

Hearing Date and Time: May 8, 2024 at 10:00 a.m. (prevailing Eastern Time)
Objection Deadline: May 1, 2024 at 4:00 p.m. (prevailing Eastern Time)

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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

-----X
In re: : Chapter 11
: :
ELETSON HOLDINGS INC., et al., : Case No. 23-10322 (JPM)
: :
: (Jointly Administered)
Debtors.¹ :
: :
-----X

**NOTICE OF HEARING TO CONSIDER PETITIONING
CREDITORS' MOTION FOR ENTRY OF AN ORDER (I) APPROVING (A) THE
RIGHTS OFFERING AND RELATED PROCEDURES AND MATERIALS AND
(B) THE BACKSTOP AGREEMENT, AND (II) GRANTING RELATED RELIEF**

PLEASE TAKE NOTICE THAT on March 26, 2024, the Petitioning Creditors filed the (a) *Petitioning Creditors' Joint Chapter 11 Plan of Reorganization of Eletson Holdings Inc. and its Affiliated Debtors* [Docket No. 531] (as it may be amended, modified, and/or supplemented from time to time, the "Plan") and (b) the related disclosure statement [Docket No. 532] (as it may be amended, modified, and/or supplemented from time to time, the "Disclosure Statement").²

PLEASE TAKE FURTHER NOTICE THAT on April 17, 2024, the Petitioning Creditors filed the *Petitioning Creditors' Motion for Entry of an Order*

¹ The Debtors in these cases are: Eletson Holdings Inc., Eletson Finance (US) LLC, and Agathonissos Finance LLC. The address of the Debtors' corporate headquarters is 118 Kolokotroni Street, GR 185 35 Piraeus, Greece. The Debtors' mailing address is c/o Eletson Maritime, Inc., 1 Landmark Square, Suite 424, Stamford, Connecticut 06901.

² Capitalized terms used but not otherwise defined herein have the meanings ascribed to such terms in the Rights Offering Motion (as defined below).



(I) *Approving (A) the Rights Offering and Related Procedures and Materials and (B) the Backstop Agreement, and (II) Granting Related Relief* (the “Rights Offering Motion”).

PLEASE TAKE FURTHER NOTICE THAT a hearing (the “Hearing”) to consider approval of the Rights Offering Motion, including entry of the proposed order attached thereto as **Exhibit A** (the “Proposed Order”) will be held before the Honorable John P. Mastando III, United States Bankruptcy Judge in the United States Bankruptcy Court for the Southern District of New York, One Bowling Green, New York, NY 10004-1408 (the “Court”) **on May 8, 2024 at 10:00 a.m. (prevailing Eastern Time).**³

PLEASE TAKE FURTHER NOTICE THAT the Hearing will take place virtually via Zoom. Those wishing to participate in the Hearing in person may appear before the Court. For those wishing to participate remotely, in accordance with General Order M-543 dated March 20, 2020, the Hearing will be conducted remotely using Zoom for Government. Parties wishing to appear at the Hearing, whether making a “live” or “listen only” appearance before the Court, need to make an electronic appearance (an “eCourtAppearance”) through the Court’s website at <https://ecf.nysb.uscourts.gov/cgi-bin/nysbAppearances.pl>. Electronic appearances (eCourtAppearances) need to be made by **4:00 p.m. (prevailing Eastern Time) the business day before the Hearing (i.e., on May 7, 2024).**

PLEASE TAKE FURTHER NOTICE THAT in objections, if any, to the Rights Offering Motion must be made in writing and filed with the Court and served so as to be actually received by the following parties no later than **May 1, 2024, at 4:00 p.m. (prevailing Eastern Time) (the “Objection Deadline”)** by the following parties:

- (i) counsel to the Petitioning Creditors, Togut, Segal & Segal LLP, One Penn Plaza, Suite 3335, New York, New York 10119, Attn: Kyle J. Ortiz, Esq. (kortiz@teamtogut.com) and Bryan M. Kotliar, Esq. (bkotliar@teamtogut.com); and
- (ii) the U.S. Trustee, Office of the United States Trustee, Alexander Hamilton Custom House, One Bowling Green, New York, NY 10004, Attn.: Daniel Rudewicz, Esq. (Daniel.Rudewicz@usdoj.gov).

PLEASE TAKE FURTHER NOTICE THAT an electronic copy of the Rights Offering Motion and Proposed Order may be obtained free of charge by visiting the Case Website <https://www.kccllc.net/Eletson>. In addition, copies of the Rights Offering Motion are on file with the Office of the Clerk of the Court (One Bowling Green, New York, NY 10004-1408) for review during normal business hours. Parties

³ The Petitioning Creditors’ Motion for Entry of an Order (I) Approving Certain Key Dates Relating to Confirmation of the Petitioning Creditors’ Plan, Including Scheduling a Hearing to Consider Approval of Petitioning Creditors’ Plan; (II) Approving the Form and Manner of the Confirmation Hearing Notice; (III) Approving Petitioning Creditors’ Disclosure Statement and Notice Thereof; (IV) Approving (A) Procedures for Solicitation, (B) Forms of Ballots, (C) Procedures for Tabulation of Votes, and (D) Procedures for Objections; and (V) Establishing Notice and Objection Procedures for the Confirmation of the Plan, filed on April 10, 2024 [Docket No. 574], is also scheduled to be considered at the Hearing.

may also obtain copies of any pleadings filed in these Chapter 11 Cases for a fee via PACER at: <http://www.nysb.uscourts.gov>. Note that a PACER password and login are needed to access documents on the Bankruptcy Court's website. A PACER password can be obtained at: www.pacer.psc.uscourts.gov.

Dated: April 17, 2024
New York, New York

Respectfully submitted,

TOGUT, SEGAL & SEGAL LLP

/s/ Bryan M. Kotliar

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UNITED STATES BANKRUPTCY COURT
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In re:	:	Chapter 11
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ELETSON HOLDINGS INC., et al.,	:	Case No. 23-10322 (JPM)
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	:	(Jointly Administered)
Debtors. ¹	:	
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**PETITIONING CREDITORS' MOTION
FOR ENTRY OF AN ORDER (I) APPROVING
(A) THE RIGHTS OFFERING AND RELATED PROCEDURES AND MATERIALS
AND (B) THE BACKSTOP AGREEMENT, AND (II) GRANTING RELATED RELIEF**

The Petitioning Creditors hereby submit this motion (the "Motion")² for entry of an order, substantially in the form attached hereto as **Exhibit A** (the "Proposed Order"), pursuant to sections 105(a), 363, 503(b) and 507(a) of title 11 of the United States Code (the "Bankruptcy Code"), (i) (a) approving the Rights Offering (as defined

¹ The Debtors in these cases are: Eletson Holdings Inc., Eletson Finance (US) LLC, and Agathonissos Finance LLC. The address of the Debtors' corporate headquarters is 118 Kolokotroni Street, GR 185 35 Piraeus, Greece. The Debtors' mailing address is c/o Eletson Maritime, Inc., 1 Landmark Square, Suite 424, Stamford, Connecticut 06901.

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Plan (as defined below).

below), the rights offering procedures, substantially in the form attached to the Proposed Order as **Exhibit 1** (the “Rights Offering Procedures”), the General Unsecured Claim Subscription Form, substantially in the form attached to the Proposed Order as **Exhibit 2** (the “GUC Subscription Form”), the Corp. Guaranty Subscription Form, substantially in the form attached to the Proposed Order as **Exhibit 3** (the “Corp. Guaranty Subscription Form” and together with the GUC Subscription Form, the “Rights Offering Materials”), and (b) the Backstop Agreement for the Rights Offering, substantially in the form attached to the Proposed Order as **Exhibit 4** (the “Backstop Agreement”), and (ii) granting related relief.

In support of this Motion, the Petitioning Creditors, by and through their undersigned counsel, respectfully represent:

JURISDICTION AND VENUE

1. The United States Bankruptcy Court for the Southern District of New York (the “Court”) has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference M-431*, dated January 31, 2012 (Preska, C.J.) (the “Amended Standing Order”). The Petitioning Creditors confirm their consent, pursuant to Bankruptcy Rule 7008, to the entry of a final order by the Court in connection with this Motion to the extent that it is later determined that the Court, absent consent of the parties, cannot enter final orders or judgments in connection herewith consistent with Article III of the United States Constitution.

2. Venue in this District is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

3. The bases for relief requested in this Motion are sections 105(a), 363, 503(b), and 507(a) of the Bankruptcy Code.

BACKGROUND

A. The Chapter 11 Cases

4. On March 7, 2023 (the “Petition Date”), Pach Shemen LLC (“Pach Shemen”), VR Global Partners, L.P. (“VR Global”), and Alpine Partners (BVI) L.P. (collectively, with Pach Shemen and VR Global, the “Initial Petitioning Creditors”) commenced chapter 7 cases against Eletson Holdings Inc. (“Eletson Holdings”), Eletson Finance (US) LLC (“Eletson Finance”) and Agathonissos Finance LLC (“Eletson MI” and, together with Eletson Holdings and Eletson Finance, the “Debtors”) by filing involuntary petitions (collectively, the “Involuntary Petitions”) pursuant to section 303 of the Bankruptcy Code in the Court. The Involuntary Petitions were later joined by, among others, Gene Goldstein, Gene Goldstein in his capacity as Trustee of the Gene B. Goldstein and Francine T. Goldstein Family Trust (the “Goldstein Family Trust”), Tracy Gustafson, Jason Chamness, Ron Pike, Mark Millet, in his capacity as Trustee of the Millet 2016 Irrevocable Trust (the “Millet 2016 Trust”), Mark Millet, in his capacity as Trustee of the Mark E. Millet Living Trust (the “Millet Living Trust”), and Robert Latter (collectively, the “Joining Creditors” and, together with the Initial Petitioning Creditors, the “Petitioning Creditors” or the “Plan Proponents”). The Involuntary Petitions were also joined by New Agathonissos Finance LLC and Wilmington Savings Fund Society, FSB, in its capacity as trustee and collateral agent under that certain indenture dated July 2, 2018. *See* Docket Nos. 92 and 102.

5. By order of the Court, on September 25, 2023 (the “Conversion Date”), the Debtors’ cases were voluntarily converted, at the Debtors’ request, to cases under chapter 11 of the Bankruptcy Code (these “Chapter 11 Cases”). *See* Docket No. 215. The Debtors continue to operate their businesses and manage their properties as

debtors and debtors in possessions pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

6. No trustee or examiner has been appointed in these Chapter 11 Cases. On October 20, 2023, the Office of the United States Trustee for the Southern District of New York (the “U.S. Trustee”) appointed an Official Committee of Unsecured Creditors (the “Creditors’ Committee”). See Docket No. 233.

B. The Proposed Rights Offering

7. On March 26, 2024, the Petitioning Creditors, as the Plan Proponents, filed the *Petitioning Creditors’ Joint Chapter 11 Plan of Reorganization of Eletson Holdings Inc. and its Affiliated Debtors* [Docket No. 531] (the “Plan”) and the related disclosure statement [Docket No. 532] (the “Disclosure Statement”). As described in the notice accompanying the Plan and Disclosure Statement [Docket No. 533], the Petitioning Creditors stated that they intended to discuss the Plan and Disclosure Statement with the various parties in interest in these Chapter 11 Cases after filing the Plan and Disclosure Statement and also planned to file a motion for approval of the Disclosure Statement and related solicitation and rights offering procedures, each of which are to be heard at the May hearing.

8. On April 10, 2024, the Petitioning Creditors filed a motion for approval of the Disclosure Statement and related solicitation procedures [Docket No. 574] (the “Solicitation Motion”). By this Motion, the Petitioning Creditors seek approval of the Rights Offering and the Rights Offering Procedures, among other things.

9. As contemplated by the Plan, the Plan Proponents intend, upon the Court’s approval of the Rights Offering Procedures, to conduct and implement a rights offering (the “Rights Offering”). The Rights Offering provides certain creditors under the Plan the opportunity to participate in the capital raising necessary to fund the Plan,

including payment to creditors that receive or elect to receive cash under the Plan, payment of administrative expense claims, and funding for the reorganized Debtors' post-emergence working capital, including for the fees and expenses necessary to pursue Retained Causes of Action preserved under the Plan.

10. Pursuant to the Rights Offering, Eligible Holders of Allowed General Unsecured Claims (including, but not limited to, 2022 Notes Claims and Old Notes Claims, but excluding Convenience Claims) and Allowed Corp. Guaranty Claims (collectively, the "Equity / Cash Option Claims") will be provided with subscription rights (the "Subscription Rights") to purchase up to [68]% of the equity in Reorganized Holdings (the "Reorganized Equity") at a price that represents an implied [50]% discount to a stipulated plan equity value of up to \$[25.0] million. The Rights Offering shall have an aggregate investment amount equal to \$[27.0] million (the "Rights Offering Amount"). As described in more detail below, the Rights Offering is fully committed and backstopped by Pach Shemen (or such affiliate or designee identified by Pach Shemen), in its capacity as the backstop party (the "Backstop Party"), pursuant to the Backstop Agreement.³

11. The Rights Offering will be conducted pursuant to, and in accordance with the Proposed Order, including the exhibits attached thereto—namely: (a) the Rights Offering Procedures, substantially in the form attached to the Proposed Order as **Exhibit 1**, (b) the Rights Offering Materials, substantially in the forms attached to the

³ The foregoing amounts in this paragraph and in this Motion are in brackets consistent with the currently as-filed version of the Plan and Disclosure Statement and will be updated in the Proposed Order and related exhibits, as well as the Plan and Disclosure Statement prior to the hearing on this Motion and the Solicitation Motion.

Proposed Order as **Exhibit 2** and **Exhibit 3**, and (c) the Backstop Agreement, substantially in the form attached to the Proposed Order as **Exhibit 4**.

12. The following chart summarizes the principal terms of the Rights Offering Procedures:⁴

Summary of Principal Terms of the Rights Offering Procedures	
Eligibility	Pursuant to the Plan, each Eligible Holder of an Allowed General Unsecured Claim and /or an Allowed Corp. Guaranty Claim (individually, an “ <u>Applicable Claim</u> ” and collectively, the “ <u>Applicable Claims</u> ”) may participate in the Rights Offering in accordance with the terms and conditions of the Rights Offering Procedures and the Rights Offering Materials.
Rights Offering Subscription Agent	KCC.
Subscription Period	The Rights Offering will commence three Business Days from the entry of the Proposed Order (the “ <u>Subscription Commencement Date</u> ”) and will end on June 17, 2024 at 4:00 p.m. prevailing Eastern Time (the “ <u>Subscription Expiration Deadline</u> ”).
Issuance of Rights	Pursuant to the Plan, each Eligible Holder of an Applicable Claim is entitled to subscribe for up to its Pro Rata Share of the Rights Offering Shares issued in the Rights Offering.
Exercise of Subscription Rights	To validly exercise its Subscription Rights, each Eligible Holder must: <ul style="list-style-type: none"> a. return a duly executed Subscription Form (with an accompanying IRS Form W-9 or appropriate IRS Form W-8, as applicable) to the Subscription Agent, so that such documents are actually received by the Subscription Agent by the Subscription Expiration Deadline; b. if the Eligible Holder is not the Backstop Party, at the same time it returns its Subscription Form to the Subscription Agent, but in no event later than the Subscription Expiration Deadline, pay the applicable Purchase Payment Amount to the Subscription Agent by wire transfer ONLY of immediately available funds in accordance with the instructions included in the Subscription Form; and

⁴ This summary is qualified in its entirety by reference to the provisions of the Rights Offering Procedures. To the extent that any discrepancies exist between the summary described in this Motion and the terms of the Rights Offering Procedures, the Rights Offering Procedures control. Capitalized terms used in this summary shall have the meanings ascribed to them in the Rights Offering Procedures.

Summary of Principal Terms of the Rights Offering Procedures	
	<p>c. if the Eligible Holder is the Backstop Party, at the same time it returns its Subscription Form to the Subscription Agent, but in no event later than the Funding Date, pay the applicable Purchase Payment Amount to the Escrow Account.</p> <p>The cash paid to the Subscription Agent in accordance with the Rights Offering Procedures will be deposited and held by the Subscription Agent in a segregated account, until administered in connection with the settlement of the Rights Offering on the Effective Date. The Subscription Agent may not use such cash for any other purpose prior to the Effective Date and may not encumber or permit such cash to be encumbered with any lien or similar encumbrance. The cash held by the Subscription Agent hereunder will not bear any interest and shall not be deemed part of the Debtors' estates.</p>
Transfer Restrictions	<p>The Subscription Rights issued to Holders of Applicable Claims may not be detached or transferred separately from the corresponding Applicable Claim. Any attempted detachment of such Subscription Rights from the corresponding Applicable Claim by an Eligible Holder will be null and void, will have no effect, and will not be recognized for any purpose.</p> <p>The Applicable Claim and the Subscription Rights will transfer together as a unit together with the underlying Applicable Claims with respect to which such Subscription Rights were issued, subject to such limitations, if any, that would be applicable to the transferability of the Applicable Claims.</p> <p>Once an Eligible Holder has properly exercised its Subscription Rights, subject to the terms and conditions contained in the Rights Offering Procedures, such exercise will be revocable only upon written consent of the Petitioning Creditors and the Subscription Agent. Moreover, following the exercise of any Subscription Rights, the Holder thereof shall be prohibited from transferring or assigning the Applicable Claims, as applicable, corresponding to such Subscription Rights until the earlier of (i) the termination of the Rights Offering and (ii) the revocation of exercise of the Subscription Rights to the extent permitted by the Rights Offering Procedures.</p>
Revocability	<p>Once an Eligible Holder has properly exercised its Subscription Rights, such exercise will be revocable upon the written consent of the Plan Proponents and the Subscription Agent.</p>
Validity of Exercise of Subscription Rights	<p>All questions concerning the timeliness, viability, form and eligibility of any exercise of Subscription Rights will be determined in good faith by the Plan Proponents in consultation with the Backstop Party. The Plan Proponents, with the consent of the Backstop Party, may waive any defect or irregularity in, or permit such defect or irregularity to be corrected within such time as they may determine in good faith, or reject, the purported exercise of any Subscription Rights. Subscription Forms will be deemed not to have been received or accepted until all irregularities have been waived or cured within such time as the Plan Proponents determine in good faith in consultation with the Backstop</p>

Summary of Principal Terms of the Rights Offering Procedures	
	Party. For the avoidance of doubt and notwithstanding the above (but without affecting the Plan Proponents' obligation to consult with the Backstop Party as described in the first sentence of this section), the Plan Proponents or their agents are not required to inform parties of any defect or irregularity with their submission of documents or payments and may, with the consent of the Backstop Party, reject such submissions without previously notifying the party prior to such rejection. Additionally, each such irregularity or defect if reviewed, will be done on an individual submission basis.
Termination; Return of Payment	Unless the Effective Date has occurred, the Rights Offering will be deemed automatically terminated without any action of any party upon the earlier of, (i) the termination of the Backstop Agreement in accordance with its terms, (ii) the Backstop Outside Date (as defined in the Backstop Agreement, and as may be extended pursuant to the terms of the Backstop Agreement), and (iii) revocation or withdrawal of the Plan by the Plan Proponents. Upon such termination, any payments received pursuant the Rights Offering Procedures will be returned, without interest, to the applicable Eligible Holder or relevant payee as soon as reasonably practicable.
Settlement of the Rights Offering	The settlement of the Rights Offering is conditioned on confirmation of the Plan by the Bankruptcy Court, compliance with the Rights Offering Procedures, and the occurrence of the Effective Date.

C. The Backstop Agreement

13. The proposed Rights Offering is fully committed and backstopped by Pach Shemen, one of the Petitioning Creditors. Pursuant to the Backstop Agreement, the Backstop Party agreed to provide commitments to backstop, on a fully committed basis, the Rights Offering of any New Shares that are not purchased by the Holders of Subscription Rights in the Rights Offering, up to the Rights Offering Amount (each as defined in the Backstop Agreement, the "Backstop Commitment"). In exchange for the Backstop Commitment, the Backstop Party will receive (a) a premium payable in New Shares in an aggregate amount equal to 10.0% of the New Shares of Reorganized Holdings issued and outstanding on the Effective Date of the Plan (the "Backstop Premium") and (b) payment of the Backstop Party's reasonable and documented fees, expenses, disbursements, and charges (including the reasonable and documented fees

and expenses of counsel) incurred in connection with the Backstop Agreement (the “Expense Reimbursement” and, together with the Backstop Premium, the “Backstop Fees”).

14. Upon execution of the Backstop Agreement, the Backstop Premium shall be fully earned and, in accordance with the terms of the Backstop Agreement, payable upon the closing of the Backstop Commitments (as defined below).

15. Upon entry of the Proposed Order, whether or not the closing of the Backstop Commitments occur, the Backstop Party shall be entitled to the Expense Reimbursement.

16. The Backstop Premium and Expense Reimbursement constitute allowed administrative expenses of the Debtors’ estates under sections 503(b) and 507(a) of the Bankruptcy Code.

17. The following chart summarizes the principal terms of the Backstop Agreement:⁵

Summary of Principal Terms of the Backstop Agreement	
Issuer	Reorganized Holdings.
Backstop Party	Pach Shemen or such affiliate or designee identified by Pach Shemen.
Approvals	The obligation of the Backstop Party to provide commitments (the “ <u>Backstop Commitment</u> ”), on a fully committed basis, and fund the Backstop Commitment is conditioned upon satisfaction or waiver of, <i>inter alia</i> , each of the terms conditions set forth herein, in the Plan, in the Rights Offering Procedures, and in the order approving the Backstop Agreement, and the Rights Offering Procedures, (the “ <u>Backstop Approval Order</u> ”), in each case, in form and substance acceptable to the Backstop Party.

⁵ This summary is qualified in its entirety by reference to the provisions of the Backstop Agreement. To the extent that any discrepancies exist between the summary described in this Motion and the terms of the Backstop Agreement, the Backstop Agreement controls. Capitalized terms used in this summary shall have the meanings ascribed to them in the Backstop Agreement.

Summary of Principal Terms of the Backstop Agreement	
Backstop	The Backstop Party commits to backstop the Rights Offering on the terms and conditions described in the Backstop Agreement, in the Plan, in the Rights Offering Procedures, and in the Backstop Approval Order.
Backstop Premium	<p>The Backstop Party shall be entitled to receive a premium payable in New Shares in an aggregate amount equal to 10.0% of the New Shares of Reorganized Holdings issued and outstanding on the effective date of the Plan (the “<u>Backstop Premium</u>”).</p> <p>The Backstop Premium shall be fully earned upon the date hereof and shall, pursuant to entry of the Backstop Approval Order, constitute allowed administrative expenses of the Debtors’ estates under sections 503(b) and 507 of the Bankruptcy Code and be payable upon the date on which the closing of the Backstop Commitments shall occur.</p> <p>For the avoidance of doubt, to the extent payable in accordance with the terms of the Backstop Agreement, the Backstop Premium shall be payable regardless of the amount of New Shares that have not been duly purchased by persons or entities exercising their Rights Offering Subscription Rights in the Rights Offering.</p>
Expense Reimbursement	<p>Whether or not the contemplated transactions are consummated, but subject to entry of the Backstop Approval Order, the Backstop Party shall be entitled to receive the reasonable and documented fees, expenses, disbursements and charges of the Backstop Party (including, for the avoidance of doubt, the reasonable and documented fees and expenses of counsel) incurred in connection with the Backstop Commitment (the “<u>Expense Reimbursement</u>”).</p> <p>The Expense Reimbursement shall, pursuant to the Backstop Approval Order, constitute allowed administrative expenses of the Debtors’ estates under sections 503(b) and 507 of the Bankruptcy Code. The obligations of the Debtors to pay the Expense Reimbursement shall survive the termination of the Backstop Agreement.</p> <p>For the avoidance of doubt, to the extent payable in accordance with the terms of the Backstop Agreement, the Expense Reimbursement shall be payable regardless of the amount of New Shares that have not been duly purchased by persons or entities exercising their Rights Offering Subscription Rights in the Rights Offering.</p>
Termination Events	<p>The Backstop Party’s commitments and agreements hereunder shall terminate upon the occurrence of the following:</p> <ol style="list-style-type: none"> a. <u>Automatic Termination</u>: Except as otherwise provided herein, the Backstop Agreement shall terminate automatically without further action or notice by any Party if any of the Chapter 11 Cases shall have been dismissed or converted to a chapter 7 case without the consent of the Backstop Party.

Summary of Principal Terms of the Backstop Agreement	
	<p>b. <u>By the Backstop Party</u>: The Backstop Agreement may be terminated by the Backstop Party upon the giving of written notice concurrently with or at any time following the occurrence of any of the following (it being understood that the list contained herein is in addition to the list in the Rights Offering Procedures and not in lieu of):</p> <ul style="list-style-type: none"> i. the Backstop Approval Order, the order approving the Approved Disclosure Statement (the "<u>Approved DS Order</u>"), or the order confirming the Plan (the "<u>Confirmation Order</u>") is terminated, reversed, stayed, dismissed or vacated or any such other order is modified or amended after entry without the prior written consent of the Backstop Party in a manner that prevents or prohibits the consummation of the transactions contemplated by the Backstop Agreement in a way that cannot be remedied or that changes the economic terms of the Backstop Agreement (subject to the satisfaction of the Backstop Party); ii. any law (statutory or common), statute, regulation, rule, code, or ordinance enacted, adopted, issued or promulgated by any Governmental Entity⁶ that prohibits implementation of the Plan or the Rights Offering in a way that cannot be remedied (subject to the satisfaction of the Backstop Party); iii. a court of competent jurisdiction or other competent governmental or regulatory authority declares the Backstop Agreement unenforceable or making illegal or otherwise restricting, preventing or prohibiting the consummation of the Plan or the Rights Offering; iv. the entry of the Backstop Approval Order, Approved DS Order, or Confirmation Order by the Bankruptcy Court in form and substance not satisfactory to the Backstop Party; v. the Petitioning Creditors (A) withdraw the Plan, (B) publicly announces their intention not to pursue the Plan, (C) files a motion with the Bankruptcy Court seeking approval of a chapter 11 plan other than the Plan or (D) agrees to pursue (including, for the avoidance of doubt, as may be evidenced by a term sheet, letter of intent, or similar document executed by the Petitioning Creditors) or publicly announce their intent to pursue a plan other than the Plan; vi. the Bankruptcy Court enters an order authorizing the Debtors

⁶ "Governmental Entity" means any U.S. or non-U.S. international, regional, federal, state, municipal or local governmental, judicial, administrative, legislative or regulatory authority, entity, instrumentality, agency, department, commission, court or tribunal of competent jurisdiction (including any branch, department or official thereof).

Summary of Principal Terms of the Backstop Agreement	
	<p>to enter into a capital raising or sale transaction for all or substantially all of the Debtors' assets, which does not contemplate or is inconsistent with the Rights Offering described in the Backstop Agreement, including, without limitation, the identity of the Backstop Party;</p> <p>vii. the Bankruptcy Court has not entered the Confirmation Order, in form and substance satisfactory to the Backstop Party, confirming the Plan on or prior to June 27, 2024;</p> <p>viii. the Plan has not been consummated or the Rights Offering has not closed by July 15, 2024 (the "<u>Backstop Outside Date</u>"); or</p> <p>ix. if, since the Conversion Date, any material adverse changes in the operations, assets, revenues, financial condition, profits, or prospects of the Debtors or their non-Debtor subsidiaries and/or affiliates (other than by virtue of the filing of the Chapter 11 Cases) has occurred.</p>
Automatic Stay	The automatic stay applicable under section 362 of the Bankruptcy Code shall not prohibit a Party from taking any action or delivering any notice necessary to effectuate the termination of the Backstop Agreement pursuant to and in accordance with the terms hereof.
Documentation	The Backstop Party will use commercially reasonable efforts to prepare, negotiate, and finalize definitive documentation for the Backstop Commitment in good faith, as contemplated by the Rights Offering Procedures.
Governing Law	State of New York.

18. The Rights Offering and the Backstop Agreement are critical elements of the reorganization contemplated by the Plan, which will allow the Debtors to emerge from these Chapter 11 Cases, pay the administrative costs and other expenses associated with these Chapter 11 Cases, fund distributions to creditors under the Plan, and fund the go-forward costs and expenses of Reorganized Holdings.

RELIEF REQUESTED

19. By this Motion, the Plan Proponents respectfully request that the Court (i) (a) approve the Rights Offering and the Rights Offering Materials, and (b) the Backstop Agreement, and (ii) grant related relief.

BASIS FOR RELIEF REQUESTED

**A. The Rights Offering and the Rights Offering Materials are
Appropriate and Should be Approved.**

20. Implementation and approval of the Rights Offering pursuant to the Rights Offering Procedures is authorized under section 105(a) of the Bankruptcy Code, which provides the Court with expansive equitable powers to fashion any order or decree that is in the interest of preserving or protecting the value of the Debtors' assets. Section 105(a) of the Bankruptcy Code codifies the Court's inherent equitable powers to "issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title." 11 U.S.C. § 105(a). *See In re Johns-Manville Corp.*, 801 F.2d 60, 63 (2d Cir. 1986) (section 105(a) "empowers the bankruptcy court to issue any order necessary or appropriate to carry out the provisions of the Code").

21. Additionally, section 363 of the Bankruptcy Code provides, in relevant part, that "[t]he trustee, after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate." 11 U.S.C. §363(b)(1). In applying this section, courts in the Second Circuit generally grant requests to use or sell property of the estate outside of the ordinary course of business upon a finding that such use is supported by sound business reasons. *See In re Latam Airlines Grp., S.A.*, 643 B.R. 756, 763 (Bankr. S.D.N.Y. 2022) (section 363(b) "permits a trustee to use, sell or lease...property of the [estate] outside the ordinary course of business if there is some articulated business justification for doing so.") (internal citations omitted); *Comm. of Equity Security Holders v. Lionel Corp. (In re Lionel Corp.)*, 722 F.2d 1063, 1071 (2d Cir.

1983) (noting that courts must find a sound business reason for granting section 363(b) applications).

22. Implementation of the Rights Offering pursuant to the Rights Offering Procedures and in connection with the Backstop Agreement is a critical component of the Plan, and is necessary and appropriate to achieve an orderly and expeditious resolution of these Chapter 11 Cases. The Subscription Rights are part of the consideration under the Plan provided to Eligible Holders of the Applicable Claims, and together with the Backstop Agreement, will provide approximately \$[27] million in new capital to the Debtors and Reorganized Holdings, as applicable, ensuring that the Debtors can consummate the Plan, make the payments required under the Plan, and fund Reorganized Holdings' operations after the Effective Date.

23. The Rights Offering Procedures have been designed to efficiently transmit all materials necessary for participation in and consummation of the Rights Offering. Moreover, the Rights Offering Procedures, the GUC Subscription Form, and the Corp. Guaranty Subscription Form have been drafted to assure the clear communication of the requirements for, and to facilitate, such participation and consummation. Accordingly, the Rights Offering Materials afford the Eligible Holders of the Applicable Claims a fair and reasonable opportunity to participate and exercise their Subscription Rights.

24. The Rights Offering also comports with the notice requirements of the Bankruptcy Code. The Rights Offering Procedures and the Rights Offering Materials will provide Eligible Holders of Applicable Claims with adequate information regarding the Rights Offering to make an informed investment decision as to their participation in the Rights Offering. Additionally, the Petitioning Creditors submit that the Rights Offering Procedures and the Rights Offering Materials are reasonable and

comparable to procedures and forms that have been approved in connection with similar rights offerings.

25. The Petitioning Creditors also seek approval of their selection of Kurtzman Carson Consultants LLC as the subscription agent (the “Subscription Agent” or “KCC”) for the Rights Offering. KCC’s professionals have experience serving as the subscription agent in connection with rights offerings in other complex chapter 11 cases.

26. Bankruptcy Courts in this district have approved procedures and forms similar to the Rights Offering Procedures and Rights Offering Materials, pursuant to which subscription rights to purchase equity in a reorganized debtor are distributed to one or more classes of creditors under a plan of reorganization. *See, e.g., In re Revlon Inc.*, Case No. 22-10760 (DSJ) (Bankr. S.D.N.Y. Feb. 21, 2023) [Docket No. 1513] (approving rights offering procedures and subscription materials for rights offering to holders of term loan claims and holders of second lien debt); *In re Garrett Motion Inc.*, Case No. 20-12212 (MEW) (Bankr. S.D.N.Y. Mar. 21, 2021) [Docket No. 1016] (approving rights offering procedures and subscription materials for holders of existing common stock); *In re Aegerion Pharm., Inc.*, Case No. 19-11632 (MG) (Bankr. S.D.N.Y. June 3, 2019) [Docket No. 191] (approving rights offering procedures and subscription materials for holders of intercompany loan claims and other general unsecured claims); *In re Pacific Drilling S.A.*, Case No. 17-13193 (MEW) (Bankr. S.D.N.Y. Oct. 1, 2018) [Docket No. 629] (approving rights offering procedures and subscription materials for holders of various classes of undersecured claims); *In re SunEdison, Inc.*, Case No. 16-10992 (SMB) (Bankr. S.D.N.Y. June 6, 2017) [Docket No. 3283] (approving rights offering procedures and subscription materials for rights offering to holders of second lien debt); *In re AOG Entm’t., Inc.*, Case No. 16-11090 (SMB) (Bankr. S.D.N.Y. Aug. 4, 2016) [Docket No. 292]

(approving rights offering procedures and subscription materials for rights offering to holders of first lien debt).

27. In light of the foregoing, the Petitioning Creditors respectfully submit that the Court's approval of the Rights Offering and the Rights Offering Materials is in the best interest of the Debtors, their estates, their creditors and other parties in interest.

B. The Court Should Approve Entry into, and Performance Under the Backstop Agreement.

28. As set forth in detail above, section 363 of the Bankruptcy Code provides, in relevant part, that "[t]he trustee, after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate." 11.U.S.C. § 363(b)(1). Approval of, entry into, and performance under the Backstop Agreement, is appropriate under section 363 of the Bankruptcy Code. The proceeds of the Rights Offering will maximize the value of the Debtors' assets for the benefit of all of the Debtors' stakeholders. The Backstop Agreement provides the Debtors and other key stakeholders with assurances that Reorganized Holdings will have sufficient committed capital on the Effective Date to consummate the Plan and operate after the Effective Date.

29. Additionally, courts in this district and elsewhere have approved similar motions filed by debtors to enter into backstop commitment agreements and to incur obligations in connection with such exit financing proposals pursuant to sections 363 and 105 of the Bankruptcy Code. *See, e.g., In re Endo Int'l. plc*, Case No. 22-22549 (JLG) (Bankr. S.D.N.Y. Mar.18, 2024) [Docket No. 3853] (approving backstop commitment agreements following a settlement agreement); *In re LATAM Airlines Grp., S.A.*, Case No. 20-11254 (JLG) (Bankr. S.D.N.Y. Mar. 22, 2022) [Docket No. 4732] (approving equity backstop agreements following the execution of a restructuring support agreement); *In*

re Grupo Aeroméxico, S.A.B. de C.V., Case No. 20-11563 (Bankr. S.D.N.Y. Dec. 12, 2021) [Docket No. 2289] (approving debt and equity backstop agreements following the execution of a restructuring support agreement).

30. Further, under section 105 of the Bankruptcy Code, “[t]he court may issue any order...that is necessary or appropriate to carry out the provisions of this title.”

11 U.S.C. § 105(a). Approval of the Backstop Agreement is necessary for an expeditious path towards confirmation of the Plan, and emergence from these Chapter 11 Cases. Accordingly, the Petitioning Creditors believe that section 105(a) of the Bankruptcy Code provides a basis to grant the requested relief.

31. For these reasons, the Petitioning Creditors respectfully submit that the Court approve the Backstop Agreement and the terms and conditions therein.

C. The Backstop Fees, Taken as a Whole, are Reasonable, Necessary, and Essential Components of the Backstop Agreement.

32. In consideration for the Backstop Party’s commitment under the Backstop Agreement and concomitant reservation of capital and to compensate the Backstop Party for its commitment and the considerable time and expense it has incurred during the negotiation process with respect to the Rights Offering and the Plan, and will continue to incur as the parties proceed to Plan confirmation, the Backstop Agreement provides for the Backstop Fees.

33. The Backstop Fees were necessary inducements and, taken as a whole, reasonable compensation for the Backstop Party to enter into the Backstop Agreement, which provides significant benefit to the Debtors’ estates by, among other things, securing approximately \$[27] million in additional funding. Given this substantial investment and commitment by the Backstop Party, the Petitioning Creditors submit

that the Backstop Fees are necessary to facilitate the successful implementation of the Rights Offering and the Plan.

34. The incurrence of the Backstop Fees, taken as a whole, is reasonable and necessary given (a) the significant benefit to the estates of having a definitive agreement for a value-maximizing Rights Offering that will facilitate the expeditious emergence from these Chapter 11 Cases, (b) the time and expense incurred by the Backstop Party in engaging with the Petitioning Creditors negotiating the transaction documents, and (c) the period of time between providing the commitment and consummation of the Plan. Under these circumstances, the Backstop Fees, taken as a whole, are reasonable in amount and necessary to maximize the value of the Debtors' estates.

35. Undoubtedly, the Backstop Party is conferring a material benefit to the Debtors' estates as it helps pave the way towards a successful exit from chapter 11. Further, the Backstop Fees, taken as a whole, are reasonable in light of the size of these Chapter 11 Cases and the tangible benefit to the Debtors' estates of having the certainty that incremental funding will be available to help capitalize Reorganized Holdings. The Backstop Fees, taken together, are appropriate under the circumstances and the best option available to the Debtors to maximize the value for creditors while quickly exiting chapter 11.

36. Further, section 503(b)(1)(A) of the Bankruptcy Code affords administrative claim status for, among other things, "necessary costs and expenses of preserving the estate." 11 U.S.C. §§ 503(b)(1)(A) and 507(a)(2). As described above, the Backstop Agreement is a critical component of the Plan. In consideration for the Backstop Commitment, the Backstop Agreement provides for the Backstop Fees. Such obligations are properly characterized as "necessary costs and expenses of preserving

the estate” because the Backstop Commitment would not be able to be secured without the Backstop Fees.

37. In light of these considerations, the Petitioning Creditors submit that the Backstop Fees, taken as a whole, are fair, reasonable and appropriate under the circumstances.

NOTICE

38. Notice of this Motion will be given to the following parties or their respective counsel: (a) the Debtors; (b) counsel to the Debtors; (c) the U.S. Trustee; (d) counsel to the Creditors’ Committee; (e) the Internal Revenue Service; (f) the Securities and Exchange Commission; and (g) any party that has requested notice pursuant to Bankruptcy Rule 2002. The Petitioning Creditors submit that, in light of the nature of the relief requested, no other or further notice need be provided.

[Concludes on Following Page]

CONCLUSION

WHEREFORE, the Petitioning Creditors respectfully request entry of the Proposed Order, substantially in the form attached hereto as **Exhibit A**, granting this Motion in its entirety, and such other and further relief as may be just and proper.

Dated: April 17, 2024
New York, New York

Respectfully submitted,

TOGUT, SEGAL & SEGAL LLP

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Counsel for the Petitioning Creditors

EXHIBIT A

Proposed Order

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

-----X		
In re:	:	Chapter 11
	:	
ELETSON HOLDINGS INC., et al.,	:	Case No. 23-10322 (JPM)
	:	
	:	(Jointly Administered)
Debtors. ¹	:	
	:	
-----X		

**ORDER (I) APPROVING (A) THE RIGHTS OFFERING
AND RELATED PROCEDURES AND MATERIALS AND
(B) THE BACKSTOP AGREEMENT, AND (II) GRANTING RELATED RELIEF**

Upon consideration of the motion (the "Motion")² by the Petitioning Creditors (the "Petitioning Creditors") for entry of an order (this "Order")

(i) approving (a) the Rights Offering, the Rights Offering Procedures, including the GUC Subscription Form, and the Corp. Guaranty Subscription Form, and (b) the Backstop Agreement, and (ii) granting related relief; and the Court having jurisdiction to consider the Motion and relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334 and the Amended Standing Order; and the Court having determined that this matter is a core proceeding pursuant to 28 U.S.C. § 157(b)(2) and that the Court may enter a final order consistent with Article III of the United States Constitution; and the Court having found that venue is proper in this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and notice of the Motion having been given as provided in the Motion, and such notice having been adequate and appropriate under the circumstances; and the Court

¹ The Debtors in these chapter 11 cases are: Eletson Holdings Inc., Eletson Finance (US) LLC, and Agathonissos Finance LLC. The address of the Debtors' corporate headquarters is 118 Kolokotroni Street, GR 185 35 Piraeus, Greece. The Debtors' mailing address is c/o Eletson Maritime, Inc., 1 Landmark Square, Suite 424, Stamford, Connecticut 06901.

² Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Motion.

having reviewed the Motion, and having heard the statements in support of the relief requested therein at a hearing before the Court, if any (the “Hearing”); and the Court having determined that the relief requested in the Motion is in the best interests of the Debtors, their estates, creditors, and all parties in interest; and the Court having determined that the legal and factual basis set forth in the Motion and on the record of the Hearing established just cause for the relief granted herein; and all objections to the Motion, if any, having been withdrawn or overruled; and upon all of the proceedings had before the Court; and after due deliberation and sufficient cause appearing:

IT IS HEREBY FOUND AND DETERMINED THAT:³

A. The Rights Offering Procedures, substantially in the form attached hereto as Exhibit 1, the GUC Subscription Form, substantially in the form attached hereto as Exhibit 2, and the Corp. Guaranty Subscription Form, substantially in the form attached hereto as Exhibit 3 (together with the GUC Subscription Form, the “Rights Offering Materials”), provide sufficient notice and information to allow each Eligible Holder to duly participate in the Rights Offering and to exercise its Subscription Rights in connection with the Rights Offering.

B. The Rights Offering, the Rights Offering Procedures, and the Rights Offering Materials are (i) fair and reasonable; (ii) are based on good, sufficient, and sound business purposes and justifications; (iii) are supported by reasonably equivalent value and consideration; and (iv) are in the best interests of the Debtors, their estates, their creditors and other parties in interest.

³ The findings and conclusions set forth herein and in the record of the Hearing constitute the Court’s findings of fact and conclusions of law pursuant to Rule 52 of the Federal Rules of Civil Procedure, as made applicable herein by Bankruptcy Rules 7052 and 9014, and are incorporated by reference as though fully set forth herein. To the extent that any finding of fact shall be determined to be a conclusion of law, it shall be deemed so, and vice versa.

C. The Backstop Agreement, substantially in the form attached hereto as **Exhibit 4**, and the terms and conditions therein are (i) fair and reasonable; (ii) are based on good, sufficient, and sound business purposes and justifications; (iii) are supported by reasonably equivalent value and consideration; and (iv) are in the best interests of the Debtors, their estates, their creditors and other parties in interest.

D. Each of the fees, premiums, and expenses provided for or permitted by the Backstop Agreement (including the Backstop Fees) is reasonable and warranted on the terms set forth in the Backstop Agreement in light of, among other things (i) the significant benefit to the Debtors' estates of having definitive and binding equity commitments to help fund the Debtors' obligations under the Plan and (ii) the substantial time, effort, and costs incurred by the Backstop Party in negotiating and documenting, among other things, the Backstop Agreement, and the Plan, and in reserving the funds to make the corresponding investment and other commitments pending confirmation and effectiveness of the Plan and satisfaction of the other conditions precedent in the Backstop Agreement.

E. The Backstop Fees are (i) bargained-for and integral parts of the consideration exchanged under the Backstop Agreement and (ii) reasonable and enhance the value of the Debtors' estates. Without such inducements, the Backstop Party would not have agreed to the terms and conditions of the Backstop Agreement.

F. The entry into the Backstop Agreement by the parties thereto, and the performance and fulfillment of their respective obligations thereunder, do not constitute the solicitation of any votes on a chapter 11 plan, and comply with the Bankruptcy Code and any and all other applicable statutes, laws, regulations, or orders.

G. The Rights Offering, the Rights Offering Procedures, the Rights Offering Materials, and the Backstop Agreement serve to maximize the value of the Debtors'

estates and are in the best interests of the Debtors, their estates, their creditors, and other parties in interest.

NOW THEREFORE, IT IS HEREBY ORDERED, ADJUDGED, AND DECREED THAT:

1. The Motion is granted as set forth herein. All objections, responses, statements or comments, if any, in opposition to approval of the relief requested in this Motion that have not otherwise been resolved or withdrawn prior to, or on the record of the Hearing, are overruled in their entirety.

I. Rights Offering

2. The Rights Offering, the Rights Offering Procedures, and the Rights Offering Materials are hereby approved in their entirety.

3. The Plan Proponents are authorized to commence and conduct the Rights Offering in accordance with the terms and conditions of the Rights Offering, the Rights Offering Procedures, the Rights Offering Materials, the Plan, and this Order, and may take such actions, as necessary or appropriate, to effectuate the foregoing.

4. The Plan Proponents are authorized to distribute the Rights Offering Procedures and the Rights Offering Materials to each Eligible Holder.

5. Each Eligible Holder intending to participate in the Rights Offering must affirmatively make a binding election to exercise its Subscription Rights on or prior to the Subscription Expiration Deadline (as defined in the Rights Offering Procedures) and must otherwise timely satisfy each of the terms and conditions set forth in the Rights Offering Procedures and the Rights Offering Materials, and shall be deemed to have relinquished and waived all rights to participate in the Rights Offering to the extent such Eligible Holder fails to timely satisfy each of the terms and conditions set forth in the Rights Offering Procedures and the Rights Offering Materials.

6. Consistent with, and in each case subject to, the terms of the Rights Offering Procedures, the Rights Offering Materials, and the Backstop Agreement, the Plan Proponents are hereby authorized to modify, supplement, or waive the terms of the Rights Offering Materials or the Rights Offering Procedures, and adopt additional detailed procedures as may be necessary or appropriate to effectuate the Rights Offering.

7. The Plan Proponents' designation of KCC as the Subscription Agent for the Rights Offering is hereby approved.

II. Backstop Agreement

8. The Backstop Agreement and the terms and conditions included therein are approved in their entirety.

9. The Plan Proponents are authorized to execute, deliver, and implement the Backstop Agreement and all exhibits and attachments thereto, and to take any and all actions necessary and proper to implement the terms of the Backstop Agreement and to perform all obligations thereunder on the terms and conditions set forth therein.

10. The consideration, fees, premiums, and expenses provided for or permitted by the Backstop Agreement (including the Backstop Fees) are hereby approved.

11. The Backstop Premium and Expense Reimbursement payable under the Backstop Agreement are actual and necessary costs of preserving the Debtors' estates and as such shall be treated as allowed administrative expenses of the Debtors pursuant to sections 503(b) and 507(a) of the Bankruptcy Code.

III. Miscellaneous Relief

12. The Plan Proponents and the Debtors (as directed by the Plan Proponents) are authorized and empowered to take all actions necessary to implement the relief granted in this Order.

13. This Court retains jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Order.

Dated: _____, 2024

HONORABLE JOHN P. MASTANDO III
UNITED STATES BANKRUPTCY JUDGE

EXHIBIT 1

Rights Offering Procedures

ELETSON HOLDINGS INC.

RIGHTS OFFERING PROCEDURES

Each Rights Offering Share (as defined below)¹ is being offered and will be sold (the "Rights Offering") without registration under the Securities Act of 1933, as amended (the "Securities Act"), in reliance generally upon the exemptions from registration provided by section 1145 of the Bankruptcy Code or Section 4(a)(2) of the Securities Act.

None of the Subscription Rights (as defined below) or Rights Offering Shares issuable upon exercise of such rights or New Shares (as defined below) offered or issued pursuant to these procedures (the "Rights Offering Procedures") have been or, at the time of original issuance, will be registered under the Securities Act, or the securities laws of any state.

An Applicable Claim (as defined below) and related Subscription Rights will only be transferable as a unit, subject to such limitations, if any, that would be applicable to the transferability of the Applicable Claims. The Subscription Rights will not be detachable from the underlying Applicable Claims and no Subscription Rights may be sold, transferred, assigned, pledged, hypothecated, participated, donated or otherwise encumbered or disposed of, directly or indirectly (including through derivatives, options, swaps, forward sales or other transactions in which any person receives the right to own or acquire any current or future interest in the Subscription Rights, the Rights Offering Shares, the Applicable Claims, and any related claims) (each of the above, a "Transfer") separately from the Eligible Holders' (as defined below) Applicable Claims.

Participation in the Rights Offering is limited to those Holders of Applicable Claims who are Eligible Holders. The Rights Offering Shares will be sold only to Eligible Holders, and any invitation, offer or agreement to subscribe or purchase such Rights Offering Shares will be made or entered into only with Eligible Holders. No offer or invitation to subscribe or purchase is being made to any person who is not an Eligible Holder and no such person should act or rely on any offer or invitation to subscribe or purchase Rights Offering Shares contained in this document.

To exercise the Subscription Rights, an Eligible Holder must complete and return to Kurtzman Carson Consultants LLC (the "Subscription Agent") a Subscription Form (as defined below) (with an accompanying IRS Form W-9 or appropriate IRS Form W-8, as applicable), and together with a cash payment in the applicable Purchase Payment Amount (as defined below) (i) in the case of an Eligible Holder that is not the Backstop Party, by the Subscription Expiration Deadline, and (ii) in the case of the Backstop Party, no later than the Funding Date specified in the Funding Notice (each as defined below).

¹ Capitalized terms that are used but not otherwise defined herein shall have the meaning ascribed to such terms in the Plan or the Backstop Agreement (each as hereinafter defined).

Any Eligible Holder that subscribes for the Rights Offering Shares and is an “underwriter” under section 1145(b) of the Bankruptcy Code will be subject to restrictions under the Securities Act on its ability to resell those securities and the Rights Offering Shares that it receives will be “restricted securities” (as defined under Rule 144 promulgated under the Securities Act). Resale restrictions are discussed in more detail in Article IX of the Disclosure Statement, entitled “Certain Securities Law Matters.”

The distribution or communication of these Rights Offering Procedures and the issuance of the Rights Offering Shares in certain jurisdictions may be restricted by law. No action has been taken or will be taken to permit the distribution or communication of these Rights Offering Procedures in any jurisdiction where any action for that purpose may be required. Accordingly, these Rights Offering Procedures may not be distributed or communicated, and the Rights Offering Shares may not be subscribed, purchased or issued, in any jurisdiction, except in circumstances where such distribution, communication, subscription, purchase or issuance would comply with all applicable laws and regulations without the need for the issuer to take any action or obtain any consent, approval or authorization therefor, except for any notice filings required under U.S. federal and applicable state securities laws. Further, the Subscription Rights and the Rights Offering Shares have not been approved or disapproved by the U.S. Securities and Exchange Commission or any other state securities commission or any other regulatory or governmental authority, nor have any of the foregoing passed upon the accuracy or adequacy of the information presented, and any representation to the contrary is a criminal offense.

Each Rights Offering Share issued upon exercise of a Subscription Right to an Eligible Holder located outside the United States, or in exchange for or upon the transfer, sale or assignment of any such Rights Offering Share, shall be imprinted, stamped or otherwise associated with legends to facilitate compliance with applicable securities and business entity laws, procedures of depositary institutions and organizational documents (e.g., legends with respect to global notes and local law, etc.).

The Rights Offering is being conducted in good faith and in compliance with the Bankruptcy Code. In accordance with section 1125(e) of the Bankruptcy Code, a debtor or any of its agents that participate, in good faith and in compliance with the applicable provisions of the Bankruptcy Code, in the offer, issuance, sale, or purchase of a security offered or sold under the plan of the debtor, or an affiliate participating in a joint plan with the debtor, or of a newly organized successor to the debtor under the plan, is not liable, on account of such participation, for violation of any applicable law, rule, or regulation governing the offer, issuance, sale or purchase of securities.

Eligible Holders should note the following times relating to the Rights Offering:

Date	Calendar Date	Event
Record Date.....	May 8, 2024	The date to determine the Eligible Holders of Applicable Claims eligible to participate in the Rights Offering.
Subscription Commencement Date	Three Business Days from the entry of the Backstop Approval Order	Commencement of the Rights Offering.
Subscription Expiration Deadline.....	4:00 p.m. prevailing Eastern Time on June 17, 2024	<p>The deadline for Eligible Holders of Applicable Claims to subscribe for Rights Offering Shares.</p> <p>An Eligible Holder’s applicable Subscription Form (with accompanying IRS Form W-9 or appropriate IRS Form W-8, as applicable) must be received by the Subscription Agent by the Subscription Expiration Deadline.</p> <p>Eligible Holders of Applicable Claims who are not the Backstop Party (as defined in the <i>Backstop Agreement for the Rights Offering</i>, dated [●], 2024 (as may be amended and supplemented from time to time, the “<u>Backstop Agreement</u>”)) must deliver the applicable Purchase Payment Amount by the Subscription Expiration Deadline.</p> <p>The Backstop Party must deliver the applicable Purchase Payment Amount no later than the Funding Date.</p>

Terms used and not defined herein shall have the meaning ascribed to them in the Plan (as defined below) or the Backstop Agreement, as applicable.

[●], 2024

To Holders of Applicable Claims:

On [____], 2024, the Petitioning Creditors as Plan Proponents filed the *Petitioning Creditors' Joint Chapter 11 Plan of Reorganization of Eletson Holdings Inc. and its Affiliated Debtors* [Docket No. [____]], with the United States Bankruptcy Court for the Southern District of New York (as such plan may be amended, modified, or supplemented from time to time in accordance with its terms, the "Plan"), and the disclosure statement with respect to the Plan [Docket No. [____]] (as such disclosure statement may be amended from time to time in accordance with its terms, the "Disclosure Statement").

Pursuant to the Plan, Eligible Holders of Allowed General Unsecured Claims (including, but not limited to, 2022 Notes Claims and Old Notes Claims, but excluding Convenience Claims) and Allowed Corp. Guaranty Claims (collectively, the "Equity / Cash Option Claims" or the "Applicable Claims", and individually, an "Applicable Claim") will have the opportunity to participate in a \$[27.0] million Rights Offering for New Shares on the terms set forth in these Rights Offering Procedures, the Plan, the Disclosure Statement, and the applicable Subscription Form. In addition, the Backstop Party has agreed to purchase, on the Effective Date, all of the New Shares offered and not duly subscribed for and / or purchased in the Rights Offering in accordance with these Rights Offering Procedures, and the Backstop Agreement.

An "Eligible Holder" means a Holder of an Applicable Claim on the Record Date that is eligible to hold the Rights Offering Shares under any applicable non-bankruptcy law that is not exempted by section 1145 of the Bankruptcy Code.

Pursuant to the Plan, each Eligible Holder will have the right, but not the obligation, to subscribe for its Pro Rata Share of the New Shares offered in the Rights Offering (the "Rights Offering Shares"), which Rights Offering Shares will reflect an aggregate purchase price of \$[27.0] million. "New Shares" refers to the shares of Reorganized Holdings. Eligible Holders will have Subscription Rights to purchase up to [68]% of the equity in Reorganized Holdings at a price that represents an implied [50]% discount to a stipulated plan equity value of up to \$[25] million.

Regardless of whether or not any Subscription Rights are exercised, Eligible Holders of Applicable Claims that make a written election on a timely and properly delivered and completed Ballot or other writing acceptable to the Plan Proponents, at the time of Plan distributions, will receive their Pro Rata Share of up to [32]% of the New Shares (the "Plan Distributions"), subject to dilution by New Shares issued pursuant to the Backstop Premium and the EIP. Eligible Holders who have exercised their Subscription Rights and who make a written election on a timely and properly delivered and completed Ballot or other writing acceptable to the Plan Proponents, will receive both their Pro Rata Share of the Plan Distributions and the Rights Offering Shares that were purchased.

Pursuant to the Plan (and in accordance with and subject to the terms and conditions of these Rights Offering Procedures and the applicable Subscription Form), each Eligible Holder of an Applicable Claim will receive non-certificated subscription rights to subscribe for its Pro Rata Share of the Rights Offering Shares (the “Subscription Rights”), provided that to participate in the Rights Offering, an Eligible Holder must timely and properly execute and deliver its applicable Subscription Form (with accompanying IRS Form W-9 or appropriate IRS Form W-8, as applicable) to the Subscription Agent and pay the aggregate Purchase Price for the Rights Offering Shares for which it subscribes (the “Purchase Payment Amount”) by the Subscription Expiration Deadline.

No Eligible Holder shall be entitled to participate in the Rights Offering unless the Purchase Payment Amount is (i) in the case of an Eligible Holder of an Applicable Claim that is not the Backstop Party, received by the Subscription Agent by the Subscription Expiration Deadline, and (ii) in the case of the Backstop Party, delivered into the Escrow Account as provided in the Funding Notice, by the Funding Date. No interest is payable on any advance funding of the Purchase Payment Amount. If the Rights Offering is terminated for any reason, your Purchase Payment Amount will be returned to you promptly. No interest will be paid on any returned Purchase Payment Amount.

To purchase the Rights Offering Shares through the Rights Offering, you must properly complete all the steps outlined below by the Subscription Expiration Deadline. If you fail to do so, you shall be deemed to have forever and irrevocably relinquished and waived your right to participate in the Rights Offering.

1. Rights Offering

Each Eligible Holder of an Applicable Claim has the right, but not the obligation, to participate in the Rights Offering. Only Eligible Holders of Applicable Claims that validly and timely complete and return the applicable Subscription Form may participate in the Rights Offering.

Subject to the terms and conditions set forth in the Plan, these Rights Offering Procedures, and the applicable Subscription Form, each Eligible Holder of an Applicable Claim is entitled to subscribe for up to its Pro Rata Share of the Rights Offering Shares issued in the Rights Offering at a purchase price of \$[●] per share (the “Purchase Price”). “Pro Rata Share” means the proportion that an Allowed Claim in a particular Class or Classes bears to the aggregate amount of Allowed Claims within such Class or Classes.

There will be no over-subscription privilege in the Rights Offering. Any Rights Offering Shares that are unsubscribed by the Eligible Holders entitled thereto will not be offered to other Eligible Holders but will be purchased by the Backstop Party in accordance with the Backstop Agreement.

SUBJECT TO THE TERMS AND CONDITIONS OF THE RIGHTS OFFERING PROCEDURES, AND THE BACKSTOP AGREEMENT IN THE CASE OF THE BACKSTOP PARTY, ALL SUBSCRIPTIONS SET FORTH IN THE

SUBSCRIPTION FORM ARE REVOCABLE ONLY UPON WRITTEN CONSENT OF THE PETITIONING CREDITORS AND THE SUBSCRIPTION AGENT.

2. Subscription Period

The Subscription Rights will be issued as of the Subscription Commencement Date.

The Rights Offering will commence on the Subscription Commencement Date and will expire at the Subscription Expiration Deadline. Each Eligible Holder intending to purchase Rights Offering Shares in the Rights Offering must affirmatively elect to exercise its Subscription Rights in the manner set forth in the applicable Subscription Form and must pay for any exercised Subscription Rights by the Subscription Expiration Deadline (except for the Backstop Party who must deliver the applicable Purchase Payment Amount no later than the Funding Date, in accordance with the terms of the Backstop Agreement and these Rights Offering Procedures).

Eligible Holders that fail to timely exercise their Subscription Rights shall be deemed to have fully and irrevocably relinquished and waived their Subscription Rights. Any exercise of (including payment with respect to, except for the Backstop Party) the Subscription Rights after the Subscription Expiration Deadline will not be allowed, and any purported exercise or payment into the Escrow Account, if applicable, or received by the Subscription Agent after the Subscription Expiration Deadline, regardless of when the documents or payment relating to such exercise were sent, will not be honored.

The Plan Proponents may extend the Subscription Expiration Deadline with the consent of the Backstop Party, such consent not to be unreasonably withheld, or as required by law.

3. Delivery of Documentation

Each Eligible Holder may exercise all or any portion of such Eligible Holder's Subscription Rights. In order to facilitate the exercise of the Subscription Rights, beginning on the Subscription Commencement Date, the Subscription Agent will send (or cause to be sent) to each Eligible Holder these Rights Offering Procedures, and a form to be used for exercising the Subscription Rights (the "Subscription Form"), together with appropriate instructions for the proper completion, due execution, and timely delivery of the applicable executed Subscription Form and the payment of the applicable Purchase Payment Amount for the Rights Offering Shares.

Notwithstanding anything to the contrary in these Rights Offering Procedures, the Backstop Party will exercise its Subscription Rights pursuant to these Rights Offering Procedures and the Backstop Agreement. Subject to the terms and conditions of the Backstop Agreement, no later than five (5) Business Days following the Subscription Expiration Deadline, the Subscription Agent will deliver to the Backstop Party a written notice (the "Funding Notice") of (i) the amount of Rights Offering Shares elected to be subscribed for by Eligible Holders of Applicable Claims and the aggregate Purchase Price therefor; (ii) the aggregate amount of unsubscribed Rights

Offering Shares to be subscribed for by the Backstop Party and the aggregate Purchase Price therefor; and (iii) the escrow account (the "Escrow Account") information to which the Backstop Party must deliver and pay the aggregate Purchase Price for the Rights Offering Shares. The Subscription Agent will promptly provide such written backup, information, and documentation relating to the information contained in the Funding Notice that the Backstop Party requests. On such date, which shall not be earlier than four (4) Business Days after the Funding Notice date, or later than five (5) Business Days prior to the Effective Date (the "Funding Date"), the Backstop Party shall deliver the applicable Purchase Payment Amount for the amount of unsubscribed Rights Offering Shares to the Escrow Account.

4. Exercise of Subscription Rights

Before exercising any Subscription Rights, Eligible Holders should read the Disclosure Statement and the Plan for information relating to the Debtors and the risk factors to be considered in connection with making their investment decision.

In order to validly exercise its Subscription Rights, each Eligible Holder must:

- i. return a duly executed Subscription Form (including the Eligible Holder Certification, with an accompanying IRS Form W-9 or appropriate IRS Form W-8, as applicable) to the Subscription Agent, so that such documents are actually received by the Subscription Agent by the Subscription Expiration Deadline;
- ii. if the Eligible Holder is not the Backstop Party, at the same time it returns its Subscription Form to the Subscription Agent, but in no event later than the Subscription Expiration Deadline, pay the applicable Purchase Payment Amount to the Subscription Agent by wire transfer **ONLY** of immediately available funds in accordance with the instructions included in the Subscription Form; and
- iii. if the Eligible Holder is the Backstop Party, at the same time it returns its Subscription Form to the Subscription Agent, but in no event later than the Funding Date, pay the applicable Purchase Payment Amount to the Escrow Account.

In the event that the funds received by the Subscription Agent, from any Eligible Holder do not correspond to the Purchase Payment Amount payable for the Rights Offering Shares elected to be purchased by such Eligible Holder, the number of the Rights Offering Shares deemed to be purchased by such Eligible Holder will be the lesser of (i) the number of the Rights Offering Shares elected to be purchased by such Eligible Holder and (ii) the number of the Rights Offering Shares determined by dividing the amount of the funds received by the Purchase Price, in each case up to such Eligible Holder's Pro Rata Share of the Rights Offering Shares.

The cash paid to the Subscription Agent in accordance with these Rights Offering Procedures will be deposited and held by the Subscription Agent in a segregated account, until administered in connection with the settlement of the Rights Offering on

the Effective Date. The Subscription Agent may not use such cash for any other purpose prior to the Effective Date and may not encumber or permit such cash to be encumbered with any lien or similar encumbrance. The cash held by the Subscription Agent hereunder will not bear any interest and shall not be deemed part of the Debtors' estates.

Unexercised Subscription Rights (including Subscription Rights that are not validly and timely exercised for any reason) will be deemed to be fully and irrevocably relinquished and waived immediately following the Subscription Expiration Deadline (or by the Funding Date with respect to the Backstop Party).

5. Transfer Restrictions

The Subscription Rights issued to Holders of Applicable Claims may not be detached or transferred separately from the corresponding Applicable Claim. Any attempted detachment of such Subscription Rights from the corresponding Applicable Claim by an Eligible Holder will be null and void, will have no effect, and will not be recognized for any purpose.

The Applicable Claim and the Subscription Rights will transfer together as a unit together with the underlying Applicable Claims with respect to which such Subscription Rights were issued, subject to such limitations, if any, that would be applicable to the transferability of the Applicable Claims.

Once an Eligible Holder has properly exercised its Subscription Rights, subject to the terms and conditions contained in these Rights Offering Procedures, such exercise will be revocable only upon written consent of the Petitioning Creditors and the Subscription Agent. Moreover, following the exercise of any Subscription Rights, the Holder thereof shall be prohibited from transferring or assigning the Applicable Claims, as applicable, corresponding to such Subscription Rights until the earlier of (i) the termination of the Rights Offering and (ii) the revocation of exercise of the Subscription Rights to the extent permitted by these Rights Offering Procedures.

6. Rights Exercise is Revocable

Once an Eligible Holder has properly exercised its Subscription Rights, such exercise will be revocable only upon written consent of the Petitioning Creditors and the Subscription Agent.

7. Return of Payment and Underlying Debt Securities; Termination of Transfer Restrictions

Unless the Effective Date has occurred, the Rights Offering will be deemed automatically terminated without any action of any party upon the earlier of, (i) the termination of the Backstop Agreement in accordance with its terms, (ii) the Backstop Outside Date (as defined in the Backstop Agreement, and as may be extended pursuant to the terms of the Backstop Agreement), and (iii) revocation or withdrawal of the Plan by the Plan Proponents. Upon such termination, any payments received pursuant these

Rights Offering Procedures will be returned, without interest, to the applicable Eligible Holder or relevant payee as soon as reasonably practicable.

8. Settlement of the Rights Offering and Distribution of the Rights Offering Shares

The settlement of the Rights Offering is conditioned on confirmation of the Plan by the Bankruptcy Court, compliance with these Rights Offering Procedures, and the occurrence of the Effective Date. The Plan Proponents intend that the Rights Offering Shares will be issued to the Eligible Holders, and /or, subject to compliance with applicable securities laws, to any Affiliates (as defined in the applicable Subscription Form) that the Eligible Holders so designate in the applicable Subscription Form, in book-entry form by Reorganized Holdings based upon registration information provided by Eligible Holders in the Subscription Form.

9. No Fractional Shares

No fractional Rights Offering Shares will be issued in the Rights Offering. All allocations (including each Eligible Holder's Rights Offering Shares) will be calculated and rounded down to the nearest whole share.

10. Validity of Exercise of Subscription Rights

All questions concerning the timeliness, viability, form and eligibility of any exercise of Subscription Rights will be determined in good faith by the Plan Proponents in consultation with the Backstop Party. The Plan Proponents, with the consent of the Backstop Party, may waive any defect or irregularity in, or permit such defect or irregularity to be corrected within such time as they may determine in good faith, or reject, the purported exercise of any Subscription Rights. Subscription Forms will be deemed not to have been received or accepted until all irregularities have been waived or cured within such time as the Plan Proponents determine in good faith in consultation with the Backstop Party. For the avoidance of doubt and notwithstanding the above (but without affecting the Plan Proponents' obligation to consult with the Backstop Party as described in the first sentence of this section), the Plan Proponents or their agents, including the Subscription Agent, are not required to inform parties of any defect or irregularity with their submission of documents or payments and may, with the consent of the Backstop Party, reject such submissions without previously notifying the party prior to such rejection. Additionally, each such irregularity or defect if reviewed, will be done on an individual submission basis.

11. Backstop Agreement

The Rights Offering will be backstopped by the Backstop Party. The Backstop Party has agreed, on the terms set forth in the Backstop Agreement, to purchase all Rights Offering Shares that are not purchased by other Eligible Holders pursuant to the Rights Offering. As consideration for its undertaking in the Backstop Agreement, the Backstop Party will receive the Backstop Premium equal to 10% of the New Shares of Reorganized Holdings issued and outstanding on the Effective Date, subject to the

terms and conditions set forth in the Backstop Agreement. The Backstop Agreement was filed on [___] [___], 2024 [Docket No. [___]].

12. Modification of Procedures

With the prior written consent of the Backstop Party, such consent not to be unreasonably withheld, the Plan Proponents reserve the right to modify these Rights Offering Procedures or adopt additional procedures consistent with these Rights Offering Procedures to effectuate the Rights Offering and to issue the Rights Offering Shares. The Plan Proponents shall provide prompt written notice to each Eligible Holder of any modification to these Rights Offering Procedures made after the Subscription Commencement Date that has a material adverse effect on the Holders of Applicable Claims. In so doing, and subject to the consent of the Backstop Party, the Plan Proponents may execute and enter into agreements and take further action that the Plan Proponents determine in good faith are necessary and appropriate to effectuate and implement the Rights Offering and the issuance of the Rights Offering Shares.

The Plan Proponents reserve the right to require such additional certifications or other diligence measures as the Plan Proponents deem reasonably necessary to confirm the certifications of an Eligible Holder.

13. Inquiries and Transmittal of Documents; Subscription Agent

The Rights Offering Instructions for Eligible Holders of Applicable Claims attached hereto should be carefully read and strictly followed by the Eligible Holders of Applicable Claims wishing to participate in the Rights Offering.

Questions relating to the Rights Offering should be directed to the Subscription Agent via e-mail to EletsonInfo@kccllc.com (please reference "Eletson Holdings Rights Offering" in the subject line) or at the telephone number shown on the Subscription Form. Please note that the Subscription Agent is only able to respond to procedural questions regarding the Rights Offering, and cannot provide any information beyond that included in these Rights Offering Procedures and the Subscription Forms.

The risk of non-delivery of all documents and payments to the Subscription Agent is on the Eligible Holder electing to exercise its Subscription Rights and not the Plan Proponents, the Subscription Agent, or the Backstop Party.

ELETSON HOLDINGS INC.

RIGHTS OFFERING INSTRUCTIONS FOR ELIGIBLE HOLDERS

Terms used and not defined herein or in the Rights Offering Procedures shall have the meaning assigned to them in the Plan.

To elect to participate in the Rights Offering, you must follow the instructions set out below:

1. **Insert** the amount of the Applicable Claims that you hold in Item 1 of your Subscription Form (if you do not know such amount, please contact your Nominee) and multiply by the applicable rate to calculate the Allowed General Unsecured Claim or Corp. Guaranty Claim, as applicable, held on the Record Date. You may only submit a Subscription Form and participate in the Rights Offering with respect to a Claim following the Subscription Commencement Date up until the Subscription Expiration Deadline.
2. **Complete** the calculation in Item 1 of your Subscription Form, which calculates the maximum number of Rights Offering Shares available for you to purchase. Such amount must be rounded down to the nearest whole share.
3. **Complete** the calculation in Item 2a of your Subscription Form to indicate the number of Rights Offering Shares that you elect to purchase and calculate the Purchase Payment Amount for the Rights Offering Shares that you elect to purchase.
4. **Confirm** whether you are the Backstop Party pursuant to the representation in Item 3 of your Subscription Form. *(This Item is only for the Backstop Party, who is aware of its status as the Backstop Party).*
5. **Complete** the Registration Information in Item 4 of your Subscription Form.
6. **Complete** the Wire Information in Item 6 of your Subscription Form.
7. **Complete** the Designation Information in Item 7 of your Subscription Form, if applicable.
8. **Read, complete and sign** the certification in Item 8 of your Subscription Form, as applicable.
9. **For Holders of the 2022 Notes and the Old Notes only:** Coordinate with your securities nominee to complete the Nominee's Certification of Record Date Holdings if you are a Holder of the 2022 Notes and/or the Old Notes.

10. **Read, complete and sign** an IRS Form W-9 if you are a U.S. person. If you are a non-U.S. person, read, complete and sign an appropriate IRS Form W-8. These forms may be obtained from the IRS at its website: www.irs.gov.
11. **Return** your signed Subscription Form(s) (with accompanying IRS Form W-9 or appropriate IRS Form W-8, as applicable) to the Subscription Agent prior to the Subscription Expiration Deadline.
12. **Arrange for full payment** of the aggregate Purchase Price by wire transfer of immediately available funds, calculated in accordance with Item 2a of your Subscription Form. For Eligible Holders that hold Applicable Claims via a securities nominee, please instruct your securities nominee to coordinate payment of the Purchase Payment Amount and transmit and deliver such payment to the Subscription Agent by the Subscription Expiration Deadline. The Backstop Party should follow the payment instructions in the Funding Notice.

The Subscription Expiration Deadline is 4:00 p.m. prevailing Eastern Time on June 17, 2024.

Please note that the Subscription Form (with accompanying IRS Form W-9 or appropriate IRS Form W-8, as applicable) along with the appropriate funding must be received by the Subscription Agent on or prior to the Subscription Expiration Deadline or the subscription represented by your Subscription Form will not be counted and you will be deemed forever to have relinquished and waived your right to participate in the Rights Offering. The Backstop Party should follow the payment instructions in the Funding Notice.

EXHIBIT 2

GUC Subscription Form

ELETSON HOLDINGS INC.

**RIGHTS OFFERING
SUBSCRIPTION FORM**

FOR USE BY ELIGIBLE HOLDERS OF GENERAL UNSECURED CLAIMS

**IN CONNECTION WITH PETITIONING CREDITORS' DISCLOSURE
STATEMENT DATED [] [], 2024**

SUBSCRIPTION EXPIRATION DEADLINE

The Subscription Expiration Deadline is 4:00 p.m. prevailing Eastern Time on June 17, 2024.

IMPORTANT

Please note your Subscription Form (with accompanying IRS Form W-9 or appropriate IRS Form W-8, as applicable) along with completing the wire transfer of the applicable Purchase Payment Amount (solely with respect to Eligible Holders (as defined below) that are not the Backstop Party) must be received by the Subscription Agent on or prior to the Subscription Expiration Deadline or the subscription represented by your Subscription Form will not be counted and will be deemed forever relinquished and waived.

The Backstop Party must deliver the appropriate funding concurrently with the Backstop Party's obligations under the Backstop Agreement as set forth in the Funding Notice delivered by the Subscription Agent to the Backstop Party in accordance with the Rights Offering Procedures (the "Funding Date").

Any terms capitalized but not defined herein shall have the meaning ascribed to such terms in the Eletson Holdings Inc. Rights Offering Procedures (the "Rights Offering Procedures") or the Petitioning Creditors' Joint Chapter 11 Plan of Reorganization of Eletson Holdings Inc. and its Affiliated Debtors filed with the United States Bankruptcy Court for the Southern District of New York (as such plan of reorganization may be amended or modified from time to time in accordance with its terms, the "Plan"), as applicable. Please consult the Plan, the Disclosure Statement, and the Rights Offering Procedures for additional information with respect to this Subscription Form.

The Rights Offering Shares are being distributed and issued by the Plan Proponents without registration under the Securities Act, in reliance generally upon the exemptions from registration provided by section 1145 of the Bankruptcy Code and Section 4(a)(2) of the Securities Act of 1933 (the "Securities Act").

The Subscription Rights are not separately transferable and no Subscription Rights may be Transferred separately from the Eligible Holders' Applicable Claim. The Subscription Rights will transfer together as a unit with the underlying Applicable Claims with respect to which such Subscription Rights were issued, subject to such limitations, if any, that would be applicable to the transferability of the underlying Applicable Claims.

Participation in the Rights Offering is limited to Holders of Allowed General Unsecured Claims (including, but not limited to, 2022 Notes Claims and Old Notes Claims, but excluding Convenience Claims) and Allowed Corp. Guaranty Claims (the "Equity / Cash Option Claims") that are eligible to hold the Rights Offering Shares under any applicable non-bankruptcy law that is not exempted by section 1145 of the Bankruptcy Code (the "Eligible Holders"). The Rights Offering Shares are available only to Eligible Holders, and any invitation, offer or agreement to purchase will be entered into only with Eligible Holders. No offer or invitation to subscribe is being made to any person who is not an Eligible Holder and no such person should act or rely on any offer or invitation to subscribe or purchase the Rights Offering Shares contained in the Rights Offering Procedures or this Subscription Form.

To exercise the Subscription Rights, an Eligible Holder must complete and return to the Subscription Agent a Subscription Form (with accompanying IRS Form W-9 or appropriate IRS Form W-8, as applicable) and pay the applicable Purchase Payment Amount, prior to the Subscription Expiration Deadline (or in the case of the Backstop Party, prior to the Funding Date). In the case of the 2022 Note Claims and the Old Notes Claims, Eligible Holders must coordinate with their bank, broker, commercial bank, dealer or other intermediary (each a "Nominee") to complete the Nominee Certification Page.

Any Eligible Holder that subscribes for Rights Offering Shares and is an "underwriter" under section 1145(b) of the Bankruptcy Code will be subject to restrictions under the Securities Act on its ability to resell those securities and will receive "restricted securities" (as defined under Rule 144 promulgated under the Securities Act). Resale restrictions are discussed in more detail in Article IX of the Disclosure Statement, entitled "Certain Securities Law Matters."

The distribution or communication of the Rights Offering Procedures and the issuance of the Rights Offering Shares in certain jurisdictions may be restricted by law. No action has been taken or will be taken to permit the distribution or communication of the Rights Offering Procedures in any jurisdiction where any action for that purpose may be required. Accordingly, the Rights Offering Procedures may not be distributed or communicated, and the Rights Offering Shares may not be subscribed, purchased or issued, in any jurisdiction, except in circumstances where such distribution, communication, subscription, purchase or issuance would comply with all applicable laws and regulations without the need for the issuer to take any action or obtain any consent, approval or authorization therefor, except for any notice filings required under U.S. federal and applicable state securities laws. Further, the Subscription Rights and the Rights Offering Shares have not been approved or disapproved by the U.S. Securities and Exchange

Commission or any other state securities commission or any other regulatory or governmental authority, nor have any of the foregoing passed upon the accuracy or adequacy of the information presented, and any representation to the contrary is a criminal offense.

Each Rights Offering Share issued upon exercise of a Subscription Right to an Eligible Holder located outside the United States, and each certificate issued in exchange for or upon the transfer, sale or assignment of any such Rights Offering Shares, shall be imprinted, stamped or otherwise associated with legends to facilitate compliance with applicable securities and business entity laws, procedures of depositary institutions and organizational documents (e.g., legends with respect to global notes and local law, etc.).

Additionally, the Rights Offering Shares issued in exchange for, or upon the transfer, sale or assignment of any such Rights Offering Shares, shall be imprinted, stamped or otherwise associated with legends to facilitate compliance with applicable securities and business entity laws, procedures of depositary institutions and organizational documents (e.g., legends with respect to global note, Regulation S compliance period legends and local law, etc.).

Questions may also be directed to the Subscription Agent via email to: EletsonInfo@kccllc.com (please reference "Eletson Holdings Rights Offering" in the subject line) or at the following telephone number (888) 647-1737 (Domestic) or (310) 751-2624 (International).

To subscribe, fill out Items 1 through 8 below. **If you hold your 2022 Notes Claims or the Old Notes Claims through multiple Nominees, you MUST complete and submit a separate Subscription Form for the positions held at each Nominee.**

Item 1. Amount of Claim. I certify that I am a Holder of an Allowed General Unsecured Claim (Class 3) under the Plan in the following amount (insert amount on the lines in the chart below) or that I am the authorized signatory of such Holder. *In the chart below, insert principal amount(s) and multiply by applicable rate to calculate the Allowed General Unsecured Claim held on the Record Date.*

<i>Claim Amount Held on the Record Date (insert below, as applicable)</i>		<i>Rate to Convert Claim Amount into number of maximum rights</i>		<i>The maximum rights allowed based on your Claim (the "<u>Maximum Participation Amount</u>") is:</i>
\$ _____	x	[_____]	=	_____ (Maximum number of New Shares) (Round down to nearest whole share) Insert into 2a below

*Questions to complete the above chart or otherwise may also be directed to the Subscription Agent via email to:
EletsonInfo@kccllc.com (please reference "Eletson Holdings Rights Offering" in the subject line)*

Item 2. Rights.

2a. Purchase Payment Amount. By filling in the following blanks, you are indicating that the undersigned Eligible Holder is interested in purchasing the number of Rights Offering Shares specified below (specify number of Rights Offering Shares, which is not greater than the Maximum Participation Amount calculated in Item 1 above), on the terms and subject to the conditions set forth in the Rights Offering Procedures.

<p>_____</p> <p>2(a) _____ (Insert number of Rights you elect to purchase not exceeding the amount in <u>Item 1</u> above)</p>	X	\$[_____]	=	<p>_____</p> <p>2(a) Purchase Payment Amount</p>
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If all or any portion of your Claim is determined not to be an Allowed Claim, your Maximum Participation Amount will be reduced, in accordance with the terms of the Plan and the Rights Offering Procedures, and to the extent the amount of the Rights Offering Shares which you subscribed and paid for exceeds your reduced Maximum Participation Amount, the amount of the Rights Offering Shares which you subscribed and paid for will be reduced to the reduced Maximum Participation Amount.

Item 3. Backstop Party Representation.

The undersigned represents and warrants that (please check the applicable box):

- a. ☐ It is not the Backstop Party identified in the *Backstop Agreement for the Rights Offering*, dated as of [●], 2024 (as amended or supplemented, the "Backstop Agreement"), or
- b. ☐ It is the Backstop Party identified in the Backstop Agreement.

Item 4. Rights Offering Shares Registration

It is anticipated that the register of the Rights Offering Shares will be maintained in book entry form by Reorganized Holdings, based on information provided by Holders in this Subscription Form. Accordingly, participants must complete this account registration section:

Name under which to register the Rights Offering Shares: _____

Address 1: _____

Address 2: _____

City : _____

State / Province: _____

Zip / Postal Code: _____

Country: _____

Phone: _____

E-Mail: _____

U.S. Tax Identification Number: _____

Check here if non-US (no TIN) ☐

☐ INDIVIDUAL ACCOUNT;

☐ IRA ACCOUNT;

☐ CORPORATIONS (S-CORP): (ASSOCIATED, ASSOCIATES, ASSOCIATION, CO, CO. COMPANY, CORP, CORPORATE/PARTNER, ENTERPRISE(S), FUND, GROUP, INCORPORATED, INC, INTERNATIONAL, INTL, LIMITED, LTD, LIFETIME LIMITED COMPANY, LLC, L.L.C., PARTNER, PARTNERS, PLC, PUBLIC LIMITED COMPANY);

☐ PARTNERSHIP: (LP, L P, L.P., LLP, LIMITED PARTNERSHIP, LIFETIME LIMITED PARTNERSHIP);

☐ BANK;

☐ NOMINEE ACCOUNTS;

☐ THE NEW C-CORP;

☐ NON-PROFIT: (CEMETERY, CHURCH, COLLEGE, COMMISSION FOR CHILDREN WITH, COMMISSION FOR HANDICAPPED, COMMISSION MINISTRIES INC, COMMISSION OF PUBLIC WORKS, COMMISSION OF BANKING & FOUNDATIONS, HOSPITAL, SCHOOL, SYNAGOGUE, UNIVERSITY);

☐ FIDUCIARY ACCOUNT: (CUSTODIAN, CO-TRUSTEE, ESTATE, EXECUTOR, EXECUTRIX FBO, F/B/O, FAO, FIDUCIARY TRUST, ITF, LIFE TEN, PENSION PLAN, INDIVIDUAL NAME PROFIT SHARING PLAN, RETIREMENT PLAN, 401K PLAN, SELL TRANSFER PLEDGE, STATE UNIFORM TRANSFER RO MINOR'S ACT, TTEE, TTEES, UW, UTMA, UGMA, USUFRUCT, UNIFIED, UNIF GIFT MIN ACT, UNIF TRUST MIN ACT, UNIFIED GIFT TO MINORS ACT, UNIFORM GIFT TO MINORS, UNIFORM TRANSFER TO MINORS, GRAT (GRANTOR ANNUITY TRUST));

- ☐ TENANTS IN COMMON;
- ☐ TENANTS BY ENTIRETY: (TEN ENT, TENANTS ENT, TENANTS ENTIRETY, TENANTS BY ENTIRETY, TENANTS BY ENTIRETIES);
- ☐ JOINT TENANTS: (JT TEN, JT TEN WROS, JT WROS, J/T/W/R/S, JOINT TENANCY, JOINT TENANTS WITH RIGHT OF SURVIVORSHIP, JT OWNERSHIP, IF JT ACCOUNT WITH TOD); or
- ☐ COMMUNITY PROPERTY: (COM PROP, COMM PROP, COM PROPERTY, COMM PROPERTY, MARITAL PROPERTY, HWACP, HUSBAND & WIFE AS COMMUNITY PROPERTY).

Item 5. Payment and Delivery Instructions

Instructions for Eligible Holders who are NOT the Backstop Party.

For Eligible Holders that check Box a in Item 3, payment of the Purchase Payment Amount calculated pursuant to Item 2a above shall be made by wire transfer ONLY in accordance with the following instructions:

U.S. Wire Instructions:¹

Account Name :	
Bank Account No.:	
ABA/Routing No.:	
Bank Name:	
Bank Address:	
Reference:	[Insert claimant name in memo field]

International Wire Instructions:

Correspondent/Intermediary Bank SWIFT	
Correspondent/Intermediary Bank Name	
Correspondent/Intermediary Bank Address	
Beneficiary Account Number	
Beneficiary Name	
Beneficiary Address	

¹ NTD: issuer to provide wire instructions.

Memo, Special Instructions, Originator to Beneficiary Information, Bank to Bank Information	
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Instructions for Eligible Holders Who Are the Backstop Party.

For Eligible Holders that check Box b in Item 3, payment of the applicable Purchase Payment Amount calculated pursuant to Item 2a above shall be made by wire transfer ONLY of immediately available funds directly to the Escrow Account or the Subscription Agent in accordance with the Funding Notice that will be delivered to you pursuant to the Rights Offering Procedures. The Backstop Party must deliver the appropriate funding directly to the Escrow Account or the Subscription Agent no later than the Funding Date.

Item 6. Wire Information

PLEASE COMPLETE THE FOLLOWING SECTION IN CASE A REFUND IS REQUIRED.

Wire information in the event a refund outside of DTC is needed:

Account Name: _____

Beneficiary Address: _____

Bank Account No. (For International this may be IBAN): _____

ABA/Routing No.: _____

Bank Name: _____

Bank Address: _____

Reference: _____

Swift Instructions (if applicable): _____

Item 7. Designee Information

Please complete **ONLY** if the Rights Offering Shares are to be issued in the name of a designee or designees. Any such party must also be an Eligible Holder, and also submit IRS Form 8 or IRS Form W-9, as applicable.

(a) Amount of Designation.²

Number of Rights Offering Shares: _____

(b) Designee Registration Information.

Please indicate on the lines provided below the name of the designee in whose name the Rights Offering Shares should be registered, and in whose name the Rights Offering Shares should be issued in the event that such instruments are issued in registered form on the books and records of the relevant transfer agent.

It is strongly recommended that the below information be typed to ensure that it is legible.

Registration Name _____

Address 1: _____

Address 2: _____

City, State, Postal Code: _____

Country: _____

Telephone: _____

Email: _____

Item 8. Certification.

The undersigned certifies that (i) it was the Holder of the Claims set forth in Item 1 above as of the date hereof, (ii) it has received a copy of the Plan, the Disclosure Statement, and the Rights Offering Procedures and (iii) it understands that the exercise of its rights under the Rights Offering is subject to all of the terms and conditions set forth in the Plan and the Rights Offering Procedures.

The undersigned acknowledges that, by executing this Subscription Form, it has elected to subscribe for the number of Rights Offering Shares designated under Item 2a above and will be bound to pay for the Rights Offering Shares it has subscribed for and that it may be liable to the Plan Proponents to the extent of any nonpayment.

² To the extent there is more than one designee, please attach a separate sheet with the information required under Item 7.

Date: _____

Name of Eligible Holder: _____

U.S. Federal Tax EIN/SSN (optional): _____

If Non-U.S. Person, check here and attach appropriate IRS Form W- 8 ☐

If U.S. Person, check here and attach IRS Form W-9 ☐

Signature: _____

Name of Signatory: _____

Title: _____

Address: _____

Telephone Number: _____

Fax: _____

Email: _____

Please deliver your completed Subscription Form (with accompanying IRS Form W-9 or appropriate IRS Form W-8, as applicable) with respect to the General Unsecured Claims to the Subscription Agent so that it is received by the Subscription Expiration Deadline at:

KCC LLC
222 North Pacific Coast Highway, Suite 300
El Segundo, CA 90245-5614
Attention: Eletson Holdings Inc. Rights Offering
Tel#s: (888) 647-1737 (Domestic) or (310) 751-2624 (International)

If submitting via email: EletsonInfo@kccllc.com

Originals are not required

NOMINEE'S CERTIFICATION OF RECORD DATE HOLDINGS

Your ownership of the 2022 Note Claims or the Old Notes Claims must be confirmed to participate in the Rights Offering

For Use Only by the Nominee

DTC Participant Name: _____

DTC Participant Number: _____

Name of Beneficial Holder: _____

Principal Amount of the 2022 Notes Claim or the Old Notes held for this account as of the Expiration Date ([●], 2024):

Description	CUSIP	Amount Held
9.625% First Preferred Ship Mortgage Notes Due 2022	28620Q AA 1	
9.625% First Preferred Ship Mortgage Notes Due 2022	28620Q AB 9	
9.625% First Preferred Ship Mortgage Notes Due 2022	V32248 AA 0	
First Preferred Ship Mortgage Notes Due 2022	28620E AB 6	
First Preferred Ship Mortgage Notes Due 2022	28620E AA 8	
First Preferred Ship Mortgage Notes Due 2022	V32257A A1 0	

MEDALLION GUARANTEE:

Nominee Contact Information:

Contact Name: _____

Telephone: _____

Email: _____

EXHIBIT 3

Corp. Guaranty Subscription Form

ELETSON HOLDINGS INC.

**RIGHTS OFFERING
SUBSCRIPTION FORM**

**FOR USE BY ELIGIBLE HOLDERS OF CORP. GUARANTY CLAIMS
IN CONNECTION WITH PETITIONING CREDITORS' DISCLOSURE
STATEMENT DATED [] [], 2024**

SUBSCRIPTION EXPIRATION DEADLINE

The Subscription Expiration Deadline is 4:00 p.m. Prevailing Eastern Time on June 17, 2024.

IMPORTANT

Please note your Subscription Form (with accompanying IRS Form W-9 or appropriate IRS Form W-8, as applicable) along with completing the wire transfer of the applicable Purchase Payment Amount (solely with respect to Eligible Holders (as defined below) that are not the Backstop Party) must be received by the Subscription Agent on or prior to the Subscription Expiration Deadline or the subscription represented by your Subscription Form will not be counted and will be deemed forever relinquished and waived.

The Backstop Party must deliver the appropriate funding concurrently with the Backstop Party's obligations under the Backstop Agreement as set forth in the Funding Notice delivered by the Subscription Agent to the Backstop Party in accordance with the Rights Offering Procedures (the "Funding Date").

Any terms capitalized but not defined herein shall have the meaning ascribed to such terms in the Eletson Holdings Inc. Rights Offering Procedures (the "Rights Offering Procedures") or the Petitioning Creditors' Joint Chapter 11 Plan of Reorganization of Eletson Holdings Inc. and its Affiliated Debtors filed with the United States Bankruptcy Court for the Southern District of New York (as such plan of reorganization may be amended or modified from time to time in accordance with its terms, the "Plan"), as applicable. Please consult the Plan, the Disclosure Statement, and the Rights Offering Procedures for additional information with respect to this Subscription Form.

The Rights Offering Shares are being distributed and issued by the Plan Proponents without registration under the Securities Act, in reliance generally upon the exemptions from registration provided by section 1145 of the Bankruptcy Code and Section 4(a)(2) of the Securities Act of 1933 (the "Securities Act").

The Subscription Rights are not separately transferable and no Subscription Rights may be Transferred separately from the Eligible Holders' Applicable Claim. The Subscription Rights will transfer together as a unit with the underlying Applicable Claims with respect to which such Subscription Rights were issued, subject to such limitations, if any, that would be applicable to the transferability of the underlying Applicable Claims.

Participation in the Rights Offering is limited to Holders of Allowed General Unsecured Claims (including, but not limited to, 2022 Notes Claims and Old Notes Claims, but excluding Convenience Claims) and Allowed Corp. Guaranty Claims (the "Equity / Cash Option Claims") that are eligible to hold the Rights Offering Shares under any applicable non-bankruptcy law that is not exempted by section 1145 of the Bankruptcy Code (the "Eligible Holders"). The Rights Offering Shares are available only to Eligible Holders, and any invitation, offer or agreement to purchase will be entered into only with Eligible Holders. No offer or invitation to subscribe is being made to any person who is not an Eligible Holder and no such person should act or rely on any offer or invitation to subscribe or purchase the Rights Offering Shares contained in the Rights Offering Procedures or this Subscription Form.

To exercise the Subscription Rights, an Eligible Holder must complete and return to the Subscription Agent a Subscription Form (with accompanying IRS Form W-9 or appropriate IRS Form W-8, as applicable) and pay the applicable Purchase Payment Amount, prior to the Subscription Expiration Deadline (or in the case of the Backstop Party, prior to the Funding Date).

Any Eligible Holder that subscribes for Rights Offering Shares and is an "underwriter" under section 1145(b) of the Bankruptcy Code will be subject to restrictions under the Securities Act on its ability to resell those securities and will receive "restricted securities" (as defined under Rule 144 promulgated under the Securities Act). Resale restrictions are discussed in more detail in Article IX of the Disclosure Statement, entitled "Certain Securities Law Matters."

The distribution or communication of the Rights Offering Procedures and the issuance of the Rights Offering Shares in certain jurisdictions may be restricted by law. No action has been taken or will be taken to permit the distribution or communication of the Rights Offering Procedures in any jurisdiction where any action for that purpose may be required. Accordingly, the Rights Offering Procedures may not be distributed or communicated, and the Rights Offering Shares may not be subscribed, purchased or issued, in any jurisdiction, except in circumstances where such distribution, communication, subscription, purchase or issuance would comply with all applicable laws and regulations without the need for the issuer to take any action or obtain any consent, approval or authorization therefor, except for any notice filings required under U.S. federal and applicable state securities laws. Further, the Subscription Rights and the Rights Offering Shares have not been approved or disapproved by the U.S. Securities and Exchange Commission or any other state securities commission or any other regulatory or governmental authority, nor have any of the foregoing passed upon the accuracy or

adequacy of the information presented, and any representation to the contrary is a criminal offense.

Each Rights Offering Share issued upon exercise of a Subscription Right to an Eligible Holder located outside the United States, and each certificate issued in exchange for or upon the transfer, sale or assignment of any such Rights Offering Shares, shall be imprinted, stamped or otherwise associated with legends to facilitate compliance with applicable securities and business entity laws, procedures of depositary institutions and organizational documents (e.g., legends with respect to global notes and local law, etc.).

Additionally, the Rights Offering Shares issued in exchange for, or upon the transfer, sale or assignment of any such Rights Offering Shares, shall be imprinted, stamped or otherwise associated with legends to facilitate compliance with applicable securities and business entity laws, procedures of depositary institutions and organizational documents (e.g., legends with respect to global note, Regulation S compliance period legends and local law, etc.).

Questions may also be directed to the Subscription Agent via email to: EletsonInfo@kccllc.com (please reference "Eletson Holdings Rights Offering" in the subject line) or at the following telephone number (888) 647-1737 (Domestic) or (310) 751-2624 (International).

To subscribe, fill out Items 1 through 8 below.

Item 1. Amount of Claim. I certify that I am a Holder of an Allowed Corp. Guaranty Claim (Class 6) under the Plan in the following amount (insert amount on the lines in the chart below) or that I am the authorized signatory of such Holder. *In the chart below, insert principal amount(s) and multiply by applicable rate to calculate the Allowed Corp. Guaranty Claim held on the Record Date.*

<i>Claim Amount Held on the Record Date (insert below, as applicable)</i>		<i>Rate to Convert Claim Amount into number of maximum rights</i>		<i>The maximum rights allowed based on your Claim (the "<u>Maximum Participation Amount</u>") is:</i>
\$ _____	x	[_____]	=	_____ (Maximum number of New Shares) (Round down to nearest whole share) Insert into 2a below

Questions to complete the above chart or otherwise may also be directed to the Subscription Agent via email to:
EletsonInfo@kccllc.com (please reference "Eletson Holdings Rights Offering" in the subject line)

Item 2. Rights.

2a. Purchase Payment Amount. By filling in the following blanks, you are indicating that the undersigned Eligible Holder is interested in purchasing the number of Rights Offering Shares specified below (specify number of Rights Offering Shares, which is not greater than the Maximum Participation Amount calculated in Item 1 above), on the terms and subject to the conditions set forth in the Rights Offering Procedures.

<p>2(a)</p> <p>_____</p> <p>(Insert number of Rights you elect to purchase not exceeding the amount in <u>Item 1</u> above)</p>	X	\$[_____]	=	<p>_____</p> <p>2(a) Purchase Payment Amount</p>
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If all or any portion of your Claim is determined not to be an Allowed Claim, your Maximum Participation Amount will be reduced, in accordance with the terms of the Plan and the Rights Offering Procedures, and to the extent the amount of the Rights Offering Shares which you subscribed and paid for exceeds your reduced Maximum Participation Amount, the amount of the Rights Offering Shares which you subscribed and paid for will be reduced to the reduced Maximum Participation Amount.

Item 3. Backstop Party Representation.

The undersigned represents and warrants that (please check the applicable box):

- a. ☐ It is not the Backstop Party identified in the *Backstop Agreement for the Rights Offering*, dated as of [●], 2024 (as amended or supplemented, the "Backstop Agreement"), or
- b. ☐ It is the Backstop Party identified in the Backstop Agreement.

Item 4. Rights Offering Shares Registration

It is anticipated that the register of the Rights Offering Shares will be maintained in book entry form by Reorganized Holdings, based on information provided by Holders in this Subscription Form. Accordingly, participants must complete this account registration section:

Name under which to register the Rights Offering Shares: _____

Address 1: _____

Address 2: _____

City : _____

State / Province: _____

Zip / Postal Code: _____

Country: _____

Phone: _____

E-Mail: _____

U.S. Tax Identification Number: _____

Check here if non-US (no TIN) ☐

☐ INDIVIDUAL ACCOUNT;

☐ IRA ACCOUNT;

☐ CORPORATIONS (S-CORP): (ASSOCIATED, ASSOCIATES, ASSOCIATION, CO, CO. COMPANY, CORP, CORPORATE/PARTNER, ENTERPRISE(S), FUND, GROUP, INCORPORATED, INC, INTERNATIONAL, INTL, LIMITED, LTD, LIFETIME LIMITED COMPANY, LLC, L.L.C., PARTNER, PARTNERS, PLC, PUBLIC LIMITED COMPANY);

☐ PARTNERSHIP: (LP, L P, L.P., LLP, LIMITED PARTNERSHIP, LIFETIME LIMITED PARTNERSHIP);

☐ BANK;

☐ NOMINEE ACCOUNTS;

☐ THE NEW C-CORP;

☐ NON-PROFIT: (CEMETERY, CHURCH, COLLEGE, COMMISSION FOR CHILDREN WITH, COMMISSION FOR HANDICAPPED, COMMISSION MINISTRIES INC, COMMISSION OF PUBLIC WORKS, COMMISSION OF BANKING & FOUNDATIONS, HOSPITAL, SCHOOL, SYNAGOGUE, UNIVERSITY);

☐ FIDUCIARY ACCOUNT: (CUSTODIAN, CO-TRUSTEE, ESTATE, EXECUTOR, EXECUTRIX FBO, F/B/O, FAO, FIDUCIARY TRUST, ITF, LIFE TEN, PENSION PLAN, INDIVIDUAL NAME PROFIT SHARING PLAN, RETIREMENT PLAN, 401K PLAN, SELL TRANSFER PLEDGE, STATE UNIFORM TRANSFER RO MINOR'S ACT, TTEE, TTEES, UW, UTMA, UGMA, USUFRUCT, UNIFIED, UNIF GIFT MIN ACT, UNIF TRUST MIN ACT, UNIFIED GIFT TO MINORS ACT, UNIFORM GIFT TO MINORS, UNIFORM TRANSFER TO MINORS, GRAT (GRANTOR ANNUITY TRUST));

☐ TENANTS IN COMMON;

- ☐ TENANTS BY ENTIRETY: (TEN ENT, TENANTS ENT, TENANTS ENTIRETY, TENANTS BY ENTIRETY, TENANTS BY ENTIRETIES);
- ☐ JOINT TENANTS: (JT TEN, JT TEN WROS, JT WROS, J/T/W/R/S, JOINT TENANCY, JOINT TENANTS WITH RIGHT OF SURVIVORSHIP, JT OWNERSHIP, IF JT ACCOUNT WITH TOD); or
- ☐ COMMUNITY PROPERTY: (COM PROP, COMM PROP, COM PROPERTY, COMM PROPERTY, MARITAL PROPERTY, HWACP, HUSBAND & WIFE AS COMMUNITY PROPERTY).

Item 5. Payment and Delivery Instructions

Instructions for Eligible Holders who are NOT the Backstop Party.

For Eligible Holders that check Box a in Item 3, payment of the Purchase Payment Amount calculated pursuant to Item 2a above shall be made by wire transfer ONLY in accordance with the following instructions:

U.S. Wire Instructions:¹

Account Name :	
Bank Account No.:	
ABA/Routing No.:	
Bank Name:	
Bank Address:	
Reference:	[Insert claimant name in memo field]

International Wire Instructions:

Correspondent/Intermediary Bank SWIFT	
Correspondent/Intermediary Bank Name	
Correspondent/Intermediary Bank Address	
Beneficiary Account Number	
Beneficiary Name	
Beneficiary Address	
Memo, Special Instructions, Originator to Beneficiary Information, Bank to Bank Information	

¹ NTD: issuer to provide wire instructions.

Instructions for Eligible Holders Who Are the Backstop Party.

For Eligible Holders that check Box b in Item 3, payment of the applicable Purchase Payment Amount calculated pursuant to Item 2a above shall be made by wire transfer ONLY of immediately available funds directly to the Escrow Account or the Subscription Agent in accordance with the Funding Notice that will be delivered to you pursuant to the Rights Offering Procedures. The Backstop Party must deliver the appropriate funding directly to the Escrow Account or the Subscription Agent no later than the Funding Date.

Item 6. Wire Instructions

PLEASE COMPLETE THE FOLLOWING SECTION IN CASE A REFUND IS REQUIRED.

Wire information in the event a refund is needed:

Account Name: _____

Beneficiary Address: _____

Bank Account No. (For International this may be IBAN): _____

ABA/Routing No.: _____

Bank Name: _____

Bank Address: _____

Reference: _____

Swift Instructions (if applicable): _____

Item 7. Designee Information

Please complete ONLY if the Rights Offering Shares are to be issued in the name of a designee or designees. Any such party must also be an Eligible Holder, and also submit IRS Form 8 or IRS Form W-9, as applicable.

(a) Amount of Designation.²

Number of Rights Offering Shares: _____

² To the extent there is more than one designee, please attach a separate sheet with the information required under Item 7.

(b) Designee Registration Information.

Please indicate on the lines provided below the name of the designee in whose name the Rights Offering Shares should be registered, and in whose name the Rights Offering Shares should be issued in the event that such instruments are issued in registered form on the books and records of the relevant transfer agent.

It is strongly recommended that the below information be typed to ensure that it is legible.

Registration Name _____

Address 1: _____

Address 2: _____

City, State, Postal Code: _____

Country: _____

Telephone: _____

Email: _____

Item 8. Certification.

The undersigned certifies that (i) it was the Holder of the Claims set forth in Item 1 above as of the date hereof, (ii) it has received a copy of the Plan, the Disclosure Statement, and the Rights Offering Procedures and (iii) it understands that the exercise of its rights under the Rights Offering is subject to all of the terms and conditions set forth in the Plan and the Rights Offering Procedures.

The undersigned acknowledges that, by executing this Subscription Form, it has elected to subscribe for the number of Rights Offering Shares designated under Item 2a above and will be bound to pay for the Rights Offering Shares it has subscribed for and that it may be liable to the Plan Proponents to the extent of any nonpayment.

Date: _____

Name of Eligible Holder: _____

U.S. Federal Tax EIN/SSN (optional): _____

If Non-U.S. Person, check here and attach appropriate IRS Form W- 8 ☐

If U.S. Person, check here and attach IRS Form W-9 ☐

Signature: _____

Name of Signatory: _____

Title: _____

Address: _____

Telephone Number: _____

Fax: _____

Email: _____

Please deliver your completed Subscription Form (with accompanying IRS Form W-9 or appropriate IRS Form W-8, as applicable) with respect to the Corp. Guaranty Claims to the Subscription Agent so that it is received by the Subscription Expiration Deadline at:

KCC LLC
222 North Pacific Coast Highway, Suite 300
El Segundo, CA 90245-5614
Attention: Eletson Holdings Inc. Rights Offering
Tel# s: (888) 647-1737 (Domestic) or (310) 751-2624 (International)

If submitting via email: EletsonInfo@kccllc.com

Originals are not required

EXHIBIT 4

Backstop Agreement

THIS BACKSTOP AGREEMENT IS NOT AN OFFER WITH RESPECT TO ANY SECURITIES OR A SOLICITATION OF ACCEPTANCES OF A CHAPTER 11 PLAN WITHIN THE MEANING OF SECTION 1125 OF THE BANKRUPTCY CODE. ANY SUCH OFFER OR SOLICITATION SHALL COMPLY WITH ALL APPLICABLE SECURITIES LAWS AND/OR PROVISIONS OF THE BANKRUPTCY CODE

[], 2024

***In re Eletson Holdings Inc., Case No. 23-10322 (JPM) (Bankr. S.D.N.Y.) –
Backstop Agreement for Rights Offering***

Nothing herein shall be deemed an admission of any kind. Pursuant to Federal Rule of Evidence 408 and any applicable state rules of evidence, this Agreement and all negotiations relating thereto shall not be admissible into evidence in any proceeding other than a proceeding to enforce the terms of this Agreement.

Overview	<p>On March 26, 2024, the Petitioning Creditors¹ filed that certain (a) <i>Petitioning Creditors' Joint Chapter 11 Plan of Reorganization of Eletson Holdings Inc. and its Affiliated Debtors</i> [Docket No. 531] (as the same may be amended, modified, and/or supplemented from time to time, in form and substance satisfactory to the Backstop Party (as defined below), the "<u>Approved Plan</u>") and (b) <i>Disclosure Statement in Support of Petitioning Creditors' Joint Chapter 11 Plan of Reorganization of Eletson Holdings Inc. and its Affiliated Debtors</i> [Docket No. 532] (as the same may be amended, modified, and/or supplemented from time to time, in form and substance satisfactory to the Backstop Party, the "<u>Approved Disclosure Statement</u>").²</p> <p>The Approved Plan contemplates an offering of rights (the "<u>Rights Offering Subscription Rights</u>") to purchase up to [68]% of the new common stock (the "<u>New Shares</u>") of reorganized Eletson Holdings Inc. ("<u>Reorganized Holdings</u>") in connection with the consummation of the Approved Plan (the "<u>Rights Offering</u>").</p> <p>This term sheet (together with all schedules and exhibits hereto, this "<u>Agreement</u>") sets forth the terms and conditions in which Pach Shemen LLC or such affiliate or designee identified by Pach Shemen LLC (the "<u>Backstop Party</u>") to provide commitments to</p>
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¹ "Petitioning Creditors" refers to, collectively, Pach Shemen LLC, VR Global Partners, L.P., Alpine Partners (BVI), L.P., Gene B. Goldstein, Gene B. Goldstein, In His Capacity as Trustee of the Gene B. Goldstein and Francine T. Goldstein Family Trust, Mark Millet, In His Capacity as Trustee of the Mark E. Millet Living Trust, Mark Millet, In His Capacity as Trustee of the Millet 2016 Irrevocable Trust, Robert Latter, Tracy Lee Gustafson, Jason Chamness, and Ron Pike.

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Approved Plan.

	backstop (the “ <u>Backstop Commitment</u> ”), on a fully committed basis, the Rights Offering of any New Shares that are not purchased by the holders of Rights Offering Subscription Rights in the Rights Offering, up to \$[27] million, at the price provided in the procedures governing the Rights Offering, in substantially the form attached hereto as <u>Exhibit A</u> (the “ <u>Rights Offering Procedures</u> ”), in support of the Approved Plan.
Issuer	Reorganized Holdings.
Backstop Party	Pach Shemen LLC or such affiliate or designee identified by Pach Shemen LLC.
Approvals	The obligation of the Backstop Party to fund the Backstop Commitment is conditioned upon satisfaction or waiver of, <i>inter alia</i> , each of the terms conditions set forth herein, in the Approved Plan, in the Rights Offering Procedures, and in the order approving this Agreement and the Rights Offering Procedures, in substantially the form attached hereto as <u>Exhibit B</u> (the “ <u>Backstop Approval Order</u> ”), in each case, in form and substance acceptable to the Backstop Party.
Backstop	The Backstop Party commits to backstop the Rights Offering on the terms and conditions described in this Agreement, in the Approved Plan, in the Rights Offering Procedures, and in the Backstop Approval Order.
Backstop Premium	<p>The Backstop Party shall be entitled to receive a premium payable in New Shares in an aggregate amount equal to 10.0% of the New Shares of Reorganized Holdings issued and outstanding on the effective date of the Approved Plan (the “<u>Backstop Premium</u>”).</p> <p>The Backstop Premium shall be fully earned upon the date hereof and shall, pursuant to entry of the Backstop Approval Order, constitute allowed administrative expenses of the Debtors’ estates under sections 503(b) and 507 of the Bankruptcy Code and be payable upon the date on which the closing of the Backstop Commitments shall occur.</p> <p>For the avoidance of doubt, to the extent payable in accordance with the terms of this Agreement, the Backstop Premium shall be payable regardless of the amount of New Shares that have not been duly purchased by persons or entities exercising their Rights Offering Subscription Rights in the Rights Offering.</p>
Expense Reimbursement	Whether or not the transactions contemplated hereby are consummated, but subject to entry of the Backstop Approval Order, the Backstop Party shall be entitled to receive the reasonable and documented fees, expenses, disbursements and

	<p>charges of the Backstop Party (including, for the avoidance of doubt, the reasonable and documented fees and expenses of counsel) incurred in connection with the Backstop Commitment (the “<u>Expense Reimbursement</u>”).</p> <p>The Expense Reimbursement shall, pursuant to the Backstop Approval Order, constitute allowed administrative expenses of the Debtors’ estates under sections 503(b) and 507 of the Bankruptcy Code. The obligations of the Debtors to pay the Expense Reimbursement shall survive the termination of this Agreement.</p> <p>For the avoidance of doubt, to the extent payable in accordance with the terms of this Agreement, the Expense Reimbursement shall be payable regardless of the amount of New Shares that have not been duly purchased by persons or entities exercising their Rights Offering Subscription Rights in the Rights Offering.</p>
Termination Events	<p>The Backstop Party’s commitments and agreements hereunder shall terminate upon the occurrence of the following:</p> <ul style="list-style-type: none"> a) <u>Automatic Termination</u>: Except as otherwise provided herein, this Agreement shall terminate automatically without further action or notice by any Party if any of the Chapter 11 Cases shall have been dismissed or converted to a chapter 7 case without the consent of the Backstop Party. b) <u>By the Backstop Party</u>: This Agreement may be terminated by the Backstop Party upon the giving of written notice concurrently with or at any time following the occurrence of any of the following (it being understood that the list contained herein is in addition to the list in the Rights Offering Procedures and not in lieu of): <ul style="list-style-type: none"> i. the Backstop Approval Order, the order approving the Approved Disclosure Statement (the “<u>Approved DS Order</u>”), or the order confirming the Approved Plan (the “<u>Confirmation Order</u>”) is terminated, reversed, stayed, dismissed or vacated or any such other order is modified or amended after entry without the prior written consent of the Backstop Party in a manner that prevents or prohibits the consummation of the transactions contemplated by this Agreement in a way that cannot be remedied or that changes the economic terms of this Agreement (subject to the satisfaction of the Backstop Party); ii. any law (statutory or common), statute, regulation,

	<p>rule, code, or ordinance enacted, adopted, issued or promulgated by any Governmental Entity³ that prohibits implementation of the Approved Plan or the Rights Offering in a way that cannot be remedied (subject to the satisfaction of the Backstop Party);</p> <p>iii. a court of competent jurisdiction or other competent governmental or regulatory authority declares this Agreement unenforceable or making illegal or otherwise restricting, preventing or prohibiting the consummation of the Approved Plan or the Rights Offering;</p> <p>iv. the entry of the Backstop Approval Order, Approved DS Order, or Confirmation Order by the Bankruptcy Court in form and substance not satisfactory to the Backstop Party;</p> <p>v. the Petitioning Creditors (A) withdraw the Approved Plan, (B) publicly announces their intention not to pursue the Approved Plan, (C) files a motion with the Bankruptcy Court seeking approval of a chapter 11 plan other than the Approved Plan or (D) agrees to pursue (including, for the avoidance of doubt, as may be evidenced by a term sheet, letter of intent, or similar document executed by the Petitioning Creditors) or publicly announce their intent to pursue a plan other than the Approved Plan;</p> <p>vi. the Bankruptcy Court enters an order authorizing the Debtors to enter into a capital raising or sale transaction for all or substantially all of the Debtors' assets, which does not contemplate or is inconsistent with the Rights Offering described in this Agreement, including, without limitation, the identity of the Backstop Party;</p> <p>vii. the Bankruptcy Court has not entered the Confirmation Order, in form and substance satisfactory to the Backstop Party, confirming the Approved Plan on or prior to June 27, 2024;</p> <p>viii. the Approved Plan has not been consummated or the Rights Offering has not closed by July 15, 2024 (the</p>
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³ "Governmental Entity" means any U.S. or non-U.S. international, regional, federal, state, municipal or local governmental, judicial, administrative, legislative or regulatory authority, entity, instrumentality, agency, department, commission, court or tribunal of competent jurisdiction (including any branch, department or official thereof).

	<p><u>“Backstop Outside Date”</u>); or</p> <p>ix. if, since September 25, 2023, any material adverse changes in the operations, assets, revenues, financial condition, profits, or prospects of the Debtors or their non-Debtor subsidiaries and /or Affiliates (other than by virtue of the filing of the Chapter 11 Cases) has occurred.</p>
Automatic Stay	The automatic stay applicable under section 362 of the Bankruptcy Code shall not prohibit a Party from taking any action or delivering any notice necessary to effectuate the termination of this Agreement pursuant to and in accordance with the terms hereof.
Documentation	The Backstop Party will use commercially reasonable efforts to prepare, negotiate, and finalize definitive documentation for the Backstop Commitment in good faith, as contemplated by the Rights Offering Procedures.
Governing Law	State of New York.

* * *

Exhibit A

Form of Rights Offering Procedures

[To be attached separately]

Exhibit B

Form of Backstop Approval Order

[To be attached separately]