

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

In re:)	
)	Chapter 11
NAUTICAL SOLUTIONS, L.L.C., <i>et al.</i> , ¹)	Case No. 23-90002 (CML)
)	
Debtors.)	(Joint Administration Requested)
)	

**NOTICE OF (I) COMMENCEMENT OF
CHAPTER 11 CASES, (II) COMBINED HEARING
ON DISCLOSURE STATEMENT, CONFIRMATION
OF PREPACKAGED CHAPTER 11 PLAN, AND RELATED
MATTERS, AND (III) OBJECTION DEADLINES, AND SUMMARY OF
KEY PROVISIONS OF DEBTORS' PREPACKAGED CHAPTER 11 PLAN**

On September 6, 2022, Nautical Solutions, L.L.C. ("Nautical Solutions" and, together with Nautical Solutions (Texas) LLC, the "Debtors") executed a restructuring support agreement (the "RSA") with the support of parties who hold, in the aggregate, approximately 68% of First Lien Claims (as defined in the Plan (as defined below)) against the Company and 100% of the equity holders of Nautical Solutions (such parties, collectively, the "Consenting Stakeholders"). The RSA obligates the Consenting Stakeholders to support the Debtors' restructuring, including, among other things, to vote to approve the *Joint Prepackaged Plan of Reorganization of Nautical Solutions, L.L.C. and its Debtor Affiliate Pursuant to Chapter 11 of the Bankruptcy Code* (the "Plan").²

The primary purpose of the Plan is to implement a restructuring transaction that deleverages the Debtors' balance sheet and provides for (a) the cancellation of the Debtors' existing funded indebtedness, (b) the issuance of new senior secured notes, (c) an excess cash distribution to the prepetition funded debt creditors, and (d) the reinstatement of existing equity interests. **Importantly, the Plan provides for the satisfaction of all General Unsecured Claims, including all trade, customer, and other non-funded debt claims in full in the**

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

² Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Plan or Disclosure Statement, as applicable. The statements contained herein are summaries of the provisions contained in the Plan and Disclosure Statement and do not purport to be precise or complete statements of all the terms and provisions of the Plan or documents referred to therein. To the extent there is a discrepancy between the terms herein and the Plan or Disclosure Statement, the Plan or Disclosure Statement, as applicable, shall govern and control. For a more detailed description of the Plan, please refer to the Disclosure Statement.

ordinary course of business. The Debtors will continue to operate in the normal course, and its business operations will not be disrupted by the restructuring process. The Debtors continue to have adequate liquidity to meet their financial obligations to vendors, suppliers, and employees, and expect to continue making payments to these parties without interruption.

On January 9, 2023 (the “Petition Date”), the Debtors commenced chapter 11 cases in the Bankruptcy Court for the Southern District of Texas (the “Bankruptcy Court”) to implement the terms of the Plan. On that same day, the Debtors filed the Plan [Docket No. 8] and the *Disclosure Statement for the Joint Prepackaged Chapter 11 Plan of Reorganization* (the “Disclosure Statement”) [Docket No. 10] with the Bankruptcy Court. Prior to commencing these chapter 11 cases, the Debtors solicited votes on the Plan, in accordance with title 11 of the United States Code, 11 U.S.C. §§ 101–1532 (the “Bankruptcy Code”), from Holders of Class 3 Claims—the only parties entitled to vote on the Plan. As of the Petition Date, holders of approximately 73.6% in First Lien Claims voted to approve the Plan.

Key Terms of the Plan³

The Plan provides, among other things, that upon emergence:

- **All outstanding and undisputed General Unsecured Claims against the Debtors will be Unimpaired and unaffected by the chapter 11 cases and will be paid in full in cash, provided such other treatment rendering such Allowed General Unsecured Claim Unimpaired is in accordance with section 1124 of the Bankruptcy Code, or reinstated and satisfied in the ordinary course of business in accordance with the terms and conditions of the particular transaction giving rise to such claim;**
- All Other Secured Claims will be Unimpaired and unaffected by the chapter 11 cases and will be paid in full in cash, receive the collateral securing its Allowed Other Secured Claim, be reinstated, or receive such other treatment rendering its Allowed Other Secured Claim Unimpaired in accordance with section 1124 of the Bankruptcy Code;
- All Allowed Other Priority Claims shall receive treatment in a manner consistent with section 1129(a)(9) of the Bankruptcy Code;

³ This summary is qualified in its entirety by the terms of the Plan. In the event of inconsistency or conflict between this summary and the terms of the Plan, the terms of the Plan shall control and govern.

- Each holder of an Allowed First Lien Claim shall receive: (a) its Pro Rata share of the New Senior Secured Notes; (b) any excess cash distribution owed and payable in accordance with section 49(a) of the New Senior Secured Notes Exchange Agreement; and (c) additional Cash in an amount calculated at a rate of 8.50% per annum on the New Senior Secured Notes Principal Amount for the period from September 1, 2022 through the Effective Date, in accordance with section 8.1(b) of the New Senior Secured Notes Exchange Agreement; and
- Each Existing Nautical Interest will be reinstated.

The following chart summarizes the classification of Claims and Interests set forth in the Plan and indicates whether such class is entitled to vote on the Plan:

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

Key Dates and Information Regarding Confirmation of the Plan

The hearing to consider confirmation of the Plan and the adequacy of the Disclosure Statement (the “Combined Hearing”) will be held before United States Bankruptcy Judge Lopez, in Courtroom 401, of the United States Bankruptcy Court, Houston Division, 515 Rusk, 4th Floor, Houston, Texas 77002, on February 15, 2023, at 1:00 p.m. (prevailing Central Time). At the Combined Hearing, the Bankruptcy Court will consider the adequacy of the Disclosure Statement, any objections to the Disclosure Statement, confirmation of the Plan, any objections to confirmation of the Plan, and any other matter that may properly come before the Bankruptcy Court. Please be advised that the Combined Hearing may be continued from time to time by the Bankruptcy Court or the Debtors without further notice other than by such adjournment being announced in open court or by a notice of adjournment filed with the Bankruptcy Court and served on those parties entitled to such notice.

How May an Interested Party Object to the Plan or Disclosure Statement? Any objections (each, an “Objection”) to the Plan or the Disclosure Statement must: (a) be in writing; (b) comply with the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure, and the Bankruptcy Local Rules for the Southern District of Texas; (c) state the name and address of the objecting party and the amount and nature of the claim or interest beneficially owned by such entity; (d) state with particularity the legal and factual basis for such objections, and, if practicable, a proposed modification to the Plan or Disclosure Statement that would resolve such objections; and (e) be filed on the Bankruptcy Court’s docket no later than **February 9, 2023**:

When Will the Meeting of Creditors Pursuant to Section 341 Occur?

The U.S. Trustee need not and shall not convene a meeting of creditors or equity holders pursuant to section 341(e) of the Bankruptcy Code unless the Plan is not confirmed on or before March 25, 2023, without prejudice to the Debtors’ right to request further extension thereof.

Where Can I Obtain Copies of the Plan and the Disclosure Statement?

The Plan and Disclosure Statement are accessible now, free of charge, on the Debtors’ restructuring website, <http://www.kccllc.net/nautical>. Copies of the Plan and the Disclosure Statement may also be obtained upon request of the Debtors’ proposed co-counsel, Kirkland & Ellis LLP or Jackson Walker LLP at the respective addresses specified below or of the Debtors’ proposed claims and noticing agent in the chapter 11 cases, Kurtzman Carson Consultants LLC (“KCC”), via the contact information provided below. You may also obtain copies of the Plan and the Disclosure Statement for a fee via PACER at: <https://ecf.txsb.uscourts.gov>. The Plan and Disclosure Statement are on file with the Clerk of the Bankruptcy Court, 5th Floor, 515 Rusk, Houston, Texas 77002, where they are also available for review between the hours of 8:00 a.m. to 5:00 p.m., prevailing Central Time.

If you have questions regarding this notice, you should contact KCC by: (a) writing to Nautical Ballot Processing, c/o KCC, 222 N Pacific Coast Highway, Suite 300, El Segundo, CA 90245; (b) emailing NauticalSolutionsInfo@kccllc.com and referencing “Nautical Solutions” in the subject line; and/or (c) calling the Debtors’ restructuring hotline at (866) 523-2941 (domestic toll-free) or (781) 575-2044 (international toll).

PLEASE NOTE that the staff of the Clerk’s Office, the United States Trustee, the Debtors’ proposed restructuring counsel, and KCC cannot give legal advice. Consult a lawyer to determine your rights.

CRITICAL INFORMATION REGARDING OBJECTING TO THE PLAN

ARTICLE VIII OF THE PLAN CONTAINS RELEASE, EXCULPATION, AND INJUNCTION PROVISIONS, ATTACHED HERETO AS ANNEX I, AND ARTICLE VIII.D CONTAINS A THIRD-PARTY RELEASE. THUS, YOU ARE ADVISED TO REVIEW AND CONSIDER THE PLAN CAREFULLY BECAUSE YOUR RIGHTS MIGHT BE AFFECTED THEREUNDER.

Houston, Texas
January 9, 2023

/s/ Matthew D. Cavanaugh

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Annex 1

Discharge, Injunctions, Exculpation, and Releases

Please be advised that the Plan contains certain release, exculpation, and injunction provisions as follows:

Relevant Definitions

“Exculpated Parties” means, collectively, each of the following in their capacity as such: (i) the Debtors; (ii) the Reorganized Debtors; (iii) each Consenting Stakeholder; (iv) each of the Agents/Trustees; and (v) with respect to each of the foregoing Entities in clauses (i) through (iv), all of their respective Related Parties that is not an ECO Affiliate (and, in addition to each of the foregoing, where any of the foregoing is an investment manager or advisor for a beneficial holder, such beneficial holder); *provided* that, with respect to the Entities in clauses (iii)-(v), any exculpations afforded under the Plan or the Confirmation Order shall be granted only to the extent provided for pursuant to section 1125(e) of the Bankruptcy Code.

“Released Parties” means collectively, and in each case in its capacity as such: (a) each of the Debtors; (b) each of the Reorganized Debtors; (c) each Consenting Stakeholder and each other holder of First Lien Claims that votes in favor of the Plan; (d) each of the Agents/Trustees; (e) each current and former Affiliate of each Entity in clause (a) through the following clause (f); and (f) each Related Party of each Entity in clause (a) through this clause (f) (and, in addition to each of the foregoing, where any of the foregoing is an investment manager or advisor for a beneficial holder, such beneficial holder); *provided* that, in each case, an Entity shall not be a Released Party if it objects to the releases contained in the Plan and such objection is not resolved before the Confirmation Hearing.

“Releasing Parties” means, collectively, and in each case in its capacity as such: (a) each of the Debtors; (b) each of the Reorganized Debtors; (c) each Consenting Stakeholder and each other holder of First Lien Claims that votes in favor of the Plan; (d) each of the Agents/Trustees; (e) each Related Party of each Entity in clause (a) through this clause (e) for which such Entity is legally entitled to bind such Related Party to the releases contained in the Plan under applicable Law.

Releases by the Debtors

Except as expressly set forth in the Plan or in the Confirmation Order, effective on the Effective Date, in exchange for good and valuable consideration, the adequacy of which is hereby confirmed, each Released Party that is not an ECO Affiliate is hereby deemed conclusively, absolutely, unconditionally, irrevocably, and forever released, waived, and discharged by each and all of the Debtors, and each of their respective current and former Affiliates, the Reorganized Debtors, and their Estates, in each case on behalf of themselves and their respective successors, assigns, and representatives, including any Estate representative appointed or selected pursuant to section 1123(b)(3) of the Bankruptcy Code, and any and all other entities who may purport to assert any Cause of Action, directly or derivatively, by, through, for, or because of the foregoing Entities, from any and

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

Releases by Holders of Claims and Interests.

Effective on the Effective Date, except (i) as expressly set forth in the Plan or in the Confirmation Order, (ii) for the right to enforce the Plan, in exchange for good and valuable consideration, the adequacy of which is hereby confirmed, including the obligations of the Debtors under the Plan and the contributions of the Released Parties to facilitate and implement the Plan, to the fullest extent permissible under applicable Law, as such Law may be extended or integrated after the date upon which the Bankruptcy Court enters the Confirmation Order, on or after the Effective Date, each Released Party, is hereby deemed expressly, conclusively, absolutely, unconditionally, irrevocably and forever, released and discharged by each and all of the Releasing Parties (other than the Debtors and the Reorganized Debtors), in each case on behalf of themselves and their

respective successors, assigns, and representatives, and any and all other entities who may purport to assert any Cause of Action, remedies, and liabilities, directly or derivatively, by, through, for, or because of the foregoing Entities, from any and all Claims, Interests, obligations, rights, suits, damages, Causes of Action, remedies, and liabilities whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, in Law, equity, or otherwise, including any derivative claims, asserted or assertable on behalf of any of the Debtors, the Reorganized Debtors, or their Estates, that such Entity would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the holder of any Claim against, or Interest in, a Debtor, based on or relating to, or in any manner arising from, in whole or in part, the Debtors (including the capital structure, management, ownership, or operation thereof), the purchase, sale, or rescission of any security of the Debtors or the Reorganized Debtors, the Credit Agreement, the Notes Purchase Agreements, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party, the Debtors' in- and out-of-court restructuring efforts, intercompany transactions, the New Senior Secured Notes Documents, the pre- and post-petition marketing and sale process including any Asset Sale Documents, the Chapter 11 Cases, the Restructuring Transactions, the Restructuring Support Agreement, the Cash Collateral Orders, the Plan (including the Plan Supplement), the Disclosure Statement, all other Definitive Documents, the filing of the Chapter 11 Cases, the negotiation, formulation, preparation, dissemination, filing or consummation of the Definitive Documents or any Restructuring Transaction, contract, instrument, release, or other agreement or document created or entered into in connection with the Restructuring Support Agreement, the Definitive Documents, the New Senior Secured Notes Documents, any Asset Sale Documents, or the Plan, the pursuit of confirmation, consummation, administration, and implementation of the Plan, including the issuance or distribution of securities pursuant to the Plan, or the distribution of property under the Plan or any other related agreement, the solicitation of votes on the Plan, or upon any other act, or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date related or relating to the foregoing; *provided* that nothing in the Plan shall be construed as (a) releasing any Released Party from Claims or Causes of Action arising from an act or omission that is judicially determined by a Final Order of a court of competent jurisdiction to have constituted actual fraud, willful misconduct, or gross negligence (b) releasing any post-Effective Date obligations of any party or Entity under the Plan, any Restructuring Transaction, or any document, instrument, or agreement (including those set forth in the Plan Supplement) executed to implement the Plan or (c) releasing any Claims or Causes of Action by any Releasing Party against any Released Party arising from any financing or other transaction unrelated to the Debtors or the Chapter 11 Cases.

Exculpation

Except as expressly provided in the Plan or in the Confirmation Order, no Exculpated Party shall have or incur liability for, and each Exculpated Party shall be released and exculpated from any and all Claims, Interests, obligations, rights, suits, damages, Cause of Action for any claim related to any act or omission in connection with, relating to, or arising out of the Debtors (including the capital structure, management, ownership, or

operation thereof), the purchase, sale, or rescission of any security of the Debtors or the Reorganized Debtors, the Credit Agreement, the Notes Purchase Agreements, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Exculpated Party, the Debtors' in- and out-of-court restructuring efforts, intercompany transactions, the New Senior Secured Notes Documents, the pre- and post-petition marketing and sale process including any Asset Sale Documents, the Chapter 11 Cases, the Restructuring Transactions, the Restructuring Support Agreement, the Cash Collateral Orders, the Plan (including the Plan Supplement), the Disclosure Statement, all other Definitive Documents, the filing of the Chapter 11 Cases, the negotiation, formulation, preparation, dissemination, filing or consummation of the Definitive Documents or any Restructuring Transaction, contract, instrument, release, or other agreement or document created or entered into in connection with the Restructuring Support Agreement, the Definitive Documents, the New Senior Secured Notes Documents, any Asset Sale Documents, or the Plan, the pursuit of confirmation, consummation, administration, and implementation of the Plan, including the issuance or distribution of securities pursuant to the Plan, or the distribution of property under the Plan or any other related agreement, the solicitation of votes on the Plan, or upon any other act, or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date related or relating to the foregoing, except for claims related to any act or omission that is determined in a Final Order to have constituted actual fraud or gross negligence, but in all respects such Entities shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities pursuant to the Plan. The Exculpated Parties have, and upon completion of the Plan shall be deemed to have, participated in good faith and in compliance with the applicable Laws with regard to the solicitation of votes and distribution of consideration pursuant to the Plan, and, therefore, are not, and on account of such distributions shall not be, liable at any time for the violation of any applicable Law, rule, or regulation governing the solicitation of acceptances or rejections of the Plan, or such distributions made pursuant to the Plan.

This exculpation shall be in addition to, and not in limitation of, all other releases, indemnities, exculpations, and any other applicable Laws, rules, or regulations protecting such Exculpated Parties from liability. Notwithstanding anything to the contrary in the foregoing, the exculpation set forth in the Plan shall not be construed as exculpating any party or Entity from its post-Effective Date obligations under the Plan, any Restructuring Transaction, or any document, instrument, or agreement (including those set forth in the Plan Supplement) executed to implement the Plan.

Injunction

Except as otherwise expressly provided in the Plan or in the Confirmation Order, or for obligations issued or required to be paid pursuant to the Plan or the Confirmation Order, all Entities who have held, hold, or may hold Claims or Interests that have been extinguished, released, discharged, or are subject to exculpation, whether or not such Entities vote in favor of, against or abstain from voting on the Plan or are presumed to have accepted or deemed to have rejected the Plan, and other parties in interest, along with their respective present or former employees, agents, officers, directors, principals,

affiliates, and Related Parties are permanently enjoined, from and after the Effective Date, from taking any of the following actions against, as applicable, the Debtors, the Reorganized Debtors, the Exculpated Parties, and the Released Parties: (a) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such Claims or Interests; (b) enforcing, attaching, collecting, or recovering by any manner or means any judgment, award, decree, or order against such Entities on account of or in connection with or with respect to any such Claims or Interests; (c) creating, perfecting, or enforcing any encumbrance of any kind against such Entities or the property or the estates of such Entities on account of or in connection with or with respect to any such Claims or Interests; (d) asserting any right of setoff, subrogation, or recoupment of any kind against any obligation due from such Entities or against the property of such Entities on account of or in connection with or with respect to any such Claims or Interests unless such holder has timely filed a motion with the Bankruptcy Court expressly requesting the right to perform such setoff, subrogation or recoupment on or before the Effective Date, and notwithstanding an indication of a claim or interest or otherwise that such holder asserts, has, or intends to preserve any right of setoff pursuant to applicable Law or otherwise; and (e) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such Claims or Interests released or settled pursuant to the Plan.

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

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