocable to Excess First Lien Obligations or Excess Second Lien Obligations.

"**Recovery**" as defined in Section 6.5.

"**Refinance**" means, in respect of any Indebtedness, to refinance, extend, renew, defease, amend, modify, supplement, restructure, replace, refund or repay, or to issue other indebtedness in exchange or replacement for, such Indebtedness in whole or in part. "**Refinanced**" and "**Refinancing**" shall have correlative meanings.

"**Second Lien Agent**" as defined in the preamble hereto.

"**Second Lien Claimholders**" means, at any relevant time, the holders of the Second Lien Obligations at that time, including the Second Lien Lenders and the agents under the Exit Credit Facility Documents, provided that, with respect to any vote, consent or other action by the Second Lien Claimholders, "Second Lien Claimholders" shall mean the Second Lien Claimholders acting with such percentage vote as may be required by the Exit Credit Facility Documents.

"**Second Lien Collateral Documents**" means the Exit Credit Facility and any other agreement, document or instrument pursuant to which a Lien is granted in the MARAD Collateral to secure any Second Lien Obligations or under which rights or remedies with respect to such Liens are governed.

"**Second Lien Lenders**" means the "Lenders" under and as defined in the Exit Credit Facility.

"**Second Lien Obligations**" means all Obligations outstanding under the Exit Credit Facility and the other Exit Credit Facility Documents, in each case whether or not allowed or allowable in an Insolvency or Liquidation Proceeding.

To the extent any payment with respect to any Second Lien Obligations (whether by or on behalf of the Company, as proceeds of security, enforcement of any right of setoff or otherwise) is declared to be a fraudulent conveyance or a preference in any respect, set aside or required to be paid to any debtor in possession, First Lien Claimholder, Third Lien Claimholder, receiver or similar Person, then the obligation or part thereof originally intended to be satisfied shall, for the purposes of this Agreement and the rights and obligations of the First Lien Claimholders, the Second Lien Claimholders, and the Third Lien Claimholders, be deemed to be reinstated and outstanding as if such payment had not occurred. To the extent that any interest, fees, expenses or other charges (including, without limitation,

Post-Petition Interest) to be paid pursuant to the Exit Credit Facility Documents are disallowed by order of any court, including, without limitation, by order of a Bankruptcy Court in any Insolvency or Liquidation Proceeding, such interest, fees, expenses and charges (including, without limitation, Post-Petition Interest) shall, as between the First Lien Claimholders, the Second Lien Claimholders and the Third Lien Claimholders, be deemed to continue to accrue and be added to the amount to be calculated as "Second Lien Obligations".

Notwithstanding the foregoing, if the principal outstanding under the Exit Credit Facility is in excess of $[_____] in the aggregate (with respect to the Second Lien Obligations, the "**Cap Amount**"), then only that portion of such principal equal to the Cap Amount shall constitute "Second Lien Obligations" and interest and reimbursement obligations with respect to such Indebtedness shall only constitute "Second Lien Obligations" to the extent related to Indebtedness included in the Second Lien Obligations, provided that, in all cases, fees, expenses and indemnity rights of the Second Lien Agent shall constitute "Second Lien Obligations".

"**Second Lien Standstill Period**" as defined in Section 3.1(a).

"**Secured Note Facility**" as defined in the recitals hereto.

"**Secured Note Facility Documents**" means the Secured Note Facility, the Notes (as defined in the Secured Note Facility) and the other Security Documents (as defined in the Secured Note Facility), including, without limitation, the Third Lien Collateral Documents, and each of the other agreements, documents and instruments providing for or evidencing any other Third Lien Obligations, and any other document or instrument executed or delivered at any time in connection with any Third Lien Obligations, including any intercreditor or joinder agreement among any of the holders of Third Lien Obligations, to the extent such are effective at the relevant time, as each may be amended, restated, supplemented, modified, renewed or extended from time to time in accordance with the provisions of this Agreement.

"**Separate Collateral**" means (i) with respect to the Second Lien Obligations, the "Collateral" as defined in the Exit Credit Facility other than MARAD Collateral and (ii) with respect to the Third Lien Obligations, the "Collateral" as defined in the Secured Note Facility other than MARAD Collateral.

"**Standstill Period**" as defined in Section 3.1(a).

"**Subordinated Adequate Protection Payments**" as defined in Section 6.3.

"**Subordinated Agent**" means (a) prior to the Discharge of First Lien Obligations, the Second Lien Agent and the Third Lien Agent and (b) following the Discharge of First Lien Obligations but prior to the Discharge of Second Lien Obligations, the Third Lien Agent.

"**Subordinated Claimholders**" means (a) prior to the Discharge of First Lien Obligations, the Second Lien Claimholders and the Third Lien Claimholders and (b) following the Discharge of First Lien Obligations but prior to the Discharge of Second Lien Obligations, the Third Lien Claimholders.

"**Subordinated Collateral Documents**" means (a) prior to the Discharge of First Lien Obligations, the Second Lien Collateral Document and, the Third Lien Collateral Documents and (b) following the Discharge of First Lien Obligations but prior to the Discharge of Second Lien Obligations, the Third Lien Collateral Documents.

"**Subordinated Facilities**" means (a) prior to the Discharge of First Lien Obligations, the Exit Credit Facility and the Secured Note Facility and (b) following the Discharge of First Lien Obligations but prior to the Discharge of Second Lien Obligations, the Secured Note Facility.

"**Subordinated Facility Documents**" means (a) prior to the Discharge of First Lien Obligations, the Exit Credit Facility Documents and the Secured Note Facility Documents and (b) following the Discharge of First Lien Obligations but prior to the Discharge of Second Lien Obligations, the Secured Note Facility Documents.

"**Subordinated Obligations**" means (a) prior to the Discharge of First Lien Obligations, the Second Lien Obligations and the Third Lien Obligations and (b) following the Discharge of First Lien Obligations but prior to the Discharge of Second Lien Obligations, the Third Lien Obligations.

"**Third Lien Agent**" as defined in the preamble hereto.

"**Third Lien Claimholders**" means, at any relevant time, the holders of the Third Lien Obligations at that time, including the Third Lien Lenders and the agents under the Secured Note Facility Documents, provided that, with respect to any vote, consent or other action by the Third Lien Claimholders, "Third Lien Claimholders" shall mean the Third Lien Claimholders acting with such percentage vote as may be required by the Secured Note Facility Documents.

"**Third Lien Collateral Documents**" means the "Security Documents" as defined in the Secured Note Facility and any other agreement, document or instrument pursuant to which a Lien is granted in the MARAD Collateral to secure any Third Lien Obligations or under which rights or remedies with respect to such Liens are governed.

"**Third Lien Lenders**" means the "Holders" under and as defined in the Secured Note Facility.

"**Third Lien Obligations**" means all Obligations outstanding under the Secured Note Facility and the other Secured Note Facility Documents, in each case whether or not allowed or allowable in an Insolvency or Liquidation Proceeding.

To the extent any payment with respect to any Third Lien Obligations (whether by or on behalf of the Company, as proceeds of security, enforcement of any right of setoff or otherwise) is declared to be a fraudulent conveyance or a preference in any respect, set aside or required to be paid to any debtor in possession, First Lien Claimholder, Second Lien Claimholder, receiver or similar Person, then the obligation or part thereof originally intended to be satisfied shall, for the purposes of this Agreement and the rights and obligations of the First Lien Claimholders, the Second Lien Claimholders and the Third Lien Claimholders, be deemed to be reinstated and outstanding as if such payment had not occurred. To the extent that any interest, fees, expenses or other charges (including, without limitation, Post-Petition Interest) to be paid pursuant to the Secured Note Facility Documents are disallowed by order of any court, including, without limitation, by order of a Bankruptcy Court in any Insolvency or Liquidation Proceeding, such interest, fees, expenses and charges (including, without limitation, Post-Petition Interest) shall, as between the First Lien Claimholders, the Second Lien Claimholders and the Third Lien Claimholders, be deemed to continue to accrue and be added to the amount to be calculated as "Third Lien Obligations".

Notwithstanding the foregoing, if the principal outstanding under the Secured Note Facility is in excess of $[_____] in the aggregate (with respect to the Third Lien Obligations, the "**Cap Amount**"), then only that portion of such principal equal to the Cap Amount shall constitute "Third Lien Obligations" and interest and reimbursement obligations with respect to such Indebtedness shall only

constitute "Third Lien Obligations" to the extent related to Indebtedness included in the Third Lien Obligations, provided that, in all cases, fees, expenses and indemnity rights of the Third Lien Agent shall constitute "Third Lien Obligations".

"**Third Lien Standstill Period**" as defined in Section 3.1(a).

"**UCC**" means the Uniform Commercial Code (or any similar or equivalent legislation) as in effect in any applicable jurisdiction.

1.2 **Terms Generally**. The definitions of terms in this Agreement shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "will" shall be construed to have the same meaning and effect as the word "shall". Unless the context requires otherwise:

(a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, restated, supplemented, modified, renewed or extended;

(b) a reference to any law includes any amendment or modification to such law;

(c) any reference herein to any Person shall be construed to include such Person's permitted successors and assigns;

(d) the words "herein", "hereof and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof;

(e) the words "approval" and "approved", as the context so determines, means an approval in writing given to the party seeking approval after full and fair disclosure to the party giving approval of all material facts necessary in order to determine whether approval should be granted;

(f) all terms not specifically defined herein that are defined in the UCC as in effect in the State of New York shall have the meanings assigned to them therein;

(g) all references herein to a particular "Section" or "Exhibit" refers to that section or exhibit of this Agreement unless otherwise indicated; and

(h) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

2. **LIEN PRIORITIES**.

2.1 **Relative Priorities**. Notwithstanding the date, time, method, manner or order of grant, attachment or perfection of any Liens granted on the MARAD Collateral securing the First Lien Obligations, the Second Lien Obligations or the Third Lien Obligations, and notwithstanding any provision of the UCC or any other applicable law or the Exit Credit Facility Documents or the Secured Note Facility Documents or any defect or deficiencies in, or failure to perfect or lapse in perfection of, or avoidance as a fraudulent conveyance or otherwise of, the Liens securing the First Lien Obligations or the Second Lien Obligations, or any other circumstance whatsoever, whether or not any Insolvency or

Liquidation Proceeding has been commenced by or against the Company, the Subordinated Agents, on behalf of themselves and the Subordinated Claimholders, hereby agree that:

(a) Any Lien on the MARAD Collateral securing any First Lien Obligations now or hereafter held by or on behalf of the First Lien Agent, any First Lien Claimholders or any agent or trustee therefor, regardless of how acquired, whether by grant, possession, statute, operation of law, subrogation or otherwise, shall be senior in all respects and prior to any Lien on the MARAD Collateral securing any Second Lien Obligations or any Third Lien Obligations.

(b) Any Lien on the MARAD Collateral securing any Second Lien Obligations now or hereafter held by or on behalf of the Second Lien Agent, any Second Lien Claimholders or any agent or trustee therefor, regardless of how acquired, whether by grant, possession, statute, operation of law, subrogation or otherwise, (i) shall be junior and subordinate in all respects to any Lien on the MARAD Collateral securing any First Lien Obligations and (ii) shall be senior in all respects and prior to any Lien on the MARAD Collateral securing any Third Lien Obligations. All Liens on the MARAD Collateral securing any First Lien Obligations shall be and remain senior in all respects and prior to all Liens on the MARAD Collateral securing any Second Lien Obligations for all purposes, whether or not such Liens securing any First Lien Obligations are subordinated to any Lien securing any other obligation of the Company or any other Person.

(c) Any Lien on the MARAD Collateral securing any Third Lien Obligations now or hereafter held by or on behalf of the Third Lien Agent, any Third Lien Claimholders or any agent or trustee therefor, regardless of how acquired, whether by grant, possession, statute, operation of law, subrogation or otherwise, shall be junior and subordinate in all respects to any Lien on the MARAD Collateral securing any First Lien Obligations or any Second Lien Obligations. All Liens on the MARAD Collateral securing any First Lien Obligations or any Second Lien Obligations shall be and remain senior in all respects and prior to all Liens on the MARAD Collateral securing any Third Lien Obligations for all purposes, whether or not such Liens securing any First Lien Obligations or any Second Lien Obligations are subordinated to any Lien securing any other obligation of the Company or any other Person.

2.2 **Prohibition on Contesting Liens; No Marshalling**. Each of the Third Lien Agent, for itself and on behalf of each Third Lien Claimholder, the Second Lien Agent, for itself and on behalf of each Second Lien Claimholder, and the First Lien Agent, for itself and on behalf of each First Lien Claimholder, agrees that it will not (and hereby waives any right to) contest or support any other Person in contesting, in any proceeding (including any Insolvency or Liquidation Proceeding), the priority, validity, perfection or enforceability of a Lien held, or purported to be held, in the MARAD Collateral by or on behalf of any of the First Lien Claimholders, by or on behalf of any of the Second Lien Claimholders, or by or on behalf of any of the Third Lien Claimholders, as the case may be, or the provisions of this Agreement; provided that nothing in this Agreement shall be construed to prevent or impair the rights of the Controlling Agent or any Controlling Claimholder to enforce this Agreement, including the provisions of this Agreement relating to the priority of the Liens securing the Controlling Obligations as provided in Sections 2.1 and 3.1. Until the Discharge of Controlling Obligations, no Subordinated Agent nor any Subordinated Claimholder will assert any marshaling, appraisal, valuation or other similar right that may otherwise be available to a junior secured creditor.

2.3 **No New Liens**. Until the Discharge of Controlling Obligations has occurred, whether or not any Insolvency or Liquidation Proceeding has been commenced by or against the Company, the parties hereto agree that the Company shall not grant or permit any additional Liens on the MARAD Collateral.

2.4 **Similar Liens and Agreements**. The parties hereto agree that it is their intention that the MARAD Collateral securing the First Lien Obligations, the Second Lien Obligations and the

Third Lien Obligations be identical. In furtherance of the foregoing and of Section 8.11, the parties hereto agree, subject to the other provisions of this Agreement:

(a) upon request by the Controlling Agent or any Subordinated Agent, to cooperate in good faith (and to direct their counsel to cooperate in good faith) from time to time in order to determine the specific items included in the MARAD Collateral and the steps taken to perfect their respective Liens thereon and the identity of the respective parties obligated under the Controlling Facility Documents and the Subordinated Facility Documents; and

(b) [that the documents and agreements creating or evidencing the grant of the MARAD Collateral for the Controlling Obligations and the Subordinated Obligations shall be in all material respects the same forms of documents other than with respect to the first lien, second lien or third lien of the Obligations thereunder.]

3. **ENFORCEMENT**.

3.1 **Exercise of Remedies**.

(a) Until the Discharge of Controlling Obligations has occurred, whether or not any Insolvency or Liquidation Proceeding has been commenced by or against the Company, no Subordinated Agent or Subordinated Claimholder will:

(i) commence or maintain, or seek to commence or maintain, any Enforcement Action with respect to the MARAD Collateral or otherwise exercise any rights or remedies with respect to the MARAD Collateral; provided that:

(A) the Second Lien Agent may commence an Enforcement Action or otherwise exercise any or all such rights or remedies after the passage of a period of at least 180 days has elapsed since the later of (x) the date on which the Second Lien Agent declared the existence of any event of default under the Exit Credit Facility Documents and demanded the repayment of all the principal amount of the Second Lien Obligations, and (y) the date on which the First Lien Agent received notice from the Second Lien Agent of such declaration of an event of default (the "**Second Lien Standstill Period**"); and

(B) the Third Lien Agent may commence an Enforcement Action or otherwise exercise any or all such rights or remedies (I) if the Discharge of First Lien Obligations has not occurred, upon the later of (x) the passage of 10 Business Days after the termination of the Second Lien Standstill Period, during which the Second Lien Agent does not provide a reasonable indication that it will commence and diligently pursue an Enforcement Action, (y) the date on which the Third Lien Agent declared the existence of any event of default under the Secured Note Facility Documents and demanded the repayment of all the principal amount of the Third Lien Obligations, and (z) the date on which the First Lien Agent and the Second Lien Agent received notice from the Third Lien Agent of such declaration of an event of default, or (II) if the Discharge of First Lien Obligations has occurred, after the passage of a period of at least 180 days has elapsed since the later of (x) the date on which the Third Lien Agent declared the existence of any event of default under the Secured Note Facility Documents and demanded the repayment of all the principal amount of the Third Lien Obligations, and (y) the date on which the Second Lien Agent received notice from the Third Lien Agent of such declaration of an event of default (in either case, the "**Third Lien**

Standstill Period"; each of the Second Lien Standstill Period and the Third Lien Standstill Period, a "**Standstill Period**");

provided, however, that notwithstanding anything herein to the contrary, in no event shall any Subordinated Agent or any Subordinated Claimholder exercise any rights or remedies with respect to the MARAD Collateral if, notwithstanding the expiration of any Standstill Period, the Controlling Agent or any Controlling Claimholder shall have commenced and be diligently pursuing an Enforcement Action or other exercise of their rights or remedies in each case with respect to all or any material portion of the MARAD Collateral, or is prevented from pursuing such Enforcement Action by automatic stay (prompt notice of such exercise to be given to each Subordinated Agent);

(ii) contest, protest or object to any foreclosure proceeding or action brought by the Controlling Agent or any Controlling Claimholder or any other exercise by the Controlling Agent or any Controlling Claimholder of any rights and remedies relating to the MARAD Collateral under the Controlling Facility Documents or otherwise; and

(iii) subject to the rights under Section 3.1(a)(i) above, object to the forbearance by the Controlling Agent or any Controlling Claimholder from bringing or pursuing any foreclosure proceeding or action or any other exercise of any rights or remedies relating to the MARAD Collateral, in each case so long as any proceeds received by the Controlling Agent in excess of those necessary to achieve the Discharge of Controlling Obligations are distributed in accordance with the UCC and other applicable law, subject to the relative priorities described herein.

(b) Until the Discharge of Controlling Obligations has occurred, whether or not any Insolvency or Liquidation Proceeding has been commenced by or against the Company, subject to Section 3.1(a)(i), the Controlling Agent and the Controlling Claimholders shall have the exclusive right to commence and maintain an Enforcement Action or otherwise enforce rights, exercise remedies (including set-off, recoupment and the right to credit bid their debt, except that each Subordinated Agent shall have the credit bid rights set forth in Section 3.1(c)(vi)) and, subject to Section 5.1, to make determinations regarding the release, disposition or restrictions with respect to the MARAD Collateral without any consultation with or the consent of any Subordinated Agent or any Subordinated Claimholder; provided that any proceeds received by the Controlling Agent in excess of those necessary to achieve the Discharge of Controlling Obligations are distributed in accordance with the UCC and other applicable law, subject to the relative priorities described herein. In commencing or maintaining any Enforcement Action or otherwise exercising rights and remedies with respect to the MARAD Collateral, the Controlling Agent and any Controlling Claimholder may enforce the provisions of the Controlling Facility Documents and exercise remedies thereunder, all in such order and in such manner as they may determine in the exercise of their sole discretion in compliance with any applicable law and without consultation with any Subordinated Agent or any Subordinated Claimholder and regardless of whether any such exercise is adverse to the interest of any Subordinated Claimholder. Such exercise and enforcement shall include the rights of an agent appointed by them to sell or otherwise dispose of the MARAD Collateral upon foreclosure, to incur expenses in connection with such sale or disposition, and to exercise all the rights and remedies of a secured creditor under the UCC and of a secured creditor under the Bankruptcy Laws of any applicable jurisdiction.

(c) Notwithstanding the foregoing, any Subordinated Agent and any Subordinated Claimholder may:

(i) file a claim or statement of interest with respect to the Subordinated Obligations; provided that an Insolvency or Liquidation Proceeding has been commenced by or against the Company;

(ii) take any action (not adverse to the priority status of the Liens on the MARAD Collateral securing the Controlling Obligations, or the rights of the Controlling Agent or any Controlling Claimholder to exercise remedies in respect thereof) in order to create, perfect, preserve or protect its Lien on the MARAD Collateral;

(iii) file any necessary responsive or defensive pleadings in opposition to any motion, claim, adversary proceeding or other pleading made by any person objecting to or otherwise seeking the disallowance of the claims of any Subordinated Claimholders, including any claims secured by the MARAD Collateral, if any, in each case in accordance with the terms of this Agreement;

(iv) vote on any plan of reorganization, file any proof of claim, make other filings and make any arguments and motions that are, in each case, in accordance with the terms of this Agreement, with respect to the Subordinated Obligations and the MARAD Collateral;

(v) exercise any of its rights or remedies with respect to the MARAD Collateral after the termination of the related Standstill Period to the extent permitted by Section 3.1(a)(i);

(vi) bid for or purchase MARAD Collateral at any public, private or judicial foreclosure upon such MARAD Collateral initiated by the Controlling Agent or any Controlling Claimholder, or any sale of the MARAD Collateral during an Insolvency or Liquidation Proceeding; provided that such bid may not include a "credit bid" in respect of any Subordinated Obligations unless the cash proceeds of such bid are otherwise sufficient to cause the Discharge of Controlling Obligations; and

(vii) take any action with respect to the Separate Collateral.

Each Subordinated Agent, on behalf of itself and the respective Subordinated Claimholders, agrees that it will not take or receive the MARAD Collateral or any proceeds of the MARAD Collateral in connection with the exercise of any right or remedy (including set-off and recoupment) with respect to the MARAD Collateral in its capacity as a creditor, unless and until the Discharge of Controlling Obligations has occurred, except in connection with any foreclosure expressly permitted by Section 3.1(a)(i). Without limiting the generality of the foregoing, unless and until the Discharge of Controlling Obligations has occurred, except as expressly provided in Section 3.1(a)(i) and this Section 3.1(c), the sole right of each Subordinated Agent and the Subordinated Claimholders with respect to the MARAD Collateral is to hold a Lien on the MARAD Collateral pursuant to the Subordinated Collateral Documents for the period and to the extent granted therein and to receive a share of the proceeds thereof, if any, after the Discharge of Controlling Obligations has occurred.

(d) Subject to Sections 3.1(a)(i) and (c):

(i) each Subordinated Agent, for itself and on behalf of the respective Subordinated Claimholders, agrees that no Subordinated Claimholder will take any action that would hinder any exercise of remedies under the Controlling Facility Documents or is otherwise prohibited hereunder, including any sale, lease, exchange, transfer or other disposition of the MARAD Collateral, whether by foreclosure or otherwise;

(ii) each Subordinated Agent, for itself and on behalf of the respective Subordinated Claimholders, hereby waives any and all rights that any such Subordinated Claimholder may have as a junior lien creditor or otherwise to object to the manner in which the Controlling Agent or any Controlling Claimholder seeks to enforce or collect the Controlling Obligations or the Liens securing the Controlling Obligations granted in the MARAD Collateral undertaken in accordance with this Agreement, regardless of whether any action or failure to act by or on behalf of the Controlling Agent or any Controlling Claimholder is adverse to the interests of the Subordinated Claimholders; and

(iii) each Subordinated Agent hereby acknowledges and agrees that no covenant, agreement or restriction contained in the Subordinated Collateral Documents or any other Subordinated Facility Document (other than this Agreement) shall be deemed to restrict in any way the rights and remedies of the Controlling Agent or any Controlling Claimholder with respect to the MARAD Collateral.

(e) Except as specifically set forth in Sections 3.1(a) and (d), each Subordinated Claimholder may exercise rights and remedies as an unsecured creditor against the Company in accordance with the terms of the respective Subordinated Facility Documents and applicable law; provided that in the event that any Subordinated Claimholder becomes a judgment Lien creditor in respect of the MARAD Collateral as a result of its enforcement of its rights as an unsecured creditor with respect to the Subordinated Obligations, such judgment Lien shall be subject to the terms of this Agreement for all purposes (including in relation to the Controlling Obligations) as the other Liens on the MARAD Collateral securing the Subordinated Obligations are subject to this Agreement.

(f) Except as specifically set forth in Sections 3.1(a) and (d), nothing in this Agreement shall prohibit the receipt by any Subordinated Claimholder of the required payments of interest, principal and other amounts owed in respect of the Subordinated Obligations so long as such receipt is not the direct or indirect result of the exercise by any Subordinated Agent or any other Subordinated Claimholder of rights or remedies as a secured creditor (including set-off and recoupment) in the MARAD Collateral or enforcement in contravention of this Agreement of any Lien in the MARAD Collateral held by any of them. Nothing in this Agreement impairs or otherwise adversely affects any rights or remedies the Controlling Agent or any other Controlling Claimholder may have with respect to the MARAD Collateral.

3.2 **Exercise of Remedies; Actions Upon Breach; Specific Performance**. If any Subordinated Claimholder, in contravention of the terms of this Agreement, in any way takes, attempts to take or threatens to take any action with respect to the MARAD Collateral (including, without limitation, any attempt to realize upon or enforce any remedy with respect to this Agreement), or fails to take any action required by this Agreement, this Agreement shall create an irrebuttable presumption and admission by such Subordinated Claimholder that relief against such Subordinated Claimholder by injunction, specific performance and/or other appropriate equitable relief is necessary to prevent irreparable harm to the Controlling Claimholders, it being understood and agreed by each Subordinated Agent on behalf of each respective Subordinated Claimholder that (i) the Controlling Claimholders' damages from its actions may at that time be difficult to ascertain and may be irreparable, and (ii) each Subordinated Claimholder waives any defense that the Company and/or the Controlling Claimholders cannot demonstrate damage and/or be made whole by the awarding of damages. Each of the Controlling Agent and each Subordinated Agent may demand specific performance of this Agreement. The Controlling Agent, on behalf of itself and the Controlling Claimholders, and each Subordinated Agent, on behalf of itself and the respective Subordinated Claimholders, hereby irrevocably waive any defense based on the adequacy of a remedy at law and any other defense which might be asserted to bar the remedy of specific performance

in any action which may be brought by the Controlling Agent or any other Controlling Claimholder or any Subordinated Agent or any other Subordinated Claimholder, as the case may be.

4. **PAYMENTS**.

4.1 **Application of Proceeds**. Until the Discharge of Controlling Obligations has occurred, whether or not any Insolvency or Liquidation Proceeding has been commenced by or against the Company, (a) all MARAD Collateral or proceeds thereof received in connection with any Enforcement Action or other disposition of, or collection on, all MARAD Collateral upon the exercise of remedies by the Controlling Agent or any other Controlling Claimholder, and (b) all mandatory prepayments received pursuant to the MARAD Facility, the Exit Credit Facility or the Secured Note Facility, in respect of sales or other dispositions of the MARAD Collateral in each case, shall be applied by the Controlling Agent as follows:

(a) first, to the payment in full of all First Lien Obligations that are not Excess First Lien Obligations until the Discharge of First Lien Obligations has occurred;

(b) second, to the payment in full of the Second Lien Obligations that are not Excess Second Lien Obligations until the Discharge of Second Lien Obligations has occurred;

(c) third, to the payment in full of the Third Lien Obligations that are not Excess Third Lien Obligations until the Discharge of Third Lien Obligations has occurred;

(d) fourth, to the payment of any Excess First Lien Obligations, any Excess Second Lien Obligations and any Excess Third Lien Obligations on a *pro rata* basis until such Obligations have been paid in full; and

(e) fifth, to the Company or as otherwise required by applicable law;

in each case to be applicable to such obligations in such order as specified in the relevant MARAD Facility Documents, Exit Credit Facility Documents or Secured Note Facility Documents, or as otherwise determined by the First Lien Claimholders, the Second Lien Claimholders or the Third Lien Claimholders, as applicable.

Notwithstanding the foregoing, until the Discharge of Controlling Obligations, any non-cash portions of the MARAD Collateral or non-cash proceeds of the MARAD Collateral will be held by the Controlling Agent as collateral unless the failure to apply such amounts as set forth above would be commercially unreasonable.

5. **OTHER AGREEMENTS**.

5.1 **Releases**.

(a) If, in connection with any Enforcement Action by the Controlling Agent with respect to the MARAD Collateral or any other exercise of the Controlling Agent's remedies in respect of the MARAD Collateral, the Controlling Agent, for itself or on behalf of any of the Controlling Claimholders, releases any of its Liens on any part of the MARAD Collateral, then the Liens, if any, of each Subordinated Agent, for itself or for the benefit of the respective Subordinated Claimholders, on such MARAD Collateral, shall be automatically, unconditionally and simultaneously released. Each Subordinated Agent, for itself or on behalf of any respective Subordinated Claimholders, promptly shall execute and deliver to the Controlling Agent or the Company such termination statements, releases and

other documents as the Controlling Agent or the Company may request to effectively confirm the foregoing releases.

(b) If, in connection with any sale, lease, exchange, transfer or other disposition of the MARAD Collateral by the Company (collectively, a "**Disposition**") permitted under the terms of the Controlling Facility Documents and not expressly prohibited under the terms of any of the Subordinated Facility Documents (other than in connection with an Enforcement Action or other exercise of the Controlling Agent's remedies in respect of the MARAD Collateral which shall be governed by Section 5.1(a) above), the Controlling Agent, for itself or on behalf of any of the Controlling Claimholders, releases any of its Liens on any part of the MARAD Collateral other than (A) in connection with the Discharge of Controlling Obligations and (B) after the occurrence and during the continuance of any event of default under any Subordinated Facility, then the Liens, if any, of each Subordinated Agent, for itself or for the benefit of the respective Subordinated Claimholders, on such MARAD Collateral, shall be automatically, unconditionally and simultaneously released. Each Subordinated Agent, for itself or on behalf of any respective Subordinated Claimholders, promptly shall execute and deliver to the Controlling Agent or the Company such termination statements, releases and other documents as the Controlling Agent or the Company may request to effectively confirm such release.

(c) Until the Discharge of Controlling Obligations occurs, each Subordinated Agent, for itself and on behalf of the respective Subordinated Claimholders, hereby irrevocably constitutes and appoints the Controlling Agent and any officer or agent of the Controlling Agent, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of each Subordinated Agent or such holder or in the Controlling Agent's own name, from time to time in the Controlling Agent's discretion, for the purpose of carrying out the terms of this Section 5.1, to take any and all appropriate action and to execute any and all documents and instruments which may be necessary to accomplish the purposes of this Section 5.1, including any endorsements or other instruments of transfer or release. This power is coupled with an interest and is irrevocable until the Discharge of Controlling Obligations.

(d) Until the Discharge of Controlling Obligations occurs, to the extent that the Controlling Agent or the Controlling Claimholders (i) have released any Lien on the MARAD Collateral and any such Liens are later reinstated or (ii) obtain any new liens on the MARAD Collateral from the Company, then each Subordinated Agent, for itself and for the respective Subordinated Claimholders, shall be granted a Lien on any such MARAD Collateral, subject to the lien subordination provisions of this Agreement, as the case may be.

5.2 **Insurance**. Unless and until the Discharge of Controlling Obligations occurs, and subject to the rights of the Company under the Controlling Facility Documents, all proceeds of any such policy and any such award (or any payments with respect to a deed in lieu of condemnation) if in respect to the MARAD Collateral shall be paid (x) to the Controlling Agent for the benefit of the Controlling Claimholders pursuant to the terms of the Controlling Facility Documents and (y) thereafter, to the extent no Controlling Obligations are outstanding, and subject to the rights of the Company under the Subordinated Facility Documents and in accordance with the terms of Section 4.1, to the applicable Subordinated Agent for the benefit of the respective Subordinated Claimholders to the extent required under the Subordinated Collateral Documents and (z) then, to the extent no Subordinated Obligations are outstanding, to the owner of the subject property, such other Person as may be entitled thereto or as a court of competent jurisdiction may otherwise direct. Until the Discharge of Controlling Obligations occurs, if any Subordinated Agent or any Subordinated Claimholder shall, at any time, receive any proceeds of any such insurance policy or any such award or payment in contravention of this Agreement, it shall segregate and hold in trust and forthwith pay such proceeds over to the Controlling Agent.

5.3 **Amendments to Controlling Facility Documents and Subordinated Facility Documents**. The Controlling Facility Documents may be amended, restated, supplemented or otherwise modified in accordance with their terms, and the Controlling Facility may be Refinanced, in each case, without notice to, or the consent of, any Subordinated Agent or any Subordinated Claimholder, all without affecting the lien subordination or other provisions of this Agreement; provided that the holders of any such Refinancing indebtedness bind themselves, in a writing addressed to each Subordinated Agent and the Subordinated Claimholders, to the terms of this Agreement; provided, further, that any such amendment, restatement, supplement, modification or Refinancing shall not, without the consent of each Subordinated Agent:

(i) increase the then outstanding aggregate principal amount of the Controlling Facility in excess of the applicable Cap Amount;

(ii) increase the "Applicable Margin" or similar component of the interest rate by more than [_]% per annum (excluding increases resulting from the accrual of interest at the default rate);

(iii) (A) shorten the scheduled maturity of the Controlling Facility or any Refinancing thereof or (B) extend the scheduled maturity of the Controlling Facility or any Refinancing thereof beyond the scheduled maturity of any Subordinated Facility or any Refinancing thereof; or

(iv) modify the mandatory prepayment provisions of the Controlling Facility to provide for additional mandatory prepayment events in a manner adverse to the lenders under any Subordinated Facility.

5.4 **Confirmation of Subordination in Subordinated Collateral Documents**. The Company agrees that each Subordinated Collateral Document shall include the following language (or language to similar effect approved by the Controlling Agent):

> "Notwithstanding anything herein to the contrary, the lien and security interest granted to the [Agent][Trustee] with respect to the [MARAD Collateral] pursuant to this Agreement and the exercise of any right or remedy with respect to the [MARAD Collateral] by the [Agent][Indenture Trustee] hereunder are subject to the provisions of the Intercreditor Agreement, dated as of the date hereof (as amended, restated, supplemented or otherwise modified from time to time, the "**MARAD Collateral Intercreditor Agreement**"), among Trailer Bridge, Inc., U.S. Bank National Association, in its capacity as successor indenture trustee under the MARAD Facility (as defined therein), Law Debenture Trust Company Of New York, as agent under the Exit Credit Facility (as defined therein), and [_____], as indenture trustee under the Secured Note Facility (as defined therein). In the event of any conflict between the terms of the MARAD Collateral Intercreditor Agreement and this Agreement, the terms of the MARAD Collateral Intercreditor Agreement shall govern and control."

5.5 **Gratuitous Bailee/Agent for Perfection**.

(a) The Controlling Agent agrees to hold that part of the MARAD Collateral that is in its possession or control (or in the possession or control of its agents or bailees) to the extent that possession or control thereof is taken to perfect a Lien thereon under the UCC (such MARAD Collateral being the "**Pledged Collateral**") as collateral agent for the Controlling Claimholders and as gratuitous bailee for each Subordinated Agent (such bailment being intended, among other things, to satisfy the requirements of Sections 8-106(d)(3), 8-301(a)(2) and 9-313(c) of the UCC) and any assignee solely for

the purpose of perfecting the security interest granted under the Controlling Facility Documents and the Subordinated Facility Documents, respectively, subject to the terms and conditions of this Section 5.5.

(b) The Controlling Agent shall have no obligation whatsoever to any Controlling Claimholder, any Subordinated Agent or any Subordinated Claimholder to ensure that the Pledged Collateral is genuine or owned by the Company or to preserve rights or benefits of any Person except as expressly set forth in this Section 5.5. The duties or responsibilities of the Controlling Agent under this Section 5.5 shall be limited solely to holding the Pledged Collateral as bailee (and with respect to deposit accounts, agent) in accordance with this Section 5.5 and delivering the Pledged Collateral upon the Discharge of Controlling Obligations as provided in Section 5.5(d) below.

(c) The Controlling Agent shall not have by reason of the Controlling Collateral Documents, the Subordinated Collateral Documents, this Agreement or any other document a fiduciary relationship in respect of any Controlling Claimholder, any Subordinated Agent or any Subordinated Claimholder, and each Subordinated Agent and each Subordinated Claimholder hereby waives and releases the Controlling Agent from all claims and liabilities arising pursuant to the Controlling Agent's role under this Section 5.5 as gratuitous bailee and gratuitous agent with respect to the MARAD Collateral. It is understood and agreed that the interests of the Controlling Agent and each Subordinated Agent may differ and the Controlling Agent shall be fully entitled to act in its own interest without taking into account the interests of any Subordinated Agent or any Subordinated Claimholder.

(d) Upon the Discharge of Controlling Obligations under the Controlling Facility Documents to which the Controlling Agent is a party, such former Controlling Agent shall deliver or transfer control of the remaining Pledged Collateral in its possession or control (if any), together with any necessary endorsements (such endorsement shall be without recourse and without any representation or warranty), (i) to the new Controlling Agent, to the extent any Controlling Obligations remain outstanding, or (ii) to the Company, to the extent no Controlling Obligations or Subordinated Obligations remain outstanding (in each case, so as to allow such Person to obtain possession or control of such Pledged Collateral). The former Controlling Agent further agrees to take all other action reasonably requested by any new Controlling Agent at the expense of the Company in connection with such new Controlling Agent obtaining a first-priority interest in the MARAD Collateral or as a court of competent jurisdiction may otherwise direct.

5.6 **When Discharge of Controlling Obligations Deemed to Not Have Occurred**. If the Company enters into any Refinancing of any Controlling Facility Document evidencing Controlling Obligations, and the holders of any such Refinancing indebtedness bind themselves, in a writing addressed to each Subordinated Agent and the Subordinated Claimholders, to the terms of this Agreement, then the Discharge of Controlling Obligations shall automatically be deemed not to have occurred for all purposes of this Agreement, and, from and after the date on which the New Controlling Debt Notice is delivered to each Subordinated Agent in accordance with the next sentence, the obligations under such Refinancing of such Controlling Facility Document shall automatically be treated as "Controlling Obligations" for all purposes of this Agreement, including for purposes of the Lien priorities and rights in respect of the MARAD Collateral set forth herein; provided that no collateral other than the MARAD Collateral shall become subject to this Agreement as a result thereof. Upon receipt of a notice (the "**New Controlling Debt Notice**") stating that the Company has entered into a new Controlling Facility Document (which notice shall include the identity of the new agent, such agent, the "**New Controlling Agent**"), each Subordinated Agent shall promptly (a) enter into such documents and agreements (including amendments or supplements to this Agreement) as the Company or such New Controlling Agent shall reasonably request in order to provide to the New Controlling Agent the rights contemplated hereby, in each case consistent in all material respects with the terms of this Agreement and (b) deliver to the New Controlling Agent any Pledged Collateral held by it together with any necessary

endorsements (or otherwise allow the New Controlling Agent to obtain control of such Pledged Collateral). The New Controlling Agent shall agree in a writing addressed to each Subordinated Agent and the Subordinated Claimholders to be bound by the terms of this Agreement.

5.7 **Purchase Right**.

(a) Without prejudice to the enforcement of the Controlling Claimholders' remedies, the Controlling Claimholders agree that, promptly following (i) an acceleration of the Controlling Obligations in accordance with the terms of the Controlling Facility Documents, (ii) a payment default under the Controlling Facility Documents that has not been cured or waived in accordance with the terms of the Controlling Facility Documents within 60 days of the occurrence thereof or (iii) the commencement of any Insolvency or Liquidation Proceeding, the Controlling Claimholders will offer to the Second Lien Lenders (or, if the Discharge of Second Lien Obligations has occurred, to the Third Lien Lenders) the option to purchase, on a *pro rata* basis, the entire aggregate amount of outstanding Controlling Obligations at the Purchase Price without warranty or representation or recourse, except as provided in Section 5.7(d). The Second Lien Lenders (or the Third Lien Lenders, as applicable) shall irrevocably accept or reject such offer within 10 Business Days of the receipt thereof, and the parties shall endeavor to close promptly and in any event no later than 10 Business Days thereafter. If the Second Lien Lenders (or the Third Lien Lenders, as applicable) accept such offer, it shall be exercised pursuant to documentation mutually acceptable to each of the Controlling Agent and the Second Lien Agent (or the Third Lien Agent, as applicable).

(b) If the Discharge of the Second Lien Obligations has not occurred and the Second Lien Lenders reject the offer made pursuant to Section 5.7(a) (or do not so irrevocably accept such offer within 10 Business Days of the receipt thereof), the First Lien Claimholders and the Second Lien Claimholders shall offer to the Third Lien Lenders the option to purchase, on a *pro rata* basis, the entire aggregate amount of outstanding First Lien Obligations and Second Lien Obligations at the Purchase Price without warranty or representation or recourse, except as provided in 5.7(d). The Third Lien Lenders shall irrevocably accept or reject such offer in full within 10 Business Days of the receipt thereof, and the parties shall endeavor to close promptly and in any event no later than 10 Business Days thereafter. If the Third Lien Lenders accept such offer, it shall be exercised pursuant to documentation mutually acceptable to each of the Controlling Agent, the Second Lien Agent and the Third Lien Agent.

(c) If the Third Lien Lenders reject the offer made pursuant to Section 5.7(b) (or Section 5.7(a), as applicable), the Controlling Claimholders shall have no further obligations pursuant to this Section 5.7 and may take any further actions in their sole discretion in accordance with the Controlling Facility Documents and this Agreement. Each First Lien Claimholder and Second Lien Claimholder will retain all rights to indemnification provided in the relevant MARAD Facility Documents or Exit Credit Facility Documents for all claims and other amounts relating to periods prior to the purchase of the First Lien Obligations or the Second Lien Obligations, or both, as applicable, pursuant to this Section 5.7.

(d) The purchase and sale of the Controlling Obligations under this Section 5.7 will be without recourse and without representation or warranty of any kind by the Controlling Claimholders, except that the Controlling Claimholders represent and warrant that on the date of the purchase, immediately before giving effect to the purchase:

(i) the principal of and accrued and unpaid interest on the Controlling Obligations, and the fees and expenses thereof, are as stated in the Assignment Agreement; and

(ii) the Controlling Claimholders own the Controlling Obligations free and clear of any Liens.

6. **INSOLVENCY OR LIQUIDATION PROCEEDINGS**.

6.1 **Sale Issues**. Each Subordinated Agent, for itself and on behalf of the respective Subordinated Claimholders, agrees that it will raise no objection or oppose a motion to sell or otherwise dispose of the MARAD Collateral free and clear of its Liens or other claims under Section 363 of the Bankruptcy Code if the requisite Controlling Claimholders have consented to such sale or disposition of such assets, and such motion does not impair the rights of the Subordinated Claimholders under Section 363(k) of the Bankruptcy Code; provided that the applicable Cap Amount shall be reduced by an amount equal to the net cash proceeds of such sale or other disposition which are used to pay the principal or face amount of the Controlling Obligations.

6.2 **Relief from the Automatic Stay**. Until the Discharge of Controlling Obligations has occurred, each Subordinated Agent, on behalf of itself and the respective Subordinated Claimholders, agrees that none of them shall (i) seek (or support any other Person seeking) relief from the automatic stay or any other stay in any Insolvency or Liquidation Proceeding in respect of the MARAD Collateral without the prior written consent of the Controlling Agent, unless a motion for adequate protection permitted under Section 6.3 has been denied by the Bankruptcy Court, or (ii) oppose any request by the Controlling Agent for relief from such stay with respect to the MARAD Collateral.

6.3 **Adequate Protection**. Each Subordinated Agent, on behalf of itself and the respective Subordinated Claimholders, agrees that none of them shall contest (or support any other Person contesting):

(i) any request by the Controlling Agent or any Controlling Claimholders for adequate protection with respect to the MARAD Collateral; or

(ii) any objection by the Controlling Agent or any Controlling Claimholders to any motion, relief, action or proceeding based on the Controlling Agent or any Controlling Claimholders claiming a lack of adequate protection with respect to the MARAD Collateral.

6.4 **No Waiver**. Nothing contained herein shall prohibit or in any way limit the Controlling Agent or any Controlling Claimholder from objecting in any Insolvency or Liquidation Proceeding or otherwise to any action taken by any Subordinated Agent or any of the Subordinated Claimholders with respect to the MARAD Collateral, including the seeking by any Subordinated Agent or any Subordinated Claimholder of adequate protection with respect to the MARAD Collateral or the asserting by any Subordinated Agent or any Subordinated Claimholder of any of its rights and remedies under the respective Subordinated Facility Documents or otherwise with respect to the MARAD Collateral.

6.5 **Avoidance Issues**. If any Controlling Claimholder (or former Controlling Claimholder) is required in any Insolvency or Liquidation Proceeding or otherwise to turn over or otherwise pay to the estate of the Company any amount paid in respect of any former Controlling Obligations (a "**Recovery**"), then such Controlling Claimholder (or former Controlling Claimholder, as applicable) shall be entitled to a reinstatement of such Controlling Obligations with respect to all such recovered amounts and, if the Discharge of Controlling Obligations with respect to such reinstated Controlling Obligations had previously occurred, from and after the date of such reinstatement such Discharge of Controlling Obligations shall be deemed not to have occurred for all purposes hereunder. If this Agreement shall have been terminated prior to such Recovery, this Agreement shall be reinstated in full force and effect, and such prior termination shall not diminish, release, discharge, impair or otherwise affect the obligations of the parties hereto from such date of reinstatement.

6.6 **Reorganization Securities**. If, in any Insolvency or Liquidation Proceeding, debt obligations of the reorganized debtor secured by Liens upon the MARAD Collateral are distributed pursuant to a plan of reorganization or similar dispositive restructuring plan, both on account of the Controlling Obligations and on account of the Subordinated Obligations, then, to the extent the debt obligations distributed on account of the Controlling Obligations and on account of the Subordinated Obligations are secured by Liens upon the MARAD Collateral, the provisions of this Agreement will survive the distribution of such debt obligations pursuant to such plan and will apply with like effect to the Liens upon the MARAD Collateral securing such debt obligations.

6.7 **Post-Petition Interest**.

(a) No Subordinated Agent or Subordinated Claimholder shall oppose or seek to challenge any claim by the Controlling Agent or any Controlling Claimholder for allowance in any Insolvency or Liquidation Proceeding of Controlling Obligations consisting of Post-Petition Interest to the extent of the value of the Lien of the Controlling Agent on behalf of the Controlling Claimholders on the MARAD Collateral, without regard to the existence of the Lien of each Subordinated Agent on behalf of the respective Subordinated Claimholders on the MARAD Collateral.

(b) Neither the Controlling Agent nor any other Controlling Claimholder shall oppose or seek to challenge any claim by any Subordinated Agent or any Subordinated Claimholder for allowance in any Insolvency or Liquidation Proceeding of Subordinated Obligations consisting of Post-Petition Interest to the extent of the value of the Lien of each Subordinated Agent on behalf of the respective Subordinated Claimholders on the MARAD Collateral (after taking into account the value of the Controlling Obligations) and the Separate Collateral.

6.8 **Waiver**. Each Subordinated Agent, for itself and on behalf of the respective Subordinated Claimholders, waives any claim it may hereafter have against any Controlling Claimholder arising out of the election of any Controlling Claimholder of the application of Section 1111(b)(2) of the Bankruptcy Code, and/or out of any cash collateral or financing arrangement or out of any grant of a security interest in connection with the MARAD Collateral in any Insolvency or Liquidation Proceeding so long as such actions are not in express contravention of the terms of this Agreement.

6.9 **Separate Grants of Security and Separate Classification**. Each Subordinated Agent, for itself and on behalf of the respective Subordinated Claimholders, and the Controlling Agent, for itself and on behalf of the Controlling Claimholders, acknowledges and agrees that:

(a) the grants of Liens in the MARAD Collateral pursuant to each of the First Lien Collateral Documents, the Second Lien Collateral Documents and the Third Lien Collateral Documents constitute separate and distinct grants of Liens; and

(b) because of, among other things, their differing rights in the MARAD Collateral, each of the First Lien Obligations, the Second Lien Obligations and the Third Lien Obligations are fundamentally different from each other and must be separately classified in any plan of reorganization proposed or adopted in any Insolvency or Liquidation Proceeding.

To further effectuate the intent of the parties as provided in the immediately preceding sentence, if it is held that the claims of the Controlling Claimholders and the Subordinated Claimholders in respect of the MARAD Collateral constitute only one secured claim (rather than separate classes of senior and junior secured claims), then each of the parties hereto hereby acknowledges and agrees that, subject to Sections 2.1 and 4.1, all distributions with respect to the MARAD Collateral shall be made as if there were separate classes of senior and junior secured claims against the Company in respect of the MARAD Collateral (with the effect being that, to the extent that the aggregate value of the MARAD

Collateral is sufficient (for this purpose ignoring all claims held by the Subordinated Claimholders), the Controlling Claimholders shall be entitled to receive, in addition to amounts distributed to them in respect of principal, pre-petition interest and other claims, all amounts owing (or that would be owing if there were such separate classes of senior and junior secured claims) in respect of Post-Petition Interest, including any additional interest payable pursuant to the Controlling Facility, arising from or related to a default, which is disallowed as a claim in any Insolvency or Liquidation Proceeding, before any distribution is made in respect of the claims held by the Subordinated Claimholders with respect to the MARAD Collateral, with each Subordinated Agent, for itself and on behalf of the respective Subordinated Claimholders, hereby acknowledging and agreeing to turn over to the Controlling Agent, for itself and on behalf of the Controlling Claimholders, the MARAD Collateral or proceeds of the MARAD Collateral otherwise received or receivable by them to the extent necessary to effectuate the intent of this sentence, even if such turnover has the effect of reducing the claim or recovery of the Subordinated Claimholders).

6.10 **Effectiveness in Insolvency or Liquidation Proceedings**. The Parties acknowledge that this Agreement is, with respect to the MARAD Collateral, a "subordination agreement" under Section 510(a) of the Bankruptcy Code, which will be effective before, during and after the commencement of any Insolvency or Liquidation Proceeding. All references in this Agreement to the Company will include the Company as a debtor-in-possession and any receiver or trustee for the Company in an Insolvency or Liquidation Proceeding.

7. **RELIANCE; WAIVERS**.

7.1 **Reliance**. Other than any reliance on the terms of this Agreement, the Controlling Agent, on behalf of itself and the Controlling Claimholders, acknowledges that it and such Controlling Claimholders have, independently and without reliance on any Subordinated Agent or any Subordinated Claimholder, and based on documents and information deemed by them appropriate, made their own credit analysis and decision to enter into each of the Controlling Facility Documents and be bound by the terms of this Agreement and they will continue to make their own credit decision in taking or not taking any action under the Controlling Facility Documents or this Agreement. Each Subordinated Agent, on behalf of itself and the respective Subordinated Claimholders, acknowledges that it and such Subordinated Claimholders have, independently and without reliance on the Controlling Agent, any Controlling Claimholder, any other Subordinated Agent or any other Subordinated Claimholder, and based on documents and information deemed by them appropriate, made their own credit analysis and decision to enter into each of the Subordinated Facility Documents and be bound by the terms of this Agreement and they will continue to make their own credit decision in taking or not taking any action under the Subordinated Facility Documents or this Agreement.

7.2 **No Warranties or Liability**. The Controlling Agent, on behalf of itself and the Controlling Claimholders, acknowledges and agrees that none of the Subordinated Agents or the Subordinated Claimholders have made any express or implied representation or warranty, including with respect to the execution, validity, legality, completeness, collectibility or enforceability of any of the Subordinated Facility Documents, the ownership of the MARAD Collateral or the perfection or priority of any Liens thereon. Except as otherwise provided herein, the Subordinated Claimholders will be entitled to manage and supervise their respective loans and extensions of credit under each of the Subordinated Facility Documents in accordance with law and as they may otherwise, in their sole discretion, deem appropriate. Except as otherwise provided herein, each Subordinated Agent, on behalf of itself and the respective Subordinated Claimholders, acknowledges and agrees that none of the Controlling Agent, the Controlling Claimholders, the other Subordinated Agents or the other Subordinated Claimholders have made any express or implied representation or warranty, including with respect to the execution, validity, legality, completeness, collectibility or enforceability of any of the

Controlling Facility Documents or the Subordinated Facility Documents, the ownership of the MARAD Collateral or the perfection or priority of any Liens thereon. Except as otherwise provided herein, the Controlling Claimholders will be entitled to manage and supervise their respective loans and extensions of credit under their respective Controlling Facility Documents in accordance with law and as they may otherwise, in their sole discretion, deem appropriate. The Subordinated Agents and the Subordinated Claimholders shall have no duty to the Controlling Agent, any of the Controlling Claimholders or any of the other Subordinated Claimholders, and the Controlling Agent and the Controlling Claimholders shall have no duty to any Subordinated Agent or any of the Subordinated Claimholders, to act or refrain from acting in a manner which allows, or results in, the occurrence or continuance of an event of default or default under any agreements with the Company (including the Controlling Facility Documents and the Subordinated Facility Documents), regardless of any knowledge thereof which they may have or be charged with.

7.3 **No Waiver of Lien Priorities**.

(a) No right of the Controlling Claimholders, the Controlling Agent or any of them to enforce any provision of this Agreement or any Controlling Facility Document shall at any time in any way be prejudiced or impaired by any act or failure to act on the part of the Company or by any act or failure to act by any Controlling Claimholder or the Controlling Agent, or by any noncompliance by any Person with the terms, provisions and covenants of this Agreement, any of the Controlling Facility Documents or any of the Subordinated Facility Documents, regardless of any knowledge thereof which the Controlling Agent or the Controlling Claimholders, or any of them, may have or be otherwise charged with.

(b) Without in any way limiting the generality of the foregoing paragraph (but subject to the rights of the Company under the Controlling Facility Documents and subject to the provisions of Section 5.3), the Controlling Agent or any of the Controlling Claimholders may, at any time and from time to time in accordance with the Controlling Facility Documents and/or applicable law, without the consent of, or notice to, any Subordinated Agent or any Subordinated Claimholders, without incurring any liabilities to any Subordinated Agent or any Subordinated Claimholders and without impairing or releasing the Lien priorities and other benefits provided in this Agreement (even if any right of subrogation or other right or remedy of any Subordinated Agent or any Subordinated Claimholders is affected, impaired or extinguished thereby), do any one or more of the following:

(i) change the manner, place or terms of payment, or change or extend the time of payment, or amend, renew, exchange, increase or alter the terms, of any of the Controlling Obligations or any Lien on the MARAD Collateral or guaranty thereof or any liability of the Company, or any liability incurred directly or indirectly in respect thereof (including any increase in or extension of the Controlling Obligations, without any restriction as to the tenor or terms of any such increase or extension) or otherwise amend, renew, exchange, extend, modify or supplement in any manner any Liens held by the Controlling Agent or any of the Controlling Claimholders, any Controlling Obligations or any of the Controlling Facility Documents; provided that any such increase in the Controlling Obligations shall not increase the sum of the Indebtedness constituting principal under the Controlling Facility Documents to an amount in excess of the applicable Cap Amount;

(ii) sell, exchange, release, surrender, realize upon, enforce or otherwise deal with in any manner and in any order any part of the MARAD Collateral or any liability of the Company to the Controlling Agent or any Controlling Claimholders, or any liability incurred directly or indirectly in respect thereof;

(iii) settle or compromise any Controlling Obligation or any other liability of the Company or any security therefor or any liability incurred directly or indirectly in respect thereof and apply any sums by whomsoever paid and however realized to any liability (including the Controlling Obligations) in any manner or order; and

(iv) exercise or delay in or refrain from exercising any right or remedy against the Company or any security or any other Person, elect any remedy and otherwise deal freely with the Company or the MARAD Collateral and any security and any guarantor or any liability of the Company to the Controlling Claimholders or any liability incurred directly or indirectly in respect thereof.

(c) Except as otherwise expressly provided herein, each Subordinated Agent, on behalf of itself and the Subordinated Claimholders, also agrees that the Controlling Claimholders and the Controlling Agent shall have no liability to any Subordinated Agent or any Subordinated Claimholders, and each Subordinated Agent, on behalf of itself and the respective Subordinated Claimholders, hereby waives any claim against any Controlling Claimholder or the Controlling Agent arising out of any and all actions which any Controlling Claimholder or the Controlling Agent may take or permit or omit to take with respect to the foreclosure upon, or sale, liquidation or other disposition of, the MARAD Collateral. Each Subordinated Agent, on behalf of itself and the respective Subordinated Claimholders, agrees that the Controlling Claimholders and the Controlling Agent have no duty to them in respect of the maintenance or preservation of the MARAD Collateral, the Controlling Obligations or otherwise.

(d) Until the Discharge of Controlling Obligations occurs, each Subordinated Agent, on behalf of itself and the respective Subordinated Claimholders, agrees not to assert and hereby waives, to the fullest extent permitted by law, any right to demand, request, plead or otherwise assert or otherwise claim the benefit of, any marshalling, appraisal, valuation or other similar right that may otherwise be available under applicable law with respect to the MARAD Collateral or any other similar rights a junior secured creditor may have under applicable law with respect to the MARAD Collateral.

7.4 **Obligations Unconditional**. All rights, interests, agreements and obligations of the First Lien Agent and the First Lien Claimholders, the Second Lien Agent and the Second Lien Claimholders, and the Third Lien Agent and the Third Lien Claimholders, respectively, hereunder shall remain in full force and effect irrespective of:

(a) any lack of validity or enforceability of any MARAD Facility Document, Exit Credit Facility Document or Secured Note Facility Document;

(b) except as otherwise expressly set forth in this Agreement, any change in the time, manner or place of payment of, or in any other terms of, all or any of the First Lien Obligations, the Second Lien Obligations or the Third Lien Obligations, or any amendment or waiver or other modification, including any increase in the amount thereof, whether by course of conduct or otherwise, of the terms of any MARAD Facility Document, Exit Credit Facility Document or Secured Note Facility Document;

(c) except as otherwise expressly set forth in this Agreement, any exchange of any security interest in the MARAD Collateral or any other collateral, or any amendment, waiver or other modification, whether in writing or by course of conduct or otherwise, of all or any of the First Lien Obligations, the Second Lien Obligations or the Third Lien Obligations or any guaranty thereof;

(d) the commencement of any Insolvency or Liquidation Proceeding in respect of the Company; or

(e) any other circumstances which otherwise might constitute a defense available to, or a discharge of, the Company in respect of the First Lien Agent, the First Lien Obligations, any First Lien Claimholder, the Second Lien Agent, the Second Lien Obligations, any Second Lien Claimholder, the Third Lien Agent, the Third Lien Obligations, or any Third Lien Claimholder in respect of this Agreement.

8. **MISCELLANEOUS**.

8.1 **Conflicts**. In the event of any conflict between the provisions of this Agreement and the provisions of the MARAD Facility Documents, the Exit Credit Facility Documents or the Secured Note Facility Documents, in each case, with respect to the MARAD Collateral, the provisions of this Agreement shall govern and control.

8.2 **Effectiveness; Continuing Nature of this Agreement; Severability**. This Agreement shall become effective when executed and delivered by the parties hereto. This is a continuing agreement of lien subordination with respect to the MARAD Collateral and the Controlling Claimholders may continue, at any time and without notice to any Subordinated Agent or any Subordinated Claimholder, to extend credit and other financial accommodations and lend monies to or for the benefit of the Company constituting Controlling Obligations in reliance hereof. Each Subordinated Agent, on behalf of itself and the respective Subordinated Claimholders, hereby waives any right it may have under applicable law to revoke this Agreement or any of the provisions of this Agreement. The terms of this Agreement shall survive, and shall continue in full force and effect, in any Insolvency or Liquidation Proceeding. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall not invalidate the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. All references to the Company shall include the Company as debtor and debtor-in-possession and any receiver or trustee for the Company (as the case may be) in any Insolvency or Liquidation Proceeding.

8.3 **Termination**. This Agreement shall terminate and be of no further force and effect:

(a) with respect to the First Lien Agent, the First Lien Claimholders and the First Lien Obligations, upon the date of the Discharge of First Lien Obligations, subject to the rights of the First Lien Claimholders under Section 6.5;

(b) with respect to the Second Lien Agent, the Second Lien Claimholders and the Second Lien Obligations, upon the date of the Discharge of Second Lien Obligations, subject to the rights of the Second Lien Claimholders under Section 6.5; and

(c) with respect to the Third Lien Agent, the Third Lien Claimholders and the Third Lien Obligations, upon the date of the Discharge of Third Lien Obligations, subject to the rights of the Third Lien Claimholders under Section 6.5.

In addition, the Second Lien Agent, the Second Lien Claimholders, the Third Lien Agent and the Third Lien Claimholders agree that upon Discharge of the First Lien Obligations, their respective rights and priorities with respect to the MARAD Collateral shall no longer be governed by this Agreement, but shall instead be governed by the Exit Facility-Secured Note Intercreditor Agreement.

8.4 **Amendments; Waivers**. No amendment, modification or waiver of any of the provisions of this Agreement by the Third Lien Agent, the Second Lien Agent or the First Lien Agent shall be deemed to be made unless the same shall be in writing signed on behalf of each party hereto or its

authorized agent and each waiver, if any, shall be a waiver only with respect to the specific instance involved and shall in no way impair the rights of the parties making such waiver or the obligations of the other parties to such party in any other respect or at any other time. Notwithstanding the foregoing, the Company shall not have any right to consent to or approve any amendment, modification or waiver of any provision of this Agreement except to the extent its rights are directly and adversely affected.

8.5 **Information Concerning Financial Condition of the Company and its Subsidiaries**. The First Lien Agent and the First Lien Claimholders, the Second Lien Claimholders and the Second Lien Agent, and the Third Lien Claimholders and the Third Lien Agent shall each be responsible for keeping themselves informed of (a) the financial condition of the Company and its subsidiaries and all endorsers and/or guarantors of the First Lien Obligations, the Second Lien Obligations and the Third Lien Obligations and (b) all other circumstances bearing upon the risk of nonpayment of the First Lien Obligations, the Second Lien Obligations and the Third Lien Obligations. The Controlling Agent and the Controlling Claimholders shall have no duty to advise any Subordinated Agent or any Subordinated Claimholder of information known to it or them regarding such condition or any such circumstances or otherwise. In the event the Controlling Agent or any of the Controlling Claimholders, in its or their sole discretion, undertakes at any time or from time to time to provide any such information to any Subordinated Agent or any Subordinated Claimholder, it or they shall be under no obligation:

(a) to make, and the Controlling Agent and the Controlling Claimholders shall not make, any express or implied representation or warranty, including with respect to the accuracy, completeness, truthfulness or validity of any such information so provided;

(b) to provide any additional information or to provide any such information on any subsequent occasion;

(c) to undertake any investigation; or

(d) to disclose any information that, pursuant to accepted or reasonable commercial finance practices, such party wishes to maintain confidential or is otherwise required to maintain confidential.

8.6 **Subrogation**. With respect to the value of any payments or distributions in cash, property or other assets that any of the Subordinated Claimholders or any Subordinated Agent pays over to the Controlling Agent or the Controlling Claimholders under the terms of this Agreement, the Subordinated Claimholders and each Subordinated Agent shall be subrogated to the rights of the Controlling Agent and the Controlling Claimholders; provided that each Subordinated Agent, on behalf of itself and the respective Subordinated Claimholders, hereby agrees not to assert or enforce all such rights of subrogation it may acquire as a result of any payment hereunder until the Discharge of Controlling Obligations has occurred. The Company acknowledges and agrees that the value of any payments or distributions in cash, property or other assets received by the Subordinated Agent or the Subordinated Claimholders that are paid over to the Controlling Agent or the Controlling Claimholders pursuant to this Agreement shall not reduce any of the Subordinated Obligations.

8.7 **Application of Payments**. All payments received by the Controlling Agent or the Controlling Claimholders may be applied, reversed and reapplied, in whole or in part, to such part of the Controlling Obligations provided for in the Controlling Facility Documents. Each Subordinated Agent, on behalf of itself and the respective Subordinated Claimholders, assents to any extension or postponement of the time of payment, subject to Section 5.3(a)(iii), of the Controlling Obligations or any part thereof and to any other indulgence with respect thereto, to any substitution, exchange or release of

any security which may at any time secure any part of the Controlling Obligations and to the addition or release of any other Person primarily or secondarily liable therefor.

8.8 **GOVERNING LAW; CONSENT TO JURISDICTION AND SERVICE**. THIS AGREEMENT IS A CONTRACT UNDER THE LAW OF THE STATE OF NEW YORK AND SHALL FOR ALL PURPOSES BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF SUCH STATE. EACH OF THE PARTIES HERETO AGREES THAT ANY SUIT FOR THE ENFORCEMENT OF THIS AGREEMENT MAY BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK OR ANY FEDERAL COURT SITTING THEREIN AND CONSENTS TO THE NONEXCLUSIVE JURISDICTION OF SUCH COURT AND THE SERVICE OF PROCESS IN ANY SUCH SUIT BEING MADE UPON SUCH PARTY BY MAIL IN ACCORDANCE WITH SECTION 8.10. EACH OF THE PARTIES HERETO HEREBY WAIVES ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE VENUE OF ANY SUCH SUIT OR ANY SUCH COURT OR THAT SUCH SUIT IS BROUGHT IN AN INCONVENIENT FORUM.

8.9 **WAIVER OF JURY TRIAL AND CERTAIN DAMAGE CLAIMS**. TO THE EXTENT ALLOWED BY AND ENFORCEABLE UNDER APPLICABLE LAW, EACH OF THE PARTIES HERETO HEREBY WAIVES ITS RIGHT TO A JURY TRIAL WITH RESPECT TO ANY ACTION OR CLAIM ARISING OUT OF ANY DISPUTE IN CONNECTION WITH THIS AGREEMENT, ANY RIGHTS OR OBLIGATIONS HEREUNDER OR THE PERFORMANCE OF SUCH RIGHTS AND OBLIGATIONS. EXCEPT TO THE EXTENT EXPRESSLY PROHIBITED BY LAW, EACH OF THE PARTIES HERETO HEREBY WAIVES ANY RIGHT IT MAY HAVE TO CLAIM OR RECOVER IN ANY SUCH LITIGATION ANY SPECIAL, EXEMPLARY OR PUNITIVE DAMAGES OR ANY DAMAGES OTHER THAN, OR IN ADDITION TO, ACTUAL DAMAGES OR CONSEQUENTIAL DAMAGES. EACH OF THE PARTIES HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HERETO HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY HERETO WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVERS AND (B) ACKNOWLEDGES THAT THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE WAIVERS AND CERTIFICATIONS CONTAINED IN THIS SECTION 8.9. TO THE EXTENT THE PROVISIONS OF THIS SECTION 8.9 ARE DEEMED UNENFORCEABLE, (I) THIS SECTION 8.9 SHALL BE DEEMED TO BE REMOVED FROM THIS AGREEMENT, (II) THIS SECTION 8.9 SHALL BE OF NO FURTHER FORCE AND EFFECT, AND (III) THE REMAINDER OF THIS AGREEMENT SHALL REMAIN IN FULL FORCE AND EFFECT.

8.10 **Notices**. All notices to the Third Lien Claimholders, the Second Lien Claimholders and the First Lien Claimholders permitted or required under this Agreement shall be sent to the Third Lien Agent, the Second Lien Agent and the First Lien Agent, respectively, on their behalf. Unless otherwise specifically provided herein, any notice hereunder shall be in writing and may be personally served or sent by facsimile or United States mail or courier service and shall be deemed to have been given when delivered in person or by courier service and signed for against receipt thereof, upon receipt of facsimile, or three Business Days after depositing it in the United States mail with postage prepaid and properly addressed. For the purposes hereof, the addresses of the parties hereto shall be as set forth below each party's name on the signature pages hereto, or, as to each party, at such other address as may be designated by such party in a written notice to all of the other parties.

8.11 **Further Assurances**. Each of the First Lien Agent, on behalf of itself and the First Lien Claimholders, the Second Lien Agent, on behalf of itself and the Second Lien Claimholders, the Third Lien Agent, on behalf of itself and the Third Lien Claimholders, and the Company agrees that each of them shall take such further action and shall execute and deliver such additional documents and

instruments (in recordable form, if requested) as the First Lien Agent, the Second Lien Agent or the Third Lien Agent may reasonably request to effectuate the terms of, and the Lien priorities on the MARAD Collateral contemplated by, this Agreement.

8.12 **Binding on Successors and Assigns**. This Agreement shall be binding upon the First Lien Agent, the First Lien Claimholders, the Second Lien Agent, the Second Lien Claimholders, the Third Lien Agent, the Third Lien Claimholders and their respective successors and assigns. If any of the First Lien Agent, the Second Lien Agent or the Third Lien Agent resigns or is replaced pursuant to the MARAD Facility Documents, the Exit Credit Facility Documents or the Secured Note Facility Documents, as applicable, its successor shall be deemed to be a party to this Agreement and shall have all the rights of, and be subject to all the obligations of, this Agreement.

8.13 **Headings**. Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose or be given any substantive effect.

8.14 **Counterparts**. This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page of this Agreement or any document or instrument delivered in connection herewith by telecopy shall be effective as delivery of a manually executed counterpart of this Agreement or such other document or instrument, as applicable.

8.15 **Authorization**. By its signature, each Person executing this Agreement on behalf of a party hereto represents and warrants to the other parties hereto that it is duly authorized to execute this Agreement.

8.16 **Third Party Beneficiaries**. This Agreement and the rights and benefits hereof shall inure to the benefit of each of the parties hereto and its respective successors and assigns and shall inure to the benefit of each of the First Lien Claimholders, the Second Lien Claimholders and the Third Lien Claimholders. Nothing in this Agreement shall impair, as between the Company and the First Lien Agent and the First Lien Claimholders, the Second Lien Agent and the Second Lien Claimholders, or the Third Lien Agent and the Third Lien Claimholders, the obligations of the Company to pay principal, interest, fees and other amounts as provided in the MARAD Facility Documents, the Exit Credit Facility Documents and the Secured Note Facility Documents, respectively.

8.17 **No Indirect Actions**. Unless otherwise expressly stated, if a party may not take an action under this Agreement, then it may not take that action indirectly, or support any other Person in taking that action directly or indirectly. "Taking an action indirectly" means taking an action that is not expressly prohibited for the party but is intended to have substantially the same effects as the prohibited action.

8.18 **Provisions Solely to Define Relative Rights**. The provisions of this Agreement are and are intended solely for the purpose of defining the relative rights of the First Lien Agent and the First Lien Claimholders, the Second Lien Agent and the Second Lien Claimholders, and the Third Lien Agent and the Third Lien Claimholders with respect to the MARAD Collateral. None of the Company or any other creditor thereof shall have any rights hereunder and the Company may not rely on the terms hereof. Nothing in this Agreement is intended to or shall impair the obligations of the Company, which are absolute and unconditional, to pay the First Lien Obligations, the Second Lien Obligations and the Third Lien Obligations, as and when the same shall become due and payable in accordance with their terms.

8.19 **RESERVATION OF RIGHTS AND REMEDIES**. THE PROVISIONS OF THIS AGREEMENT RELATE SOLELY TO THE MARAD COLLATERAL AND NOTHING CONTAINED HEREIN SHALL LIMIT OR RESTRICT THE RIGHT OF THE SECOND LIEN AGENT, THE SECOND LIEN LENDERS, THE THIRD LIEN AGENT OR THE THIRD LIEN LENDERS TO EXERCISE THEIR RESPECTIVE RIGHTS AND REMEDIES, IN LAW OR IN EQUITY, OR OTHERWISE, AGAINST THE COMPANY OR THE SEPARATE COLLATERAL IN ORDER TO REALIZE ON ANY OF THE SEPARATE COLLATERAL AND TO APPLY THE PROCEEDS THEREFROM PURSUANT TO THE TERMS OF THE EXIT FACILITY-SECURED NOTE INTERCREDITOR AGREEMENT, INCLUDING EXERCISING ANY RIGHT OR REMEDY AGAINST THE COMPANY GRANTED TO THE SECOND LIEN AGENT OR THIRD LIEN AGENT UNDER THE APPLICABLE EXIT CREDIT FACILITY DOCUMENTS OR SECURED NOTE FACILITY DOCUMENTS.

[Signature pages follow]

IN WITNESS WHEREOF, the parties hereto have executed this MARAD Collateral Intercreditor Agreement as of the date first written above.

TRAILER BRIDGE, INC.

By: _____
Name:
Title:

Notice Address for the Company:

Trailer Bridge, Inc.
10405 New Berlin Road East
Jacksonville, Florida 32226
Tel: (904) 751-7192
Fax: (904) 751-7160

FIRST LIEN AGENT:

U.S. Bank National Association,
as First Lien Agent

By: _____
Name:
Title:

Notice Address for First Lien Agent:

U.S. Bank National Association
[_____]

SECOND LIEN AGENT:

Law Debenture Trust Company of New York,
as Second Lien Agent

By: _____
Name:
Title:

Notice Address for Second Lien Agent:

Law Debenture Trust Company of New York
[_____]

THIRD LIEN AGENT:

[_____],
as Third Lien Agent

By: _____
Name:
Title:

Notice Address for Third Lien Agent:

[_____]

APPENDIX B

REORGANIZED DEBTOR'S PROJECTIONS

These notes to the summary financial projections (the "Notes") should be read in conjunction with the Plan and the Disclosure Statement in their entirety. Attached is a summary level projected consolidated income statement, which includes consolidated historical income statement information for Trailer Bridge for the years ended December 31, 2009, 2010 and 2011 and a consolidated projected income statement (the "Projections") for Trailer Bridge and Reorganized Trailer Bridge for the five-year period from 2012 through 2016 (the "Projection Period"). The Projections assume an Effective Date of March 31, 2012, and, for the year 2011, include eleven months of actual results and one month of projected results for Trailer Bridge and Reorganized Trailer Bridge, as the case may be.

THE PROJECTIONS HAVE BEEN PREPARED BY TRAILER BRIDGE'S MANAGEMENT WITH THE ASSISTANCE OF RAS MANAGEMENT ADVISORS ("RAS"), TRAILER BRIDGE'S FINANCIAL ADVISORS. SUCH PROJECTIONS WERE NOT PREPARED TO COMPLY WITH THE GUIDELINES FOR PROSPECTIVE FINANCIAL STATEMENTS PUBLISHED BY THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS AND THE RULES AND REGULATIONS OF THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION. IN ASSISTING IN THE PREPARATION, RAS RELIED UPON THE ACCURACY AND COMPLETENESS OF FINANCIAL AND OTHER INFORMATION FURNISHED BY TRAILER BRIDGE'S MANAGEMENT AND THIRD PARTIES, AS WELL AS PUBLICLY-AVAILABLE INFORMATION, AND PORTIONS OF THE INFORMATION HEREIN MAY BE BASED UPON CERTAIN STATEMENTS, ESTIMATES AND FORECASTS PROVIDED BY TRAILER BRIDGE AND THIRD PARTIES WITH RESPECT TO THE ANTICIPATED FUTURE PERFORMANCE OF REORGANIZED TRAILER BRIDGE. RAS DID NOT ATTEMPT INDEPENDENTLY TO AUDIT OR VERIFY SUCH INFORMATION. NEITHER TRAILER BRIDGE NOR RAS CONDUCTED AN INDEPENDENT INVESTIGATION INTO ANY OF THE LEGAL, TAX OR ACCOUNTING MATTERS AFFECTING TRAILER BRIDGE OR REORGANIZED TRAILER BRIDGE AND, THEREFORE, NEITHER MAKES ANY REPRESENTATION AS TO THEIR IMPACT ON TRAILER BRIDGE OR REORGANIZED TRAILER BRIDGE FROM A FINANCIAL POINT OF VIEW. FURTHER, TRAILER BRIDGE'S INDEPENDENT ACCOUNTANTS HAVE NEITHER EXAMINED NOR COMPILED THE ACCOMPANYING ACTUAL RESULTS AND PROJECTIONS AND, ACCORDINGLY, DO NOT EXPRESS AN OPINION OR ANY OTHER FORM OF ASSURANCE WITH RESPECT TO THE PROJECTIONS, ASSUME NO RESPONSIBILITY FOR THE PROJECTIONS AND DISCLAIM ANY ASSOCIATION WITH THE PROJECTIONS. EXCEPT FOR PURPOSES OF THIS DISCLOSURE STATEMENT, TRAILER BRIDGE DOES NOT PUBLISH PROJECTIONS OF ITS ANTICIPATED FINANCIAL POSITION OR RESULTS OF OPERATIONS.

THE PROJECTIONS CONTAIN CERTAIN STATEMENTS THAT ARE "FORWARD-LOOKING STATEMENTS" WITHIN THE MEANING OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. THESE STATEMENTS ARE SUBJECT TO A NUMBER OF ASSUMPTIONS, RISKS, AND UNCERTAINTIES, MANY OF WHICH ARE AND WILL BE BEYOND THE CONTROL OF REORGANIZED TRAILER BRIDGE, INCLUDING THE IMPLEMENTATION OF THE PLAN, THE CONTINUING AVAILABILITY OF SUFFICIENT BORROWING CAPACITY OR OTHER FINANCING TO FUND OPERATIONS, ACHIEVING OPERATING EFFICIENCIES, CURRENCY EXCHANGE RATE FLUCTUATIONS, EXISTING AND FUTURE GOVERNMENTAL REGULATIONS AND ACTIONS OF GOVERNMENT BODIES, NATURAL DISASTERS AND UNUSUAL WEATHER CONDITIONS AND OTHER MARKET AND COMPETITIVE CONDITIONS. HOLDERS OF CLAIMS ARE CAUTIONED THAT THE FORWARD-LOOKING STATEMENTS SPEAK AS OF THE DATE MADE AND ARE NOT GUARANTEES OF FUTURE PERFORMANCE. ACTUAL RESULTS OR DEVELOPMENTS MAY DIFFER MATERIALLY FROM THE EXPECTATIONS EXPRESSED OR IMPLIED IN THE FORWARD-LOOKING STATEMENTS, AND TRAILER BRIDGE AND REORGANIZED TRAILER BRIDGE UNDERTAKE NO OBLIGATION TO UPDATE ANY SUCH STATEMENTS.

THE PROJECTIONS, WHILE PRESENTED WITH NUMERICAL SPECIFICITY, ARE NECESSARILY BASED ON A VARIETY OF ESTIMATES AND ASSUMPTIONS WHICH, THOUGH CONSIDERED REASONABLE BY TRAILER BRIDGE, MAY NOT BE REALIZED AND ARE INHERENTLY SUBJECT TO SIGNIFICANT BUSINESS, ECONOMIC, COMPETITIVE, INDUSTRY, REGULATORY, MARKET AND FINANCIAL UNCERTAINTIES AND CONTINGENCIES, MANY OF WHICH ARE AND WILL BE BEYOND REORGANIZED TRAILER BRIDGE'S CONTROL. TRAILER BRIDGE CAUTIONS THAT NO REPRESENTATIONS CAN BE MADE OR ARE MADE AS TO THE ACCURACY OF THE HISTORICAL FINANCIAL INFORMATION OR THE PROJECTIONS OR TO REORGANIZED TRAILER BRIDGE'S ABILITY TO ACHIEVE THE PROJECTED RESULTS. SOME ASSUMPTIONS INEVITABLY WILL BE INCORRECT. MOREOVER, EVENTS AND CIRCUMSTANCES OCCURRING SUBSEQUENT TO THE DATE ON WHICH THESE PROJECTIONS WERE PREPARED MAY BE DIFFERENT FROM THOSE ASSUMED, OR, ALTERNATIVELY, MAY HAVE BEEN UNANTICIPATED, AND THUS THE OCCURRENCE OF THESE EVENTS MAY AFFECT FINANCIAL RESULTS IN A MATERIALLY ADVERSE OR MATERIALLY BENEFICIAL MANNER. TRAILER BRIDGE AND REORGANIZED TRAILER BRIDGE DO NOT INTEND AND UNDERTAKE NO OBLIGATION TO UPDATE OR OTHERWISE REVISE THE PROJECTIONS TO REFLECT EVENTS OR CIRCUMSTANCES EXISTING OR ARISING AFTER THE DATE THIS DISCLOSURE STATEMENT IS INITIALLY FILED OR TO REFLECT THE OCCURRENCE OF UNANTICIPATED EVENTS. THE PROJECTIONS, THEREFORE, MAY NOT BE RELIED UPON AS A GUARANTY OR

OTHER ASSURANCE OF THE ACTUAL RESULTS THAT WILL OCCUR. IN DECIDING WHETHER TO VOTE TO ACCEPT OR REJECT THE PLAN, HOLDERS OF CLAIMS OR INTERESTS MUST MAKE THEIR OWN DETERMINATIONS AS TO THE REASONABLENESS OF SUCH ASSUMPTIONS AND THE RELIABILITY OF THE PROJECTIONS.

Creditors and other interested parties should see the section entitled "Risk Factors" of the Disclosure Statement for a discussion of certain factors that may affect the future financial performance of the Reorganized Debtor.

The projections have been prepared based on assumption that the Effective Date of the Plan is March 31, 2012 and assume the successful implementation of Reorganized Trailer Bridge's business plan. Although Trailer Bridge presently intends to cause the Effective Date to occur as soon as practical following confirmation of the Plan, there can be no assurance as to when the Effective Date will actually occur given the conditions for the Effective Date to occur pursuant to the terms of the Plan.

The projections are based on, among other things, the following: (a) current and projected market conditions in each of Reorganized Trailer Bridge's respective markets; (b) the ability to maintain sufficient working capital to fund operations; (c) final approval of the exit financing facility (as described in the Disclosure Statement); and (d) confirmation of the Plan.

Projected Summary Income Statement Assumptions

Revenue assumes the current twice weekly sailing schedule (One RORO and one TBC) is deployed throughout the forecast period with a TBC vessel substituted for the RORO vessels during dry dockings. The weekly TBC sailing will continue to make a stop in Puerto Plata, Dominican Republic on its return from San Juan, Puerto Rico.

The Projections assume Reorganized Trailer Bridge will operate at a level of capacity utilization slightly higher than historical levels with a slight improvement in yield annually.

Historical and Projected Southbound Capacity, Volume and Utilization are as follows:

	Actual	Actual	Projected	Projected	Projected	Projected	Projected	Projected
	2009	2010	2011	2012	2013	2014	2015	2016
Southbound Capacity	34,986	34,974	34,344	35,358	35,358	35,358	35,358	35,358
Southbound volume	30,608	33,750	32,084	35,086	35,086	35,086	35,086	35,086
Southbound capacity utilization	87.5%	96.5%	93.4%	98.5%	98.5%	98.5%	98.5%	98.5%

The Projections assume operating expenses to remain relatively constant during the forecast period with contractual increases included where applicable. Dry docking expenses are expensed as incurred and are added back for Adjusted EBITDA. Dry docking expenses included in the forecast are $1.4M in 2013, $3.7M in 2014 and $3.9M in 2016. Fuel expenses and fuel surcharges are assumed to be synchronized to produce a target net fuel expense of approximately $4.0M. No significant headcount related expenses are contemplated in the projections. Adjustments, if any, required by "Fresh Start" accounting rules have not been considered.

Projected summary Income Statement

	Actual	Actual	Projected	Projected	Projected	Projected	Projected	Projected
	2009	2010	2011	2012	2013	2014	2015	2016
Revenue	114.3	118.2	115.7	125.6	126.8	128.0	129.3	130.5
Operating Expenses	101.6	110.5	130.2	124.9	120.1	122.4	118.7	122.6
Operating Income (loss)	12.7	7.7	-14.5	0.7	6.7	5.6	10.6	7.9
Adjusted EBITDA (1)	22.8	15.9	6.1	13.6	14.9	16.0	17.3	18.6

(1) Adjusted EBITDA is calculated as EBITDA plus dry docking expense, noncash employee incentive stock options expense, Department of Justice Related legal fees, expenses related to reductions in force (severance), asset impairment and a non-recurring year end write down of accounts receivable for 2011.

APPENDIX C

LIQUIDATION ANALYSIS

Introduction

Pursuant to section 1129(a)(7) of the Bankruptcy Code (often called the "Best Interests Test")[1], holders of Allowed Claims and Allowed Equity Interests must either (a) accept the Plan or (b) receive or retain under the Plan property of a value, as of the Plan's assumed Effective Date, that is not less than the value such non-accepting Holder would receive or retain if the Debtor was to be liquidated under chapter 7 of the Bankruptcy Code ("Chapter 7").

In determining whether the Best Interests Test has been met, the first step is to determine the dollar amount that would be generated from a hypothetical liquidation of the Debtor's assets under Chapter 7. The Debtor, with the assistance of its financial advisors, have prepared two hypothetical liquidation analyses (each a "Liquidation Analysis" and together, the "Liquidation Analyses") in connection with the Disclosure Statement. As described in greater detail in Article VIII of the Disclosure Statement, the Debtor's net operating loss carryforwards are not currently available to offset any of the Debtor's federal taxable income, and Version 1 of the Liquidation Analysis is prepared with this in mind. However, for completeness, a second Liquidation Analysis (Version 2) is also below, which estimates potential recoveries assuming that the Debtor's net operating loss carryforwards are available to offset any of the Debtor's federal taxable income.

The Liquidation Analyses reflects the estimated Cash proceeds, net of liquidation-related costs, that would be available to the Debtor's creditors if the Debtor was to be liquidated pursuant to a Chapter 7 liquidation as an alternative to continued operation of the Debtor's business under the Plan. Accordingly, asset values discussed herein may be different than amounts referred to in the Plan. The Liquidation Analyses are based upon the assumptions discussed herein and in the Disclosure Statement.

UNDERLYING THE LIQUIDATION ANALYSES ARE NUMEROUS ESTIMATES AND ASSUMPTIONS REGARDING LIQUIDATION PROCEEDS THAT, ALTHOUGH DEVELOPED AND CONSIDERED REASONABLE BY THE DEBTOR'S MANAGEMENT AND ITS ADVISORS, ARE INHERENTLY SUBJECT TO SIGNIFICANT BUSINESS, ECONOMIC, REGULATORY AND COMPETITIVE UNCERTAINTIES AND CONTINGENCIES BEYOND THE CONTROL OF THE DEBTOR AND ITS MANAGEMENT. ACCORDINGLY, THERE CAN BE NO ASSURANCE THAT THE VALUES REFLECTED IN THE LIQUIDATION ANALYSES WOULD BE REALIZED IF THE DEBTOR WAS, IN FACT, TO UNDERGO SUCH A LIQUIDATION, AND ACTUAL RESULTS COULD MATERIALLY DIFFER FROM THE RESULTS SET FORTH HEREIN.

Significant Assumptions

Hypothetical recoveries to stakeholders of the Debtor in a Chapter 7 liquidation were determined through multiple steps, as set forth below.

[1] All capitalized terms not defined in this Liquidation Analysis have the meanings ascribed to them in the Disclosure Statement.

The Liquidation Analyses assume that the Debtor would commence a Chapter 7 liquidation on March 31, 2012. The Liquidation Analyses also assume that the liquidation of the Debtor would commence under the direction of a court-appointed Chapter 7 trustee. The Liquidation Analyses reflect the wind-down and liquidation of substantially all of the Debtor's remaining operations over an eight week period (the "Wind-Down Period"), during which time all of the Debtor's major assets would be sold and the cash proceeds, net of liquidation-related costs, would be distributed to satisfy Claims.

Estimate of Net Proceeds

Estimates were made of the Cash proceeds that might be received from the liquidation of the Debtor's assets listed on the balance sheet. After consideration of the effects that a Chapter 7 liquidation would have on the ultimate proceeds available for distribution, including (i) the increased costs and expenses of a liquidation under Chapter 7 arising from fees payable to a trustee in bankruptcy and advisors to such trustee (see below) and (ii) the potential erosion in value of assets in a Chapter 7 case in the context of the expedited liquidation required under Chapter 7.

In these Liquidation Analyses, vessel values are derived from the forced liquidation values contained in the appraisal report prepared by Dufour Laskay & Strouse, Inc., dated March 24, 2011. For certain assets, estimates of the liquidation proceeds were made for each asset individually. For other assets, liquidation values were assessed for general classes by estimating percentage recoveries of the gross book value of the asset that a Chapter 7 trustee might achieve through the disposition. Proceeds are net of holding costs, including insurance, taxes, utility, security and maintenance, which are assumed to be incurred until a sale is concluded.

The Liquidation Analyses do not reflect any potential recoveries that might be realized by the Chapter 7 trustee's potential pursuit of any avoidance actions, as the Debtor believes that any such potential recoveries are highly speculative in light of, among other things, the various defenses that would likely be asserted. Similarly, the Liquidation Analyses do not reflect any recoveries that might be realized from any current or future potential litigation initiated by the Debtor.

Estimate of Costs

Proceeds from a Chapter 7 liquidation would be reduced by administrative costs incurred during the wind-down of the operations, the disposition of assets and the reconciliation of claims. These costs included professional (including attorneys, financial advisors, appraisers and accountants) and trustee fees, commissions, salaries, severance and retention costs, and certain occupancy costs. Actual administrative costs may exceed the estimate included in these Liquidation Analyses, particularly if the wind-down of operations, disposition of assets and reconciliation of claims takes longer than the Wind-Down Period.

Distribution of Net Proceeds Under Absolute Priority

The amount of Cash available would be the sum of the proceeds from the disposition of the Debtor's assets and the Cash held by the Debtor at the commencement of its Chapter 7 case. Under the absolute priority rule, no junior creditor would receive any distribution until all senior

creditors are paid in full, and no equity holder would receive any distribution until all creditors are paid in full. As such, prior to delivering any proceeds to holders of General Unsecured Claims, available Cash and asset liquidation proceeds would first be applied to Secured Claims and amounts necessary to satisfy any Chapter 7 Administrative Expense Claims (including any incremental Administrative Expense Claims that may result from the termination of the Debtor's business and the liquidation of the Debtor's assets) and other Priority Claims under section 507 of the Bankruptcy Code as required under section 726 of the Bankruptcy Code. Any remaining Cash and asset liquidation proceeds after satisfaction of Secured Claims, Administrative Expense Claims and Priority Claims, to the extent they exist, would be available for distribution to holders of General Unsecured Claims and Old Common Interest holders in accordance with the distribution hierarchy established by section 726 of the Bankruptcy Code.

After consideration of the effects that a Chapter 7 liquidation would have on the ultimate proceeds available for distribution to creditors, the Debtor has determined, as summarized in the charts below and the "Best Interest Test" section of the Disclosure Statement, that the Debtor's proposed Plan will provide creditors with a recovery that is not less than creditors would receive pursuant to a liquidation of the Debtor's assets under Chapter 7.

The following Liquidation Analyses should be reviewed with the accompanying notes.

VERSION 1: NET OPERATING LOSS CARRYFORWARDS ASSUMED TO HAVE NO VALUE

HYPOTHETICAL LIQUIDATION ANALYSIS	
A. PROCEEDS FROM SALE OF ASSETS	
Cash	15,950,000
Accounts Receivable	7,000,000
Fixed Assets	76,331,000
Real Estate	5,000,000
Deposits	120,000
Trade Name/IP	-
NET PROCEEDS FROM LIQUIDATION OF ASSETS	**$ 104,401,000**
B. WIND DOWN EXPENSES	
Chapter 7 Trustee Fees (3% Net Proceeds)	3,132,030
Chapter 7 Professional Fees	2,400,000
Chapter 7 Operating Expenses	

	4,483,092
Incentive Program	250,000
TOTAL WIND DOWN EXPENSES	**$ 10,265,122**
PROCEEDS BEFORE DISTRIBUTION	**$ 94,135,878**
C. 1st LIEN SECURED CLAIMS	
MARAD Bonds (net of reserve)	10,112,390
Wells Fargo Term Loan	4,265,127
Wells Fargo Revolving Credit Facility	5,960,815
Maritime & Mechanics Liens	1,300,000
9.25% Notes	42,950,000
PROCEEDS AFTER 1st LIEN SECURED CLAIMS	**$ 29,547,546**
D. SENIOR SECURED CLAIM	
DIP Facility	15,000,000
PROCEEDS AFTER SENIOR SECURED CLAIMHOLDERS	**$ 14,547,546**
Recovery %	**100.0%**
E. ESTIMATED ADMINISTRATIVE CLAIMS	
Capital Gains Tax on Sale of Assets (35%)	22,454,600
NOL Offset[2]	-
Trade Claims	1,500,000
Unpaid Professional Fees	1,500,000
PROCEEDS PAID TO ADMINISTRATIVE CLAIMHOLDERS	**$ 9,962,021**
Recovery %	**57.2%**
F. ESTIMATED PRIORITY CLAIMS	
Priority Claims	100,000[3]
PROCEEDS PAID TO PRIORITY CLAIMHOLDERS	**$ -**
Recovery %	**0.0%**

[2] The Liquidation Analysis assumes that the capital gains tax cannot be sheltered by the Company's NOLs.
[3] This amount assumes that all timely filed priority claims are Allowed.

G. ESTIMATED UNSECURED CLAIMS	
Unsecured Claims	50,863,855[4]
PROCEEDS PAID TO UNSECURED CLAIMHOLDERS	**$ -**
Recovery %	**0.0%**

VERSION 2: NET OPERATING LOSS CARRYFORWARDS USED TO SHELTER CERTAIN INCOME TAXES

HYPOTHETICAL LIQUIDATION ANALYSIS

A. PROCEEDS FROM SALE OF ASSETS	
Cash	15,950,000
Accounts Receivable	7,000,000
Fixed Assets	76,331,000
Real Estate	5,000,000
Deposits	120,000
Trade Name/IP	-
NET PROCEEDS FROM LIQUIDATION OF ASSETS	**$ 104,401,000**
B. WIND DOWN EXPENSES	
Chapter 7 Trustee Fees (3% Net Proceeds)	3,132,030
Chapter 7 Professional Fees	2,400,000
Chapter 7 Operating Expenses	4,483,092
Incentive Program	250,000
TOTAL WIND DOWN EXPENSES	**$ 10,265,122**
PROCEEDS BEFORE DISTRIBUTION	**$ 94,135,878**
C. 1st LIEN SECURED CLAIMS	
MARAD Bonds (net of reserve)	10,112,390
Wells Fargo Term Loan	

[4] This amount is based on the high-end of the range of the amount of unsecured claims and assumes a settlement with certain antitrust litigants in the amount of $275,000 and a Noteholder Deficiency Claim in the amount of $43.4 million.

	4,265,127
Wells Fargo Revolving Credit Facility	5,960,815
Maritime & Mechanics Liens	1,300,000
9.25% Notes	42,950,000
PROCEEDS AFTER 1st LIEN SECURED CLAIMS	**$ 29,547,546**
D. SENIOR SECURED CLAIM	
DIP Facility	15,000,000
PROCEEDS AFTER SENIOR SECURED CLAIMHOLDERS	**$ 14,547,546**
Recovery %	**100.0%**
E. ESTIMATED ADMINISTRATIVE CLAIMS	
Capital Gains Tax on Sale of Assets (35%)	22,454,600
NOL Offset[5]	(22,454,600)
Trade Claims	1,500,000
Unpaid Professional Fees	1,500,000
PROCEEDS AFTER ADMINISTRATIVE CLAIMHOLDERS	**$ 11,547,546**
Recovery %	**100.0%**
F. ESTIMATED PRIORITY CLAIMS	
Priority Claims	100,000[6]
PROCEEDS AFTER PRIORITY CLAIMHOLDERS	**$ 11,447,546**
Recovery %	**100.0%**
G. ESTIMATED UNSECURED CLAIMS	
Unsecured Claims	50,863,855[7]
PROCEEDS PAID TO UNSECURED CLAIMHOLDERS	**$ 11,447,546**
Recovery %	**22.5%**

NOTES TO HYPOTHETICAL LIQUIDATION ANALYSES

[5] The Debtor's NOLs are assumed to shelter the $22.5 MM capital gains tax on the sale of the assets. The Debtor's tax counsel has not opined on the use of the NOLs.
[6] This amount assumes that all timely filed priority claims are Allowed.
[7] This amount is based on the high-end of the range of the amount of unsecured claims and assumes a settlement with certain antitrust litigants in the amount of $275,000 and a Noteholder Deficiency Claim in the amount of $43.4 million.

1 These analyses assume a conversion to Chapter 7 on March 31, 2012 and that the Company will operate for one week after the conversion to Chapter 7 by making a final sailing to Puerto Rico and the Dominican Republic.

2 Per February 3, 2012 cash forecast, cash on hand on March 31, 2012, before exit costs and any distribution to unsecured creditors, is $15.9 million, which assumes that the DIP Facility is fully drawn in the amount of $15 million. The Debtor also has $5,000 in petty cash account.

3 The accounts receivable recovery assumes a collection rate of 50% with respect to the $14.0 million of outstanding receivables.

4 Fixed Asset recovery is based on the Debtor's estimate of value for the Company owned barges, containers, trailers, and chassis. Please see the Fixed Asset Sale schedule below for quantities and assumed unit values. The gain on the sale of fixed assets is based on the Debtor's tax basis net book value report.

5 The real estate value is based on the Debtor's estimate of the current market for the Jacksonville office building/yard and 10 acres of adjacent undeveloped land.

6 The Debtor's only inventory is fuel which is generally $650 K when the vendor owned tugs return to Jacksonville. However, the Debtor believes the value of the fuel will be offset by the amount owed to the vendor for fuel and any unpaid towing invoices.

7 No value has been placed on the Debtor's trademarks or intellectual property.

8 The Chapter 7 Trustee fee is based on 3% of net proceeds.

9 Professional fees represent the cost of attorneys, financial advisors, and other professionals retained by the Chapter 7 Trustee based on six months of activity.

10 Operating Expenses are based on the Debtor's assumption that one week of sailing will need to be completed in order to maximize accounts receivable recovery. An additional 8 weeks of wind down activity will be performed by Debtor's staff prior to transfer to the Chapter 7 Trustee.

11 The estimate for incentive is based on management's estimate of the requirements to complete an orderly liquidation of the Debtor's assets.

12 The senior secured claim is based on the Debtor's estimate that the Senior Notes collateral is currently valued at $42.9 million net of $650,000 attributed to Miscellaneous Secured Claims. The balance of the claim is classified as a general

unsecured claim.

13 The MARAD bonds are secured by 5 TBC vessels and are fully collateralized. The analysis assumes the $3.6 MM reserve held by MARAD will not be returned to the Debtor and the net amount of $10.1 MM will be disbursed to MARAD.

14 The Wells Fargo revolver is collateralized by the Debtor's accounts receivable and the Wells Fargo term loan is collateralized by certain containers and chassis.

15 The Debtor believes certain vendors may assert maritime liens which are estimated to be $1.3 million.

16 The Debtor's estimate of administrative claims includes $1.5 million of professional fees incurred but unpaid and $1.5 million of accrued post petition payroll, shipping, trucking, and general expenses as of March 31, 2012.

17 The general unsecured claim estimate is based on known pre-petition liabilities on the Company's books. All unsecured claim amounts are estimates only and the amounts may be materially different after a claims reconciliation process is completed.

18 For purposes of these analyses the collateral related to the $1.3 million in Miscellaneous Secured Claims is assumed to be divided evenly between the Ro/Ros and TBCs. Because the 9.25% Notes are undersecured this assumption results in a $650,000 reduction in Noteholder recovery.

FIXED ASSET SALE SCHEDULE

Vessel values are based on Dufour forced liquidation values
Other equipment values are based on TBI management's estimates

Asset	Quantity	Unit Value	Total	Estimated Tax Basis	Estimated Gain	Secured Party
Ro/Ro Barges	2	$14,625,000	$29,250,000	$136,000	29,114,000	Sr. Note Holders
TBC Barges	5	$4,480,000	$22,400,000	$5,000	22,395,000	MARAD Note Holders
Subtotal Barges			**$51,650,000**	**$141,000**	**$51,509,000**	
Containers - White	2,900	$1,500	$4,350,000	1,542,600	2,807,400	Sr. Note Holders
Chassis - White	2,000	$2,500	$5,000,000	845,400	4,154,600	Sr. Note Holders
Containers - Blue	1,200	$7,500	$9,000,000	6,170,400	2,829,600	Wells Fargo
Chassis - Blue	850	$7,000	$5,950,000	3,381,600	2,568,400	Wells Fargo
Subtotal Containers/Chassis			**$24,300,000**	**$11,940,000**	**$12,360,000**	
Tractors	**33**	**$7,000**	**$231,000**	**$94,000**	137,000	
Vehicle Transport Modules	**300**	**$500**	**$150,000**	**$0**	150,000	
Total Proceeds			**$76,331,000**	**$12,175,000**	**$64,156,000**	

APPENDIX D

VALUATION ANALYSIS

Estimated Reorganization Value

The Debtor has been advised by its investment banker, Global Hunter Securities, LLC ("GHS"), with respect to the estimated hypothetical reorganization value (the "Reorganization Value") of the Reorganized Debtor, Trailer Bridge, Inc. (the "Company"). GHS estimates the range of Reorganization Value to be from $108-109 million to approximately $118-119 million, with a midpoint valuation of approximately $113-114 million. Reorganization value consists of the theoretical enterprise valuation of the Reorganized Debtor through the application of various relative and intrinsic valuation methodologies. GHS has estimated the Reorganization Value as of March 31, 2012, under the assumption that the underlying assumptions and conditions used to derive the Reorganization Value will not change materially from the date hereof through the assumed Effective Date of March 31, 2012.

The imputed reorganization equity value (the "Equity Value") of the Reorganized Debtor, which takes into account estimated debt balances and other obligations under the Plan as of the assumed Effective Date, is estimated to range from approximately $12.5 million to $22.5 million, with a midpoint of approximately $17.5 million. The net debt balance of approximately $96 million was calculated based on the assumption that the principal amount of the Exit Facility will be approximately $30-31 million, MARAD Bonds will be approximately $13 million, the New Class 5 Secured Note will be approximately $65 million and the amount of the MARAD reserve, excess cash and excess working capital will be approximately $12-13 million. If the new net debt balances are determined to be different amounts, then the Equity Value will be adjusted accordingly.

The foregoing estimates of the Reorganization Value of the Reorganized Debtor, and the resulting estimates of Equity Value of the Reorganized Debtor, are based on a number of assumptions, including a successful reorganization of the Debtor's business, the implementation and realization of the Reorganized Debtor's business plans, the achievement of the forecasts reflected in management's projections, and the Plan becoming effective on the assumed Effective Date.

In preparing its estimate of the Reorganization Value of the Reorganized Debtor, GHS did, among other things, the following: (a) reviewed certain historical financial information of the Debtor for recent years and interim periods; (b) reviewed certain internal financial and operating data of the Debtor and financial projections relating to its business and prospects; (c) held conference diligence calls with certain members of the senior management of the Debtor to discuss the Debtor's operations and future prospects; (d) reviewed publicly available financial data and considered the market values of public companies that GHS deemed generally comparable to those of the Debtor as a whole or a significant part of their operations; (e) reviewed the financial terms and conditions of recent mergers and acquisitions of companies that GHS believes to be generally comparable to those of the Debtor as a whole or a significant part of their operations; (f) considered certain economic, industry and market information relevant to the Debtor's operations; and (g) reviewed such other information and conducted such other analyses as GHS deemed appropriate.

Although GHS conducted a review and analysis of the Debtor's businesses, operating assets and liabilities and business plans, GHS assumed and relied on the accuracy and completeness of all (a) financial and other information furnished to it by the Debtor and by other firms retained by the Debtor and (b) publicly available information. GHS did not independently verify any financial projections prepared by management of the Debtor in connection with its estimates of the Reorganization Value. GHS has assumed that such projections have been prepared reasonably, in good faith and on a basis reflecting the currently available estimates and judgments of the Debtor as to the future operating and financial performance of the Debtor. Such projections assume that the Debtor will operate the businesses reflected in the financial forecast and that such businesses will perform as expected in the

financial forecast. To the extent that the Debtor operates at higher or lower utilization, achieves higher or lower freight rates, has variations in fuel costs (or the level of pass-through), higher or lower capital expenditures, or unexpected maintenance of the Debtor's vessels during the periods contemplated in the projections and to the extent that all or a portion of the businesses perform at levels inconsistent with those expected by management in the financial forecast, such adjustments may have a material impact on the projections and the valuations as presented herein.

Hypothetical valuation estimates reflect computations of the estimated Reorganization Value and Equity Value of the Reorganized Debtor through the application of various valuation techniques, including, among others, the following: (a) a comparable company analysis, in which GHS analyzed the enterprise values of public companies that GHS deemed generally comparable to all or parts of the operating businesses of the Debtor as a multiple of certain financial measures, including, but not limited to, earnings before interest, taxes, depreciation and amortization ("EBITDA") and revenues which were then applied to the projected EBITDA and revenues, respectively of the Reorganized Debtor; (b) a discounted cash flow analysis, in which GHS, using a weighted average cost of capital, computed the present value of free cash flows and the terminal value of the Reorganized Debtor; and (c) a precedent transactions analysis, in which GHS analyzed the financial terms and conditions of certain mergers and acquisitions of companies that GHS believed were generally comparable to all or parts of the operating businesses of the Debtor, and then applied certain financial performance metrics provided by such analyses to the relevant metrics of the Reorganized Debtor including multiples of EBITDA and revenues.

An estimate of the Reorganization Value and Equity Value is not entirely mathematical but, rather, involves complex considerations and judgments concerning various factors that could affect the value of an operating business. GHS has made judgments as to the relative significance of each analysis in determining the Reorganized Debtor's Reorganization Value range. GHS did not consider any one analysis or factor to the exclusion of any other analysis or factor. GHS' hypothetical valuation must be considered as a whole, and the utilization of one methodology or portions of the analyses, without considering the analyses as a whole, could create a misleading or incomplete conclusion as to the Reorganized Debtor's Reorganization Value. With respect to the analysis of comparable companies and the analysis of selected precedent transactions, no company utilized as a comparison is identical to the Reorganized Debtor, and no precedent transaction is identical to the reorganization of the Debtor. Accordingly, an analysis of publicly traded comparable companies and comparable business combinations is not mathematical; rather, it involves complex considerations and judgments concerning the differences in financial and operating characteristics of the companies relative to the Reorganized Debtor.

The value of an operating business is subject to uncertainties and contingencies that are difficult to predict and will fluctuate with changes in factors affecting the financial conditions and prospects of such a business. As a result, the estimate of the Reorganization Value set forth herein is not necessarily indicative of actual outcomes, which may be significantly more or less favorable than those set forth herein. Because such estimates are inherently subject to uncertainties, none of the Debtor, GHS or any other person assumes responsibility for their accuracy. Depending on the results of the Debtor's operations or changes in the financial markets, GHS' valuation estimates as of the Effective Date may differ from those disclosed herein.

THE FOREGOING VALUATION IS BASED UPON A NUMBER OF ESTIMATES AND ASSUMPTIONS THAT ARE INHERENTLY SUBJECT TO SIGNIFICANT UNCERTAINTIES AND CONTINGENCIES BEYOND THE CONTROL OF THE DEBTOR OR THE REORGANIZED DEBTOR. ACCORDINGLY, THERE CAN BE NO ASSURANCE THAT THE RANGES REFLECTED IN THE VALUATION WOULD BE REALIZED IF THE PLAN WERE TO BECOME EFFECTIVE, AND ACTUAL RESULTS COULD VARY MATERIALLY FROM THOSE SHOWN HERE.

THE ESTIMATED CALCULATION OF ENTERPRISE VALUE IS HIGHLY DEPENDENT UPON ACHIEVING THE FUTURE FINANCIAL RESULTS AS SET FORTH IN THE DEBTOR'S BUSINESS PROJECTIONS, AS WELL AS THE REALIZATION OF CERTAIN OTHER ASSUMPTIONS, NONE OF WHICH ARE GUARANTEED AND MANY OF WHICH ARE OUTSIDE OF THE DEBTOR'S CONTROL.

THE CALCULATIONS OF VALUE SET FORTH HEREIN REPRESENT ESTIMATED REORGANIZATION VALUE AND DO NOT NECESSARILY REFLECT VALUES THAT COULD BE ATTAINABLE IN PUBLIC OR PRIVATE MARKETS. THE EQUITY VALUE STATED HEREIN DOES NOT PURPORT TO BE AN ESTIMATE OF THE POST-REORGANIZATION MARKET VALUE. SUCH VALUE, IF ANY, MAY BE MATERIALLY DIFFERENT FROM THE REORGANIZED EQUITY VALUE RANGES ASSOCIATED WITH THIS VALUATION ANALYSIS. NO RESPONSIBILITY IS TAKEN FOR CHANGES IN MARKET CONDITIONS AND NO OBLIGATION IS ASSUMED TO REVISE THIS CALCULATION OF THE REORGANIZED COMPANY'S VALUE TO REFLECT EVENTS OR CONDITIONS THAT SUBSEQUENTLY OCCUR. THE CALCULATIONS OF VALUE DO NOT CONFORM TO THE UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE OF THE APPRAISAL FOUNDATION.