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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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

NOTICE OF FILING OF AMENDED DISCLOSURE STATEMENT IN SUPPORT OF PETITIONING CREDITORS' AMENDED JOINT CHAPTER 11 PLAN OF REORGANIZATION OF ELETSON HOLDINGS INC. AND ITS AFFILIATED DEBTORS

PLEASE TAKE NOTICE THAT on March 26, 2024, certain of the Petitioning Creditors, as the "Plan Proponents," filed the (a) *Joint Chapter 11 Plan of Reorganization of Eletson Holdings Inc. and its Affiliated Debtors* [Docket No. 531] (the "Initial Plan") and (b) the related disclosure statement [Docket No. 532] (the "Initial Disclosure Statement").[2]

PLEASE TAKE FURTHER NOTICE THAT on May 13 and 14, 2024 the Plan Proponents filed (a) amended versions of the Initial Plan [Docket Nos. 663, Ex. A

[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 Revised Amended Disclosure Statement (as defined below).

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& 695, Ex. 1] (the "Amended Plan") and (b) amended versions of the Initial Disclosure Statement [Docket Nos. 664, Ex. A & 696, Ex. 1] (the "Amended Disclosure Statement").

PLEASE TAKE FURTHER NOTICE THAT at a hearing on May 15, 2024 (the "May Hearing"), the Court approved the Amended Disclosure Statement as providing adequate information. Entry of the Disclosure Statement Order is pending subject to further hearings with respect to the Debtors' proposed chapter 11 plan.

PLEASE TAKE FURTHER NOTICE THAT on June 6, 2024, the Plan Proponents filed (a) a modified version of the Amended Plan [Docket No. 740] (the "Revised Amended Plan") and (b) a modified version of the Amended Disclosure Statement [Docket No. 741] (the "Revised Amended Disclosure Statement").

PLEASE TAKE FURTHER NOTICE THAT the Plan Proponents have been engaged with ongoing discussions with counsel to the Debtors and the Creditors' Committee, and as a result of those discussions have made further modifications to the Revised Amended Disclosure Statement as well as the exhibits attached thereto.

PLEASE TAKE FURTHER NOTICE THAT Plan Proponents hereby file:

- a further modified version of the Revised Amended Disclosure Statement, attached hereto as **Exhibit 1** (the "Further Amended Disclosure Statement");
- a redline of the Further Amended Disclosure Statement, showing the changes to the Revised Amended Disclosure Statement, attached hereto as **Exhibit 2** (the "Incremental Redline");
- a redline of the Further Amended Disclosure Statement, showing changes to the Amended Disclosure Statement approved at the May Hearing, attached hereto as **Exhibit 3** (the "Cumulative Redline");
- a revised Appendix F to the Revised Amended Disclosure Statement, attached hereto as **Exhibit 4** (the "Revised Financial Wherewithal Information"), which was updated to demonstrate the availability of the full $43.5 million of the backstop amount of the Rights Offering and provide a commitment letter from the Initial Backstop Party.

PLEASE TAKE FURTHER NOTICE THAT copies of the Further Amended Disclosure Statement, Further Amended Plan and other related pleadings filed in the Chapter 11 Cases can be viewed or obtained by: (i) accessing the Court's website for a fee; or (ii) contacting the Office of the Clerk of the Court. Please note that a PACER password is required to access documents on the Court's website. **PLEASE NOTE: Neither the staff of the Clerk's office nor the Petitioning Creditors' counsel can give you legal advice.**

DATED: June 17, 2024
New York, New York

TOGUT, SEGAL & SEGAL LLP
By:

/s/ Bryan M. Kotliar
KYLE J. ORTIZ
BRYAN M. KOTLIAR
MARTHA E. MARTIR
AMANDA C. GLAUBACH
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(212) 594-5000

Counsel for the Petitioning Creditors

Exhibit 1

Further Amended Disclosure Statement
(Clean)

THIS PROPOSED DISCLOSURE STATEMENT HAS NOT BEEN APPROVED BY THE BANKRUPTCY COURT AS CONTAINING ADEQUATE INFORMATION WITHIN THE MEANING OF SECTION 1125(a) OF THE BANKRUPTCY CODE. THE PETITIONING CREDITORS RESERVE THE RIGHT TO AMEND OR SUPPLEMENT THIS PROPOSED DISCLOSURE STATEMENT.

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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

AMENDED DISCLOSURE STATEMENT IN SUPPORT OF PETITIONING CREDITORS' AMENDED JOINT CHAPTER 11 PLAN OF REORGANIZATION OF ELETSON HOLDINGS INC. AND ITS AFFILIATED DEBTORS

TOGUT, SEGAL & SEGAL LLP
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Amanda C. Glaubach

Counsel for the Petitioning Creditors[2]

Dated: June 17, 2024
New York, New York

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[2] The "Petitioning Creditors" are Pach Shemen LLC, VR Global Partners, L.P., Alpine Partners (BVI), L.P., Gene B. Goldstein ("Goldstein") and Gene B. Goldstein, In His Capacity as Trustee of the Gene B. Goldstein and Francine T. Goldstein Family Trust ("Goldstein Trust", and together with Goldstein, "Mr. Goldstein"), 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. While Togut, Segal & Segal LLP represents Mr. Goldstein as a "Petitioning Creditor," Mr. Goldstein is not a "Plan Proponent" for purposes of the Plan.

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Exhibits

THE PLAN PROPONENTS ARE PROVIDING THE INFORMATION IN THIS DISCLOSURE STATEMENT TO HOLDERS OF CLAIMS IN THE VOTING CLASSES FOR PURPOSES OF SOLICITING VOTES TO ACCEPT OR REJECT THE PETITIONING CREDITORS' JOINT CHAPTER 11 PLAN OF REORGANIZATION OF ELETSON HOLDINGS INC. AND ITS AFFILIATED DEBTORS. NOTHING IN THIS DISCLOSURE STATEMENT MAY BE RELIED UPON OR USED BY ANY ENTITY FOR ANY OTHER PURPOSE. BEFORE DECIDING WHETHER TO VOTE FOR OR AGAINST THE PLAN (AS DEFINED HEREIN), EACH HOLDER ENTITLED TO VOTE SHOULD CAREFULLY CONSIDER ALL OF THE INFORMATION IN THIS DISCLOSURE STATEMENT, INCLUDING THE RISK FACTORS DESCRIBED IN ARTICLE VIII HEREIN.

ALL HOLDERS OF CLAIMS ENTITLED TO VOTE ON THE PLAN ARE ENCOURAGED TO READ THIS DISCLOSURE STATEMENT (INCLUDING EXHIBITS) AND THE PLAN IN THEIR ENTIRETY AND ARE ADVISED TO CONSULT WITH ITS OWN ADVISORS WITH RESPECT TO ANY LEGAL, FINANCIAL, SECURITIES, TAX, OR BUSINESS ADVICE IN REVIEWING THIS DISCLOSURE STATEMENT, THE PLAN, AND THE TRANSACTIONS CONTEMPLATED THEREBY. FURTHER, THE BANKRUPTCY COURT'S APPROVAL OF THE ADEQUACY OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE THE BANKRUPTCY COURT'S APPROVAL OF THE PLAN.

FACTUAL INFORMATION CONTAINED IN THIS SPECIFIC DISCLOSURE STATEMENT IS SOURCED FROM PUBLIC FILINGS MADE IN THE CHAPTER 11 CASES (AND ELSEWHERE), EXCEPT WHERE OTHERWISE NOTED. IN PARTICULAR, SOME INFORMATION IN THIS DISCLOSURE STATEMENT WAS OBTAINED FROM THE DEBTORS' PLEADINGS, SUCH AS THE DEBTORS' DISCLOSURE STATEMENT, SCHEDULES OF ASSETS AND LIABILITIES AND STATEMENTS OF FINANCIAL AFFAIRS, AND MONTHLY OPERATING REPORTS AND MAY NOT BE RELIED UPON AS ACCURATE. THE PLAN PROPONENTS MAKE NO REPRESENTATIONS OR WARRANTIES AS TO THE ACCURACY OF THE INFORMATION, INCLUDING FINANCIAL INFORMATION, CONTAINED HEREIN OR ATTACHED HERETO. THE PLAN PROPONENTS EXPRESSLY CAUTION READERS NOT TO PLACE UNDUE RELIANCE ON ANY FINANCIAL OR FORWARD-LOOKING STATEMENTS CONTAINED HEREIN.

NO INDEPENDENT AUDITOR OR INDEPENDENT ACCOUNTANT HAS REVIEWED OR APPROVED THE LIQUIDATION ANALYSIS OR FINANCIAL INFORMATION PROVIDED OR REFERENCED HEREIN. THE PLAN PROPONENTS HAVE NOT AUTHORIZED ANY PERSON TO GIVE ANY INFORMATION OR ADVICE, OR TO MAKE ANY REPRESENTATION, IN CONNECTION WITH THE PLAN OR THIS DISCLOSURE STATEMENT.

PLAN SUMMARIES AND STATEMENTS MADE IN THIS DISCLOSURE STATEMENT WITH RESPECT TO THE PLAN ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PLAN, THE EXHIBITS ATTACHED TO THE PLAN, AND ANY PLAN SUPPLEMENT(S). IN THE EVENT OF ANY INCONSISTENCY OR DISCREPANCY BETWEEN A DESCRIPTION IN THIS DISCLOSURE STATEMENT

AND THE TERMS AND PROVISIONS OF THE PLAN OR THE OTHER DOCUMENTS AND FINANCIAL INFORMATION INCORPORATED IN THIS DISCLOSURE STATEMENT BY REFERENCE, THE PLAN OR THE OTHER DOCUMENTS AND FINANCIAL INFORMATION, AS THE CASE MAY BE, SHALL GOVERN FOR ALL PURPOSES.

THE STATEMENTS AND FINANCIAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAVE BEEN MADE AS OF THE DATE HEREOF UNLESS OTHERWISE SPECIFICALLY NOTED, AND THERE IS NO ASSURANCE THAT THE STATEMENTS CONTAINED HEREIN WILL BE CORRECT AT ANY TIME AFTER SUCH DATE. HOLDERS OF CLAIMS REVIEWING THIS DISCLOSURE STATEMENT SHOULD NOT ASSUME AT THE TIME OF SUCH REVIEW THAT THERE HAVE BEEN NO CHANGES IN THE FACTS SET FORTH IN THIS DISCLOSURE STATEMENT SINCE THE DATE OF THIS DISCLOSURE STATEMENT. THE PLAN PROPONENTS RESERVE THE RIGHT TO FILE AN AMENDED OR MODIFIED PLAN AND RELATED DISCLOSURE STATEMENT FROM TIME TO TIME, SUBJECT TO THE TERMS OF THE PLAN.

THIS DISCLOSURE STATEMENT WILL NOT CONSTITUTE NOR BE CONSTRUED AS AN ADMISSION OF ANY FACT OR LIABILITY, STIPULATION, OR WAIVER, BUT RATHER AS A STATEMENT MADE IN SETTLEMENT NEGOTIATIONS. THIS DISCLOSURE STATEMENT WILL NOT BE ADMISSIBLE IN ANY NON-BANKRUPTCY PROCEEDING, NOR WILL IT BE CONSTRUED AS TO CONSTITUTE ADVICE ON THE TAX, SECURITIES, OR OTHER LEGAL EFFECTS OF THE PLAN AS IT RELATES TO HOLDERS OF CLAIMS AGAINST, OR INTERESTS IN, THE DEBTORS.

CERTAIN OF THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT, BY THEIR NATURE, ARE FORWARD-LOOKING AND CONTAIN ESTIMATES AND ASSUMPTIONS. SUCH STATEMENTS CONSIST OF ANY STATEMENT OTHER THAN A RECITATION OF HISTORICAL FACT AND CAN BE IDENTIFIED BY THE USE OF FORWARD-LOOKING TERMINOLOGY SUCH AS "MAY," "EXPECT," "ANTICIPATE," "ESTIMATE," OR "CONTINUE," OR THE NEGATIVE THEREOF, OTHER VARIATIONS THEREON, OR COMPARABLE TERMINOLOGY AND INCLUDE THE LIQUIDATION ANALYSIS, FINANCIAL PROJECTIONS, AND VALUATION OF REORGANIZED HOLDINGS. THERE CAN BE NO ASSURANCE THAT SUCH STATEMENTS WILL BE REFLECTIVE OF ACTUAL OUTCOMES. FORWARD-LOOKING STATEMENTS ARE PROVIDED IN THIS DISCLOSURE STATEMENT PURSUANT TO THE SAFE HARBOR ESTABLISHED UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995 AND SHOULD BE EVALUATED IN THE CONTEXT OF THE ESTIMATES, ASSUMPTIONS, UNCERTAINTIES, AND RISKS DESCRIBED HEREIN.

FURTHER, THE READER IS CAUTIONED THAT ALL FORWARD-LOOKING STATEMENTS ARE NECESSARILY SPECULATIVE AND THAT THERE ARE CERTAIN RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL EVENTS OR RESULTS TO DIFFER MATERIALLY FROM THOSE PRESENTED IN SUCH FORWARD-LOOKING STATEMENTS. DUE TO THESE UNCERTAINTIES, READERS CANNOT BE ASSURED THAT ANY FORWARD-LOOKING STATEMENTS WILL PROVE TO BE CORRECT. THE LIQUIDATION ANALYSIS, FINANCIAL PROJECTIONS, AND OTHER INFORMATION CONTAINED HEREIN AND ATTACHED HERETO ARE ESTIMATES ONLY, AND THE VALUE OF THE PROPERTY DISTRIBUTED TO HOLDERS OF ALLOWED CLAIMS OR EQUITY INTERESTS MAY BE AFFECTED BY MANY FACTORS THAT CANNOT BE PREDICTED. THEREFORE, ANY ANALYSES, ESTIMATES, OR RECOVERY PROJECTIONS MAY OR MAY NOT TURN OUT TO BE ACCURATE. THE PLAN PROPONENTS ARE UNDER NO OBLIGATION TO (AND EXPRESSLY DISCLAIM ANY OBLIGATION TO) UPDATE OR ALTER ANY FORWARD-LOOKING STATEMENTS WHETHER AS A RESULT OF NEW INFORMATION, FUTURE EVENTS, OR OTHERWISE, EXCEPT AS REQUIRED BY APPLICABLE LAW. ALL HOLDERS OF IMPAIRED CLAIMS SHOULD CAREFULLY READ AND CONSIDER THIS DISCLOSURE STATEMENT AND THE PLAN IN THEIR ENTIRETY, INCLUDING SECTION V—"RISK FACTORS TO BE CONSIDERED" BEFORE VOTING TO ACCEPT OR REJECT THE PLAN.

THE SECURITIES DESCRIBED IN THIS DISCLOSURE STATEMENT TO BE ISSUED PURSUANT TO THE PLAN WILL BE ISSUED WITHOUT REGISTRATION UNDER THE SECURITIES ACT, AS AMENDED, OR ANY SIMILAR FEDERAL, STATE, OR LOCAL LAW, GENERALLY IN RELIANCE ON THE EXEMPTIONS SET FORTH IN SECTION 1145 OF THE BANKRUPTCY CODE AND SECTION 4(A)(2) OF THE SECURITIES ACT OF 1933 (AS AMENDED, THE "SECURITIES ACT") OR REGULATION D OR REGULATION S PROMULGATED THEREUNDER, AS APPLICABLE.

TO THE EXTENT THAT THE PLAN PROPONENTS RELY ON A PRIVATE PLACEMENT EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT FOR THE OFFER AND ISSUANCE OF ANY SECURITIES, THOSE SECURITIES WILL BE SUBJECT TO RESTRICTIONS ON TRANSFER UNDER THE SECURITIES ACT AND MAY ONLY BE RESOLD OR OTHERWISE TRANSFERRED PURSUANT TO (A) AN EFFECTIVE REGISTRATION STATEMENT OR (B) AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (THE "SEC") OR ANY STATE SECURITIES COMMISSION OR SIMILAR PUBLIC, GOVERNMENTAL, OR REGULATORY AUTHORITY. THIS DISCLOSURE STATEMENT HAS NOT BEEN FILED FOR APPROVAL WITH THE SEC OR ANY STATE AUTHORITY AND NEITHER THE SEC NOR ANY STATE AUTHORITY HAS PASSED UPON THE ACCURACY OR ADEQUACY OF THIS DISCLOSURE STATEMENT OR UPON THE MERITS OF THE PLAN. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE IN THE

UNITED STATES.

NEITHER THE SOLICITATION NOR THIS DISCLOSURE STATEMENT CONSTITUTES AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY SECURITIES IN ANY STATE OR JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORIZED.

I. EXECUTIVE SUMMARY

A. Introduction

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, 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 (the "Involuntary Petitions") pursuant to section 303 of title 11 of the United States Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court" or the "Court"). The Involuntary Petitions were later joined by, among others, Gene B. Goldstein ("Goldstein") and Gene B. Goldstein in his capacity as Trustee of the Gene B. Goldstein and Francine T. Goldstein Family Trust ("Goldstein Trust", and together with Goldstein, "Mr. Goldstein"), 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"). The Involuntary Petitions were also joined by NAF and the 2022 Notes Trustee (as defined below). *See* Docket Nos. 92 and 102.

By order of the Bankruptcy 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"). The Petitioning Creditors other than Mr. Goldstein (collectively, the "Plan Proponents")[3] submit this Disclosure Statement to all Holders of Claims against the Debtors entitled to vote on the *Petitioning Creditors' Amended Joint Chapter 11 Plan of Reorganization of Eletson Holdings Inc. and its Affiliated Debtors*, a copy of which is attached hereto as **Appendix A** (as may be amended, supplemented, or otherwise modified from time to time, the "Plan").[4]

The purpose of this Disclosure Statement is to provide Holders of Claims entitled to vote on the Plan with adequate information to make an informed judgment as to whether to vote to accept or reject the Plan. The Plan Proponents are providing you with the information in this Disclosure Statement because you may be a creditor entitled to vote on the Plan. This Disclosure Statement is to be used solely in connection with evaluation of the Plan and not for any other purposes.

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[3] While Mr. Goldstein is a Petitioning Creditor and represented by Togut, Segal & Segal LLP, Mr. Goldstein is not a "Plan Proponent" for purposes of the Plan because of his role as a member of the Creditors' Committee (as defined below).

[4] Capitalized terms not otherwise defined in this Disclosure Statement have the meanings ascribed to such terms in the Plan.

To be counted, your ballot must be duly completed, executed, and **actually received** by 5:00 p.m. (prevailing Eastern Time) on [_____] [__], 2024 (the "Voting Deadline"). Ballots may be delivered either via regular mail, courier, or delivery services to Kurtzman Carson Consultants LLC (the "Voting Agent") at the following address: Eletson Holdings Inc., *et al.*, Ballot Processing Center c/o KCC, 222 N. Pacific Coast Highway, Suite 300, El Segundo, California 90245. Where applicable, ballots can be submitted via the Voting Agent's e-ballot platform by visiting https://www.kccllc.net/Eletson, clicking on the "Submit E-Ballot" section of the website and following the directions to submit their electronic Ballot.

If you have any questions on the procedures for voting, please call the Voting Agent at: 888-647-1737 (Domestic) or 310-751-2624 (International) or via email at https://www.kccllc.net/eletson/inquiry.

As explained in greater detail below, the Plan Proponents believe that the Plan is in the best interests of creditors and other stakeholders and is a fair means of moving these Chapter 11 Cases toward efficient resolution. All creditors entitled to vote on the Plan are urged to vote in favor of it.

B. Material Terms of the Plan

After years of the Debtors' avoiding their contractual obligations to their creditors, the Plan proposed by the Plan Proponents—certain Petitioning Creditors that filed and/or joined the Involuntary Petitions—finally restructures the Debtors and provides material returns to creditors consistent with their rights under the Bankruptcy Code and applicable law. The Plan provides a viable pathway for the Debtors to expeditiously emerge from these Chapter 11 Cases and is supported by their major creditors and constituents, including the Creditors' Committee (as defined below), following extensive good faith and arm's length negotiations that resulted in material changes to the Plan Proponents' previously filed version of the Plan.

The Debtors require significant new capital investment to: (i) pay the administrative costs and other expenses associated with these Chapter 11 Cases; (ii) fund distributions to creditors consistent with the Plan, and (iii) fund the costs and expenses of reorganized Eletson Holdings ("Reorganized Holdings"), including, but not limited to ordinary course business expenditures and the fees and expenses of pursuing the Retained Causes of Action preserved under the Plan. The Plan provides for the funding of these amounts through a Rights Offering (as defined below) made available to certain creditors that is fully backstopped by the Backstop Parties (as defined below).

OVERVIEW OF THE PLAN

For the convenience of Holders of Claims entitled to vote on the Plan, an overview of the Plan is set forth below. Parties entitled to vote on the Plan should review this Disclosure Statement, the Plan and the other solicitation materials approved by the Bankruptcy Court prior to casting a vote on the Plan and making any elections with respect to the Rights Offering (as defined below).

- The Plan will be funded pursuant to up to $43.5 million (the "Rights Offering Amount") equity rights offering (the "Rights Offering") that will provide General Unsecured Claims (including, but not limited to, 2022 Notes Claims and Old Notes Claims, but excluding Convenience Claims) with subscription rights (the "Rights Offering Subscription Rights"), to purchase up to 75% of the equity in Reorganized Holdings (the "Reorganized Equity") (subject to dilution on account of the Backstop Premium and the EIP (as defined below)), at a price that represents an implied 10.8% discount to the mid-point of the plan equity value of up to US$62,058,088.00.[5]

[5] The Rights Offering is anticipated to be conducted in reliance on the exemption from registration set forth in section 1145 of the Bankruptcy Code. If the Plan Proponents determine, in consultation with the Creditors' Committee, that section 1145 of the Bankruptcy Code is not available for all or any portion of the Rights Offering, then the issuance of Reorganized Equity in connection with the Rights Offering will be made pursuant to exemptions from registration under applicable securities laws.

- The Rights Offering Amount is fully committed and backstopped by, one of the Petitioning Creditors, Pach Shemen (the "Initial Backstop Party"), pursuant to a backstop commitment agreement (the "Backstop Agreement"). The Backstop Agreement provides for, among other things, (i) the ability for certain General Unsecured Claimholders to join the Backstop Agreement as a "Backstop Party" (as defined below) and (ii) the Backstop Parties' commitment and obligation to purchase any Rights Offering Subscription Rights that are not purchased by General Unsecured Claimholders in connection with the Rights Offering. In exchange, each Backstop Party will receive, among other things, a backstop commitment premium in an aggregate amount equal to 8% of the Reorganized Equity issued and outstanding on the Effective Date (the "Backstop Premium"), subject to dilution on account of the EIP. The Backstop Premium shall be divided among the Backstop Parties in accordance with their Backstop Commitment (as defined in the Backstop Agreement).

- Any General Unsecured Claimholder that is eligible to purchase the Reorganized Equity issued pursuant to Section 5.9(b) of the Plan that desires to join the Backstop Agreement can do so by delivering a joinder to the Backstop Agreement and certain other information to counsel for the Petitioning Creditors by no later than ten (10) days following the Solicitation Commencement Deadline (as defined in the Rights Offering Approval Order (as defined below) (*i.e.*, [_____], 2024).[6]

- General Unsecured Claimholders that do not wish to participate in the Rights Offering will have the option to receive their Pro Rata Share of a $13.5 million pool of cash (referred to as the "GUC Cash Pool"). General Unsecured Claimholders that do not wish to participate in the Rights Offering will also receive their Pro Rata Share of the GUC Cash Pool.

- Holders of Allowed General Unsecured Claims that would otherwise be in Class 3 with a face amount of US$1,000,000 or less (or Holders of Allowed General Unsecured Claims that voluntarily elect to reduce their Claim amount to US$1,000,000) will be treated as Convenience Claims in Class 4 and will receive payment of such Claim in Cash in an amount equal to 15% of the face amount of such Holder's Allowed Convenience Claim; *provided that*, if the aggregate distributions to Holders of Allowed Convenience Claims exceeds US$2,500,000 (the "Convenience Claim Cap"), then Holders of such Claims shall receive their Pro Rata Share of the Convenience Claim Cap in Cash.

[6] Detailed instructions on how to join the Backstop Agreement are set forth in the Part IV.E. below.

- The proceeds of the Rights Offering will be used to fund (i) the costs of consummation of the Plan, including, but not limited to, payments required to be made pursuant to the Plan including payment of Administrative Claims and priority Claims; (ii) funding of the GUC Cash Pool; and (iii) the costs and expenses of Reorganized Holdings, including, but not limited to, ordinary course business expenditures and the fees and expenses of pursuing the Retained Causes of Action preserved under the Plan.[7]

- The Plan provides for the issuance of 100% of the Reorganized Equity to General Unsecured Claimholders, subject to dilution on account of Reorganized Equity issued on account of the Rights Offering, the Backstop Premium, and an employee incentive plan for eligible employees of the Debtors' non-Debtor subsidiaries to be adopted and implemented by the new board of Reorganized Holdings (the "EIP"). Holders of Allowed General Unsecured Claims may elect to receive, and General Unsecured Claimholders that are unable to participate in the Rights Offering will be required to receive, their Pro Rata Share of Cash from the GUC Cash Pool.

- Pursuant to the Plan, Eletson Finance and Eletson MI will be dissolved on the Effective Date of the Plan, and the Plan will be administered through Reorganized Holdings.

ILLUSTRATIVE RECOVERY EXAMPLES

The following provides some illustrative hypothetical examples of what various Holders of Allowed General Unsecured Claims will recover under the Plan:

Example 1: A Holder of General Unsecured Claims (such as the Old Notes Claims or 2022 Notes Claims) in the amount of $175,000 will be treated in the Convenience Claims Class and receive a recovery equal to 15% of its Allowed Claim amount or $26,250; *provided* that if more than $16,666,667 in Claims elect treatment pursuant to the Convenience Claims Class, such Holder will receive its Pro Rata Share of $2,500,000.

Example 2: A Holder of General Unsecured Claims (such as the Old Notes Claims or 2022 Notes Claims) in the amount of $1,100,000 may choose either (a) to voluntarily reduce its Allowed Claim to $1,000,000 and be treated in the Convenience Claims Class (in which case it will receive $150,000 or its Pro Rata Share of the $2,500,000 as described in Example 1) or (b) treatment as a General Unsecured Claim in Class 3 (in which case it will have the option to receive either (i) its Pro Rata Share of the GUC Cash Pool (approximately $29,405.94) or (ii) its Pro Rata Share of 25%

[7] The Plan does not provide for the release of any claims by the Debtors or their estates, or by any third parties. The Plan provides for certain usual and customary exculpation for certain parties. *See* Plan, 1.71 and 10.5.

of the Reorganized Equity (subject to dilution) *plus* it will receive the right to participate in the Rights Offering and purchase its Pro Rata Share of up to 75% of the Reorganized Equity at a price that represents an implied 10.8% discount to the mid-point of the plan equity value of up to US$62,058,088.00.[8]

Example 3: A Holder of General Unsecured Claims (such as the 2022 Notes Claims) in the amount of $20,000,000 may choose either (a) to voluntarily reduce its Allowed Claim to $1,000,000 and be treated in the Convenience Claims Class (in which case it will receive $150,000) or (b) be treated as a General Unsecured Claim in Class 3 (in which case it will have the option to receive either (i) its Pro Rata Share of the GUC Cash Pool (approximately $534,653.47) or (ii) its Pro Rata Share of 25% of the Reorganized Equity (subject to dilution) *plus* it will receive the right to participate in the Rights Offering and purchase its Pro Rata Share of up to 75% of the Reorganized Equity at a price that represents an implied 10.8% discount to the mid-point of the plan equity value of up to US$62,058,088.00.

CERTAIN MATTERS RELATED TO THE REORGANIZED EQUITY

Holders of Allowed General Unsecured Claims that receive Reorganized Equity (including those Holders that elect to participate in the Rights Offering) will benefit from the net proceeds, if any, of Retained Causes of Action preserved under the Plan recovered by Reorganized Holdings or its non-Debtor subsidiaries. Such Retained Causes of Action include, among others, (a) claims against Levona Holdings Ltd. ("Levona") arising from the Arbitration (as defined below) or otherwise, (b) claims seeking to recover the Preferred Shares of Eletson Gas (each as defined below) or the value thereof from the Nominees (as defined below) and claims related thereto such as breach of fiduciary duty against the officers and directors that authorized the transfer of such shares.[9] As of the date hereof, the Preferred Shares (as defined below) are estimated to have a total amount of outstanding obligations of approximately $333 million (including principal and accrued and unpaid dividends)[10] and the Retained Causes of Action against Levona was assessed pursuant to the Award (as defined below) in the amount of approximately $87 million (plus fees, costs, and interest).

The Plan Proponents believe that the Plan adequately capitalizes Reorganized Holdings, including Reorganized Holdings' ordinary course business operations in accordance with the Plan, and the fees and expenses of pursuing the Retained Causes of Action. The Rights Offering Amount is structured to provide Reorganized Holdings with a cash position upon emergence of at least US$5,000,000.00

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[8] Solely for illustrative purposes, these examples use a total amount of General Unsecured Claims of $505 million. The actual figures are subject to change based on the Allowed amounts of General Unsecured Claims. For more information, see Part III.B.4. below.

[9] The Disclosure Statement does not provide an estimate of the likely outcomes of any such Retained Causes of Action, the costs and risks attendant to pursuing such claims, and the proceeds that might be realized (including after accounting for the risks of collectability, among other issues with enforcing any judgment).

[10] *See* Docket No. 591-1, page 24 of 102 n.3 and Docket No. 409.

on an assumed Effective Date of July 31, 2024 (the "Assumed Effective Date"), which is subject to change. Rights Offering proceeds that are not used to pay distributions under the Plan or fund the emergence cash position of US$5,000,000.00 will be returned to the Rights Offering participants. Cash needs under the Plan are uncertain and subject to change depending on, among other things, the number of Holders of General Unsecured Claims that elect to receive their Pro Rata Share of Cash from the GUC Cash Pool or that elect to be treated in the Convenience Claims Class, and the amount of Administrative Claims[11] that accrue through the Assumed Effective Date.

That said, recoveries, if any, on account of the Retained Causes of Action are highly uncertain and involve various costs and risks. If the pursuit of the Retained Causes of Action requires additional liquidity in the future, Reorganized Holdings may pursue various capital raising activities, including, but not limited to, certain transactions that may be dilutive to Holders of the Reorganized Equity. In the event additional funding is necessary to pursue litigation claims, the Initial Backstop Party is also willing backstop future capital raises for Reorganized Holdings to pursue the Retained Causes of Action preserved under the Plan.

If the Plan is not consummated, there can be no assurance that these Chapter 11 Cases will not be converted to a Chapter 7 liquidation. In a Chapter 7 liquidation, any distributions to creditors would be significantly delayed and reduced because of, among other things, the fees and expenses incurred in a liquidation under Chapter 7 of the Bankruptcy Code and the timeline for the liquidation of the Debtors' assets and distributions to creditors. Accordingly, if the Plan is not consummated, it is likely that creditors would realize lower recoveries on account of their allowed Claims than they would have otherwise received under the Plan.

Accordingly, the Plan Proponents believe that the treatment of Holders of Claims in the Impaired Classes of Claims eligible to vote will receive a greater recovery for such Holders than would be available in a Chapter 7 liquidation or any alternative currently proposed plan, including the plan proposed by the Debtors (the "Debtors' Plan"). Accordingly, the Plan Proponents believe that the Plan is in the best interests of Holders of Claims.

Thus, for the reasons discussed in this Disclosure Statement, the Plan Proponents urge you to return your Ballot accepting the Plan by the Voting Deadline.

[11] Administrative Claims include Claims for costs and expenses of administration of the Chapter 11 Cases, including Professional Fee Claims, U.S. Trustee Claims, Fees under section 503(b) of the Bankruptcy Code (including the Petitioning Creditors' section 503(b)(3)(A) claims [Docket Nos. 265, 322], the 2022 Notes Trustee's section 503(b)(3)(A) claim [Docket No. 323], and New Agathonissos Finance's ("NAF") section 503(b)(3)(A) claim [Docket No. 324].

II. OVERVIEW OF THE DEBTORS

A. Summary of the Eletson Business

1. *Corporate Organization*

The Debtors are Eletson Holdings and its wholly owned subsidiaries Eletson Finance, and Eletson MI. The Debtors are part of a collection of companies that operate under the name "Eletson." The Debtors' corporate organization chart as of the Petition Date is attached hereto as **Appendix B**, which also depicts certain direct and indirect non-Debtor subsidiaries described below.

Eletson has historically been a family-owned international seaborne transportation company focused on the transport of refined petroleum products, liquified petroleum gas and ammonia. Eletson owns and operates a fleet of medium-range double hull product tankers, which are capable of carrying a wide range of refined petroleum products, such as fuel oil and vacuum gas oil and gas oil, gasoline, jet fuel, kerosene and naphtha, as well as crude oil. The Debtors are headquartered in Piraeus, Greece and maintain offices all over the world, including Stamford, Connecticut, and London.

Eletson Holdings is the ultimate parent of the Eletson entities. Eletson operates its fleet through wholly-owned direct or indirect non-Debtor subsidiaries of Eletson Holdings who either (i) own title to the vessels comprising Eletson's fleet or (ii) charter the vessels of Eletson's fleet. The Eletson fleet is managed by non-Debtor subsidiary Eletson Corporation ("Eletson Corp"), another wholly owned subsidiary of Eletson Holdings. Eletson Corp is subject to management agreements with the various entities in exchange for management fees. The Eletson fleet currently includes 16 vessels, 12 of which are owned by Eletson Gas LLC ("Eletson Gas") and four of which are operated by wholly owned subsidiaries of Eletson Holdings.[12] *See* Docket No. 394 ¶ 12; *see also* Docket No. 394 ¶¶ 12-14. In addition to Eletson Corp and the various entities that directly own or charter and operate the vessels in Eletson's fleet, there are several defunct corporate entities with no operations within the Eletson corporate structure. Eletson Holdings serves as the guarantor for a number of its subsidiaries' obligations as described in greater detail herein. Each of the Debtors are holding companies and do not maintain any ongoing operations or employ any employees outside of their officers and directors.

Eletson is closely held, controlled, and managed by three families: the Kertsikoff, Hadjieleftheriadis, and Karastamati families (the "Principal Families"). Each of those families beneficially hold approximately 30.7% of the equity in Eletson Holdings through separate Liberian trust companies. The remaining equity is beneficially held by two other families: the Zilakos and Andreoulakis families (the "Minority Families"). The three Principal Families and two Minority Families (collectively, the "Families") are all related. In addition to beneficially owning Eletson Holdings, members of the Families are also the directors and officers of Eletson

[12] "Owned" for these purposes means through finance leases or bareboat charters.

Holdings and of its various subsidiaries, including Eletson Corp and Eletson Gas.

2. Eletson Gas and the Arbitration

Eletson Gas is a gas shipping company that was formed in 2013 as a joint venture between Eletson Holdings and funds managed by Blackstone Tactical Opportunities (collectively, "Blackstone"). Eletson Holdings holds 100% of the common shares of Eletson Gas. According to the Debtors, at the beginning of 2022, Eletson Gas directly or indirectly owned 14 liquefied petroleum gas carriers, collectively worth more than $400 million. Eletson Gas reported total revenues in 2022 of approximately $115 million.

Eletson Gas is organized as a limited liability company with common and preferred membership interests (the "Preferred Shares"). Holders of the Preferred Shares are entitled to distributions from the revenues of Eletson Gas before holders of the common shares of Eletson Gas (the "Common Shares"). Until November 2021, Blackstone held the Preferred Shares. Eletson Holdings held and still holds the Common Shares. In 2021, Blackstone sold its interest in Eletson Gas to Levona Holdings Ltd. ("Levona"), making Levona the holder of the Preferred Shares. Subsequently, on February 22, 2022, Levona entered into a "binding offer letter" with Eletson Gas (the "BOL"), which gave Eletson Gas the option, upon the satisfaction of certain conditions, for Eletson Gas or its nominee to purchase the Preferred Shares from Levona for specified consideration (the "Option").

A dispute arose as to whether Eletson Gas had exercised the Option, and accordingly, on July 29, 2022, Eletson Holdings and Eletson Corp commenced an arbitration proceeding against Levona seeking a ruling that Eletson Gas had exercised its Option as well as damages from Levona (the "Arbitration").

The Debtors have requested the following text be included, which the Petitioning Creditors disagree with: "The Debtors disagree with the characterization of the preceding paragraph. In the Debtors' view, the "dispute" referenced above involved a number of claims asserted against Levona directly arising out of and relating to Levona's material breaches of the LLC Agreement of Eletson Gas, including actions taken by Levona against Eletson for the sole purpose of causing harm to Eletson. These actions include, fraud, bribing Eletson's CFO, improperly disclosing sensitive, non-public and confidential information, wrongfully interfering with Eletson Gas' relationships with financiers, and the illegal arrest of Eletson Gas' ships, among other harmful actions."

On March 13, 2023, after the Petition Date, the Debtors filed a motion for relief from the automatic stay [Docket Nos. 5, 6], seeking leave to proceed with the Arbitration (the "Stay Relief Motion"). On April 17, 2023, the Bankruptcy Court entered a stipulation and order modifying the automatic stay to permit Eletson Holdings and Eletson Corp to pursue the Arbitration, including to determine the ownership of Preferred Shares [Docket No. 48] (the "Stay Relief Order"). Notably, the Stay Relief Motion did not disclose that the Preferred Shares had purportedly already been transferred to the Cypriot nominees (the "Nominees") that are owned by the Principal Families. Indeed, the Stay Relief Motion provided that if the Debtors (or any other

party) prevailed in the Arbitration the Preferred Shares would be "returned to [Eleston] Gas or its nominee." Docket No. 6, at 4.

The Debtors have requested the following text be included, which the Petitioning Creditors disagree with: "The Debtors disagree with the assertions in the preceding paragraph. The Debtors state that as found in the Arbitration and subsequently confirmed by the District Court, the Preferred Shares were transferred to the Nominees pursuant to the BOL, effective as of March 11, 2022, well in advance of the filing of the Involuntary Petitions [Final Award at 96; District Court Order at 122-23]. Further, in the Debtors' view, the preceding paragraph fails to articulate that the Stay Relief Motion was necessary as the Involuntary Petitions were filed with the intention of staying the Arbitration and as a hedge against Levona's loss in the Arbitration."

On July 28, 2023, the arbitrator entered an interim award, which was superseded by a final award (the "Award") on September 29, 2023. The Award found that Eletson Gas had exercised the Option to acquire the Preferred Shares by, among other things, transferring shares in two vessels owned by Eletson Gas to Levona. The Award further found that the Preferred Shares were transferred to the Nominees on March 11, 2022. The Award also assessed almost $87 million in damages against Levona, plus fees, costs, and interest. None of those damages were awarded to Eletson Holdings. Instead, about half was awarded to the Nominees.

The Debtors have requested the following text be included, which the Petitioning Creditors disagree with: "The Debtors disagree with the assertions in the preceding paragraph. In the Debtors' view, the Award assessed (i) $43,455,122.21 in compensatory damages to Eletson Gas and the Nominees, (ii) $23,777,378.50 in punitive damages to Eletson Gas, (iii) $19,677,743.71 in punitive damages to the Nominees, and (iv) attorneys fees and costs "to the entity or individuals who paid those costs and fees," i.e., Eletson Corp [Final Award at 67, 99-101]."

On August 18, 2023, Eletson Holdings and Eletson Corp filed a petition in the United States District Court for the Southern District of New York (the "District Court") to confirm the Award. Among the findings they asked the District Court to approve is that the Preferred Shares were transferred to the Nominees. They also asked the District Court to approve, among other things, the Award of compensatory and punitive damages in favor of Eletson Gas and the Nominees.

On February 9, 2024, the District Court issued an opinion (the "District Court Opinion") that among other things, granted in part and denied in part Eletson Holdings' and Eletson Corp's petition to confirm the Award. The District Court confirmed the Award's finding that the Preferred Shares were transferred to the Nominees. However, the District Court Opinion provides that the Bankruptcy Court is the proper forum to "address the timing of the election by Eletson that the Preferred [Shares] should go to the Nominees and whether the Preferred [Shares] should be considered to be property of the estate or should be clawed back or avoided." District Court Opinion, at 89. The District Court Opinion vacated all awards for relief against the Pach Shemen (one of the Petitioning Creditors, a Plan Proponent, and the Initial Backstop Party, and is an affiliate of Levona), including compensatory and punitive

damages based upon violations of the Status Quo Injunction (as defined in the District Court Opinion), all awards of attorneys' fees, costs, and expenses related to the Involuntary Petitions and the Bondholder Litigation (as defined in the District Court Opinion). *Id.* at 124-25. In accordance with the District Court Opinion, Eletson Holdings, Eletson Corp, and Levona each submitted proposed judgments on February 23, 2024. *See* District Court Docket Nos. 94 and 95.

The Debtors have requested the following text be included, which the Petitioning Creditors disagree with: "The Debtors disagree with the assertions in the preceding paragraph. In the Debtors' view, the District Court substantially confirmed the award of compensatory and punitive damages against Levona, vacating only the following limited aspects of the Final Award: (i) the finding that Murchinson and Pach Shemen are alter egos of Levona; (ii) the finding that the Status Quo Injunction remains in effect until confirmation of the Final Award by the Arbitrator; (iii) the finding that Levona caused or directed affiliates to purchase 2022 Notes for the purpose of wrongfully commencing and then actually causing the commencement of the Bondholder Litigation and the filing of the Involuntary Petitions against the Debtors; (iv) the finding that Levona wrongfully declared a default under the loan provided by Levona; (v) the award of attorneys' fees, costs and expenses relating to the involuntary bankruptcy petition and Bondholder litigation in the amount of $3,007,266.20; and (vi) the award of relief based upon violations of the Status Quo Injunction."

The Debtors have requested the following text be included, which the Petitioning Creditors disagree with: "In the Debtors' view, the District Court vacated relief against Pach Shemen because Pach Shemen was not a signatory to the Eletson Gas LLC Agreement or a party to the Arbitration. However, the District Court explicitly noted that "Eletson may yet have the opportunity to seek to hold Murchinson and Pach Shemen responsible for Levona's obligations under the Award." [District Court Order at 82]."

On April 19, 2024, the District Court issued a memorandum and order (the "Memorandum and Order") remanding the Award to the arbitrator to clarify his findings regarding punitive damages (the "Remand"). *See* District Court Docket No. 106. The Memorandum and Order also directs the Eletson Holdings, Eletson Corp, and Levona to submit a joint letter to the District Court within two weeks of any "substantive decision" of the arbitrator. *Id.*

The Debtors have requested the following text be included, which the Petitioning Creditors disagree with: "In the Debtors' view, the District Court ordered the Arbitrator to address two questions. First, whether the arbitrator would not have awarded punitive damages, but for the finding of a violation of the Status Quo Injunction, and second, whether the arbitrator would have applied a different multiple of the compensatory damages in his calculation of the punitive damages award in the absence of the finding of a violation of the Status Quo Injunction."

On May 3, 2024, Levona filed a motion in the District Court seeking reconsideration of the Memorandum and Order and asking the District Court to vacate any punitive damages awarded (the "Motion for Reconsideration"). *See* District Court Docket Nos. 107 and 108. On May 8, 2024, Eletson Holdings and Eletson Corp filed a

letter in the District Court that explained that while the arbitrator has set May 24, 2024 as the deadline for final letter briefs on the Remand, the arbitrator will not rule on the Remand until the District Court rules on the Motion for Reconsideration. *See* District Court Docket No. 109. On May 8, 2024, the District Court directed Eletson Holdings, Eletson Corp, and Levona to meet to confer on whether they agree to brief the Motion for Reconsideration on an expedited basis and to stay the Remand pending a decision on the Motion for Reconsideration. *See* District Court Docket No. 110. The District Court also directed the parties to provide an update on May 10, 2024. *See id.* On May 10, 2024, Eletson Holdings and Eletson Corp filed a letter in the District Court that provided, among other things, that the parties have not agreed to stay the Remand, "would oppose an indefinite stay", they intend to file their opposition to the Motion for Reconsideration on May 10, 2024, and the briefing schedule for the Remand. *See* District Court Docket No. 111. On May 10, 2024, Levona also filed a letter in the District Court that provided, among other things, that the parties have not agreed to stay the Remand and asked the District Court to stay the Remand pending resolution on the Motion for Reconsideration. *See* District Court Docket No. 112.

On May 10, 2024, Eletson Holdings and Eletson Corp filed its opposition to the Motion for Reconsideration in the District Court. *See* District Court Docket No. 113. On May 13, 2024, the District Court directed Levona to reply to Eletson Holdings' and Eletson Corp's opposition by May 15, 2024, and stayed the Remand pending resolution on the Motion for Reconsideration. *See* District Court Docket No. 114. On May 15, 2024, Levona filed its reply in support of the Motion for Reconsideration. *See* District Court Docket No. 115. On May 30, 2024, Eletson Holdings and Eletson Corp filed a letter that asked the District Court to lift the stay it imposed on the Remand on May 13, 2024. *See* District Court Docket No. 117. On June 3, 2024, Levona filed a letter in response requesting that the District Court to continue to stay the Remand. *See* District Court Docket No. 118.

B. The Debtors' Assets

On October 10, 2023, the Debtors filed their schedules of assets and liabilities and statements of financial affairs [Docket Nos. 216-221] (together, the "Original Schedules"). The Original Schedules disclosed that the Debtors have no cash and the Debtors' only assets are equity interests in various subsidiaries and certain Litigation Claims (as defined below). The Original Schedules listed the value of the equity in each of the Debtors' subsidiaries as "$0."

On December 29, 2023, the Debtors filed an amended schedule A/B for Eletson Holdings [Docket Nos. 340] (the "Amended Schedules" and together, with the Original Schedules, the "Schedules"), disclosing an aggregate equity value of the Debtors' subsidiaries of $52.5 million. The Amended Schedules state that the $52.5 million valuation is based on "market value." At the section 341 meeting of the Debtors and their creditors held on January 5, 2024, however, the Debtors' Vice President stated that the $52.5 million number in the Amended Schedules was "book value" and that the actual value remains "unknown."

The Debtors' Schedules also identify certain Litigation Claims belonging to the Debtors' Estates, though the Schedules fail to identify these actions with

specificity. Indeed, the Schedules merely state that the Debtors have "Claims against Wilmington Savings Fund Society, FSB", "Claims against Petitioning Creditors for Bad Faith Conduct," "potential Claims against various parties related to or arising from the Arbitration Award", and lastly, claims against Murchinson Ltd., Nomis Bay Ltd., and BPY Limited in these Bankruptcy Cases (collectively, the "Litigation Claims"). Further, the Debtors' Schedules do not state the nature of the Debtors' interest in the Litigation Claims.

The Debtors have requested the following text be included, which the Petitioning Creditors disagree with: "The Debtors disagree with the assertions in the preceding paragraphs and believe that the assertions above are misleading and mischaracterize the Debtors' reporting. The Debtors believe that the Schedules are a fair and accurate reporting of the Debtors' assets."

C. The Debtors' Liabilities

The Debtors' liabilities, based on the Debtors' books and records are set forth in their Schedules and the Debtors' Plan (as defined below). The Debtors' liabilities based on their prepetition capital structure can generally be summarized as (1) the Old Notes, (2) the 2022 Notes, (3) the OCM Guarantees, (4) the Azure Guarantees, (5) the Eletson Corp Guarantees, (6) the Initial Petitioning Creditors' Claims, and (7) Other Claims and Liabilities (each of which is defined and explained in greater detail below).

The Debtors have requested the following text be included, which the Petitioning Creditors disagree with: "The Debtors disagree with the assertions in the following paragraphs. The Debtors assert that the summaries below provided by the Petitioning Creditors are misleading and omit material details. The Debtors encourage creditors to review the Debtors' Plan and related Disclosure Statement for a more accurate description of the Debtors' liabilities. Further the Debtors have filed a number of objections to the asserted liabilities listed below."

1. *The Old Notes*

In December 2013, Debtors Eletson Holdings and Eletson Finance co-issued First Preferred Ship Mortgage Notes (the "Old Notes" and the holders thereof, the "Old Noteholders") under an indenture dated December 19, 2013, in the aggregate principal amount of $300 million (the "Old Indenture"). Deutsche Bank Trust Company Americas (the "Old Notes Trustee") serves as the trustee for the Old Notes. The Old Notes had a maturity date of January 15, 2022.

In May 2018, Eletson Finance and Eletson Holdings initiated an exchange offer process for the Old Notes (the "2018 Note Exchange"), which closed in July 2018. Pursuant to the 2018 Note Exchange, approximately 98% of the Old Noteholders exchanged their Old Notes for the 2022 Notes (as defined below); approximately 2% of the Old Noteholders did not participate in the 2018 Note Exchange and retained their Old Notes.

The Debtors' Schedules list the Old Notes Trustee as having a disputed unsecured Claim against Eletson Finance for approximately $24,000. *See* Docket No. 220. However, the Old Notes Trustee filed a Proof of Claim against Eletson Holdings pursuant to the Old Notes for $5,953,704.07 for the unpaid principal amount of $300 million plus applicable interest, fees, and other charges. *See* Proof of Claim No. 2-1 against Eletson Holdings.

2. *The 2022 Notes*

On July 2, 2018, the Debtors entered into an indenture (the "2022 Indenture") pursuant to which the substantial majority of the Old Notes were exchanged for new First Preferred Ship Mortgage Notes due on January 15, 2022 (the "2022 Notes" and the holders thereof, the "2022 Noteholders"). The 2022 Notes were issued in an original face value amount of $314,068,360. Under the 2022 Indenture, Wilmington Savings Fund Society, FSB (the "2022 Notes Trustee") serves as trustee and collateral agent for the 2022 Notes. The 2022 Notes were secured by certain assets pledged as collateral (collectively, the "Collateral"), including, among other things: (i) all outstanding common shares or membership interests in Eletson Finance and certain guarantors under the 2022 Indenture; (ii) thirteen shipping vessels owned by guarantors under the 2022 Indenture (the "Note Vessels"); (iii) the earnings arising from freights, hires and other earnings from the operation and use of or relating to the Note Vessels, and (iv) all other cash and various accounts of Eletson MI and the guarantors set forth in the 2022 Indenture.

The Debtors concede that they breached their obligations under the 2022 Indenture long ago and, in fact, have "made no direct payments" under that contract, at any time. *See* Docket No. 41 ¶¶ 17, 64.

On June 24, 2019, in connection with their various breaches under the 2022 Indenture, the Debtors entered into a Restructuring Support Agreement (the "First RSA") with certain noteholders (the "Consenting Noteholders") including VR Global. As part of the First RSA and a consensual strict foreclosure executed in connection therewith, the Debtors transferred their interests in the 13 vessels that served as part of the Collateral for the 2022 Notes to a new entity called NAF for the benefit of the 2022 Noteholders in partial satisfaction of amounts owed under the 2022 Indenture and the 2022 Notes in the amount of $130 million. On August 9, 2019, the Consenting Noteholders terminated the First RSA.

On October 29, 2019, after the termination of the First RSA, the Debtors and the Consenting Noteholders entered into a second Restructuring Support Agreement (the "Second RSA").[13] The purpose of the Second RSA was to accomplish an alternative restructuring of the Old Notes and the 2022 Notes on the terms and conditions set forth therein and in a restructuring term sheet attached as an Exhibit to the Second RSA. That restructuring was to be effectuated through an out-of-court

[13] The Debtors did not inform the 2022 Notes Trustee of their entry into the Second RSA despite their contractual obligation under the 2022 Indenture to do so.

consent solicitation and exchange offer or through a joint prepackaged plan of reorganization in chapter 11 cases to be filed by the Debtors in the United States.

Under the Second RSA, the Debtors agreed to implement the restructuring contemplated therein on a timeline with milestones set forth in Exhibit C to the Second RSA. The timeline included twelve (12) separate milestones, starting with the entry into a memorandum of agreement, in form and substance acceptable to Eletson and the Consenting Noteholders, with respect to the sale of Eletson's interest in a particular vessel—the Salamina—as soon as reasonably practicable but in no event later than October 31, 2019. The Debtors also agreed under the Second RSA that any proceeds from the sale of the Salamina after payment of applicable professional fees would be paid pro rata to the Old Noteholders, the 2022 Noteholders, and claims arising under certain "Working Capital Facility Agreements" outstanding at the time.

As the Debtors have acknowledged themselves, they never satisfied a single milestone under the Second RSA, in material breach of the Second RSA's requirement (and fundamental purpose) that the Debtors would effectuate the contemplated restructuring within several months. As the Debtors acknowledged in discovery during the pendency of the Involuntary Petitions, the parties to the Second RSA decided to go in a different path and abandoned the milestones. In addition, certain of the Consenting Noteholders told the Debtors in January 2020 that the Second RSA was "dead."[14]

Despite entering into the First RSA and the Second RSA, the Debtors never actually attempted to restructure the 2022 Notes or the Old Notes in connection therewith (or after). Instead, the Debtors did nothing and allowed the Old Notes and the 2022 Notes to mature without repayment on January 15, 2022, resulting in approximately $100 million in additional interest accruing on the 2022 Notes between the execution of the Second RSA in October 2019 and the filing of the Involuntary Petitions in March 2023.

The Debtors have requested the following text be included, which the Petitioning Creditors disagree with: "The Debtors dispute all of the allegations and assertions in this section. First, the Debtors asset that the Debtors made payments of PIK interest and undertook a tender offer which reduced the outstanding obligations under the 2022 Notes by approximately $8 million. Second, the Debtors assert that the Petitioning Creditors fail to state that as a result of the strict foreclosure agreement, the 2022 Indenture was amended to release all remaining Collateral that served as security under the 2022 Indenture. In the Debtors' view, the assertions regarding the Debtors' intent are meritless."

The Debtors have requested the following text be included, which the Petitioning Creditors disagree with: "In the Debtors' view, the Petitioning Creditors' descriptions of the Second RSA are wholly deficient and omit material information

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[14] *Declaration of Joshua Nemser In Support of (A) Involuntary Petitions and (B) Petitioning Creditors' Objection to the Debtors' Motion to Dismiss* [Docket No. 128] filed on July 18, 2023 ¶ 14.

regarding the terms and provisions of the Second RSA as well as its relationship to the Involuntary Petitions. As set forth in greater detail in the Debtors' Motion to Dismiss, pursuant to the Second RSA, signatories were restricted from selling, transferring, or assigning any interest they had in the 2022 Notes unless the transfer was to another holder of the 2022 Notes or the recipient joined the Second RSA. The Debtors further assert that in June 2020, well after the Second RSA was executed, the Debtors, more than seventy percent (70%) of the 2022 Noteholders, and others entered into a certain Stipulation Waiver and Release (the "OCM Financing Stipulation"), wherein a majority of the 2022 Noteholders acknowledged that they "[were] parties to that certain [Second RSA] . . . ." *OCM Financing Stipulation* at p. 1. The Debtors state that like the Second RSA, the OCM Financing Stipulation included a restriction on the transfer of the 2022 Notes. In the Debtors' view, any transfers of the 2022 Notes made in violation of the terms of these documents are void ab initio. In the Debtors' view, notwithstanding these transfer restrictions, the Initial Petitioning Creditors, in particular Pach Shemen, purport to be the beneficial holders of 2022 Notes in an amount that is mathematically impossible absent a transfer of 2022 Notes that were subject to restrictions on transfer. As the Second RSA was never terminated, the Debtors believe that Pach Shemen is not a valid 2022 Noteholder. The Debtors believe that had these bankruptcy proceedings not been initiated, the Debtors would have successfully refinanced their obligations in accordance with the terms of the relevant prepetition documents."

Each of the Debtors' Schedules list the 2022 Notes Trustee as having a disputed unsecured Claim against each of the Debtors for approximately $320,195,000. *See* Docket Nos. 216, 218, 220. However, the 2022 Notes Trustee filed a Proof of Claim against each of the Debtors pursuant to the 2022 Indenture and the 2022 Notes for approximately $366,011,815 for the unpaid principal amount of $194,862,074 plus applicable interest, fees, and other charges. *See* Proof of Claim No. 14 against Eletson Holdings; Proof of Claim No. 2 against Eletson MI; and Proof of Claim No. 2-2 against Eletson Finance. The 2022 Notes Trustee also filed a Proof of Claim against each of the Debtors pursuant to the 2022 Indenture and the 2022 Notes for fees and expenses in the amount of $1,872,764.44. *See* Proof of Claim No. 20 against Eletson Holdings; Proof of Claim No. 3 against Eletson MI; and Proof of Claim No. 3 against Eletson Finance.

3. *The OCM Guarantees*

Four subsidiaries directly or indirectly owned by Eletson Holdings are each party to bareboat charter agreements regarding the use of certain vessels owned by entities affiliated or associated with Oaktree Capital Management. Each of these vessels are described in greater detail below. The Petitioning Creditors understand that the $0 to $52.5 million figures from the Debtors' Amended Schedules are largely on account of these four bareboat charter arrangements.

Kinaros Charter. On June 24, 2020, OCM Maritime Rhine LLC ("OCM Rhine") entered into a bareboat charter agreement ("Kinaros Charter") with non-Debtor Kinaros Special Maritime Enterprise for the use of a vessel owned by OCM Rhine named the Kinaros. Pursuant to the Kinaros Charter, Kinaros Special Maritime Enterprise was obligated to make payments to OCM Rhine related to the charter of the Kinaros. The obligations were guaranteed by Eletson Holdings pursuant to that certain guarantee executed by Eletson Holdings in favor of OCM Rhine dated June 24, 2020

(the "Kinaros Guaranty"). Pursuant to the Kinaros Guaranty, Eletson Holdings guaranteed the full payment for all amounts due under the Kinaros Charter. According to the Debtors' Schedules, OCM Rhine has a disputed unsecured Claim against Debtor Eletson Holdings for $11,750,000. *See* Docket No. 216. According to OCM Rhine's Proof of Claim, as of the Conversion Date, the principal balance outstanding under the Kinaros Charter is $11,750,000 with outstanding payment-in-kind interest obligations of $217,417. *See* Proof of Claim No. 5-1 ¶ 9. As of the Conversion Date, OCM Rhine has not declared any event of default under the Kinaros Charter, however, the Chapter 11 Cases constitute a default under the Kinaros Guaranty.

Kimolos Charter. On June 24, 2020, OCM Maritime Yukon LLC ("OCM Yukon") entered into a bareboat charter agreement ("Kimolos Charter") with non-Debtor Kimolos II Special Maritime Enterprise for the use of a vessel owned by OCM Thames named the Kimolos. Pursuant to the Kimolos Charter, Kimolos II Special Maritime Enterprise was obligated to make payments to OCM Yukon related to the charter of the Kimolos. The obligations were guaranteed by Eletson Holdings pursuant to that certain guaranty executed by Eletson Holdings in favor of OCM Yukon dated June 24, 2020 (the "Kimolos Guaranty"). Pursuant to the Kimolos Guaranty, Eletson Holdings guaranteed the full payment for all amounts due under the Kimolos Charter. According to the Debtors' Schedules, OCM Yukon has a disputed unsecured Claim against Debtor Eletson Holdings for $12,450,000. *See* Docket No. 216. According to OCM Yukon's Proof of Claim, as of the Conversion Date, the principal balance outstanding under the Kimolos Charter is $12,450,000 with outstanding payment-in-kind interest obligations of $203,922. *See* Proof of Claim No. 6-1 ¶ 9. As of the Conversion Date, OCM Yukon has not declared any event of default under the Kimolos Charter, however, the Chapter 11 Cases constitute a default under the Kimolos Guaranty.

Fourni Charter. On June 24, 2020, OCM Maritime Autumn LLC ("OCM Autumn") entered into a bareboat charter agreement ("Fourni Charter") with non-Debtor Fourni Special Maritime Enterprise for the use of a vessel owned by OCM Autumn named the Fourni. Pursuant to the Fourni Charter, Fourni Special Maritime Enterprise was obligated to make payments to OCM Autumn related to the charter of the Fourni. The obligations were guaranteed by Eletson Holdings pursuant to that certain guaranty executed by Eletson Holdings in favor of OCM Autumn dated June 24, 2020 (the "Fourni Guaranty"). Pursuant to the Fourni Guaranty, Eletson Holdings guaranteed the full payment for all amounts due under the Fourni Charter. According to the Debtors' Schedules, OCM Autumn has a disputed unsecured Claim against Debtor Eletson Holdings for $12,450,000. *See* Docket No. 216. According to OCM Autumn's Proof of Claim, as of the Conversion Date, the principal balance outstanding under the Fourni Charter is $12,450,000 with outstanding payment-in-kind interest obligations of $229,239. *See* Proof of Claim No. 7-1 ¶ 9. As of the Conversion Date, OCM Autumn has not declared any event of default under the Fourni Charter, however, the Chapter 11 Cases constitute a default under the Fourni Guaranty.

Kastos Charter. On June 24, 2020, OCM Maritime Thames LLC ("OCM Thames") entered into a bareboat charter agreement ("Kastos Charter") with non-Debtor Kastos Special Maritime Enterprise for the use of a vessel owned by OCM Thames named the Kastos. Pursuant to the Kastos Charter, Kastos Special Maritime

Enterprise was obligated to make payments to OCM Thames related to the charter of the Kastos. The obligations were guaranteed by Eletson Holdings pursuant to that certain guaranty executed by Eletson Holdings in favor of OCM Thames dated June 24, 2020 (the "Kastos Guaranty"). Pursuant to the Kastos Guaranty, Eletson Holdings guaranteed the full payment for all amounts due under the Kastos Charter. According to the Debtors' Schedules, OCM Thames has a disputed unsecured Claim against Debtor Eletson Holdings for $12,450,000. *See* Docket No. 216. According to OCM Thames' Proof of Claim, as of the Conversion Date, the principal balance outstanding under the Kastos Charter is $12,450,000 with outstanding payment-in-kind interest obligations of $229,239. *See* Proof of Claim No. 8-1 ¶ 9. As of the Conversion Date, OCM Thames has not declared any event of default under the Kastos Charter, however, the Chapter 11 Cases constitute a default under the Kastos Guaranty.

The Debtors' Schedules list OCM Autumn, OCM Yukon, and OCM Thames as each having a disputed unsecured Claim against Debtor Eletson Holdings for $12,450,000, and OCM Rhine as having a disputed unsecured Claim for $11,750,000 (collectively, the "OCM Guaranty Claimants"). *See* Docket No. 216. As described above, although the OCM Guaranty Claimants have not declared an event of default under their respective charter agreements, each of the OCM Guaranty Claimants filed protective Proofs of Claims against Eletson Holdings for amounts owed by Eletson Holdings arising from and in connection with the bareboat charter agreements explained above. *See* Proof of Claim Nos. 5-8.

4. *The Azure Guarantees*

On August 24, 2017, Azure Nova Spring Co., Azure Nova Summer Co., Azure Nova Autumn Co., and Azure Nova Winter Co. (collectively, "Azure" or the "Azure Claimants") entered into bareboat charter agreements (collectively, the "Charters") with non-Debtors Antikeros Special Maritime Enterprise, Dhonoussa Special Maritime Enterprise, Polyaigos Special Maritime Enterprise and Strofades Special Maritime Enterprise (collectively, the "Azure Charterers") respectively, for the use and operation of vessels owned by Azure named the Antikeros, Dhonoussa, Polyaigos, and Strofades, respectively (collectively, the "Azure Vessels").

Pursuant to the Charters, the Azure Charterers were obligated to make payments to Azure related to the charter of the Azure Vessels. The obligations were guaranteed by Eletson Holdings and Eletson Corp pursuant to those certain guarantees executed by Eletson Holdings and Eletson Corp in favor of each Azure entity dated August 24, 2017 (collectively, the "Azure Guarantees"). Pursuant to the Azure Guarantees, Eletson Holdings guaranteed the full payment for all amounts due under the Charters. As security for Eletson Holdings' obligations under the Azure Guarantees, Eletson Holdings executed a share pledge agreement in favor of each Azure entity pursuant to which the equity of the respective Azure Charterer was placed as collateral to secure the obligations under the applicable Charter.

In March 2021, the Charters were terminated and the Azure Vessels were repossessed. As a result of this termination and repossession, two arbitrations were commenced by Azure, one against the Charterers seeking a determination of any amounts owed to Azure because of the termination of the Charters and repossession of

the Azure Vessels and a second against Eletson Holdings for any obligations arising from the Azure Guarantees which are asserted by Azure to be in an amount of no less than $94,799,702. Eletson Holdings disputes that defaults have occurred, or that obligations exist under the respective Azure Guarantees.

The Debtors' Schedules list the Azure Claimants as each having disputed unsecured Claims against Eletson Holdings for $12,000,000. *See* Docket No. 216. Each of the Azure Claimants filed a separate Proof of Claim against Eletson Holdings, each asserting a Secured Claim. However, the full amount listed in each Proof of Claim is asserted as an unsecured deficiency claim against Eletson Holdings for $94,799,702.40 in connection with the Charters. *See* Proof of Claim Nos. 9-12.

5. *The Eletson Corp Guarantees*

Non-Debtor Eletson Corp is the operational and technical management entity for various Eletson entities (including various of Eletson Holdings' non-Debtor subsidiaries). As Eletson Corp's parent entity, Eletson Holdings guaranteed certain obligations of Eletson Corp on a number of its unsecured obligations owed towards various banking entities in Greece, including Aegean Baltic Bank S.A., Alpha Bank S.A., and Piraeus Bank A.E.

The Debtors' Schedules list Aegean Baltic Bank S.A. as having a disputed unsecured Claim against Eletson Holdings for $4,000,019. *See* Docket No. 216. The Schedules list Piraeus Bank A.E. as having a disputed unsecured Claim against Eletson Holdings for $16,326,319. *See id*. Alpha Bank S.A. is also listed as having a disputed unsecured Claim against Eletson Holdings for $4,302,823. *See id.*

Aegean Baltic Bank S.A. filed a Proof of Claim against Eletson Holdings for $6,335,665.08 pursuant to a Eletson Corp guarantee for the unpaid principal of $5,555,514.40 plus applicable interest, fees, and other charges. *See* Proof of Claim No. 4. Hermes Acquisitions B DAC Serviced by Cepal Hellas also filed a Proof of Claim pursuant to a Eletson Corp guarantee for claims purchased from Alpha Bank S.A., totaling $4,302,198.44. *See* Proof of Claim No. 16. Lastly, Sunrise I NPL Finance DAC also filed a Proof of Claim against Eletson Holdings pursuant to a Eletson Corp guarantee for claims purchased from Piraeus Bank A.E., totaling $23,402,504.90. *See* Proof of Claim No. 22. The Sunrise I NPL Finance DAC Proof of Claim asserts a secured claim in the amount of $7,000,000 and an unsecured claim in the amount of $16,402,504.90. *See id.*[15]

6. *Initial Petitioning Creditors' Claims*

Each of the Initial Petitioning Creditors filed protective Proofs of Claims against each of the Debtors in the amounts of $2,234,807.36, $357,567.10, and $2,431.10,

[15] Proof of Claim No. 22 is based on three facility agreements, one of which included a first priority "prenotation of mortgage under articles 1274 et seq. of the Greek Civil Code, over an office property…in the amount of up to seven million Euro…the property is estimated to be worth approximately that amount." Proof of Claim No. 22 at 5.

respectively, pursuant to the *Second Application of the Petitioning Creditors Pursuant to Section 503(b)(3)(A) and 503(b)(4) of the Bankruptcy Code, for Allowance of Professional Fees,* filed on December 18, 2023 [Docket No. 322]. *See* Proofs of Claims Nos. 17-19 against Eletson Holdings; Proofs of Claims Nos. 4-6 against Eletson MI; and Proofs of Claims Nos. 4-6 against Eletson Finance.

The Debtors have requested the following text be included, which the Petitioning Creditors disagree with: "The Debtors disagree with the assertions in the preceding paragraph and the purported validity of any Proof of Claim filed by the Initial Petitioning Creditors."

7. *Other Claims and Liabilities*

The Debtors have other outstanding Claims from amounts owed to creditors prior to the Petition Date. Such amounts include, among other things, prepetition Claims by certain individual Old Noteholders (the "Individual Old Noteholder Claims"), NAF (the "NAF Claims") Levona (the "Levona Claim"), other miscellaneous scheduled claims (the "Miscellaneous Scheduled Claims"), and a prepetition tax Claim filed by the Internal Revenue Service (the "Tax Claim"). The Individual Old Noteholder Claims, NAF Claims, Levona Claim, and the Miscellaneous Scheduled Claims are explained in more detail below.

(a) The Individual Old Noteholder Claims

The Individual Old Noteholder Claims consist of the following and were not listed on the Schedules as Claims against any of the Debtors:

- Proof of Claim filed by Tracy Lee Gustafson against Eletson Holdings for bonds purchased in connection with the Old Notes totaling $117,978. *See* Proof of Claim No. 1;

- Proof of Claim filed by TR I/XII/W J. Fleishmnn/Dorette against Eletson Holdings for bonds purchased in connection with the Old Notes totaling $107,864.51. *See* Proof of Claim No. 3; and

- Proof of Claim filed by Middle East Shipping Agencies Overseas, Ltd. against Eletson Holdings for bonds purchased in connection with the Old Notes totaling $257,750 plus applicable interest, fees, and other charges. *See* Proof of Claim No. 15.

(b) NAF Claims

The NAF Claims consist of unsecured Claims against each of the Debtors for approximately $5,155,522. *See* Proof of Claim No. 13 against Eletson Holdings; Proof of Claim No. 1 against Eletson MI; and Proof of Claim No. 1 against Eletson Finance. The NAF Claims are based on amounts owed under the Old Notes and the Old Notes Trustee's fees and professional fees that the Old Notes Trustee had paid on behalf of the Debtors. *Id.* The Eletson Holdings Schedule lists the NAF Claim as a disputed unsecured Claim for $5,155,522 and separately, as a disputed unsecured Claim for $24,000 on the Eletson Finance Schedule. *See* Docket Nos. 216, 220.

(c) Levona Claim

The Levona Claim consists of an unsecured Claim for damages in connection with the facts related to the Arbitration and these Chapter 11 Cases, totaling $262,500,000, filed against Eletson Holdings. *See* Proof of Claim No. 21.

(d) Miscellaneous Scheduled Claims

Eletson MI's Schedules list Regus Management Group LLC as having a Claim against Eletson MI for $"741,70" in connection with an office lease. *See* Docket No. 218. Eletson Finance's Schedules list Thompson Hine LLP as having a Claim against Eletson Finance for $8,225 in connection with the provision of services. *See* Docket No. 220.

(e) Tax Claim

The Tax Claim consists of priority Claim in the amount of $313.23 and a general unsecured Claim in the amount of $319.97, both filed against Eletson Holdings for estimated amounts of unpaid corporate taxes. *See* Proof of Claim No. 23-1 filed against Eletson Holdings.

The Debtors have requested the following text be included, which the Petitioning Creditors disagree with: "The Debtors disagree with the asserted validity of each of the purported claims filed against the Debtors discussed in this subsection, many of which are subject to objections."

III. THE BANKRUPTCY CASES

A. The Involuntary Petitions and Related Cases

On the Petition Date, the Initial Petitioning Creditors filed the Involuntary Petitions against each of the Debtors. They were later joined by 11 additional petitioning creditors, including the 2022 Notes Trustee.[16] *See* Docket No. 102.

On April 14, the Debtors moved to dismiss the Involuntary Petitions [Docket No. 40], which was later supplemented at various points in response to additional creditors that filed joinders to the Involuntary Petitions [Docket Nos. 70, 108, 121, 122] (as supplemented, the "Motion to Dismiss"). Over the next few months, the Debtors and their creditors engaged in months of litigation, including discovery and related motion practice, resulting in millions of dollars in administrative expenses by the Debtors and fees and expenses incurred by their creditors in pursuing their contractual rights to repayment from the Debtors.

The Debtors have requested the following text be included, which the Petitioning Creditors disagree with: "The Debtors disagree with the assertions in the preceding paragraph. In the Debtors' view, Pach Shemen, the largest holder of 2022 Notes of the Initial Petitioning Creditors, obtained its claims against the Debtors mere months before filing the Involuntary Petitions. The Debtors believe that these claims were obtained in violation of the terms of the Second RSA and OCM Financing Stipulation, and that the filing of the Involuntary Petitions was an improper action taken in bad faith as part of a coordinated effort to harm the Debtors and provide a litigation advantage to Levona in the Arbitration. The Debtors have reserved all rights regarding the impropriety of the Involuntary Petitions."

Prior to the hearing on the Motion to Dismiss, upon the request of the Debtors, the Petitioning Creditors and the 2022 Notes Trustee, the Bankruptcy Court entered the *Order Appointing Hon. Allan L. Gropper (Ret.) as Mediator* [Docket No. 148] directing the parties towards a non-binding mediation (the "Initial Mediation") to address the issues surrounding the Motion to Dismiss. The Initial Mediation did not lead to any resolution. Just one day prior to the hearing on the Motion to Dismiss, the Debtors, the Petitioning Creditors, and the 2022 Notes Trustee entered into a stipulation which was read into the record on September 6, 2023 (the "Conversion Stipulation"). Pursuant to the Conversion Stipulation, the Debtors agreed to withdraw their Motion to Dismiss and voluntarily convert the pending Chapter 7 cases to cases under Chapter 11, and the Petitioning Creditors agreed not to object to the voluntary conversion. In

[16] The full list of creditors that filed the Involuntary Petitions and/or joined them are: 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, Ron Pike, and NAF. Watson Farley & Williams LLP and Paleokrassas & Partners Law Firm (trading as Watson Farley & Williams Greece) (together, "WFW") former counsel to the Debtors, joined the Involuntary Petitions [Docket No. 61] but later withdrew after the Debtors paid WFW an undisclosed amount [Docket No. 101].

addition, pursuant to the Conversion Stipulation, the Debtors, the 2022 Notes Trustee, and the Petitioning Creditors agreed to, among other things, the following: (i) the Petitioning Creditors and the 2022 Notes Trustee would not file a motion to appoint an examiner, trustee, or limit exclusivity during the first 120 days of the Chapter 11 Cases; (ii) the Debtors agreed to withdraw adversary proceeding Case No. 23-1132 related to the filing of the Involuntary Petitions, without prejudice, and agreed not to reinitiate such a proceeding for the longer of four months or the end of the confirmation and vacatur proceedings concerning the Award; (iii) the Debtors' and Petitioning Creditors' professionals agreed not object to other professionals seeking retention as estate professionals; (iv) the Debtors' agreed not to object to a substantial contribution motion brought by the Petitioning Creditors seeking up to $1.5 million, with the express agreement that the Petitioning Creditors could seek additional amounts exceeding that sum; and (v) the Petitioning Creditors agreed not to object to or assert rights of recovery against the pre-petition fees sought by the Debtors' counsel of up to $2 million. *See* Sept. 6, Tr. at 9. Finally, the Conversion Stipulation was entered into without prejudice to all causes of action, claims, or defenses that the parties might thereafter assert, including, without limitation, the Debtors' rights to object to claims brought in the Chapter 11 Cases. *Id.*

On September 13, 2023, the Debtors filed a motion to convert the Chapter 7 cases [Docket No. 201], to which the Petitioning Creditors responded that a motion was unnecessary, and the cases should be converted immediately [Docket No. 203]. Following a hearing held on September 20, 2023, on September 25, 2023 the Bankruptcy Court entered an order converting the Chapter 7 cases to cases under Chapter 11 of the Bankruptcy Code [Docket No. 215] (the "Conversion Order").

B. Events in the Chapter 11 Cases

Since the entry of the Conversion Order, the Debtors did not file any first day motions. The limited filings made by the Debtors, as well as certain other material events in these Chapter 11 Cases, are described in greater detail below.

The Debtors have requested the following text be included, which the Petitioning Creditors disagree with: "The Debtors disagree with the characterization of the Debtors' filings in the preceding paragraph. The Debtors assert that the Debtors are holding companies without any ongoing operations, employees or bank accounts, and as such had no need to file any typical first day motions. Further, the Debtors state that the background and history of the Debtors as well as information regarding the Debtors' corporate structure was heavily litigated and discussed in the filings made prior to entry of the Conversion Order."

1. *Appointment of Creditors' Committee*

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 [Docket No. 233] (the "Creditors' Committee"). The Creditors' Committee is comprised of the following creditors: (a) Gene B. Goldstein, (b) Aegean Baltic Bank S.A., and (c) the 2022 Notes Trustee. The Old Notes Trustee serves as an ex officio member.

2. *Estate Professionals*

Pursuant to orders of the Bankruptcy Court, the Debtors and the Creditors' Committee have retained certain professionals pursuant to sections 327 and 328 of the Bankruptcy Code (collectively, the "Estate Professionals"). The Debtors' only Estate Professional is Reed Smith LLP, as counsel [Docket Nos. 235 and 350]; the Creditors' Committee's Estate Professionals are (a) Dechert LLP, as counsel [Docket Nos. 273 and 351] and (b) FTI Consulting, Inc., as financial advisor [Docket Nos. 349 and 375].

By order dated February 7, 2024 [Docket No. 398] (the "Interim Comp Order"), the Bankruptcy Court established procedures for the Debtors' payment of certain of the fees and expenses of the Estate Professionals during the pendency of these Chapter 11 Cases, including pursuant to the filing of monthly fee statements and periodic interim fee applications. As of the date hereof, the following monthly fee statements have been filed:

- *First Monthly Fee Statement of Dechert LLP for the Period From October 25, 2023 Through November 30, 2023* [Docket No. 399] ("Dechert's First Fee Statement") seeking reimbursement of fees and expenses totaling $ 743,688.18;

- *Second Monthly Fee Statement of Dechert LLP for the Period From December 1, 2023 Through December 31, 2023* [Docket No. 400] ("Dechert's Second Fee Statement") seeking reimbursement of fees and expenses totaling $586,096.76;

- *Third Monthly Fee Statement of Dechert LLP for the Period From January 1, 2024 Through January 31, 2024* [Docket No. 433] ("Dechert's Third Fee Statement") seeking reimbursement of fees and expenses totaling $628,770.91;

- *Fourth Monthly Fee Statement of Dechert LLP for the Period From February 1, 2024 Through February 29, 2024* [Docket No. 529] ("Dechert's Fourth Fee Statement") seeking reimbursement of fees and expenses totaling $776,042.06;

- *Fifth Monthly Fee Statement of Dechert LLP for the Period From March 1, 2024 Through March 31, 2024* [Docket No. 609] ("Dechert's Fifth Fee Statement") seeking reimbursement of fees and expenses totaling $1,010,965.52;

- *Sixth Monthly Fee Statement of Dechert LLP for the Period from April 1, 2024 Through April 30, 2024* [Docket No. 703] ("Dechert's Sixth Fee Statement" and together with Dechert's First Fee Statement, Dechert's Second Fee Statement, Dechert's Third Fee Statement, Dechert's Fourth Fee Statement, and Dechert's Fifth Fee Statement, the "Dechert Fee Statements") seeking reimbursement of fees and expenses totaling

$1,083,448.33;

- *First Monthly Fee Statement of FTI Consulting, Inc. for the Period From December 8, 2023 Through December 31, 2023* [Docket No. 401] ("FTI's First Fee Statement") seeking reimbursement of fees and expenses totaling $233,115.77;

- *Second Monthly Fee Statement of FTI Consulting, Inc. for the Period From January 1, 2024 Through January 31, 2024* [Docket No. 434] ("FTI's Second Fee Statement") seeking reimbursement of fees and expenses totaling $600,417.73;

- *Third Monthly Fee Statement of FTI Consulting, Inc., for the Period From February 1, 2024 Through February 29, 2024* [Docket No. 530] ("FTI's Third Fee Statement") seeking reimbursement of fees and expenses totaling $334,953.94;

- *Fourth Monthly Fee Statement of FTI Consulting, Inc., for the Period From March 1, 2024 Through March 31, 2024* [Docket No. 610] ("FTI's Fourth Fee Statement") seeking reimbursement of fees and expenses totaling $407,858.63;

- *Fifth Monthly Fee Statement of FTI Consulting, Inc. for the Period From April 1, 2024 Through April 30, 2024* [Docket No. 704] ("FTI's Fifth Fee Statement" and together with FTI's First Fee Statement, FTI's Second Fee Statement, FTI's Third Fee Statement, and FTI's Fourth Fee Statement, the "FTI Fee Statements") seeking reimbursement of fees and expenses totaling $815,339.24;

- *First Monthly Fee Statement of Reed Smith LLP, for the Period From January 1, 2024 Through January 31, 2024* [Docket No. 537] ("Reed Smith's First Fee Statement") seeking reimbursement of fees and expenses totaling $957,875.36;

- *Second Monthly Fee Statement of Reed Smith LLP, for the Period From February 1, 2024 Through February 29, 2024* [Docket No. 541] ("Reed Smith's Second Fee Statement") seeking reimbursement of fees and expenses totaling $929,877.18;

- *Third Monthly Fee Statement of Reed Smith LLP, for the Period From March 1, 2024 Through March 31, 2024* [Docket No. 618] ("Reed Smith's Third Fee Statement") seeking reimbursement of fees and expenses totaling $2,004,475.75; and

- *Fourth Monthly Fee Statement of Reed Smith LLP, for the Period from April 1, 2024 Through April 30, 2024* [Docket No. 702] ("Reed Smith's Fourth Fee Statement" and together with Reed Smith's First Fee Statement,

Reed Smith's Second Fee Statement, and Reed Smith's Third Fee Statement, the "Reed Smith Fee Statements") seeking reimbursement of fees and expenses totaling $2,177,149.39.

As of the date hereof, the Debtors filed objections to the Dechert Fee Statements and the FTI Fee Statements. *See* Docket Nos. 431, 432, 464, 465, 563, 564, 633 634, 737, and 738. The Petitioning Creditors filed objections to the Reed Smith Fee Statements. *See* Docket Nos. 578, 659, and 729. The Creditors' Committee also filed objections to the Reed Smith Fee Statements. *See* Docket Nos. 577, 588, 660, and 731.

Pursuant to the Interim Comp Order, as of the date hereof, the following interim fee applications have been filed:

- *First Interim Fee Application for Dechert LLP for the Period from October 25, 2023 Through December 31, 2023* [Docket No. 417] ("Dechert's First Interim Fee Application") seeking interim allowance of fees and expenses totaling $1,329,784.94;

- *First Interim Fee Application of FTI Consulting, Inc. for the Period From December 8, 2023 Through December 31, 2023* [Docket No. 418] ("FTI's First Interim Fee Application") seeking interim allowance of fees and expenses totaling $233,115.77;

- *First Interim Fee Application of Reed Smith LLP, Counsel to the Debtors for the Period From September 25, 2023 Through December 31, 2023* [Docket No. 444] ("Reed Smith's First Interim Fee Application") seeking interim allowance and payment of fees and expenses totaling $2,527,171.78; and

- *Second Interim Fee Application of Reed Smith LLP, Counsel to the Debtors and Debtors in Possession, for Compensation and Reimbursement of Expenses for the Period January 1, 2024 to April 30, 2024* [Docket No. 776] ("Reed Smith's Second Interim Fee Application") seeking interim allowance and payment of fees and expenses totaling $6,069,386.60.

- *Second Interim Fee Application of Dechert LLP for Compensation for Services Rendered and Reimbursement of Expenses as Counsel to the Official Committee of Unsecured Creditors for the Period From January 1, 2024 Through April 30, 2024* [Docket No. 788] ("Dechert's Second Interim Fee Application") seeking interim allowance and payment of fees and expenses totaling $3,471,835.00.

- *Second Interim Fee Application of FTI Consulting, Inc. for Allowance of Compensation and Reimbursement of Expenses as Financial Advisor to the Official Committee of Unsecured Creditors for the Period from January 1, 2024 through April 30, 2024* [Docket No. 789] ("FTI's Second Interim Fee Application") seeking interim allowance of fees and expenses totaling $1,939,040.00.

As of the date hereof, the Debtors objected to Dechert's First Interim Fee Application and to FTI's First Interim Fee Application. *See* Docket Nos. 485 and 486. On March 14, 2024, the Petitioning Creditors and the Creditors' Committee objected to Reed Smith's First Interim Fee Application. *See* Docket Nos. 484 and 487. On March 18, 2024, the U.S. Trustee objected to Dechert's First Interim Fee Application and to FTI's First Interim Fee Application. *See* Docket No. 492. On April 12, 2024, the Debtors filed an omnibus reply in support Reed Smith's First Interim Fee Application, and the Creditors' Committee filed replies in support of Dechert's First Interim Fee Application and FTI's First Interim Fee Application. *See* Docket Nos. 583, 585, 586.

Following a hearing held on May 8, 2024, on May 14, 2024, the Bankruptcy Court entered a first interim order granting 80% of the fees in Dechert's First Interim Fee Application, FTI's First Interim Fee Application, and the "bankruptcy" fees set forth in Reed Smith's First Interim Fee Application subject to a full reservation of rights for the final fee hearing. [Docket No. 676]. Also, on May 8, 2024, the Bankruptcy Court heard argument, and reserved decision, on Reed Smith's "arbitration" fees. On June 7, 2024, the Bankruptcy Court issued an oral decision approving Reed Smith's fees relating to the Arbitration, and on June 12, 2024, entered an order requiring that such fees be paid by non-Debtor Eletson Corp [Docket No. 769].

A hearing on Reed Smith's Second Interim Fee Application, Dechert's Second Interim Fee Application, and FTI's Second Interim Fee Application is scheduled for July 31, 2024, and objections are due on July 24, 2024. *See* Docket Nos. 776, 789, 788.

3. *Issues with the Debtors' Reporting Obligations*

(a) Schedules and Statements

Although the Conversion Date occurred on September 25, 2023, the Debtors failed to make any filings until October 10, 2023, when the Debtors filed the Original Schedules. See Docket Nos. 216-221. The Original Schedules were bereft of any detail, listing, for example, 73 subsidiaries each valued at $0, as well as the unvalued Litigation Claims against certain of the Petitioning Creditors. See Docket Nos. 2016 at 10-11 and 217 at 1-4, 11-27. It was not until December 29, 2023, over two months later—after the U.S. Trustee, the Creditors' Committee, and the Petitioning Creditors questioned those disclosures—that the Debtors filed the Amended Schedules, reducing the number of their disclosed subsidiaries to 60, but increasing the aggregate equity value in such subsidiaries from $0 to $52.5 million. See Docket No. 340 at 9-11.

(b) 2015.3 Reports

The Debtors did not file any Rule 2015.3 Reports (the "2015.3 Reports") until November 20, 2023, which was weeks late, and did so for only ten of their subsidiaries. *See* Docket No. 271.[17] Further, the Debtors initially failed to disclose a 2015.3 Report for Eletson Gas and, only after the U.S. Trustee demanded the Debtors do so, the Debtors filed a 2015.3 Report for Eletson Gas on November 30, 2023. *See* Docket No. 284 at 3. The Debtors did not file 2015.3 Reports for the remaining dozens of other subsidiaries until December 29, 2023. *See* Docket No. 341.

On February 12, 2024, the Debtors filed their second set of 2015.3 Reports. *See* Docket No. 409.

(c) Monthly Operating Reports

The Debtors have filed their monthly operating reports for the periods ending 9/30/2023, 10/31/2023, 11/30/2023, 12/31/2023, 1/31/2024, 2/29/2024, 3/31/2024, and 4/30/2024. [Docket Nos. 268-270, 276-277, 280, 325-327, 427-429, 508-510, 603-605, and 706-708] (the "Monthly Operating Reports"). The Monthly Operating Reports fail to disclose intercompany balances. Certain of the Monthly Operating Reports also contain various inaccuracies, including stating that the Debtors had not retained counsel (which they had, *see supra* B.2) and that the Debtors had not filed a chapter 11 plan or disclosure statement (which they had at the time, *see infra* C.1).

The Debtors' Monthly Operating Reports also state that the Debtors are not in compliance with their obligations to pay quarterly U.S. Trustee fees pursuant to 28 U.S.C. § 1930.

The Debtors have requested the following text be included, which the Petitioning Creditors disagree with: "The Debtors disagree with the allegations and characterizations of the Debtors' reporting obligations in these Chapter 11 Cases. The Debtors assert that as a threshold matter, the Debtors are current on all reporting obligations as noted by the Bankruptcy Court, and these filing contain accurate information to the best of the Debtors' knowledge. As previously stated, the Debtors have never taken the position that the Debtors have no assets, and filed "$0" on the Debtors' Schedules as the Debtors' assets were illiquid and of an undetermined value. The Debtors assert that the Debtors have disclosed all information required under the

[17] Bankruptcy Rule 2015.3 requires, among other things, that the Debtors file "periodic financial reports of the value, operations, and profitability of each entity that is not a publicly traded corporation or a debtor in a case under title 11, and in which the estate holders a substantial or controlling interest." Bankruptcy Rule 2015.3(a).

Bankruptcy Code and have repeatedly supplemented filings upon the request of parties in interest."

4. *The Bar Date and Claims Process*

(a) Bar Date and Claims

By order dated November 9, 2023 [Docket No. 264] (the "Bar Date Order"), the Bankruptcy Court established December 18, 2023 at 4:00 p.m. (prevailing Eastern Time) as the general bar date (the "General Bar Date") and March 25, 2024 at 4:00 p.m. (prevailing Eastern Time) as the governmental bar date (the "Governmental Bar Date").

As of the date hereof, approximately thirty-seven (37) Proofs of Claims were filed against the Debtors. After adjustments for duplicative Claims and other adjustments, the Petitioning Creditors estimate that Allowed General Unsecured Claims in these Chapter 11 Cases may range from approximately $505 million in a low scenario to $768 million in a high scenario. The low scenario of $505 million assumes allowance of the asserted amounts of the proofs of claims filed by the Old Notes Trustee ($5,953,704.07) [*see* Proof of Claim No. 2-1], the 2022 Notes Trustee ($366,011,815) [*see* Proof of Claim No. 14], the Azure Claimants ($94,799,702.40) [*see* Proof of Claim Nos. 9-12], Aegean Baltic Bank S.A., Alpha Bank S.A., and Piraeus Bank A.E, as the Eletson Corp Guarantee Claimants ($6,353,665.08, $4,302,198.44, and $23,402,504.90) [*see* Proof of Claims Nos. 4, 16, and 22], and NAF ($5,155,522) [*see* Proof of Claim No. 13]) but does not include the Levona Claim ($262,500,000) [*see* Proof of Claim No. 21-1]. The high scenario assumes all of these claims are allowed as well as the Levona Claim for a total of approximately $768 million. The actual allowed amount of General Unsecured Claims in these Chapter 11 Cases may vary.

The Debtors have requested the following text be included, which the Petitioning Creditors disagree with: "The Debtors disagree with the assertions in the previous paragraph to the extent that the Petitioning Creditors assert that any of the Claims asserted against the Debtors, other than those undisputed non-contingent Claims scheduled by the Debtors, are valid claims entitled to payment in any amount or are otherwise enforceable against the Debtors and/or their estates. The Debtors believe that the estimates provided by the Petitioning Creditors above are incorrect and the actual range of allowed claims against the Debtors and their estates will be significantly lower."

(b) Claims Objections

On January 28, 2024, the Debtors filed several objections and omnibus objections to Proofs of Claims. Specifically, the Debtors objected to the Proofs of Claims filed by the Initial Petitioning Creditors [Docket No. 377] (the "Initial Petitioning Creditors' Claim Objection"), Levona [Docket No. 378] (the "Levona Claim Objection"), NAF [Docket No. 379] (the "NAF Claim Objection"), and the 2022 Notes Trustee [Docket No. 380] (the "2022 Notes Trustee Claim Objection"), as well as an omnibus objection to claims filed by the Individual Old Noteholders and the Old Notes Trustee, arguing that they are duplicative of the master Proofs of Claims filed by the Old Notes

Trustee [Docket No. 376] (the "Omnibus Claim Objection" and collectively, with the Initial Petitioning Creditors' Claim Objection, the Levona Claim Objection, the NAF Claim Objection, and the 2022 Notes Trustee Claim Objection, the "Claims Objections").

At the Debtors' request, on February 12, 2024, the Bankruptcy Court approved an adjournment of all briefing and hearing dates and deadlines with respect to the Claims Objections pending further discussion at the February 27 Status Conference (as defined below). *See* Docket No. 405 (the "Adjournment Order"). A status conference on the Initial Petitioning Creditors' Claim Objection, the NAF Claim Objection, the 2022 Notes Trustee Claim Objection, and the Omnibus Claim Objection took place at a hearing on May 15, 2024 (the "May 15 Hearing"), along with the additional matters discussed herein. *See* Docket No. 635. A continued status conference on the Initial Petitioning Creditors' Claim Objection, the NAF Claim Objection, the 2022 Notes Trustee Claim Objection, and the Omnibus Claim Objection is scheduled for June 18, 2024 (the "June 18 Hearing"). *See* Docket No. 710. The Bankruptcy Court scheduled an evidentiary hearing on the Initial Petitioning Creditors' Claim Objection, the NAF Claim Objection, the 2022 Notes Trustee Claim Objection, and the Omnibus Claim Objection for July 23, 2024 and if necessary, July 24, 2024. *See* Docket No. 735.

The Objection Deadline on Omnibus Claim Objection, the Initial Petitioning Creditors' Claim Objection, the NAF Claim Objection, and the 2022 Notes Trustee Claim Objection was May 7, 2024 [Docket No. 635], and the following responses were filed: the Old Notes Trustee filed a response to the Omnibus Claim Objection [Docket No. 637], the 2022 Notes Trustee filed a response to the 2022 Notes Trustee Claim Objection [Docket No. 639], which was joined by the Petitioning Creditors [Docket No. 645], the Initial Petitioning Creditors filed a response to the Initial Petitioning Creditors' Claim Objection [Docket No. 643], and NAF filed a response to the NAF Claim Objection [Docket No. 644].

At the May 31 Status Conference, the Bankruptcy Court adjourned the Levona Claim Objection to a date to be determined.

5. *The Motions for Appointment of a Chapter 11 Trustee*

(a) The UCC Trustee Motion

On February 6, 2024, the Creditors' Committee filed a motion for the appointment of a chapter 11 trustee [Docket No. 394] (the "UCC Trustee Motion"), which was joined by: (i) the Old Notes Trustee on February 12, 2024 [Docket No. 404]; (ii) the 2022 Notes Trustee on February 15, 2024 [Docket No. 420]; and (iii) the Petitioning Creditors on March 12, 2024 [Docket No. 477]. On March 12, 2024, Intrum Hellas Societe Anonyme Management of Receivables from Loans and Credits as the servicing claims manager for SUNRISE I NPL FINANCE DAC, filed a statement in support of the UCC Trustee Motion [Docket No. 476].

Pursuant to the Adjournment Order, the Bankruptcy Court adjourned all briefing and hearing dates and deadlines with respect to the UCC Trustee Motion pending further discussion at the February 27 Status Conference. At the February 27 Status Conference, the Bankruptcy Court scheduled the UCC Trustee Motion, among others, for a three-day trial that occurred on April 9, 2024 through April 11, 2024 (the

"April 9 Trial"), and directed the parties to submit a Scheduling Order (as defined below). On March 22, 2024, the Debtors filed an omnibus objection to the Petitioning Creditors' Trustee Motion (as defined below) and the UCC Trustee Motion [Docket No. 513] (the "Omnibus Objection"). On March 22, 2024, the Nominees also filed an omnibus objection to the UCC Trustee Motion, the UST Trustee Motion (as defined below), and the Petitioning Creditors' Trustee Motion [Docket No. 518] (the "Nominees' Omnibus Objection"). On April 2, 2024, the Creditors' Committee filed a reply in support of the UCC Trustee Motion. *See* Docket No. 549. On April 2, 2024, the Petitioning Creditors filed a reply in support of the Trustee Motions (as defined below). *See* Docket No. 547.

(b) The UST Trustee Motion

On February 16, 2024, the U.S. Trustee filed a second motion for the appointment of a chapter 11 trustee [Docket No. 424] (the "UST Trustee Motion"), which was joined by the Petitioning Creditors on March 12, 2024 [Docket No. 477].

At the February 27 Status Conference, the Bankruptcy Court scheduled the UST Trustee Motion for the April 9 Trial. In accordance with the Scheduling Order, on March 22, 2024, the Debtors filed an objection to the UST Trustee Motion and the Nominees filed the Nominees' Omnibus Objection. *See* Docket Nos. 512 and 518. On April 2, 2024, the U.S. Trustee filed a reply in support of the UST Trustee Motion. *See* Docket No. 544. On April 2, 2024, the Petitioning Creditors filed a reply in support of the Trustee Motions. *See* Docket No. 547.

(c) Petitioning Creditors' Emergency Trustee Motion

On March 11, 2024, the Petitioning Creditors filed the *Petitioning Creditors' Emergency Motion to Appoint a Trustee* [Docket No. 468] (the "Petitioning Creditors' Trustee Motion" and, together with the UCC Trustee Motion, and the UST Trustee Motion, the "Trustee Motions"), which was also heard at the April 9 Trial. *See* Docket Nos. 480 and 481. On March 22, 2024, the Debtors filed the Omnibus Objection and the Nominees filed the Nominees' Omnibus Objection. *See* Docket Nos. 513 and 518. On April 2, 2024, the Petitioning Creditors filed a reply in support of the Trustee Motions. *See* Docket No. 547.

6. *April 9 Trial*

The April 9 Trial on the Trustee Motions began on April 9, 2024 and concluded on April 11, 2024. On April 18, 2024, the Debtors', the Nominees, the U.S. Trustee, the Creditors' Committee, and the Petitioning Creditors each filed post-trial briefs in further support of their respective positions. *See* Docket Nos. 594-598.

On May 29, 2024, the Bankruptcy Court issued a memorandum opinion and order [Docket No. 721] (the "Trustee Decision") denying the Trustee Motions and finding that the various movants had not met the high burden of demonstrating (i) that cause existed for the appointment of a trustee and (ii) that the appointment of a trustee was in the best interests of parties in interest.

On June 12, 2024, the Creditors' Committee appealed the Trustee Decision to the U.S. District Court for the Southern District of New York. *See* Docket No. 768.

7. *DIP Financing*

At the February 27 Status Conference, counsel to the Creditors' Committee raised the issue that the Debtors had not paid the undisputed portion of the Creditors' Committee's professionals' fees (the "Outstanding Fees"). After further discussion at the February 27 Status Conference, the Bankruptcy Court directed the parties to provide an update to the Bankruptcy Court by February 29, 2024. On February 29, 2024, the Debtors filed a letter [Docket No. 443] stating that the Debtors intended to pursue Bankruptcy Court approval for a debtor-in-possession financing loan with undisclosed terms as of that time from a non-Debtor subsidiary, Eletson Gas, to pay the Outstanding Fees.

At a status conference on March 6, 2024, the parties discussed the foregoing fee issues, among other things, and the Bankruptcy Court directed the Debtors to share their proposed debtor-in-possession financing term sheet with the parties, and update the Bankruptcy Court by end of day on Friday, March 8, 2024. On Thursday, March 7, 2024, counsel for the Debtors provided counsel for the Creditors' Committee (and not the Petitioning Creditors) with a copy of a proposed term sheet for the Original DIP Facility (as defined below) mere hours before it was filed on the docket.

On March 7, 2024, the Debtors filed the *Debtors' Motion for Entry of Interim and Final Orders (A) Authorizing the Debtors to Obtain Postpetition Financing (B) Granting Liens and Providing Superiority Administrative Expense Status (C) Modifying the Automatic Stay, (D) Scheduling a Final Hearing and (E) Granting Related Relief* [Docket No. 458] (the "DIP Motion") for approval of a senior secured, superpriority debtor-in-possession financing facility (the "Original DIP Facility") on the terms set forth in the Original DIP term sheet, attached to the DIP Motion as Exhibit C (the "Original DIP Term Sheet"). The proposed lender is "EMC Gas Corporation and such other of its affiliates that agree to participate in the DIP Facility" (the "DIP Lender")—a subsidiary of Eletson Gas, which is itself a subsidiary of Eletson Holdings. Eletson Holdings owns 100% of the common stock of Eletson Gas and there is substantial overlap among their officers and directors.

On March 8, 2024, the Petitioning Creditors submitted a financing proposal to counsel for the Debtors that the Petitioning Creditors believed was significantly better for the Debtors and their estates (the "PC Proposal") than that set forth in the Original DIP Term Sheet.[18] Among other things, the PC Proposal is on an entirely *unsecured and administrative claims-only (not superpriority)* basis and provides substantially more liquidity ($10 million) for the Debtors than the grossly inadequate $4 million under the Original DIP Facility. The PC Proposal would also not result in a default if and when the Bankruptcy Court grants the pending Trustee Motions and, in

[18] The PC Proposal is attached to the Petitioning Creditors' Trustee Motion as Exhibit B.

the case of a default, would not permit the lender to foreclose on the Debtors' assets (as there is no collateral).

After the Petitioning Creditors delivered the PC Proposal to the Debtors, on March 15, 2024, the Debtors received a revised term sheet from the DIP Lender that was "economically identical" to the PC Proposal (the "Revised DIP Term Sheet"), which the Debtors "tentatively accepted." Docket No. 513, ¶ 45. As of the date hereof, the Revised DIP Term Sheet has not been filed with the Bankruptcy Court.

The Omnibus Objection provides that the Debtors' need for DIP financing was "resolved in the short term" and on March 17, 2024, the Debtors informed the Bankruptcy Court that they "were given consent by the financiers of the [special maritime entity subsidiaries ("SMEs")] to permit some portion of the funds held by the SMEs to be made available to [Eletson] Holdings as a dividend." *Id.* This "provided the Debtors with the requisite liquidity to immediately pay all outstanding and payable administrative expenses" including the Outstanding Fees. *Id.* The Omnibus Objection further provides that on March 18, 2024, counsel to the Creditors' Committee confirmed receipt of payment of the Outstanding Fees. *Id.*

On March 18, 2024, the Debtors adjourned the DIP Motion to the April 9 Trial. *See* Docket No. 494. The Omnibus Objection provides that the "Debtors are still evaluating whether they are still in need of the DIP Facility." Docket No. 513, ¶ 45. As of the date hereof, the U.S. Trustee objected to the DIP Motion.[19] *See* Docket No. 482. On March 28, 2024, the Debtors adjourned the DIP Motion to April 16, 2024. *See* Docket No. 539. On April 10, 2024, the Debtors adjourned the DIP Motion to May 8, 2024. *See* Docket No. 572. On April 26, 2024, the Debtors adjourned the DIP Motion to June 18, 2024. *See* Docket No. 619. On June 7, 2024, the Debtors withdrew the DIP Motion without prejudice. *See* Docket No. 758.

8. *Vessel Arrest*

On May 2, 2024, the Creditors' Committee filed a letter (the "May 2 Letter"), informing the Bankruptcy Court that one of the vessels owned by the SMEs, which are wholly owned subsidiaries of Eletson Holdings may have been arrested (the "Vessel Arrest"). *See* Docket No. 630. The May 2 Letter provides that the Debtors did not inform the Creditors' Committee or the Bankruptcy Court of the Vessel Arrest until the Creditors' Committee and the Petitioning Creditors asked the Debtors. *See id.* ("[the Debtors confirmed that the vessel had been arrested in Freeport, Bahamas on April 25 and provided some information concerning the arrest.").

On May 3, 2024, the Debtors filed a response to the May 2 Letter (the "May 3 Letter"). *See* Docket No. 631. The May 3 Letter describes and attaches the information the Debtors provided to the Creditors' Committee regarding the Vessel Arrest, and states that the Debtors do not expect to suffer any damages as a result,

[19] The Omnibus Objection provides that on "March 18, 2024 the [U.S. Trustee] stated that they had no objection to the DIP Facility and deferred to the Debtors' business judgment on the selection of unsecured postpetition facilities." Docket No. 513, ¶ 45.

among other things. *Id.* The May 3 Letter also provides that the claim that led to the Vessel Arrest was made by a former charterer, who is also the current charterer of two other SMEs. *Id.*

At a hearing held on other matters on May 8, 2024, the parties provided a further update on the Vessel Arrest and explained that the Vessel Arrest was only lifted after that former charterer paid into court its charter hire payments that it would otherwise have made for the two other SMEs. As a result of those payments, those two SMEs will not produce any earnings to Eletson Holdings for a month. The Debtors informed the Bankruptcy Court that they would continue to provide information about the impact of the Vessel Arrest.

The Debtors have requested the following text be included, which the Petitioning Creditors disagree with: "The Debtors disagree with the characterizations of the arrest and Debtors' communication with the Creditors' Committee. The Debtors assert that Counsel for Debtors was in contact with the Creditors' Committee regarding the vessel arrest on April 29, 2024, and provided updated and detailed reports from the officers of the Bareboat Charterer detailing the facts and circumstances concerning the arrest. The Debtors assert that the arrest did not relate to the performance of the vessel's voyage or carriage of cargo onboard. Instead, the Debtors assert that the arrest was brought by a previous charter of the vessel to obtain security for an old claim against the SME related to purported consequential delay damage related to the transit of the vessel through the Panama Canal in May 2023. The Debtors state that the arrest was dealt with swiftly and efficiently, without causing delay."

C. The Debtors' Plan and Related Negotiations

1. *The Debtors' Unconfirmable, Insider "New Value" Plan*

Per the Conversion Stipulation, the Petitioning Creditors agreed, among other things, not to oppose or seek to terminate the Debtors' exclusive right to file a chapter 11 plan for the first 120 days after the Conversion Date.[20] In the Petitioning Creditors' opinion, during the 120 days post-conversion, the Debtors did nothing to progress these Chapter 11 Cases in good faith. The Debtors did not reach out to the Petitioning Creditors to discuss any form of consensual resolution of the Debtors' obligations, much less discuss a plan during the 120-day exclusivity period. The Petitioning Creditors understand that Debtors also refused to engage with the Creditors' Committee, even after instructed by the Bankruptcy Court to do so.

On January 23, 2024—the very last day of the Debtors' exclusivity period—the Debtors filed a proposed chapter 11 plan of reorganization [Docket

[20] Section 1121(b) of the Bankruptcy Code provides that "[e]xcept as otherwise provided in this section, only the debtor may file a plan until after 120 days after the date of the order for relief under this chapter." 11 U.S.C. § 1121(b). The initial 120-day exclusivity period is subject to extension by the Bankruptcy Court for "cause." 11 U.S.C. § 1121(d).

No. 370] (the "Debtors' Initial Plan") and a related disclosure statement [Docket No. 371] (the "Debtors' Initial Disclosure Statement").

Under the Debtors' Initial Plan, creditors will receive almost no recoveries, while the Debtors' existing shareholders will retain their equity interests in Eletson Holdings despite the Debtors proposing to provide creditors almost no recoveries. The Debtors propose to fund their plan with an up to $10 million contribution by their existing shareholders in an undisclosed amount of cash and/or other assets (the "Initial Shareholder New Value Contribution"), which proposed funding was not subject to a market test or made available to any parties other than the Debtors' insiders.

On April 8, 2024—the eve of the April 9 Trial on the Trustee Motions, the Debtors filed an amended version of the Debtors' Initial Plan [Docket No. 570] (the "Debtors' Amended Plan").

The Petitioning Creditors' believe that neither the Debtors' Initial Plan nor the Debtors' Amended Plan was proposed in good faith. It is the Petitioning Creditors' view that the Debtors' Amended Plan is unconfirmable for at least four reasons. *First*, the Debtors' Amended Plan violates the absolute priority rule and bedrock bankruptcy principles and case law, including Supreme Court precedent, that shareholders cannot be given the exclusive right to invest new value in the debtor absent a market test. The Debtors' Amended Plan allows the Debtors' shareholders to retain their equity interests, unimpaired for a contribution of undisclosed cash and /or other assets with an aggregate value of $30 million (the "Amended Shareholder New Value Contribution" and together with the Initial Shareholder New Value Contribution, the "Shareholder New Value Contribution"). *Second*, the Debtors' Amended Plan violates the "best interests" of creditors test because nearly every single class of claims, if not all, would receive more in a hypothetical chapter 7 liquidation where 100% of the value of the Debtors would be available for creditors prior to shareholders receiving value on account of their interests. *Third*, the Debtors' Amended Plan impermissibly classifies general unsecured claims in a way that is designed to gerrymander an impaired accepting class of claims by separately classifying similar claims without a valid business purpose. *Fourth*, the Debtors' Amended Plan lacks any indicia of good faith, including that it has not been discussed with the Petitioning Creditors or the Creditors' Committee prior to filing and impairs classes of claims despite having the ability to keep them unimpaired. Additionally, the Debtors' Amended Plan would provide the Debtors' directors and officers with broad releases for both prepetition and postpetition conduct, through various exculpation and injunction provisions, even though the Creditors' Committee (and others) has identified material claims against the directors and officers. Finally, the Debtors' Amended Plan improperly caps the fees incurred by counsel to the Creditors' Committee.

The Debtors' Amended Plan was not accompanied by an amended disclosure statement, and it was not until April 26, 2024 that the Debtors filed an amended version of the Debtors' Initial Disclosure Statement [Docket No. 621] (the "Debtors' Amended Disclosure Statement").

On May 13, 2024, the Debtors filed further amended versions of the Debtors' Amended Plan [Docket No. 671] (the "Debtors' Second Amended Plan") and

the Debtors' Amended Disclosure Statement [Docket No. 672] (the "Debtors' Second Amended Disclosure Statement"). On May 14, 2024, the Debtors filed a valuation analysis [Docket No. 687] (the "Debtors' Valuation Analysis"). Just like the Debtors' prior filings, the Petitioning Creditors believe that the Debtors' Second Amended Plan was not proposed in good faith and the Debtors' Second Amended Disclosure Statement lacks adequate information for creditors to cast an informed vote. The Debtors' Second Amended Disclosure Statement still does not contain any financial projections. There are also conclusory explanations that the Petitioning Creditors believe are inconsistent with the facts about how the Debtors "marketed" financing opportunities for their plan and "negotiated" the Shareholder New Value Contribution with their shareholders and insiders. The Debtors' Second Amended Plan also appears to have materially reduced creditors' recoveries by providing for a "Gas Ownership Settlement" that expressly provides that the Debtors' contemplated litigation trust will not include any claims or causes of action against Levona and permits the Gas Ownership Defendants (defined as Eletson Gas, the Nominees, and/or any officers or directors of the same) to settle not only potentially valuable claims against Levona but also the claims and causes of action in connection with the transfer of the Gas Preferred Shares. These provisions are not explained in the Debtors' Second Amended Disclosure Statement, were made without any negotiation with the Debtors' creditors, and are further evidence of the Debtors' bad faith.

When the Debtors' filed the Debtors' Initial Plan and the Debtors' Initial Disclosure Statement, the Debtors also filed a motion for approval of the Debtors' Initial Disclosure Statement and procedures for the solicitation of votes with respect to the Debtors' Initial Plan [Docket No. 372] (the "Debtors' Solicitation Motion"). The Debtors' Solicitation Motion was scheduled to be heard at the May 15 Hearing. *See* Docket No. 635 and 655. On May 9, 2024, Levona and the Petitioning Creditors filed objections to the Debtors' Solicitation Motion, which the Debtors replied to on May 13, 2024. *See* Docket Nos. 648, 651, 668, and 670. Pursuant to the Debtors' request, the Bankruptcy Court extended the Creditors' Committee's objection deadline on the Debtors' Solicitation Motion to May 13, 2024 at 4:00 p.m. *See* Docket No. 650. On May 13, 2024, the Creditors' Committee filed an objection and reservation of rights to the Debtors' Solicitation Motion [Docket No. 669], which was joined by the 2022 Notes Trustee [Docket No. 674], and which the Debtors' replied to May 14, 2024. *See* Docket No. 686.

On May 14, 2024, the Debtors' filed a revised proposed order approving the Debtors' Solicitation Motion. *See* Docket No. 690.

At the May 15 Hearing, the Bankruptcy Court considered the Debtors' Solicitation Motion, in addition to the other matters, and continued the May 15 Hearing to give the Debtors an opportunity to revise the Debtors' Second Amended Plan and the Debtors' Second Amended Disclosure Statement to address various issues raised at the May 15 Hearing.

On May 30, 2024, the Bankruptcy Court scheduled a status conference for May 31, 2024 [Docket No. 723] (the "May 31 Status Conference"). The morning of the May 31 Status Conference, the Debtors filed further amended versions of the Debtors' Second Amended Plan [Docket No. 725] (the "Debtors' Revised Second Amended

Plan") and the Debtors' Second Amended Disclosure Statement [Docket No. 726] (the "Debtors' Revised Second Amended Disclosure Statement"). Just like the Debtors' prior filings, the Petitioning Creditors believe that the Debtors' Revised Second Amended Plan was not proposed in good faith and the Debtors' Revised Second Amended Disclosure Statement lacks adequate information for creditors to cast an informed vote. The Debtors' Revised Second Amended Disclosure Statement contains conclusory and misleading statements about how the Debtors negotiated the "Collections Contribution" and the Shareholder New Value Contribution, among other things. The Debtors' Revised Second Amended Disclosure Statement also does not clearly explain the Retained Causes of Action Contribution or the Excess SME Proceeds concept, which impacts creditors' recoveries under the Debtors' Revised Second Amended Plan.

On June 6, 2024, the Debtors filed further amended versions of the Debtors' Revised Second Amended Plan and the Debtors' Revised Second Amended Disclosure Statement. *See* Docket Nos. 744 and 746.

On June 12, 2024, the Petitioning Creditors and the Creditors' Committee (joined by the 2022 Notes Trustee) each filed supplemental objections to the Debtors' Solicitation Motion [Docket Nos. 771, 772 & 773] (the "Supplemental DS Objections"). In general, the Supplemental DS Objections argue that the Debtors' further revised disclosure statements continue to lack "adequate information" and describe a chapter 11 plan that is patently unconfirmable. As such, the Supplemental DS Objections request that the Court deny the Debtors' Solicitation Motion and reject the Debtors' request to solicit their plan. On June 14, 2024, the Debtors filed a reply to the Supplemental DS Objections. *See* Docket No. 785. On June 14, 2024, the Debtors filed further amended versions of the Debtors' Revised Second Amended Plan and the Debtors' Revised Second Amended Disclosure Statement. *See* Docket Nos. 786 and 787.

A hearing with respect to the Debtors' Solicitation Motion is currently scheduled for June 18, 2024.

The Debtors have requested the following text be included, which the Petitioning Creditors disagree with: "The Debtors disagree with the characterization of the various iterations of the Debtors' Plan and associated Disclosure Statements. The Debtors assert that as a threshold issue, the assertion that the Debtors' Plan is patently unconfirmable as an unmarketed new value plan is a conclusion of law that is without merit and contrary to the facts of these Chapter 11 Cases. As noted by the Bankruptcy Court, the Debtors made the affirmative decision to allow the exclusivity period to expire to market test the Debtors' Plan in accordance with settled case law. It is the Debtors' view that as both the Debtors and the Petitioning Creditors have made significant changes to their plans and increased the value provided to creditors, it is clear the Debtors' marketing process is working. In the Debtors' view, the assertion that the Debtors' Plan was not proposed in good faith is equally meritless. In the Debtors' view, the Debtors have engaged in good faith with parties in interest in these Chapter 11 Cases, including the Creditors' Committee, to materially improve the terms of the Debtors' Plan and increase the recovery for Creditors entitled to a recovery under the Debtors' Plan. The Debtors encourage all Creditors to review the terms of the Debtors' Plan and associated Disclosure Statement for an accurate description of the terms of the

Debtors' Plan, a more fulsome and accurate description of the Debtors' plan process and an understanding of the recovery creditors would be entitled to under the Debtors' Plan."

2. *The Petitioning Creditors' Motion to Terminate Exclusivity*

On January 29, 2024, the Petitioning Creditors filed a motion to terminate the Debtors' exclusivity period [Docket No. 384] (the "Exclusivity Termination Motion"), which was joined by the 2022 Notes Trustee [Docket No. 419]. On March 12, 2024, the Creditors' Committee filed a statement in support of the Exclusivity Termination Motion [Docket No. 473]. The Exclusivity Termination Motion argues that the Debtors forfeited exclusivity by filing the Debtors' Initial Plan, which is an unconfirmable new value plan (*id.* at 18), and that even if the Debtors had not filed an unconfirmable new value plan, termination is warranted under the *Adelphia* factors (*id*. at 19-29). The Exclusivity Termination Motion also argues that the Debtors have repeatedly demonstrated that they have no intention of advancing these Chapter 11 Cases to a good faith resolution. *Id*. at 18, 22.

Pursuant to the Adjournment Order, the Bankruptcy Court adjourned all briefing and hearing dates and deadlines with respect to the Exclusivity Termination Motion pending further discussion at the February 27 Status Conference. At the February 27 Status Conference, the Bankruptcy Court scheduled the Exclusivity Termination Motion for the April 9 Trial.

On March 25, 2024, the Debtors' exclusivity periods expired under the Bankruptcy Code without the Debtors seeking any extension.

3. *Mediation*

On February 13, 2024, the Debtors filed a motion to compel mediation regarding the Debtors' Initial Plan and other issues affecting these Chapter 11 Cases [Docket No. 412] (the "Motion to Compel Mediation"). On February 14, 2024, the Petitioning Creditors and the Creditors' Committee each filed letters in response to the Motion to Compel Mediation [Docket Nos. 414 and 415]. The Petitioning Creditors asserted that the Motion to Compel Mediation was unnecessary, intended to create additional delay and cost, and the timing of the filing was further indication of the Debtors' lack of good faith in participating in the mediation. Nevertheless, the Petitioning Creditors indicated that they were ready, willing, and able to participate in mediation as soon as possible. The Creditors' Committee agreed with the Petitioning Creditors, and further suggested that the parties use the time leading up to the February 27 Status Conference to explore "whether it would be feasible to reach a mediated resolution of these cases" and proposed that Judge Allan L. Gropper, (Ret.) who previously presided over the Initial Mediation of these parties in September 2023, serve as the mediator. *See* Docket No. 415 at 1.

On February 15, 2024, the Bankruptcy Court adjourned all briefing and hearing dates and deadlines with respect to the Motion to Compel Mediation pending further discussion at the February 27 Status Conference. At the February 27 Status

Conference, the Bankruptcy Court directed the parties to participate in the Chapter 11 Mediation (as defined below).

4. *February 27 Status Conference*

In accordance with the Bankruptcy Court's Adjournment Order entered on February 12, 2024, the parties met and conferred regarding a joint status report setting forth their respective positions, which status report was filed on February 26, 2024 [Docket No. 435]. At the status conference held on February 27, 2024 (the "February 27 Status Conference"), the Bankruptcy Court directed the parties to mediate (the "Chapter 11 Mediation") before Judge Allan L. Gropper, (Ret.) (the "Mediator"). On March 13, 2024, the Bankruptcy Court entered the order re-appointing the Mediator [Docket No. 479] (the "Mediation Order"), which directed the Debtors, the Petitioning Creditors, the Creditors' Committee, the Nominees, Levona, the 2022 Notes Trustee, Eletson Corp, and Eletson Gas to mediate the Mediation Matters (as defined in the Mediation Order). The Chapter 11 Mediation began on March 27, 2024. The Chapter 11 Mediation continued thereafter. While the parties negotiated and engaged in the Chapter 11 Mediation in good faith, the parties were not able to reach settlement on the Mediation Matters.

At the February 27 Status Conference, the Bankruptcy Court also scheduled the April 9 Trial on the UCC Trustee Motion, the UST Trustee Motion, and the Exclusivity Termination Motion. On March 8, 2024, the Bankruptcy Court entered the scheduling order on the UCC Trustee Motion, the UST Trustee Motion, and the Exclusivity Termination Motion [Docket No. 467] (the "Scheduling Order"), which set March 22, 2024 as the objection deadline and April 2, 2024 as the reply deadline on the UCC Trustee Motion, the UST Trustee Motion, and the Exclusivity Termination Motion.[21] *See* Docket No. 467.

5. *Expiration of Exclusivity*

On March 25, 2024, the Debtors' exclusivity periods expired under the Bankruptcy Code without the Debtors seeking any extension. Accordingly, on March 26, 2024, the Petitioning Creditors as Plan Proponents filed a prior version of the Plan and Disclosure Statement. *See* Docket Nos. 531 and 532.

On April 10, 2024, the Petitioning Creditors filed a motion for approval of the prior Disclosure Statement and procedures for the solicitation of votes with respect to a prior version of the Plan [Docket No. 574] (the "Petitioning Creditors' Solicitation Motion"). The Petitioning Creditors' Solicitation Motion was heard at the May 15 Hearing. *See* Docket No. 632 and 656. On May 9, 2024, the Debtors filed an objection to the Petitioning Creditors' Solicitation Motion, which the Petitioning Creditors replied to on May 13, 2024. *See* Docket Nos. 653 and 667. On May 14, 2024, the Creditors' Committee filed a statement in support of the Petitioning Creditors' Solicitation Motion.

[21] Subsequently, the Petitioning Creditors' Trustee Motion and the DIP Motion were scheduled to be heard at the April 9 Trial. *See* Docket Nos. 481 and 494.

See Docket No. 689. No other parties filed any pleadings with respect to the Petitioning Creditors' Solicitation Motion.

D. The Petitioning Creditors' Plan and Related Negotiations

Following the expiration of the Debtors' exclusivity periods, on March 26, 2024, the Plan Proponents filed an initial version of the Plan [Docket No. 531] (the "PC Initial Plan") and related disclosure statement [Docket No. 532]. Following the filing of the PC Initial Plan, the Plan Proponents and their advisors engaged in substantial negotiations with various creditors and constituents in these Chapter 11 Cases, including the Creditors' Committee and their advisors, among others. Following these discussions, on May 10, 2024, the Plan Proponents filed a *Notice of Filing of (1) Anticipated Modifications to the Petitioning Creditors' Joint Chapter 11 Plan of Reorganization of Eletson Holdings Inc. and its Affiliated Debtors and (2) Certain Appendices Related to the Petitioning Creditors' Disclosure Statement Related Thereto* [Docket No. 658]. On May 13, 2024, the Plan Proponents filed an amended version of the Plan and an amended Disclosure Statement.

On May 14, 2024, the Plan Proponents filed further amended versions of the Plan and the amended Disclosure Statement [Docket Nos. 695 and 696]. Among other things, the Plan and Disclosure Statement contain a number of significant changes from that set forth in the PC Initial Plan, such as:

- Decreasing the Backstop Premium from 10% to 8%;
- Increasing the GUC Cash Pool from US$12,500,000 to US$13,500,000;
- Increasing the Convenience Claim Threshold Amount from US$200,000 to US$1,000,000;
- Increasing the Convenience Claim Cap from US$1,000,000 to US$2,500,000
- Increasing the recovery percentage for Holders of Allowed Convenience Claims from 10% to 15%;
- Giving all General Unsecured Claimholders the option to become Backstop Parties; and
- Establishing the composition of the New Board and certain governance matters relating thereto.

The key terms of the Plan, including creditors' estimated recoveries are summarized below.

At the May 15 Hearing, the Bankruptcy Court approved the Petitioning Creditors' Solicitation Motion and the Rights Offering Procedures Motion (as defined below), but declined to enter the orders approving the respective motions until the

Debtors addressed the various issues raised at the May 15 Hearing on the Debtors' Second Amended Plan and the Debtors' Second Amended Disclosure Statement.

At the May 31 Status Conference, the parties discussed the Debtors' Revised Second Amended Plan and the Debtors' Revised Second Amended Disclosure Statement and the Bankruptcy Court continued the hearing on the Debtors' Revised Second Amended Disclosure Statement to June 7, 2024. *See* Docket No. 736. The Bankruptcy Court also directed the parties to submit a joint status report to the Bankruptcy Court on June 6, 2024. *Id.*

E. The Petitioning Creditors' "Alternative Plan"

At the May 15 Hearing, the Petitioning Creditors expressed their desire to submit an alternative offer based on the structure of the Debtors' Amended Plan. After the May 15 Hearing, the Petitioning Creditors continued to express interest in submitting an alternative offer, but the Debtors did not engage and could not identify who at the Debtors would receive and evaluate such bid. *See* Docket Nos. 712, 718 & 720. In order to progress these cases, on June 5, 2024, the Petitioning Creditors provided an alternative bid term sheet (the "PC Alternative Term Sheet ") to counsel for the Debtors and the Creditors' Committee and the next day filed the PC Alternative Term Sheet on the docket. *See* Docket No. 745. The PC Alternative Term Sheet sets forth the terms of a comprehensive restructuring of the existing debt and other obligations of the Debtors that is based on the Debtors' Amended Plan but provides significant improvements for creditors. *Id.*

On June 11, 2024, the Petitioning Creditors filed the *Petitioning Creditors' Alternative Chapter 11 Plan for Eletson Holdings Inc. and its Affiliated Debtors* [Docket No. 762] (the "PC Alternative Plan") and the related disclosure statement [Docket No. 763] (the "PC Alternative DS"). A motion to consider approval of the PC Alternative DS [Docket No. 764] (the "PC Alternative Solicitation Motion") is scheduled for the June 18 Hearing consistent with the Court's direction at a hearing held on June 7, 2024. On June 14, 2024, the Petitioning Creditors filed financial wherewithal information related to the PC Alternative Plan. *See* Docket No. 781. On June 14, 2024, the Debtors filed an objection to the PC Alternative Solicitation Motion and the Creditors' Committee filed an objection and reservation of rights to the PC Alternative Solicitation Motion. *See* Docket Nos. 783 and 784.

IV. SUMMARY OF THE PLAN

THE FOLLOWING SUMMARY HIGHLIGHTS CERTAIN PROVISIONS OF THE PLAN AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE PLAN (A COPY OF WHICH IS ATTACHED HERETO AS **APPENDIX A**). IN THE EVENT OF ANY INCONSISTENCY BETWEEN THE PLAN AND THIS DISCLOSURE STATEMENT, THE PLAN SHALL CONTROL.

A. Unclassified Claims

In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims (including, Professional Fee Claims and U.S. Trustee Fees), DIP Claims, and Priority Tax Claims are not classified and not entitled to vote on the Plan.

1. *Administrative Claims*

Except with respect to Professional Fee Claims, unless the Holder of an Allowed Administrative Claim agrees to less favorable treatment of such Claim, on or as soon as reasonably practicable after the later of (a) the Effective Date, (b) the date on which an Administrative Claim becomes an Allowed Administrative Claim, or (c) the date on which an Allowed Administrative Claim becomes payable under any agreement relating thereto, each Holder of an Allowed Administrative Claim shall receive, in full and final satisfaction, compromise, settlement, release, and discharge of, and in exchange for, such Allowed Administrative Claim, Cash equal to the unpaid portion of such Allowed Administrative Claim.

To the extent not already asserted in the Chapter 11 Cases pursuant to a timely filed Proof of Claim in accordance with the Bar Date Order, all requests for allowance and payment of Administrative Claims (other than (i) Professional Fee Claims (such claims are subject to the Professional Fee Claims Bar Date), (ii) Claims asserted under section 503(b)(9) of the Bankruptcy Code (such Claims are subject to the General Bar Date), (iii) U.S. Trustee Fees, (vi) Administrative Claims that have been Allowed on or before the Effective Date, and (v) Administrative Claims that were already asserted in the Chapter 11 Cases pursuant to a timely Proof of Claim in accordance with the Bar Date Order), must be filed and served on the Debtors and the Plan Proponents, or, after the Effective Date, Reorganized Holdings, and their counsel, so as to actually be received on or before the Administrative Claims Bar Date. The notice of the occurrence of the Effective Date shall set forth the Administrative Claims Bar Date and shall constitute notice thereof. For the avoidance of doubt, Holders of Administrative Claims based on liabilities incurred by the Debtors in the ordinary course of business after the Petition Date must file and serve a request for payment of such Administrative Claim by the applicable Administrative Claims Bar Date.

After notice and a hearing, the Allowed amounts, if any, of Administrative Claims shall be determined by, and satisfied in accordance with, a Final Order.

Holders of Administrative Claims (other than (i) Professional Fee Claims, (ii) Claims asserted under section 503(b)(9) of the Bankruptcy Code), (iii) U.S. Trustee Fees, (iv) Administrative Claims that have been Allowed on or before the Effective Date, and (v) Administrative Claims that were already asserted in the Chapter 11 Cases pursuant to a timely filed Proof of Claim in accordance with the Bar Date Order), that do not file and serve a request for allowance and payment of an Administrative Claim by the Administrative Claims Bar Date shall be forever barred, estopped, and enjoined from asserting Administrative Claims against the Debtors, Reorganized Holdings, the Estates, or their assets and properties, and any Administrative Claims shall be deemed disallowed as of the Effective Date without the need for any notices, objection, or other

action from the Debtors or Reorganized Holdings, as applicable, or any action or approval of the Bankruptcy Court.

2. *DIP Claims*

All DIP Claims (if any) shall be deemed Allowed as of the Effective Date in an amount equal to the aggregate amount of the DIP Facility obligations approved by the Bankruptcy Court, including, (i) the principal amount outstanding under the DIP Facility on such date, (ii) all interest accrued and unpaid thereon through and including the date of payment, and (iii) all accrued fees, expenses, and indemnification obligations (if any) payable under the DIP Documents.

On the Effective Date, except to the extent a Holder of an Allowed DIP Claim agrees to a less favorable treatment of such Claim, each Holder of an Allowed DIP Claim shall receive, in full and final satisfaction, compromise, settlement, release and discharge of, and in exchange for such Allowed DIP Claim Cash equal to the unpaid portion of such Allowed DIP Claim.

Contemporaneously with the foregoing treatment, the DIP Facility and DIP Documents shall be deemed terminated without further action by the DIP Agent or the DIP Lenders. The DIP Agent and DIP Lenders shall take all actions to effectuate and confirm such termination as reasonably requested by the Plan Proponents or Reorganized Holdings, as applicable.

3. *U.S. Trustee Fees*

All U.S. Trustee Fees payable after the Effective Date, if any, shall be paid by Reorganized Holdings until the closing of the Chapter 11 Cases pursuant to section 350(a) of the Bankruptcy Code.

4. *Priority Tax Claims*

Unless the Holder of an Allowed Priority Tax Claim agrees to less favorable treatment of such Claim, each Holder of an Allowed Priority Tax Claim shall receive, in full and final satisfaction, compromise, settlement, release, and discharge of, and in exchange for such Allowed Priority Tax Claims, either (a) payment in full in Cash, on the latest of (i) the Effective Date, (ii) the date on which a Priority Tax Claim becomes an Allowed Priority Tax Claim, and (iii) the date such Allowed Priority Tax Claim becomes payable under applicable non-bankruptcy law, (b) upon such other terms as agreed between the Plan Proponents and each Holder of such Allowed Priority Tax Claim, or (c) over a period ending not later than five (5) years after the Petition Date consistent with section 1129(a)(9)(C) of the Bankruptcy Code.

5. *Professional Fee Claims*

All applications for allowance and payment of Professional Fee Claims by Professionals for services rendered and reimbursement of expenses incurred prior to the Effective Date must be filed on or before the Professional Fee Claims Bar Date. If an application for a Professional Fee Claim is not filed by the Professional Fee Claims Bar Date, such Professional Fee Claim shall be deemed waived, and the Holder of such

Claim shall be forever barred from receiving payment on account thereof. The notice of the occurrence of the Effective Date shall set forth the Professional Fee Claims Bar Date and shall constitute notice thereof. Objections to any Professional Fee Claims must be filed and served on Reorganized Holdings, the Plan Proponents, and the requesting Professional, no later than twenty-one (21) days after service of the applicable final application for allowance and payment of Professional Fee Claims.

Unless otherwise agreed to (1) by the Plan Proponent and the Professional prior to the Effective Date or (2) by Reorganized Holdings and the Professional after the Effective Date, the amount of Professional Fee Claims owing to such Professional that are Allowed by Final Order shall be paid in full in Cash by Reorganized Holdings as soon as reasonably practicable after its Professional Fee Claims are Allowed by order of the Bankruptcy Court, (x) *first*, by application of any retainer monies held by such Professional, and (y) *second*, once such retainer balance is exhausted, Reorganized Holdings shall pay such Professional the remaining balance of its Allowed Professional Fee Claim in Cash.

6. *Post-Effective Date Fees and Expenses*

On the Effective Date, the retention, including all rights and duties arising from, or related to, the Chapter 11 Cases, of each of the Debtors' retained professionals shall terminate; *provided*, *however*, that the Debtors' retained professionals may file fee applications in accordance with the Plan and Confirmation Order by the Professional Fee Claims Bar Date.

B. Classification and Treatment of Claims

The following table summarizes the classification and treatment of all Claims against the Debtors under the Plan.

Class and Estimated Amount	Summary of Treatment	Estimated Recovery	Entitled to Vote
Other Priority Claims[22] **(Class 1)** **(Amount $0)**	Unless the Holder of an Allowed Other Priority Claim agrees to less favorable treatment of such Claim, each Holder of an Allowed Other Priority Claim shall receive, in full and final satisfaction, compromise, settlement, release, and discharge of, and in exchange for such Allowed Other Priority Claim, at the option of the Plan Proponents or Reorganized Holdings, as applicable, Cash in an amount equal to the Allowed amount of such Allowed Other Priority Claim as soon as reasonably practicable after the latest of (1) the Effective Date, (2) the date that such Claim becomes an Allowed Other Priority Claim, and (3) a date agreed to by the Plan Proponents or Reorganized Holdings, as applicable, and the Holder of such Allowed Other Priority Claim.	100% Unimpaired	No (Deemed to Accept)
Secured Claims[23] **(Class 2)** **(Amount TBD)**	Unless the Holder of an Allowed Secured Claim agrees to less favorable treatment of such Claim, each Holder of an Allowed Secured Claim shall receive, in full and final satisfaction, compromise, settlement, release, and discharge of, and in exchange for such Allowed Secured Claim, at the option of the Plan Proponents or Reorganized Holdings, as applicable, (1) Cash in an amount equal to the Allowed amount of such Allowed Secured Claim as soon as reasonably practicable after the latest of (A) the Effective Date, (B) the date that such Claim becomes an Allowed Secured Claim, and (C) a date agreed to by the Plan Proponents or Reorganized Holdings, as applicable, and the Holder of such Secured Claim; (2) reinstatement of such Allowed Secured Claim; (3) the collateral securing such Holder's Allowed Secured Claim, with any deficiency to result in an Allowed General Unsecured Claim; or (4) such other treatment rendering such Allowed Secured Claim Unimpaired.	100% Unimpaired	No (Deemed to Accept)

[22] *Other Priority Claim* means any Claim against any Debtor accorded priority in right of payment under section 507(a) of the Bankruptcy Code, other than an Administrative Claim, DIP Claim, or Priority Tax Claim.

[23] *Secured Claim* means a Claim against a Debtor (other than an Administrative Claim, DIP Claim, Priority Tax Claim, Other Priority Claim, OCM Guaranty Claim, Subordinated Claim, or Intercompany Claim), that is secured by a Lien on property in which a Debtor's Estate has an interest or that is subject to setoff under section 553 of the Bankruptcy Code, to the extent of the value of the Claim Holder's interest in the applicable Estate's interest in such property or to the extent of the amount subject to setoff, as applicable, as determined pursuant to section 506(a) or 1129(b) of the Bankruptcy Code or, in the case of setoff, pursuant to section 553 of the Bankruptcy Code.

Class and Estimated Amount	Summary of Treatment	Estimated Recovery	Entitled to Vote
General Unsecured Claims[24] **(Class 3)** **(Amount $505 million to $768 million)**	Unless the Holder of an Allowed General Unsecured Claim agrees to less favorable treatment of such Claim, each Holder of an Allowed General Unsecured Claim shall receive on the Effective Date or as soon as practicable thereafter, in full and final satisfaction, compromise, settlement, release, and discharge of, and in exchange for such Allowed General Unsecured Claim, the following (1) and (2): (1) at such Holder's election, either a. Equity Option: if such General Unsecured Claimholder makes a written election on a timely and properly delivered and completed Ballot or other writing satisfactory to the Plan Proponents, its Pro Rata Share of 25% of the Reorganized Equity (subject to dilution on account of the Backstop Premium and the EIP); or b. Cash Option: its Pro Rata Share, among General Unsecured Claims, of the GUC Cash Pool; *provided*, for the avoidance of doubt, the Pro Rata Share calculation in this subclause (B) shall be calculated based on the aggregate amount of all Allowed General Unsecured Claims whether or not Holders of such Claims receive the treatment in this subclause (B); *provided*, if a General Unsecured Claimholder does not submit a Ballot or submits a Ballot but fails to affirmatively elect the treatment set forth in Section 3.3(c)(iii)(1)(A) of the Plan, such General Unsecured Claimholder shall be deemed to have elected the treatment specified in Section 3.3(c)(iii)(1)(B) of the Plan with respect to its Allowed General Unsecured Claim; and (2) Rights Offering: its Pro Rata Share of the Rights Offering Subscription Rights (subject to dilution on account of the Backstop Premium and the EIP), to purchase the Reorganized Equity to be issued pursuant to the Rights Offering to the extent such General Unsecured Claimholder elects to exercise its Rights Offering Subscription Rights.	1.8-2.7% (Cash Out) 1.9-8.32% (Equity, excluding rights exercise) 2.9% -12.7% (Equity including rights exercise)[25] Impaired	Yes

Class and Estimated Amount	Summary of Treatment	Estimated Recovery	Entitled to Vote
Convenience Claims[26] **(Class 4)** **(Amount TBD)**	On the Effective Date, except to the extent that a Holder of an Allowed Convenience Claim agrees to less favorable treatment of such Claim, each Holder of an Allowed Convenience Claim shall receive, in full and final satisfaction, compromise, settlement, release and discharge of and in exchange for such Allowed Convenience Claim, Cash in an amount equal to 15% of the face amount of such Holder's Allowed Convenience Claim; *provided*, the aggregate distributions to Holders of Convenience Claims shall not exceed the Convenience Claim Cap; *provided*, *further*, that in the event the aggregate distributions to Holders of Convenience Claims exceeds the Convenience Claim Cap, Holders of such Claims shall receive their Pro Rata Share of the Convenience Claim Cap.	15%[27] Impaired	Yes

[24] *General Unsecured Claim* means any Claim against any Debtor, but excluding any Administrative Claims, DIP Claims, Professional Fee Claims, U.S. Trustee Fees, Priority Tax Claims, Other Priority Claims, Convenience Claims, OCM Guaranty Claims, Subordinated Claims, or Intercompany Claims, as of the Petition Date that is neither secured by collateral nor entitled to priority under the Bankruptcy Code or any Final Order of the Bankruptcy Court. For the avoidance of doubt, any General Unsecured Claims (including, for the avoidance of doubt, 2022 Notes Claim and Old Notes Claims) that exceed the Convenience Claim Threshold Amount is a "General Unsecured Claim," unless, pursuant to Section 3.3(d)(i), such Holder irrevocably elects to have its General Unsecured Claim treated as a Convenience Claim on its Ballot.

[25] The Valuation Analysis attached hereto as **Appendix E** estimates plan equity value ranging from $55.8 million (low) to $68.3 million (high) with a midpoint of $62.1 million. The 8% Backstop Premium is calculated on the basis of the equity value plus the maximum Rights Offering Amount minus Administrative Claims, Convenience Claims, and the Cash Out option. The Plan cash is set at $5 million in all scenarios with the excess cash being returned to the Rights Offering participants. After the allocation of the Backstop Premium, the remaining equity value is split between the Reorganized Equity to General Unsecured Claimholders under the Plan (25%) and the Rights Offering participants (75%).

[26] *Convenience Claim* means any Allowed General Unsecured Claim against the Debtors in an amount that is greater than $0 but less than or equal to the Convenience Claim Threshold Amount; *provided*, that Holders of Allowed General Unsecured Claims (including, for the avoidance of doubt, 2022 Notes Claims and Old Notes Claims) exceeding the Convenience Claim Threshold Amount may irrevocably elect on their Ballot to have their General Unsecured Claim reduced to the Convenience Class Threshold Amount and treated as Convenience Claims.

[27] Estimated recoveries for Holders of Allowed Convenience Claims will be less than 15% if more than $16,666,667 in Claims elect to have their General Unsecured Claim reduced to the Convenience Class Threshold Amount and treated as Convenience Claims.

Class and Estimated Amount	Summary of Treatment	Estimated Recovery	Entitled to Vote
OCM Guaranty Claims[28] **(Class 5)** **(Amount N/A)**	On the Effective Date, all OCM Guaranty Claims shall be Reinstated and such Holder's claims shall be rendered Unimpaired in accordance with section 1124 of the Bankruptcy Code.	N/A Unimpaired	No (Deemed to Accept)
Subordinated Claims[29] **(Class 6)** **(Amount TBD)**	On the Effective Date, each Allowed Subordinated Claim shall be cancelled, discharged, and released, without any distribution to Holders.	0% Impaired	No (Deemed to Reject)
Intercompany Claims[30] **(Class 7)** **(Amount N/A)**	On the Effective Date, each Allowed Intercompany Claim shall either be Reinstated or discharged, cancelled, released, and extinguished, without any distributions to Holders, as determined by the Plan Proponents or Reorganized Holdings, as applicable.	N/A Impaired / Unimpaired	No (Deemed to Accept /Reject)
Intercompany Interests[31] **(Class 8)** **(Amount N/A)**	On the Effective Date, each Allowed Intercompany Interest shall be either be Reinstated or discharged, cancelled, released, and extinguished, without any distributions to Holders, as determined by the Plan Proponents or Reorganized Holdings, as applicable.	N/A Impaired / Unimpaired	No (Deemed to Accept / Reject)

[28] *OCM Guaranty Claim* means any Claim arising from or related to the guarantees executed by Eletson Holdings in favor of the obligations of each of: Fourni Special Maritime Enterprises; Kastos Special Maritime Enterprises; Kimolos II Special Maritime Enterprise; Kinaros Special Maritime Enterprise; OCM Maritime Rhine LLC; OCM Maritime Yukon LLC; OCM Maritime Autumn LLC; and OCM Maritime Thames LLC.

[29] *Subordinated Claim* means collectively, Section 510(b) Claims and Eletson Insider Claims.

[30] *Intercompany Claim* means any and all Claims of a Debtor against another Debtor or non-Debtor Affiliate.

[31] *Intercompany Interest* means an Interest in a Debtor held by another Debtor; *provided*, for the avoidance of doubt, Parent Equity Interests are not Intercompany Interests.

Class and Estimated Amount	Summary of Treatment	Estimated Recovery	Entitled to Vote
Existing Equity Interests[32] **(Class 9)**	On the Effective Date, each Allowed Existing Equity Interest shall be discharged, cancelled, released, and extinguished, without any distributions to Holders.	0% Impaired	No (Deemed to Reject)

C. Other Miscellaneous Plan Provisions

The Plan contains various provisions relating to:

- the means for implementing the Plan, and operations and governance of the Debtors after the Effective Date (*see* Article V;)
- procedures for making distributions from the Debtors and Reorganized Holdings and the rights and powers of any Disbursing Agent (*see* Article VI);
- procedures for the reconciliation of Claims and Proofs of Claim and related matters, such as objections and estimation for any Disputed Claims (*see* Article VII);
- the treatment of executory contracts and unexpired leases (*see* Article VIII);
- conditions precedent to consummation of the Plan (*see* Article IX);
- the effect of confirmation (including the injunction and exculpation provisions (as explained in greater detail below)) (*see* Article X); and
- miscellaneous other implementation and effectuating provisions, including the retention of the Bankruptcy Court's jurisdiction with respect to certain issues (*see* Articles XI, XII).

D. Certain Matters Relating to the Old Notes and the 2022 Notes

The Plan contains certain provisions in Section 5.4 of the Plan (titled "Cancellation of Existing Securities and Agreements") that impacts distributions to

[32] *Existing Equity Interest* means all existing equity Interests (other than Intercompany Interests), including without limitation, (a) any and all Parent Equity Interest, and (b) all common and preferred stock and all rights to purchase common and preferred stock in each Debtor.

Holders of Old Notes Claims and 2022 Notes Claims. Among other things, Section 5.4 of the Plan provides that:

> [T]he 2022 Notes Documents and the Old Notes Documents shall continue in effect solely for the purposes of (a) allowing the applicable Holders of Claims to receive their respective distributions under this Plan as provided herein, (b) allowing the Indenture Trustees to facilitate the distributions under this Plan to the applicable Holders of Claims as provided herein and otherwise comply with any obligations they may have under this Plan, including the cancellation of existing security interests pursuant to this Section 5.4, (c) allowing the Indenture Trustees to preserve their respective rights to payment of fees, expenses, and indemnification obligations as against any money or property distributable to the relevant Holder of 2022 Notes Claims and Old Notes Claims, as applicable, under this Plan, and to deduct such fees and expenses from such distributions, including in respect of payment and the right to exercise their charging liens, if any, against such distributions, (d) permitting the Indenture Trustees to perform any functions that are necessary to effectuate the foregoing, and (e) allowing the Indenture Trustees to assert any other right, privilege, benefit, or protection granted to either of them under the relevant documentation other than against Reorganized Holdings and the Exculpated Parties; *provided*, that the foregoing shall not affect the discharge of the Debtors with respect to the 2022 Notes Claims and the Old Notes Claims as provided for herein, or result in any expenses or liability to Reorganized Holdings, except to the extent set forth in or provided for under this Plan. Notwithstanding anything to the contrary herein, the terms and provisions of this Plan shall not alter, modify, or amend any existing contract or agreement between any of the Indenture Trustees and any current or former 2022 Noteholder or Old Noteholder, as applicable, and any such contract or agreement shall remain in full force and effect according to its terms following the Effective Date.

Plan § 5.4.

In broad strokes, Section 5.4 of the Plan affirms the ability of the Old Notes Trustee and the 2022 Notes Trustee to exercise their respective "charging lien" to recover from noteholders' distributions under the Plan amounts necessary to satisfy the Old Notes Trustee's and 2022 Notes Trustee's fees and expenses related to their respective indentures. Such amounts will reduce noteholders' recoveries under the Plan on a pro rata basis and are expected to be approximately (a) in the case of the Old Notes Trustee, approximately $400,000, and (b) in the case of the 2022 Notes Trustee, between approximately $3,000,000 and $4,000,000. To the extent that any noteholders have paid the Old Notes Trustee's and/or 2022 Notes Trustee's fees and expenses prior to the Effective Date, such fees and expenses will be reimbursed in accordance with any agreements between such noteholder(s) and the Old Notes Trustee and/or 2022 Notes Trustee.

E. New Board of Reorganized Holdings

The Plan contains the following provision regarding the New Board of Reorganized Holdings.

The New Board shall consist of three directors: (i) one director selected by the Plan Proponents, (ii) one director selected by the Plan Proponents, subject to consent of the Creditors' Committee (not to be unreasonably withheld, conditioned, or delayed), and (iii) one director designated as "independent" selected by the Creditors' Committee (the "Independent Director"). The identities of directors on the New Board shall be set forth in the Plan Supplement, to the extent known at the time of filing, in accordance with 11 U.S.C. § 1129(a)(5).

The New Corporate Governance Documents will (i) prohibit the issuance of non-voting equity securities, to the extent required under section 1123(a)(6) of the Bankruptcy Code, and (ii) provide that any decisions related to claims and causes of action with Levona Holdings, Ltd. and its affiliates, including Pach Shemen (the "*Levona Claims*") are required to be made by the independent director; *provided*, that if the New Board disagrees with any of the decisions of the Independent Director with respect to the Levona Claims, the New Board can refer the dispute to a final offer arbitrator (also known as a baseball arbitrator) or an early neutral evaluator—in each case, governed by the International Centre for Dispute Resolution and the American Arbitration Association—to decide; *provided*, *further*, the majority of Reorganized Holdings' shareholders other than Pach Shemen (including, any Reorganized Holdings' shareholders affiliated with Pach Shemen) may settle the Levona Claims or direct the actions of the independent director with respect to the Levona Claims. The costs of any such arbitrations or evaluations shall be borne by Reorganized Holdings.

The members of the governing body of each Debtor prior to the Effective Date, in their capacities as such, shall have no continuing obligations to Reorganized Holdings on or after the Effective Date and each such member will be deemed to have resigned or shall otherwise cease to be a director or manager of the applicable Debtor on the Effective Date. Commencing on the Effective Date, each of the directors of Reorganized Holdings shall serve pursuant to the terms of the New Corporate Governance Documents and may be replaced or removed in accordance with such organizational documents.

F. Backstop Commitment and Rights Offering

1. *Backstop Agreement*

Under the terms of the Backstop Agreement: (a) on the Effective Date, the Initial Backstop Party has agreed to purchase all of the Reorganized Equity offered and not duly subscribed for and/or purchased in the Rights Offering in accordance with the Rights Offering Procedures; and (b) the Backstop Parties will receive the Backstop Premium, which will be immediately and automatically deemed fully earned upon entry into the Backstop Agreement and payable upon the Effective Date. The Initial Backstop Party's financial wherewithal to make the backstop commitment, as well as a commitment letter, is attached hereto as **Appendix F**.

In accordance with the Backstop Agreement and the Plan, any General Unsecured Claimholder that is eligible to purchase the Reorganized Equity pursuant to Section 5.9(b) of the Plan and desires to participate in the Backstop Agreement, that delivers: (a) an executed election joinder in the form attached to the Backstop Agreement as Exhibit C, including certification of eligibility to purchase such Reorganized Equity; and (b) proof of funds or other financial wherewithal documentation, in each case, to counsel for the Petitioning Creditors at Togut, Segal & Segal LLP (Kyle J. Ortiz (kortiz@teamtogut.com) and Bryan M. Kotliar (bkotliar@teamtogut.com)), no later than ten (10) days following the Solicitation Commencement Deadline (as defined in the Rights Offering Approval Order) (any such General Unsecured Claimholder that complies with the foregoing, a "Subsequent Backstop Party" and together with the Initial Backstop Parties, the "Backstop Parties").

The offering, issuance, and distribution of the Reorganized Equity on account of the General Unsecured Claims and the Rights Offering shall be exempt from, among other things, the registration requirements of section 5 of the Securities Act and any other applicable U.S. state or other law requiring registration prior to the offering, issuance, distribution, or sale of securities in accordance with, and pursuant to, section 1145 of the Bankruptcy Code to the extent permitted or under the Securities Act by virtue of section 4(a)(2) thereof, Regulation D, and/or Regulation S. Such Reorganized Equity issued pursuant to section 1145 of the Bankruptcy Code will not be "restricted securities" as defined in Rule 144(a)(3) of the Securities Act and will be freely tradable and transferable by the initial recipients thereof, subject to the provisions of section 1145(b)(1) of the Bankruptcy Code relating to the definition of an underwriter in section 1145(b) of the Bankruptcy Code, and compliance with applicable securities laws, including Rule 144 of the Securities Act, and any rules and regulations of the SEC, if any, applicable at the time of any future transfer of such securities or instruments. To the extent the issuance and distribution of any Reorganized Equity is being made in reliance on the exemption from registration set forth in section 4(a)(2) of the Securities Act, Regulation D, and/or Regulation S promulgated under the Securities Act, and similar registration exemptions applicable outside of the United States, such securities will be considered "restricted securities" subject to resale restrictions and may be resold, exchanged, assigned, or otherwise transferred only pursuant to a registration statement or available exemption from the registration requirements of the Securities Act and other applicable law.

The issuance of the Reorganized Equity to the Backstop Parties, and the payment of the Backstop Premium is being made in reliance on the exemption from registration set forth in section 4(a)(2) of the Securities Act, Regulation D, and/or Regulation S promulgated under the Securities Act, and similar registration exemptions applicable outside of the United States, such securities will be considered "restricted securities" subject to resale restrictions and may be resold, exchanged, assigned, or otherwise transferred only pursuant to a registration statement or available exemption from the registration requirements of the Securities Act and other applicable law.

Any securities issued under the EIP will be issued pursuant to a registration statement or available exemption from registration under the Securities Act and other applicable law.

2. *Rights Offering Procedures*

On April 17, 2024, the Petitioning Creditors filed a motion [Docket No. 592] (the "Rights Offering Procedures Motion") seeking approval of procedures for conducting the Rights Offering.[33] On May 9, 2024, the Debtors filed an objection to the Rights Offering Procedures Motion, which the Petitioning Creditors replied to on May 13, 2024. *See* Docket Nos. 652 and 667. On [•] [•], 2024, the Bankruptcy Court entered an order approving the Rights Offering Procedures Motion [Docket No. [•]] (the "Rights Offering Approval Order"). The up to $43.5 million Rights Offering will be conducted in reliance upon the exemptions from registration under section 1145 of the Bankruptcy Code or Section 4(a)(2) of the Securities Act. All General Unsecured Claimholders (each, an "Applicable Claim") are entitled to receive their share of Rights Offering Subscription Rights to acquire up to 75% of the Reorganized Equity, at a price that represents an implied 10.8% discount to the mid-point of the plan equity value of up to US$62,058,088.00, in accordance with the Rights Offering Procedures, which shall be backstopped by the Backstop Parties.

Subject to the terms and conditions set forth in the Plan, the Rights Offering Procedures and the form to be used for exercising the Rights Offering Subscription Rights (the "Subscription Form"), each General Unsecured Claimholder of an Applicable Claim is entitled to subscribe for up to its Pro Rata Portion (as defined in the Rights Offering Procedures) of the Reorganized Equity to be issued pursuant to the Rights Offering at a purchase price of $[•][34] per security (the "Purchase Price"). There will be no oversubscription rights in the Rights Offering. Any Reorganized Equity that is unsubscribed by General Unsecured Claimholders pursuant to the Rights Offering will not be offered to other General Unsecured Claimholders but will be purchased by the Backstop Parties in accordance with the Backstop Agreement. Subject to the terms and conditions of the Backstop Agreement, the Backstop Parties are obligated to purchase their Pro Rata Portion of the applicable Reorganized Equity pursuant to the Rights Offering.

Pursuant to the Rights Offering Procedures, the Rights Offering will commence three Business Days from the entry of the Rights Offering Approval Order (the "Subscription Commencement Date") and will end on June [__], 2024 at 4:00 p.m. prevailing Eastern Time (the "Subscription Expiration Date").

Pursuant to the Rights Offering Procedures, the Rights Offering 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 Rights Offering Subscription Rights from the corresponding Applicable Claim by a General Unsecured Claimholder will be null and void, will have no effect, and will not be recognized for any purpose. The Applicable Claim and the

[33] Capitalized terms not otherwise defined in this section of this Disclosure Statement shall have the meanings ascribed to such terms in the Rights Offering Procedures Motion or the Rights Offering Approval Order, as applicable.

[34] Rounded to the nearest whole cent.

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

Once a General Unsecured Claimholder has properly exercised its Rights Offering 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 Plan Proponents and the Subscription Agent. Moreover, following the exercise of any Rights Offering Subscription Rights, the Holder thereof shall be prohibited from transferring or assigning the Applicable Claims, as applicable, corresponding to such Rights Offering Subscription Rights until the earlier of (i) the termination of the Rights Offering and (ii) the revocation of exercise of the Rights Offering Subscription Rights to the extent permitted by the Rights Offering Procedures.

To exercise the Rights Offering Subscription Rights, a General Unsecured Claimholder must: (i) return a duly executed Subscription Form (including the 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 General Unsecured Claimholder is not one of the Backstop Parties, 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 General Unsecured Claimholder is one of the Backstop Parties, 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.

G. Proposed Substantive Consolidation

Substantive consolidation is an equitable legal doctrine under which a bankruptcy court may treat separate, individual debtors as if they were merged into a single debtor entity and vested with the cumulative assets and liabilities of the debtor estates. The result of substantive consolidation is that claims asserted by creditors against multiple debtors are converted into claims against the surviving consolidated debtor entity.

In determining whether to order substantive consolidation, courts in the Second Circuit consider whether (i) "creditors dealt with the entities as a single economic unit and did not rely on their separate identity in extending credit" or (ii) "the affairs of the debtors are so entangled that consolidation will benefit all creditors." *In re Augie/Restivo Baking Co., Ltd.*, 860 F.2d 515, 518 (2d Cir. 1988). Satisfaction of either prong will support substantive consolidation. *In re Extended Stay, Inc.*, No. 09-13764-JLG, 2020 WL 10762310, at *42 (Bankr. S.D.N.Y. Aug. 8, 2020). However, courts have cautioned that it is a remedy that is to be applied "sparingly." *Id.*

The first *Augie/Restivo* prong is "applied from the creditors' perspective" and the inquiry ''is whether creditors treated the [subject entities] as a single entity, not

whether the managers of the [entities] themselves, or consumers, viewed the [entities] as one enterprise." *Id.* at *43.

The second *Augie/Restivo* prong concerns both financial and operational entanglement between the subject entities, but the prong is only satisfied where the entanglement and/or commingling is so pervasive that untangling would be either impossible or so difficult and costly that doing so would effectively extinguish assets such that the creditors will not benefit from consolidation. *See e.g., In re Verestar, Inc.*, 343 B.R. 444, 463 (Bankr. S.D.N.Y. 2006) (denying consolidation of a non-debtor-parent-company who commingled funds and business operations with subsidiary-debtor, reasoning "there is no allegation that it is impossible to sort out the intercompany transfers or that the companies' respective rights to the cash cannot be traced"); *Extended Stay,* 2020 WL 10762310 at *53 (citing *In re WorldCom, Inc.*, No. 02-13533, 2003 WL 23861928, at *36 (Bankr. S.D.N.Y. Oct. 31, 2003) (explaining that substantive consolidation is appropriate when "it would be so costly and difficult to untangle the [d]ebtors' financial affairs, such that doing so is a 'practical impossibility,' " or "that it is not possible to create accurate financial data for each legal entity."); *In re Drexel Burnham Lambert Grp.*, Inc., 138 B.R. 723, 766 (Bankr. S.D.N.Y. 1992) (finding substantive consolidation appropriate where debtors operated as single enterprise and establishing allocation of liability "would be a Herculean task consuming years of costly professional services, thereby draining significant amounts of value from the [d]ebtors' estates")).

In evaluating whether to order substantive consolidation, courts consider (a) the presence or absence of consolidated financial statements, (b) the unity of interest and ownership between various corporate entities, (c) the existence of parent and intercompany guarantees on loans, (d) the degree of difficulty in segregating and ascertaining individual assets and liabilities, (e) the existence of transfers of assets without formal observation of corporate formalities, (f) the commingling of assets and business functions, and (g) the profitability of consolidation at a single location. *Augie/Restivo*, 860 F.2d at 518.

The Plan provides for limited substantive consolidation of the Debtors' estates for purposes of making distributions under the Plan. The Plan Proponents believe that consensual substantive consolidation provides the most equitable treatment as to the Debtors' creditors (which nearly entirely consist of claims against Debtor Eletson Holdings and not Debtors Eletson MI and Eletson Finance). Substantive consolidation maximizes the returns to creditors under the Plan and no creditors or other parties in interest are harmed by the limited substantive consolidation contemplated by the Plan.

H. Releases

The Plan does not provide for the release of Claims or Causes of Action belonging to the Debtors or their Estates or any third party Claims or Causes of Action held by third party non-Debtors. The Plan contains certain usual and customary discharge and injunction provisions consistent with the Bankruptcy Code and as part of implementing the restructuring set forth in the Plan, as well as certain exculpation provisions for the Plan Proponents, the Creditors' Committee (and its members), and

their respective Related Parties. Each of the foregoing are described in greater detail in Sections 10.3, 10.4, and 10.5 of the Plan and are set forth below.

1. *Discharge*

Pursuant to and to the fullest extent permitted by the Bankruptcy Code, except as otherwise specifically provided in the Plan or the Confirmation Order, the treatment of Claims and Interests under the Plan shall be in full and final satisfaction, compromise, settlement, release, discharge and termination, as of the Effective Date, of all Claims of any nature whatsoever, whether known or unknown, against, and Interests in, the Debtors, any property of the Estates, or any property of Reorganized Holdings, including all Claims of the kind specified in section 502(g), 502(h) or 502(i) of the Bankruptcy Code, in each case whether or not: (a) a Proof of Claim or Interest based upon such Claim, debt, right, or Interest is filed or deemed filed pursuant to section 501 of the Bankruptcy Code, (b) a Claim or Interest based upon such Claim, liability, obligation or Interest is Allowed pursuant to section 502 of the Bankruptcy Code, or (c) the Holder of such a Claim, liability, obligation or Interest has voted to accept the Plan. Except as otherwise provided herein, any default or "event of default" by the Debtors with respect to any Claim or Interest that existed immediately prior to or on account of the filing of these Chapter 11 Cases shall be deemed cured (and no longer continuing) as of the Effective Date

2. *Injunction*

Except as otherwise specifically provided in the Plan or the Confirmation Order, all Persons or Entities who have held, hold or may hold (a) Claims or Interests that arose prior to the Effective Date, (b) Causes of Action that are subject to exculpation pursuant to Section 10.5 of the Plan (but only to the extent of the exculpation provided in Section 10.5 of the Plan), or (c) Claims, Interests or Causes of Action that are otherwise discharged, satisfied, stayed or terminated pursuant to the terms of the Plan and all other parties-in-interest seeking to enforce such Claims, Interests or Causes of Action are permanently enjoined, from and after the Effective Date, from (i) commencing or continuing in any manner any action or other proceeding of any kind with respect to any such Claim (including a Subordinated Claim) against or Interest in the Debtors or Reorganized Holdings, or property of any Debtors or Reorganized Holdings, other than to enforce any right to a distribution pursuant to the Plan, (ii) the enforcement, attachment, collection or recovery by any manner or means of any judgment, award, decree or order against the Debtors or Reorganized Holdings or property of any Debtors or Reorganized Holdings with respect to any such Claim or Interest, other than to enforce any right to a distribution pursuant to the Plan, (iii) creating, perfecting or enforcing any Lien or encumbrance of any kind against the Debtors or Reorganized Holdings, or against the property or interests in property of the Debtors or Reorganized Holdings with respect to any such Claim or Interest, other than to enforce any right to a distribution pursuant to the Plan, or (iv) asserting any right of setoff (except for setoffs validly exercised prepetition) or subrogation of any kind against any obligation due from the Debtors or Reorganized Holdings, or against the property or interests in property of the Debtors or Reorganized Holdings, with respect to any such Claim or Interest. Such injunction shall extend to any successors or

assignees of the Debtors or Reorganized Holdings and its respective properties and interests in properties.

3. *Exculpation*

Effective as of the Effective Date, to the extent permitted under section 1125(e) of the Bankruptcy Code, and except as otherwise specifically provided in the Plan, no Exculpated Party shall have or incur liability for, and each Exculpated Party is exculpated from any Cause of Action related to any act or omission taking place between the Petition Date and the Effective Date, in connection with, relating to, or arising out of, the Chapter 11 Cases, the Involuntary Proceedings, the filing of the Involuntary Petitions, the formulation, preparation, dissemination, negotiation, or filing of the Plan, this Disclosure Statement, the Plan Supplement, the Rights Offering Procedures, the Backstop Agreement, or any transaction under the Plan, contract, instrument, or document or transaction approved by the Bankruptcy Court in these Chapter 11 Cases, except for (a) any Cause of Action related to any act or omission that is determined in a Final Order by a court of competent jurisdiction to have constituted fraud, willful misconduct, or gross negligence of such Person, and (b) any Cause of Action related to any liability of professionals to their clients pursuant to N.Y. Comp. Codes R. & Regs. tit. 22 § 1200.8 Rule 1.8(h)(1); *provided*, *however*, *that*, for the avoidance of doubt, any such exculpation shall not act or be construed to exculpate, channel, release, enjoin, or otherwise affect any civil or criminal enforcement action by a Governmental Unit.

V. BEST INTERESTS OF CREDITORS

Section 1129(a)(7) of the Bankruptcy Code requires that any holder of an impaired claim or interest voting against a proposed plan of reorganization must be provided in the plan with a value, as of the effective date of the plan, at least equal to the value that the holder would receive if the debtors' assets were liquidated under chapter 7 of the Bankruptcy Code. To determine what holders of claims and interests in each impaired class would receive if the debtors' assets were liquidated, the Bankruptcy Court must determine the dollar amount that would be generated from a liquidation of the debtors' assets in the context of a hypothetical liquidation. Such a determination must take into account the fact that secured claims, and any administrative claims resulting from the original chapter 11 cases and from the chapter 7 cases, would have to be paid in full from the liquidation proceeds before the balance of those proceeds were made available to pay unsecured creditors and make distributions (if any) to holders of interests.

In support of the Plan Proponents' belief that Holders of Claims in each impaired Class will receive more under the Plan than if the Debtors' assets were liquidated, attached to this Disclosure Statement as **Appendix C** is a liquidation analysis (the "Liquidation Analysis") prepared by Batuta Capital Advisors LLC ("Batuta") at the direction of the Plan Proponents. The Liquidation Analysis assumes that the Chapter 11 Cases were converted to chapter 7 cases and that each Debtors' assets are liquidated under the direction of a chapter 7 trustee.

The assumptions used in developing the Liquidation Analysis are inherently subject to significant uncertainties and contingencies. Accordingly, there can be no assurances that the values assumed in the Liquidation Analysis would be realized if the Debtors were actually liquidated. In addition, any liquidation would take place in the future at which time circumstances may exist that cannot presently be predicted. A description of the procedures followed and the assumptions and qualifications made by the Plan Proponents in connection with the Liquidation Analysis are set forth in the notes thereto.

THESE LIQUIDATION VALUES HAVE BEEN PREPARED SOLELY FOR USE IN THIS DISCLOSURE STATEMENT AND DO NOT REPRESENT VALUES THAT ARE APPROPRIATE FOR ANY OTHER PURPOSE. NOTHING CONTAINED IN THE LIQUIDATION ANALYSIS IS INTENDED TO BE OR CONSTITUTES A CONCESSION BY OR ADMISSION OF ANY DEBTOR FOR ANY PURPOSE.

VI. VALUATION AND FINANCIAL PROJECTIONS

A. Feasibility

In connection with confirmation of the Plan, the Bankruptcy Court must determine that the Plan is feasible in accordance with section 1129(a)(11) of the Bankruptcy Code (which section requires that confirmation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtors). To support the Plan Proponents' belief that the Plan is feasible, Batuta has prepared the projections for Reorganized Holdings, as set forth in **Appendix D** (the "Financial Projections"). The Plan provides Reorganized Holdings with a substantial infusion of capital from the proceeds of the Rights Offering. This capital will allow the Debtors to emerge from bankruptcy upon the Effective Date of the Plan and satisfy Allowed Claims as provided for in the Plan. Accordingly, the Plan Proponents believe that all Plan obligations will be satisfied without the need for further reorganization of the Debtors.

B. Valuation

In connection with developing the Plan, Batata performed an analysis of the estimated value of Reorganized Holdings, which is set forth in the valuation analysis in **Appendix E** (the "Valuation Analysis"). The Valuation Analysis is based on commonly accepted valuation methodologies.

The Valuation Analysis is based upon a number of estimates and assumptions that are inherently subject to significant uncertainties and contingencies beyond the control of the Plan Proponents and Reorganized Holdings. Accordingly, there can be no assurance that the ranges reflected in the Valuation Analysis would be realized if the Plan were to become effective, and actual results could vary.

THE VALUATION ANALYSIS REPRESENTS A HYPOTHETICAL VALUATION OF REORGANIZED HOLDINGS AND ITS ASSETS, WHICH ASSUMES THAT REORGANIZED HOLDINGS CONTINUES AS AN OPERATING BUSINESS. THE ESTIMATED VALUE SET FORTH IN THE VALUATION ANALYSIS DOES NOT

PURPORT TO CONSTITUTE AN APPRAISAL OR NECESSARILY REFLECT THE ACTUAL MARKET VALUE THAT MIGHT BE REALIZED THROUGH A SALE OR LIQUIDATION OF REORGANIZED HOLDINGS, ITS SECURITIES OR ITS ASSETS, WHICH MAY BE MATERIALLY DIFFERENT THAN THE ESTIMATES SET FORTH IN THE VALUATION ANALYSIS.

VII. SOLICITATION PROCEDURES AND DEADLINES

A. Solicitation Packages

The Plan Proponents are causing solicitation package (the "Solicitation Packages") to be distributed to Holders of Claims entitled to vote on the Plan. Such Solicitation Packages include:

- a cover sheet from the Plan Proponents describing the contents of such Solicitation Package;
- a notice of the hearing to confirm the Plan (the "Confirmation Hearing Notice");
- this Disclosure Statement with the Plan annexed thereto;
- the order of the Bankruptcy Court approving the Petitioning Creditors' Solicitation Motion, entered on [•] [•], 2024 [Docket No. [•]] (the "Solicitation Approval Order"), excluding the exhibits attached thereto, approving the procedures for soliciting votes with respect to the Plan and dates and deadlines related to the Bankruptcy Court's approval of the Plan (referred to as "Confirmation");
- a ballot to cast a vote on the Plan (each, a "Ballot"); and
- such other solicitation materials that the Bankruptcy Court may direct.[35]

Holders of Claims not entitled to vote on the Plan (the "Non-Voting Classes") will receive only the Confirmation Hearing Notice, which will provide them notice of such Holder's non-voting status.

Copies of this Disclosure Statement, the Plan, all appendices and exhibits attached thereto and hereto, and all other pleadings filed and orders entered in these Chapter 11 Cases can be obtained by contacting the Voting Agent (a) in writing at Eletson Holdings Inc., et al., Ballot Processing Center c/o KCC, 222 N. Pacific Coast Highway, Suite 300, El Segundo, California 90245, (b) via email at https://www.kccllc.net/Eletson/inquiry, or (c) by telephone at 888-647-1737 (Domestic) or 310-751-2624 (International).

[35] Instructions on how to vote are included with the Solicitation Package and are described below.

B. Voting Procedures and Voting Deadline

The rules, requirements, and procedures regarding the submission of your Ballot are set forth in the Solicitation Approval Order and the Ballot and are summarized below for your convenience.

After carefully reviewing the Plan, this Disclosure Statement, and the detailed instructions accompanying your Ballot, please indicate your acceptance or rejection of the Plan by voting in favor of (*i.e.*, to accept) or against the Plan (*i.e.*, to reject) on the Ballot.

To be counted, your Ballot must be duly completed, executed, and **actually received** by 5:00 p.m. (prevailing Eastern Time) on [_____] [__], 2024 (the "Voting Deadline"). Ballots may be delivered either via regular mail, courier, or delivery services to the Voting Agent at the at the following address: Eletson Holidngs Inc., *et al.*, Ballot Processing Center c/o KCC, 222 N. Pacific Coast Highway, Suite 300, El Segundo, California 90245.

Where applicable, ballots can be submitted via the Voting Agent's e-ballot platform by visiting https://www.kccllc.net/Eletson, clicking on the "Submit E-Ballot" section of the website and following the directions to submit their electronic Ballot.

If you are a Beneficial Holder of Claims in Class 3 and received a Ballot for Beneficial Holders (a "Beneficial Holder Ballot"), you must complete and return the Beneficial Holder Ballot to your broker, commercial bank, transfer agent, trust company, dealer, or other intermediary or nominee, or their mailing agent (each a "Nominee") so that it is received by your Nominee in sufficient time for your Nominee to submit a master ballot prior to the Voting Deadline.

Ballots received after the Voting Deadline (or such other deadline as ordered by the Bankruptcy Court or agreed to by the Plan Proponents, in their sole discretion) will not be counted.

If you have any questions about how to vote, the Solicitation Package you receive, or the amount of your claim, or if you wish to receive additional copies of the Plan, this Disclosure Statement, or any exhibits or appendices thereto or hereto, please contact the Voting Agent at: 888-647-1737 (Domestic) or 310-751-2624 (International) or via email at https://www.kccllc.net/eletson/inquiry.

C. Confirmation Hearing and Deadline for Objections to Plan Confirmation

The Plan Proponents intend to seek the Bankruptcy Court's Confirmation of the Plan. The Bankruptcy Court has scheduled a hearing to consider Confirmation of the Plan for **[•], 2024 at [•] a.m. / p.m. (prevailing Eastern Time) (the "Confirmation Hearing").** The Plan Proponents may adjourn the Confirmation Hearing by filing a notice on the docket of the Chapter 11 Cases or by announcing an adjournment on the record of a hearing or status conference held with the Bankruptcy Court.

Any objections to Confirmation of the Plan must be filed with the Bankruptcy Court and served on the parties indicated in the boxes immediately below by no later than [•] **a.m. / p.m. (prevailing Eastern Time) on [•], 2024 (the "Objection Deadline").** Unless an objection to Confirmation is timely filed and served, such objection may not be considered by the Bankruptcy Court at the Confirmation Hearing. Such objection must be filed with the Bankruptcy Court and served so that it is **actually received** by the Bankruptcy Court and the following persons by no later than the Objection Deadline:

Counsel for 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)
Counsel for the Creditors' Committee	Dechert LLP 1095 Avenue of Americas New York, NY 10036 Attn: Stephen Zide, Esq. (stephen.zide@dechert.com) and David Herman, Esq. (david.herman@dechert.com)
The U.S. Trustee	Office of the United States Trustee – NYO Department of Justice Alexander Hamilton Custom House One Bowling Green New York, NY 10004 Attn: Daniel Rudewicz, Esq. (Daniel.Rudewicz@usdoj.gov)

VIII. RISK FACTORS TO BE CONSIDERED

HOLDERS OF CLAIMS ENTITLED TO VOTE ON THE PLAN SHOULD READ AND CAREFULLY CONSIDER THE FOLLOWING FACTORS, AS WELL AS THE OTHER INFORMATION SET FORTH IN THIS DISCLOSURE STATEMENT AND THE PLAN (INCLUDING THEIR RESPECTIVE EXHIBITS / APPENDICES), BEFORE DECIDING WHETHER TO VOTE TO ACCEPT OR REJECT THE PLAN. THIS INFORMATION, HOWEVER, DOES NOT DESCRIBE THE ONLY RISKS INVOLVED IN CONNECTION WITH THE PLAN AND ITS IMPLEMENTATION.

The statements contained in this Disclosure Statement are made by the Plan Proponents as of the date hereof unless otherwise specified herein, and the delivery of this Disclosure Statement after that date does not imply that there has been no change in the information set forth herein since that date. The Plan Proponents have no duty to update this Disclosure Statement except as may be required by applicable law.

The Plan Proponents have relied upon information provided by the Debtors in connection with the preparation of this Disclosure Statement. Although the Plan Proponents have performed certain limited due diligence in connection with the preparation of this Disclosure Statement, they have not independently verified the information contained in this Disclosure Statement.

The contents of this Disclosure Statement should not be construed as legal, business, or tax advice, and nothing contained in the Plan will constitute an admission of, or be deemed evidence of, the tax or other legal effects of the Plan on the Plan Proponents or on Holders of Claims. Each Holder of a Claim should consult his, her, or its own legal counsel and accountant as to legal, tax, and other matters concerning his, her, or its Claim. This Disclosure Statement may not be relied upon for any purpose other than to determine whether to vote to accept the Plan.

A. Certain Bankruptcy Considerations

1. *Failure to Confirm the Plan*

If the Plan is not confirmed and consummated, there can be no assurance that the Chapter 11 Cases will continue rather than be converted to liquidation cases under chapter 7 of the Bankruptcy Code. Section 1129 of the Bankruptcy Code sets forth the requirements for confirmation of a plan and requires, among other things, that the value of distributions to dissenting creditors and shareholders not be less than the value of distributions such creditors and shareholders would receive if the Debtors were liquidated under chapter 7 of the Bankruptcy Code.

Although the Plan Proponents believe that the Plan will satisfy all requirements necessary for confirmation by the Bankruptcy Court, there can be no assurance that the Bankruptcy Court will reach the same conclusion or that modifications of the Plan will not be required for confirmation or that such modifications would not necessitate resolicitation of votes.

2. *The Plan May Not be Accepted by Sufficient Holders of Impaired Claims*

The Plan is subject to a vote of Holders of Impaired Claims in voting Classes and to Confirmation by the Bankruptcy Court. Article VI hereof summarizes the numerous requirements for Confirmation of the Plan, including that the Plan must be accepted by at least one Class of Impaired Claims. The Plan Proponents represent the majority of the holders of the Notes Claims, and are expected to support and vote in favor of the Plan. However, until all votes are collected, there can be no assurance that the requisite acceptances to confirm the Plan will be obtained. Thus, while the Plan

Proponents believe that the Plan is confirmable under the standards set forth in section 1129 of the Bankruptcy Code, there is no guarantee that the Plan will be accepted by the requisite Classes entitled to vote on the Plan.

3. *Uncertainty of Extraterritorial Recognition of Plan Confirmation*

The Debtors are incorporated in Liberia and some of their interests are governed by the laws of foreign jurisdictions other than the United States. Although the Plan Proponents will make every effort to ensure that any Confirmation Order entered by the Bankruptcy Court and the steps taken pursuant to the Confirmation Order to implement the Plan are recognized and are effective in all applicable jurisdictions, it is possible that if a creditor or stakeholder were to challenge the Plan, a foreign court may refuse to recognize the effect of the Confirmation Order.

4. *No Assurance of Ultimate Recoveries*

There can be no assurances of the actual recoveries to the Debtors' claimholders. The Plan Proponents cannot assure the Debtors' claimholders that they will be able to resell any consideration received in respect of their claims at current values or at all.

5. *Classification and Treatment of Claims and Interests*

Section 1122 of the Bankruptcy Code requires that the Plan classify Claims against the Debtors. The Bankruptcy Code also provides that, except for certain Claims classified for administrative convenience, the Plan may place a Claim in a particular Class only if such Claim is substantially similar to the other Claims of such Class. The Plan Proponents believe that all Claims have been appropriately classified in the Plan.

To the extent that the Bankruptcy Court finds that a different classification is required for the Plan to be confirmed, the Plan Proponents may seek to (a) modify the Plan to provide for whatever classification might be required for confirmation, and (b) use the acceptances received from any creditor pursuant to the solicitation for the purpose of obtaining the approval of the Class or Classes of which such creditor ultimately is deemed to be a member. There can be no assurance that the Bankruptcy Court, after finding that a classification was inappropriate and requiring a reclassification, would approve the Plan based upon such reclassification without requiring the Plan Proponents to resolicit votes.

6. *Nonconsensual Confirmation*

In the event any impaired class of claims entitled to vote on a plan of reorganization does not accept a plan of reorganization, a bankruptcy court may nevertheless confirm such plan at the proponent's request if at least one impaired class has accepted the plan (with such acceptance being determined without including the vote of any "insider" in such class), and as to each impaired class that has not accepted the plan, the bankruptcy court determines that the plan "does not discriminate unfairly" and is "fair and equitable" with respect to the dissenting

impaired classes.

7. *Non-Occurrence of Effective Date*

Although the Plan Proponents believe that the Effective Date will occur reasonably soon after the Confirmation Date, there can be no assurance as to such timing or as to whether it will occur. Moreover, if the conditions precedent to the Effective Date of the Plan are not met, the Plan may be vacated by the Bankruptcy Court.

8. *Risks of Failure to Satisfy Conditions Precedent*

Article IX of the Plan provides for certain conditions that must be satisfied (or waived) prior to the Confirmation Date and for certain other conditions that must be satisfied (or waived) prior to the Effective Date. Some of the conditions are outside of the Plan Proponents' control. There can be no assurance that any or all of the conditions in the Plan will be satisfied (or waived). Accordingly, even if the Plan is confirmed by the Bankruptcy Court, there can be no assurance that the Plan will be consummated. If the Plan is not consummated, there can be no assurance that the Chapter 11 Cases would not be converted to chapter 7 liquidation cases or that any new chapter 11 plan would be as favorable to Holders of Claims as the current Plan. Either outcome may materially reduce distributions to Holders of Claims.

9. *Distributions to Holders of Allowed Claims Under the Plan*

Projected distributions are based upon good faith estimates of the total amount of Claims ultimately Allowed and the funds available for distribution. Both the actual amount of Allowed Claims in a particular Class and the funds available for distribution for such Class may differ from the Plan Proponents' estimates. If the total amount of Allowed Claims in a Class is higher than the Plan Proponents' estimates or the funds available for distribution to such Class are lower than the Plan Proponents' estimates, the percentage recovery to holders of Allowed Claims in such Class will be less than projected.

10. *Funding Necessary for the Consummation of the Plan*

The Plan Proponents contemplate that all Cash necessary for Reorganized Holdings to make payments required by the Plan and for post-Confirmation operations shall be obtained from (a) existing Cash held by Reorganized Holdings on the Effective Date, (b) proceeds from the Rights Offering, and (c) the operations of Reorganized Holdings. To the extent the Plan obligates any other Debtor entities to make any payments or Distributions or take any other action under the Plan, the amount of such payments or Distributions or the cost of taking such actions shall be funded solely by Reorganized Holdings.

11. *Future Litigation*

Given the litigious history of these Chapter 11 Cases, there is a risk that new litigation claims may be asserted against Reorganized Holdings or the Backstop

Parties. Future litigation could result in material judgement(s) against Reorganized Holdings. Such litigation, and any judgement in connection therewith, could have a material negative effect on Reorganized Holdings.

12. *Conversion to Chapter 7*

If the Bankruptcy Court finds that it would be in the best interests of the Holders of Claims, the Bankruptcy Court may convert the Chapter 11 Cases to cases under chapter 7 of the Bankruptcy Code, pursuant to which a trustee would be appointed or elected to liquidate the Debtors' assets for distribution in accordance with the priorities under the Bankruptcy Code. The Plan Proponents believe that liquidation under chapter 7 would result in significantly smaller distributions being made to creditors than those provided in a Chapter 11 plan because of (a) the likelihood that assets would have to be sold in a disorderly fashion over a short period of time, rather than reorganizing or selling the business as a going concern at a later time in a controlled manner, (b) additional administrative expenses involved in the appointment of a chapter 7 trustee, and (c) additional expenses and claims, including claims resulting from the rejection of certain executory contracts and unexpired leases in connection with the cessation of operations.

B. Risk of Variance in Financial Results

1. *Reorganized Holdings May Not Be Able to Achieve Their Anticipated Financial Results*

Actual financial results may differ materially from anticipated results. If Reorganized Holdings does not achieve projected revenue or cashflow levels, Reorganized Holdings may lack sufficient liquidity to continue operating their business consistent after the Effective Date.

2. *Projections are Subject to Inherent Uncertainty Due to the Numerous Assumptions Upon Which They Are Based*

Unanticipated events and circumstances occurring subsequent to the approval of this Disclosure Statement and/or Confirmation of the Plan by the Bankruptcy Court may affect the actual financial results of Reorganized Holdings' operations. Actual results achieved may vary from anticipated results.

C. Risks Related to Reorganized Equity Issued Under the Plan

1. *Market for Reorganized Equity*

There is currently no market for the Reorganized Equity and there can be no assurance as to the development or liquidity of any market for such equity. Moreover, while a public listing of the Reorganized Equity may be pursued to be effective on the Effective Date, there can be no assurance that the Reorganized Equity will be listed or traded on any securities exchange or any over-the-counter market on or after the Effective Date. If a trading market does not develop, is not maintained, or remains inactive, holders of the Reorganized Equity may experience difficulty in

reselling such Reorganized Equity or may be unable to sell them at all. Even if such a market were to exist, such Reorganized Equity could trade at prices higher or lower than the estimated value set forth in this Disclosure Statement depending upon many factors including, without limitation, prevailing interest rates, markets for similar Reorganized Equity, industry conditions, and the performance of, and investor expectations for, Reorganized Holdings. Accordingly, holders of the Reorganized Equity may bear certain risks associated with holding securities for an indefinite period of time.

Furthermore, persons to whom the Reorganized Equity is issued under the Plan may prefer to liquidate their investments rather than hold such Reorganized Equity on a long-term basis. Accordingly, the market price for such Reorganized Equity could decline and any market that does develop for such Reorganized Equity may be volatile.

2. *Potential Dilution*

The ownership percentage represented by the Reorganized Equity distributed under the Plan as of the Effective Date to the applicable General Unsecured Claimholders that elect to exercise Rights Offering Subscription Rights shall be subject to dilution from the Rights Offering, the Backstop Premium, and the EIP. In the future, additional equity financings or other equity issuances by Reorganized Holdings may dilute the economic and voting rights of its existing Holders and could materially adversely affect the value of the Reorganized Equity.

3. *A Small Number of Holders Will Own a Significant Percentage of the Reorganized Equity*

Consummation of the Plan will result in a small number of Holders owning a significant percentage of the Reorganized Equity. Accordingly, these Holders may, among other things, have significant influence over the business and affairs of Reorganized Holdings.

D. Additional Factors

1. *Certain Information Herein Was Provided by the Debtors and Relied Upon by the Plan Proponents' Advisors*

Counsel to and other advisors retained by the Plan Proponents have relied upon information provided by the Debtors, as well as information obtained from discovery, in connection with the preparation of this Disclosure Statement and the Plan. Although counsel to and other advisors retained by the Plan Proponents have attempted to verify the information contained herein, certain statements rely on documents and representations received from the Debtors. The Debtors' records are incomplete, and the Debtors and certain other parties did not fully comply with discovery requests. Although the Plan Proponents have undertaken great efforts to provide accurate and complete information in this Disclosure Statement, the Plan Proponents cannot warrant or represent that the information contained herein is complete and accurate.

The statements contained in this Disclosure Statement are made by the Plan Proponents as of the date hereof, unless otherwise specified herein, and the delivery of this Disclosure Statement after that date does not imply that there has not been a change in the information set forth herein since that date. While the Plan Proponents have used their reasonably diligent efforts to ensure the accuracy of all of the information provided in this Disclosure Statement and in the Plan, the Plan Proponents nonetheless cannot, and do not, confirm the current accuracy of all statements appearing in this Disclosure Statement.

The financial information contained in this Disclosure Statement has not been audited unless explicitly stated otherwise. In preparing this Disclosure Statement, the Plan Proponents have relied predominantly on financial data derived from the Debtors' books and records that was available at the time of such preparation, together with information gathered through discovery. While the Plan Proponents believe that the financial information received from the Debtors' and relied upon in preparing this Disclosure Statement fairly reflects the financial condition of the Debtors, the Plan Proponents are unable to warrant or represent that the financial information contained herein and attached hereto is without inaccuracies.

2. *No Admissions Are Made by this Disclosure Statement*

The information and statements contained in this Disclosure Statement will neither constitute an admission of any fact or liability by the Plan Proponents nor be deemed evidence of the tax or other legal effects of the Plan on the Debtors, Holders of Allowed Claims or any other parties in interest. Except as otherwise provided in the Plan, the vote by a Holder of an Allowed Claim for or against the Plan does not constitute a waiver or release of any Claims or rights of the Plan Proponents to object to that Holder's Claim, or recover any preferential, fraudulent or other voidable transfer or assets, regardless of whether any Claims or Causes of Action of the Debtors or their estates are specifically or generally identified herein.

In addition, no reliance should be placed on the fact that a particular litigation Claim or projected objection to a particular Claim is, or is not, identified in this Disclosure Statement. The Plan Proponents may seek to investigate, file, and prosecute objections to Claims and may object to Claims after the Confirmation or Effective Date of the Plan irrespective of whether this Disclosure Statement identifies such Claims or objections to Claims.

IX. CERTAIN SECURITIES LAW MATTERS

A. Issuance of the Reorganized Equity Under Section 1145 of the Bankruptcy Code and Backstop Premium Exemption

Except as expressly provided herein, all Reorganized Equity and Rights Offering Subscription Rights issued upon exercise of the Rights Offering Subscription Rights will be issued without registration under the Securities Act or any similar federal, state, or local law in reliance upon either (1) section 1145 of the Bankruptcy Code or (2) section 4(a)(2) of the Securities Act or Regulation D or Regulation S promulgated thereunder.

The Reorganized Equity and Rights Offering Subscription Rights issued upon exercise of the Rights Offering Subscription Rights offered to General Unsecured Claimholders on account of their respective Claims and in connection with the Rights Offering are expected to be issued without registration under the Securities Act or any similar federal, state, or local law in reliance on section 1145(a) of the Bankruptcy Code; provided that if the Plan Proponents determine, in consultation with the Creditors' Committee, that section 1145 of the Bankruptcy Code is not available for all or any portion of the Rights Offering, then the Reorganized Equity issued upon exercise of the Rights Offering Subscription Rights offered to General Unsecured Claimholders will be made pursuant to exemptions from registration under applicable securities laws.

The Reorganized Equity issued on account of the Backstop Premium is expected to be issued pursuant to the exemption from registration set forth in section 4(a)(2) of the Securities Act or Regulation D promulgated thereunder.

In general, securities issued under section 1145 of the Bankruptcy Code may be resold without registration unless the recipient is an "underwriter" with respect to those securities. The Rights Offering Subscription Rights and the Reorganized Equity issued pursuant to the exemption from registration set forth in section 4(a)(2) of the Securities Act or Regulation D promulgated thereunder will be considered "restricted securities" and may not be transferred except pursuant to an effective registration statement under the Securities Act or an available exemption therefrom.

B. Resale of Reorganized Equity; Definition of Underwriter

Section 1145(b)(1) of the Bankruptcy Code defines an "underwriter" as one who, except with respect to "ordinary trading transactions" of an entity that is not an "issuer": (1) purchases a claim against, interest in, or claim for an administrative expense in the case concerning, the debtor, if such purchase is with a view to distribution of any security received or to be received in exchange for such claim or interest; (2) offers to sell securities offered or sold under a plan for the holders of such securities; (3) offers to buy securities offered or sold under a plan from the holders of such securities, if such offer to buy is (a) with a view to distribution of such securities and (b) under an agreement made in connection with the plan, with the consummation of the plan, or with the offer or sale of securities under the plan; or (4) is an issuer of the securities within the meaning of section 2(a)(11) of the Securities Act. In addition, a person who receives a fee in exchange for purchasing an issuer's securities could also be considered an underwriter within the meaning of section 2(a)(11) of the Securities Act.

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

otherwise. Accordingly, an officer or director of a reorganized debtor or its successor under a plan of reorganization may be deemed to be a "Controlling Person" of the debtor or successor, particularly if the management position or directorship is coupled with ownership of a significant percentage of the reorganized debtor's or its successor's voting securities. In addition, the legislative history of section 1145 of the Bankruptcy Code suggests that a creditor who owns ten percent or more of a class of securities of a reorganized debtor may be presumed to be a "Controlling Person" and, therefore, an underwriter.

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

Unlike the securities that will be issued pursuant to section 1145(a)(1) of the Bankruptcy Code, any Reorganized Equity issued in reliance upon section 4(a)(2) of the Securities Act or Regulation D promulgated thereunder will be deemed "restricted securities" that may not be offered, sold, exchanged, assigned, or otherwise transferred unless they are registered under the Securities Act or an exemption from registration under the Securities Act is available, including under Rule 144 or Rule 144A promulgated under the Securities Act.

Rule 144 provides an exemption for the public resale of "restricted securities" if certain conditions are met. These conditions vary depending on whether the holder of the restricted securities is an affiliate of the issuer. An affiliate is defined as "a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the issuer."

A non-affiliate who has not been an affiliate of the issuer during the preceding three months may resell restricted securities after a six-month holding period if at the time of the sale there is available certain current public information regarding the issuer, and may sell the securities after a one-year holding period whether or not there is current public information regarding the issuer. Adequate current public information is available for a reporting issuer if the issuer has filed all periodic reports required under section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, during the twelve months preceding the sale of the restricted securities. If the issuer is a

non-reporting issuer, adequate current public information is available if certain information about the issuer is made publicly available. The Plan Proponents can provide no assurances that Reorganized Holdings will continue to be a reporting issuer or that current public information will be available to allow resales by non-affiliates when the six-month holding period expires (approximately six months after the emergence date).

An affiliate may resell restricted securities after the six-month holding period if at the time of the sale certain current public information regarding the issuer is available and may resell the securities after a one-year holding period whether or not there is current public information regarding this issuer, subject in each case to the additional requirements below. As noted above, the Plan Proponents can provide no assurances that this information requirement will be satisfied. The affiliate must also comply with the volume, manner of sale, and notice requirements of Rule 144. First, the rule limits the number of restricted securities (plus any unrestricted securities) sold for the account of an affiliate (and related persons) in any three-month period to the greater of one percent of the outstanding securities of the same class being sold, or, if the class is listed on a stock exchange, the greater of one percent of the average weekly reported volume of trading in such restricted securities during the four weeks preceding the filing of a notice of proposed sale on Form 144. Second, the manner of sale requirement provides that the restricted securities must be sold in a broker's transaction, which generally means they must be sold through a broker and handled as a routine trading transaction. The broker must receive no more than the usual commission and cannot solicit orders for the sale of the restricted securities except in certain situations. Third, if the sale in any three-month period exceeds 5,000 restricted securities or has an aggregate sale price greater than $50,000, an affiliate must file with the SEC three copies of a notice of proposed sale on Form 144. The sale must occur within three months of filing the notice unless an amended notice is filed.

The Plan Proponents believe that the Rule 144 exemption will not be available with respect to any Reorganized Equity issued in reliance upon section 4(a)(2) of the Securities Act or Regulation D promulgated thereunder (whether held by non-affiliates or affiliates) until at least six months after the Effective Date. Accordingly, holders of such Reorganized Equity will be required to hold such Reorganized Equity for at least six months and, thereafter, to sell Reorganized Equity only in accordance with the applicable requirements of Rule 144, unless such Reorganized Equity is transferred pursuant to an effective registration statement or another available exemption from the registration requirements of the Securities Act.

The Reorganized Equity issued in connection with the Backstop Premium pursuant to Section 4(a)(2) and/or Regulation D will be issued in book-entry form and will bear a restrictive legend. Each book-entry representing, or issued in exchange for or upon the transfer, sale, or assignment of, any such shares shall be stamped or otherwise imprinted with a legend in substantially the following form:

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE WERE ORIGINALLY ISSUED ON [DATE OF ISSUANCE], HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR ANY OTHER APPLICABLE STATE SECURITIES LAWS, AND MAY

NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR AN AVAILABLE EXEMPTION FROM REGISTRATION THEREUNDER."

Reorganized Holdings reserves the right to require certification or other evidence of compliance with Rule 144 or another available exemption as a condition to the removal of such legend or to any resale of the Reorganized Equity issued in connection with the Backstop Premium pursuant to Section 4(a)(2) and/or Regulation D. Reorganized Holdings also reserves the right to stop the transfer of any such shares if such transfer is not in compliance with Rule 144 or another available exemption. Any person who receives such shares will be required to acknowledge and agree not to resell such securities except in accordance with Rule 144, when available, or another available exemption and that the securities will be subject to the other restrictions described above.

ANY PERSONS RECEIVING "RESTRICTED SECURITIES" UNDER THE PLAN ARE URGED TO CONSULT WITH THEIR OWN COUNSEL CONCERNING THE AVAILABILITY OF AN EXEMPTION FROM REGISTRATION FOR RESALE OF THESE SECURITIES UNDER THE SECURITIES ACT AND OTHER APPLICABLE LAW.

BECAUSE OF THE COMPLEX, SUBJECTIVE NATURE OF THE QUESTION OF WHETHER A PARTICULAR PERSON MAY BE AN UNDERWRITER OR AN AFFILIATE AND THE HIGHLY FACT-SPECIFIC NATURE OF THE AVAILABILITY OF EXEMPTIONS FROM REGISTRATION UNDER THE SECURITIES ACT, INCLUDING THE EXEMPTIONS AVAILABLE UNDER SECTION 1145 OF THE BANKRUPTCY CODE AND RULE 144 UNDER THE SECURITIES ACT, NONE OF THE PLAN PROPONENTS OR REORGANIZED HOLDINGS MAKE ANY REPRESENTATION CONCERNING THE ABILITY OF ANY PERSON TO DISPOSE OF THE SECURITIES TO BE DISTRIBUTED UNDER THE PLAN. POTENTIAL RECIPIENTS OF THE SECURITIES TO BE ISSUED UNDER THE PLAN ARE URGED TO CONSULT THEIR OWN COUNSEL CONCERNING WHETHER THEY MAY FREELY TRADE SUCH SECURITIES. POTENTIAL RECIPIENTS OF REORGANIZED EQUITY ARE URGED TO CONSULT THEIR OWN COUNSEL CONCERNING THEIR ABILITY TO FREELY TRADE SUCH SECURITIES WITHOUT COMPLIANCE WITH THE FEDERAL SECURITIES LAWS AND ANY APPLICABLE STATE LAW.

X. CONCLUSION AND RECOMMENDATION

The Plan Proponents believe that Confirmation and implementation of the Plan is preferable to any other alternative. The Plan Proponents urge all Holders of Claims entitled to vote to cast their Ballots to accept the Plan in accordance with the instructions provided herein and in the Solicitation Packages.

[*Signature Page Follows*]

Dated: June 17, 2024
New York, New York

Respectfully submitted,

TOGUT, SEGAL & SEGAL LLP

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Counsel for the Petitioning Creditors

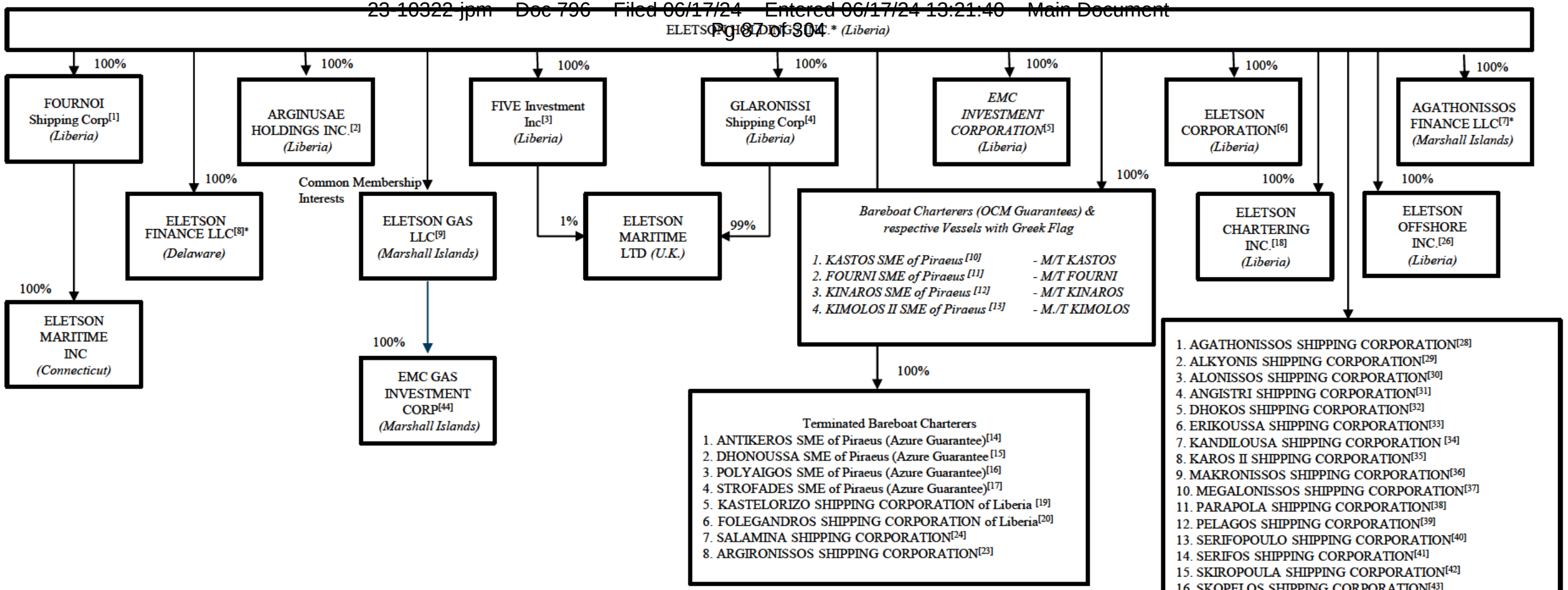
APPENDIX A

Petitioning Creditors' Amended Joint Chapter 11 Plan of Reorganization of Eletson Holdings Inc. and its Affiliated Debtors

[to be attached separately]

APPENDIX B

Corporate Organization Chart



Footnotes:

[1] Docket No. 340, 15.1.
[2] Docket No. 340, 15.2
[3] Docket No. 340, 15.3
[4] Docket No. 340, 15.4
[5] Docket No. 340, 15.5
[6] Docket No. 340, 15.6
[7] Docket No. 340, 15.7
[8] Docket No. 340, 15.8
[9] Docket No. 340, 15.9
[10] Docket No. 340, 15.10
[11] Docket No. 340, 15.11.
[12] Docket No. 340, 15.12
[13] Docket No. 340, 15.13
[14] Docket No. 340, 15.14
[15] Docket No. 340, 15.15
[16] Docket No. 340, 15.16
[17] Docket No. 340, 15.17
[18] Docket No. 340, 15.18
[19] Docket No. 340, 15.19
[20] Docket No. 340, 15.20
[21] Docket No. 340, 15.21
[22] Docket No. 340, 15.35
[23] Docket No. 340, 15.36
[24] Docket No. 340, 15.37
[25] Docket No. 340, 15.38
[26] Docket No. 340, 15.39
[27] Docket No. 340, 15.40
[28] Docket No. 340, 15.41
[29] Docket No. 340, 15.42
[30] Docket No. 340, 15.43
[31] Docket No. 340, 15.44
[32] Docket No. 340 15.45
[33] Docket No. 340, 15.46
[34] Docket No. 340, 15.47
[35] Docket No. 340, 15.48
[36] Docket No. 340, 15.49
[37] Docket No. 340, 15.50
[38] Docket No. 340, 15.51
[39] Docket No. 340, 15.52
[40] Docket No. 340, 15.53
[41] Docket No. 340, 15.54
[42] Docket No. 340, 15.55
[43] Docket No. 340, 15.56
[44] Docket No. 458 at ¶ 11

(*) Asterisk indicates entity is a Debtor in the Chapter 11 Cases (*i.e.*, Eletson Holdings Inc., Eletson Finance LLC, and Agathonissos Finance LLC)

APPENDIX C

Liquidation Analysis

LIQUIDATION ANALYSIS

I. Best Interests Test

Under the "best interests of creditors" test set forth in section 1129(a)(7) of the Bankruptcy Code, the Bankruptcy Court may not confirm a Chapter 11 plan unless, with respect to each impaired class of claims or interests, each holder of a claim or interest either (i) accepts the plan or (ii) receives or retains under the plan, on account of such claim or interest, property of a value, as of the effective date of the plan, that is not less than the amount that such holder would receive or retain if the debtor were liquidated under Chapter 7 of the Bankruptcy Code on the effective date. *See* 11 U.S.C. § 1129(a)(7). Accordingly, to demonstrate that the Plan satisfies the "best interests of creditors" test, the Plan Proponents[1] have prepared the following hypothetical liquidation analysis (the "Liquidation Analysis") based upon certain assumptions discussed in the Disclosure Statement and in the accompanying notes to the Liquidation Analysis.

The Liquidation Analysis estimates potential cash distributions to holders of Allowed Claims and Interests in a hypothetical Chapter 7 liquidation of the Debtors' assets. Asset values discussed in the Liquidation Analysis may differ materially from values referred to in the Plan and Disclosure Statement. Batuta Capital Advisors LLC ("Batuta"), at the direction of the Plan Proponents, prepared the Liquidation Analysis.

THE LIQUIDATION ANALYSIS HAS NOT BEEN EXAMINED OR REVIEWED BY INDEPENDENT ACCOUNTANTS IN ACCORDANCE WITH STANDARDS PROMULGATED BY THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS. ALTHOUGH THE PLAN PROPONENTS CONSIDER THE ESTIMATES AND ASSUMPTIONS SET FORTH HEREIN TO BE REASONABLE UNDER THE CIRCUMSTANCES, SUCH ESTIMATES AND ASSUMPTIONS ARE INHERENTLY SUBJECT TO SIGNIFICANT UNCERTAINTIES AND CONTINGENCIES BEYOND THE PLAN PROPONENTS' CONTROL. ACCORDINGLY, THERE CAN BE NO ASSURANCE THAT THE RESULTS SET FORTH IN THE LIQUIDATION ANALYSIS WOULD BE REALIZED IF THE DEBTORS WERE ACTUALLY LIQUIDATED PURSUANT TO CHAPTER 7 OF THE BANKRUPTCY CODE, ACTUAL RESULTS IN SUCH A CASE COULD VARY MATERIALLY FROM THOSE PRESENTED HEREIN, AND DISTRIBUTIONS AVAILABLE TO HOLDERS OF CLAIMS AND INTERESTS IN SUCH A CASE COULD DIFFER MATERIALLY FROM THE PROJECTED RECOVERIES SET FORTH IN THE LIQUIDATION ANALYSIS.

THE LIQUIDATION ANALYSIS IS A HYPOTHETICAL EXERCISE THAT HAS BEEN PREPARED FOR THE SOLE PURPOSE OF PRESENTING A REASONABLE, GOOD- FAITH ESTIMATE OF THE PROCEEDS THAT WOULD BE REALIZED IF THE DEBTORS WERE LIQUIDATED IN ACCORDANCE WITH CHAPTER 7 OF THE BANKRUPTCY CODE AS OF THE COMMENCEMENT DATE. THE LIQUIDATION ANALYSIS IS NOT INTENDED AND SHOULD NOT BE USED FOR ANY OTHER

[1] Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Plan or in the Disclosure Statement, to which the Liquidation Analysis is attached as an appendix.

PURPOSE. THE LIQUIDATION ANALYSIS DOES NOT PURPORT TO BE A VALUATION OF THE DEBTORS' ASSETS AS A GOING CONCERN, AND THERE MAY BE A SIGNIFICANT DIFFERENCE BETWEEN THE VALUES AND RECOVERIES REPRESENTED IN THE LIQUIDATION ANALYSIS AND THE VALUES THAT MAY BE REALIZED OR CLAIMS GENERATED IN AN ACTUAL LIQUIDATION. NOTHING CONTAINED IN THE LIQUIDATION ANALYSIS IS INTENDED TO BE, OR CONSTITUTES, A CONCESSION, ADMISSION, OR ALLOWANCE OF ANY CLAIM BY THE PLAN PROPONENTS. THE ACTUAL AMOUNT OR PRIORITY OF ALLOWED CLAIMS IN THE CHAPTER 11 CASES COULD MATERIALLY DIFFER FROM THE ESTIMATED AMOUNTS SET FORTH AND USED IN THE LIQUIDATION ANALYSIS. THE PLAN PROPONENTS RESERVE ALL RIGHTS TO SUPPLEMENT, MODIFY, OR AMEND THE ANALYSIS SET FORTH HEREIN.

The Liquidation Analysis should be read in conjunction with the foregoing notes and assumptions:

II. Summary Notes to Liquidation Analysis

A. Basis of Presentation

The Liquidation Analysis has been prepared assuming the Debtors converted their Chapter 11 Cases to Chapter 7 cases on June 30, 2024 (the "Commencement Date").

The Debtors have not issued audited financial statements since 2017. Further, to Batuta's knowledge, the Debtors have not provided any *Management Discussion and Analysis* since 2018, nor any material consolidated or subsidiary financial statements after December 30, 2023. As such, where noted below, Batuta has relied on unaudited financial information disclosed by the Debtors in the Chapter 11 Cases. Where appropriate and available, Batuta has relied on recognized third-party market data to inform its analysis.

The Liquidation Analysis assumes that the Debtors would be liquidated in a jointly administered and substantively consolidated proceeding.

B. Dependence on Assumptions

The Liquidation Analysis relies on multiple estimates and assumptions in identifying potential outcomes of a liquidation of the Debtors and their assets under Chapter 7 of the Bankruptcy Code. Given the historical volatility and the commodity nature of the petroleum product tanker market in which the Debtors operate, any estimates or projections are inherently subject to market uncertainties. In addition, historical spot rates have displayed significant volatility and wide ranges of daily rates—directly impacting the demand and value of transportation vessels such as the Debtors' tankers. The Liquidation Analysis is also based on Batuta's reasonable best judgment as to various assumptions and numerous uncertainties surrounding various legal challenges still ongoing. In addition, Batuta used its reasonable best efforts to account for costs associated with undertaking an expedited sale process of approximately three to six months. The Liquidation Analysis does not include the legal expenses or other costs that would be associated with the pursuit of various claims and causes of action belonging to the Debtors and their Estates or the collection of any resulting judgments.

As such, there can be no guarantee that the values presented in the Liquidation Analysis would be realized in the event an actual liquidation under Chapter 7 of the Bankruptcy Code was to be pursued. As such, the results of any actual Chapter 7 liquidation could vary materially and adversely from those contained herein.

The SMEs (as defined herein) are operated by the Debtors pursuant to finance leases with an end-of-term purchase option, which may not be exercisable by the Debtors if the agreement is terminated by the contract counterparty. Accordingly, in any actual Chapter 7 liquidation, to the extent that one or more of the applicable finance leases is terminated by the applicable contract counterparty, the Debtors may not be able to purchase one or more of the SMEs. In such scenarios, the Debtors may be unable recover some or all of the value ascribed to the SMEs set forth herein.

C. Additional Claims

The cessation of a business that would occur in a Chapter 7 liquidation would likely trigger additional claims that would not exist where the Debtors' business and assets continue as a going concern. Given that many, if not all, of the existing fleet owned and/or operated by Eletson Holdings or its subsidiaries are operated pursuant to finance leases or secured by debt, some of these claims could be significant and would potentially be entitled to priority payment over general unsecured claims. Any such priority claims would be required to be paid in full from the liquidation proceeds before any remaining proceeds would be available to pay the general unsecured claims. Although, Batuta has considered all of the limited data available from Debtors to ascertain those additional claims, it is not possible to guarantee that all potential claims have been accounted for, or the results of the outcome of any such claims.

Furthermore, in a Chapter 7 liquidation, it is possible that various counterparties assert various rights that would not exist in a going concern sale, such as the attempted termination of contract or other valuable rights. Because many of these rights exist at non-Debtor subsidiaries that would potentially not be protected by the provisions of the Bankruptcy Code (such as the automatic stay under section 362 of the Bankruptcy Code), there are substantial risks in a Chapter 7 liquidation that counterparties take or attempt to take actions that would result in materially less proceeds (and, in turn, less value for creditors) than that reflected herein.

D. Potential Causes of Action

In the Chapter 7 liquidation, a Chapter 7 trustee (the "Trustee") may elect to pursue various claims and causes of action belonging to the Debtors and their Estates. The Liquidation Analysis does not provide an estimate of the likely outcomes of any such claims, the costs and risks attendant to pursuing such claims, and the proceeds that might be realized (including after accounting for the risks of collectability, among other issues with enforcing any judgment).

E. Chapter 7 Liquidation Costs and Length of Process

Batuta has assumed that the initial phase of a liquidation would involve minimal business operations and would require the Trustee to oversee the handling of disposing

of remaining assets, including retaining a broker to assist in the liquidation of vessels, distribute available net proceeds and arrange for the closing of the Debtors' Estates. Given the aforementioned volatility of the value of the Debtors' assets, there can be no assurance either of the realized value nor the timing of completing such divestitures. As such, the realized recoveries in an actual liquidation can vary greatly from those presented in this analysis.

In a Chapter 7 liquidation, the Trustee's administrative expenses incurred with managing the liquidation process will be entitled to full payment, as well as a statutory commission on all distributions to creditors, prior to making any distribution to administrative and other priority claims in connection with the Chapter 11 Cases (and thereafter, if any remainder, to general unsecured claims). 11 U.S.C § 726.[2] Furthermore, the Debtors do not have any cash, and Batuta has limited information on what, if any, cash may be available from the Debtors' non-Debtor subsidiaries at the commencement of the liquidation process. With limited or no cash available, the Trustee might have to obtain alternate sources of financing and contingency arrangements that could significantly further reduce recoveries from that reflected herein.

Finally, Batuta has assumed that the Trustee will engage professionals related both to the sale(s) process(es) for the Debtors' tangible assets (such as their vessels owned by subsidiaries) as well as reviewing, analyzing, and investigating potential claims and causes of action against the Debtors' insiders and other third parties. The costs reflected herein do not include the costs and expenses associated with pursuing any such potential claims and causes of action. The Trustee may determine to withhold liquidation proceeds from creditors (thereby reducing or, at the minimum, delaying their recoveries until proceeds, if any, net of costs are recovered) to fund the costs and expenses associated with pursuing potential claims and causes of action. Alternatively, the Trustee may obtain litigation funding or contingency fee arrangements that may significantly reduce the amount of proceeds ultimately available on account of any such potential claims and causes of action that would otherwise be distributable to creditors.

The foregoing costs and risks imply that any sale(s) process(es) might take materially longer and cost materially more than the amounts reflected herein, further increasing administrative and priority claims and related amounts that would be paid prior to general unsecured creditors receiving any distribution. The costs and timing and duration of the Chapter 7 liquidation are currently unknown, but the Liquidation Analysis reflected herein reflects Batuta's reasonable best judgment as to what creditors might recover—actual results are subject to change and may vary significantly.

The Liquidation Analysis assumes a process of approximately three to six months from the Commencement Date to conduct the orderly disposition of substantially all of the Debtors' assets (excluding the pursuit of various claims and causes of action belonging

[2] The Bankruptcy Court may allow reasonable compensation for the Trustee's services on a sliding scale based upon all moneys disbursed or turned over in the liquidation proceedings, by the Trustee. 11 U.S.C. § 326. For purposes of the Liquidation Analysis, these fees are estimated at 3% of the estimated gross liquidation proceeds.

to the Debtors and their Estates and the collection of any resulting judgments), arrange for distributions, and wind-down the Debtors' Estates.

F. Broker Fees

Liquidation of the Debtors' assets (namely liquified petroleum product tankers) would likely require a broker to conduct an auction process. Batuta has assumed that a broker and other associated fees related to the sale(s) process(es) for the Debtors' vessels of 5% of the Gross Transaction Value. Given the illiquidity of these assets, there can be no assurance that actual proceeds received (and therefore, creditors' recoveries) will equal those amounts reflected herein.

G. Claims Estimates

Claims are estimated based upon known liabilities as of May 2024 using the Debtors' schedules and statements as well as proofs of claim filed in these Chapter 11 Cases. For an explanation of these matters, please see the Disclosure Statement to which the Liquidation Analysis is attached.

H. Conclusion

Batuta has concluded that, based on the analysis presented herein, confirmation of the Plan Proponents' Plan included herewith, will provide creditors with a recovery that is not less than what they would otherwise receive pursuant to a hypothetical liquidation of the Debtors under Chapter 7 of the Bankruptcy Code.

Liquidation Analysis

Vessel Name	Type	Year Built	Shipyard	DWT	Class	Market Value[1]	Liquidation Discount Low	Liquidation Discount Base	Liquidation Discount High	Implied Liquidation Discount Low	Implied Liquidation Discount Base	Implied Liquidation Discount High	Liquidation Value before fees Low	Liquidation Value before fees Base	Liquidation Value before fees High
Fourni	HandyMax	2010	Hyundai Mipo Dockyard, S. Korea	51600	MR	26,563,261	25%	20%	15%	19,922,446	21,250,609	22,578,772	19,922,446	21,250,609	22,578,772
Kastos	HandyMax	2010	Hyundai Mipo Dockyard, S. Korea	51900	MR	25,864,665	25%	20%	15%	19,398,499	20,691,732	21,984,965	19,398,499	20,691,732	21,984,965
Kimolos	HandyMax	2010	Hyundai Mipo Dockyard, S. Korea	51500	MR	28,080,000	25%	20%	15%	21,060,000	22,464,000	23,868,000	21,060,000	22,464,000	23,868,000
Kinaros	HandyMax	2009	Hyundai Mipo Dockyard, S. Korea	51600	MR	27,010,000	25%	20%	15%	20,257,500	21,608,000	22,958,500	20,257,500	21,608,000	22,958,500
													80,638,444	**86,014,340**	**91,390,237**
Estimated Remaining OCM Leases & Other SME Liabilities													(53,300,000)	(53,300,000)	(53,300,000)
Ch.7 Trustee Fee[4]							3%	3%	3%				(2,419,153)	(2,580,430)	(2,741,707)
Ch.7 Professional Fees[5]													(5,000,000)	(4,500,000)	(4,000,000)
Broker Fee & Other Fees							5%	5%	5%				(4,031,922)	(4,300,717)	(4,569,512)
US Trustee Fees[6]							0.8%	0.8%	0.8%				(645,108)	(688,115)	(731,122)
Distributable Value to Creditors													**15,242,261**	**20,645,079**	**26,047,896**

	Recovery Waterfall Low	Recovery Waterfall Base	Recovery Waterfall High
Priority & Administrative Claims	**26,200,000**	**27,200,000**	**28,200,000**
recovery	*58%*	*76%*	*92%*
Remaining Value to GUCs	**(10,957,739)**	**(6,554,921)**	**(2,152,104)**
General Unsecured Claims	768,479,112	637,229,112	505,979,112
recovery	*0.0%*	*0.0%*	*0.0%*

Notes:
1) Vessel 3rd party market value assessment (VesselsValue.com 5/7/2024); adjusted for estimated spot vs. time charter rates through lease period
2) See Debtors' Valuation Analysis, filed on May 14, 2024 [Docket No. 687]
3) 3rd Amended 2015.3 filings
4) 11 U.S.C § 326
5) Includes general administration of estates and review / investigation of potential claims; does not include cost of pursuing claims
6) https://www.justice.gov/ust/chapter-11-quarterly-fees

III. Specific Notes to Liquidation Analysis

In addition to the footnotes set forth in the Liquidation Analysis above, the following contain additional notes to the Liquidation Analysis.

A. Special Maritime Enterprise Vessels

The principal assets of the Debtors are 4 MR class tankers that are secured by Bareboat Charters, and operate under four separate Special Maritime Enterprises (the "SMEs"): Kastos Special Maritime Enterprise ("Kastos"), Fourni Special Maritime Enterprise ("Fourni"), Kinaros Special Maritime Enterprise ("Kinaros"), Kimolos II Special Maritime Enterprise ("Kimolos"). All vessels are encumbered. Estimated recoveries are based on independent third-party market assessments, which have been reduced by 15% in the "high" scenario and 25% in the "low" scenario based on an accelerated sale of assets under a Chapter 7 proceeding which will be perceived to be highly distressed. In addition, additional allowances for the Trustee and professional fees, broker and other fees, and U.S. Trustee Fees to account for the potential of depressed valuations in an unfunded time-sensitive liquidation.

B. Cash

The latest (unaudited) financial information received in the *Debtors' Second Periodic Report Pursuant to Bankruptcy Rule 2015.3*, filed on February 12, 2024 [Docket No. 409] (the "2015.3 Report") for the period ending on December 31, 2023. At such time, none of the SMEs had reported material cash balances (collectively less than $100,000 USD). As such, Batuta deemed these unlikely to be collected and an immaterial outcome of the Liquidation Analysis.

C. Other Current Assets

The latest (unaudited) financial information received in the 2015.3 Report relates to the period ending on December 31, 2023. As stated above, Batuta deemed other current assets unlikely to be collected and an immaterial outcome of the Liquidation Analysis.

D. Litigation Claims

As noted in the Disclosure Statement included herewith, the Debtors and their non- Debtor subsidiaries will retain various claims and causes of action, including relating to Eletson Gas, LLC ("Eletson Gas"), Levona Holdings, Ltd. ("Levona"), and others. Given the costs and risks associated with such claims and causes of action, the Liquidation Analysis does not provide an estimate of (i) the fees and expenses needed to bring those claims and causes of action, including, among others, issues associated with collectability and enforcement of any judgments, and (ii) the gross recovery resulting from those claims and causes of action (if any).

E. Land, Buildings & Other PP&E

The latest (unaudited) financial information received in the 2015.3 Report for the period ending on December 31, 2023. As of that date, none of the SMEs reported any Fixed Assets or PP&E in addition to vessels.

F. Non-Special Maritime Enterprise Subsidiaries

Pursuant to the 2015.3 Report, all of the non- subsidiaries with the exception of Eletson Gas were deemed to be insolvent.

G. Intercompany Receivables

As stated above, for the purposes of the Liquidation Analysis any current or potential future claims arising from Intercompany transactions are treated as potential claims and are not assigned value in the Liquidation Analysis.

H. Payables & Current Liabilities

Given the independent operating structure of the SMEs, the Liquidation Analysis assumes that the SME's payables and current liabilities are satisfied from liquidation proceeds before any distributions to Claims of the Debtors. The remaining SMEs' lease obligations are accounted for in the Estimated Recovery Lease Obligations.

I. Wind-Down Expenses

Wind-Down Expenses include the non-resource related costs to wind down the Debtors' Estates after the Commencement Date, including, but not limited to any costs to maintain and repair the Debtors' assets, payments for any utilities, insurance, fuel, taxes, and other overhead costs.

J. Hypothetical Recoveries by Class

- Administrative Claims: For the purposes of the Liquidation Analysis, Administrative Claims include Claims for costs and expenses of administration of the Chapter 11 Cases, including Professional Fee Claims, U.S. Trustee Claims, Fees under section 503(b) of the Bankruptcy Code (including the Petitioning Creditors' section 503(b)(3)(A) claims [Docket Nos. 265, 322], the 2022 Notes Trustee's section 503(b)(3)(A) claim [Docket No. 323], and New Agathonissos Finance's ("NAF") section 503(b)(3)(A) claim [Docket No. 324]. The Liquidation Analysis concludes that Holders of Administrative Claims are not likely to be paid in full in a Chapter 7 liquidation.

- Priority Claims: The Liquidation Analysis concludes that Holders of Priority Claims are not likely to be paid in full in a Chapter 7 liquidation.

- Other Priority Claims: The Plan Proponents are not aware of any Other Priority Claims against the Debtors. Accordingly, the Liquidation Analysis concludes

that, to the extent there are any Other Priority Claims, Holders of Other Priority Claims are not likely to be paid in full in a Chapter 7 liquidation.

- Secured Claims: The Plan Proponents are not aware of any Secured Claims against the Debtors other than the Claims filed by the Azure Claimants (as defined in the Disclosure Statement) [Proof of Claim Nos. 9-1, 10-1, 11-1, 12-1] (the "Azure Guaranty Claims"), which are secured by certain collateral. In a Chapter 7 liquidation, the Liquidation Analysis concludes (i) Holders of Azure Guaranty Claims will receive their collateral in satisfaction of such Secured Claims and (ii) to the extent there are any Secured Claims other than the Azure Guaranty Claims, Holders of any such Secured Claims will likely be paid in full.

- General Unsecured Claims: In a Chapter 7 liquidation, the Liquidation Analysis concludes that Holders of General Unsecured Claims would not receive any recovery in a Chapter 7 liquidation.

  For purposes of a hypothetical Chapter 7 liquidation, the term "General Unsecured Claims" means, collectively, any Claim against any Debtor as of the Petition Date that is neither secured by collateral nor entitled to priority under the Bankruptcy Code, including, among others, the Old Notes Claims, the 2022 Notes Claims, the Claims filed by NAF [Proof of Claim No. 13-1], the Azure Guaranty Claims, and Convenience Claims. In addition, the "low" end of the recovery range includes the claim asserted by Levona [Proof of Claim No. 21-1] (the "Levona Claim"); in the "high" end of the recovery range, the Levona Claim is excluded.

- Convenience Claims: In a Chapter 7 liquidation, the Convenience Claims would be treated as General Unsecured Claims.

- OCM Guaranty Claims: In a Chapter 7 liquidation, the OCM Guaranty Claims would be treated as General Unsecured Claims; however, such OCM Guaranty Claims are contingent and not expected to require any recovery from the distributions made by the Trustee on account of claims against the Debtors.

- Subordinated Claims: The Liquidation Analysis concludes that Holders of Subordinated Claims will likely receive no recovery in a Chapter 7 liquidation.

- Intercompany Claims: The Liquidation Analysis concludes that Holders of Intercompany Claims will likely receive no recovery in a Chapter 7 liquidation.

- Intercompany Interests: The Liquidation Analysis concludes that Holders of Intercompany Interests will likely receive no recovery in a Chapter 7 liquidation.

- Existing Equity Interests: The Liquidation Analysis concludes that Holders of Existing Equity Interests will likely receive no recovery in a Chapter 7 liquidation.

APPENDIX D

Financial Projections

FINANCIAL PROJECTIONS

I. Introduction

In connection with the negotiation and development of the Plan[1], and for the purpose of determining whether the Plan meets the feasibility standard outlined in section 1129(a)(11) of the Bankruptcy Code, Batuta Capital Advisors LLC ("Batuta"), at the direction of the Plan Proponents, prepared financial projections (the "Projections"). Batuta analyzed Reorganized Holdings' ability to satisfy its financial obligations while maintaining sufficient liquidity and capital resources and projected these forward during the Projection Period (as defined below). With limited access to recent financial data provided by the Debtors, Batuta prepared consolidated financial projections for the years ending December 31, 2024 through December 31, 2029 (the "Projection Period").

The Plan Proponents believe that the Plan meets the feasibility requirements, as Confirmation is not likely to be followed by liquidation or the need for further financial reorganization of Reorganized Holdings or any successors under the Plan.

The Projections are based on a number of assumptions by Batuta with respect to the future performance of the assets currently held by the Debtors, namely, the four (4) special maritime entity subsidiaries ("SMEs") constituting the principal tangible assets of Reorganized Holdings. Certain assumptions were based on information available to Batuta, including information derived from public sources that have not been independently verified. No representations or warranties, express or implied, are provided in relation to the fairness, accuracy, correctness, completeness, or reliability of the information, opinions, or conclusions expressed herein.

The likelihood, and related financial impact, of a change in any of these factors cannot be predicted with certainty. Consequently, actual financial results could differ materially from the Projections. The Projections assume the Plan will be implemented in accordance with its stated terms and Reorganized Holdings will emerge from Chapter 11 as contemplated therein. The Projections should be read in conjunction with the assumptions and qualifications contained herein and as set out in the Disclosure Statement.

The Projections present, to the best of Batuta's knowledge and belief, Reorganized Holdings' projected financial position, results of operations, and cash flows for the Projection Period and reflect Batuta's assumptions and judgments of the projections based on an assumed emergence date of July 31, 2024 (the "Assumed Effective Date"). Although Batuta believes that these assumptions are reasonable under current circumstances, such assumptions are subject to inherent uncertainties, including, but not limited to:

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[1] Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Plan or in the Disclosure Statement, to which the Financial Projection is attached as an appendix.

- Upward or downward changes in product tanker demand;
- Highly volatile charter rates;
- Changes in environmental standards and requirements;
- Geopolitical uncertainty in markets in which Reorganized Holdings and its subsidiaries will conduct business;
- Supply and demand dynamics in the crude oil and petroleum products markets and the resulting volatility in prices;
- Significant weather events impacting shipping in markets in which Reorganized Holdings and its subsidiaries will conduct business;
- Inherent risks associated with operating product tanker vessels;
- The impact of economic conditions outside of the control of Reorganized Holdings' and its subsidiaries control and any corresponding impact on charter rates;
- Reorganized Holdings' and its subsidiaries' ability to generate sufficient cash to service debt to which any one or more of them may be a party post the Assumed Effective Date;
- Reorganized Holdings' and its subsidiaries' ability to comply with any financial covenants contained in debt agreements to which any one or more of them may be a party post-Assumed Effective Date;
- Changes in interest rates;
- Regulatory changes and judicial rulings impacting Reorganized Holdings' and its subsidiaries' businesses;
- Adverse results from litigation, governmental investigations, or tax related proceedings or audits, whether initiated prior or subsequent to the Assumed Effective Date;
- Reorganized Holdings' and its subsidiaries' ability to maintain and/or enter into agreements with customers;
- Reorganized Holdings' and its subsidiaries' reliance on third-party vendors for various goods or services;
- Other events beyond the control of Reorganized Holdings and its subsidiaries that may result in unexpected adverse operating results;
- The possibility that the Bankruptcy Court does not confirm the Plan or the Assumed Effective Date does not timely occur as projected herein; and
- The risks related to other parties objecting to the Plan and the resulting cost and expense of delays in the Chapter 11 Cases.

The Projections contain certain forward-looking statements, all of which are based on various estimates and assumptions. Such forward-looking statements are subject to inherent uncertainties and to a wide variety of significant business, economic, and competitive risks, including those summarized herein. When used in the Projections, the words "anticipate," "believe," "estimate," "will," "may," "intend," and "expect" and similar expressions generally identify forward-looking statements. Although the Plan Proponents believe that their plans, intentions, and expectations reflected in the forward-looking statements are reasonable, the Plan Proponents cannot be sure that they will be achieved. These statements are only predictions and are not guarantees of future performance or results. Forward-looking statements are subject to risks and

uncertainties that could cause actual results to differ materially from those contemplated by a forward-looking statement. Forward-looking statements speak only as of the date on which they are made. Except as required by law, the Plan Proponents expressly disclaim any obligation to update any forward-looking statement, whether as a result of new information, future events, or otherwise.

THE PROJECTIONS WERE NOT PREPARED WITH A VIEW TOWARDS COMPLIANCE WITH PUBLISHED GUIDELINES OF THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR GENERALLY ACCEPTED ACCOUNTING PRINCIPLES ("GAAP") IN THE UNITED STATES. FURTHERMORE, THE PROJECTIONS HAVE NOT BEEN (A) AUDITED OR REVIEWED BY A REGISTERED INDEPENDENT PUBLIC ACCOUNTING FIRM OR (B) CONFIRMED WITH THE DEBTORS.

THE PROJECTIONS, WHILE PRESENTED WITH NUMERICAL SPECIFICITY, ARE BASED UPON MULTIPLE ESTIMATES AND ASSUMPTIONS WHICH MAY NOT BE REALIZED AND ARE SUBJECT TO SIGNIFICANT BUSINESS, ECONOMIC, AND COMPETITIVE UNCERTAINTIES AND CONTINGENCIES WHICH ARE RECOGNIZED BY BATUTA TO BE BEYOND ITS CONTROLTO FULLY ASSESS. CONSEQUENTLY, THE PROJECTIONS SHOULD NOT BE REGARDED AS A REPRESENTATION OR WARRANTY BY BATUTA, OR ANY OTHER PERSON AS TO THE ACCURACY OF THE PROJECTIONS OR THAT THE PROJECTIONS WILL BE REALIZED BY REORGANIZED HOLDINGS, POST THE ASSUMED EFFECTIVE DATE. ACTUAL RESULTS MAY DIFFER MATERIALLY FROM THOSE PRESENTED IN THE PROJECTIONS. HOLDERS OF CLAIMS MUST MAKE THEIR OWN ASSESSMENT AS TO THE REASONABLENESS OF SUCH ASSUMPTIONS AND THE RELIABILITY OF THE PROJECTIONS IN MAKING THEIR DETERMINATION OF WHETHER TO ACCEPT OR REJECT THE PLAN.

II. Current Business Description

The Debtors are an integrated owner, operator, and manager of a fleet of product tankers and LPG/LEG carriers specializing in the transport of refined petroleum products, liquefied petroleum gas ("LPG") and ammonia (NH3). The Debtor(s) have offices located in Piraeus, London, and Stamford, Connecticut and charter its fleet to customers including major international oil, LPG, ammonia (NH3), ethylene and other petrochemical gases ("LEG") companies and traders.

The Debtors' product tanker vessels are capable of carrying a wide range of petroleum products, such as fuel oil and vacuum gas oil (often referred to as "dirty products') and gas oil, gasoline, jet fuel, kerosene and naptha (often referred to as "clean products"), and crude oil.

The Debtors own 100% of the common units in Eletson Gas LLC, which owns handy-sized semi-ref and medium-sized fully ref LPG/LEG carriers, which are gas carriers that transport LPG, ammonia (NH3), ethylene, and other petrochemical gases. LPG, which consists of propane and butane, is a clean and efficient source of energy used as a heating, cooking, and transportation fuel and as a petrochemical and refinery feedstock,

while ammonia is mainly used in the agricultural industry as a fertilizer and ethylene is a feed stock material.

III. Summary of Significant Assumptions and Basis for Presentation

The Projections were developed by Batuta using assumptions based on limited information for the revenues and costs of the Debtors' and their subsidiaries' current business and projecting such assumptions forward for the Projection Period as to Reorganized Holdings and its subsidiaries. Batuta considered the following factors in developing the Projections:

- Current and projected market conditions in each of the respective markets in which the Debtors and their subsidiaries are currently active and believe Reorganized Holdings and its subsidiaries will remain active;
- Ability to sufficiently fund debt service payments;
- Capital expenditures needed, based on historic capital expenditures, to keep the vessel fleet in class post-Assumed Effective Date;
- Ability to realize sufficient charter rates to cover vessel operating expenditures and general and administrative expenses;
- No foreseeable material acquisitions or divestitures;
- The Debtors' emergence from Chapter 11 as Reorganized Holdings on or around the Assumed Effective Date.

The Projections do not set forth expenses related to the pursuit of various claims and causes of action belonging to the Debtors and their Estates or any proceeds derived therefrom (if any).

The Projections have been prepared in good faith and are based upon assumptions believed to be reasonable, including those set out under the Plan. The Projections include assumptions with respect to unaudited and in some cases dated financial accounts of the Debtors.

IV. Projected Cash Flow Statement and Balance Sheet Assumptions

EBITDA: EBITDA is measured as earnings (defined as total vessel operating revenue less vessel operating expenses, as described below) before interest, taxes, depreciation, and amortization. Pro Forma EBITDA is not a measurement of operating performance computed in accordance with GAAP and should not be considered as a substitute for net income (loss) prepared in conformity with GAAP. In addition, Pro Forma EBITDA may not be comparable to similarly titled measures of other companies. Batuta believes that these non-GAAP financial measures are important indicators of the future operations of the respective Reorganized Holdings and provide a baseline for analyzing Reorganized Holdings' underlying business. EBITDA, broadly defined, is a metric used by the financial community to provide insight into an organization's operating trends and to facilitate comparisons between peer companies, since interest, taxes, depreciation, and amortization can differ greatly between organizations as a result of differing capital structures and tax strategies.

Leveraged Free Cash Flow: Leveraged Free Cash Flow is the free cash flow that remains after Reorganized Holdings has paid their obligations on their debt—both interest and principal repayments. Leveraged Free Cash Flow is not a measurement of operating performance computed in accordance with GAAP and should not be considered as a substitute for cash flow from operations prepared in conformity with GAAP. In addition, Leveraged Free Cash Flow may not be comparable to a similarly titled measure of other companies. Batuta believes that this cash flow measure provides investors and holders of Claims with a relevant measure of liquidity and a useful basis for assessing Reorganized Holdings' ability to fund their activities and obligations post-emergence from these Chapter 11 Cases.

Capex: Capital expenditures ("Capex") include the Plan Proponents' estimates of maintenance and growth Capex.

Chapter 11 Professional Services Fees and D&O Insurance: Chapter 11 professional services and other fees as well as D&O insurance related to post-Assumed Effective Date chapter 11 filings and activities until the close of the Chapter 11 Cases.

V. Financial Assumptions/Projections

The future results of Reorganized Holdings are dependent upon various factors, many of which are beyond the control or knowledge of the Plan Proponents, and consequently are inherently difficult to project. Reorganized Holdings' actual future result may differ materially from the Projections and as a result, the actual total value of Reorganized Holdings may be significantly higher or lower than the estimated range herein. *See* Disclosure Statement ("Risk Factors").

The following summarizes the underlying key financial assumptions upon which the Projections were based.

1. Voyage Revenue

Reorganized Holdings will derive operating revenue primarily from the operation of four MR class product tankers ("Voyage Revenue"). Voyage Revenue primarily includes revenues from spot charters and time charters. Spot market revenues are recognized ratably over the duration of the spot market voyages from loading to discharge of the cargo and time charter revenues over the duration of the time charters. Reorganized Holdings and its subsidiaries also generate demurrage revenue, which represent fees charged to charterers associated with our spot market voyages when the charterer exceeds the agreed upon time required to load or discharge a cargo.

2. Time Charter Equivalent Rate

The time charter equivalent rate ("TCE Rate") is a standard industry measure of the average daily revenue performance of a vessel. TCE Rate is equal to Voyage Revenue, less voyage expenses during a period, divided by the number of available days during the period. TCE Rate is used primarily to compare daily earnings generated by vessels on time charters with earnings generated by vessels on spot charters, because charter rates for vessels on spot charters are generally not expressed in per day amounts, and

charter rates for vessels on time charters generally are expressed in such amounts. Time charter equivalent revenue and TCE Rate are not measures of financial performance under GAAP and may not be comparable to similarly titled measures of other companies.

3. Spot Charter

A spot charter is an agreement to charter a vessel for an agreed amount of cargo from specified loading port(s) to specified discharge port(s). In contrast to a time charter, the vessel owner is generally required to pay substantially all of the voyage expenses, including port costs, canal charges and fuel expenses, in addition to the vessel operating expenses.

4. Time Charter

A time charter is a contract for the use of a vessel for a specific period of time during which the charterer pays substantially all of the voyage expenses, including port costs, canal charges and fuel expenses. The vessel owner pays commissions on gross voyage revenues and the vessel operating expenses, which include crew wages, insurance, technical maintenance costs, spares, stores and supplies. Time charter rates are usually fixed during the term of the charter. Fluctuations in time charter rates are influenced by changes in spot charter rates. Prevailing time charter rates do fluctuate on a seasonal and year-to-year basis and may be substantially higher or lower from a prior time charter agreement when the subject vessel owner is seeking to renew the time charter agreement with the existing charterer or enter into a new time charter agreement with another charterer.

Drivers of time charter rates include, among others:

- General economic and market conditions affecting the shipping industry;
- Supply/demand balance for tankers and the types and sizes of comparable tankers;
- Demand for petroleum products;
- Vessel acquisitions and disposals;
- Cost of new buildings and the ability of shipyards and shipowners to finance the cost of construction of newbuilds;
- Governmental and other regulations; and
- Regulation of the tanker industry.

5. Vessel Operating Expenses

These expenses generally represent direct expenses incurred for costs associated with the operation of the vessels and activities related to the delivery of products and services to customers. Vessel operating expenses generally represent fixed costs. Vessel operating expenses mainly consist of the following:

- Crew Expenses;
- Victualling;
- Deck and Engine Stores;

- Insurance;
- Lubricants;
- Maintenance Repairs; and
- Spare Parts.

6. Depreciation

The cost of the Debtors' vessels is depreciated on a straight-line basis over the expected useful life of each vessel. Depreciation is based on the cost of the vessel less its estimated residual value. Batuta depreciated the Debtors' product tankers over 25 years.

7. General and Administrative Expenses

General and administrative expenses are composed of general corporate overhead expenses, including personnel costs, property costs, legal and professional fees, and other general administrative expenses. Personnel costs include, among other things, salaries, pension costs, fringe benefits, travel costs and health insurance.

These costs also include post-Assumed Effective Date general corporate costs and costs related to the final administration and closing of the Chapter 11 Cases in accordance with the Plan.

8. Post-Assumed Effective Date Debt Structure

Solely for the purpose of the analysis set forth herein, Batuta has assumed that the debt structure of Reorganized Holdings will consist of one or more secured credit facilities (collectively, the "Secured Debt") collateralized by the 4 MR class product tankers. The assumed interest rate on the credit facility(ies) is assumed to be 7.5% per year.

SME Consolidated Projections ($mm USD)	*6 mths* 2024	2025	2026	2027	2028	2029
Voyage Revenue	$19.5	$38.9	$32.9	$31.2	$31.6	$32.1
YoY Growth			*-15.4%*	*-5.3%*	*1.5%*	*1.5%*
Vessel Operating Expenses (including management fees)	$6.2	$12.8	$13.1	$13.3	$13.6	$13.9
YoY Growth			*2.0%*	*2.0%*	*2.0%*	*2.0%*
General & Administrative	$2.2	$4.4	$4.5	$4.6	$4.7	$4.8
YoY Growth			*2.0%*	*2.0%*	*2.0%*	*2.0%*
Ongoing Expenses from Chapter 11 proceedings	$1.5	$1.2	$0.0	$0.0	$0.0	$0.0
EBITDA	$9.6	$20.5	$15.4	$13.3	$13.4	$13.5
YoY Growth			*-25.1%*	*-13.6%*	*0.8%*	*0.8%*
Check						
Depreciation	$3.8	$7.7	$6.5	$6.5	$6.5	$6.5
Cash Interet/Amortization	$4.0	$3.9	$3.6	$3.6	$3.6	$3.6
Net Profit/Loss	$1.8	$8.9	$5.3	$3.2	$3.3	$3.4
EBITDA	$9.6	$20.5	$15.4	$13.3	$13.4	$13.5
Cash Interest/Financing Costs	($4.0)	($3.9)	($3.6)	($3.6)	($3.6)	($3.6)
Capex	($1.7)	($3.4)	($3.4)	($3.4)	($3.4)	($3.4)
FCF	$3.9	$13.2	$8.3	$6.2	$6.3	$6.4
Debt	$48.1	$48.1	$48.1	$48.1	$48.1	$48.1
Cash	$8.9	$22.1	$30.4	$36.7	$43.0	$49.5
Net Debt	$39.2	$26.0	$17.7	$11.4	$5.1	($1.4)
Debt/EBITDA	5.0x	2.3x	3.1x	3.6x	3.6x	3.6x
Net Debt/EBITDA	10.x	2.0x	2.1x	1.8x	.8x	-.2x

APPENDIX E

Valuation Analysis

VALUATION ANALYSIS

THE VALUATION INFORMATION CONTAINED HEREIN IS NOT A PREDICTION OR GUARANTEE OF THE ACTUAL MARKET VALUE THAT MAY BE REALIZED THROUGH THE SALE OF ANY SECURITIES TO BE ISSUED PURSUANT TO THE PLAN. THE VALUATION ANALYSIS IS PRESENTED SOLELY FOR THE PURPOSE OF PROVIDING ADEQUATE INFORMATION AS REQUIRED BY SECTION 1125 OF THE BANKRUPTCY CODE TO ENABLE THE HOLDERS OF CLAIMS OR INTERESTS ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN TO MAKE AN INFORMED JUDGMENT ABOUT THE PLAN AND SHOULD NOT BE USED OR RELIED UPON FOR ANY OTHER PURPOSE, INCLUDING THE PURCHASE OR SALE OF CLAIMS AGAINST OR INTERESTS IN THE DEBTORS. **THE PLAN PROPONENTS[1] RESERVE THE RIGHT TO SUPPLEMENT OR MODIFY THE VALUATION ANALYSIS, INCLUDING BY CHANGING THE ASSUMPTIONS OR ANALYSIS SET FORTH HEREIN.**

Batuta Captial Advisors LLC ("Batuta"), at the direction of the Plan Proponents, performed a valuation analysis of Reorganized Holdings (the "Valuation Analysis").

Based upon and subject to the review and analysis described herein, and subject to the assumptions, limitations and qualifications described herein, Batuta's view, as of May 8, 2024, was that the estimated going concern enterprise value of Reorganized Holdings, as of an assumed Effective Date for purposes of the Valuation Analysis of July 31, 2024 (the "Assumed Effective Date"), would be in a range of between $103.9 million and $116.4 million. The midpoint of the enterprise valuation range is $110.2 million. Based upon our range of estimated going concern enterprise value of Reorganized Holdings of between $103.9 million and $116.4 million, assumed leases of $48.1 million (assuming net leases for the use of certain vessels owned by entities affiliated or associated with Oaktree Capital Management as of July 31, 2024), the Rights Offering in the amount of up to $43.5 million, and cash distributions to Holders of Administrative Claims, Priority Tax Claims, Other Priority Claims, Secured Claims, OCM Guaranty Claims, Subordinated Claims, Intercompany Claims, and Convenience Claims and General Unsecured Claims opting for a cash-out option of between $28.7 million and $37.2 million, the ascribed estimate of the range of equity value for Reorganized Holdings as of the Assumed Effective Date, is between approximately $55.8 million and $68.3 million, with a midpoint estimate of $62.1 million.

Batuta's views are based on economic, monetary, market, and other conditions in effect, and the information available to Batuta as of the date of the Valuation Analysis. It should be understood that, although subsequent developments may affect Batuta's views, Batuta does not have any obligation to update, revise, or reaffirm its estimate.

The Valuation Analysis is based on a number of assumptions, including, among other assumptions, that (i) the Debtors will be reorganized in accordance with the Plan Proponent's proposed Plan which will be consummated on the Assumed Effective Date,

[1] Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Plan or in the Disclosure Statement, to which the Valuation Analysis is attached as an appendix.

(ii) Reorganized Holdings will achieve the results set forth in in the accompanying Financial Projections prepared by Batuta (as per the Disclosure Statement and the Appendices thereto) for 2024 through 2029 (the "Projection Period") prepared by Batuta based on information available from the Debtors and publicly available sources, (iii) Reorganized Holdings' capitalization and available cash will be as set forth in the Plan and this Disclosure Statement, and (iv) Reorganized Holdings will be able to obtain all future financings, on the terms and at the times, necessary to achieve the results set forth in the Financial Projections. Batuta makes no representation as to the achievability or reasonableness of such assumptions. In addition, Batuta assumed that there will be no material change in economic, monetary, market, and other conditions as in effect on, and the information made available to Batuta, as of the Assumed Effective Date. Batuta assumed that the Financial Projections it prepared based on the limited data available from the Debtors and publicly available are reasonable on the basis that it currently reflects the best available estimates and judgments as to the future financial and operating performance of Reorganized Holdings. The future results of Reorganized Holdings are dependent upon various factors, many of which are beyond the control or knowledge of the Plan Proponents and their advisors, including Batuta, and consequently are inherently difficult to project. Reorganized Holdings' actual future results may differ materially (positively or negatively) from the Financial Projections and, as a result, the actual enterprise value of Reorganized Holdings may be materially higher or lower than the estimated range herein. Among other things, failure to consummate the Plan in a timely manner, including any delay in the Assumed Effective Date, may have a materially negative impact on the enterprise value of Reorganized Holdings.

The estimated enterprise value in the Valuation Analysis represents a hypothetical enterprise value of Reorganized Holdings as the continuing operators of the business and assets of the Debtors, after giving effect to the Plan, based on consideration of certain valuation methodologies as described below. The estimated enterprise value in this section does not purport to constitute an appraisal or necessarily reflect the actual market value that might be realized through a sale or liquidation of Reorganized Holdings, its securities or its assets, which may be materially higher or lower than the estimated enterprise value range herein.

The actual value of an operating business such as Reorganized Holdings' business is subject to uncertainties and contingencies that are difficult to predict and will fluctuate with changes in various factors affecting the financial condition and prospects of such a business. In conducting its analysis, Batuta, among other things: (i) reviewed certain publicly available business and financial information relating to Reorganized Holdings that Batuta deemed relevant; (ii) reviewed certain information relating to the business, earnings, cash flow, assets, liabilities, and prospects of Reorganized Holdings which are mostly dated, including the Financial Projections prepared by Batuta based on historical data and market information; (iii) reviewed publicly available financial and stock market data for certain selected publicly traded companies; (iv) reviewed publicly available financial data for certain selected precedent vessel transactions that Batuta deemed relevant; (v) reviewed a draft of the Amended Plan dated April 8, 2024 filed by the Debtors [Docket No. 570]; and (vi) conducted such other financial studies and analyses and took into account such other information as Batuta deemed appropriate. In connection with its review, Batuta did not assume any responsibility for independent

verification of any of the information supplied to, discussed with, or reviewed by Batuta and relied on such information being complete and accurate in all material respects. Batuta did not make any independent evaluation or appraisal of any of the assets or liabilities (contingent, derivative, off-balance- sheet, tax-related or otherwise) of Reorganized Holdings, nor was Batuta furnished with any such evaluation or appraisal.

THE ESTIMATED ENTERPRISE VALUE IN THE VALUATION ANALYSIS DOES NOT CONSTITUTE A RECOMMENDATION TO ANY HOLDER OF A CLAIM OR INTEREST AS TO HOW SUCH HOLDER OF A CLAIM OR INTEREST SHOULD VOTE OR OTHERWISE ACT WITH RESPECT TO THE PLAN. BATUTA HAS NOT BEEN ASKED TO AND DOES NOT EXPRESS ANY VIEW AS TO WHAT THE TRADING VALUE OF REORGANIZED HOLDINGS' SECURITIES WOULD BE WHEN ISSUED PURSUANT TO THE PLAN OR THE PRICES AT WHICH THEY MAY TRADE IN THE FUTURE. THE ESTIMATED ENTERPRISE VALUE SET FORTH HEREIN DOES NOT CONSTITUTE AN OPINION AS TO FAIRNESS FROM A FINANCIAL POINT OF VIEW TO ANY HOLDER OF A CLAIM OR INTEREST OF THE CONSIDERATION TO BE RECEIVED BY SUCH HOLDER OF A CLAIM OR INTEREST UNDER THE PLAN OR OF THE TERMS AND PROVISIONS OF THE PLAN. THE VALUATION ANALYSIS DOES NOT SHOW EXPENSES RELATED TO THE INVESTIGATION, COMMENCEMENT, OR PURSUIT OF POTENTIAL CLAIMS AND CAUSES OF ACTION OR ANY INCOME DERIVED THEREFROM ON ACCOUNT OF ANY PROCEEDS THEREOF (IF ANY).

I. Valuation Methodologies

In preparing the Valuation Analysis, Batuta performed a variety of financial analyses and considered a variety of factors. The following is a brief summary of the material financial analyses performed by Batuta, which consisted of (a) a selected publicly traded companies analysis, (b) a net asset value (NAV) analysis and (c) discounted cash flow analysis. This summary does not purport to be a complete description of the analyses performed and factors considered by Batuta. The preparation of a valuation analysis is a complex analytical process involving various judgmental determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to particular facts and circumstances, and such analyses and judgments are not readily susceptible to summary description. As such, the Valuation Analysis must be considered as a whole. Reliance on only one of the methodologies used, or portions of the analysis performed, could create a misleading or incomplete conclusion as to enterprise value.

A. Selected Publicly Traded Companies Analysis

The selected publicly traded companies analysis is based on the enterprise values of selected publicly traded shipping companies that have operating and financial characteristics comparable in certain respects to Reorganized Holdings. For example, such characteristics may include similar size and scale of operations, end-market exposure, product mix, operating margins, growth rates, and geographical exposure.

Under this methodology, certain financial multiples that measure financial performance and value are calculated for each selected company and then applied to Reorganized Holdings' financials to imply an enterprise value for Reorganized Holdings. Batuta used, among other measures, enterprise value (defined as market value of equity, plus book value of debt and book value of preferred stock and minority interests, less cash, subject to adjustments for underfunded pension and retirement obligations and other items where appropriate) for each selected company as a multiple of such company's publicly available consensus projected EV/EBITDA multiple for fiscal year 2025. Although the selected companies were used for comparison purposes, no selected publicly traded company is either identical or directly comparable to the business of Reorganized Holdings. Accordingly, Batuta's comparison of selected publicly traded companies to the business of Reorganized Holdings and analysis of the results of such comparisons was not purely mathematical, but instead involved considerations and judgments concerning differences in operating and financial characteristics and other factors that could affect the relative values of the selected publicly traded companies and Reorganized Holdings. The selection of appropriate companies for this analysis is a matter of judgment and subject to limitations due to sample size and the public availability of meaningful market-based information. Batuta also took into account a private discount to the public comparable values as per Damodaran[2] to take into account the private nature of the Debtors' business.

B. Net Asset Value (NAV) Analysis

The selected transactions analysis is based on the implied enterprise value of companies and assets involved in publicly disclosed and Vessels Value asset valuations (an independent, third party research widely used in the industry) for which the targets had operating and financial characteristics comparable in certain respects to Reorganized Holdings. Under this methodology, the asset value of each such target is determined by an analysis of the consideration paid net of debt encumbering the asset. Other factors not directly related to a company's business operations can affect a valuation in a transaction, including, among others factors, the following: (a) circumstances surrounding the specific age and condition of the vessel may introduce "diffusive quantitative results" into the analysis (*e.g.*, a buyer may pay an additional premium for reasons that are not solely related to competitive bidding); (b) the market environment is not identical for transactions occurring at different periods of time; (c) circumstances pertaining to the financial position of the company may have an impact on the resulting purchase price (*e.g.*, a company in financial distress may receive a lower price due to perceived weakness in its bargaining leverage); and (d) the ongoing tax environment at the time of the transaction.

C. Discounted Cash Flow Analysis

The discounted cash flow ("DCF") analysis is a valuation methodology that estimates the value of an asset or business by calculating the present value of expected future cash flows to be generated by that asset or business plus a present value of the estimated terminal value of that asset or business. The DCF analysis used the Financial Projections' estimated free cash flows through December 31, 2040. These cash flows

[2] Valuation, Damodaran, Aswath, 2016.

were then discounted at a range of estimated cost of equity ("Discount Rate") for Reorganized Holdings. Rate reflects the estimated rate of return that would be expected by equity investors to invest in Reorganized Holdings' business. The value was determined by estimating the weighted average cost of capital for such debt instruments and common equity as appropriate for Reorganized Holdings' capitalization. Batuta estimated the duration of cash flows by the average useful life of comparable assets. To determine the total enterprise value, assumed secured vessel debt was added to the derived equity value, and the estimated cash balance as of the Assumed Effective Date was added to the derived equity value.

To determine the Discount Rate, Batuta estimated the cost of equity for Reorganized Holdings based on (I) the capital asset pricing model, which assumes that the expected equity return is a function of the risk-free rate, equity market premium, and the correlation of the stock performance of the selected publicly traded companies to the return on the broader market and (II) an adjustment related to Reorganized Holdings' status as a private company.

II. Reorganized Holdings—Valuation Considerations

The estimated value in the Valuation Analysis is not necessarily indicative of actual value, which may be significantly higher or lower than the ranges set forth herein. Accordingly, neither Batuta nor any other person assumes responsibility for the accuracy of such estimated value. Depending on the actual financial results of the Debtors or changes in the economy and the financial markets, the value of Reorganized Holdings as of the Assumed Effective Date may differ from the estimated value set forth herein as of the Assumed Effective Date. In addition, the market prices, to the extent there is a market, of Reorganized Holdings' securities will depend upon, among other things, prevailing interest rates, conditions in the economy and the financial markets, the investment decisions of prepetition creditors receiving such securities under the Plan (some of whom may prefer to liquidate their investment rather than hold it on a long-term basis), and other factors that generally influence the prices of securities.

As noted in the Disclosure Statement included herewith, the Debtors and their non-Debtor subsidiaries will retain various claims and causes of action, including relating to Eletson Gas LLC, Levona Holdings, Ltd., and others. Given the costs and risks associated with such claims and causes of action, this Valuation Analysis does not provide an estimate of (i) the fees and expenses needed to bring those claims and causes of action, including, among others, issues associated with collectability and enforcement of any judgments, and (ii) the gross recovery resulting from those claims and causes of action (if any).

APPENDIX F

Initial Backstop Party Financial Wherewithal

Mulberry Street Ltd

June 14, 2024

Eletson Holdings Inc.
c/o Eletson Maritime, Inc.
1 Landmark Square, Suite 424
Stamford, Connecticut 06901

The Official Committee of Unsecured Creditors
c/o Stephen Zide
Dechert LLP
Three Bryant Park
1095 Avenue of the Americas
New York, NY 10036

Re: **Commitment Letter**

Ladies and Gentlemen:

Reference is made to the (i) *Petitioning Creditors' Amended Joint Chapter 11 Plan of Reorganization of Eletson Holdings Inc. and its Affiliated Debtor*s filed on June 6, 2024 at Docket Number 740, Exhibit 1 (as amended or modified from time to time, the "PC Plan")[1] and (ii) *Petitioning Creditors' Overbid Chapter 11 Plan for Eletson Holdings Inc. and its Affiliated Debtor*s filed on June 11, 2024 at Docket Number 762, Exhibit 1 (as amended or modified from time to time, the "PC Overbid Plan"), each by the Petitioning Creditors,[2] as plan proponents, to reorganize the claims against and interests in Eletson Holdings Inc., Eletson Finance (US) LLC, and Agathonissos Finance LLC (collectively, the "Debtors"), as debtors and debtors-in-possession in their chapter 11 cases currently pending in the United Stated Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court") and jointly administered under Case No. 23-10322 (JPM) (the "Chapter 11 Cases").

The PC Plan contemplates an offering of rights, up to $43.5 million (the "Backstop Amount"), to purchase up to 75% of the new common stock of reorganized Eletson Holdings Inc. ("Reorganized Holdings") (subject to dilution on account of the Backstop Premium and the EIP) in connection with the consummation of the PC Plan (the "Rights Offering"). The PC Overbid Plan contemplates an equity investment contribution, in the amount of $33 million (the "Equity Investment"), in connection with the consummation of the PC Overbid Plan.

This letter (the "Commitment Letter") is hereby issued by Mulberry Street Ltd. (in such capacity, the "Backstop Party"), an affiliate of Pach Shemen LLC ("Pach Shemen"), to backstop, on a fully committed basis, up to $43.5 million (the "Commitment Amount") in cash, either in connection with (i) the Rights Offering, up to the Rights Offering Amount, on the terms and conditions set forth in the PC Plan, the Rights Offering Procedures, Rights Offering Procedures Order, and the Backstop Agreement (each, as defined in the PC Plan) or (ii) the Equity Investment on the terms and conditions set forth in the PC Overbid Plan.

[1] Capitalized terms used herein but undefined have the meaning provided in the PC Plan.
[2] For the purposes of this Commitment Letter, "Petitioning Creditors" consist of Pach Shemen LLC, VR Global Partners, L.P., Alpine Partners (BVI), L.P., 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.

The Backstop Party hereby irrevocably commits to provide Reorganized Holdings up to the Commitment Amount for the purposes of effecting either (but not both) the Rights Offering or the Equity Investment, as applicable, in connection with consummation of the PC Plan or PC Overbid Plan, as applicable, following confirmation thereof by the Bankruptcy Court.

Pursuant to this Commitment Letter, the Backstop Party hereby agrees to, and will, pay up to the Commitment Amount in cash to Reorganized Holdings upon the Effective Date of the PC Plan or PC Overbid Plan, as applicable, in accordance with the terms thereof solely for purposes of consummating the PC Plan or PC Overbid Plan, as applicable. Upon receipt by Reorganized Holdings of the Rights Offering Amount or Equity Investment, as applicable, and the consummation of the PC Plan or PC Overbid Plan, as applicable, the Backstop Party understands that Pach Shemen (or one or more affiliate(s) or designee(s) of Pach Shemen) will receive the Interests in Reorganized Holdings, pursuant to the terms and conditions provided for in the PC Plan or PC Overbid Plan, as applicable.

In the event a Confirmation Order with respect to the PC Plan and/or the PC Overbid Plan is not entered or does not become a Final Order, or in the event the Effective Date of the PC Plan and/or the PC Overbid Plan does not occur for any reason other than due to any action or inaction by the Backstop Party, the Backstop Party's obligations hereunder shall immediately terminate without further notice or action by any party. In addition, the Backstop Party's obligations hereunder shall terminate, without further notice or action by any party, on (i) August 15, 2024, if the Bankruptcy Court has not entered a Confirmation Order, in form and substance satisfactory to the Backstop Party, confirming the PC Plan or PC Overbid Plan, as applicable, on or prior to August 15, 20204, or (ii)(a) October 31, 2024, if the Bankruptcy Court has entered a Confirmation Order confirming the PC Plan, but it has not been consummated or the Rights Offering has not closed on or prior to October 31, 2024, or (b) September 30, 2024, if the Bankruptcy Court has entered a Confirmation Order confirming the PC Overbid Plan, but it has not been consummated on or prior to September 30, 2024.

The Backstop Party hereby represents and warrants that:

a. it has uncalled capital commitments, committed financing lines, or otherwise has available funds to fund its obligations under this Commitment Letter and such available funds are not subject to claw back;
b. it is duly organized, validly existing and, where applicable, in good standing under the laws of its jurisdiction of organization or establishment;
c. it has the corporate power and authority to execute and deliver this Commitment Letter and to perform its obligations hereunder;
d. this Commitment Letter has been duly authorized by all necessary corporate action on the part of the Backstop Party, and this Commitment Letter constitutes a legal, valid and binding obligation of the Backstop Party enforceable against the Backstop Party in accordance with its terms;
e. no restrictions in contract or law of any kind governing the Backstop Party prohibits, limits, or restricts in any way the execution of this Commitment Letter by the Backstop Party or the performance of the Backstop Party's obligations hereunder;

f. the operations of the Backstop Party and its subsidiaries are and have been at all times since June 14, 2019, conducted in compliance in all material respects with applicable financial recordkeeping and reporting requirements of the U.S. Currency and Foreign Transactions Reporting Act of 1970, the money laundering statutes of all jurisdictions in which the Backstop Party or any of its subsidiaries operate and any related or similar law and no legal proceeding by or before any Governmental Entity or any arbitrator involving the Backstop Party or any of its subsidiaries with respect to such laws is pending or, to the knowledge of the Backstop Party, threatened;
g. Neither the Backstop Party and its subsidiaries nor, to the knowledge of the Backstop party, any of their respective directors, officers, employees or other persons acting on their behalf with express authority to so act are currently subject to any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury Department;
h. none of the funds comprising the Commitment Amount has been or will be derived, directly or indirectly, from or relate to illicit, illegal, or improper origin;
i. none of the funds comprising the Commitment Amount are derived from or relate to assets subject to the *Stipulation and Order Granting Alleged Debtor's Motion for Relief from Stay to Proceed With, or, to Confirm the Inapplicability of, the Automatic Stay to Prepetition Arbitration Proceedings* [Docket No. 48]; and
j. it will reasonably cooperate with the Committee (as defined herein) to ensure the representations herein are accurate and reliable.

Further supporting the foregoing representations and warranties, attached hereto as **Exhibit A** is account information showing readily available cash in the amount of $43.5 million.

This Commitment Letter has been and is made solely for the benefit of the Debtors and their estates and solely for purposes of backstopping the Rights Offering under the PC Plan and/or the Equity Investment under the PC Overbid Plan. The Backstop Party acknowledges and agrees that the Debtors and their estates shall have all rights for purposes of seeking specific performance of the Backstop Party's obligations to pay, as applicable, the Rights Offering Amount pursuant to the PC Plan or the Equity Investment pursuant to the PC Overbid Plan. The Backstop Party agrees that the Official Committee of Unsecured Creditors (the "Committee") in the Chapter 11 Cases is a third-party beneficiary to this Commitment Letter and shall have all rights to enforce this Commitment Letter. The Backstop Party agrees not to oppose the granting of any specific performance or other equitable relief on the basis that the Debtors and their estates have an adequate remedy at law or that an award of specific performance is not an appropriate remedy for any reason at law or equity. Nothing in this Commitment Letter, expressed or implied, is intended to confer or does confer on any other person or entity (other than the Committee acting on behalf of the estates) any rights or remedies under or by reason of this Commitment Letter or the agreements contained herein.

This Commitment Letter, the PC Plan (including the Rights Offering Order, Rights Offering Procedures, and Backstop Agreement), and the PC Overbid Plan embody the entire agreement and understanding among the Backstop Party, the Debtors, and the Committee with respect to the Commitment Amount, supersedes all prior agreements and understandings relating to the specific matters hereof, and may not be contradicted

by evidence of prior, contemporaneous, or subsequent oral agreements of the Backstop Party, the Debtors, and the Committee. The commitment and obligations of the Backstop Party are not assignable. This Commitment Letter is not assignable by the Debtors and all rights hereunder are intended to be solely for the benefit of the Debtors and their estates.

The Backstop Party agrees that the Bankruptcy Court shall have exclusive jurisdiction with respect to this Commitment Letter. For the avoidance of doubt, the Backstop Party irrevocably submits to the jurisdiction of the Bankruptcy Court solely for purpose (i) of enforcement of the terms of this Commitment Letter or (ii) to compel the payment of the applicable Commitment Amount by the Backstop Party.

This Commitment Letter shall be governed by, and construed in accordance with, the laws of the State of New York and, to the extent applicable, the Bankruptcy Code.

[*Signature Page Follows*]

MULBERRY STREET LTD

By: BG Management Limited
Name: Jason Jagessar / Engelbert van Aalst
Title: Authorised signatories

Exhibit A

Account Information

Mulberry Street Ltd

Sea Meadow House, 3rd Floor PO Box 116
Road Town, Tortola VG VG1110

Mulberry Street Ltd

Monthly Statement

Period: June 1, 2024 - June 12, 2024

Account Name:	Mulberry Street Ltd	Rep/Advisor:	
Correspondent:	CVMS	Margin Type:	Cash
Account No:	CVMS001		
Master Account No:	CVMS001		

Account Summary	This Period	Year to Date
Beginning Account Value	$ --	$ --
Deposit	$47,315,000.00	$69,057,774.99
Withdrawals	-$3,815,000.00	-$25,565,000.00
Income	$7,225.01	$7,225.01
Fees	$ --	$ --
Change In Investment Value	$ --	$ --
Ending Account Value	$43,507,225.01	$43,507,225.01

Position Summary	
Unrealized Gain/(Loss)	$ --
Cash Balance	$43,507,225.01
Long Market Value	$ --
Short Market Value	$ --
Equity	$43,507,225.01

Realized Gain/Loss from Sales	This Period	Year to Date
Short Term		
Gain	$ --	$ --
Loss	$ --	$ --
Net Short Term	$ --	$ --
Long Term		
Gain	$ --	$ --
Loss	$ --	$ --
Net Long Term	$ --	$ --
Other		
Dividend	$ --	$ --
Interest	$7,225.01	$7,225.01
Miscellaneous	$ --	$ --

Holdings

Symbol	Symbol Description	Quantity	Market Price	Market Value	Cost Price	Cost Basis	Unrealized
No holdings found.							

Trade Activity

Trade Date	Settle Date	Side	Symbol	Description	Quantity	Price	Fees	Net Amount	Status
No record found.									

Cash Activity

Trade Date	Settle Date	Entry Type	Description	Net Amount	Status
06/03/2024	06/03/2024	CSW	Transfer request as per email	$3,815,000.00	Executed
06/04/2024	06/04/2024	JNLC	Journal Funds - Same Beneficial Owner	-$2,289,000.00	Executed
06/04/2024	06/04/2024	JNLC	Journal Funds - Same Beneficial Owner	-$1,526,000.00	Executed
06/11/2024	06/11/2024	CSW	Transfer request as per email from Elliot on 6/11/2024	$6,500,000.00	Executed
06/11/2024	06/11/2024	CSW	Transfer request as per email from Elliot on 6/11/2024	$16,000,000.00	Executed
06/12/2024	06/12/2024	CSW	transfer request as per email from Elliot	$6,000,000.00	Executed
06/12/2024	06/12/2024	CSW	transfer request as per email from Elliot	$15,000,000.00	Executed

Other Entries

Trade Date	Settle Date	Entry Type	Symbol	Description	Quantity	Price	Fees	Net Amount	Status
06/05/2024	06/05/2024	INT		Margin Int: May 2024 Group by: Correspondent - CVMS001	0	$ --	$ --	$7,225.01	Executed

Terms & Conditions

You may have received a confirmation for a trade, which does not appear on this statement. If the settlement date of the trade as shown on the confirmation is later than the period ending date that appears at the top of this statement, the trade will appear on your next regular monthly statement.

If this is a margin account and we maintain a special miscellaneous account for you, this is a combined statement of your general account and special miscellaneous account maintained for you under Regulation T issued by the Board of Governors of the Federal Reserve System. The permanent record of the special miscellaneous account as required by Regulation T is available for your inspection at your request.

The per annum rate of interest charged on the debit balance in your account is shown on this statement. This rate may change from time to time in accordance with fluctuations in interest rates. The interest is based on the average daily net debit balance in your account with us and for the actual number of days based on an interest year of 360 days.

We are required to report to the Internal Revenue Service all cash dividends and registered bond interest credited to your account on securities held for you in

our name. We also report coupon bond interest. All dividends and interest credits should be included in your income tax return.

You are to promptly advise your brokerage firm or bank of any material changes concerning your investment objectives or financial situation. Our financial statement is available for your personal inspection on our website at www.curvaturesecurities.com/clearing or a copy will be mailed upon your written request.

SIPC Protection. As a member of the Securities Investor Protection Corporation (SIPC). funds are available to meet customer claims up to a ceiling of $500,000. including a maximum of $250,000 for cash claims. For additional information regarding SIPC coverage. including a brochure. please contact SIPC at (202) 371-8300 or www.sipc.org.

Any free credit balance represents funds payable upon demand, although properly accounted for on our books of records, is not segregated and maybe used in the conduct of this firm's business as permissible under the SEC Rule 15c3-2.

Curvature Securities, LLC (“Curvature”) acts as a clearing agent for your trades.

As required under SEC rules, both the Firm's Order Routing Report as well as information regarding specific order routing information are available free of charge upon request.

In addition to the above-mentioned services. **Curvature** will provide cashiering services, safeguarding of funds and securities while in **Curvature** possession, monitoring compliance with applicable credit Regulation T and **Curvature** internal policies, preparing and mailing your account records (including transaction confirmations and periodic statements of your account).

Interest charges to your account will be based on the size and net debit balance during the interest period. These rates are subject to revision without notice. For more complete information regarding Interest charged to customers, consult the Truth in Lending Notice which is made available on **Curvature** website at www.curvaturesecurities.com.

Curvature is a member of the Financial Industry Regulatory Authority, Inc. ("FINRA") and we are required to inform you of the availability of the FINRA Investor Brochure, which contains information on FINRA Broker Check. You may contact FINRA at 800-289-9999 or through their website at www.finra.org.

Curvature carries your account and acts as your custodian for funds and securities deposited with us directly by you, through your brokerage firm or bank or as a result of transactions we process for your account. Any suspected inaccuracy or discrepancy in your account statement must be promptly reported to both your brokerage firm or bank (not to your individual broker or agent) and Curvature. In order to protect your rights, including your right to SIPC coverage, please confirm any oral communication in writing and include your brokerage account number. General inquiries or concerns regarding your account should be directed to your brokerage firm or bank. Account positions and balance inquiries or concerns should be directed to Curvature Securities via email at www.curvaturesecurities.com .

The SEC requires all broker-dealers that route orders in equity securities and options to make available quarterly reports that present a general overview of their routing practices. These ports must identify the executing venues to which customer orders were routed for execution during the applicable quarter and disclose the material aspects of the broker-dealer's relationship with such venues. In addition. the Rule (SEC 606) [www.INTRODUCINGBROKER.com/Rule606] requires broker-dealers to disclose, on customer request, the venues to which the individual customer's orders were routed for the six months prior to the request, and the execution time for the orders that were executed. For further information. please contact your broker.

PLEASE RETAIN THIS STATEMENT AS IT WILL BE HELPFUL IN PREPARING YOUR INCOME TAX RETURNS AND MAY BE NEEDED ALONG WITH SUBSEQUENT STATEMENTS TO VERIFY INTEREST CHARGES IN YOUR ACCOUNT. THIS STATEMENT SHALL BE DEEMED CONCLUSIVE UNLESS OBJECTED TO IN WRITING WITHIN

10 BUSINESS DAYS OF THE STATEMENT CLOSING DATE. MUTUAL FUNDS AND OTHER SECURITIES ARE NOT INSURED BY THE FDIC, ARE NOT DEPOSITS OR OBLIGATIONS OF, OR GUARANTEED BY CURVATURE, AND INVOLVE INVESTMENT RISKS, INCLUDING THE POSSIBLE LOSS OF THE PRINCIPAL AMOUNT INVESTED.

Exhibit 2

Further Amended Disclosure Statement
(Incremental Redline)

THIS PROPOSED DISCLOSURE STATEMENT HAS NOT BEEN APPROVED BY THE BANKRUPTCY COURT AS CONTAINING ADEQUATE INFORMATION WITHIN THE MEANING OF SECTION 1125(a) OF THE BANKRUPTCY CODE. THE PETITIONING CREDITORS RESERVE THE RIGHT TO AMEND OR SUPPLEMENT THIS PROPOSED DISCLOSURE STATEMENT.

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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

AMENDED DISCLOSURE STATEMENT
IN SUPPORT OF PETITIONING CREDITORS'
AMENDED JOINT CHAPTER 11 PLAN OF REORGANIZATION
OF ELETSON HOLDINGS INC. AND ITS AFFILIATED DEBTORS

TOGUT, SEGAL & SEGAL LLP
One Penn Plaza
New York, New York 10119
(212) 594-5000
Kyle J. Ortiz
Bryan M. Kotliar
Martha E. Martir
Amanda C. Glaubach

Counsel for the Petitioning Creditors[2]

Dated: June ~~6~~17, 2024
New York, New York

[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] The "Petitioning Creditors" are Pach Shemen LLC, VR Global Partners, L.P., Alpine Partners (BVI), L.P., Gene B. Goldstein ("Goldstein") and Gene B. Goldstein, In His Capacity as Trustee of the Gene B. Goldstein and Francine T. Goldstein Family Trust ("Goldstein Trust", and together with Goldstein, "Mr. Goldstein"), 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. While Togut, Segal & Segal LLP represents Mr. Goldstein as a "Petitioning Creditor," Mr. Goldstein is not a "Plan Proponent" for purposes of the Plan.

TABLE OF CONTENTS

Exhibits

THE PLAN PROPONENTS ARE PROVIDING THE INFORMATION IN THIS DISCLOSURE STATEMENT TO HOLDERS OF CLAIMS IN THE VOTING CLASSES FOR PURPOSES OF SOLICITING VOTES TO ACCEPT OR REJECT THE PETITIONING CREDITORS' JOINT CHAPTER 11 PLAN OF REORGANIZATION OF ELETSON HOLDINGS INC. AND ITS AFFILIATED DEBTORS. NOTHING IN THIS DISCLOSURE STATEMENT MAY BE RELIED UPON OR USED BY ANY ENTITY FOR ANY OTHER PURPOSE. BEFORE DECIDING WHETHER TO VOTE FOR OR AGAINST THE PLAN (AS DEFINED HEREIN), EACH HOLDER ENTITLED TO VOTE SHOULD CAREFULLY CONSIDER ALL OF THE INFORMATION IN THIS DISCLOSURE STATEMENT, INCLUDING THE RISK FACTORS DESCRIBED IN ARTICLE VIII HEREIN.

ALL HOLDERS OF CLAIMS ENTITLED TO VOTE ON THE PLAN ARE ENCOURAGED TO READ THIS DISCLOSURE STATEMENT (INCLUDING EXHIBITS) AND THE PLAN IN THEIR ENTIRETY AND ARE ADVISED TO CONSULT WITH ITS OWN ADVISORS WITH RESPECT TO ANY LEGAL, FINANCIAL, SECURITIES, TAX, OR BUSINESS ADVICE IN REVIEWING THIS DISCLOSURE STATEMENT, THE PLAN, AND THE TRANSACTIONS CONTEMPLATED THEREBY. FURTHER, THE BANKRUPTCY COURT'S APPROVAL OF THE ADEQUACY OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE THE BANKRUPTCY COURT'S APPROVAL OF THE PLAN.

FACTUAL INFORMATION CONTAINED IN THIS SPECIFIC DISCLOSURE STATEMENT IS SOURCED FROM PUBLIC FILINGS MADE IN THE CHAPTER 11 CASES (AND ELSEWHERE), EXCEPT WHERE OTHERWISE NOTED. IN PARTICULAR, SOME INFORMATION IN THIS DISCLOSURE STATEMENT WAS OBTAINED FROM THE DEBTORS' PLEADINGS, SUCH AS THE DEBTORS' DISCLOSURE STATEMENT, SCHEDULES OF ASSETS AND LIABILITIES AND STATEMENTS OF FINANCIAL AFFAIRS, AND MONTHLY OPERATING REPORTS AND MAY NOT BE RELIED UPON AS ACCURATE. THE PLAN PROPONENTS MAKE NO REPRESENTATIONS OR WARRANTIES AS TO THE ACCURACY OF THE INFORMATION, INCLUDING FINANCIAL INFORMATION, CONTAINED HEREIN OR ATTACHED HERETO. THE PLAN PROPONENTS EXPRESSLY CAUTION READERS NOT TO PLACE UNDUE RELIANCE ON ANY FINANCIAL OR FORWARD-LOOKING STATEMENTS CONTAINED HEREIN.

NO INDEPENDENT AUDITOR OR INDEPENDENT ACCOUNTANT HAS REVIEWED OR APPROVED THE LIQUIDATION ANALYSIS OR FINANCIAL INFORMATION PROVIDED OR REFERENCED HEREIN. THE PLAN PROPONENTS HAVE NOT AUTHORIZED ANY PERSON TO GIVE ANY INFORMATION OR ADVICE, OR TO MAKE ANY REPRESENTATION, IN CONNECTION WITH THE PLAN OR THIS DISCLOSURE STATEMENT.

PLAN SUMMARIES AND STATEMENTS MADE IN THIS DISCLOSURE STATEMENT WITH RESPECT TO THE PLAN ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PLAN, THE EXHIBITS ATTACHED TO THE PLAN, AND ANY PLAN SUPPLEMENT(S). IN THE EVENT OF ANY INCONSISTENCY OR DISCREPANCY BETWEEN A DESCRIPTION IN THIS DISCLOSURE STATEMENT

AND THE TERMS AND PROVISIONS OF THE PLAN OR THE OTHER DOCUMENTS AND FINANCIAL INFORMATION INCORPORATED IN THIS DISCLOSURE STATEMENT BY REFERENCE, THE PLAN OR THE OTHER DOCUMENTS AND FINANCIAL INFORMATION, AS THE CASE MAY BE, SHALL GOVERN FOR ALL PURPOSES.

THE STATEMENTS AND FINANCIAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAVE BEEN MADE AS OF THE DATE HEREOF UNLESS OTHERWISE SPECIFICALLY NOTED, AND THERE IS NO ASSURANCE THAT THE STATEMENTS CONTAINED HEREIN WILL BE CORRECT AT ANY TIME AFTER SUCH DATE. HOLDERS OF CLAIMS REVIEWING THIS DISCLOSURE STATEMENT SHOULD NOT ASSUME AT THE TIME OF SUCH REVIEW THAT THERE HAVE BEEN NO CHANGES IN THE FACTS SET FORTH IN THIS DISCLOSURE STATEMENT SINCE THE DATE OF THIS DISCLOSURE STATEMENT. THE PLAN PROPONENTS RESERVE THE RIGHT TO FILE AN AMENDED OR MODIFIED PLAN AND RELATED DISCLOSURE STATEMENT FROM TIME TO TIME, SUBJECT TO THE TERMS OF THE PLAN.

THIS DISCLOSURE STATEMENT WILL NOT CONSTITUTE NOR BE CONSTRUED AS AN ADMISSION OF ANY FACT OR LIABILITY, STIPULATION, OR WAIVER, BUT RATHER AS A STATEMENT MADE IN SETTLEMENT NEGOTIATIONS. THIS DISCLOSURE STATEMENT WILL NOT BE ADMISSIBLE IN ANY NON-BANKRUPTCY PROCEEDING, NOR WILL IT BE CONSTRUED AS TO CONSTITUTE ADVICE ON THE TAX, SECURITIES, OR OTHER LEGAL EFFECTS OF THE PLAN AS IT RELATES TO HOLDERS OF CLAIMS AGAINST, OR INTERESTS IN, THE DEBTORS.

CERTAIN OF THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT, BY THEIR NATURE, ARE FORWARD-LOOKING AND CONTAIN ESTIMATES AND ASSUMPTIONS. SUCH STATEMENTS CONSIST OF ANY STATEMENT OTHER THAN A RECITATION OF HISTORICAL FACT AND CAN BE IDENTIFIED BY THE USE OF FORWARD-LOOKING TERMINOLOGY SUCH AS "MAY," "EXPECT," "ANTICIPATE," "ESTIMATE," OR "CONTINUE," OR THE NEGATIVE THEREOF, OTHER VARIATIONS THEREON, OR COMPARABLE TERMINOLOGY AND INCLUDE THE LIQUIDATION ANALYSIS, FINANCIAL PROJECTIONS, AND VALUATION OF REORGANIZED HOLDINGS. THERE CAN BE NO ASSURANCE THAT SUCH STATEMENTS WILL BE REFLECTIVE OF ACTUAL OUTCOMES. FORWARD-LOOKING STATEMENTS ARE PROVIDED IN THIS DISCLOSURE STATEMENT PURSUANT TO THE SAFE HARBOR ESTABLISHED UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995 AND SHOULD BE EVALUATED IN THE CONTEXT OF THE ESTIMATES, ASSUMPTIONS, UNCERTAINTIES, AND RISKS DESCRIBED HEREIN.

FURTHER, THE READER IS CAUTIONED THAT ALL FORWARD-LOOKING STATEMENTS ARE NECESSARILY SPECULATIVE AND THAT THERE ARE CERTAIN RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL EVENTS OR RESULTS TO DIFFER MATERIALLY FROM THOSE PRESENTED IN SUCH FORWARD-LOOKING STATEMENTS. DUE TO THESE UNCERTAINTIES, READERS CANNOT BE ASSURED THAT ANY FORWARD-LOOKING STATEMENTS WILL PROVE TO BE CORRECT. THE LIQUIDATION ANALYSIS, FINANCIAL PROJECTIONS, AND OTHER INFORMATION CONTAINED HEREIN AND ATTACHED HERETO ARE ESTIMATES ONLY, AND THE VALUE OF THE PROPERTY DISTRIBUTED TO HOLDERS OF ALLOWED CLAIMS OR EQUITY INTERESTS MAY BE AFFECTED BY MANY FACTORS THAT CANNOT BE PREDICTED. THEREFORE, ANY ANALYSES, ESTIMATES, OR RECOVERY PROJECTIONS MAY OR MAY NOT TURN OUT TO BE ACCURATE. THE PLAN PROPONENTS ARE UNDER NO OBLIGATION TO (AND EXPRESSLY DISCLAIM ANY OBLIGATION TO) UPDATE OR ALTER ANY FORWARD-LOOKING STATEMENTS WHETHER AS A RESULT OF NEW INFORMATION, FUTURE EVENTS, OR OTHERWISE, EXCEPT AS REQUIRED BY APPLICABLE LAW. ALL HOLDERS OF IMPAIRED CLAIMS SHOULD CAREFULLY READ AND CONSIDER THIS DISCLOSURE STATEMENT AND THE PLAN IN THEIR ENTIRETY, INCLUDING SECTION V—"RISK FACTORS TO BE CONSIDERED" BEFORE VOTING TO ACCEPT OR REJECT THE PLAN.

THE SECURITIES DESCRIBED IN THIS DISCLOSURE STATEMENT TO BE ISSUED PURSUANT TO THE PLAN WILL BE ISSUED WITHOUT REGISTRATION UNDER THE SECURITIES ACT, AS AMENDED, OR ANY SIMILAR FEDERAL, STATE, OR LOCAL LAW, GENERALLY IN RELIANCE ON THE EXEMPTIONS SET FORTH IN SECTION 1145 OF THE BANKRUPTCY CODE AND SECTION 4(A)(2) OF THE SECURITIES ACT OF 1933 (AS AMENDED, THE "SECURITIES ACT") OR REGULATION D OR REGULATION S PROMULGATED THEREUNDER, AS APPLICABLE.

TO THE EXTENT THAT THE PLAN PROPONENTS RELY ON A PRIVATE PLACEMENT EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT FOR THE OFFER AND ISSUANCE OF ANY SECURITIES, THOSE SECURITIES WILL BE SUBJECT TO RESTRICTIONS ON TRANSFER UNDER THE SECURITIES ACT AND MAY ONLY BE RESOLD OR OTHERWISE TRANSFERRED PURSUANT TO (A) AN EFFECTIVE REGISTRATION STATEMENT OR (B) AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (THE "SEC") OR ANY STATE SECURITIES COMMISSION OR SIMILAR PUBLIC, GOVERNMENTAL, OR REGULATORY AUTHORITY. THIS DISCLOSURE STATEMENT HAS NOT BEEN FILED FOR APPROVAL WITH THE SEC OR ANY STATE AUTHORITY AND NEITHER THE SEC NOR ANY STATE AUTHORITY HAS PASSED UPON THE ACCURACY OR ADEQUACY OF THIS DISCLOSURE STATEMENT OR UPON THE MERITS OF THE PLAN. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE IN THE

UNITED STATES.

NEITHER THE SOLICITATION NOR THIS DISCLOSURE STATEMENT CONSTITUTES AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY SECURITIES IN ANY STATE OR JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORIZED.

I. EXECUTIVE SUMMARY

A. Introduction

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, 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 (the "Involuntary Petitions") pursuant to section 303 of title 11 of the United States Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court" or the "Court"). The Involuntary Petitions were later joined by, among others, Gene B. Goldstein ("Goldstein") and Gene B. Goldstein in his capacity as Trustee of the Gene B. Goldstein and Francine T. Goldstein Family Trust ("Goldstein Trust", and together with Goldstein, "Mr. Goldstein"), 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"). The Involuntary Petitions were also joined by NAF and the 2022 Notes Trustee (as defined below). *See* Docket Nos. 92 and 102.

By order of the Bankruptcy 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"). The Petitioning Creditors other than Mr. Goldstein (collectively, the "Plan Proponents")[3] submit this Disclosure Statement to all Holders of Claims against the Debtors entitled to vote on the *Petitioning Creditors' Amended Joint Chapter 11 Plan of Reorganization of Eletson Holdings Inc. and its Affiliated Debtors*, a copy of which is attached hereto as **Appendix A** (as may be amended, supplemented, or otherwise modified from time to time, the "Plan").[4]

The purpose of this Disclosure Statement is to provide Holders of Claims entitled to vote on the Plan with adequate information to make an informed judgment as to whether to vote to accept or reject the Plan. The Plan Proponents are providing you with the information in this Disclosure Statement because you may be a creditor entitled to vote on the Plan. This Disclosure Statement is to be used solely in connection with evaluation of the Plan and not for any other purposes.

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[3] While Mr. Goldstein is a Petitioning Creditor and represented by Togut, Segal & Segal LLP, Mr. Goldstein is not a "Plan Proponent" for purposes of the Plan because of his role as a member of the Creditors' Committee (as defined below).

[4] Capitalized terms not otherwise defined in this Disclosure Statement have the meanings ascribed to such terms in the Plan.

To be counted, your ballot must be duly completed, executed, and **actually received** by 5:00 p.m. (prevailing Eastern Time) on [_____] [__], 2024 (the "Voting Deadline"). Ballots may be delivered either via regular mail, courier, or delivery services to Kurtzman Carson Consultants LLC (the "Voting Agent") at the following address: Eletson Holdings Inc., *et al.*, Ballot Processing Center c/o KCC, 222 N. Pacific Coast Highway, Suite 300, El Segundo, California 90245. Where applicable, ballots can be submitted via the Voting Agent's e-ballot platform by visiting https://www.kccllc.net/Eletson, clicking on the "Submit E-Ballot" section of the website and following the directions to submit their electronic Ballot.

If you have any questions on the procedures for voting, please call the Voting Agent at: 888-647-1737 (Domestic) or 310-751-2624 (International) or via email at https://www.kccllc.net/eletson/inquiry.

As explained in greater detail below, the Plan Proponents believe that the Plan is in the best interests of creditors and other stakeholders and is a fair means of moving these Chapter 11 Cases toward efficient resolution. All creditors entitled to vote on the Plan are urged to vote in favor of it.

B. Material Terms of the Plan

After years of the Debtors' avoiding their contractual obligations to their creditors, the Plan proposed by the Plan Proponents—certain Petitioning Creditors that filed and/or joined the Involuntary Petitions—finally restructures the Debtors and provides material returns to creditors consistent with their rights under the Bankruptcy Code and applicable law. The Plan provides a viable pathway for the Debtors to expeditiously emerge from these Chapter 11 Cases and is supported by their major creditors and constituents, including the Creditors' Committee (as defined below), following extensive good faith and arm's length negotiations that resulted in material changes to the Plan Proponents' previously filed version of the Plan.

The Debtors require significant new capital investment to: (i) pay the administrative costs and other expenses associated with these Chapter 11 Cases; (ii) fund distributions to creditors consistent with the Plan, and (iii) fund the costs and expenses of reorganized Eletson Holdings ("Reorganized Holdings"), including, but not limited to ordinary course business expenditures and the fees and expenses of pursuing the Retained Causes of Action preserved under the Plan. The Plan provides for the funding of these amounts through a Rights Offering (as defined below) made available to certain creditors that is fully backstopped by the Backstop Parties (as defined below).

OVERVIEW OF THE PLAN

For the convenience of Holders of Claims entitled to vote on the Plan, an overview of the Plan is set forth below. Parties entitled to vote on the Plan should review this Disclosure Statement, the Plan and the other solicitation materials approved by the Bankruptcy Court prior to casting a vote on the Plan and making any elections with respect to the Rights Offering (as defined below).

- The Plan will be funded pursuant to up to $43.5 million (the "Rights Offering Amount") equity rights offering (the "Rights Offering") that will provide General Unsecured Claims (including, but not limited to, 2022 Notes Claims and Old Notes Claims, but excluding Convenience Claims) with subscription rights (the "Rights Offering Subscription Rights"), to purchase up to 75% of the equity in Reorganized Holdings (the "Reorganized Equity") (subject to dilution on account of the Backstop Premium and the EIP (as defined below)), at a price that represents an implied 10.8% discount to the mid-point of the plan equity value of up to US$62,058,088.00.[5]

[5] The Rights Offering is anticipated to be conducted in reliance on the exemption from registration set forth in section 1145 of the Bankruptcy Code. If the Plan Proponents determine, in consultation with the Creditors' Committee, that section 1145 of the Bankruptcy Code is not available for all or any portion of the Rights Offering, then the issuance of Reorganized Equity in connection with the Rights Offering will be made pursuant to exemptions from registration under applicable securities laws.

- The Rights Offering Amount is fully committed and backstopped by, one of the Petitioning Creditors, Pach Shemen (the "Initial Backstop Party"), pursuant to a backstop commitment agreement (the "Backstop Agreement"). The Backstop Agreement provides for, among other things, (i) the ability for certain General Unsecured Claimholders to join the Backstop Agreement as a "Backstop Party" (as defined below) and (ii) the Backstop Parties' commitment and obligation to purchase any Rights Offering Subscription Rights that are not purchased by General Unsecured Claimholders in connection with the Rights Offering. In exchange, each Backstop Party will receive, among other things, a backstop commitment premium in an aggregate amount equal to 8% of the Reorganized Equity issued and outstanding on the Effective Date (the "Backstop Premium"), subject to dilution on account of the EIP. The Backstop Premium shall be divided among the Backstop Parties in accordance with their Backstop Commitment (as defined in the Backstop Agreement).

- Any General Unsecured Claimholder that is eligible to purchase the Reorganized Equity issued pursuant to Section 5.9(b) of the Plan that desires to join the Backstop Agreement can do so by delivering a joinder to the Backstop Agreement and certain other information to counsel for the Petitioning Creditors by no later than ten (10) days following the Solicitation Commencement Deadline (as defined in the Rights Offering Approval Order (as defined below) (*i.e.*, [_____], 2024).[6]

- General Unsecured Claimholders that do not wish to participate in the Rights Offering will have the option to receive their Pro Rata Share of a $13.5 million pool of cash (referred to as the "GUC Cash Pool"). General Unsecured Claimholders that do not wish to participate in the Rights Offering will also receive their Pro Rata Share of the GUC Cash Pool.

- Holders of Allowed General Unsecured Claims that would otherwise be in Class 3 with a face amount of US$1,000,000 or less (or Holders of Allowed General Unsecured Claims that voluntarily elect to reduce their Claim amount to US$1,000,000) will be treated as Convenience Claims in Class 4 and will receive payment of such Claim in Cash in an amount equal to 15% of the face amount of such Holder's Allowed Convenience Claim; *provided that*, if the aggregate distributions to Holders of Allowed Convenience Claims exceeds US$2,500,000 (the "Convenience Claim Cap"), then Holders of such Claims shall receive their Pro Rata Share of the Convenience Claim Cap in Cash.

[6] Detailed instructions on how to join the Backstop Agreement are set forth in the Part IV.E. below.

- The proceeds of the Rights Offering will be used to fund (i) the costs of consummation of the Plan, including, but not limited to, payments required to be made pursuant to the Plan including payment of Administrative Claims and priority Claims; (ii) funding of the GUC Cash Pool; and (iii) the costs and expenses of Reorganized Holdings, including, but not limited to, ordinary course business expenditures and the fees and expenses of pursuing the Retained Causes of Action preserved under the Plan.[7]

- The Plan provides for the issuance of 100% of the Reorganized Equity to General Unsecured Claimholders, subject to dilution on account of Reorganized Equity issued on account of the Rights Offering, the Backstop Premium, and an employee incentive plan for eligible employees of the Debtors' non-Debtor subsidiaries to be adopted and implemented by the new board of Reorganized Holdings (the "EIP"). Holders of Allowed General Unsecured Claims may elect to receive, and General Unsecured Claimholders that are unable to participate in the Rights Offering will be required to receive, their Pro Rata Share of Cash from the GUC Cash Pool.

- Pursuant to the Plan, Eletson Finance and Eletson MI will be dissolved on the Effective Date of the Plan, and the Plan will be administered through Reorganized Holdings.

ILLUSTRATIVE RECOVERY EXAMPLES

The following provides some illustrative hypothetical examples of what various Holders of Allowed General Unsecured Claims will recover under the Plan:

Example 1: A Holder of General Unsecured Claims (such as the Old Notes Claims or 2022 Notes Claims) in the amount of $175,000 will be treated in the Convenience Claims Class and receive a recovery equal to 15% of its Allowed Claim amount or $26,250; *provided* that if more than $16,666,667 in Claims elect treatment pursuant to the Convenience Claims Class, such Holder will receive its Pro Rata Share of $2,500,000.

Example 2: A Holder of General Unsecured Claims (such as the Old Notes Claims or 2022 Notes Claims) in the amount of $1,100,000 may choose either (a) to voluntarily reduce its Allowed Claim to $1,000,000 and be treated in the Convenience Claims Class (in which case it will receive $150,000 or its Pro Rata Share of the $2,500,000 as described in Example 1) or (b) treatment as a General Unsecured Claim in Class 3 (in which case it will have the option to receive either (i) its Pro Rata Share of the GUC Cash Pool (approximately $29,405.94) or (ii) its Pro Rata Share of 25%

[7] The Plan does not provide for the release of any claims by the Debtors or their estates, or by any third parties. The Plan provides for certain usual and customary exculpation for certain parties. *See* Plan, 1.71 and 10.5.

of the Reorganized Equity (subject to dilution) *plus* it will receive the right to participate in the Rights Offering and purchase its Pro Rata Share of up to 75% of the Reorganized Equity at a price that represents an implied 10.8% discount to the mid-point of the plan equity value of up to US$62,058,088.00.[8]

Example 3: A Holder of General Unsecured Claims (such as the 2022 Notes Claims) in the amount of $20,000,000 may choose either (a) to voluntarily reduce its Allowed Claim to $1,000,000 and be treated in the Convenience Claims Class (in which case it will receive $150,000) or (b) be treated as a General Unsecured Claim in Class 3 (in which case it will have the option to receive either (i) its Pro Rata Share of the GUC Cash Pool (approximately $534,653.47) or (ii) its Pro Rata Share of 25% of the Reorganized Equity (subject to dilution) *plus* it will receive the right to participate in the Rights Offering and purchase its Pro Rata Share of up to 75% of the Reorganized Equity at a price that represents an implied 10.8% discount to the mid-point of the plan equity value of up to US$62,058,088.00.

CERTAIN MATTERS RELATED TO THE REORGANIZED EQUITY

Holders of Allowed General Unsecured Claims that receive Reorganized Equity (including those Holders that elect to participate in the Rights Offering) will benefit from the net proceeds, if any, of Retained Causes of Action preserved under the Plan recovered by Reorganized Holdings or its non-Debtor subsidiaries. Such Retained Causes of Action include, among others, (a) claims against Levona Holdings Ltd. ("Levona") arising from the Arbitration (as defined below) or otherwise, (b) claims seeking to recover the Preferred Shares of Eletson Gas (each as defined below) or the value thereof from the Nominees (as defined below) and claims related thereto such as breach of fiduciary duty against the officers and directors that authorized the transfer of such shares.[9] As of the date hereof, the Preferred Shares (as defined below) are estimated to have a total amount of outstanding obligations of approximately $333 million (including principal and accrued and unpaid dividends)[10] and the Retained Causes of Action against Levona was assessed pursuant to the Award (as defined below) in the amount of approximately $87 million (plus fees, costs, and interest).

The Plan Proponents believe that the Plan adequately capitalizes Reorganized Holdings, including Reorganized Holdings' ordinary course business operations in accordance with the Plan, and the fees and expenses of pursuing the Retained Causes of Action. The Rights Offering Amount is structured to provide Reorganized Holdings with a cash position upon emergence of at least US$5,000,000.00

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[8] Solely for illustrative purposes, these examples use a total amount of General Unsecured Claims of $505 million. The actual figures are subject to change based on the Allowed amounts of General Unsecured Claims. For more information, see Part III.B.4. below.

[9] The Disclosure Statement does not provide an estimate of the likely outcomes of any such Retained Causes of Action, the costs and risks attendant to pursuing such claims, and the proceeds that might be realized (including after accounting for the risks of collectability, among other issues with enforcing any judgment).

[10] *See* Docket No. 591-1, page 24 of 102 n.3 and Docket No. 409.

on an assumed Effective Date of July 31, 2024 (the "Assumed Effective Date"), which is subject to change. Rights Offering proceeds that are not used to pay distributions under the Plan or fund the emergence cash position of US$5,000,000.00 will be returned to the Rights Offering participants. Cash needs under the Plan are uncertain and subject to change depending on, among other things, the number of Holders of General Unsecured Claims that elect to receive their Pro Rata Share of Cash from the GUC Cash Pool or that elect to be treated in the Convenience Claims Class, and the amount of Administrative Claims[11] that accrue through the Assumed Effective Date.

That said, recoveries, if any, on account of the Retained Causes of Action are highly uncertain and involve various costs and risks. If the pursuit of the Retained Causes of Action requires additional liquidity in the future, Reorganized Holdings may pursue various capital raising activities, including, but not limited to, certain transactions that may be dilutive to Holders of the Reorganized Equity. In the event additional funding is necessary to pursue litigation claims, the Initial Backstop Party is also willing backstop future capital raises for Reorganized Holdings to pursue the Retained Causes of Action preserved under the Plan.

If the Plan is not consummated, there can be no assurance that these Chapter 11 Cases will not be converted to a Chapter 7 liquidation. In a Chapter 7 liquidation, any distributions to creditors would be significantly delayed and reduced because of, among other things, the fees and expenses incurred in a liquidation under Chapter 7 of the Bankruptcy Code and the timeline for the liquidation of the Debtors' assets and distributions to creditors. Accordingly, if the Plan is not consummated, it is likely that creditors would realize lower recoveries on account of their allowed Claims than they would have otherwise received under the Plan.

Accordingly, the Plan Proponents believe that the treatment of Holders of Claims in the Impaired Classes of Claims eligible to vote will receive a greater recovery for such Holders than would be available in a Chapter 7 liquidation or any alternative currently proposed plan, including the plan proposed by the Debtors (the "Debtors' Plan"). Accordingly, the Plan Proponents believe that the Plan is in the best interests of Holders of Claims.

Thus, for the reasons discussed in this Disclosure Statement, the Plan Proponents urge you to return your Ballot accepting the Plan by the Voting Deadline.

[11] Administrative Claims include Claims for costs and expenses of administration of the Chapter 11 Cases, including Professional Fee Claims, U.S. Trustee Claims, Fees under section 503(b) of the Bankruptcy Code (including the Petitioning Creditors' section 503(b)(3)(A) claims [Docket Nos. 265, 322], the 2022 Notes Trustee's section 503(b)(3)(A) claim [Docket No. 323], and New Agathonissos Finance's ("NAF") section 503(b)(3)(A) claim [Docket No. 324].

II. OVERVIEW OF THE DEBTORS

A. Summary of the Eletson Business

1. *Corporate Organization*

The Debtors are Eletson Holdings and its wholly owned subsidiaries Eletson Finance, and Eletson MI. The Debtors are part of a collection of companies that operate under the name "Eletson." The Debtors' corporate organization chart as of the Petition Date is attached hereto as **Appendix B**, which also depicts certain direct and indirect non-Debtor subsidiaries described below.

Eletson has historically been a family-owned international seaborne transportation company focused on the transport of refined petroleum products, liquified petroleum gas and ammonia. Eletson owns and operates a fleet of medium-range double hull product tankers, which are capable of carrying a wide range of refined petroleum products, such as fuel oil and vacuum gas oil and gas oil, gasoline, jet fuel, kerosene and naphtha, as well as crude oil. The Debtors are headquartered in Piraeus, Greece and maintain offices all over the world, including Stamford, Connecticut, and London.

Eletson Holdings is the ultimate parent of the Eletson entities. Eletson operates its fleet through wholly-owned direct or indirect non-Debtor subsidiaries of Eletson Holdings who either (i) own title to the vessels comprising Eletson's fleet or (ii) charter the vessels of Eletson's fleet. The Eletson fleet is managed by non-Debtor subsidiary Eletson Corporation ("Eletson Corp"), another wholly owned subsidiary of Eletson Holdings. Eletson Corp is subject to management agreements with the various entities in exchange for management fees. The Eletson fleet currently includes 16 vessels, 12 of which are owned by Eletson Gas LLC ("Eletson Gas") and four of which are operated by wholly owned subsidiaries of Eletson Holdings.[12] *See* Docket No. 394 ¶ 12; *see also* Docket No. 394 ¶¶ 12-14. In addition to Eletson Corp and the various entities that directly own or charter and operate the vessels in Eletson's fleet, there are several defunct corporate entities with no operations within the Eletson corporate structure. Eletson Holdings serves as the guarantor for a number of its subsidiaries' obligations as described in greater detail herein. Each of the Debtors are holding companies and do not maintain any ongoing operations or employ any employees outside of their officers and directors.

Eletson is closely held, controlled, and managed by three families: the Kertsikoff, Hadjieleftheriadis, and Karastamati families (the "Principal Families"). Each of those families beneficially hold approximately 30.7% of the equity in Eletson Holdings through separate Liberian trust companies. The remaining equity is beneficially held by two other families: the Zilakos and Andreoulakis families (the "Minority Families"). The three Principal Families and two Minority Families (collectively, the "Families") are all related. In addition to beneficially owning Eletson Holdings, members of the Families are also the directors and officers of Eletson

[12] "Owned" for these purposes means through finance leases or bareboat charters.

Holdings and of its various subsidiaries, including Eletson Corp and Eletson Gas.

2. Eletson Gas and the Arbitration

Eletson Gas is a gas shipping company that was formed in 2013 as a joint venture between Eletson Holdings and funds managed by Blackstone Tactical Opportunities (collectively, "Blackstone"). Eletson Holdings holds 100% of the common shares of Eletson Gas. According to the Debtors, at the beginning of 2022, Eletson Gas directly or indirectly owned 14 liquefied petroleum gas carriers, collectively worth more than $400 million. Eletson Gas reported total revenues in 2022 of approximately $115 million.

Eletson Gas is organized as a limited liability company with common and preferred membership interests (the "Preferred Shares"). Holders of the Preferred Shares are entitled to distributions from the revenues of Eletson Gas before holders of the common shares of Eletson Gas (the "Common Shares"). Until November 2021, Blackstone held the Preferred Shares. Eletson Holdings held and still holds the Common Shares. In 2021, Blackstone sold its interest in Eletson Gas to Levona Holdings Ltd. ("Levona"), making Levona the holder of the Preferred Shares. Subsequently, on February 22, 2022, Levona entered into a "binding offer letter" with Eletson Gas (the "BOL"), which gave Eletson Gas the option, upon the satisfaction of certain conditions, for Eletson Gas or its nominee to purchase the Preferred Shares from Levona for specified consideration (the "Option").

A dispute arose as to whether Eletson Gas had exercised the Option, and accordingly, on July 29, 2022, Eletson Holdings and Eletson Corp commenced an arbitration proceeding against Levona seeking a ruling that Eletson Gas had exercised its Option as well as damages from Levona (the "Arbitration").

The Debtors have requested the following text be included, which the Petitioning Creditors disagree with: "The Debtors disagree with the characterization of the preceding paragraph. In the Debtors' view, the "dispute" referenced above involved a number of claims asserted against Levona directly arising out of and relating to Levona's material breaches of the LLC Agreement of Eletson Gas, including actions taken by Levona against Eletson for the sole purpose of causing harm to Eletson. These actions include, fraud, bribing Eletson's CFO, improperly disclosing sensitive, non-public and confidential information, wrongfully interfering with Eletson Gas' relationships with financiers, and the illegal arrest of Eletson Gas' ships, among other harmful actions."

On March 13, 2023, after the Petition Date, the Debtors filed a motion for relief from the automatic stay [Docket Nos. 5, 6], seeking leave to proceed with the Arbitration (the "Stay Relief Motion"). On April 17, 2023, the Bankruptcy Court entered a stipulation and order modifying the automatic stay to permit Eletson Holdings and Eletson Corp to pursue the Arbitration, including to determine the ownership of Preferred Shares [Docket No. 48] (the "Stay Relief Order"). Notably, the Stay Relief Motion did not disclose that the Preferred Shares had purportedly already been transferred to the Cypriot nominees (the "Nominees") that are owned by the Principal Families. Indeed, the Stay Relief Motion provided that if the Debtors (or any other

party) prevailed in the Arbitration the Preferred Shares would be "returned to [Eleston] Gas or its nominee." Docket No. 6, at 4.

The Debtors have requested the following text be included, which the Petitioning Creditors disagree with: "The Debtors disagree with the assertions in the preceding paragraph. The Debtors state that as found in the Arbitration and subsequently confirmed by the District Court, the Preferred Shares were transferred to the Nominees pursuant to the BOL, effective as of March 11, 2022, well in advance of the filing of the Involuntary Petitions [Final Award at 96; District Court Order at 122-23]. Further, in the Debtors' view, the preceding paragraph fails to articulate that the Stay Relief Motion was necessary as the Involuntary Petitions were filed with the intention of staying the Arbitration and as a hedge against Levona's loss in the Arbitration."

On July 28, 2023, the arbitrator entered an interim award, which was superseded by a final award (the "Award") on September 29, 2023. The Award found that Eletson Gas had exercised the Option to acquire the Preferred Shares by, among other things, transferring shares in two vessels owned by Eletson Gas to Levona. The Award further found that the Preferred Shares were transferred to the Nominees on March 11, 2022. The Award also assessed almost $87 million in damages against Levona, plus fees, costs, and interest. None of those damages were awarded to Eletson Holdings. Instead, about half was awarded to the Nominees.

The Debtors have requested the following text be included, which the Petitioning Creditors disagree with: "The Debtors disagree with the assertions in the preceding paragraph. In the Debtors' view, the Award assessed (i) $43,455,122.21 in compensatory damages to Eletson Gas and the Nominees, (ii) $23,777,378.50 in punitive damages to Eletson Gas, (iii) $19,677,743.71 in punitive damages to the Nominees, and (iv) attorneys fees and costs "to the entity or individuals who paid those costs and fees," i.e., Eletson Corp [Final Award at 67, 99-101]."

On August 18, 2023, Eletson Holdings and Eletson Corp filed a petition in the United States District Court for the Southern District of New York (the "District Court") to confirm the Award. Among the findings they asked the District Court to approve is that the Preferred Shares were transferred to the Nominees. They also asked the District Court to approve, among other things, the Award of compensatory and punitive damages in favor of Eletson Gas and the Nominees.

On February 9, 2024, the District Court issued an opinion (the "District Court Opinion") that among other things, granted in part and denied in part Eletson Holdings' and Eletson Corp's petition to confirm the Award. The District Court confirmed the Award's finding that the Preferred Shares were transferred to the Nominees. However, the District Court Opinion provides that the Bankruptcy Court is the proper forum to "address the timing of the election by Eletson that the Preferred [Shares] should go to the Nominees and whether the Preferred [Shares] should be considered to be property of the estate or should be clawed back or avoided." District Court Opinion, at 89. The District Court Opinion vacated all awards for relief against the Pach Shemen (one of the Petitioning Creditors, a Plan Proponent, and the Initial Backstop Party, and is an affiliate of Levona), including compensatory and punitive

damages based upon violations of the Status Quo Injunction (as defined in the District Court Opinion), all awards of attorneys' fees, costs, and expenses related to the Involuntary Petitions and the Bondholder Litigation (as defined in the District Court Opinion). *Id.* at 124-25. In accordance with the District Court Opinion, Eletson Holdings, Eletson Corp, and Levona each submitted proposed judgments on February 23, 2024. *See* District Court Docket Nos. 94 and 95.

The Debtors have requested the following text be included, which the Petitioning Creditors disagree with: "The Debtors disagree with the assertions in the preceding paragraph. In the Debtors' view, the District Court substantially confirmed the award of compensatory and punitive damages against Levona, vacating only the following limited aspects of the Final Award: (i) the finding that Murchinson and Pach Shemen are alter egos of Levona; (ii) the finding that the Status Quo Injunction remains in effect until confirmation of the Final Award by the Arbitrator; (iii) the finding that Levona caused or directed affiliates to purchase 2022 Notes for the purpose of wrongfully commencing and then actually causing the commencement of the Bondholder Litigation and the filing of the Involuntary Petitions against the Debtors; (iv) the finding that Levona wrongfully declared a default under the loan provided by Levona; (v) the award of attorneys' fees, costs and expenses relating to the involuntary bankruptcy petition and Bondholder litigation in the amount of $3,007,266.20; and (vi) the award of relief based upon violations of the Status Quo Injunction."

The Debtors have requested the following text be included, which the Petitioning Creditors disagree with: "In the Debtors' view, the District Court vacated relief against Pach Shemen because Pach Shemen was not a signatory to the Eletson Gas LLC Agreement or a party to the Arbitration. However, the District Court explicitly noted that "Eletson may yet have the opportunity to seek to hold Murchinson and Pach Shemen responsible for Levona's obligations under the Award." [District Court Order at 82]."

On April 19, 2024, the District Court issued a memorandum and order (the "Memorandum and Order") remanding the Award to the arbitrator to clarify his findings regarding punitive damages (the "Remand"). *See* District Court Docket No. 106. The Memorandum and Order also directs the Eletson Holdings, Eletson Corp, and Levona to submit a joint letter to the District Court within two weeks of any "substantive decision" of the arbitrator. *Id.*

The Debtors have requested the following text be included, which the Petitioning Creditors disagree with: "In the Debtors' view, the District Court ordered the Arbitrator to address two questions. First, whether the arbitrator would not have awarded punitive damages, but for the finding of a violation of the Status Quo Injunction, and second, whether the arbitrator would have applied a different multiple of the compensatory damages in his calculation of the punitive damages award in the absence of the finding of a violation of the Status Quo Injunction."

On May 3, 2024, Levona filed a motion in the District Court seeking reconsideration of the Memorandum and Order and asking the District Court to vacate any punitive damages awarded (the "Motion for Reconsideration"). *See* District Court Docket Nos. 107 and 108. On May 8, 2024, Eletson Holdings and Eletson Corp filed a

letter in the District Court that explained that while the arbitrator has set May 24, 2024 as the deadline for final letter briefs on the Remand, the arbitrator will not rule on the Remand until the District Court rules on the Motion for Reconsideration. *See* District Court Docket No. 109. On May 8, 2024, the District Court directed Eletson Holdings, Eletson Corp, and Levona to meet to confer on whether they agree to brief the Motion for Reconsideration on an expedited basis and to stay the Remand pending a decision on the Motion for Reconsideration. *See* District Court Docket No. 110. The District Court also directed the parties to provide an update on May 10, 2024. *See id.* On May 10, 2024, Eletson Holdings and Eletson Corp filed a letter in the District Court that provided, among other things, that the parties have not agreed to stay the Remand, "would oppose an indefinite stay", they intend to file their opposition to the Motion for Reconsideration on May 10, 2024, and the briefing schedule for the Remand. *See* District Court Docket No. 111. On May 10, 2024, Levona also filed a letter in the District Court that provided, among other things, that the parties have not agreed to stay the Remand and asked the District Court to stay the Remand pending resolution on the Motion for Reconsideration. *See* District Court Docket No. 112.

On May 10, 2024, Eletson Holdings and Eletson Corp filed its opposition to the Motion for Reconsideration in the District Court. *See* District Court Docket No. 113. On May 13, 2024, the District Court directed Levona to reply to Eletson Holdings' and Eletson Corp's opposition by May 15, 2024, and stayed the Remand pending resolution on the Motion for Reconsideration. *See* District Court Docket No. 114. On May 15, 2024, Levona filed its reply in support of the Motion for Reconsideration. *See* District Court Docket No. 115. On May 30, 2024, Eletson Holdings and Eletson Corp filed a letter that asked the District Court to lift the stay it imposed on the Remand on May 13, 2024. *See* District Court Docket No. 117. On June 3, 2024, Levona filed a letter in response requesting that the District Court to continue to stay the Remand. *See* District Court Docket No. 118.

B. The Debtors' Assets

On October 10, 2023, the Debtors filed their schedules of assets and liabilities and statements of financial affairs [Docket Nos. 216-221] (together, the "Original Schedules"). The Original Schedules disclosed that the Debtors have no cash and the Debtors' only assets are equity interests in various subsidiaries and certain Litigation Claims (as defined below). The Original Schedules listed the value of the equity in each of the Debtors' subsidiaries as "$0."

On December 29, 2023, the Debtors filed an amended schedule A/B for Eletson Holdings [Docket Nos. 340] (the "Amended Schedules" and together, with the Original Schedules, the "Schedules"), disclosing an aggregate equity value of the Debtors' subsidiaries of $52.5 million. The Amended Schedules state that the $52.5 million valuation is based on "market value." At the section 341 meeting of the Debtors and their creditors held on January 5, 2024, however, the Debtors' Vice President stated that the $52.5 million number in the Amended Schedules was "book value" and that the actual value remains "unknown."

The Debtors' Schedules also identify certain Litigation Claims belonging to the Debtors' Estates, though the Schedules fail to identify these actions with

specificity. Indeed, the Schedules merely state that the Debtors have "Claims against Wilmington Savings Fund Society, FSB", "Claims against Petitioning Creditors for Bad Faith Conduct," "potential Claims against various parties related to or arising from the Arbitration Award", and lastly, claims against Murchinson Ltd., Nomis Bay Ltd., and BPY Limited in these Bankruptcy Cases (collectively, the "Litigation Claims"). Further, the Debtors' Schedules do not state the nature of the Debtors' interest in the Litigation Claims.

The Debtors have requested the following text be included, which the Petitioning Creditors disagree with: "The Debtors disagree with the assertions in the preceding paragraphs and believe that the assertions above are misleading and mischaracterize the Debtors' reporting. The Debtors believe that the Schedules are a fair and accurate reporting of the Debtors' assets."

C. The Debtors' Liabilities

The Debtors' liabilities, based on the Debtors' books and records are set forth in their Schedules and the Debtors' Plan (as defined below). The Debtors' liabilities based on their prepetition capital structure can generally be summarized as (1) the Old Notes, (2) the 2022 Notes, (3) the OCM Guarantees, (4) the Azure Guarantees, (5) the Eletson Corp Guarantees, (6) the Initial Petitioning Creditors' Claims, and (7) Other Claims and Liabilities (each of which is defined and explained in greater detail below).

The Debtors have requested the following text be included, which the Petitioning Creditors disagree with: "The Debtors disagree with the assertions in the following paragraphs. The Debtors assert that the summaries below provided by the Petitioning Creditors are misleading and omit material details. The Debtors encourage creditors to review the Debtors' Plan and related Disclosure Statement for a more accurate description of the Debtors' liabilities. Further the Debtors have filed a number of objections to the asserted liabilities listed below."

1. *The Old Notes*

In December 2013, Debtors Eletson Holdings and Eletson Finance co-issued First Preferred Ship Mortgage Notes (the "Old Notes" and the holders thereof, the "Old Noteholders") under an indenture dated December 19, 2013, in the aggregate principal amount of $300 million (the "Old Indenture"). Deutsche Bank Trust Company Americas (the "Old Notes Trustee") serves as the trustee for the Old Notes. The Old Notes had a maturity date of January 15, 2022.

In May 2018, Eletson Finance and Eletson Holdings initiated an exchange offer process for the Old Notes (the "2018 Note Exchange"), which closed in July 2018. Pursuant to the 2018 Note Exchange, approximately 98% of the Old Noteholders exchanged their Old Notes for the 2022 Notes (as defined below); approximately 2% of the Old Noteholders did not participate in the 2018 Note Exchange and retained their Old Notes.

The Debtors' Schedules list the Old Notes Trustee as having a disputed unsecured Claim against Eletson Finance for approximately $24,000. *See* Docket No. 220. However, the Old Notes Trustee filed a Proof of Claim against Eletson Holdings pursuant to the Old Notes for $5,953,704.07 for the unpaid principal amount of $300 million plus applicable interest, fees, and other charges. *See* Proof of Claim No. 2-1 against Eletson Holdings.

2. *The 2022 Notes*

On July 2, 2018, the Debtors entered into an indenture (the "2022 Indenture") pursuant to which the substantial majority of the Old Notes were exchanged for new First Preferred Ship Mortgage Notes due on January 15, 2022 (the "2022 Notes" and the holders thereof, the "2022 Noteholders"). The 2022 Notes were issued in an original face value amount of $314,068,360. Under the 2022 Indenture, Wilmington Savings Fund Society, FSB (the "2022 Notes Trustee") serves as trustee and collateral agent for the 2022 Notes. The 2022 Notes were secured by certain assets pledged as collateral (collectively, the "Collateral"), including, among other things: (i) all outstanding common shares or membership interests in Eletson Finance and certain guarantors under the 2022 Indenture; (ii) thirteen shipping vessels owned by guarantors under the 2022 Indenture (the "Note Vessels"); (iii) the earnings arising from freights, hires and other earnings from the operation and use of or relating to the Note Vessels, and (iv) all other cash and various accounts of Eletson MI and the guarantors set forth in the 2022 Indenture.

The Debtors concede that they breached their obligations under the 2022 Indenture long ago and, in fact, have "made no direct payments" under that contract, at any time. *See* Docket No. 41 ¶¶ 17, 64.

On June 24, 2019, in connection with their various breaches under the 2022 Indenture, the Debtors entered into a Restructuring Support Agreement (the "First RSA") with certain noteholders (the "Consenting Noteholders") including VR Global. As part of the First RSA and a consensual strict foreclosure executed in connection therewith, the Debtors transferred their interests in the 13 vessels that served as part of the Collateral for the 2022 Notes to a new entity called NAF for the benefit of the 2022 Noteholders in partial satisfaction of amounts owed under the 2022 Indenture and the 2022 Notes in the amount of $130 million. On August 9, 2019, the Consenting Noteholders terminated the First RSA.

On October 29, 2019, after the termination of the First RSA, the Debtors and the Consenting Noteholders entered into a second Restructuring Support Agreement (the "Second RSA").[13] The purpose of the Second RSA was to accomplish an alternative restructuring of the Old Notes and the 2022 Notes on the terms and conditions set forth therein and in a restructuring term sheet attached as an Exhibit to the Second RSA. That restructuring was to be effectuated through an out-of-court

[13] The Debtors did not inform the 2022 Notes Trustee of their entry into the Second RSA despite their contractual obligation under the 2022 Indenture to do so.

consent solicitation and exchange offer or through a joint prepackaged plan of reorganization in chapter 11 cases to be filed by the Debtors in the United States.

Under the Second RSA, the Debtors agreed to implement the restructuring contemplated therein on a timeline with milestones set forth in Exhibit C to the Second RSA. The timeline included twelve (12) separate milestones, starting with the entry into a memorandum of agreement, in form and substance acceptable to Eletson and the Consenting Noteholders, with respect to the sale of Eletson's interest in a particular vessel—the Salamina—as soon as reasonably practicable but in no event later than October 31, 2019. The Debtors also agreed under the Second RSA that any proceeds from the sale of the Salamina after payment of applicable professional fees would be paid pro rata to the Old Noteholders, the 2022 Noteholders, and claims arising under certain "Working Capital Facility Agreements" outstanding at the time.

As the Debtors have acknowledged themselves, they never satisfied a single milestone under the Second RSA, in material breach of the Second RSA's requirement (and fundamental purpose) that the Debtors would effectuate the contemplated restructuring within several months. As the Debtors acknowledged in discovery during the pendency of the Involuntary Petitions, the parties to the Second RSA decided to go in a different path and abandoned the milestones. In addition, certain of the Consenting Noteholders told the Debtors in January 2020 that the Second RSA was "dead."[14]

Despite entering into the First RSA and the Second RSA, the Debtors never actually attempted to restructure the 2022 Notes or the Old Notes in connection therewith (or after). Instead, the Debtors did nothing and allowed the Old Notes and the 2022 Notes to mature without repayment on January 15, 2022, resulting in approximately $100 million in additional interest accruing on the 2022 Notes between the execution of the Second RSA in October 2019 and the filing of the Involuntary Petitions in March 2023.

The Debtors have requested the following text be included, which the Petitioning Creditors disagree with: "The Debtors dispute all of the allegations and assertions in this section. First, the Debtors asset that the Debtors made payments of PIK interest and undertook a tender offer which reduced the outstanding obligations under the 2022 Notes by approximately $8 million. Second, the Debtors assert that the Petitioning Creditors fail to state that as a result of the strict foreclosure agreement, the 2022 Indenture was amended to release all remaining Collateral that served as security under the 2022 Indenture. In the Debtors' view, the assertions regarding the Debtors' intent are meritless."

The Debtors have requested the following text be included, which the Petitioning Creditors disagree with: "In the Debtors' view, the Petitioning Creditors' descriptions of the Second RSA are wholly deficient and omit material information

[14] *Declaration of Joshua Nemser In Support of (A) Involuntary Petitions and (B) Petitioning Creditors' Objection to the Debtors' Motion to Dismiss* [Docket No. 128] filed on July 18, 2023 ¶ 14.

regarding the terms and provisions of the Second RSA as well as its relationship to the Involuntary Petitions. As set forth in greater detail in the Debtors' Motion to Dismiss, pursuant to the Second RSA, signatories were restricted from selling, transferring, or assigning any interest they had in the 2022 Notes unless the transfer was to another holder of the 2022 Notes or the recipient joined the Second RSA. The Debtors further assert that in June 2020, well after the Second RSA was executed, the Debtors, more than seventy percent (70%) of the 2022 Noteholders, and others entered into a certain Stipulation Waiver and Release (the "OCM Financing Stipulation"), wherein a majority of the 2022 Noteholders acknowledged that they "[were] parties to that certain [Second RSA] . . . ." *OCM Financing Stipulation* at p. 1. The Debtors state that like the Second RSA, the OCM Financing Stipulation included a restriction on the transfer of the 2022 Notes. In the Debtors' view, any transfers of the 2022 Notes made in violation of the terms of these documents are void ab initio. In the Debtors' view, notwithstanding these transfer restrictions, the Initial Petitioning Creditors, in particular Pach Shemen, purport to be the beneficial holders of 2022 Notes in an amount that is mathematically impossible absent a transfer of 2022 Notes that were subject to restrictions on transfer. As the Second RSA was never terminated, the Debtors believe that Pach Shemen is not a valid 2022 Noteholder. The Debtors believe that had these bankruptcy proceedings not been initiated, the Debtors would have successfully refinanced their obligations in accordance with the terms of the relevant prepetition documents."

Each of the Debtors' Schedules list the 2022 Notes Trustee as having a disputed unsecured Claim against each of the Debtors for approximately $320,195,000. *See* Docket Nos. 216, 218, 220. However, the 2022 Notes Trustee filed a Proof of Claim against each of the Debtors pursuant to the 2022 Indenture and the 2022 Notes for approximately $366,011,815 for the unpaid principal amount of $194,862,074 plus applicable interest, fees, and other charges. *See* Proof of Claim No. 14 against Eletson Holdings; Proof of Claim No. 2 against Eletson MI; and Proof of Claim No. 2-2 against Eletson Finance. The 2022 Notes Trustee also filed a Proof of Claim against each of the Debtors pursuant to the 2022 Indenture and the 2022 Notes for fees and expenses in the amount of $1,872,764.44. *See* Proof of Claim No. 20 against Eletson Holdings; Proof of Claim No. 3 against Eletson MI; and Proof of Claim No. 3 against Eletson Finance.

3. *The OCM Guarantees*

Four subsidiaries directly or indirectly owned by Eletson Holdings are each party to bareboat charter agreements regarding the use of certain vessels owned by entities affiliated or associated with Oaktree Capital Management. Each of these vessels are described in greater detail below. The Petitioning Creditors understand that the $0 to $52.5 million figures from the Debtors' Amended Schedules are largely on account of these four bareboat charter arrangements.

Kinaros Charter. On June 24, 2020, OCM Maritime Rhine LLC ("OCM Rhine") entered into a bareboat charter agreement ("Kinaros Charter") with non-Debtor Kinaros Special Maritime Enterprise for the use of a vessel owned by OCM Rhine named the Kinaros. Pursuant to the Kinaros Charter, Kinaros Special Maritime Enterprise was obligated to make payments to OCM Rhine related to the charter of the Kinaros. The obligations were guaranteed by Eletson Holdings pursuant to that certain guarantee executed by Eletson Holdings in favor of OCM Rhine dated June 24, 2020

(the "Kinaros Guaranty"). Pursuant to the Kinaros Guaranty, Eletson Holdings guaranteed the full payment for all amounts due under the Kinaros Charter. According to the Debtors' Schedules, OCM Rhine has a disputed unsecured Claim against Debtor Eletson Holdings for $11,750,000. *See* Docket No. 216. According to OCM Rhine's Proof of Claim, as of the Conversion Date, the principal balance outstanding under the Kinaros Charter is $11,750,000 with outstanding payment-in-kind interest obligations of $217,417. *See* Proof of Claim No. 5-1 ¶ 9. As of the Conversion Date, OCM Rhine has not declared any event of default under the Kinaros Charter, however, the Chapter 11 Cases constitute a default under the Kinaros Guaranty.

Kimolos Charter. On June 24, 2020, OCM Maritime Yukon LLC ("OCM Yukon") entered into a bareboat charter agreement ("Kimolos Charter") with non-Debtor Kimolos II Special Maritime Enterprise for the use of a vessel owned by OCM Thames named the Kimolos. Pursuant to the Kimolos Charter, Kimolos II Special Maritime Enterprise was obligated to make payments to OCM Yukon related to the charter of the Kimolos. The obligations were guaranteed by Eletson Holdings pursuant to that certain guaranty executed by Eletson Holdings in favor of OCM Yukon dated June 24, 2020 (the "Kimolos Guaranty"). Pursuant to the Kimolos Guaranty, Eletson Holdings guaranteed the full payment for all amounts due under the Kimolos Charter. According to the Debtors' Schedules, OCM Yukon has a disputed unsecured Claim against Debtor Eletson Holdings for $12,450,000. *See* Docket No. 216. According to OCM Yukon's Proof of Claim, as of the Conversion Date, the principal balance outstanding under the Kimolos Charter is $12,450,000 with outstanding payment-in-kind interest obligations of $203,922. *See* Proof of Claim No. 6-1 ¶ 9. As of the Conversion Date, OCM Yukon has not declared any event of default under the Kimolos Charter, however, the Chapter 11 Cases constitute a default under the Kimolos Guaranty.

Fourni Charter. On June 24, 2020, OCM Maritime Autumn LLC ("OCM Autumn") entered into a bareboat charter agreement ("Fourni Charter") with non-Debtor Fourni Special Maritime Enterprise for the use of a vessel owned by OCM Autumn named the Fourni. Pursuant to the Fourni Charter, Fourni Special Maritime Enterprise was obligated to make payments to OCM Autumn related to the charter of the Fourni. The obligations were guaranteed by Eletson Holdings pursuant to that certain guaranty executed by Eletson Holdings in favor of OCM Autumn dated June 24, 2020 (the "Fourni Guaranty"). Pursuant to the Fourni Guaranty, Eletson Holdings guaranteed the full payment for all amounts due under the Fourni Charter. According to the Debtors' Schedules, OCM Autumn has a disputed unsecured Claim against Debtor Eletson Holdings for $12,450,000. *See* Docket No. 216. According to OCM Autumn's Proof of Claim, as of the Conversion Date, the principal balance outstanding under the Fourni Charter is $12,450,000 with outstanding payment-in-kind interest obligations of $229,239. *See* Proof of Claim No. 7-1 ¶ 9. As of the Conversion Date, OCM Autumn has not declared any event of default under the Fourni Charter, however, the Chapter 11 Cases constitute a default under the Fourni Guaranty.

Kastos Charter. On June 24, 2020, OCM Maritime Thames LLC ("OCM Thames") entered into a bareboat charter agreement ("Kastos Charter") with non-Debtor Kastos Special Maritime Enterprise for the use of a vessel owned by OCM Thames named the Kastos. Pursuant to the Kastos Charter, Kastos Special Maritime

Enterprise was obligated to make payments to OCM Thames related to the charter of the Kastos. The obligations were guaranteed by Eletson Holdings pursuant to that certain guaranty executed by Eletson Holdings in favor of OCM Thames dated June 24, 2020 (the "Kastos Guaranty"). Pursuant to the Kastos Guaranty, Eletson Holdings guaranteed the full payment for all amounts due under the Kastos Charter. According to the Debtors' Schedules, OCM Thames has a disputed unsecured Claim against Debtor Eletson Holdings for $12,450,000. *See* Docket No. 216. According to OCM Thames' Proof of Claim, as of the Conversion Date, the principal balance outstanding under the Kastos Charter is $12,450,000 with outstanding payment-in-kind interest obligations of $229,239. *See* Proof of Claim No. 8-1 ¶ 9. As of the Conversion Date, OCM Thames has not declared any event of default under the Kastos Charter, however, the Chapter 11 Cases constitute a default under the Kastos Guaranty.

The Debtors' Schedules list OCM Autumn, OCM Yukon, and OCM Thames as each having a disputed unsecured Claim against Debtor Eletson Holdings for $12,450,000, and OCM Rhine as having a disputed unsecured Claim for $11,750,000 (collectively, the "OCM Guaranty Claimants"). *See* Docket No. 216. As described above, although the OCM Guaranty Claimants have not declared an event of default under their respective charter agreements, each of the OCM Guaranty Claimants filed protective Proofs of Claims against Eletson Holdings for amounts owed by Eletson Holdings arising from and in connection with the bareboat charter agreements explained above. *See* Proof of Claim Nos. 5-8.

4. *The Azure Guarantees*

On August 24, 2017, Azure Nova Spring Co., Azure Nova Summer Co., Azure Nova Autumn Co., and Azure Nova Winter Co. (collectively, "Azure" or the "Azure Claimants") entered into bareboat charter agreements (collectively, the "Charters") with non-Debtors Antikeros Special Maritime Enterprise, Dhonoussa Special Maritime Enterprise, Polyaigos Special Maritime Enterprise and Strofades Special Maritime Enterprise (collectively, the "Azure Charterers") respectively, for the use and operation of vessels owned by Azure named the Antikeros, Dhonoussa, Polyaigos, and Strofades, respectively (collectively, the "Azure Vessels").

Pursuant to the Charters, the Azure Charterers were obligated to make payments to Azure related to the charter of the Azure Vessels. The obligations were guaranteed by Eletson Holdings and Eletson Corp pursuant to those certain guarantees executed by Eletson Holdings and Eletson Corp in favor of each Azure entity dated August 24, 2017 (collectively, the "Azure Guarantees"). Pursuant to the Azure Guarantees, Eletson Holdings guaranteed the full payment for all amounts due under the Charters. As security for Eletson Holdings' obligations under the Azure Guarantees, Eletson Holdings executed a share pledge agreement in favor of each Azure entity pursuant to which the equity of the respective Azure Charterer was placed as collateral to secure the obligations under the applicable Charter.

In March 2021, the Charters were terminated and the Azure Vessels were repossessed. As a result of this termination and repossession, two arbitrations were commenced by Azure, one against the Charterers seeking a determination of any amounts owed to Azure because of the termination of the Charters and repossession of

the Azure Vessels and a second against Eletson Holdings for any obligations arising from the Azure Guarantees which are asserted by Azure to be in an amount of no less than $94,799,702. Eletson Holdings disputes that defaults have occurred, or that obligations exist under the respective Azure Guarantees.

The Debtors' Schedules list the Azure Claimants as each having disputed unsecured Claims against Eletson Holdings for $12,000,000. *See* Docket No. 216. Each of the Azure Claimants filed a separate Proof of Claim against Eletson Holdings, each asserting a Secured Claim. However, the full amount listed in each Proof of Claim is asserted as an unsecured deficiency claim against Eletson Holdings for $94,799,702.40 in connection with the Charters. *See* Proof of Claim Nos. 9-12.

5. *The Eletson Corp Guarantees*

Non-Debtor Eletson Corp is the operational and technical management entity for various Eletson entities (including various of Eletson Holdings' non-Debtor subsidiaries). As Eletson Corp's parent entity, Eletson Holdings guaranteed certain obligations of Eletson Corp on a number of its unsecured obligations owed towards various banking entities in Greece, including Aegean Baltic Bank S.A., Alpha Bank S.A., and Piraeus Bank A.E.

The Debtors' Schedules list Aegean Baltic Bank S.A. as having a disputed unsecured Claim against Eletson Holdings for $4,000,019. *See* Docket No. 216. The Schedules list Piraeus Bank A.E. as having a disputed unsecured Claim against Eletson Holdings for $16,326,319. *See id*. Alpha Bank S.A. is also listed as having a disputed unsecured Claim against Eletson Holdings for $4,302,823. *See id.*

Aegean Baltic Bank S.A. filed a Proof of Claim against Eletson Holdings for $6,335,665.08 pursuant to a Eletson Corp guarantee for the unpaid principal of $5,555,514.40 plus applicable interest, fees, and other charges. *See* Proof of Claim No. 4. Hermes Acquisitions B DAC Serviced by Cepal Hellas also filed a Proof of Claim pursuant to a Eletson Corp guarantee for claims purchased from Alpha Bank S.A., totaling $4,302,198.44. *See* Proof of Claim No. 16. Lastly, Sunrise I NPL Finance DAC also filed a Proof of Claim against Eletson Holdings pursuant to a Eletson Corp guarantee for claims purchased from Piraeus Bank A.E., totaling $23,402,504.90. *See* Proof of Claim No. 22. The Sunrise I NPL Finance DAC Proof of Claim asserts a secured claim in the amount of $7,000,000 and an unsecured claim in the amount of $16,402,504.90. *See id.*[15]

6. *Initial Petitioning Creditors' Claims*

Each of the Initial Petitioning Creditors filed protective Proofs of Claims against each of the Debtors in the amounts of $2,234,807.36, $357,567.10, and $2,431.10,

[15] Proof of Claim No. 22 is based on three facility agreements, one of which included a first priority "prenotation of mortgage under articles 1274 et seq. of the Greek Civil Code, over an office property…in the amount of up to seven million Euro…the property is estimated to be worth approximately that amount." Proof of Claim No. 22 at 5.

respectively, pursuant to the *Second Application of the Petitioning Creditors Pursuant to Section 503(b)(3)(A) and 503(b)(4) of the Bankruptcy Code, for Allowance of Professional Fees,* filed on December 18, 2023 [Docket No. 322]. *See* Proofs of Claims Nos. 17-19 against Eletson Holdings; Proofs of Claims Nos. 4-6 against Eletson MI; and Proofs of Claims Nos. 4-6 against Eletson Finance.

The Debtors have requested the following text be included, which the Petitioning Creditors disagree with: "The Debtors disagree with the assertions in the preceding paragraph and the purported validity of any Proof of Claim filed by the Initial Petitioning Creditors."

7. *Other Claims and Liabilities*

The Debtors have other outstanding Claims from amounts owed to creditors prior to the Petition Date. Such amounts include, among other things, prepetition Claims by certain individual Old Noteholders (the "Individual Old Noteholder Claims"), NAF (the "NAF Claims") Levona (the "Levona Claim"), other miscellaneous scheduled claims (the "Miscellaneous Scheduled Claims"), and a prepetition tax Claim filed by the Internal Revenue Service (the "Tax Claim"). The Individual Old Noteholder Claims, NAF Claims, Levona Claim, and the Miscellaneous Scheduled Claims are explained in more detail below.

(a) The Individual Old Noteholder Claims

The Individual Old Noteholder Claims consist of the following and were not listed on the Schedules as Claims against any of the Debtors:

- Proof of Claim filed by Tracy Lee Gustafson against Eletson Holdings for bonds purchased in connection with the Old Notes totaling $117,978. *See* Proof of Claim No. 1;

- Proof of Claim filed by TR I/XII/W J. Fleishmnn/Dorette against Eletson Holdings for bonds purchased in connection with the Old Notes totaling $107,864.51. *See* Proof of Claim No. 3; and

- Proof of Claim filed by Middle East Shipping Agencies Overseas, Ltd. against Eletson Holdings for bonds purchased in connection with the Old Notes totaling $257,750 plus applicable interest, fees, and other charges. *See* Proof of Claim No. 15.

(b) NAF Claims

The NAF Claims consist of unsecured Claims against each of the Debtors for approximately $5,155,522. *See* Proof of Claim No. 13 against Eletson Holdings; Proof of Claim No. 1 against Eletson MI; and Proof of Claim No. 1 against Eletson Finance. The NAF Claims are based on amounts owed under the Old Notes and the Old Notes Trustee's fees and professional fees that the Old Notes Trustee had paid on behalf of the Debtors. *Id.* The Eletson Holdings Schedule lists the NAF Claim as a disputed unsecured Claim for $5,155,522 and separately, as a disputed unsecured Claim for $24,000 on the Eletson Finance Schedule. *See* Docket Nos. 216, 220.

(c) Levona Claim

The Levona Claim consists of an unsecured Claim for damages in connection with the facts related to the Arbitration and these Chapter 11 Cases, totaling $262,500,000, filed against Eletson Holdings. *See* Proof of Claim No. 21.

(d) Miscellaneous Scheduled Claims

Eletson MI's Schedules list Regus Management Group LLC as having a Claim against Eletson MI for $"741,70" in connection with an office lease. *See* Docket No. 218. Eletson Finance's Schedules list Thompson Hine LLP as having a Claim against Eletson Finance for $8,225 in connection with the provision of services. *See* Docket No. 220.

(e) Tax Claim

The Tax Claim consists of priority Claim in the amount of $313.23 and a general unsecured Claim in the amount of $319.97, both filed against Eletson Holdings for estimated amounts of unpaid corporate taxes. *See* Proof of Claim No. 23-1 filed against Eletson Holdings.

The Debtors have requested the following text be included, which the Petitioning Creditors disagree with: "The Debtors disagree with the asserted validity of each of the purported claims filed against the Debtors discussed in this subsection, many of which are subject to objections."

III. THE BANKRUPTCY CASES

A. The Involuntary Petitions and Related Cases

On the Petition Date, the Initial Petitioning Creditors filed the Involuntary Petitions against each of the Debtors. They were later joined by 11 additional petitioning creditors, including the 2022 Notes Trustee.[16] *See* Docket No. 102.

On April 14, the Debtors moved to dismiss the Involuntary Petitions [Docket No. 40], which was later supplemented at various points in response to additional creditors that filed joinders to the Involuntary Petitions [Docket Nos. 70, 108, 121, 122] (as supplemented, the "Motion to Dismiss"). Over the next few months, the Debtors and their creditors engaged in months of litigation, including discovery and related motion practice, resulting in millions of dollars in administrative expenses by the Debtors and fees and expenses incurred by their creditors in pursuing their contractual rights to repayment from the Debtors.

The Debtors have requested the following text be included, which the Petitioning Creditors disagree with: "The Debtors disagree with the assertions in the preceding paragraph. In the Debtors' view, Pach Shemen, the largest holder of 2022 Notes of the Initial Petitioning Creditors, obtained its claims against the Debtors mere months before filing the Involuntary Petitions. The Debtors believe that these claims were obtained in violation of the terms of the Second RSA and OCM Financing Stipulation, and that the filing of the Involuntary Petitions was an improper action taken in bad faith as part of a coordinated effort to harm the Debtors and provide a litigation advantage to Levona in the Arbitration. The Debtors have reserved all rights regarding the impropriety of the Involuntary Petitions."

Prior to the hearing on the Motion to Dismiss, upon the request of the Debtors, the Petitioning Creditors and the 2022 Notes Trustee, the Bankruptcy Court entered the *Order Appointing Hon. Allan L. Gropper (Ret.) as Mediator* [Docket No. 148] directing the parties towards a non-binding mediation (the "Initial Mediation") to address the issues surrounding the Motion to Dismiss. The Initial Mediation did not lead to any resolution. Just one day prior to the hearing on the Motion to Dismiss, the Debtors, the Petitioning Creditors, and the 2022 Notes Trustee entered into a stipulation which was read into the record on September 6, 2023 (the "Conversion Stipulation"). Pursuant to the Conversion Stipulation, the Debtors agreed to withdraw their Motion to Dismiss and voluntarily convert the pending Chapter 7 cases to cases under Chapter 11, and the Petitioning Creditors agreed not to object to the voluntary conversion. In

[16] The full list of creditors that filed the Involuntary Petitions and/or joined them are: 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, Ron Pike, and NAF. Watson Farley & Williams LLP and Paleokrassas & Partners Law Firm (trading as Watson Farley & Williams Greece) (together, "WFW") former counsel to the Debtors, joined the Involuntary Petitions [Docket No. 61] but later withdrew after the Debtors paid WFW an undisclosed amount [Docket No. 101].

addition, pursuant to the Conversion Stipulation, the Debtors, the 2022 Notes Trustee, and the Petitioning Creditors agreed to, among other things, the following: (i) the Petitioning Creditors and the 2022 Notes Trustee would not file a motion to appoint an examiner, trustee, or limit exclusivity during the first 120 days of the Chapter 11 Cases; (ii) the Debtors agreed to withdraw adversary proceeding Case No. 23-1132 related to the filing of the Involuntary Petitions, without prejudice, and agreed not to reinitiate such a proceeding for the longer of four months or the end of the confirmation and vacatur proceedings concerning the Award; (iii) the Debtors' and Petitioning Creditors' professionals agreed not object to other professionals seeking retention as estate professionals; (iv) the Debtors' agreed not to object to a substantial contribution motion brought by the Petitioning Creditors seeking up to $1.5 million, with the express agreement that the Petitioning Creditors could seek additional amounts exceeding that sum; and (v) the Petitioning Creditors agreed not to object to or assert rights of recovery against the pre-petition fees sought by the Debtors' counsel of up to $2 million. *See* Sept. 6, Tr. at 9. Finally, the Conversion Stipulation was entered into without prejudice to all causes of action, claims, or defenses that the parties might thereafter assert, including, without limitation, the Debtors' rights to object to claims brought in the Chapter 11 Cases. *Id.*

On September 13, 2023, the Debtors filed a motion to convert the Chapter 7 cases [Docket No. 201], to which the Petitioning Creditors responded that a motion was unnecessary, and the cases should be converted immediately [Docket No. 203]. Following a hearing held on September 20, 2023, on September 25, 2023 the Bankruptcy Court entered an order converting the Chapter 7 cases to cases under Chapter 11 of the Bankruptcy Code [Docket No. 215] (the "Conversion Order").

B. Events in the Chapter 11 Cases

Since the entry of the Conversion Order, the Debtors did not file any first day motions. The limited filings made by the Debtors, as well as certain other material events in these Chapter 11 Cases, are described in greater detail below.

The Debtors have requested the following text be included, which the Petitioning Creditors disagree with: "The Debtors disagree with the characterization of the Debtors' filings in the preceding paragraph. The Debtors assert that the Debtors are holding companies without any ongoing operations, employees or bank accounts, and as such had no need to file any typical first day motions. Further, the Debtors state that the background and history of the Debtors as well as information regarding the Debtors' corporate structure was heavily litigated and discussed in the filings made prior to entry of the Conversion Order."

1. *Appointment of Creditors' Committee*

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 [Docket No. 233] (the "Creditors' Committee"). The Creditors' Committee is comprised of the following creditors: (a) Gene B. Goldstein, (b) Aegean Baltic Bank S.A., and (c) the 2022 Notes Trustee. The Old Notes Trustee serves as an ex officio member.

2. *Estate Professionals*

Pursuant to orders of the Bankruptcy Court, the Debtors and the Creditors' Committee have retained certain professionals pursuant to sections 327 and 328 of the Bankruptcy Code (collectively, the "Estate Professionals"). The Debtors' only Estate Professional is Reed Smith LLP, as counsel [Docket Nos. 235 and 350]; the Creditors' Committee's Estate Professionals are (a) Dechert LLP, as counsel [Docket Nos. 273 and 351] and (b) FTI Consulting, Inc., as financial advisor [Docket Nos. 349 and 375].

By order dated February 7, 2024 [Docket No. 398] (the "Interim Comp Order"), the Bankruptcy Court established procedures for the Debtors' payment of certain of the fees and expenses of the Estate Professionals during the pendency of these Chapter 11 Cases, including pursuant to the filing of monthly fee statements and periodic interim fee applications. As of the date hereof, the following monthly fee statements have been filed:

- *First Monthly Fee Statement of Dechert LLP for the Period From October 25, 2023 Through November 30, 2023* [Docket No. 399] ("Dechert's First Fee Statement") seeking reimbursement of fees and expenses totaling $ 743,688.18;

- *Second Monthly Fee Statement of Dechert LLP for the Period From December 1, 2023 Through December 31, 2023* [Docket No. 400] ("Dechert's Second Fee Statement") seeking reimbursement of fees and expenses totaling $586,096.76;

- *Third Monthly Fee Statement of Dechert LLP for the Period From January 1, 2024 Through January 31, 2024* [Docket No. 433] ("Dechert's Third Fee Statement") seeking reimbursement of fees and expenses totaling $628,770.91;

- *Fourth Monthly Fee Statement of Dechert LLP for the Period From February 1, 2024 Through February 29, 2024* [Docket No. 529] ("Dechert's Fourth Fee Statement") seeking reimbursement of fees and expenses totaling $776,042.06;

- *Fifth Monthly Fee Statement of Dechert LLP for the Period From March 1, 2024 Through March 31, 2024* [Docket No. 609] ("Dechert's Fifth Fee Statement") seeking reimbursement of fees and expenses totaling $1,010,965.52;

- *Sixth Monthly Fee Statement of Dechert LLP for the Period from April 1, 2024 Through April 30, 2024* [Docket No. 703] ("Dechert's Sixth Fee Statement" and together with Dechert's First Fee Statement, Dechert's Second Fee Statement, Dechert's Third Fee Statement, Dechert's Fourth Fee Statement, and Dechert's Fifth Fee Statement, the "Dechert Fee Statements") seeking reimbursement of fees and expenses totaling

$1,083,448.33;

- *First Monthly Fee Statement of FTI Consulting, Inc. for the Period From December 8, 2023 Through December 31, 2023* [Docket No. 401] ("FTI's First Fee Statement") seeking reimbursement of fees and expenses totaling $233,115.77;

- *Second Monthly Fee Statement of FTI Consulting, Inc. for the Period From January 1, 2024 Through January 31, 2024* [Docket No. 434] ("FTI's Second Fee Statement") seeking reimbursement of fees and expenses totaling $600,417.73;

- *Third Monthly Fee Statement of FTI Consulting, Inc., for the Period From February 1, 2024 Through February 29, 2024* [Docket No. 530] ("FTI's Third Fee Statement") seeking reimbursement of fees and expenses totaling $334,953.94;

- *Fourth Monthly Fee Statement of FTI Consulting, Inc., for the Period From March 1, 2024 Through March 31, 2024* [Docket No. 610] ("FTI's Fourth Fee Statement") seeking reimbursement of fees and expenses totaling $407,858.63;

- *Fifth Monthly Fee Statement of FTI Consulting, Inc. for the Period From April 1, 2024 Through April 30, 2024* [Docket No. 704] ("FTI's Fifth Fee Statement" and together with FTI's First Fee Statement, FTI's Second Fee Statement, FTI's Third Fee Statement, and FTI's Fourth Fee Statement, the "FTI Fee Statements") seeking reimbursement of fees and expenses totaling $815,339.24;

- *First Monthly Fee Statement of Reed Smith LLP, for the Period From January 1, 2024 Through January 31, 2024* [Docket No. 537] ("Reed Smith's First Fee Statement") seeking reimbursement of fees and expenses totaling $957,875.36;

- *Second Monthly Fee Statement of Reed Smith LLP, for the Period From February 1, 2024 Through February 29, 2024* [Docket No. 541] ("Reed Smith's Second Fee Statement") seeking reimbursement of fees and expenses totaling $929,877.18;

- *Third Monthly Fee Statement of Reed Smith LLP, for the Period From March 1, 2024 Through March 31, 2024* [Docket No. 618] ("Reed Smith's Third Fee Statement") seeking reimbursement of fees and expenses totaling $2,004,475.75; and

- *Fourth Monthly Fee Statement of Reed Smith LLP, for the Period from April 1, 2024 Through April 30, 2024* [Docket No. 702] ("Reed Smith's Fourth Fee Statement" and together with Reed Smith's First Fee Statement,

Reed Smith's Second Fee Statement, and Reed Smith's Third Fee Statement, the "Reed Smith Fee Statements") seeking reimbursement of fees and expenses totaling $2,177,149.39.

As of the date hereof, the Debtors filed objections to the Dechert Fee Statements and the FTI Fee Statements. *See* Docket Nos. 431, 432, 464, 465, 563, 564, 633 634, 737, and 738. The Petitioning Creditors filed objections to the Reed Smith Fee Statements. *See* Docket Nos. 578, 659, and 729. The Creditors' Committee also filed objections to the Reed Smith Fee Statements. *See* Docket Nos. 577, 588, 660, and 731.

Pursuant to the Interim Comp Order, as of the date hereof, the following interim fee applications have been filed:

- *First Interim Fee Application for Dechert LLP for the Period from October 25, 2023 Through December 31, 2023* [Docket No. 417] ("Dechert's First Interim Fee Application") seeking interim allowance of fees and expenses totaling $1,329,784.94;

- *First Interim Fee Application of FTI Consulting, Inc. for the Period From December 8, 2023 Through December 31, 2023* [Docket No. 418] ("FTI's First Interim Fee Application") seeking interim allowance of fees and expenses totaling $233,115.77; ~~and~~

- *First Interim Fee Application of Reed Smith LLP, Counsel to the Debtors for the Period From September 25, 2023 Through December 31, 2023* [Docket No. 444] ("Reed Smith's First Interim Fee Application") seeking interim allowance and payment of fees and expenses totaling $2,527,171.78~~.~~; and

- *Second Interim Fee Application of Reed Smith LLP, Counsel to the Debtors and Debtors in Possession, for Compensation and Reimbursement of Expenses for the Period January 1, 2024 to April 30, 2024* [Docket No. 776] ("Reed Smith's Second Interim Fee Application") seeking interim allowance and payment of fees and expenses totaling $6,069,386.60.

- *Second Interim Fee Application of Dechert LLP for Compensation for Services Rendered and Reimbursement of Expenses as Counsel to the Official Committee of Unsecured Creditors for the Period From January 1, 2024 Through April 30, 2024* [Docket No. 788] ("Dechert's Second Interim Fee Application") seeking interim allowance and payment of fees and expenses totaling $3,471,835.00.

- *Second Interim Fee Application of FTI Consulting, Inc. for Allowance of Compensation and Reimbursement of Expenses as Financial Advisor to the Official Committee of Unsecured Creditors for the Period from January 1, 2024 through April 30, 2024* [Docket No. 789] ("FTI's Second Interim Fee Application") seeking interim allowance of fees and expenses totaling $1,939,040.00.

As of the date hereof, the Debtors objected to Dechert's First Interim Fee Application and to FTI's First Interim Fee Application. *See* Docket Nos. 485 and 486. On March 14, 2024, the Petitioning Creditors and the Creditors' Committee objected to Reed Smith's First Interim Fee Application. *See* Docket Nos. 484 and 487. On March 18, 2024, the U.S. Trustee objected to Dechert's First Interim Fee Application and to FTI's First Interim Fee Application. *See* Docket No. 492. On April 12, 2024, the Debtors filed an omnibus reply in support Reed Smith's First Interim Fee Application, and the Creditors' Committee filed replies in support of Dechert's First Interim Fee Application and FTI's First Interim Fee Application. *See* Docket Nos. 583, 585, 586.

Following a hearing held on May 8, 2024, on May 14, 2024, the Bankruptcy Court entered a first interim order granting 80% of the fees in Dechert's First Interim Fee Application, FTI's First Interim Fee Application, and the "bankruptcy" fees set forth in Reed Smith's First Interim Fee Application subject to a full reservation of rights for the final fee hearing. [Docket No. 676]. Also, on May 8, 2024, the Bankruptcy Court heard argument, and reserved decision, on Reed Smith's "arbitration" fees. On June 7, 2024, the Bankruptcy Court issued an oral decision approving Reed Smith's fees relating to the Arbitration, and on June 12, 2024, entered an order requiring that such fees be paid by non-Debtor Eletson Corp [Docket No. 769].

A hearing on Reed Smith's Second Interim Fee Application, Dechert's Second Interim Fee Application, and FTI's Second Interim Fee Application is scheduled for July 31, 2024, and objections are due on July 24, 2024. *See* Docket Nos. 776, 789, 788.

3. *Issues with the Debtors' Reporting Obligations*

(a) Schedules and Statements

Although the Conversion Date occurred on September 25, 2023, the Debtors failed to make any filings until October 10, 2023, when the Debtors filed the Original Schedules. See Docket Nos. 216-221. The Original Schedules were bereft of any detail, listing, for example, 73 subsidiaries each valued at $0, as well as the unvalued Litigation Claims against certain of the Petitioning Creditors. See Docket Nos. 2016 at 10-11 and 217 at 1-4, 11-27. It was not until December 29, 2023, over two months later—after the U.S. Trustee, the Creditors' Committee, and the Petitioning Creditors questioned those disclosures—that the Debtors filed the Amended Schedules, reducing the number of their disclosed subsidiaries to 60, but increasing the aggregate equity value in such subsidiaries from $0 to $52.5 million. See Docket No. 340 at 9-11.

(b) 2015.3 Reports

The Debtors did not file any Rule 2015.3 Reports (the "2015.3 Reports") until November 20, 2023, which was weeks late, and did so for only ten of their subsidiaries. *See* Docket No. 271.[17] Further, the Debtors initially failed to disclose a 2015.3 Report for Eletson Gas and, only after the U.S. Trustee demanded the Debtors do so, the Debtors filed a 2015.3 Report for Eletson Gas on November 30, 2023. *See* Docket No. 284 at 3. The Debtors did not file 2015.3 Reports for the remaining dozens of other subsidiaries until December 29, 2023. *See* Docket No. 341.

On February 12, 2024, the Debtors filed their second set of 2015.3 Reports. *See* Docket No. 409.

(c) Monthly Operating Reports

The Debtors have filed their monthly operating reports for the periods ending 9/30/2023, 10/31/2023, 11/30/2023, 12/31/2023, 1/31/2024, 2/29/2024, 3/31/2024, and 4/30/2024. [Docket Nos. 268-270, 276-277, 280, 325-327, 427-429, 508-510, 603-605, and 706-708] (the "Monthly Operating Reports"). The Monthly Operating Reports fail to disclose intercompany balances. Certain of the Monthly Operating Reports also contain various inaccuracies, including stating that the Debtors had not retained counsel (which they had, *see supra* B.2) and that the Debtors had not filed a chapter 11 plan or disclosure statement (which they had at the time, *see infra* C.1).

The Debtors' Monthly Operating Reports also state that the Debtors are not in compliance with their obligations to pay quarterly U.S. Trustee fees pursuant to 28 U.S.C. § 1930.

The Debtors have requested the following text be included, which the Petitioning Creditors disagree with: "The Debtors disagree with the allegations and characterizations of the Debtors' reporting obligations in these Chapter 11 Cases. The Debtors assert that as a threshold matter, the Debtors are current on all reporting obligations as noted by the Bankruptcy Court, and these filing contain accurate information to the best of the Debtors' knowledge. As previously stated, the Debtors have never taken the position that the Debtors have no assets, and filed "$0" on the Debtors' Schedules as the Debtors' assets were illiquid and of an undetermined value. The Debtors assert that the Debtors have disclosed all information required under the

[17] Bankruptcy Rule 2015.3 requires, among other things, that the Debtors file "periodic financial reports of the value, operations, and profitability of each entity that is not a publicly traded corporation or a debtor in a case under title 11, and in which the estate holders a substantial or controlling interest." Bankruptcy Rule 2015.3(a).

Bankruptcy Code and have repeatedly supplemented filings upon the request of parties in interest."

4. *The Bar Date and Claims Process*

(a) Bar Date and Claims

By order dated November 9, 2023 [Docket No. 264] (the "Bar Date Order"), the Bankruptcy Court established December 18, 2023 at 4:00 p.m. (prevailing Eastern Time) as the general bar date (the "General Bar Date") and March 25, 2024 at 4:00 p.m. (prevailing Eastern Time) as the governmental bar date (the "Governmental Bar Date").

As of the date hereof, approximately thirty-seven (37) Proofs of Claims were filed against the Debtors. After adjustments for duplicative Claims and other adjustments, the Petitioning Creditors estimate that Allowed General Unsecured Claims in these Chapter 11 Cases may range from approximately $505 million in a low scenario to $768 million in a high scenario. The low scenario of $505 million assumes allowance of the asserted amounts of the proofs of claims filed by the Old Notes Trustee ($5,953,704.07) [*see* Proof of Claim No. 2-1], the 2022 Notes Trustee ($366,011,815) [*see* Proof of Claim No. 14], the Azure Claimants ($94,799,702.40) [*see* Proof of Claim Nos. 9-12], Aegean Baltic Bank S.A., Alpha Bank S.A., and Piraeus Bank A.E, as the Eletson Corp Guarantee Claimants ($6,353,665.08, $4,302,198.44, and $23,402,504.90) [*see* Proof of Claims Nos. 4, 16, and 22], and NAF ($5,155,522) [*see* Proof of Claim No. 13]) but does not include the Levona Claim ($262,500,000) [*see* Proof of Claim No. 21-1]. The high scenario assumes all of these claims are allowed as well as the Levona Claim for a total of approximately $768 million. The actual allowed amount of General Unsecured Claims in these Chapter 11 Cases may vary.

The Debtors have requested the following text be included, which the Petitioning Creditors disagree with: "The Debtors disagree with the assertions in the previous paragraph to the extent that the Petitioning Creditors assert that any of the Claims asserted against the Debtors, other than those undisputed non-contingent Claims scheduled by the Debtors, are valid claims entitled to payment in any amount or are otherwise enforceable against the Debtors and/or their estates. The Debtors believe that the estimates provided by the Petitioning Creditors above are incorrect and the actual range of allowed claims against the Debtors and their estates will be significantly lower."

(b) Claims Objections

On January 28, 2024, the Debtors filed several objections and omnibus objections to Proofs of Claims. Specifically, the Debtors objected to the Proofs of Claims filed by the Initial Petitioning Creditors [Docket No. 377] (the "Initial Petitioning Creditors' Claim Objection"), Levona [Docket No. 378] (the "Levona Claim Objection"), NAF [Docket No. 379] (the "NAF Claim Objection"), and the 2022 Notes Trustee [Docket No. 380] (the "2022 Notes Trustee Claim Objection"), as well as an omnibus objection to claims filed by the Individual Old Noteholders and the Old Notes Trustee, arguing that they are duplicative of the master Proofs of Claims filed by the Old Notes

Trustee [Docket No. 376] (the "Omnibus Claim Objection" and collectively, with the Initial Petitioning Creditors' Claim Objection, the Levona Claim Objection, the NAF Claim Objection, and the 2022 Notes Trustee Claim Objection, the "Claims Objections").

At the Debtors' request, on February 12, 2024, the Bankruptcy Court approved an adjournment of all briefing and hearing dates and deadlines with respect to the Claims Objections pending further discussion at the February 27 Status Conference (as defined below). *See* Docket No. 405 (the "Adjournment Order"). A status conference on the Initial Petitioning Creditors' Claim Objection, the NAF Claim Objection, the 2022 Notes Trustee Claim Objection, and the Omnibus Claim Objection took place at a hearing on May 15, 2024 (the "May 15 Hearing"), along with the additional matters discussed herein. *See* Docket No. 635. A continued status conference on the Initial Petitioning Creditors' Claim Objection, the NAF Claim Objection, the 2022 Notes Trustee Claim Objection, and the Omnibus Claim Objection is scheduled for June 18, 2024 (the "June 18 Hearing"). *See* Docket No. 710. The Bankruptcy Court scheduled an evidentiary hearing on the Initial Petitioning Creditors' Claim Objection, the NAF Claim Objection, the 2022 Notes Trustee Claim Objection, and the Omnibus Claim Objection for July 23, 2024 and if necessary, July 24, 2024. *See* Docket No. 735.

The Objection Deadline on Omnibus Claim Objection, the Initial Petitioning Creditors' Claim Objection, the NAF Claim Objection, and the 2022 Notes Trustee Claim Objection was May 7, 2024 [Docket No. 635], and the following responses were filed: the Old Notes Trustee filed a response to the Omnibus Claim Objection [Docket No. 637], the 2022 Notes Trustee filed a response to the 2022 Notes Trustee Claim Objection [Docket No. 639], which was joined by the Petitioning Creditors [Docket No. 645], the Initial Petitioning Creditors filed a response to the Initial Petitioning Creditors' Claim Objection [Docket No. 643], and NAF filed a response to the NAF Claim Objection [Docket No. 644].

At the May 31 Status Conference, the Bankruptcy Court adjourned the Levona Claim Objection to a date to be determined.

5. *The Motions for Appointment of a Chapter 11 Trustee*

(a) The UCC Trustee Motion

On February 6, 2024, the Creditors' Committee filed a motion for the appointment of a chapter 11 trustee [Docket No. 394] (the "UCC Trustee Motion"), which was joined by: (i) the Old Notes Trustee on February 12, 2024 [Docket No. 404]; (ii) the 2022 Notes Trustee on February 15, 2024 [Docket No. 420]; and (iii) the Petitioning Creditors on March 12, 2024 [Docket No. 477]. On March 12, 2024, Intrum Hellas Societe Anonyme Management of Receivables from Loans and Credits as the servicing claims manager for SUNRISE I NPL FINANCE DAC, filed a statement in support of the UCC Trustee Motion [Docket No. 476]. ~~The UCC Trustee Motion argues that appointment of a trustee is necessary because the Debtors are incapable of discharging their fiduciary duties, as evidenced by the Debtors' proposed transfer of the Preferred Shares to the Nominees, which is a "textbook fraudulent conveyance." *See* Docket No. 394 ¶ 61. The UCC Trustee Motion further argues that appointment of a trustee is necessary because (i) the Debtors have no independent governance or~~

management, (ii) the Debtors are transferring money outside of the reach of the Debtors' creditors and to insiders, (iii) the Debtors' have continuously failed to disclose material and relevant information to their creditors and the Bankruptcy Court, and (iv) the Debtors' Plan is unconfirmable. *See id.* at 13-27.

Pursuant to the Adjournment Order, the Bankruptcy Court adjourned all briefing and hearing dates and deadlines with respect to the UCC Trustee Motion pending further discussion at the February 27 Status Conference. At the February 27 Status Conference, the Bankruptcy Court scheduled the UCC Trustee Motion, among others, for a three-day trial that occurred on April 9, 2024 through April 11, 2024 (the "April 9 Trial"), and directed the parties to submit a Scheduling Order (as defined below). On March 22, 2024, the Debtors filed an omnibus objection to the Petitioning Creditors' Trustee Motion (as defined below) and the UCC Trustee Motion [Docket No. 513] (the "Omnibus Objection"). On March 22, 2024, the Nominees also filed an omnibus objection to the UCC Trustee Motion, the UST Trustee Motion (as defined below), and the Petitioning Creditors' Trustee Motion [Docket No. 518] (the "Nominees' Omnibus Objection"). On April 2, 2024, the Creditors' Committee filed a reply in support of the UCC Trustee Motion. *See* Docket No. 549. On April 2, 2024, the Petitioning Creditors filed a reply in support of the Trustee Motions (as defined below). *See* Docket No. 547.

(b) The UST Trustee Motion

On February 16, 2024, the U.S. Trustee filed a second motion for the appointment of a chapter 11 trustee [Docket No. 424] (the "UST Trustee Motion"), which was joined by the Petitioning Creditors on March 12, 2024 [Docket No. 477]. In general, the UST Trustee Motion asserts that appointment of a trustee is a "recognition that the acrimony between the parties has mired this case in attacks and allegations instead of progress towards reorganization." *Id.* Thus, the U.S. Trustee argues, "[t]he appointment of an independent fiduciary to move this case forward in a fair and transparent manner is in the best interest of these estates and all parties in interest." *Id.* at 2-3. The UST Trustee Motion also notes that the Debtors have no operating assets—just ownership of equity interests in subsidiaries and potential causes of action—such that the "practical reasons" why a debtor should remain in possession are not present due to its lack of operations. *Id.* at 2.

At the February 27 Status Conference, the Bankruptcy Court scheduled the UST Trustee Motion for the April 9 Trial. In accordance with the Scheduling Order, on March 22, 2024, the Debtors filed an objection to the UST Trustee Motion and the Nominees filed the Nominees' Omnibus Objection. *See* Docket Nos. 512 and 518. On April 2, 2024, the U.S. Trustee filed a reply in support of the UST Trustee Motion. *See* Docket No. 544. On April 2, 2024, the Petitioning Creditors filed a reply in support of the Trustee Motions. *See* Docket No. 547.

(c) Petitioning Creditors' Emergency Trustee Motion

On March 11, 2024, the Petitioning Creditors filed the *Petitioning Creditors' Emergency Motion to Appoint a Trustee* [Docket No. 468] (the "Petitioning Creditors' Trustee Motion" and, together with the UCC Trustee Motion, and the UST Trustee

Motion, the "Trustee Motions"), which ~~is~~was also ~~scheduled to be~~ heard at the April 9 Trial. *See* Docket Nos. 480 and 481. On March 22, 2024, the Debtors filed the Omnibus Objection and the Nominees filed the Nominees' Omnibus Objection. *See* Docket Nos. 513 and 518. On April 2, 2024, the Petitioning Creditors filed a reply in support of the Trustee Motions. *See* Docket No. 547.

~~In general, the Petitioning Creditors' Trustee Motion asserts, among other things, that the Debtors' violation of the Interim Comp Order is a separate and independent basis for "cause" to appoint a trustee, and the Bankruptcy Court should appoint a trustee if the Bankruptcy Court denies the DIP Motion (as defined below).~~

6. *April 9 Trial*

The April 9 Trial on the Trustee Motions began on April 9, 2024 and concluded on April 11, 2024. On April 18, 2024, the Debtors', the Nominees, the U.S. Trustee, the Creditors' Committee, and the Petitioning Creditors each filed post-trial briefs in further support of their respective positions. *See* Docket Nos. 594-598. ~~On May 29, 2024, the Bankruptcy Court issued a memorandum opinion and order [Docket No. 721] denying the Trustee Motions.~~[18]

On May 29, 2024, the Bankruptcy Court issued a memorandum opinion and order [Docket No. 721] (the "Trustee Decision") denying the Trustee Motions and finding that the various movants had not met the high burden of demonstrating (i) that cause existed for the appointment of a trustee and (ii) that the appointment of a trustee was in the best interests of parties in interest.

On June 12, 2024, the Creditors' Committee appealed the Trustee Decision to the U.S. District Court for the Southern District of New York. *See* Docket No. 768.

7. *DIP Financing*

At the February 27 Status Conference, counsel to the Creditors' Committee raised the issue that the Debtors had not paid the undisputed portion of the Creditors' Committee's professionals' fees (the "Outstanding Fees"). After further discussion at the February 27 Status Conference, the Bankruptcy Court directed the parties to provide an update to the Bankruptcy Court by February 29, 2024. On February 29, 2024, the Debtors filed a letter [Docket No. 443] stating that the Debtors intended to pursue Bankruptcy Court approval for a debtor-in-possession financing loan with undisclosed terms as of that time from a non-Debtor subsidiary, Eletson Gas, to pay the Outstanding Fees.

At a status conference on March 6, 2024, the parties discussed the foregoing fee issues, among other things, and the Bankruptcy Court directed the Debtors to share their proposed debtor-in-possession financing term sheet with the parties, and update the Bankruptcy Court by end of day on Friday, March 8, 2024. On Thursday, March 7, 2024, counsel for the Debtors provided counsel for the Creditors'

[18] ~~Any notice of appeal has to be filed by June 13, 2024.~~

Committee (and not the Petitioning Creditors) with a copy of a proposed term sheet for the Original DIP Facility (as defined below) mere hours before it was filed on the docket.

On March 7, 2024, the Debtors filed the *Debtors' Motion for Entry of Interim and Final Orders (A) Authorizing the Debtors to Obtain Postpetition Financing (B) Granting Liens and Providing Superiority Administrative Expense Status (C) Modifying the Automatic Stay, (D) Scheduling a Final Hearing and (E) Granting Related Relief* [Docket No. 458] (the "DIP Motion") for approval of a senior secured, superpriority debtor-in-possession financing facility (the "Original DIP Facility") on the terms set forth in the Original DIP term sheet, attached to the DIP Motion as Exhibit C (the "Original DIP Term Sheet"). The proposed lender is "EMC Gas Corporation and such other of its affiliates that agree to participate in the DIP Facility" (the "DIP Lender")—a subsidiary of Eletson Gas, which is itself a subsidiary of Eletson Holdings. Eletson Holdings owns 100% of the common stock of Eletson Gas and there is substantial overlap among their officers and directors.

On March 8, 2024, the Petitioning Creditors submitted a financing proposal to counsel for the Debtors that ~~is~~the Petitioning Creditors believed was significantly better for the Debtors and their estates (the "PC Proposal") than that set forth in the Original DIP Term Sheet.[19] Among other things, the PC Proposal is on an entirely *unsecured and administrative claims-only (not superpriority)* basis and provides substantially more liquidity ($10 million) for the Debtors than the grossly inadequate $4 million under the Original DIP Facility. The PC Proposal would also not result in a default if and when the Bankruptcy Court grants the pending Trustee Motions and, in the case of a default, would not permit the lender to foreclose on the Debtors' assets (as there is no collateral).

After the Petitioning Creditors delivered the PC Proposal to the Debtors, on March 15, 2024, the Debtors received a revised term sheet from the DIP Lender that was "economically identical" to the PC Proposal (the "Revised DIP Term Sheet"), which the Debtors "tentatively accepted." Docket No. 513, ¶ 45. As of the date hereof, the Revised DIP Term Sheet has not been filed with the Bankruptcy Court.

The Omnibus Objection provides that the Debtors' need for DIP financing was "resolved in the short term" and on March 17, 2024, the Debtors informed the Bankruptcy Court that they "were given consent by the financiers of the [special maritime entity subsidiaries ("SMEs")] to permit some portion of the funds held by the SMEs to be made available to [Eletson] Holdings as a dividend." *Id.* This "provided the Debtors with the requisite liquidity to immediately pay all outstanding and payable administrative expenses" including the Outstanding Fees. *Id.* The Omnibus Objection further provides that on March 18, 2024, counsel to the Creditors' Committee confirmed receipt of payment of the Outstanding Fees. *Id.*

On March 18, 2024, the Debtors adjourned the DIP Motion to the April 9 Trial. *See* Docket No. 494. The Omnibus Objection provides that the "Debtors are still

[19] The PC Proposal is attached to the Petitioning Creditors' Trustee Motion as Exhibit B.

evaluating whether they are still in need of the DIP Facility." Docket No. 513, ¶ 45. As of the date hereof, the U.S. Trustee objected to the DIP Motion.[20] *See* Docket No. 482. On March 28, 2024, the Debtors adjourned the DIP Motion to April 16, 2024. *See* Docket No. 539. On April 10, 2024, the Debtors adjourned the DIP Motion to May 8, 2024. *See* Docket No. 572. On April 26, 2024, the Debtors adjourned the DIP Motion to June 18, 2024. *See* Docket No. 619. ~~The objection deadline on~~On June 7, 2024, the Debtors withdrew the DIP Motion ~~is June 11, 2024 and the reply deadline is June 14, 2024. *Id.*~~ without prejudice. *See* Docket No. 758.

8. *Vessel Arrest*

On May 2, 2024, the Creditors' Committee filed a letter (the "May 2 Letter"), informing the Bankruptcy Court that one of the vessels owned by the SMEs, which are wholly owned subsidiaries of Eletson Holdings may have been arrested (the "Vessel Arrest"). *See* Docket No. 630. The May 2 Letter provides that the Debtors did not inform the Creditors' Committee or the Bankruptcy Court of the Vessel Arrest until the Creditors' Committee and the Petitioning Creditors asked the Debtors. *See id.* ("[the Debtors confirmed that the vessel had been arrested in Freeport, Bahamas on April 25 and provided some information concerning the arrest.").

On May 3, 2024, the Debtors filed a response to the May 2 Letter (the "May 3 Letter"). *See* Docket No. 631. The May 3 Letter describes and attaches the information the Debtors provided to the Creditors' Committee regarding the Vessel Arrest, and states that the Debtors do not expect to suffer any damages as a result, among other things. *Id.* The May 3 Letter also provides that the claim that led to the Vessel Arrest was made by a former charterer, who is also the current charterer of two other SMEs. *Id.*

At a hearing held on other matters on May 8, 2024, the parties provided a further update on the Vessel Arrest and explained that the Vessel Arrest was only lifted after that former charterer paid into court its charter hire payments that it would otherwise have made for the two other SMEs. As a result of those payments, those two SMEs will not produce any earnings to Eletson Holdings for a month. The Debtors informed the Bankruptcy Court that they would continue to provide information about the impact of the Vessel Arrest.

The Debtors have requested the following text be included, which the Petitioning Creditors disagree with: "The Debtors disagree with the characterizations of the arrest and Debtors' communication with the Creditors' Committee. The Debtors assert that Counsel for Debtors was in contact with the Creditors' Committee regarding the vessel arrest on April 29, 2024, and provided updated and detailed reports from the officers of the Bareboat Charterer detailing the facts and circumstances concerning the arrest. The Debtors assert that the arrest did not relate to the performance of the vessel's voyage or carriage of cargo onboard. Instead, the Debtors assert that the arrest

[20] The Omnibus Objection provides that on "March 18, 2024 the [U.S. Trustee] stated that they had no objection to the DIP Facility and deferred to the Debtors' business judgment on the selection of unsecured postpetition facilities." Docket No. 513, ¶ 45.

was brought by a previous charter of the vessel to obtain security for an old claim against the SME related to purported consequential delay damage related to the transit of the vessel through the Panama Canal in May 2023. The Debtors state that the arrest was dealt with swiftly and efficiently, without causing delay."

C. The Debtors' Plan and Related Negotiations

1. *The Debtors' Unconfirmable, Insider "New Value" Plan*

Per the Conversion Stipulation, the Petitioning Creditors agreed, among other things, not to oppose or seek to terminate the Debtors' exclusive right to file a chapter 11 plan for the first 120 days after the Conversion Date.[21] ~~During~~In the Petitioning Creditors' opinion, during the 120 days post-conversion, the Debtors did nothing to progress these Chapter 11 Cases in good faith. The Debtors did not reach out to the Petitioning Creditors to discuss any form of consensual resolution of the Debtors' obligations, much less discuss a plan during the 120-day exclusivity period. ~~The~~The Petitioning Creditors understand that Debtors also refused to engage with the Creditors' Committee, even after instructed by the Bankruptcy Court to do so.

On January 23, 2024—the very last day of the Debtors' exclusivity period—the Debtors filed a proposed chapter 11 plan of reorganization [Docket No. 370] (the "Debtors' Initial Plan") and a related disclosure statement [Docket No. 371] (the "Debtors' Initial Disclosure Statement").

Under the Debtors' Initial Plan, creditors will receive almost no recoveries, while the Debtors' existing shareholders will retain their equity interests in Eletson Holdings despite the Debtors proposing to provide creditors almost no recoveries. The Debtors propose to fund their plan with an up to $10 million contribution by their existing shareholders in an undisclosed amount of cash and/or other assets (the "Initial Shareholder New Value Contribution"), which proposed funding was not subject to a market test or made available to any parties other than the Debtors' insiders.

On April 8, 2024—the eve of the April 9 Trial on the Trustee Motions, the Debtors filed an amended version of the Debtors' Initial Plan [Docket No. 570] (the "Debtors' Amended Plan").

The Petitioning Creditors' believe that neither the Debtors' Initial Plan nor the Debtors' Amended Plan was proposed in good faith. It is the Petitioning Creditors' view that the Debtors' Amended Plan is unconfirmable for at least four reasons. *First*, the Debtors' Amended Plan violates the absolute priority rule and bedrock bankruptcy principles and case law, including Supreme Court precedent, that shareholders cannot be given the exclusive right to invest new value in the debtor absent a market test. The Debtors' Amended Plan allows the Debtors' shareholders to retain their equity interests,

[21] Section 1121(b) of the Bankruptcy Code provides that "[e]xcept as otherwise provided in this section, only the debtor may file a plan until after 120 days after the date of the order for relief under this chapter." 11 U.S.C. § 1121(b). The initial 120-day exclusivity period is subject to extension by the Bankruptcy Court for "cause." 11 U.S.C. § 1121(d).

unimpaired for a contribution of undisclosed cash and /or other assets with an aggregate value of $30 million (the "Amended Shareholder New Value Contribution" and together with the Initial Shareholder New Value Contribution, the "Shareholder New Value Contribution"). *Second*, the Debtors' Amended Plan violates the "best interests" of creditors test because nearly every single class of claims, if not all, would receive more in a hypothetical chapter 7 liquidation where 100% of the value of the Debtors would be available for creditors prior to shareholders receiving value on account of their interests. *Third*, the Debtors' Amended Plan impermissibly classifies general unsecured claims in a way that is designed to gerrymander an impaired accepting class of claims by separately classifying similar claims without a valid business purpose. *Fourth*, the Debtors' Amended Plan lacks any indicia of good faith, including that it has not been discussed with the Petitioning Creditors or the Creditors' Committee prior to filing and impairs classes of claims despite having the ability to keep them unimpaired. Additionally, the Debtors' Amended Plan would provide the Debtors' directors and officers with broad releases for both prepetition and postpetition conduct, through various exculpation and injunction provisions, even though the Creditors' Committee (and others) has identified material claims against the directors and officers. Finally, the Debtors' Amended Plan improperly caps the fees incurred by counsel to the Creditors' Committee.

The Debtors' Amended Plan was not accompanied by an amended disclosure statement, and it was not until April 26, 2024 that the Debtors filed an amended version of the Debtors' Initial Disclosure Statement [Docket No. 621] (the "Debtors' Amended Disclosure Statement").

On May 13, 2024, the Debtors filed further amended versions of the Debtors' Amended Plan [Docket No. 671] (the "Debtors' Second Amended Plan") and the Debtors' Amended Disclosure Statement [Docket No. ~~671~~672] (the "Debtors' Second Amended Disclosure Statement"). On May 14, 2024, the Debtors filed a valuation analysis [Docket No. 687] (the "Debtors' Valuation Analysis"). Just like the Debtors' prior filings, the Petitioning Creditors believe that the Debtors' Second Amended Plan was not proposed in good faith and the Debtors' Second Amended Disclosure Statement lacks adequate information for creditors to cast an informed vote. The Debtors' Second Amended Disclosure Statement still does not contain any financial projections. There are also conclusory explanations that the Petitioning Creditors believe are inconsistent with the facts about how the Debtors "marketed" financing opportunities for their plan and "negotiated" the Shareholder New Value Contribution with their shareholders and insiders. The Debtors' Second Amended Plan also appears to have materially reduced creditors' recoveries by providing for a "Gas Ownership Settlement" that expressly provides that the Debtors' contemplated litigation trust will not include any claims or causes of action against Levona and permits the Gas Ownership Defendants (defined as Eletson Gas, the Nominees, and/or any officers or directors of the same) to settle not only potentially valuable claims against Levona but also the claims and causes of action in connection with the transfer of the Gas Preferred Shares. These provisions are not explained in the Debtors' Second Amended Disclosure Statement, were made without any negotiation with the Debtors' creditors, and are further evidence of the Debtors' bad faith.

When the Debtors' filed the Debtors' Initial Plan and the Debtors' Initial Disclosure Statement, the Debtors also filed a motion for approval of the Debtors' Initial Disclosure Statement and procedures for the solicitation of votes with respect to the Debtors' Initial Plan [Docket No. 372] (the "Debtors' Solicitation Motion"). The Debtors' Solicitation Motion ~~is~~was scheduled to be heard at the May 15 Hearing. *See* Docket No. 635 and 655. On May 9, 2024, Levona and the Petitioning Creditors filed objections to the Debtors' Solicitation Motion, which the Debtors replied to on May 13, 2024. *See* Docket Nos. 648, 651, 668, and 670. Pursuant to the Debtors' request, the Bankruptcy Court extended the Creditors' Committee's objection deadline on the Debtors' Solicitation Motion to May 13, 2024 at 4:00 p.m. *See* Docket No. 650. On May 13, 2024, the Creditors' Committee filed an objection and reservation of rights to the Debtors' Solicitation Motion [Docket No. 669], which was joined by the 2022 Notes Trustee [Docket No. 674], and which the Debtors' replied to May 14, 2024. *See* Docket No. 686.

On May 14, 2024, the Debtors' filed a revised proposed order approving the Debtors' Solicitation Motion. *See* Docket No. 690.

At the May 15 Hearing, the Bankruptcy Court considered the Debtors' Solicitation Motion, in addition to the other matters, and continued the May 15 Hearing to give the Debtors an opportunity to revise the Debtors' Second Amended Plan and the Debtors' Second Amended Disclosure Statement to address various issues raised at the May 15 Hearing.

On May 30, 2024, the Bankruptcy Court scheduled a status conference for May 31, 2024 [Docket No. 723] (the "May 31 Status Conference"). The morning of the May 31 Status Conference, the Debtors filed further amended versions of the Debtors' Second Amended Plan [Docket No. 725] (the "Debtors' Revised Second Amended Plan") and the Debtors' Second Amended Disclosure Statement [Docket No. 726] (the "Debtors' Revised Second Amended Disclosure Statement"). Just like the Debtors' prior filings, the Petitioning Creditors believe that the Debtors' Revised Second Amended Plan was not proposed in good faith and the Debtors' Revised Second Amended Disclosure Statement lacks adequate information for creditors to cast an informed vote. The Debtors' Revised Second Amended Disclosure Statement contains conclusory and misleading statements about how the Debtors negotiated the "Collections Contribution" and the Shareholder New Value Contribution, among other things. The Debtors' Revised Second Amended Disclosure Statement also does not clearly explain the Retained Causes of Action Contribution or the Excess SME Proceeds concept, which impacts creditors' recoveries under the Debtors' Revised Second Amended Plan.

On June 6, 2024, the Debtors filed further amended versions of the Debtors' Revised Second Amended Plan and the Debtors' Revised Second Amended Disclosure Statement. *See* Docket Nos. 744 and 746.

On June 12, 2024, the Petitioning Creditors and the Creditors' Committee (joined by the 2022 Notes Trustee) each filed supplemental objections to the Debtors' Solicitation Motion [Docket Nos. 771, 772 & 773] (the "Supplemental DS Objections"). In general, the Supplemental DS Objections argue that the Debtors' further revised

disclosure statements continue to lack "adequate information" and describe a chapter 11 plan that is patently unconfirmable. As such, the Supplemental DS Objections request that the Court deny the Debtors' Solicitation Motion and reject the Debtors' request to solicit their plan. On June 14, 2024, the Debtors filed a reply to the Supplemental DS Objections. *See* Docket No. 785. On June 14, 2024, the Debtors filed further amended versions of the Debtors' Revised Second Amended Plan and the Debtors' Revised Second Amended Disclosure Statement. *See* Docket Nos. 786 and 787.

A hearing with respect to the Debtors' Solicitation Motion is currently scheduled for June 18, 2024.

The Debtors have requested the following text be included, which the Petitioning Creditors disagree with: "The Debtors disagree with the characterization of the various iterations of the Debtors' Plan and associated Disclosure Statements. The Debtors assert that as a threshold issue, the assertion that the Debtors' Plan is patently unconfirmable as an unmarketed new value plan is a conclusion of law that is without merit and contrary to the facts of these Chapter 11 Cases. As noted by the Bankruptcy Court, the Debtors made the affirmative decision to allow the exclusivity period to expire to market test the Debtors' Plan in accordance with settled case law. It is the Debtors' view that as both the Debtors and the Petitioning Creditors have made significant changes to their plans and increased the value provided to creditors, it is clear the Debtors' marketing process is working. In the Debtors' view, the assertion that the Debtors' Plan was not proposed in good faith is equally meritless. In the Debtors' view, the Debtors have engaged in good faith with parties in interest in these Chapter 11 Cases, including the Creditors' Committee, to materially improve the terms of the Debtors' Plan and increase the recovery for Creditors entitled to a recovery under the Debtors' Plan. The Debtors encourage all Creditors to review the terms of the Debtors' Plan and associated Disclosure Statement for an accurate description of the terms of the Debtors' Plan, a more fulsome and accurate description of the Debtors' plan process and an understanding of the recovery creditors would be entitled to under the Debtors' Plan."

2. *The Petitioning Creditors' Motion to Terminate Exclusivity*

On January 29, 2024, the Petitioning Creditors filed a motion to terminate the Debtors' exclusivity period [Docket No. 384] (the "Exclusivity Termination Motion"), which was joined by the 2022 Notes Trustee [Docket No. 419]. On March 12, 2024, the Creditors' Committee filed a statement in support of the Exclusivity Termination Motion [Docket No. 473]. The Exclusivity Termination Motion argues that the Debtors forfeited exclusivity by filing the Debtors' Initial Plan, which is an unconfirmable new value plan (*id*. at 18), and that even if the Debtors had not filed an unconfirmable new value plan, termination is warranted under the *Adelphia* factors (*id*. at 19-29). The Exclusivity Termination Motion also argues that the Debtors have repeatedly demonstrated that they have no intention of advancing these Chapter 11 Cases to a good faith resolution. *Id*. at 18, 22.

Pursuant to the Adjournment Order, the Bankruptcy Court adjourned all briefing and hearing dates and deadlines with respect to the Exclusivity Termination Motion pending further discussion at the February 27 Status Conference. At the

February 27 Status Conference, the Bankruptcy Court scheduled the Exclusivity Termination Motion for the April 9 Trial.

On March 25, 2024, the Debtors' exclusivity periods expired under the Bankruptcy Code without the Debtors seeking any extension.

3. *Mediation*

On February 13, 2024, the Debtors filed a motion to compel mediation regarding the Debtors' Initial Plan and other issues affecting these Chapter 11 Cases [Docket No. 412] (the "Motion to Compel Mediation"). On February 14, 2024, the Petitioning Creditors and the Creditors' Committee each filed letters in response to the Motion to Compel Mediation [Docket Nos. 414 and 415]. The Petitioning Creditors asserted that the Motion to Compel Mediation was unnecessary, intended to create additional delay and cost, and the timing of the filing was further indication of the Debtors' lack of good faith in participating in the mediation. Nevertheless, the Petitioning Creditors indicated that they were ready, willing, and able to participate in mediation as soon as possible. The Creditors' Committee agreed with the Petitioning Creditors, and further suggested that the parties use the time leading up to the February 27 Status Conference to explore "whether it would be feasible to reach a mediated resolution of these cases" and proposed that Judge Allan L. Gropper, (Ret.) who previously presided over the Initial Mediation of these parties in September 2023, serve as the mediator. *See* Docket No. 415 at 1.

On February 15, 2024, the Bankruptcy Court adjourned all briefing and hearing dates and deadlines with respect to the Motion to Compel Mediation pending further discussion at the February 27 Status Conference. At the February 27 Status Conference, the Bankruptcy Court directed the parties to participate in the Chapter 11 Mediation (as defined below).

4. *February 27 Status Conference*

In accordance with the Bankruptcy Court's Adjournment Order entered on February 12, 2024, the parties met and conferred regarding a joint status report setting forth their respective positions, which status report was filed on February 26, 2024 [Docket No. 435]. At the status conference held on February 27, 2024 (the "February 27 Status Conference"), the Bankruptcy Court directed the parties to mediate (the "Chapter 11 Mediation") before Judge Allan L. Gropper, (Ret.) (the "Mediator"). On March 13, 2024, the Bankruptcy Court entered the order re-appointing the Mediator [Docket No. 479] (the "Mediation Order"), which directed the Debtors, the Petitioning Creditors, the Creditors' Committee, the Nominees, Levona, the 2022 Notes Trustee, Eletson Corp, and Eletson Gas to mediate the Mediation Matters (as defined in the Mediation Order). The Chapter 11 Mediation began on March 27, 2024. The Chapter 11 Mediation continued thereafter. While the parties negotiated and engaged in the Chapter 11 Mediation in good faith, the parties were not able to reach settlement on the Mediation Matters.

At the February 27 Status Conference, the Bankruptcy Court also scheduled the April 9 Trial on the UCC Trustee Motion, the UST Trustee Motion, and

the Exclusivity Termination Motion. On March 8, 2024, the Bankruptcy Court entered the scheduling order on the UCC Trustee Motion, the UST Trustee Motion, and the Exclusivity Termination Motion [Docket No. 467] (the "Scheduling Order"), which set March 22, 2024 as the objection deadline and April 2, 2024 as the reply deadline on the UCC Trustee Motion, the UST Trustee Motion, and the Exclusivity Termination Motion.[22] *See* Docket No. 467.

5. *Expiration of Exclusivity*

On March 25, 2024, the Debtors' exclusivity periods expired under the Bankruptcy Code without the Debtors seeking any extension. Accordingly, on March 26, 2024, the Petitioning Creditors as Plan Proponents filed a prior version of the Plan and Disclosure Statement. *See* Docket Nos. 531 and 532.

On April 10, 2024, the Petitioning Creditors filed a motion for approval of the prior Disclosure Statement and procedures for the solicitation of votes with respect to a prior version of the Plan [Docket No. 574] (the "Petitioning Creditors' Solicitation Motion"). The Petitioning Creditors' Solicitation Motion ~~is scheduled to be~~was heard at the May 15 Hearing. *See* Docket No. 632 and 656. On May 9, 2024, the Debtors filed an objection to the Petitioning Creditors' Solicitation Motion, which the Petitioning Creditors replied to on May 13, 2024. *See* Docket Nos. 653 and 667. On May 14, 2024, the Creditors' Committee filed a statement in support of the Petitioning Creditors' Solicitation Motion. *See* Docket No. 689. No other parties filed any pleadings with respect to the Petitioning Creditors' Solicitation Motion.

D. The Petitioning Creditors' Plan and Related Negotiations

Following the expiration of the Debtors' exclusivity periods, on March 26, 2024, the Plan Proponents filed an initial version of the Plan [Docket No. 531] (the "PC Initial Plan") and related disclosure statement [Docket No. 532]. Following the filing of the PC Initial Plan, the Plan Proponents and their advisors engaged in substantial negotiations with various creditors and constituents in these Chapter 11 Cases, including the Creditors' Committee and their advisors, among others. Following these discussions, on May 10, 2024, the Plan Proponents filed a *Notice of Filing of (1) Anticipated Modifications to the Petitioning Creditors' Joint Chapter 11 Plan of Reorganization of Eletson Holdings Inc. and its Affiliated Debtors and (2) Certain Appendices Related to the Petitioning Creditors' Disclosure Statement Related Thereto* [Docket No. 658]. On May 13, 2024, the Plan Proponents filed an amended version of the Plan and an amended Disclosure Statement.

On May 14, 2024, the Plan Proponents filed further amended versions of the Plan and the amended Disclosure Statement [Docket Nos. 695 and 696]. Among other things, the Plan and Disclosure Statement contain a number of significant changes from that set forth in the PC Initial Plan, such as:

[22] Subsequently, the Petitioning Creditors' Trustee Motion and the DIP Motion were scheduled to be heard at the April 9 Trial. *See* Docket Nos. 481 and 494.

- Decreasing the Backstop Premium from 10% to 8%;
- Increasing the GUC Cash Pool from US$12,500,000 to US$13,500,000;
- Increasing the Convenience Claim Threshold Amount from US$200,000 to US$1,000,000;
- Increasing the Convenience Claim Cap from US$1,000,000 to US$2,500,000
- Increasing the recovery percentage for Holders of Allowed Convenience Claims from 10% to 15%;
- Giving all General Unsecured Claimholders the option to become Backstop Parties; and
- Establishing the composition of the New Board and certain governance matters relating thereto.

The key terms of the Plan, including creditors' estimated recoveries are summarized below.

At the May 15 Hearing, the Bankruptcy Court approved the Petitioning Creditors' Solicitation Motion and the Rights Offering Procedures Motion (as defined below), but declined to enter the orders approving the respective motions until the Debtors addressed the various issues raised at the May 15 Hearing on the Debtors' Second Amended Plan and the Debtors' Second Amended Disclosure Statement.

At the May 31 Status Conference, the parties discussed the Debtors' Revised Second Amended Plan and the Debtors' Revised Second Amended Disclosure Statement and the Bankruptcy Court continued the hearing on the Debtors' Revised Second Amended Disclosure Statement to June 7, 2024. *See* Docket No. 736. The Bankruptcy Court also directed the parties to submit a joint status report to the Bankruptcy Court on June 6, 2024. *Id.*

E. The Petitioning Creditors' "Alternative Plan"

At the May 15 Hearing, the Petitioning Creditors expressed their desire to submit an alternative offer based on the structure of the Debtors' Amended Plan. After the May 15 Hearing, the Petitioning Creditors continued to express interest in submitting an alternative offer, but the Debtors did not engage and could not identify who at the Debtors would receive and evaluate such bid. *See* Docket Nos. 712, 718 & 720. In order to progress these cases, on June 5, 2024, the Petitioning Creditors provided an alternative bid term sheet (the "PC Alternative Term Sheet ") to counsel for the Debtors and the Creditors' Committee and the next day filed the PC Alternative Term Sheet on the docket. *See* Docket No. 745. The PC Alternative Term Sheet sets forth the terms of a comprehensive restructuring of the existing debt and other

obligations of the Debtors that is based on the Debtors' Amended Plan but provides significant improvements for creditors. *Id.*

On June 11, 2024, the Petitioning Creditors filed the *Petitioning Creditors' Alternative Chapter 11 Plan for Eletson Holdings Inc. and its Affiliated Debtors* [Docket No. 762] (the "PC Alternative Plan") and the related disclosure statement [Docket No. 763] (the "PC Alternative DS"). A motion to consider approval of the PC Alternative DS [Docket No. 764] (the "PC Alternative Solicitation Motion") is scheduled for the June 18 Hearing consistent with the Court's direction at a hearing held on June 7, 2024. On June 14, 2024, the Petitioning Creditors filed financial wherewithal information related to the PC Alternative Plan. *See* Docket No. 781. On June 14, 2024, the Debtors filed an objection to the PC Alternative Solicitation Motion and the Creditors' Committee filed an objection and reservation of rights to the PC Alternative Solicitation Motion. *See* Docket Nos. 783 and 784.

IV. SUMMARY OF THE PLAN

THE FOLLOWING SUMMARY HIGHLIGHTS CERTAIN PROVISIONS OF THE PLAN AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE PLAN (A COPY OF WHICH IS ATTACHED HERETO AS **APPENDIX A**). IN THE EVENT OF ANY INCONSISTENCY BETWEEN THE PLAN AND THIS DISCLOSURE STATEMENT, THE PLAN SHALL CONTROL.

A. Unclassified Claims

In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims (including, Professional Fee Claims and U.S. Trustee Fees), DIP Claims, and Priority Tax Claims are not classified and not entitled to vote on the Plan.

1. *Administrative Claims*

Except with respect to Professional Fee Claims, unless the Holder of an Allowed Administrative Claim agrees to less favorable treatment of such Claim, on or as soon as reasonably practicable after the later of (a) the Effective Date, (b) the date on which an Administrative Claim becomes an Allowed Administrative Claim, or (c) the date on which an Allowed Administrative Claim becomes payable under any agreement relating thereto, each Holder of an Allowed Administrative Claim shall receive, in full and final satisfaction, compromise, settlement, release, and discharge of, and in exchange for, such Allowed Administrative Claim, Cash equal to the unpaid portion of such Allowed Administrative Claim.

To the extent not already asserted in the Chapter 11 Cases pursuant to a timely filed Proof of Claim in accordance with the Bar Date Order, all requests for allowance and payment of Administrative Claims (other than (i) Professional Fee Claims (such claims are subject to the Professional Fee Claims Bar Date), (ii) Claims asserted under section 503(b)(9) of the Bankruptcy Code (such Claims are subject to the General Bar Date), (iii) U.S. Trustee Fees, (vi) Administrative Claims that have been Allowed on or before the Effective Date, and (v) Administrative Claims that were already asserted in the Chapter 11 Cases pursuant to a timely Proof of Claim in

accordance with the Bar Date Order), must be filed and served on the Debtors and the Plan Proponents, or, after the Effective Date, Reorganized Holdings, and their counsel, so as to actually be received on or before the Administrative Claims Bar Date. The notice of the occurrence of the Effective Date shall set forth the Administrative Claims Bar Date and shall constitute notice thereof. For the avoidance of doubt, Holders of Administrative Claims based on liabilities incurred by the Debtors in the ordinary course of business after the Petition Date must file and serve a request for payment of such Administrative Claim by the applicable Administrative Claims Bar Date.

After notice and a hearing, the Allowed amounts, if any, of Administrative Claims shall be determined by, and satisfied in accordance with, a Final Order.

Holders of Administrative Claims (other than (i) Professional Fee Claims, (ii) Claims asserted under section 503(b)(9) of the Bankruptcy Code), (iii) U.S. Trustee Fees, (iv) Administrative Claims that have been Allowed on or before the Effective Date, and (v) Administrative Claims that were already asserted in the Chapter 11 Cases pursuant to a timely filed Proof of Claim in accordance with the Bar Date Order), that do not file and serve a request for allowance and payment of an Administrative Claim by the Administrative Claims Bar Date shall be forever barred, estopped, and enjoined from asserting Administrative Claims against the Debtors, Reorganized Holdings, the Estates, or their assets and properties, and any Administrative Claims shall be deemed disallowed as of the Effective Date without the need for any notices, objection, or other action from the Debtors or Reorganized Holdings, as applicable, or any action or approval of the Bankruptcy Court.

2. *DIP Claims*

All DIP Claims (if any) shall be deemed Allowed as of the Effective Date in an amount equal to the aggregate amount of the DIP Facility obligations approved by the Bankruptcy Court, including, (i) the principal amount outstanding under the DIP Facility on such date, (ii) all interest accrued and unpaid thereon through and including the date of payment, and (iii) all accrued fees, expenses, and indemnification obligations (if any) payable under the DIP Documents.

On the Effective Date, except to the extent a Holder of an Allowed DIP Claim agrees to a less favorable treatment of such Claim, each Holder of an Allowed DIP Claim shall receive, in full and final satisfaction, compromise, settlement, release and discharge of, and in exchange for such Allowed DIP Claim Cash equal to the unpaid portion of such Allowed DIP Claim.

Contemporaneously with the foregoing treatment, the DIP Facility and DIP Documents shall be deemed terminated without further action by the DIP Agent or the DIP Lenders. The DIP Agent and DIP Lenders shall take all actions to effectuate and confirm such termination as reasonably requested by the Plan Proponents or Reorganized Holdings, as applicable.

3. *U.S. Trustee Fees*

All U.S. Trustee Fees payable after the Effective Date, if any, shall be paid by Reorganized Holdings until the closing of the Chapter 11 Cases pursuant to section 350(a) of the Bankruptcy Code.

4. *Priority Tax Claims*

Unless the Holder of an Allowed Priority Tax Claim agrees to less favorable treatment of such Claim, each Holder of an Allowed Priority Tax Claim shall receive, in full and final satisfaction, compromise, settlement, release, and discharge of, and in exchange for such Allowed Priority Tax Claims, either (a) payment in full in Cash, on the latest of (i) the Effective Date, (ii) the date on which a Priority Tax Claim becomes an Allowed Priority Tax Claim, and (iii) the date such Allowed Priority Tax Claim becomes payable under applicable non-bankruptcy law, (b) upon such other terms as agreed between the Plan Proponents and each Holder of such Allowed Priority Tax Claim, or (c) over a period ending not later than five (5) years after the Petition Date consistent with section 1129(a)(9)(C) of the Bankruptcy Code.

5. *Professional Fee Claims*

All applications for allowance and payment of Professional Fee Claims by Professionals for services rendered and reimbursement of expenses incurred prior to the Effective Date must be filed on or before the Professional Fee Claims Bar Date. If an application for a Professional Fee Claim is not filed by the Professional Fee Claims Bar Date, such Professional Fee Claim shall be deemed waived, and the Holder of such Claim shall be forever barred from receiving payment on account thereof. The notice of the occurrence of the Effective Date shall set forth the Professional Fee Claims Bar Date and shall constitute notice thereof. Objections to any Professional Fee Claims must be filed and served on Reorganized Holdings, the Plan Proponents, and the requesting Professional, no later than twenty-one (21) days after service of the applicable final application for allowance and payment of Professional Fee Claims.

Unless otherwise agreed to (1) by the Plan Proponent and the Professional prior to the Effective Date or (2) by Reorganized Holdings and the Professional after the Effective Date, the amount of Professional Fee Claims owing to such Professional that are Allowed by Final Order shall be paid in full in Cash by Reorganized Holdings as soon as reasonably practicable after its Professional Fee Claims are Allowed by order of the Bankruptcy Court, (x) *first*, by application of any retainer monies held by such Professional, and (y) *second*, once such retainer balance is exhausted, Reorganized Holdings shall pay such Professional the remaining balance of its Allowed Professional Fee Claim in Cash.

6. *Post-Effective Date Fees and Expenses*

On the Effective Date, the retention, including all rights and duties arising from, or related to, the Chapter 11 Cases, of each of the Debtors' retained professionals shall terminate; *provided*, *however*, that the Debtors' retained professionals may file fee applications in accordance with the Plan and Confirmation Order by the Professional Fee Claims Bar Date.

B. Classification and Treatment of Claims

The following table summarizes the classification and treatment of all Claims against the Debtors under the Plan.

Class and Estimated Amount	Summary of Treatment	Estimated Recovery	Entitled to Vote
Other Priority Claims[23] **(Class 1)** **(Amount $0)**	Unless the Holder of an Allowed Other Priority Claim agrees to less favorable treatment of such Claim, each Holder of an Allowed Other Priority Claim shall receive, in full and final satisfaction, compromise, settlement, release, and discharge of, and in exchange for such Allowed Other Priority Claim, at the option of the Plan Proponents or Reorganized Holdings, as applicable, Cash in an amount equal to the Allowed amount of such Allowed Other Priority Claim as soon as reasonably practicable after the latest of (1) the Effective Date, (2) the date that such Claim becomes an Allowed Other Priority Claim, and (3) a date agreed to by the Plan Proponents or Reorganized Holdings, as applicable, and the Holder of such Allowed Other Priority Claim.	100% Unimpaired	No (Deemed to Accept)

[23] *Other Priority Claim* means any Claim against any Debtor accorded priority in right of payment under section 507(a) of the Bankruptcy Code, other than an Administrative Claim, DIP Claim, or Priority Tax Claim.

Class and Estimated Amount	Summary of Treatment	Estimated Recovery	Entitled to Vote
Secured Claims[24] **(Class 2)** **(Amount TBD)**	Unless the Holder of an Allowed Secured Claim agrees to less favorable treatment of such Claim, each Holder of an Allowed Secured Claim shall receive, in full and final satisfaction, compromise, settlement, release, and discharge of, and in exchange for such Allowed Secured Claim, at the option of the Plan Proponents or Reorganized Holdings, as applicable, (1) Cash in an amount equal to the Allowed amount of such Allowed Secured Claim as soon as reasonably practicable after the latest of (A) the Effective Date, (B) the date that such Claim becomes an Allowed Secured Claim, and (C) a date agreed to by the Plan Proponents or Reorganized Holdings, as applicable, and the Holder of such Secured Claim; (2) reinstatement of such Allowed Secured Claim; (3) the collateral securing such Holder's Allowed Secured Claim, with any deficiency to result in an Allowed General Unsecured Claim; or (4) such other treatment rendering such Allowed Secured Claim Unimpaired.	100% Unimpaired	No (Deemed to Accept)

[24] *Secured Claim* means a Claim against a Debtor (other than an Administrative Claim, DIP Claim, Priority Tax Claim, Other Priority Claim, OCM Guaranty Claim, Subordinated Claim, or Intercompany Claim), that is secured by a Lien on property in which a Debtor's Estate has an interest or that is subject to setoff under section 553 of the Bankruptcy Code, to the extent of the value of the Claim Holder's interest in the applicable Estate's interest in such property or to the extent of the amount subject to setoff, as applicable, as determined pursuant to section 506(a) or 1129(b) of the Bankruptcy Code or, in the case of setoff, pursuant to section 553 of the Bankruptcy Code.

Class and Estimated Amount	Summary of Treatment	Estimated Recovery	Entitled to Vote
General Unsecured Claims[25] **(Class 3)** **(Amount $505 million to $768 million)**	Unless the Holder of an Allowed General Unsecured Claim agrees to less favorable treatment of such Claim, each Holder of an Allowed General Unsecured Claim shall receive on the Effective Date or as soon as practicable thereafter, in full and final satisfaction, compromise, settlement, release, and discharge of, and in exchange for such Allowed General Unsecured Claim, the following (1) and (2): (1) at such Holder's election, either a. Equity Option: if such General Unsecured Claimholder makes a written election on a timely and properly delivered and completed Ballot or other writing satisfactory to the Plan Proponents, its Pro Rata Share of 25% of the Reorganized Equity (subject to dilution on account of the Backstop Premium and the EIP); or b. Cash Option: its Pro Rata Share, among General Unsecured Claims, of the GUC Cash Pool; *provided*, for the avoidance of doubt, the Pro Rata Share calculation in this subclause (B) shall be calculated based on the aggregate amount of all Allowed General Unsecured Claims whether or not Holders of such Claims receive the treatment in this subclause (B); *provided*, if a General Unsecured Claimholder does not submit a Ballot or submits a Ballot but fails to affirmatively elect the treatment set forth in Section 3.3(c)(iii)(1)(A) of the Plan, such General Unsecured Claimholder shall be deemed to have elected the treatment specified in Section 3.3(c)(iii)(1)(B) of the Plan with respect to its Allowed General Unsecured Claim; and (2) Rights Offering: its Pro Rata Share of the Rights Offering Subscription Rights (subject to dilution on account of the Backstop Premium and the EIP), to purchase the Reorganized Equity to be issued pursuant to the Rights Offering to the extent such General Unsecured Claimholder elects to exercise its Rights Offering Subscription Rights.	1.8-2.7% (Cash Out) 1.9-8.32% (Equity, excluding rights exercise) 2.9% -12.7% (Equity including rights exercise)[26] Impaired	Yes

Class and Estimated Amount	Summary of Treatment	Estimated Recovery	Entitled to Vote
Convenience Claims[27] **(Class 4)** **(Amount TBD)**	On the Effective Date, except to the extent that a Holder of an Allowed Convenience Claim agrees to less favorable treatment of such Claim, each Holder of an Allowed Convenience Claim shall receive, in full and final satisfaction, compromise, settlement, release and discharge of and in exchange for such Allowed Convenience Claim, Cash in an amount equal to 15% of the face amount of such Holder's Allowed Convenience Claim; *provided*, the aggregate distributions to Holders of Convenience Claims shall not exceed the Convenience Claim Cap; *provided*, *further*, that in the event the aggregate distributions to Holders of Convenience Claims exceeds the Convenience Claim Cap, Holders of such Claims shall receive their Pro Rata Share of the Convenience Claim Cap.	15%[28] Impaired	Yes

[25] *General Unsecured Claim* means any Claim against any Debtor, but excluding any Administrative Claims, DIP Claims, Professional Fee Claims, U.S. Trustee Fees, Priority Tax Claims, Other Priority Claims, Convenience Claims, OCM Guaranty Claims, Subordinated Claims, or Intercompany Claims, as of the Petition Date that is neither secured by collateral nor entitled to priority under the Bankruptcy Code or any Final Order of the Bankruptcy Court. For the avoidance of doubt, any General Unsecured Claims (including, for the avoidance of doubt, 2022 Notes Claim and Old Notes Claims) that exceed the Convenience Claim Threshold Amount is a "General Unsecured Claim," unless, pursuant to Section 3.3(d)(i), such Holder irrevocably elects to have its General Unsecured Claim treated as a Convenience Claim on its Ballot.

[26] The Valuation Analysis attached hereto as **Appendix E** estimates plan equity value ranging from $55.8 million (low) to $68.3 million (high) with a midpoint of $62.1 million. The 8% Backstop Premium is calculated on the basis of the equity value plus the maximum Rights Offering Amount minus Administrative Claims, Convenience Claims, and the Cash Out option. The Plan cash is set at $5 million in all scenarios with the excess cash being returned to the Rights Offering participants. After the allocation of the Backstop Premium, the remaining equity value is split between the Reorganized Equity to General Unsecured Claimholders under the Plan (25%) and the Rights Offering participants (75%).

[27] *Convenience Claim* means any Allowed General Unsecured Claim against the Debtors in an amount that is greater than $0 but less than or equal to the Convenience Claim Threshold Amount; *provided*, that Holders of Allowed General Unsecured Claims (including, for the avoidance of doubt, 2022 Notes Claims and Old Notes Claims) exceeding the Convenience Claim Threshold Amount may irrevocably elect on their Ballot to have their General Unsecured Claim reduced to the Convenience Class Threshold Amount and treated as Convenience Claims.

[28] Estimated recoveries for Holders of Allowed Convenience Claims will be less than 15% if more than $16,666,667 in Claims elect to have their General Unsecured Claim reduced to the Convenience Class Threshold Amount and treated as Convenience Claims.

Class and Estimated Amount	Summary of Treatment	Estimated Recovery	Entitled to Vote
OCM Guaranty Claims[29] **(Class 5)** **(Amount N/A)**	On the Effective Date, all OCM Guaranty Claims shall be Reinstated and such Holder's claims shall be rendered Unimpaired in accordance with section 1124 of the Bankruptcy Code.	N/A Unimpaired	No (Deemed to Accept)
Subordinated Claims[30] **(Class 6)** **(Amount TBD)**	On the Effective Date, each Allowed Subordinated Claim shall be cancelled, discharged, and released, without any distribution to Holders.	0% Impaired	No (Deemed to Reject)
Intercompany Claims[31] **(Class 7)** **(Amount N/A)**	On the Effective Date, each Allowed Intercompany Claim shall either be Reinstated or discharged, cancelled, released, and extinguished, without any distributions to Holders, as determined by the Plan Proponents or Reorganized Holdings, as applicable.	N/A Impaired / Unimpaired	No (Deemed to Accept /Reject)
Intercompany Interests[32] **(Class 8)** **(Amount N/A)**	On the Effective Date, each Allowed Intercompany Interest shall be either be Reinstated or discharged, cancelled, released, and extinguished, without any distributions to Holders, as determined by the Plan Proponents or Reorganized Holdings, as applicable.	N/A Impaired / Unimpaired	No (Deemed to Accept / Reject)

[29] *OCM Guaranty Claim* means any Claim arising from or related to the guarantees executed by Eletson Holdings in favor of the obligations of each of: Fourni Special Maritime Enterprises; Kastos Special Maritime Enterprises; Kimolos II Special Maritime Enterprise; Kinaros Special Maritime Enterprise; OCM Maritime Rhine LLC; OCM Maritime Yukon LLC; OCM Maritime Autumn LLC; and OCM Maritime Thames LLC.

[30] *Subordinated Claim* means collectively, Section 510(b) Claims and Eletson Insider Claims.

[31] *Intercompany Claim* means any and all Claims of a Debtor against another Debtor or non-Debtor Affiliate.

[32] *Intercompany Interest* means an Interest in a Debtor held by another Debtor; *provided*, for the avoidance of doubt, Parent Equity Interests are not Intercompany Interests.

Class and Estimated Amount	Summary of Treatment	Estimated Recovery	Entitled to Vote
Existing Equity Interests[33] **(Class 9)**	On the Effective Date, each Allowed Existing Equity Interest shall be discharged, cancelled, released, and extinguished, without any distributions to Holders.	0% Impaired	No (Deemed to Reject)

C. Other Miscellaneous Plan Provisions

The Plan contains various provisions relating to:

- the means for implementing the Plan, and operations and governance of the Debtors after the Effective Date (*see* Article V;)
- procedures for making distributions from the Debtors and Reorganized Holdings and the rights and powers of any Disbursing Agent (*see* Article VI);
- procedures for the reconciliation of Claims and Proofs of Claim and related matters, such as objections and estimation for any Disputed Claims (*see* Article VII);
- the treatment of executory contracts and unexpired leases (*see* Article VIII);
- conditions precedent to consummation of the Plan (*see* Article IX);
- the effect of confirmation (including the injunction and exculpation provisions (as explained in greater detail below)) (*see* Article X); and
- miscellaneous other implementation and effectuating provisions, including the retention of the Bankruptcy Court's jurisdiction with respect to certain issues (*see* Articles XI, XII).

D. Certain Matters Relating to the Old Notes and the 2022 Notes

The Plan contains certain provisions in Section 5.4 of the Plan (titled "Cancellation of Existing Securities and Agreements") that impacts distributions to

[33] *Existing Equity Interest* means all existing equity Interests (other than Intercompany Interests), including without limitation, (a) any and all Parent Equity Interest, and (b) all common and preferred stock and all rights to purchase common and preferred stock in each Debtor.

Holders of Old Notes Claims and 2022 Notes Claims. Among other things, Section 5.4 of the Plan provides that:

> [T]he 2022 Notes Documents and the Old Notes Documents shall continue in effect solely for the purposes of (a) allowing the applicable Holders of Claims to receive their respective distributions under this Plan as provided herein, (b) allowing the Indenture Trustees to facilitate the distributions under this Plan to the applicable Holders of Claims as provided herein and otherwise comply with any obligations they may have under this Plan, including the cancellation of existing security interests pursuant to this Section 5.4, (c) allowing the Indenture Trustees to preserve their respective rights to payment of fees, expenses, and indemnification obligations as against any money or property distributable to the relevant Holder of 2022 Notes Claims and Old Notes Claims, as applicable, under this Plan, and to deduct such fees and expenses from such distributions, including in respect of payment and the right to exercise their charging liens, if any, against such distributions, (d) permitting the Indenture Trustees to perform any functions that are necessary to effectuate the foregoing, and (e) allowing the Indenture Trustees to assert any other right, privilege, benefit, or protection granted to either of them under the relevant documentation other than against Reorganized Holdings and the Exculpated Parties; *provided*, that the foregoing shall not affect the discharge of the Debtors with respect to the 2022 Notes Claims and the Old Notes Claims as provided for herein, or result in any expenses or liability to Reorganized Holdings, except to the extent set forth in or provided for under this Plan. Notwithstanding anything to the contrary herein, the terms and provisions of this Plan shall not alter, modify, or amend any existing contract or agreement between any of the Indenture Trustees and any current or former 2022 Noteholder or Old Noteholder, as applicable, and any such contract or agreement shall remain in full force and effect according to its terms following the Effective Date.

Plan § 5.4.

In broad strokes, Section 5.4 of the Plan affirms the ability of the Old Notes Trustee and the 2022 Notes Trustee to exercise their respective "charging lien" to recover from noteholders' distributions under the Plan amounts necessary to satisfy the Old Notes Trustee's and 2022 Notes Trustee's fees and expenses related to their respective indentures. Such amounts will reduce noteholders' recoveries under the Plan on a pro rata basis and are expected to be approximately (a) in the case of the Old Notes Trustee, approximately $400,000, and (b) in the case of the 2022 Notes Trustee, between approximately $3,000,000 and $4,000,000. To the extent that any noteholders have paid the Old Notes Trustee's and/or 2022 Notes Trustee's fees and expenses prior to the Effective Date, such fees and expenses will be reimbursed in accordance with any agreements between such noteholder(s) and the Old Notes Trustee and/or 2022 Notes Trustee.

~~D.~~E. New Board of Reorganized Holdings

The Plan contains the following provision regarding the New Board of Reorganized Holdings.

The New Board shall consist of three directors: (i) one director selected by the Plan Proponents, (ii) one director selected by the Plan Proponents, subject to consent of the Creditors' Committee (not to be unreasonably withheld, conditioned, or delayed), and (iii) one director designated as "independent" selected by the Creditors' Committee (the "Independent Director"). The identities of directors on the New Board shall be set forth in the Plan Supplement, to the extent known at the time of filing, in accordance with 11 U.S.C. § 1129(a)(5).

The New Corporate Governance Documents will (i) prohibit the issuance of non-voting equity securities, to the extent required under section 1123(a)(6) of the Bankruptcy Code, and (ii) provide that any decisions related to claims and causes of action with Levona Holdings, Ltd. and its affiliates, including Pach Shemen (the "*Levona Claims*") are required to be made by the independent director; *provided*, that if the New Board disagrees with any of the decisions of the Independent Director with respect to the Levona Claims, the New Board can refer the dispute to a final offer arbitrator (also known as a baseball arbitrator) or an early neutral evaluator—in each case, governed by the International Centre for Dispute Resolution and the American Arbitration Association—to decide; *provided*, *further*, the majority of Reorganized Holdings' shareholders other than Pach Shemen (including, any Reorganized Holdings' shareholders affiliated with Pach Shemen) may settle the Levona Claims or direct the actions of the independent director with respect to the Levona Claims. The costs of any such arbitrations or evaluations shall be borne by Reorganized Holdings.

The members of the governing body of each Debtor prior to the Effective Date, in their capacities as such, shall have no continuing obligations to Reorganized Holdings on or after the Effective Date and each such member will be deemed to have resigned or shall otherwise cease to be a director or manager of the applicable Debtor on the Effective Date. Commencing on the Effective Date, each of the directors of Reorganized Holdings shall serve pursuant to the terms of the New Corporate Governance Documents and may be replaced or removed in accordance with such organizational documents.

~~E.~~F. Backstop Commitment and Rights Offering

1. *Backstop Agreement*

Under the terms of the Backstop Agreement: (a) on the Effective Date, the Initial Backstop Party has agreed to purchase all of the Reorganized Equity offered and not duly subscribed for and/or purchased in the Rights Offering in accordance with the Rights Offering Procedures; and (b) the Backstop Parties will receive the Backstop Premium, which will be immediately and automatically deemed fully earned upon entry into the Backstop Agreement and payable upon the Effective Date. The Initial Backstop Party's financial wherewithal to make the backstop commitment, as well as a commitment letter, is attached hereto as **Appendix F**.

In accordance with the Backstop Agreement and the Plan, any General Unsecured Claimholder that is eligible to purchase the Reorganized Equity pursuant to Section 5.9(b) of the Plan and desires to participate in the Backstop Agreement, that delivers: (a) an executed election joinder in the form attached to the Backstop Agreement as Exhibit C, including certification of eligibility to purchase such Reorganized Equity; and (b) proof of funds or other financial wherewithal documentation, in each case, to counsel for the Petitioning Creditors at Togut, Segal & Segal LLP (Kyle J. Ortiz (kortiz@teamtogut.com) and Bryan M. Kotliar (bkotliar@teamtogut.com)), no later than ten (10) days following the Solicitation Commencement Deadline (as defined in the Rights Offering Approval Order) (any such General Unsecured Claimholder that complies with the foregoing, a "Subsequent Backstop Party" and together with the Initial Backstop Parties, the "Backstop Parties").

The offering, issuance, and distribution of the Reorganized Equity on account of the General Unsecured Claims and the Rights Offering shall be exempt from, among other things, the registration requirements of section 5 of the Securities Act and any other applicable U.S. state or other law requiring registration prior to the offering, issuance, distribution, or sale of securities in accordance with, and pursuant to, section 1145 of the Bankruptcy Code to the extent permitted or under the Securities Act by virtue of section 4(a)(2) thereof, Regulation D, and/or Regulation S. Such Reorganized Equity issued pursuant to section 1145 of the Bankruptcy Code will not be "restricted securities" as defined in Rule 144(a)(3) of the Securities Act and will be freely tradable and transferable by the initial recipients thereof, subject to the provisions of section 1145(b)(1) of the Bankruptcy Code relating to the definition of an underwriter in section 1145(b) of the Bankruptcy Code, and compliance with applicable securities laws, including Rule 144 of the Securities Act, and any rules and regulations of the SEC, if any, applicable at the time of any future transfer of such securities or instruments. To the extent the issuance and distribution of any Reorganized Equity is being made in reliance on the exemption from registration set forth in section 4(a)(2) of the Securities Act, Regulation D, and/or Regulation S promulgated under the Securities Act, and similar registration exemptions applicable outside of the United States, such securities will be considered "restricted securities" subject to resale restrictions and may be resold, exchanged, assigned, or otherwise transferred only pursuant to a registration statement or available exemption from the registration requirements of the Securities Act and other applicable law.

The issuance of the Reorganized Equity to the Backstop Parties, and the payment of the Backstop Premium is being made in reliance on the exemption from registration set forth in section 4(a)(2) of the Securities Act, Regulation D, and/or Regulation S promulgated under the Securities Act, and similar registration exemptions applicable outside of the United States, such securities will be considered "restricted securities" subject to resale restrictions and may be resold, exchanged, assigned, or otherwise transferred only pursuant to a registration statement or available exemption from the registration requirements of the Securities Act and other applicable law.

Any securities issued under the EIP will be issued pursuant to a registration statement or available exemption from registration under the Securities Act and other applicable law.

2. *Rights Offering Procedures*

On April 17, 2024, the Petitioning Creditors filed a motion [Docket No. 592] (the "Rights Offering Procedures Motion") seeking approval of procedures for conducting the Rights Offering.[34] On May 9, 2024, the Debtors filed an objection to the Rights Offering Procedures Motion, which the Petitioning Creditors replied to on May 13, 2024. *See* Docket Nos. 652 and 667. On [•] [•], 2024, the Bankruptcy Court entered an order approving the Rights Offering Procedures Motion [Docket No. [•]] (the "Rights Offering Approval Order"). The up to $43.5 million Rights Offering will be conducted in reliance upon the exemptions from registration under section 1145 of the Bankruptcy Code or Section 4(a)(2) of the Securities Act. All General Unsecured Claimholders (each, an "Applicable Claim") are entitled to receive their share of Rights Offering Subscription Rights to acquire up to 75% of the Reorganized Equity, at a price that represents an implied 10.8% discount to the mid-point of the plan equity value of up to US$62,058,088.00, in accordance with the Rights Offering Procedures, which shall be backstopped by the Backstop Parties.

Subject to the terms and conditions set forth in the Plan, the Rights Offering Procedures and the form to be used for exercising the Rights Offering Subscription Rights (the "Subscription Form"), each General Unsecured Claimholder of an Applicable Claim is entitled to subscribe for up to its Pro Rata Portion (as defined in the Rights Offering Procedures) of the Reorganized Equity to be issued pursuant to the Rights Offering at a purchase price of $[•][35] per security (the "Purchase Price"). There will be no oversubscription rights in the Rights Offering. Any Reorganized Equity that is unsubscribed by General Unsecured Claimholders pursuant to the Rights Offering will not be offered to other General Unsecured Claimholders but will be purchased by the Backstop Parties in accordance with the Backstop Agreement. Subject to the terms and conditions of the Backstop Agreement, the Backstop Parties are obligated to purchase their Pro Rata Portion of the applicable Reorganized Equity pursuant to the Rights Offering.

Pursuant to the Rights Offering Procedures, the Rights Offering will commence three Business Days from the entry of the Rights Offering Approval Order (the "Subscription Commencement Date") and will end on June [__], 2024 at 4:00 p.m. prevailing Eastern Time (the "Subscription Expiration Date").

Pursuant to the Rights Offering Procedures, the Rights Offering 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 Rights Offering Subscription Rights from the corresponding Applicable Claim by a General Unsecured Claimholder will be null and void, will have no effect, and will not be recognized for any purpose. The Applicable Claim and the

[34] Capitalized terms not otherwise defined in this section of this Disclosure Statement shall have the meanings ascribed to such terms in the Rights Offering Procedures Motion or the Rights Offering Approval Order, as applicable.

[35] Rounded to the nearest whole cent.

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

Once a General Unsecured Claimholder has properly exercised its Rights Offering 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 Plan Proponents and the Subscription Agent. Moreover, following the exercise of any Rights Offering Subscription Rights, the Holder thereof shall be prohibited from transferring or assigning the Applicable Claims, as applicable, corresponding to such Rights Offering Subscription Rights until the earlier of (i) the termination of the Rights Offering and (ii) the revocation of exercise of the Rights Offering Subscription Rights to the extent permitted by the Rights Offering Procedures.

To exercise the Rights Offering Subscription Rights, a General Unsecured Claimholder must: (i) return a duly executed Subscription Form (including the 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 General Unsecured Claimholder is not one of the Backstop Parties, 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 General Unsecured Claimholder is one of the Backstop Parties, 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.

~~F.~~G. Proposed Substantive Consolidation

Substantive consolidation is an equitable legal doctrine under which a bankruptcy court may treat separate, individual debtors as if they were merged into a single debtor entity and vested with the cumulative assets and liabilities of the debtor estates. The result of substantive consolidation is that claims asserted by creditors against multiple debtors are converted into claims against the surviving consolidated debtor entity.

In determining whether to order substantive consolidation, courts in the Second Circuit consider whether (i) "creditors dealt with the entities as a single economic unit and did not rely on their separate identity in extending credit" or (ii) "the affairs of the debtors are so entangled that consolidation will benefit all creditors." *In re Augie/Restivo Baking Co., Ltd.*, 860 F.2d 515, 518 (2d Cir. 1988). Satisfaction of either prong will support substantive consolidation. *In re Extended Stay, Inc.*, No. 09-13764-JLG, 2020 WL 10762310, at *42 (Bankr. S.D.N.Y. Aug. 8, 2020). However, courts have cautioned that it is a remedy that is to be applied "sparingly." *Id.*

The first *Augie/Restivo* prong is "applied from the creditors' perspective" and the inquiry ''is whether creditors treated the [subject entities] as a single entity, not

whether the managers of the [entities] themselves, or consumers, viewed the [entities] as one enterprise." *Id.* at *43.

The second *Augie/Restivo* prong concerns both financial and operational entanglement between the subject entities, but the prong is only satisfied where the entanglement and/or commingling is so pervasive that untangling would be either impossible or so difficult and costly that doing so would effectively extinguish assets such that the creditors will not benefit from consolidation. *See e.g., In re Verestar, Inc.*, 343 B.R. 444, 463 (Bankr. S.D.N.Y. 2006) (denying consolidation of a non-debtor-parent-company who commingled funds and business operations with subsidiary-debtor, reasoning "there is no allegation that it is impossible to sort out the intercompany transfers or that the companies' respective rights to the cash cannot be traced"); *Extended Stay*, 2020 WL 10762310 at *53 (citing *In re WorldCom, Inc.*, No. 02-13533, 2003 WL 23861928, at *36 (Bankr. S.D.N.Y. Oct. 31, 2003) (explaining that substantive consolidation is appropriate when "it would be so costly and difficult to untangle the [d]ebtors' financial affairs, such that doing so is a 'practical impossibility,' " or "that it is not possible to create accurate financial data for each legal entity."); *In re Drexel Burnham Lambert Grp.*, Inc., 138 B.R. 723, 766 (Bankr. S.D.N.Y. 1992) (finding substantive consolidation appropriate where debtors operated as single enterprise and establishing allocation of liability "would be a Herculean task consuming years of costly professional services, thereby draining significant amounts of value from the [d]ebtors' estates")).

In evaluating whether to order substantive consolidation, courts consider (a) the presence or absence of consolidated financial statements, (b) the unity of interest and ownership between various corporate entities, (c) the existence of parent and intercompany guarantees on loans, (d) the degree of difficulty in segregating and ascertaining individual assets and liabilities, (e) the existence of transfers of assets without formal observation of corporate formalities, (f) the commingling of assets and business functions, and (g) the profitability of consolidation at a single location. *Augie/Restivo*, 860 F.2d at 518.

The Plan provides for limited substantive consolidation of the Debtors' estates for purposes of making distributions under the Plan. The Plan Proponents believe that consensual substantive consolidation provides the most equitable treatment as to the Debtors' creditors (which nearly entirely consist of claims against Debtor Eletson Holdings and not Debtors Eletson MI and Eletson Finance). Substantive consolidation maximizes the returns to creditors under the Plan and no creditors or other parties in interest are harmed by the limited substantive consolidation contemplated by the Plan.

~~G.~~H. Releases

The Plan does not provide for the release of Claims or Causes of Action belonging to the Debtors or their Estates or any third party Claims or Causes of Action held by third party non-Debtors. The Plan contains certain usual and customary discharge and injunction provisions consistent with the Bankruptcy Code and as part of implementing the restructuring set forth in the Plan, as well as certain exculpation provisions for the Plan Proponents, the Creditors' Committee (and its members), and

their respective Related Parties. Each of the foregoing are described in greater detail in Sections 10.3, 10.4, and 10.5 of the Plan and are set forth below.

1. *Discharge*

Pursuant to and to the fullest extent permitted by the Bankruptcy Code, except as otherwise specifically provided in the Plan or the Confirmation Order, the treatment of Claims and Interests under the Plan shall be in full and final satisfaction, compromise, settlement, release, discharge and termination, as of the Effective Date, of all Claims of any nature whatsoever, whether known or unknown, against, and Interests in, the Debtors, any property of the Estates, or any property of Reorganized Holdings, including all Claims of the kind specified in section 502(g), 502(h) or 502(i) of the Bankruptcy Code, in each case whether or not: (a) a Proof of Claim or Interest based upon such Claim, debt, right, or Interest is filed or deemed filed pursuant to section 501 of the Bankruptcy Code, (b) a Claim or Interest based upon such Claim, liability, obligation or Interest is Allowed pursuant to section 502 of the Bankruptcy Code, or (c) the Holder of such a Claim, liability, obligation or Interest has voted to accept the Plan. Except as otherwise provided herein, any default or "event of default" by the Debtors with respect to any Claim or Interest that existed immediately prior to or on account of the filing of these Chapter 11 Cases shall be deemed cured (and no longer continuing) as of the Effective Date

2. *Injunction*

Except as otherwise specifically provided in the Plan or the Confirmation Order, all Persons or Entities who have held, hold or may hold (a) Claims or Interests that arose prior to the Effective Date, (b) Causes of Action that are subject to exculpation pursuant to Section 10.5 of the Plan (but only to the extent of the exculpation provided in Section 10.5 of the Plan), or (c) Claims, Interests or Causes of Action that are otherwise discharged, satisfied, stayed or terminated pursuant to the terms of the Plan and all other parties-in-interest seeking to enforce such Claims, Interests or Causes of Action are permanently enjoined, from and after the Effective Date, from (i) commencing or continuing in any manner any action or other proceeding of any kind with respect to any such Claim (including a Subordinated Claim) against or Interest in the Debtors or Reorganized Holdings, or property of any Debtors or Reorganized Holdings, other than to enforce any right to a distribution pursuant to the Plan, (ii) the enforcement, attachment, collection or recovery by any manner or means of any judgment, award, decree or order against the Debtors or Reorganized Holdings or property of any Debtors or Reorganized Holdings with respect to any such Claim or Interest, other than to enforce any right to a distribution pursuant to the Plan, (iii) creating, perfecting or enforcing any Lien or encumbrance of any kind against the Debtors or Reorganized Holdings, or against the property or interests in property of the Debtors or Reorganized Holdings with respect to any such Claim or Interest, other than to enforce any right to a distribution pursuant to the Plan, or (iv) asserting any right of setoff (except for setoffs validly exercised prepetition) or subrogation of any kind against any obligation due from the Debtors or Reorganized Holdings, or against the property or interests in property of the Debtors or Reorganized Holdings, with respect to any such Claim or Interest. Such injunction shall extend to any successors or

assignees of the Debtors or Reorganized Holdings and its respective properties and interests in properties.

3. *Exculpation*

Effective as of the Effective Date, to the extent permitted under section 1125(e) of the Bankruptcy Code, and except as otherwise specifically provided in the Plan, no Exculpated Party shall have or incur liability for, and each Exculpated Party is exculpated from any Cause of Action related to any act or omission taking place between the Petition Date and the Effective Date, in connection with, relating to, or arising out of, the Chapter 11 Cases, the Involuntary Proceedings, the filing of the Involuntary Petitions, the formulation, preparation, dissemination, negotiation, or filing of the Plan, this Disclosure Statement, the Plan Supplement, the Rights Offering Procedures, the Backstop Agreement, or any transaction under the Plan, contract, instrument, or document or transaction approved by the Bankruptcy Court in these Chapter 11 Cases, except for (a) any Cause of Action related to any act or omission that is determined in a Final Order by a court of competent jurisdiction to have constituted fraud, willful misconduct, or gross negligence of such Person, and (b) any Cause of Action related to any liability of professionals to their clients pursuant to N.Y. Comp. Codes R. & Regs. tit. 22 § 1200.8 Rule 1.8(h)(1); *provided*, *however*, *that*, for the avoidance of doubt, any such exculpation shall not act or be construed to exculpate, channel, release, enjoin, or otherwise affect any civil or criminal enforcement action by a Governmental Unit.

V. BEST INTERESTS OF CREDITORS

Section 1129(a)(7) of the Bankruptcy Code requires that any holder of an impaired claim or interest voting against a proposed plan of reorganization must be provided in the plan with a value, as of the effective date of the plan, at least equal to the value that the holder would receive if the debtors' assets were liquidated under chapter 7 of the Bankruptcy Code. To determine what holders of claims and interests in each impaired class would receive if the debtors' assets were liquidated, the Bankruptcy Court must determine the dollar amount that would be generated from a liquidation of the debtors' assets in the context of a hypothetical liquidation. Such a determination must take into account the fact that secured claims, and any administrative claims resulting from the original chapter 11 cases and from the chapter 7 cases, would have to be paid in full from the liquidation proceeds before the balance of those proceeds were made available to pay unsecured creditors and make distributions (if any) to holders of interests.

In support of the Plan Proponents' belief that Holders of Claims in each impaired Class will receive more under the Plan than if the Debtors' assets were liquidated, attached to this Disclosure Statement as **Appendix C** is a liquidation analysis (the "Liquidation Analysis") prepared by Batuta Capital Advisors LLC ("Batuta") at the direction of the Plan Proponents. The Liquidation Analysis assumes that the Chapter 11 Cases were converted to chapter 7 cases and that each Debtors' assets are liquidated under the direction of a chapter 7 trustee.

The assumptions used in developing the Liquidation Analysis are inherently subject to significant uncertainties and contingencies. Accordingly, there can be no assurances that the values assumed in the Liquidation Analysis would be realized if the Debtors were actually liquidated. In addition, any liquidation would take place in the future at which time circumstances may exist that cannot presently be predicted. A description of the procedures followed and the assumptions and qualifications made by the Plan Proponents in connection with the Liquidation Analysis are set forth in the notes thereto.

THESE LIQUIDATION VALUES HAVE BEEN PREPARED SOLELY FOR USE IN THIS DISCLOSURE STATEMENT AND DO NOT REPRESENT VALUES THAT ARE APPROPRIATE FOR ANY OTHER PURPOSE. NOTHING CONTAINED IN THE LIQUIDATION ANALYSIS IS INTENDED TO BE OR CONSTITUTES A CONCESSION BY OR ADMISSION OF ANY DEBTOR FOR ANY PURPOSE.

VI. VALUATION AND FINANCIAL PROJECTIONS

A. Feasibility

In connection with confirmation of the Plan, the Bankruptcy Court must determine that the Plan is feasible in accordance with section 1129(a)(11) of the Bankruptcy Code (which section requires that confirmation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtors). To support the Plan Proponents' belief that the Plan is feasible, Batuta has prepared the projections for Reorganized Holdings, as set forth in **Appendix D** (the "Financial Projections"). The Plan provides Reorganized Holdings with a substantial infusion of capital from the proceeds of the Rights Offering. This capital will allow the Debtors to emerge from bankruptcy upon the Effective Date of the Plan and satisfy Allowed Claims as provided for in the Plan. Accordingly, the Plan Proponents believe that all Plan obligations will be satisfied without the need for further reorganization of the Debtors.

B. Valuation

In connection with developing the Plan, Batata performed an analysis of the estimated value of Reorganized Holdings, which is set forth in the valuation analysis in **Appendix E** (the "Valuation Analysis"). The Valuation Analysis is based on commonly accepted valuation methodologies.

The Valuation Analysis is based upon a number of estimates and assumptions that are inherently subject to significant uncertainties and contingencies beyond the control of the Plan Proponents and Reorganized Holdings. Accordingly, there can be no assurance that the ranges reflected in the Valuation Analysis would be realized if the Plan were to become effective, and actual results could vary.

THE VALUATION ANALYSIS REPRESENTS A HYPOTHETICAL VALUATION OF REORGANIZED HOLDINGS AND ITS ASSETS, WHICH ASSUMES THAT REORGANIZED HOLDINGS CONTINUES AS AN OPERATING BUSINESS. THE ESTIMATED VALUE SET FORTH IN THE VALUATION ANALYSIS DOES NOT

PURPORT TO CONSTITUTE AN APPRAISAL OR NECESSARILY REFLECT THE ACTUAL MARKET VALUE THAT MIGHT BE REALIZED THROUGH A SALE OR LIQUIDATION OF REORGANIZED HOLDINGS, ITS SECURITIES OR ITS ASSETS, WHICH MAY BE MATERIALLY DIFFERENT THAN THE ESTIMATES SET FORTH IN THE VALUATION ANALYSIS.

VII. SOLICITATION PROCEDURES AND DEADLINES

A. Solicitation Packages

The Plan Proponents are causing solicitation package (the "Solicitation Packages") to be distributed to Holders of Claims entitled to vote on the Plan. Such Solicitation Packages include:

- a cover sheet from the Plan Proponents describing the contents of such Solicitation Package;
- a notice of the hearing to confirm the Plan (the "Confirmation Hearing Notice");
- this Disclosure Statement with the Plan annexed thereto;
- the order of the Bankruptcy Court approving the Petitioning Creditors' Solicitation Motion, entered on [•] [•], 2024 [Docket No. [•]] (the "Solicitation Approval Order"), excluding the exhibits attached thereto, approving the procedures for soliciting votes with respect to the Plan and dates and deadlines related to the Bankruptcy Court's approval of the Plan (referred to as "Confirmation");
- a ballot to cast a vote on the Plan (each, a "Ballot"); and
- such other solicitation materials that the Bankruptcy Court may direct.[36]

Holders of Claims not entitled to vote on the Plan (the "Non-Voting Classes") will receive only the Confirmation Hearing Notice, which will provide them notice of such Holder's non-voting status.

Copies of this Disclosure Statement, the Plan, all appendices and exhibits attached thereto and hereto, and all other pleadings filed and orders entered in these Chapter 11 Cases can be obtained by contacting the Voting Agent (a) in writing at Eletson Holdings Inc., et al., Ballot Processing Center c/o KCC, 222 N. Pacific Coast Highway, Suite 300, El Segundo, California 90245, (b) via email at https://www.kccllc.net/Eletson/inquiry, or (c) by telephone at 888-647-1737 (Domestic) or 310-751-2624 (International).

[36] Instructions on how to vote are included with the Solicitation Package and are described below.

B. Voting Procedures and Voting Deadline

The rules, requirements, and procedures regarding the submission of your Ballot are set forth in the Solicitation Approval Order and the Ballot and are summarized below for your convenience.

After carefully reviewing the Plan, this Disclosure Statement, and the detailed instructions accompanying your Ballot, please indicate your acceptance or rejection of the Plan by voting in favor of (*i.e.*, to accept) or against the Plan (*i.e.*, to reject) on the Ballot.

To be counted, your Ballot must be duly completed, executed, and **actually received** by 5:00 p.m. (prevailing Eastern Time) on [_____] [__], 2024 (the "Voting Deadline"). Ballots may be delivered either via regular mail, courier, or delivery services to the Voting Agent at the at the following address: Eletson Holidngs Inc., *et al.*, Ballot Processing Center c/o KCC, 222 N. Pacific Coast Highway, Suite 300, El Segundo, California 90245.

Where applicable, ballots can be submitted via the Voting Agent's e-ballot platform by visiting https://www.kccllc.net/Eletson, clicking on the "Submit E-Ballot" section of the website and following the directions to submit their electronic Ballot.

If you are a Beneficial Holder of Claims in Class 3 and received a Ballot for Beneficial Holders (a "Beneficial Holder Ballot"), you must complete and return the Beneficial Holder Ballot to your broker, commercial bank, transfer agent, trust company, dealer, or other intermediary or nominee, or their mailing agent (each a "Nominee") so that it is received by your Nominee in sufficient time for your Nominee to submit a master ballot prior to the Voting Deadline.

Ballots received after the Voting Deadline (or such other deadline as ordered by the Bankruptcy Court or agreed to by the Plan Proponents, in their sole discretion) will not be counted.

If you have any questions about how to vote, the Solicitation Package you receive, or the amount of your claim, or if you wish to receive additional copies of the Plan, this Disclosure Statement, or any exhibits or appendices thereto or hereto, please contact the Voting Agent at: 888-647-1737 (Domestic) or 310-751-2624 (International) or via email at https://www.kccllc.net/eletson/inquiry.

C. Confirmation Hearing and Deadline for Objections to Plan Confirmation

The Plan Proponents intend to seek the Bankruptcy Court's Confirmation of the Plan. The Bankruptcy Court has scheduled a hearing to consider Confirmation of the Plan for **[•], 2024 at [•] a.m. / p.m. (prevailing Eastern Time) (the "Confirmation Hearing").** The Plan Proponents may adjourn the Confirmation Hearing by filing a notice on the docket of the Chapter 11 Cases or by announcing an adjournment on the record of a hearing or status conference held with the Bankruptcy Court.

Any objections to Confirmation of the Plan must be filed with the Bankruptcy Court and served on the parties indicated in the boxes immediately below by no later than [•] **a.m. / p.m. (prevailing Eastern Time) on [•], 2024 (the "Objection Deadline").** Unless an objection to Confirmation is timely filed and served, such objection may not be considered by the Bankruptcy Court at the Confirmation Hearing. Such objection must be filed with the Bankruptcy Court and served so that it is **actually received** by the Bankruptcy Court and the following persons by no later than the Objection Deadline:

Counsel for 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)
Counsel for the Creditors' Committee	Dechert LLP 1095 Avenue of Americas New York, NY 10036 Attn: Stephen Zide, Esq. (stephen.zide@dechert.com) and David Herman, Esq. (david.herman@dechert.com)
The U.S. Trustee	Office of the United States Trustee – NYO Department of Justice Alexander Hamilton Custom House One Bowling Green New York, NY 10004 Attn: Daniel Rudewicz, Esq. (Daniel.Rudewicz@usdoj.gov)

VIII. RISK FACTORS TO BE CONSIDERED

HOLDERS OF CLAIMS ENTITLED TO VOTE ON THE PLAN SHOULD READ AND CAREFULLY CONSIDER THE FOLLOWING FACTORS, AS WELL AS THE OTHER INFORMATION SET FORTH IN THIS DISCLOSURE STATEMENT AND THE PLAN (INCLUDING THEIR RESPECTIVE EXHIBITS / APPENDICES), BEFORE DECIDING WHETHER TO VOTE TO ACCEPT OR REJECT THE PLAN. THIS INFORMATION, HOWEVER, DOES NOT DESCRIBE THE ONLY RISKS INVOLVED IN CONNECTION WITH THE PLAN AND ITS IMPLEMENTATION.

The statements contained in this Disclosure Statement are made by the Plan Proponents as of the date hereof unless otherwise specified herein, and the delivery of this Disclosure Statement after that date does not imply that there has been no change in the information set forth herein since that date. The Plan Proponents have no duty to update this Disclosure Statement except as may be required by applicable law.

The Plan Proponents have relied upon information provided by the Debtors in connection with the preparation of this Disclosure Statement. Although the Plan Proponents have performed certain limited due diligence in connection with the preparation of this Disclosure Statement, they have not independently verified the information contained in this Disclosure Statement.

The contents of this Disclosure Statement should not be construed as legal, business, or tax advice, and nothing contained in the Plan will constitute an admission of, or be deemed evidence of, the tax or other legal effects of the Plan on the Plan Proponents or on Holders of Claims. Each Holder of a Claim should consult his, her, or its own legal counsel and accountant as to legal, tax, and other matters concerning his, her, or its Claim. This Disclosure Statement may not be relied upon for any purpose other than to determine whether to vote to accept the Plan.

A. Certain Bankruptcy Considerations

1. *Failure to Confirm the Plan*

If the Plan is not confirmed and consummated, there can be no assurance that the Chapter 11 Cases will continue rather than be converted to liquidation cases under chapter 7 of the Bankruptcy Code. Section 1129 of the Bankruptcy Code sets forth the requirements for confirmation of a plan and requires, among other things, that the value of distributions to dissenting creditors and shareholders not be less than the value of distributions such creditors and shareholders would receive if the Debtors were liquidated under chapter 7 of the Bankruptcy Code.

Although the Plan Proponents believe that the Plan will satisfy all requirements necessary for confirmation by the Bankruptcy Court, there can be no assurance that the Bankruptcy Court will reach the same conclusion or that modifications of the Plan will not be required for confirmation or that such modifications would not necessitate resolicitation of votes.

2. *The Plan May Not be Accepted by Sufficient Holders of Impaired Claims*

The Plan is subject to a vote of Holders of Impaired Claims in voting Classes and to Confirmation by the Bankruptcy Court. Article VI hereof summarizes the numerous requirements for Confirmation of the Plan, including that the Plan must be accepted by at least one Class of Impaired Claims. The Plan Proponents represent the majority of the holders of the Notes Claims, and are expected to support and vote in favor of the Plan. However, until all votes are collected, there can be no assurance that the requisite acceptances to confirm the Plan will be obtained. Thus, while the Plan

Proponents believe that the Plan is confirmable under the standards set forth in section 1129 of the Bankruptcy Code, there is no guarantee that the Plan will be accepted by the requisite Classes entitled to vote on the Plan.

3. *Uncertainty of Extraterritorial Recognition of Plan Confirmation*

The Debtors are incorporated in Liberia and some of their interests are governed by the laws of foreign jurisdictions other than the United States. Although the Plan Proponents will make every effort to ensure that any Confirmation Order entered by the Bankruptcy Court and the steps taken pursuant to the Confirmation Order to implement the Plan are recognized and are effective in all applicable jurisdictions, it is possible that if a creditor or stakeholder were to challenge the Plan, a foreign court may refuse to recognize the effect of the Confirmation Order.

4. *No Assurance of Ultimate Recoveries*

There can be no assurances of the actual recoveries to the Debtors' claimholders. The Plan Proponents cannot assure the Debtors' claimholders that they will be able to resell any consideration received in respect of their claims at current values or at all.

5. *Classification and Treatment of Claims and Interests*

Section 1122 of the Bankruptcy Code requires that the Plan classify Claims against the Debtors. The Bankruptcy Code also provides that, except for certain Claims classified for administrative convenience, the Plan may place a Claim in a particular Class only if such Claim is substantially similar to the other Claims of such Class. The Plan Proponents believe that all Claims have been appropriately classified in the Plan.

To the extent that the Bankruptcy Court finds that a different classification is required for the Plan to be confirmed, the Plan Proponents may seek to (a) modify the Plan to provide for whatever classification might be required for confirmation, and (b) use the acceptances received from any creditor pursuant to the solicitation for the purpose of obtaining the approval of the Class or Classes of which such creditor ultimately is deemed to be a member. There can be no assurance that the Bankruptcy Court, after finding that a classification was inappropriate and requiring a reclassification, would approve the Plan based upon such reclassification without requiring the Plan Proponents to resolicit votes.

6. *Nonconsensual Confirmation*

In the event any impaired class of claims entitled to vote on a plan of reorganization does not accept a plan of reorganization, a bankruptcy court may nevertheless confirm such plan at the proponent's request if at least one impaired class has accepted the plan (with such acceptance being determined without including the vote of any "insider" in such class), and as to each impaired class that has not accepted the plan, the bankruptcy court determines that the plan "does not discriminate unfairly" and is "fair and equitable" with respect to the dissenting

impaired classes.

7. *Non-Occurrence of Effective Date*

Although the Plan Proponents believe that the Effective Date will occur reasonably soon after the Confirmation Date, there can be no assurance as to such timing or as to whether it will occur. Moreover, if the conditions precedent to the Effective Date of the Plan are not met, the Plan may be vacated by the Bankruptcy Court.

8. *Risks of Failure to Satisfy Conditions Precedent*

Article IX of the Plan provides for certain conditions that must be satisfied (or waived) prior to the Confirmation Date and for certain other conditions that must be satisfied (or waived) prior to the Effective Date. Some of the conditions are outside of the Plan Proponents' control. There can be no assurance that any or all of the conditions in the Plan will be satisfied (or waived). Accordingly, even if the Plan is confirmed by the Bankruptcy Court, there can be no assurance that the Plan will be consummated. If the Plan is not consummated, there can be no assurance that the Chapter 11 Cases would not be converted to chapter 7 liquidation cases or that any new chapter 11 plan would be as favorable to Holders of Claims as the current Plan. Either outcome may materially reduce distributions to Holders of Claims.

9. *Distributions to Holders of Allowed Claims Under the Plan*

Projected distributions are based upon good faith estimates of the total amount of Claims ultimately Allowed and the funds available for distribution. Both the actual amount of Allowed Claims in a particular Class and the funds available for distribution for such Class may differ from the Plan Proponents' estimates. If the total amount of Allowed Claims in a Class is higher than the Plan Proponents' estimates or the funds available for distribution to such Class are lower than the Plan Proponents' estimates, the percentage recovery to holders of Allowed Claims in such Class will be less than projected.

10. *Funding Necessary for the Consummation of the Plan*

The Plan Proponents contemplate that all Cash necessary for Reorganized Holdings to make payments required by the Plan and for post-Confirmation operations shall be obtained from (a) existing Cash held by Reorganized Holdings on the Effective Date, (b) proceeds from the Rights Offering, and (c) the operations of Reorganized Holdings. To the extent the Plan obligates any other Debtor entities to make any payments or Distributions or take any other action under the Plan, the amount of such payments or Distributions or the cost of taking such actions shall be funded solely by Reorganized Holdings.

11. *Future Litigation*

Given the litigious history of these Chapter 11 Cases, there is a risk that new litigation claims may be asserted against Reorganized Holdings or the Backstop

Parties. Future litigation could result in material judgement(s) against Reorganized Holdings. Such litigation, and any judgement in connection therewith, could have a material negative effect on Reorganized Holdings.

12. *Conversion to Chapter 7*

If the Bankruptcy Court finds that it would be in the best interests of the Holders of Claims, the Bankruptcy Court may convert the Chapter 11 Cases to cases under chapter 7 of the Bankruptcy Code, pursuant to which a trustee would be appointed or elected to liquidate the Debtors' assets for distribution in accordance with the priorities under the Bankruptcy Code. The Plan Proponents believe that liquidation under chapter 7 would result in significantly smaller distributions being made to creditors than those provided in a Chapter 11 plan because of (a) the likelihood that assets would have to be sold in a disorderly fashion over a short period of time, rather than reorganizing or selling the business as a going concern at a later time in a controlled manner, (b) additional administrative expenses involved in the appointment of a chapter 7 trustee, and (c) additional expenses and claims, including claims resulting from the rejection of certain executory contracts and unexpired leases in connection with the cessation of operations.

B. Risk of Variance in Financial Results

1. *Reorganized Holdings May Not Be Able to Achieve Their Anticipated Financial Results*

Actual financial results may differ materially from anticipated results. If Reorganized Holdings does not achieve projected revenue or cashflow levels, Reorganized Holdings may lack sufficient liquidity to continue operating their business consistent after the Effective Date.

2. *Projections are Subject to Inherent Uncertainty Due to the Numerous Assumptions Upon Which They Are Based*

Unanticipated events and circumstances occurring subsequent to the approval of this Disclosure Statement and/or Confirmation of the Plan by the Bankruptcy Court may affect the actual financial results of Reorganized Holdings' operations. Actual results achieved may vary from anticipated results.

C. Risks Related to Reorganized Equity Issued Under the Plan

1. *Market for Reorganized Equity*

There is currently no market for the Reorganized Equity and there can be no assurance as to the development or liquidity of any market for such equity. Moreover, while a public listing of the Reorganized Equity may be pursued to be effective on the Effective Date, there can be no assurance that the Reorganized Equity will be listed or traded on any securities exchange or any over-the-counter market on or after the Effective Date. If a trading market does not develop, is not maintained, or remains inactive, holders of the Reorganized Equity may experience difficulty in

reselling such Reorganized Equity or may be unable to sell them at all. Even if such a market were to exist, such Reorganized Equity could trade at prices higher or lower than the estimated value set forth in this Disclosure Statement depending upon many factors including, without limitation, prevailing interest rates, markets for similar Reorganized Equity, industry conditions, and the performance of, and investor expectations for, Reorganized Holdings. Accordingly, holders of the Reorganized Equity may bear certain risks associated with holding securities for an indefinite period of time.

Furthermore, persons to whom the Reorganized Equity is issued under the Plan may prefer to liquidate their investments rather than hold such Reorganized Equity on a long-term basis. Accordingly, the market price for such Reorganized Equity could decline and any market that does develop for such Reorganized Equity may be volatile.

2. *Potential Dilution*

The ownership percentage represented by the Reorganized Equity distributed under the Plan as of the Effective Date to the applicable General Unsecured Claimholders that elect to exercise Rights Offering Subscription Rights shall be subject to dilution from the Rights Offering, the Backstop Premium, and the EIP. In the future, additional equity financings or other equity issuances by Reorganized Holdings may dilute the economic and voting rights of its existing Holders and could materially adversely affect the value of the Reorganized Equity.

3. *A Small Number of Holders Will Own a Significant Percentage of the Reorganized Equity*

Consummation of the Plan will result in a small number of Holders owning a significant percentage of the Reorganized Equity. Accordingly, these Holders may, among other things, have significant influence over the business and affairs of Reorganized Holdings.

D. Additional Factors

1. *Certain Information Herein Was Provided by the Debtors and Relied Upon by the Plan Proponents' Advisors*

Counsel to and other advisors retained by the Plan Proponents have relied upon information provided by the Debtors, as well as information obtained from discovery, in connection with the preparation of this Disclosure Statement and the Plan. Although counsel to and other advisors retained by the Plan Proponents have attempted to verify the information contained herein, certain statements rely on documents and representations received from the Debtors. The Debtors' records are incomplete, and the Debtors and certain other parties did not fully comply with discovery requests. Although the Plan Proponents have undertaken great efforts to provide accurate and complete information in this Disclosure Statement, the Plan Proponents cannot warrant or represent that the information contained herein is complete and accurate.

The statements contained in this Disclosure Statement are made by the Plan Proponents as of the date hereof, unless otherwise specified herein, and the delivery of this Disclosure Statement after that date does not imply that there has not been a change in the information set forth herein since that date. While the Plan Proponents have used their reasonably diligent efforts to ensure the accuracy of all of the information provided in this Disclosure Statement and in the Plan, the Plan Proponents nonetheless cannot, and do not, confirm the current accuracy of all statements appearing in this Disclosure Statement.

The financial information contained in this Disclosure Statement has not been audited unless explicitly stated otherwise. In preparing this Disclosure Statement, the Plan Proponents have relied predominantly on financial data derived from the Debtors' books and records that was available at the time of such preparation, together with information gathered through discovery. While the Plan Proponents believe that the financial information received from the Debtors' and relied upon in preparing this Disclosure Statement fairly reflects the financial condition of the Debtors, the Plan Proponents are unable to warrant or represent that the financial information contained herein and attached hereto is without inaccuracies.

2. *No Admissions Are Made by this Disclosure Statement*

The information and statements contained in this Disclosure Statement will neither constitute an admission of any fact or liability by the Plan Proponents nor be deemed evidence of the tax or other legal effects of the Plan on the Debtors, Holders of Allowed Claims or any other parties in interest. Except as otherwise provided in the Plan, the vote by a Holder of an Allowed Claim for or against the Plan does not constitute a waiver or release of any Claims or rights of the Plan Proponents to object to that Holder's Claim, or recover any preferential, fraudulent or other voidable transfer or assets, regardless of whether any Claims or Causes of Action of the Debtors or their estates are specifically or generally identified herein.

In addition, no reliance should be placed on the fact that a particular litigation Claim or projected objection to a particular Claim is, or is not, identified in this Disclosure Statement. The Plan Proponents may seek to investigate, file, and prosecute objections to Claims and may object to Claims after the Confirmation or Effective Date of the Plan irrespective of whether this Disclosure Statement identifies such Claims or objections to Claims.

IX. CERTAIN SECURITIES LAW MATTERS

A. Issuance of the Reorganized Equity Under Section 1145 of the Bankruptcy Code and Backstop Premium Exemption

Except as expressly provided herein, all Reorganized Equity and Rights Offering Subscription Rights issued upon exercise of the Rights Offering Subscription Rights will be issued without registration under the Securities Act or any similar federal, state, or local law in reliance upon either (1) section 1145 of the Bankruptcy Code or (2) section 4(a)(2) of the Securities Act or Regulation D or Regulation S promulgated thereunder.

The Reorganized Equity and Rights Offering Subscription Rights issued upon exercise of the Rights Offering Subscription Rights offered to General Unsecured Claimholders on account of their respective Claims and in connection with the Rights Offering are expected to be issued without registration under the Securities Act or any similar federal, state, or local law in reliance on section 1145(a) of the Bankruptcy Code; provided that if the Plan Proponents determine, in consultation with the Creditors' Committee, that section 1145 of the Bankruptcy Code is not available for all or any portion of the Rights Offering, then the Reorganized Equity issued upon exercise of the Rights Offering Subscription Rights offered to General Unsecured Claimholders will be made pursuant to exemptions from registration under applicable securities laws.

The Reorganized Equity issued on account of the Backstop Premium is expected to be issued pursuant to the exemption from registration set forth in section 4(a)(2) of the Securities Act or Regulation D promulgated thereunder.

In general, securities issued under section 1145 of the Bankruptcy Code may be resold without registration unless the recipient is an "underwriter" with respect to those securities. The Rights Offering Subscription Rights and the Reorganized Equity issued pursuant to the exemption from registration set forth in section 4(a)(2) of the Securities Act or Regulation D promulgated thereunder will be considered "restricted securities" and may not be transferred except pursuant to an effective registration statement under the Securities Act or an available exemption therefrom.

B. Resale of Reorganized Equity; Definition of Underwriter

Section 1145(b)(1) of the Bankruptcy Code defines an "underwriter" as one who, except with respect to "ordinary trading transactions" of an entity that is not an "issuer": (1) purchases a claim against, interest in, or claim for an administrative expense in the case concerning, the debtor, if such purchase is with a view to distribution of any security received or to be received in exchange for such claim or interest; (2) offers to sell securities offered or sold under a plan for the holders of such securities; (3) offers to buy securities offered or sold under a plan from the holders of such securities, if such offer to buy is (a) with a view to distribution of such securities and (b) under an agreement made in connection with the plan, with the consummation of the plan, or with the offer or sale of securities under the plan; or (4) is an issuer of the securities within the meaning of section 2(a)(11) of the Securities Act. In addition, a person who receives a fee in exchange for purchasing an issuer's securities could also be considered an underwriter within the meaning of section 2(a)(11) of the Securities Act.

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

otherwise. Accordingly, an officer or director of a reorganized debtor or its successor under a plan of reorganization may be deemed to be a "Controlling Person" of the debtor or successor, particularly if the management position or directorship is coupled with ownership of a significant percentage of the reorganized debtor's or its successor's voting securities. In addition, the legislative history of section 1145 of the Bankruptcy Code suggests that a creditor who owns ten percent or more of a class of securities of a reorganized debtor may be presumed to be a "Controlling Person" and, therefore, an underwriter.

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

Unlike the securities that will be issued pursuant to section 1145(a)(1) of the Bankruptcy Code, any Reorganized Equity issued in reliance upon section 4(a)(2) of the Securities Act or Regulation D promulgated thereunder will be deemed "restricted securities" that may not be offered, sold, exchanged, assigned, or otherwise transferred unless they are registered under the Securities Act or an exemption from registration under the Securities Act is available, including under Rule 144 or Rule 144A promulgated under the Securities Act.

Rule 144 provides an exemption for the public resale of "restricted securities" if certain conditions are met. These conditions vary depending on whether the holder of the restricted securities is an affiliate of the issuer. An affiliate is defined as "a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the issuer."

A non-affiliate who has not been an affiliate of the issuer during the preceding three months may resell restricted securities after a six-month holding period if at the time of the sale there is available certain current public information regarding the issuer, and may sell the securities after a one-year holding period whether or not there is current public information regarding the issuer. Adequate current public information is available for a reporting issuer if the issuer has filed all periodic reports required under section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, during the twelve months preceding the sale of the restricted securities. If the issuer is a

non-reporting issuer, adequate current public information is available if certain information about the issuer is made publicly available. The Plan Proponents can provide no assurances that Reorganized Holdings will continue to be a reporting issuer or that current public information will be available to allow resales by non-affiliates when the six-month holding period expires (approximately six months after the emergence date).

An affiliate may resell restricted securities after the six-month holding period if at the time of the sale certain current public information regarding the issuer is available and may resell the securities after a one-year holding period whether or not there is current public information regarding this issuer, subject in each case to the additional requirements below. As noted above, the Plan Proponents can provide no assurances that this information requirement will be satisfied. The affiliate must also comply with the volume, manner of sale, and notice requirements of Rule 144. First, the rule limits the number of restricted securities (plus any unrestricted securities) sold for the account of an affiliate (and related persons) in any three-month period to the greater of one percent of the outstanding securities of the same class being sold, or, if the class is listed on a stock exchange, the greater of one percent of the average weekly reported volume of trading in such restricted securities during the four weeks preceding the filing of a notice of proposed sale on Form 144. Second, the manner of sale requirement provides that the restricted securities must be sold in a broker's transaction, which generally means they must be sold through a broker and handled as a routine trading transaction. The broker must receive no more than the usual commission and cannot solicit orders for the sale of the restricted securities except in certain situations. Third, if the sale in any three-month period exceeds 5,000 restricted securities or has an aggregate sale price greater than $50,000, an affiliate must file with the SEC three copies of a notice of proposed sale on Form 144. The sale must occur within three months of filing the notice unless an amended notice is filed.

The Plan Proponents believe that the Rule 144 exemption will not be available with respect to any Reorganized Equity issued in reliance upon section 4(a)(2) of the Securities Act or Regulation D promulgated thereunder (whether held by non-affiliates or affiliates) until at least six months after the Effective Date. Accordingly, holders of such Reorganized Equity will be required to hold such Reorganized Equity for at least six months and, thereafter, to sell Reorganized Equity only in accordance with the applicable requirements of Rule 144, unless such Reorganized Equity is transferred pursuant to an effective registration statement or another available exemption from the registration requirements of the Securities Act.

The Reorganized Equity issued in connection with the Backstop Premium pursuant to Section 4(a)(2) and/or Regulation D will be issued in book-entry form and will bear a restrictive legend. Each book-entry representing, or issued in exchange for or upon the transfer, sale, or assignment of, any such shares shall be stamped or otherwise imprinted with a legend in substantially the following form:

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE WERE ORIGINALLY ISSUED ON [DATE OF ISSUANCE], HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR ANY OTHER APPLICABLE STATE SECURITIES LAWS, AND MAY

NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR AN AVAILABLE EXEMPTION FROM REGISTRATION THEREUNDER."

Reorganized Holdings reserves the right to require certification or other evidence of compliance with Rule 144 or another available exemption as a condition to the removal of such legend or to any resale of the Reorganized Equity issued in connection with the Backstop Premium pursuant to Section 4(a)(2) and/or Regulation D. Reorganized Holdings also reserves the right to stop the transfer of any such shares if such transfer is not in compliance with Rule 144 or another available exemption. Any person who receives such shares will be required to acknowledge and agree not to resell such securities except in accordance with Rule 144, when available, or another available exemption and that the securities will be subject to the other restrictions described above.

ANY PERSONS RECEIVING "RESTRICTED SECURITIES" UNDER THE PLAN ARE URGED TO CONSULT WITH THEIR OWN COUNSEL CONCERNING THE AVAILABILITY OF AN EXEMPTION FROM REGISTRATION FOR RESALE OF THESE SECURITIES UNDER THE SECURITIES ACT AND OTHER APPLICABLE LAW.

BECAUSE OF THE COMPLEX, SUBJECTIVE NATURE OF THE QUESTION OF WHETHER A PARTICULAR PERSON MAY BE AN UNDERWRITER OR AN AFFILIATE AND THE HIGHLY FACT-SPECIFIC NATURE OF THE AVAILABILITY OF EXEMPTIONS FROM REGISTRATION UNDER THE SECURITIES ACT, INCLUDING THE EXEMPTIONS AVAILABLE UNDER SECTION 1145 OF THE BANKRUPTCY CODE AND RULE 144 UNDER THE SECURITIES ACT, NONE OF THE PLAN PROPONENTS OR REORGANIZED HOLDINGS MAKE ANY REPRESENTATION CONCERNING THE ABILITY OF ANY PERSON TO DISPOSE OF THE SECURITIES TO BE DISTRIBUTED UNDER THE PLAN. POTENTIAL RECIPIENTS OF THE SECURITIES TO BE ISSUED UNDER THE PLAN ARE URGED TO CONSULT THEIR OWN COUNSEL CONCERNING WHETHER THEY MAY FREELY TRADE SUCH SECURITIES. POTENTIAL RECIPIENTS OF REORGANIZED EQUITY ARE URGED TO CONSULT THEIR OWN COUNSEL CONCERNING THEIR ABILITY TO FREELY TRADE SUCH SECURITIES WITHOUT COMPLIANCE WITH THE FEDERAL SECURITIES LAWS AND ANY APPLICABLE STATE LAW.

X. CONCLUSION AND RECOMMENDATION

The Plan Proponents believe that Confirmation and implementation of the Plan is preferable to any other alternative. The Plan Proponents urge all Holders of Claims entitled to vote to cast their Ballots to accept the Plan in accordance with the instructions provided herein and in the Solicitation Packages.

[*Signature Page Follows*]

Dated: June 617, 2024
New York, New York

Respectfully submitted,

TOGUT, SEGAL & SEGAL LLP

/s/ Kyle J. Ortiz

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Counsel for the Petitioning Creditors

Exhibit 3

Further Amended Disclosure Statement
(Cumulative Redline)

THIS PROPOSED DISCLOSURE STATEMENT HAS NOT BEEN APPROVED BY THE BANKRUPTCY COURT AS CONTAINING ADEQUATE INFORMATION WITHIN THE MEANING OF SECTION 1125(a) OF THE BANKRUPTCY CODE. THE PETITIONING CREDITORS RESERVE THE RIGHT TO AMEND OR SUPPLEMENT THIS PROPOSED DISCLOSURE STATEMENT.

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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

AMENDED DISCLOSURE STATEMENT IN SUPPORT OF PETITIONING CREDITORS' AMENDED JOINT CHAPTER 11 PLAN OF REORGANIZATION OF ELETSON HOLDINGS INC. AND ITS AFFILIATED DEBTORS

TOGUT, SEGAL & SEGAL LLP
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New York, New York 10119
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Kyle J. Ortiz
Bryan M. Kotliar
Martha E. Martir
Amanda C. Glaubach

Counsel for the Petitioning Creditors[2]

Dated: ~~May 14~~June 17, 2024
New York, New York

[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] The "Petitioning Creditors" are Pach Shemen LLC, VR Global Partners, L.P., Alpine Partners (BVI), L.P., Gene B. Goldstein ("Goldstein") and Gene B. Goldstein, In His Capacity as Trustee of the Gene B. Goldstein and Francine T. Goldstein Family Trust ("Goldstein Trust", and together with Goldstein, "Mr. Goldstein"), 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. While Togut, Segal & Segal LLP represents Mr. Goldstein as a "Petitioning Creditor," Mr. Goldstein is not a "Plan Proponent" for purposes of the Plan.

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Exhibits

THE PLAN PROPONENTS ARE PROVIDING THE INFORMATION IN THIS DISCLOSURE STATEMENT TO HOLDERS OF CLAIMS IN THE VOTING CLASSES FOR PURPOSES OF SOLICITING VOTES TO ACCEPT OR REJECT THE PETITIONING CREDITORS' JOINT CHAPTER 11 PLAN OF REORGANIZATION OF ELETSON HOLDINGS INC. AND ITS AFFILIATED DEBTORS. NOTHING IN THIS DISCLOSURE STATEMENT MAY BE RELIED UPON OR USED BY ANY ENTITY FOR ANY OTHER PURPOSE. BEFORE DECIDING WHETHER TO VOTE FOR OR AGAINST THE PLAN (AS DEFINED HEREIN), EACH HOLDER ENTITLED TO VOTE SHOULD CAREFULLY CONSIDER ALL OF THE INFORMATION IN THIS DISCLOSURE STATEMENT, INCLUDING THE RISK FACTORS DESCRIBED IN ARTICLE VIII HEREIN.

ALL HOLDERS OF CLAIMS ENTITLED TO VOTE ON THE PLAN ARE ENCOURAGED TO READ THIS DISCLOSURE STATEMENT (INCLUDING EXHIBITS) AND THE PLAN IN THEIR ENTIRETY AND ARE ADVISED TO CONSULT WITH ITS OWN ADVISORS WITH RESPECT TO ANY LEGAL, FINANCIAL, SECURITIES, TAX, OR BUSINESS ADVICE IN REVIEWING THIS DISCLOSURE STATEMENT, THE PLAN, AND THE TRANSACTIONS CONTEMPLATED THEREBY. FURTHER, THE BANKRUPTCY COURT'S APPROVAL OF THE ADEQUACY OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE THE BANKRUPTCY COURT'S APPROVAL OF THE PLAN.

FACTUAL INFORMATION CONTAINED IN THIS SPECIFIC DISCLOSURE STATEMENT IS SOURCED FROM PUBLIC FILINGS MADE IN THE CHAPTER 11 CASES (AND ELSEWHERE), EXCEPT WHERE OTHERWISE NOTED. IN PARTICULAR, SOME INFORMATION IN THIS DISCLOSURE STATEMENT WAS OBTAINED FROM THE DEBTORS' PLEADINGS, SUCH AS THE DEBTORS' DISCLOSURE STATEMENT, SCHEDULES OF ASSETS AND LIABILITIES AND STATEMENTS OF FINANCIAL AFFAIRS, AND MONTHLY OPERATING REPORTS AND MAY NOT BE RELIED UPON AS ACCURATE. THE PLAN PROPONENTS MAKE NO REPRESENTATIONS OR WARRANTIES AS TO THE ACCURACY OF THE INFORMATION, INCLUDING FINANCIAL INFORMATION, CONTAINED HEREIN OR ATTACHED HERETO. THE PLAN PROPONENTS EXPRESSLY CAUTION READERS NOT TO PLACE UNDUE RELIANCE ON ANY FINANCIAL OR FORWARD-LOOKING STATEMENTS CONTAINED HEREIN.

NO INDEPENDENT AUDITOR OR INDEPENDENT ACCOUNTANT HAS REVIEWED OR APPROVED THE LIQUIDATION ANALYSIS OR FINANCIAL INFORMATION PROVIDED OR REFERENCED HEREIN. THE PLAN PROPONENTS HAVE NOT AUTHORIZED ANY PERSON TO GIVE ANY INFORMATION OR ADVICE, OR TO MAKE ANY REPRESENTATION, IN CONNECTION WITH THE PLAN OR THIS DISCLOSURE STATEMENT.

PLAN SUMMARIES AND STATEMENTS MADE IN THIS DISCLOSURE STATEMENT WITH RESPECT TO THE PLAN ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PLAN, THE EXHIBITS ATTACHED TO THE PLAN, AND ANY PLAN SUPPLEMENT(S). IN THE EVENT OF ANY INCONSISTENCY OR DISCREPANCY BETWEEN A DESCRIPTION IN THIS DISCLOSURE STATEMENT

AND THE TERMS AND PROVISIONS OF THE PLAN OR THE OTHER DOCUMENTS AND FINANCIAL INFORMATION INCORPORATED IN THIS DISCLOSURE STATEMENT BY REFERENCE, THE PLAN OR THE OTHER DOCUMENTS AND FINANCIAL INFORMATION, AS THE CASE MAY BE, SHALL GOVERN FOR ALL PURPOSES.

THE STATEMENTS AND FINANCIAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAVE BEEN MADE AS OF THE DATE HEREOF UNLESS OTHERWISE SPECIFICALLY NOTED, AND THERE IS NO ASSURANCE THAT THE STATEMENTS CONTAINED HEREIN WILL BE CORRECT AT ANY TIME AFTER SUCH DATE. HOLDERS OF CLAIMS REVIEWING THIS DISCLOSURE STATEMENT SHOULD NOT ASSUME AT THE TIME OF SUCH REVIEW THAT THERE HAVE BEEN NO CHANGES IN THE FACTS SET FORTH IN THIS DISCLOSURE STATEMENT SINCE THE DATE OF THIS DISCLOSURE STATEMENT. THE PLAN PROPONENTS RESERVE THE RIGHT TO FILE AN AMENDED OR MODIFIED PLAN AND RELATED DISCLOSURE STATEMENT FROM TIME TO TIME, SUBJECT TO THE TERMS OF THE PLAN.

THIS DISCLOSURE STATEMENT WILL NOT CONSTITUTE NOR BE CONSTRUED AS AN ADMISSION OF ANY FACT OR LIABILITY, STIPULATION, OR WAIVER, BUT RATHER AS A STATEMENT MADE IN SETTLEMENT NEGOTIATIONS. THIS DISCLOSURE STATEMENT WILL NOT BE ADMISSIBLE IN ANY NON-BANKRUPTCY PROCEEDING, NOR WILL IT BE CONSTRUED AS TO CONSTITUTE ADVICE ON THE TAX, SECURITIES, OR OTHER LEGAL EFFECTS OF THE PLAN AS IT RELATES TO HOLDERS OF CLAIMS AGAINST, OR INTERESTS IN, THE DEBTORS.

CERTAIN OF THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT, BY THEIR NATURE, ARE FORWARD-LOOKING AND CONTAIN ESTIMATES AND ASSUMPTIONS. SUCH STATEMENTS CONSIST OF ANY STATEMENT OTHER THAN A RECITATION OF HISTORICAL FACT AND CAN BE IDENTIFIED BY THE USE OF FORWARD-LOOKING TERMINOLOGY SUCH AS "MAY," "EXPECT," "ANTICIPATE," "ESTIMATE," OR "CONTINUE," OR THE NEGATIVE THEREOF, OTHER VARIATIONS THEREON, OR COMPARABLE TERMINOLOGY AND INCLUDE THE LIQUIDATION ANALYSIS, FINANCIAL PROJECTIONS, AND VALUATION OF REORGANIZED HOLDINGS. THERE CAN BE NO ASSURANCE THAT SUCH STATEMENTS WILL BE REFLECTIVE OF ACTUAL OUTCOMES. FORWARD-LOOKING STATEMENTS ARE PROVIDED IN THIS DISCLOSURE STATEMENT PURSUANT TO THE SAFE HARBOR ESTABLISHED UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995 AND SHOULD BE EVALUATED IN THE CONTEXT OF THE ESTIMATES, ASSUMPTIONS, UNCERTAINTIES, AND RISKS DESCRIBED HEREIN.

FURTHER, THE READER IS CAUTIONED THAT ALL FORWARD-LOOKING STATEMENTS ARE NECESSARILY SPECULATIVE AND THAT THERE ARE CERTAIN RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL EVENTS OR RESULTS TO DIFFER MATERIALLY FROM THOSE PRESENTED IN SUCH FORWARD-LOOKING STATEMENTS. DUE TO THESE UNCERTAINTIES, READERS CANNOT BE ASSURED THAT ANY FORWARD-LOOKING STATEMENTS WILL PROVE TO BE CORRECT. THE LIQUIDATION ANALYSIS, FINANCIAL PROJECTIONS, AND OTHER INFORMATION CONTAINED HEREIN AND ATTACHED HERETO ARE ESTIMATES ONLY, AND THE VALUE OF THE PROPERTY DISTRIBUTED TO HOLDERS OF ALLOWED CLAIMS OR EQUITY INTERESTS MAY BE AFFECTED BY MANY FACTORS THAT CANNOT BE PREDICTED. THEREFORE, ANY ANALYSES, ESTIMATES, OR RECOVERY PROJECTIONS MAY OR MAY NOT TURN OUT TO BE ACCURATE. THE PLAN PROPONENTS ARE UNDER NO OBLIGATION TO (AND EXPRESSLY DISCLAIM ANY OBLIGATION TO) UPDATE OR ALTER ANY FORWARD-LOOKING STATEMENTS WHETHER AS A RESULT OF NEW INFORMATION, FUTURE EVENTS, OR OTHERWISE, EXCEPT AS REQUIRED BY APPLICABLE LAW. ALL HOLDERS OF IMPAIRED CLAIMS SHOULD CAREFULLY READ AND CONSIDER THIS DISCLOSURE STATEMENT AND THE PLAN IN THEIR ENTIRETY, INCLUDING SECTION V—"RISK FACTORS TO BE CONSIDERED" BEFORE VOTING TO ACCEPT OR REJECT THE PLAN.

THE SECURITIES DESCRIBED IN THIS DISCLOSURE STATEMENT TO BE ISSUED PURSUANT TO THE PLAN WILL BE ISSUED WITHOUT REGISTRATION UNDER THE SECURITIES ACT, AS AMENDED, OR ANY SIMILAR FEDERAL, STATE, OR LOCAL LAW, GENERALLY IN RELIANCE ON THE EXEMPTIONS SET FORTH IN SECTION 1145 OF THE BANKRUPTCY CODE AND SECTION 4(A)(2) OF THE SECURITIES ACT OF 1933 (AS AMENDED, THE "SECURITIES ACT") OR REGULATION D OR REGULATION S PROMULGATED THEREUNDER, AS APPLICABLE.

TO THE EXTENT THAT THE PLAN PROPONENTS RELY ON A PRIVATE PLACEMENT EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT FOR THE OFFER AND ISSUANCE OF ANY SECURITIES, THOSE SECURITIES WILL BE SUBJECT TO RESTRICTIONS ON TRANSFER UNDER THE SECURITIES ACT AND MAY ONLY BE RESOLD OR OTHERWISE TRANSFERRED PURSUANT TO (A) AN EFFECTIVE REGISTRATION STATEMENT OR (B) AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (THE "SEC") OR ANY STATE SECURITIES COMMISSION OR SIMILAR PUBLIC, GOVERNMENTAL, OR REGULATORY AUTHORITY. THIS DISCLOSURE STATEMENT HAS NOT BEEN FILED FOR APPROVAL WITH THE SEC OR ANY STATE AUTHORITY AND NEITHER THE SEC NOR ANY STATE AUTHORITY HAS PASSED UPON THE ACCURACY OR ADEQUACY OF THIS DISCLOSURE STATEMENT OR UPON THE MERITS OF THE PLAN. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE IN THE

UNITED STATES.

NEITHER THE SOLICITATION NOR THIS DISCLOSURE STATEMENT CONSTITUTES AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY SECURITIES IN ANY STATE OR JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORIZED.

I. EXECUTIVE SUMMARY

A. Introduction

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, 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 (the "Involuntary Petitions") pursuant to section 303 of title 11 of the United States Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court" or the "Court"). The Involuntary Petitions were later joined by, among others, Gene B. Goldstein ("Goldstein") and Gene B. Goldstein in his capacity as Trustee of the Gene B. Goldstein and Francine T. Goldstein Family Trust ("Goldstein Trust", and together with Goldstein, "Mr. Goldstein"), 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"). The Involuntary Petitions were also joined by NAF and the 2022 Notes Trustee (as defined below). *See* Docket Nos. 92 and 102.

By order of the Bankruptcy 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"). The Petitioning Creditors other than Mr. Goldstein (collectively, the "Plan Proponents")[3] submit this Disclosure Statement to all Holders of Claims against the Debtors entitled to vote on the *Petitioning Creditors' Amended Joint Chapter 11 Plan of Reorganization of Eletson Holdings Inc. and its Affiliated Debtors*, a copy of which is attached hereto as **Appendix A** (as may be amended, supplemented, or otherwise modified from time to time, the "Plan").[4]

The purpose of this Disclosure Statement is to provide Holders of Claims entitled to vote on the Plan with adequate information to make an informed judgment as to whether to vote to accept or reject the Plan. The Plan Proponents are providing you with the information in this Disclosure Statement because you may be a creditor entitled to vote on the Plan. This Disclosure Statement is to be used solely in connection with evaluation of the Plan and not for any other purposes.

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[3] While Mr. Goldstein is a Petitioning Creditor and represented by Togut, Segal & Segal LLP, Mr. Goldstein is not a "Plan Proponent" for purposes of the Plan because of his role as a member of the Creditors' Committee (as defined below).

[4] Capitalized terms not otherwise defined in this Disclosure Statement have the meanings ascribed to such terms in the Plan.

To be counted, your ballot must be duly completed, executed, and **actually received** by 5:00 p.m. (prevailing Eastern Time) on [_____] [__], 2024 (the "Voting Deadline"). Ballots may be delivered either via regular mail, courier, or delivery services to Kurtzman Carson Consultants LLC (the "Voting Agent") at the following address: Eletson ~~Holidngs~~Holdings Inc., *et al.*, Ballot Processing Center c/o KCC, 222 N. Pacific Coast Highway, Suite 300, El Segundo, California 90245. Where applicable, ballots can be submitted via the Voting Agent's e-ballot platform by visiting https://www.kccllc.net/Eletson, clicking on the "Submit E-Ballot" section of the website and following the directions to submit their electronic Ballot.

If you have any questions on the procedures for voting, please call the ~~Voting Agent at: 888-647-1737 (Domestic) or 310-751-2624 (International) or via email at~~ https://www.kccllc.net/eletson/inquiry.

As explained in greater detail below, the Plan Proponents believe that the Plan is in the best interests of creditors and other stakeholders and is a fair means of moving these Chapter 11 Cases toward efficient resolution. All creditors entitled to vote on the Plan are urged to vote in favor of it.

B. Material Terms of the Plan

After years of the Debtors' avoiding their contractual obligations to their creditors, the Plan proposed by the Plan Proponents—certain Petitioning Creditors that filed and/or joined the Involuntary Petitions—finally restructures the Debtors and provides material returns to creditors consistent with their rights under the Bankruptcy Code and applicable law. The Plan provides a viable pathway for the Debtors to expeditiously emerge from these Chapter 11 Cases and is supported by their major creditors and constituents, including the Creditors' Committee (as defined below), following extensive good faith and arm's length negotiations that resulted in material changes to the Plan Proponents' previously filed version of the Plan.

The Debtors require significant new capital investment to: (i) pay the administrative costs and other expenses associated with these Chapter 11 Cases; (ii) fund distributions to creditors consistent with the Plan, and (iii) fund the costs and expenses of reorganized Eletson Holdings ("Reorganized Holdings"), including, but not limited to ordinary course business expenditures and the fees and expenses of pursuing the Retained Causes of Action preserved under the Plan. The Plan provides for the funding of these amounts through a Rights Offering (as defined below) made available to certain creditors that is fully backstopped by the Backstop Parties (as defined below).

OVERVIEW OF THE PLAN

For the convenience of Holders of Claims entitled to vote on the Plan, an overview of the Plan is set forth below. Parties entitled to vote on the Plan should review this Disclosure Statement, the Plan and the other solicitation materials approved by the Bankruptcy Court prior to casting a vote on the Plan and making any elections with respect to the Rights Offering (as defined below).

- The Plan will be funded pursuant to ~~a $27~~up to $43.5 million (the "Rights Offering Amount") equity rights offering (the "Rights Offering") that will provide General Unsecured Claims (including, but not limited to, 2022 Notes Claims and Old Notes Claims, but excluding Convenience Claims) with subscription rights (the "Rights Offering Subscription Rights"), to purchase up to ~~50~~75% of the equity in Reorganized Holdings (the "Reorganized Equity") (subject to dilution on account of the Backstop Premium and the EIP (as defined below)), at a price that represents an implied ~~17~~10.8% discount to the mid-point

of the plan equity value of up to US$~~64,800,000 million.~~[5]62,058,088.00.[6]

- The Rights Offering Amount is fully committed and backstopped by, one of the Petitioning Creditors, Pach Shemen (the "Initial Backstop Party"), pursuant to a backstop commitment agreement (the "Backstop Agreement"). The Backstop Agreement provides for, among other things, (i) the ability for certain General Unsecured Claimholders to join the Backstop Agreement as a "Backstop Party" (as defined below) and (ii) the Backstop Parties' commitment and obligation to purchase any Rights Offering Subscription Rights that are not purchased by General Unsecured Claimholders in connection with the Rights Offering. In exchange, each Backstop Party will receive, among other things, a backstop commitment premium in an aggregate amount equal to 8% of the Reorganized Equity issued and outstanding on the Effective Date (the "Backstop Premium"), subject to dilution on account of the EIP. The Backstop Premium shall be divided among the Backstop Parties in accordance with their Backstop Commitment (as defined in the Backstop Agreement).

- Any General Unsecured Claimholder that is eligible to purchase the Reorganized Equity issued pursuant to Section 5.9(b) of the Plan that desires to join the Backstop Agreement can do so by delivering a joinder to the Backstop Agreement and certain other information to counsel for the Petitioning Creditors by no later than ten (10) days following the Solicitation Commencement Deadline (as defined in the Rights Offering Approval Order (as defined below) (*i.e.*, [_____], 2024).[7]

- General Unsecured Claimholders that do not wish to participate in the Rights Offering will have the option to receive their Pro Rata Share of a $13.5 million pool of cash (referred to as the "GUC Cash Pool"). General Unsecured Claimholders that do not wish to participate in the Rights Offering will also receive their Pro Rata Share of the GUC Cash Pool.

- Holders of Allowed General Unsecured Claims that would otherwise

[5] ~~The Rights Offering is anticipated to be conducted in reliance on the exemption from registration set forth in section 1145 of the Bankruptcy Code. If the Plan Proponents determine, in consultation with the Creditors' Committee, that section 1145 of the Bankruptcy Code is not available for all or any portion of the Rights Offering, then the issuance of Reorganized Equity in connection with the Rights Offering will be made pursuant to exemptions from registration under applicable securities laws.~~

[6] The Rights Offering is anticipated to be conducted in reliance on the exemption from registration set forth in section 1145 of the Bankruptcy Code. If the Plan Proponents determine, in consultation with the Creditors' Committee, that section 1145 of the Bankruptcy Code is not available for all or any portion of the Rights Offering, then the issuance of Reorganized Equity in connection with the Rights Offering will be made pursuant to exemptions from registration under applicable securities laws.

[7] Detailed instructions on how to join the Backstop Agreement are set forth in the Part IV.E. below.

be in Class 3 with a face amount of US$1,000,000 or less (or Holders of Allowed General Unsecured Claims that voluntarily elect to reduce their Claim amount to US$1,000,000) will be treated as Convenience Claims in Class 4 and will receive payment of such Claim in Cash in an amount equal to 15% of the face amount of such Holder's Allowed Convenience Claim; *provided that*, if the aggregate distributions to Holders of Allowed Convenience Claims exceeds US$2,500,000 (the "Convenience Claim Cap"), then Holders of such Claims shall receive their Pro Rata Share of the Convenience Claim Cap in Cash.

- The proceeds of the Rights Offering will be used to fund (i) the costs of consummation of the Plan, including, but not limited to, payments required to be made pursuant to the Plan including payment of Administrative Claims and priority Claims; (ii) funding of the GUC Cash Pool; and (iii) the costs and expenses of Reorganized Holdings, including, but not limited to, ordinary course business expenditures and the fees and expenses of pursuing the Retained Causes of Action preserved under the Plan.[8]

- The Plan provides for the issuance of 100% of the Reorganized Equity to General Unsecured Claimholders, subject to dilution on account of Reorganized Equity issued on account of the Rights Offering, the Backstop Premium, and an employee incentive plan for eligible employees of the Debtors' non-Debtor subsidiaries to be adopted and implemented by the new board of Reorganized Holdings (the "EIP"). Holders of Allowed General Unsecured Claims may elect to receive, and General Unsecured Claimholders that are unable to participate in the Rights Offering will be required to receive, their Pro Rata Share of Cash from the GUC Cash Pool.

- Pursuant to the Plan, Eletson Finance and Eletson MI will be dissolved on the Effective Date of the Plan, and the Plan will be administered through Reorganized Holdings.

ILLUSTRATIVE RECOVERY EXAMPLES

The following provides some illustrative hypothetical examples of what various Holders of Allowed General Unsecured Claims will recover under the Plan:

Example 1: A Holder of General Unsecured Claims (such as the Old Notes Claims or 2022 Notes Claims) in the amount of $175,000 will be treated in the Convenience Claims Class and receive a recovery equal to 15% of its Allowed Claim amount or $26,250; *provided* that if more than $16,666,667 in Claims elect treatment

[8] The Plan does not provide for the release of any claims by the Debtors or their estates, or by any third parties. The Plan provides for certain usual and customary exculpation for certain parties. *See* Plan, 1.71 and 10.5.

pursuant to the Convenience Claims Class, such Holder will receive its Pro Rata Share of $2,500,000.

Example 2: A Holder of General Unsecured Claims (such as the Old Notes Claims or 2022 Notes Claims) in the amount of $1,100,000 may choose either (a) to voluntarily reduce its Allowed Claim to $1,000,000 and be treated in the Convenience Claims Class (in which case it will receive $150,000 or its Pro Rata Share of the $2,500,000 as described in Example 1) or (b) treatment as a General Unsecured Claim in Class 3 (in which case it will have the option to receive either (i) its Pro Rata Share of the GUC Cash Pool (approximately $29,405.94) or (ii) its Pro Rata Share of ~~up to 50~~25% of the Reorganized Equity (subject to dilution) *plus* it will receive the right to participate in the Rights Offering and purchase its Pro Rata Share of up to ~~50~~75% of the Reorganized Equity at a price that represents an implied ~~17~~10.8% discount to the mid~~-~~-point of the plan equity value of up to US$~~64,800,000 million~~62,058,088.00.[9]

Example 3: A Holder of General Unsecured Claims (such as the 2022 Notes Claims) in the amount of $20,000,000 may choose either (a) to voluntarily reduce its Allowed Claim to $1,000,000 and be treated in the Convenience Claims Class (in which case it will receive $150,000) or (b) be treated as a General Unsecured Claim in Class 3 (in which case it will have the option to receive either (i) its Pro Rata Share of the GUC Cash Pool (approximately $534,653.47) or (ii) its Pro Rata Share of ~~up to 50~~25% of the Reorganized Equity (subject to dilution) *plus* it will receive the right to participate in the Rights Offering and purchase its Pro Rata Share of up to ~~50~~75% of the Reorganized Equity at a price that represents an implied ~~17~~10.8% discount to the mid-point of the plan equity value of up to US$~~64,800,000 million).~~62,058,088.00.

CERTAIN MATTERS RELATED TO THE REORGANIZED EQUITY

Holders of Allowed General Unsecured Claims that receive Reorganized Equity (including those Holders that elect to participate in the Rights Offering) will benefit from the net proceeds, if any, of Retained Causes of Action preserved under the Plan recovered by Reorganized Holdings or its non-Debtor subsidiaries. Such Retained Causes of Action include, among others, (a) claims against Levona Holdings Ltd. ("Levona") arising from the Arbitration (as defined below) or otherwise, (b) claims seeking to recover the Preferred Shares of Eletson Gas (each as defined below) or the value thereof from the Nominees (as defined below) and claims related thereto such as breach of fiduciary duty against the officers and directors that authorized the transfer of such shares.[10] As of the date hereof, the Preferred Shares (as defined below) are estimated to have a total amount of outstanding obligations of approximately $333

[9] Solely for illustrative purposes, these examples use a total amount of General Unsecured Claims of $505 million. The actual figures are subject to change based on the Allowed amounts of General Unsecured Claims. For more information, see Part III.B.4. below.

[10] The Disclosure Statement does not provide an estimate of the likely outcomes of any such Retained Causes of Action, the costs and risks attendant to pursuing such claims, and the proceeds that might be realized (including after accounting for the risks of collectability, among other issues with enforcing any judgment).

million (including principal and accrued and unpaid dividends)[11] and the Retained Causes of Action against Levona was assessed pursuant to the Award (as defined below) in the amount of approximately $87 million (plus fees, costs, and interest).

The Plan Proponents believe that the Plan adequately capitalizes Reorganized Holdings, including Reorganized Holdings' ordinary course business operations in accordance with the Plan, and the fees and expenses of pursuing the Retained Causes of Action. ~~Based~~ The Rights Offering Amount is structured to provide Reorganized Holdings with a cash position upon emergence of at least US$5,000,000.00 on an assumed Effective Date of July 31, 2024 (the "Assumed Effective Date"), which is subject to change~~, Reorganized Holdings' cash position on the Assumed Effective Date is expected to be in a range of between US$2,900,000 and US$7,500,000. This amount is~~. Rights Offering proceeds that are not used to pay distributions under the Plan or fund the emergence cash position of US$5,000,000.00 will be returned to the Rights Offering participants. Cash needs under the Plan are uncertain and subject to change depending on, among other things, the number of Holders of General Unsecured Claims that elect to receive their Pro Rata Share of Cash from the GUC Cash Pool or that elect to be treated in the Convenience Claims Class, and the amount of Administrative Claims[12] that accrue through the Assumed Effective Date~~, which is also uncertain.~~.

That said, recoveries, if any, on account of the Retained Causes of Action are highly uncertain and involve various costs and risks. If the pursuit of the Retained Causes of Action requires additional liquidity in the future, Reorganized Holdings may pursue various capital raising activities, including, but not limited to, certain transactions that may be dilutive to Holders of the Reorganized Equity. In the event additional funding is necessary to pursue litigation claims, the Initial Backstop Party is also willing backstop future capital raises for Reorganized Holdings to pursue the Retained Causes of Action preserved under the Plan.

If the Plan is not consummated, there can be no assurance that these Chapter 11 Cases will not be converted to a Chapter 7 liquidation. In a Chapter 7 liquidation, any distributions to creditors would be significantly delayed and reduced because of, among other things, the fees and expenses incurred in a liquidation under Chapter 7 of the Bankruptcy Code and the timeline for the liquidation of the Debtors' assets and distributions to creditors. Accordingly, if the Plan is not consummated, it is likely that creditors would realize lower recoveries on account of their allowed Claims than they would have otherwise received under the Plan.

Accordingly, the Plan Proponents believe that the treatment of Holders of Claims in the Impaired Classes of Claims eligible to vote will receive a greater recovery for such Holders than would be available in a Chapter 7 liquidation or any

[11] *See* Docket No. 591-1, page 24 of 102 n.3 and Docket No. 409.

[12] Administrative Claims include Claims for costs and expenses of administration of the Chapter 11 Cases, including Professional Fee Claims, U.S. Trustee Claims, Fees under section 503(b) of the Bankruptcy Code (including the Petitioning Creditors' section 503(b)(3)(A) claims [Docket Nos. 265, 322], the 2022 Notes Trustee's section 503(b)(3)(A) claim [Docket No. 323], and New Agathonissos Finance's ("NAF") section 503(b)(3)(A) claim [Docket No. 324].

alternative currently proposed plan, including the plan proposed by the Debtors (the "Debtors' Plan"). Accordingly, the Plan Proponents believe that the Plan is in the best interests of Holders of Claims.

Thus, for the reasons discussed in this Disclosure Statement, the Plan Proponents urge you to return your Ballot accepting the Plan by the Voting Deadline.

II. OVERVIEW OF THE DEBTORS

A. Summary of the Eletson Business

1. *Corporate Organization*

The Debtors are Eletson Holdings and its wholly owned subsidiaries Eletson Finance, and Eletson MI. The Debtors are part of a collection of companies that operate under the name "Eletson." The Debtors' corporate organization chart as of the Petition Date is attached hereto as **Appendix B**, which also depicts certain direct and indirect non-Debtor subsidiaries described below.

Eletson has historically been a family-owned international seaborne transportation company focused on the transport of refined petroleum products, liquified petroleum gas and ammonia. Eletson owns and operates a fleet of medium-range double hull product tankers, which are capable of carrying a wide range of refined petroleum products, such as fuel oil and vacuum gas oil and gas oil, gasoline, jet fuel, kerosene and naphtha, as well as crude oil. The Debtors are headquartered in Piraeus, Greece and maintain offices all over the world, including Stamford, Connecticut, and London.

Eletson Holdings is the ultimate parent of the Eletson entities. Eletson operates its fleet through wholly-owned direct or indirect non-Debtor subsidiaries of Eletson Holdings who either (i) own title to the vessels comprising Eletson's fleet or (ii) charter the vessels of Eletson's fleet. The Eletson fleet is managed by non-Debtor subsidiary Eletson Corporation ("Eletson Corp"), another wholly owned subsidiary of Eletson Holdings. Eletson Corp is subject to management agreements with the various entities in exchange for management fees. The Eletson fleet currently includes 16 vessels, 12 of which are owned by Eletson Gas LLC ("Eletson Gas") and four of which are operated by wholly owned subsidiaries of Eletson Holdings.[13] *See* Docket No. 394 ¶ 12; *see also* Docket No. 394 ¶¶ 12-14. In addition to Eletson Corp and the various entities that directly own or charter and operate the vessels in Eletson's fleet, there are several defunct corporate entities with no operations within the Eletson corporate structure. Eletson Holdings serves as the guarantor for a number of its subsidiaries' obligations as described in greater detail herein. Each of the Debtors are holding companies and do not maintain any ongoing operations or employ any employees outside of their officers and directors.

[13] "Owned" for these purposes means through finance leases or bareboat charters.

Eletson is closely held, controlled, and managed by three families: the Kertsikoff, Hadjieleftheriadis, and Karastamati families (the "Principal Families"). Each of those families beneficially hold approximately 30.7% of the equity in Eletson Holdings through separate Liberian trust companies. The remaining equity is beneficially held by two other families: the Zilakos and Andreoulakis families (the "Minority Families"). The three Principal Families and two Minority Families (collectively, the "Families") are all related. In addition to beneficially owning Eletson Holdings, members of the Families are also the directors and officers of Eletson Holdings and of its various subsidiaries, including Eletson Corp and Eletson Gas.

2. Eletson Gas and the Arbitration

Eletson Gas is a gas shipping company that was formed in 2013 as a joint venture between Eletson Holdings and funds managed by Blackstone Tactical Opportunities (collectively, "Blackstone"). Eletson Holdings holds 100% of the common shares of Eletson Gas. According to the Debtors, at the beginning of 2022, Eletson Gas directly or indirectly owned 14 liquefied petroleum gas carriers, collectively worth more than $400 million. Eletson Gas reported total revenues in 2022 of approximately $115 million.

Eletson Gas is organized as a limited liability company with common and preferred membership interests (the "Preferred Shares"). Holders of the Preferred Shares are entitled to distributions from the revenues of Eletson Gas before holders of the common shares of Eletson Gas (the "Common Shares"). Until November 2021, Blackstone held the Preferred Shares. Eletson Holdings held and still holds the Common Shares. In 2021, Blackstone sold its interest in Eletson Gas to Levona Holdings Ltd. ("Levona"), making Levona the holder of the Preferred Shares. Subsequently, on February 22, 2022, Levona entered into a "binding offer letter" with Eletson Gas (the "BOL"), which gave Eletson Gas the option, upon the satisfaction of certain conditions, for Eletson Gas or its nominee to purchase the Preferred Shares from Levona for specified consideration (the "Option").

A dispute arose as to whether Eletson Gas had exercised the Option, and accordingly, on July 29, 2022, Eletson Holdings and Eletson Corp commenced an arbitration proceeding against Levona seeking a ruling that Eletson Gas had exercised its Option as well as damages from Levona (the "Arbitration").

The Debtors have requested the following text be included, which the Petitioning Creditors disagree with: "The Debtors disagree with the characterization of the preceding paragraph. In the Debtors' view, the "dispute" referenced above involved a number of claims asserted against Levona directly arising out of and relating to Levona's material breaches of the LLC Agreement of Eletson Gas, including actions taken by Levona against Eletson for the sole purpose of causing harm to Eletson. These actions include, fraud, bribing Eletson's CFO, improperly disclosing sensitive, non-public and confidential information, wrongfully interfering with Eletson Gas' relationships with financiers, and the illegal arrest of Eletson Gas' ships, among other harmful actions."

On March 13, 2023, after the Petition Date, the Debtors filed a motion for relief from the automatic stay [Docket Nos. 5, 6], seeking leave to proceed with the Arbitration (the "Stay Relief Motion"). On April 17, 2023, the Bankruptcy Court entered a stipulation and order modifying the automatic stay to permit Eletson Holdings and Eletson Corp to pursue the Arbitration, including to determine the ownership of Preferred Shares [Docket No. 48] (the "Stay Relief Order"). Notably, the Stay Relief Motion did not disclose that the Preferred Shares had purportedly already been transferred to the Cypriot nominees (the "Nominees") that are owned by the Principal Families. Indeed, the Stay Relief Motion provided that if the Debtors (or any other party) prevailed in the Arbitration the Preferred Shares would be "returned to [Eleston] Gas or its nominee." Docket No. 6, at 4.

The Debtors have requested the following text be included, which the Petitioning Creditors disagree with: "The Debtors disagree with the assertions in the preceding paragraph. The Debtors state that as found in the Arbitration and subsequently confirmed by the District Court, the Preferred Shares were transferred to the Nominees pursuant to the BOL, effective as of March 11, 2022, well in advance of the filing of the Involuntary Petitions [Final Award at 96; District Court Order at 122-23]. Further, in the Debtors' view, the preceding paragraph fails to articulate that the Stay Relief Motion was necessary as the Involuntary Petitions were filed with the intention of staying the Arbitration and as a hedge against Levona's loss in the Arbitration."

On July 28, 2023, the arbitrator entered an interim award, which was superseded by a final award (the "Award") on September 29, 2023. The Award found that Eletson Gas had exercised the Option to acquire the Preferred Shares by, among other things, transferring shares in two vessels owned by Eletson Gas to Levona. The Award further found that the Preferred Shares were transferred to the Nominees on March 11, 2022. The Award also assessed almost $87 million in damages against Levona, plus fees, costs, and interest. None of those damages were awarded to Eletson Holdings. Instead, about half was awarded to the Nominees.

The Debtors have requested the following text be included, which the Petitioning Creditors disagree with: "The Debtors disagree with the assertions in the preceding paragraph. In the Debtors' view, the Award assessed (i) $43,455,122.21 in compensatory damages to Eletson Gas and the Nominees, (ii) $23,777,378.50 in punitive damages to Eletson Gas, (iii) $19,677,743.71 in punitive damages to the Nominees, and (iv) attorneys fees and costs "to the entity or individuals who paid those costs and fees," i.e., Eletson Corp [Final Award at 67, 99-101]."

On August 18, 2023, Eletson Holdings and Eletson Corp filed a petition in the United States District Court for the Southern District of New York (the "District Court") to confirm the Award. Among the findings they asked the District Court to approve is that the Preferred Shares were transferred to the Nominees. They also asked the District Court to approve, among other things, the Award of compensatory and punitive damages in favor of Eletson Gas and the Nominees.

On February 9, 2024, the District Court issued an opinion (the "District Court Opinion") that among other things, granted in part and denied in part Eletson

Holdings' and Eletson Corp's petition to confirm the Award. The District Court confirmed the Award's finding that the Preferred Shares were transferred to the Nominees. However, the District Court Opinion provides that the Bankruptcy Court is the proper forum to "address the timing of the election by Eletson that the Preferred [Shares] should go to the Nominees and whether the Preferred [Shares] should be considered to be property of the estate or should be clawed back or avoided." District Court Opinion, at 89. The District Court Opinion vacated all awards for relief against the Pach Shemen (one of the Petitioning Creditors, a Plan Proponent, and the Initial Backstop Party, and is an affiliate of Levona), including compensatory and punitive damages based upon violations of the Status Quo Injunction (as defined in the District Court Opinion), all awards of attorneys' fees, costs, and expenses related to the Involuntary Petitions and the Bondholder Litigation (as defined in the District Court Opinion). *Id.* at 124-25. In accordance with the District Court Opinion, Eletson Holdings, Eletson Corp, and Levona each submitted proposed judgments on February 23, 2024. *See* District Court Docket Nos. 94 and 95.

The Debtors have requested the following text be included, which the Petitioning Creditors disagree with: "The Debtors disagree with the assertions in the preceding paragraph. In the Debtors' view, the District Court substantially confirmed the award of compensatory and punitive damages against Levona, vacating only the following limited aspects of the Final Award: (i) the finding that Murchinson and Pach Shemen are alter egos of Levona; (ii) the finding that the Status Quo Injunction remains in effect until confirmation of the Final Award by the Arbitrator; (iii) the finding that Levona caused or directed affiliates to purchase 2022 Notes for the purpose of wrongfully commencing and then actually causing the commencement of the Bondholder Litigation and the filing of the Involuntary Petitions against the Debtors; (iv) the finding that Levona wrongfully declared a default under the loan provided by Levona; (v) the award of attorneys' fees, costs and expenses relating to the involuntary bankruptcy petition and Bondholder litigation in the amount of $3,007,266.20; and (vi) the award of relief based upon violations of the Status Quo Injunction."

The Debtors have requested the following text be included, which the Petitioning Creditors disagree with: "In the Debtors' view, the District Court vacated relief against Pach Shemen because Pach Shemen was not a signatory to the Eletson Gas LLC Agreement or a party to the Arbitration. However, the District Court explicitly noted that "Eletson may yet have the opportunity to seek to hold Murchinson and Pach Shemen responsible for Levona's obligations under the Award." [District Court Order at 82]."

On April 19, 2024, the District Court issued a memorandum and order (the "Memorandum and Order") remanding the Award to the arbitrator to clarify his findings regarding punitive damages (the "Remand"). *See* District Court Docket No. 106. The Memorandum and Order also directs the Eletson Holdings, Eletson Corp, and Levona to submit a joint letter to the District Court within two weeks of any "substantive decision" of the arbitrator. *Id.*

The Debtors have requested the following text be included, which the Petitioning Creditors disagree with: "In the Debtors' view, the District Court ordered the Arbitrator to address two questions. First, whether the arbitrator would not have

awarded punitive damages, but for the finding of a violation of the Status Quo Injunction, and second, whether the arbitrator would have applied a different multiple of the compensatory damages in his calculation of the punitive damages award in the absence of the finding of a violation of the Status Quo Injunction."

On May 3, 2024, Levona filed a motion in the District Court seeking reconsideration of the Memorandum and Order and asking the District Court to vacate any punitive damages awarded (the "Motion for Reconsideration"). *See* District Court Docket Nos. 107 and 108. On May 8, 2024, Eletson Holdings and Eletson Corp filed a letter in the District Court that explained that while the arbitrator has set May 24, 2024 as the deadline for final letter briefs on the Remand, the arbitrator will not rule on the Remand until the District Court rules on the Motion for Reconsideration. *See* District Court Docket No. 109. On May 8, 2024, the District Court directed Eletson Holdings, Eletson Corp, and Levona to meet to confer on whether they agree to brief the Motion for Reconsideration on an expedited basis and to stay the Remand pending a decision on the Motion for Reconsideration. *See* District Court Docket No. 110. The District Court also directed the parties to provide an update on May 10, 2024. *See id.* On May 10, 2024, Eletson Holdings and Eletson Corp filed a letter in the District Court that provided, among other things, that the parties have not agreed to stay the Remand, "would oppose an indefinite stay", they intend to file their opposition to the Motion for Reconsideration on May 10, 2024, and the briefing schedule for the Remand. *See* District Court Docket No. 111. On May 10, 2024, Levona also filed a letter in the District Court that provided, among other things, that the parties have not agreed to stay the Remand and asked the District Court to stay the Remand pending resolution on the Motion for Reconsideration. *See* District Court Docket No. 112.

On May 10, 2024, Eletson Holdings and Eletson Corp filed its opposition to the Motion for Reconsideration in the District Court. *See* District Court Docket No. 113. On May 13, 2024, the District Court directed Levona to reply to Eletson Holdings' and Eletson Corp's opposition by May 15, 2024, and stayed the Remand pending resolution on the Motion for Reconsideration. *See* District Court Docket No. 114. On May 15, 2024, Levona filed its reply in support of the Motion for Reconsideration. *See* District Court Docket No. 115. On May 30, 2024, Eletson Holdings and Eletson Corp filed a letter that asked the District Court to lift the stay it imposed on the Remand on May 13, 2024. *See* District Court Docket No. 117. On June 3, 2024, Levona filed a letter in response requesting that the District Court to continue to stay the Remand. *See* District Court Docket No. 118.

B. The Debtors' Assets

On October 10, 2023, the Debtors filed their schedules of assets and liabilities and statements of financial affairs [Docket Nos. 216-221] (together, the "Original Schedules"). The Original Schedules disclosed that the Debtors have no cash and the Debtors' only assets are equity interests in various subsidiaries and certain Litigation Claims (as defined below). The Original Schedules listed the value of the equity in each of the Debtors' subsidiaries as "$0."

On December 29, 2023, the Debtors filed an amended schedule A/B for Eletson Holdings [Docket Nos. 340] (the "Amended Schedules" and together, with the

Original Schedules, the "Schedules"), disclosing an aggregate equity value of the Debtors' subsidiaries of $52.5 million. The Amended Schedules state that the $52.5 million valuation is based on "market value." At the section 341 meeting of the Debtors and their creditors held on January 5, 2024, however, the Debtors' Vice President stated that the $52.5 million number in the Amended Schedules was "book value" and that the actual value remains "unknown."

The Debtors' Schedules also identify certain Litigation Claims belonging to the Debtors' Estates, though the Schedules fail to identify these actions with specificity. Indeed, the Schedules merely state that the Debtors have "Claims against Wilmington Savings Fund Society, FSB", "Claims against Petitioning Creditors for Bad Faith Conduct," "potential Claims against various parties related to or arising from the Arbitration Award", and lastly, claims against Murchinson Ltd., Nomis Bay Ltd., and BPY Limited in these Bankruptcy Cases (collectively, the "Litigation Claims"). Further, the Debtors' Schedules do not state the nature of the Debtors' interest in the Litigation Claims.

The Debtors have requested the following text be included, which the Petitioning Creditors disagree with: "The Debtors disagree with the assertions in the preceding paragraphs and believe that the assertions above are misleading and mischaracterize the Debtors' reporting. The Debtors believe that the Schedules are a fair and accurate reporting of the Debtors' assets."

C. The Debtors' Liabilities

The Debtors' liabilities, based on the Debtors' books and records are set forth in their Schedules and the Debtors' Plan (as defined below). The Debtors' liabilities based on their prepetition capital structure can generally be summarized as (1) the Old Notes, (2) the 2022 Notes, (3) the OCM Guarantees, (4) the Azure Guarantees, (5) the Eletson Corp Guarantees, (6) the Initial Petitioning Creditors' Claims, and (7) Other Claims and Liabilities (each of which is defined and explained in greater detail below).

The Debtors have requested the following text be included, which the Petitioning Creditors disagree with: "The Debtors disagree with the assertions in the following paragraphs. The Debtors assert that the summaries below provided by the Petitioning Creditors are misleading and omit material details. The Debtors encourage creditors to review the Debtors' Plan and related Disclosure Statement for a more accurate description of the Debtors' liabilities. Further the Debtors have filed a number of objections to the asserted liabilities listed below."

1. *The Old Notes*

In December 2013, Debtors Eletson Holdings and Eletson Finance co-issued First Preferred Ship Mortgage Notes (the "Old Notes" and the holders thereof, the "Old Noteholders") under an indenture dated December 19, 2013, in the aggregate principal amount of $300 million (the "Old Indenture"). Deutsche Bank Trust Company Americas (the "Old Notes Trustee") serves as the trustee for the Old Notes. The Old Notes had a maturity date of January 15, 2022.

In May 2018, Eletson Finance and Eletson Holdings initiated an exchange offer process for the Old Notes (the "2018 Note Exchange"), which closed in July 2018. Pursuant to the 2018 Note Exchange, approximately 98% of the Old Noteholders exchanged their Old Notes for the 2022 Notes (as defined below); approximately 2% of the Old Noteholders did not participate in the 2018 Note Exchange and retained their Old Notes.

The Debtors' Schedules list the Old Notes Trustee as having a disputed unsecured Claim against Eletson Finance for approximately $24,000. *See* Docket No. 220. However, the Old Notes Trustee filed a Proof of Claim against Eletson Holdings pursuant to the Old Notes for $5,953,704.07 for the unpaid principal amount of $300 million plus applicable interest, fees, and other charges. *See* Proof of Claim No. 2-1 against Eletson Holdings.

2. *The 2022 Notes*

On July 2, 2018, the Debtors entered into an indenture (the "2022 Indenture") pursuant to which the substantial majority of the Old Notes were exchanged for new First Preferred Ship Mortgage Notes due on January 15, 2022 (the "2022 Notes" and the holders thereof, the "2022 Noteholders"). The 2022 Notes were issued in an original face value amount of $314,068,360. Under the 2022 Indenture, Wilmington Savings Fund Society, FSB (the "2022 Notes Trustee") serves as trustee and collateral agent for the 2022 Notes. The 2022 Notes were secured by certain assets pledged as collateral (collectively, the "Collateral"), including, among other things: (i) all outstanding common shares or membership interests in Eletson Finance and certain guarantors under the 2022 Indenture; (ii) thirteen shipping vessels owned by guarantors under the 2022 Indenture (the "Note Vessels"); (iii) the earnings arising from freights, hires and other earnings from the operation and use of or relating to the Note Vessels, and (iv) all other cash and various accounts of Eletson MI and the guarantors set forth in the 2022 Indenture.

The Debtors concede that they breached their obligations under the 2022 Indenture long ago and, in fact, have "made no direct payments" under that contract, at any time. *See* Docket No. 41 ¶¶ 17, 64.

On June 24, 2019, in connection with their various breaches under the 2022 Indenture, the Debtors entered into a Restructuring Support Agreement (the "First RSA") with certain noteholders (the "Consenting Noteholders") including VR Global. As part of the First RSA and a consensual strict foreclosure executed in connection therewith, the Debtors transferred their interests in the 13 vessels that served as part of the Collateral for the 2022 Notes to a new entity called NAF for the benefit of the 2022 Noteholders in partial satisfaction of amounts owed under the 2022 Indenture and the 2022 Notes in the amount of $130 million. On August 9, 2019, the Consenting Noteholders terminated the First RSA.

On October 29, 2019, after the termination of the First RSA, the Debtors and the Consenting Noteholders entered into a second Restructuring Support

Agreement (the "Second RSA").[14] The purpose of the Second RSA was to accomplish an alternative restructuring of the Old Notes and the 2022 Notes on the terms and conditions set forth therein and in a restructuring term sheet attached as an Exhibit to the Second RSA. That restructuring was to be effectuated through an out-of-court consent solicitation and exchange offer or through a joint prepackaged plan of reorganization in chapter 11 cases to be filed by the Debtors in the United States.

Under the Second RSA, the Debtors agreed to implement the restructuring contemplated therein on a timeline with milestones set forth in Exhibit C to the Second RSA. The timeline included twelve (12) separate milestones, starting with the entry into a memorandum of agreement, in form and substance acceptable to Eletson and the Consenting Noteholders, with respect to the sale of Eletson's interest in a particular vessel—the Salamina—as soon as reasonably practicable but in no event later than October 31, 2019. The Debtors also agreed under the Second RSA that any proceeds from the sale of the Salamina after payment of applicable professional fees would be paid pro rata to the Old Noteholders, the 2022 Noteholders, and claims arising under certain "Working Capital Facility Agreements" outstanding at the time.

As the Debtors have acknowledged themselves, they never satisfied a single milestone under the Second RSA, in material breach of the Second RSA's requirement (and fundamental purpose) that the Debtors would effectuate the contemplated restructuring within several months. As the Debtors acknowledged in discovery during the pendency of the Involuntary Petitions, the parties to the Second RSA decided to go in a different path and abandoned the milestones. In addition, certain of the Consenting Noteholders told the Debtors in January 2020 that the Second RSA was "dead."[15]

Despite entering into the First RSA and the Second RSA, the Debtors never actually attempted to restructure the 2022 Notes or the Old Notes in connection therewith (or after). Instead, the Debtors did nothing and allowed the Old Notes and the 2022 Notes to mature without repayment on January 15, 2022, resulting in approximately $100 million in additional interest accruing on the 2022 Notes between the execution of the Second RSA in October 2019 and the filing of the Involuntary Petitions in March 2023.

The Debtors have requested the following text be included, which the Petitioning Creditors disagree with: "The Debtors dispute all of the allegations and assertions in this section. First, the Debtors asset that the Debtors made payments of PIK interest and undertook a tender offer which reduced the outstanding obligations under the 2022 Notes by approximately $8 million. Second, the Debtors assert that the Petitioning Creditors fail to state that as a result of the strict foreclosure agreement, the 2022 Indenture was amended to release all remaining Collateral that served as security

[14] The Debtors did not inform the 2022 Notes Trustee of their entry into the Second RSA despite their contractual obligation under the 2022 Indenture to do so.

[15] *Declaration of Joshua Nemser In Support of (A) Involuntary Petitions and (B) Petitioning Creditors' Objection to the Debtors' Motion to Dismiss* [Docket No. 128] filed on July 18, 2023 ¶ 14.

under the 2022 Indenture. In the Debtors' view, the assertions regarding the Debtors' intent are meritless."

The Debtors have requested the following text be included, which the Petitioning Creditors disagree with: "In the Debtors' view, the Petitioning Creditors' descriptions of the Second RSA are wholly deficient and omit material information regarding the terms and provisions of the Second RSA as well as its relationship to the Involuntary Petitions. As set forth in greater detail in the Debtors' Motion to Dismiss, pursuant to the Second RSA, signatories were restricted from selling, transferring, or assigning any interest they had in the 2022 Notes unless the transfer was to another holder of the 2022 Notes or the recipient joined the Second RSA. The Debtors further assert that in June 2020, well after the Second RSA was executed, the Debtors, more than seventy percent (70%) of the 2022 Noteholders, and others entered into a certain Stipulation Waiver and Release (the "OCM Financing Stipulation"), wherein a majority of the 2022 Noteholders acknowledged that they "[were] parties to that certain [Second RSA] . . . ." *OCM Financing Stipulation* at p. 1. The Debtors state that like the Second RSA, the OCM Financing Stipulation included a restriction on the transfer of the 2022 Notes. In the Debtors' view, any transfers of the 2022 Notes made in violation of the terms of these documents are void ab initio. In the Debtors' view, notwithstanding these transfer restrictions, the Initial Petitioning Creditors, in particular Pach Shemen, purport to be the beneficial holders of 2022 Notes in an amount that is mathematically impossible absent a transfer of 2022 Notes that were subject to restrictions on transfer. As the Second RSA was never terminated, the Debtors believe that Pach Shemen is not a valid 2022 Noteholder. The Debtors believe that had these bankruptcy proceedings not been initiated, the Debtors would have successfully refinanced their obligations in accordance with the terms of the relevant prepetition documents."

Each of the Debtors' Schedules list the 2022 Notes Trustee as having a disputed unsecured Claim against each of the Debtors for approximately $320,195,000. *See* Docket Nos. 216, 218, 220. However, the 2022 Notes Trustee filed a Proof of Claim against each of the Debtors pursuant to the 2022 Indenture and the 2022 Notes for approximately $366,011,815 for the unpaid principal amount of $194,862,074 plus applicable interest, fees, and other charges. *See* Proof of Claim No. 14 against Eletson Holdings; Proof of Claim No. 2 against Eletson MI; and Proof of Claim No. 2-2 against Eletson Finance. The 2022 Notes Trustee also filed a Proof of Claim against each of the Debtors pursuant to the 2022 Indenture and the 2022 Notes for fees and expenses in the amount of $1,872,764.44. *See* Proof of Claim No. 20 against Eletson Holdings; Proof of Claim No. 3 against Eletson MI; and Proof of Claim No. 3 against Eletson Finance.

3. *The OCM Guarantees*

Four subsidiaries directly or indirectly owned by Eletson Holdings are each party to bareboat charter agreements regarding the use of certain vessels owned by entities affiliated or associated with Oaktree Capital Management. Each of these vessels are described in greater detail below. The Petitioning Creditors understand that the $0 to $52.5 million figures from the Debtors' Amended Schedules are largely on account of these four bareboat charter arrangements.

Kinaros Charter. On June 24, 2020, OCM Maritime Rhine LLC ("OCM Rhine") entered into a bareboat charter agreement ("Kinaros Charter") with non-Debtor Kinaros Special Maritime Enterprise for the use of a vessel owned by OCM Rhine named the Kinaros. Pursuant to the Kinaros Charter, Kinaros Special Maritime Enterprise was obligated to make payments to OCM Rhine related to the charter of the Kinaros. The obligations were guaranteed by Eletson Holdings pursuant to that certain guarantee executed by Eletson Holdings in favor of OCM Rhine dated June 24, 2020 (the "Kinaros Guaranty"). Pursuant to the Kinaros Guaranty, Eletson Holdings guaranteed the full payment for all amounts due under the Kinaros Charter. According to the Debtors' Schedules, OCM Rhine has a disputed unsecured Claim against Debtor Eletson Holdings for $11,750,000. *See* Docket No. 216. According to OCM Rhine's Proof of Claim, as of the Conversion Date, the principal balance outstanding under the Kinaros Charter is $11,750,000 with outstanding payment-in-kind interest obligations of $217,417. *See* Proof of Claim No. 5-1 ¶ 9. As of the Conversion Date, OCM Rhine has not declared any event of default under the Kinaros Charter, however, the Chapter 11 Cases constitute a default under the Kinaros Guaranty.

Kimolos Charter. On June 24, 2020, OCM Maritime Yukon LLC ("OCM Yukon") entered into a bareboat charter agreement ("Kimolos Charter") with non-Debtor Kimolos II Special Maritime Enterprise for the use of a vessel owned by OCM Thames named the Kimolos. Pursuant to the Kimolos Charter, Kimolos II Special Maritime Enterprise was obligated to make payments to OCM Yukon related to the charter of the Kimolos. The obligations were guaranteed by Eletson Holdings pursuant to that certain guaranty executed by Eletson Holdings in favor of OCM Yukon dated June 24, 2020 (the "Kimolos Guaranty"). Pursuant to the Kimolos Guaranty, Eletson Holdings guaranteed the full payment for all amounts due under the Kimolos Charter. According to the Debtors' Schedules, OCM Yukon has a disputed unsecured Claim against Debtor Eletson Holdings for $12,450,000. *See* Docket No. 216. According to OCM Yukon's Proof of Claim, as of the Conversion Date, the principal balance outstanding under the Kimolos Charter is $12,450,000 with outstanding payment-in-kind interest obligations of $203,922. *See* Proof of Claim No. 6-1 ¶ 9. As of the Conversion Date, OCM Yukon has not declared any event of default under the Kimolos Charter, however, the Chapter 11 Cases constitute a default under the Kimolos Guaranty.

Fourni Charter. On June 24, 2020, OCM Maritime Autumn LLC ("OCM Autumn") entered into a bareboat charter agreement ("Fourni Charter") with non-Debtor Fourni Special Maritime Enterprise for the use of a vessel owned by OCM Autumn named the Fourni. Pursuant to the Fourni Charter, Fourni Special Maritime Enterprise was obligated to make payments to OCM Autumn related to the charter of the Fourni. The obligations were guaranteed by Eletson Holdings pursuant to that certain guaranty executed by Eletson Holdings in favor of OCM Autumn dated June 24, 2020 (the "Fourni Guaranty"). Pursuant to the Fourni Guaranty, Eletson Holdings guaranteed the full payment for all amounts due under the Fourni Charter. According to the Debtors' Schedules, OCM Autumn has a disputed unsecured Claim against Debtor Eletson Holdings for $12,450,000. *See* Docket No. 216. According to OCM Autumn's Proof of Claim, as of the Conversion Date, the principal balance outstanding under the Fourni Charter is $12,450,000 with outstanding payment-in-kind interest obligations of $229,239. *See* Proof of Claim No. 7-1 ¶ 9. As of the Conversion Date,

OCM Autumn has not declared any event of default under the Fourni Charter, however, the Chapter 11 Cases constitute a default under the Fourni Guaranty.

Kastos Charter. On June 24, 2020, OCM Maritime Thames LLC ("OCM Thames") entered into a bareboat charter agreement ("Kastos Charter") with non-Debtor Kastos Special Maritime Enterprise for the use of a vessel owned by OCM Thames named the Kastos. Pursuant to the Kastos Charter, Kastos Special Maritime Enterprise was obligated to make payments to OCM Thames related to the charter of the Kastos. The obligations were guaranteed by Eletson Holdings pursuant to that certain guaranty executed by Eletson Holdings in favor of OCM Thames dated June 24, 2020 (the "Kastos Guaranty"). Pursuant to the Kastos Guaranty, Eletson Holdings guaranteed the full payment for all amounts due under the Kastos Charter. According to the Debtors' Schedules, OCM Thames has a disputed unsecured Claim against Debtor Eletson Holdings for $12,450,000. *See* Docket No. 216. According to OCM Thames' Proof of Claim, as of the Conversion Date, the principal balance outstanding under the Kastos Charter is $12,450,000 with outstanding payment-in-kind interest obligations of $229,239. *See* Proof of Claim No. 8-1 ¶ 9. As of the Conversion Date, OCM Thames has not declared any event of default under the Kastos Charter, however, the Chapter 11 Cases constitute a default under the Kastos Guaranty.

The Debtors' Schedules list OCM Autumn, OCM Yukon, and OCM Thames as each having a disputed unsecured Claim against Debtor Eletson Holdings for $12,450,000, and OCM Rhine as having a disputed unsecured Claim for $11,750,000 (collectively, the "OCM Guaranty Claimants"). *See* Docket No. 216. As described above, although the OCM Guaranty Claimants have not declared an event of default under their respective charter agreements, each of the OCM Guaranty Claimants filed protective Proofs of Claims against Eletson Holdings for amounts owed by Eletson Holdings arising from and in connection with the bareboat charter agreements explained above. *See* Proof of Claim Nos. 5-8.

4. *The Azure Guarantees*

On August 24, 2017, Azure Nova Spring Co., Azure Nova Summer Co., Azure Nova Autumn Co., and Azure Nova Winter Co. (collectively, "Azure" or the "Azure Claimants") entered into bareboat charter agreements (collectively, the "Charters") with non-Debtors Antikeros Special Maritime Enterprise, Dhonoussa Special Maritime Enterprise, Polyaigos Special Maritime Enterprise and Strofades Special Maritime Enterprise (collectively, the "Azure Charterers") respectively, for the use and operation of vessels owned by Azure named the Antikeros, Dhonoussa, Polyaigos, and Strofades, respectively (collectively, the "Azure Vessels").

Pursuant to the Charters, the Azure Charterers were obligated to make payments to Azure related to the charter of the Azure Vessels. The obligations were guaranteed by Eletson Holdings and Eletson Corp pursuant to those certain guarantees executed by Eletson Holdings and Eletson Corp in favor of each Azure entity dated August 24, 2017 (collectively, the "Azure Guarantees"). Pursuant to the Azure Guarantees, Eletson Holdings guaranteed the full payment for all amounts due under the Charters. As security for Eletson Holdings' obligations under the Azure Guarantees, Eletson Holdings executed a share pledge agreement in favor of each

Azure entity pursuant to which the equity of the respective Azure Charterer was placed as collateral to secure the obligations under the applicable Charter.

In March 2021, the Charters were terminated and the Azure Vessels were repossessed. As a result of this termination and repossession, two arbitrations were commenced by Azure, one against the Charterers seeking a determination of any amounts owed to Azure because of the termination of the Charters and repossession of the Azure Vessels and a second against Eletson Holdings for any obligations arising from the Azure Guarantees which are asserted by Azure to be in an amount of no less than $94,799,702. Eletson Holdings disputes that defaults have occurred, or that obligations exist under the respective Azure Guarantees.

The Debtors' Schedules list the Azure Claimants as each having disputed unsecured Claims against Eletson Holdings for $12,000,000. *See* Docket No. 216. Each of the Azure Claimants filed a separate Proof of Claim against Eletson Holdings, each asserting a Secured Claim. However, the full amount listed in each Proof of Claim is asserted as an unsecured deficiency claim against Eletson Holdings for $94,799,702.40 in connection with the Charters. *See* Proof of Claim Nos. 9-12.

5. *The Eletson Corp Guarantees*

Non-Debtor Eletson Corp is the operational and technical management entity for various Eletson entities (including various of Eletson Holdings' non-Debtor subsidiaries). As Eletson Corp's parent entity, Eletson Holdings guaranteed certain obligations of Eletson Corp on a number of its unsecured obligations owed towards various banking entities in Greece, including Aegean Baltic Bank S.A., Alpha Bank S.A., and Piraeus Bank A.E.

The Debtors' Schedules list Aegean Baltic Bank S.A. as having a disputed unsecured Claim against Eletson Holdings for $4,000,019. *See* Docket No. 216. The Schedules list Piraeus Bank A.E. as having a disputed unsecured Claim against Eletson Holdings for $16,326,319. *See id*. Alpha Bank S.A. is also listed as having a disputed unsecured Claim against Eletson Holdings for $4,302,823. *See id.*

Aegean Baltic Bank S.A. filed a Proof of Claim against Eletson Holdings for $6,335,665.08 pursuant to a Eletson Corp guarantee for the unpaid principal of $5,555,514.40 plus applicable interest, fees, and other charges. *See* Proof of Claim No. 4. Hermes Acquisitions B DAC Serviced by Cepal Hellas also filed a Proof of Claim pursuant to a Eletson Corp guarantee for claims purchased from Alpha Bank S.A., totaling $4,302,198.44. *See* Proof of Claim No. 16. Lastly, Sunrise I NPL Finance DAC also filed a Proof of Claim against Eletson Holdings pursuant to a Eletson Corp guarantee for claims purchased from Piraeus Bank A.E., totaling $23,402,504.90. *See* Proof of Claim No. 22. The Sunrise I NPL Finance DAC Proof of Claim asserts a

secured claim in the amount of $7,000,000 and an unsecured claim in the amount of $16,402,504.90. *See id.*[16]

6. *Initial Petitioning Creditors' Claims*

Each of the Initial Petitioning Creditors filed protective Proofs of Claims against each of the Debtors in the amounts of $2,234,807.36, $357,567.10, and $2,431.10, respectively, pursuant to the *Second Application of the Petitioning Creditors Pursuant to Section 503(b)(3)(A) and 503(b)(4) of the Bankruptcy Code, for Allowance of Professional Fees*, filed on December 18, 2023 [Docket No. 322]. *See* Proofs of Claims Nos. 17-19 against Eletson Holdings; Proofs of Claims Nos. 4-6 against Eletson MI; and Proofs of Claims Nos. 4-6 against Eletson Finance.

The Debtors have requested the following text be included, which the Petitioning Creditors disagree with: "The Debtors disagree with the assertions in the preceding paragraph and the purported validity of any Proof of Claim filed by the Initial Petitioning Creditors."

7. *Other Claims and Liabilities*

The Debtors have other outstanding Claims from amounts owed to creditors prior to the Petition Date. Such amounts include, among other things, prepetition Claims by certain individual Old Noteholders (the "Individual Old Noteholder Claims"), NAF (the "NAF Claims") Levona (the "Levona Claim"), other miscellaneous scheduled claims (the "Miscellaneous Scheduled Claims"), and a prepetition tax Claim filed by the Internal Revenue Service (the "Tax Claim"). The Individual Old Noteholder Claims, NAF Claims, Levona Claim, and the Miscellaneous Scheduled Claims are explained in more detail below.

(a) The Individual Old Noteholder Claims

The Individual Old Noteholder Claims consist of the following and were not listed on the Schedules as Claims against any of the Debtors:

- Proof of Claim filed by Tracy Lee Gustafson against Eletson Holdings for bonds purchased in connection with the Old Notes totaling $117,978. *See* Proof of Claim No. 1;
- Proof of Claim filed by TR I/XII/W J. Fleishmnn/Dorette against Eletson Holdings for bonds purchased in connection with the Old Notes totaling $107,864.51. *See* Proof of Claim No. 3; and
- Proof of Claim filed by Middle East Shipping Agencies Overseas, Ltd. against Eletson Holdings for bonds purchased in connection with the

[16] Proof of Claim No. 22 is based on three facility agreements, one of which included a first priority "prenotation of mortgage under articles 1274 et seq. of the Greek Civil Code, over an office property…in the amount of up to seven million Euro…the property is estimated to be worth approximately that amount." Proof of Claim No. 22 at 5.

Old Notes totaling $257,750 plus applicable interest, fees, and other charges. *See* Proof of Claim No. 15.

(b) NAF Claims

The NAF Claims consist of unsecured Claims against each of the Debtors for approximately $5,155,522. *See* Proof of Claim No. 13 against Eletson Holdings; Proof of Claim No. 1 against Eletson MI; and Proof of Claim No. 1 against Eletson Finance. The NAF Claims are based on amounts owed under the Old Notes and the Old Notes Trustee's fees and professional fees that the Old Notes Trustee had paid on behalf of the Debtors. *Id.* The Eletson Holdings Schedule lists the NAF Claim as a disputed unsecured Claim for $5,155,522 and separately, as a disputed unsecured Claim for $24,000 on the Eletson Finance Schedule. *See* Docket Nos. 216, 220.

(c) Levona Claim

The Levona Claim consists of an unsecured Claim for damages in connection with the facts related to the Arbitration and these Chapter 11 Cases, totaling $262,500,000, filed against Eletson Holdings. *See* Proof of Claim No. 21.

(d) Miscellaneous Scheduled Claims

Eletson MI's Schedules list Regus Management Group LLC as having a Claim against Eletson MI for $"741,70" in connection with an office lease. *See* Docket No. 218. Eletson Finance's Schedules list Thompson Hine LLP as having a Claim against Eletson Finance for $8,225 in connection with the provision of services. *See* Docket No. 220.

(e) Tax Claim

The Tax Claim consists of priority Claim in the amount of $313.23 and a general unsecured Claim in the amount of $319.97, both filed against Eletson Holdings for estimated amounts of unpaid corporate taxes. *See* Proof of Claim No. 23-1 filed against Eletson Holdings.

The Debtors have requested the following text be included, which the Petitioning Creditors disagree with: "The Debtors disagree with the asserted validity of each of the purported claims filed against the Debtors discussed in this subsection, many of which are subject to objections."

III. THE BANKRUPTCY CASES

A. The Involuntary Petitions and Related Cases

On the Petition Date, the Initial Petitioning Creditors filed the Involuntary Petitions against each of the Debtors. They were later joined by 11 additional petitioning creditors, including the 2022 Notes Trustee.[17] *See* Docket No. 102.

On April 14, the Debtors moved to dismiss the Involuntary Petitions [Docket No. 40], which was later supplemented at various points in response to additional creditors that filed joinders to the Involuntary Petitions [Docket Nos. 70, 108, 121, 122] (as supplemented, the "Motion to Dismiss"). Over the next few months, the Debtors and their creditors engaged in months of litigation, including discovery and related motion practice, resulting in millions of dollars in administrative expenses by the Debtors and fees and expenses incurred by their creditors in pursuing their contractual rights to repayment from the Debtors.

The Debtors have requested the following text be included, which the Petitioning Creditors disagree with: "The Debtors disagree with the assertions in the preceding paragraph. In the Debtors' view, Pach Shemen, the largest holder of 2022 Notes of the Initial Petitioning Creditors, obtained its claims against the Debtors mere months before filing the Involuntary Petitions. The Debtors believe that these claims were obtained in violation of the terms of the Second RSA and OCM Financing Stipulation, and that the filing of the Involuntary Petitions was an improper action taken in bad faith as part of a coordinated effort to harm the Debtors and provide a litigation advantage to Levona in the Arbitration. The Debtors have reserved all rights regarding the impropriety of the Involuntary Petitions."

Prior to the hearing on the Motion to Dismiss, upon the request of the Debtors, the Petitioning Creditors and the 2022 Notes Trustee, the Bankruptcy Court entered the *Order Appointing Hon. Allan L. Gropper (Ret.) as Mediator* [Docket No. 148] directing the parties towards a non-binding mediation (the "Initial Mediation") to address the issues surrounding the Motion to Dismiss. The Initial Mediation did not lead to any resolution. Just one day prior to the hearing on the Motion to Dismiss, the Debtors, the Petitioning Creditors, and the 2022 Notes Trustee entered into a stipulation which was read into the record on September 6, 2023 (the "Conversion Stipulation"). Pursuant to the Conversion Stipulation, the Debtors agreed to withdraw their Motion to Dismiss and voluntarily convert the pending Chapter 7 cases to cases under Chapter 11, and the Petitioning Creditors agreed not to object to the voluntary conversion. In

[17] The full list of creditors that filed the Involuntary Petitions and/or joined them are: 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, Ron Pike, and NAF. Watson Farley & Williams LLP and Paleokrassas & Partners Law Firm (trading as Watson Farley & Williams Greece) (together, "WFW") former counsel to the Debtors, joined the Involuntary Petitions [Docket No. 61] but later withdrew after the Debtors paid WFW an undisclosed amount [Docket No. 101].

addition, pursuant to the Conversion Stipulation, the Debtors, the 2022 Notes Trustee, and the Petitioning Creditors agreed to, among other things, the following: (i) the Petitioning Creditors and the 2022 Notes Trustee would not file a motion to appoint an examiner, trustee, or limit exclusivity during the first 120 days of the Chapter 11 Cases; (ii) the Debtors agreed to withdraw adversary proceeding Case No. 23-1132 related to the filing of the Involuntary Petitions, without prejudice, and agreed not to reinitiate such a proceeding for the longer of four months or the end of the confirmation and vacatur proceedings concerning the Award; (iii) the Debtors' and Petitioning Creditors' professionals agreed not object to other professionals seeking retention as estate professionals; (iv) the Debtors' agreed not to object to a substantial contribution motion brought by the Petitioning Creditors seeking up to $1.5 million, with the express agreement that the Petitioning Creditors could seek additional amounts exceeding that sum; and (v) the Petitioning Creditors agreed not to object to or assert rights of recovery against the pre-petition fees sought by the Debtors' counsel of up to $2 million. *See* Sept. 6, Tr. at 9. Finally, the Conversion Stipulation was entered into without prejudice to all causes of action, claims, or defenses that the parties might thereafter assert, including, without limitation, the Debtors' rights to object to claims brought in the Chapter 11 Cases. *Id.*

On September 13, 2023, the Debtors filed a motion to convert the Chapter 7 cases [Docket No. 201], to which the Petitioning Creditors responded that a motion was unnecessary, and the cases should be converted immediately [Docket No. 203]. Following a hearing held on September 20, 2023, on September 25, 2023 the Bankruptcy Court entered an order converting the Chapter 7 cases to cases under Chapter 11 of the Bankruptcy Code [Docket No. 215] (the "Conversion Order").

B. Events in the Chapter 11 Cases

Since the entry of the Conversion Order, the Debtors did not file any first day motions. The limited filings made by the Debtors, as well as certain other material events in these Chapter 11 Cases, are described in greater detail below.

The Debtors have requested the following text be included, which the Petitioning Creditors disagree with: "The Debtors disagree with the characterization of the Debtors' filings in the preceding paragraph. The Debtors assert that the Debtors are holding companies without any ongoing operations, employees or bank accounts, and as such had no need to file any typical first day motions. Further, the Debtors state that the background and history of the Debtors as well as information regarding the Debtors' corporate structure was heavily litigated and discussed in the filings made prior to entry of the Conversion Order."

1. *Appointment of Creditors' Committee*

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 [Docket No. 233] (the "Creditors' Committee"). The Creditors' Committee is comprised of the following creditors: (a) Gene B. Goldstein, (b) Aegean Baltic Bank S.A., and (c) the 2022 Notes Trustee. The Old Notes Trustee serves as an ex officio member.

2. *Estate Professionals*

Pursuant to orders of the Bankruptcy Court, the Debtors and the Creditors' Committee have retained certain professionals pursuant to sections 327 and 328 of the Bankruptcy Code (collectively, the "Estate Professionals"). The Debtors' only Estate Professional is Reed Smith LLP, as counsel [Docket Nos. 235 and 350]; the Creditors' Committee's Estate Professionals are (a) Dechert LLP, as counsel [Docket Nos. 273 and 351] and (b) FTI Consulting, Inc., as financial advisor [Docket Nos. 349 and 375].

By order dated February 7, 2024 [Docket No. 398] (the "Interim Comp Order"), the Bankruptcy Court established procedures for the Debtors' payment of certain of the fees and expenses of the Estate Professionals during the pendency of these Chapter 11 Cases, including pursuant to the filing of monthly fee statements and periodic interim fee applications. As of the date hereof, the following monthly fee statements have been filed:

- *First Monthly Fee Statement of Dechert LLP for the Period From October 25, 2023 Through November 30, 2023* [Docket No. 399] ("Dechert's First Fee Statement") seeking reimbursement of fees and expenses totaling $ 743,688.18;

- *Second Monthly Fee Statement of Dechert LLP for the Period From December 1, 2023 Through December 31, 2023* [Docket No. 400] ("Dechert's Second Fee Statement") seeking reimbursement of fees and expenses totaling $586,096.76;

- *Third Monthly Fee Statement of Dechert LLP for the Period From January 1, 2024 Through January 31, 2024* [Docket No. 433] ("Dechert's Third Fee Statement") seeking reimbursement of fees and expenses totaling $628,770.91;

- *Fourth Monthly Fee Statement of Dechert LLP for the Period From February 1, 2024 Through February 29, 2024* [Docket No. 529] ("Dechert's Fourth Fee Statement") seeking reimbursement of fees and expenses totaling $776,042.06;

- *Fifth Monthly Fee Statement of Dechert LLP for the Period From March 1, 2024 Through March 31, 2024* [Docket No. 609] ("Dechert's Fifth Fee Statement") seeking reimbursement of fees and expenses totaling $1,010,965.52;

- *Sixth Monthly Fee Statement of Dechert LLP for the Period from April 1, 2024 Through April 30, 2024* [Docket No. 703] ("Dechert's Sixth Fee Statement" and together with Dechert's First Fee Statement, Dechert's Second Fee Statement, Dechert's Third Fee Statement, Dechert's Fourth Fee Statement, and Dechert's ~~Fourth~~Fifth Fee Statement, the "Dechert Fee Statements") seeking reimbursement of fees and expenses totaling

$1,~~010,965.52~~083,448.33;

- *First Monthly Fee Statement of FTI Consulting, Inc. for the Period From December 8, 2023 Through December 31, 2023* [Docket No. 401] ("FTI's First Fee Statement") seeking reimbursement of fees and expenses totaling $233,115.77;

- *Second Monthly Fee Statement of FTI Consulting, Inc. for the Period From January 1, 2024 Through January 31, 2024* [Docket No. 434] ("FTI's Second Fee Statement") seeking reimbursement of fees and expenses totaling $600,417.73;

- *Third Monthly Fee Statement of FTI Consulting, Inc., for the Period From February 1, 2024 Through February 29, 2024* [Docket No. 530] ("FTI's Third Fee Statement") seeking reimbursement of fees and expenses totaling $334,953.94;

- *Fourth Monthly Fee Statement of FTI Consulting, Inc., for the Period From March 1, 2024 Through March 31, 2024* [Docket No. 610] ("FTI's Fourth Fee Statement") seeking reimbursement of fees and expenses totaling $407,858.63;

- *Fifth Monthly Fee Statement of FTI Consulting, Inc. for the Period From April 1, 2024 Through April 30, 2024* [Docket No. 704] ("FTI's Fifth Fee Statement" and together with FTI's First Fee Statement, FTI's Second Fee Statement, FTI's Third Fee Statement, and FTI's Fourth Fee Statement, the "FTI Fee Statements") seeking reimbursement of fees and expenses totaling $~~407,858.63~~815,339.24;

- *First Monthly Fee Statement of Reed Smith LLP, for the Period From January 1, 2024 Through January 31, 2024* [Docket No. 537] ("Reed Smith's First Fee Statement") seeking reimbursement of fees and expenses totaling $957,875.36;

- *Second Monthly Fee Statement of Reed Smith LLP, for the Period From February 1, 2024 Through February 29, 2024* [Docket No. 541] ("Reed Smith's Second Fee Statement") seeking reimbursement of fees and expenses totaling $929,877.18; ~~and~~

- *Third Monthly Fee Statement of Reed Smith LLP, for the Period From March 1, 2024 Through March 31, 2024* [Docket No. 618] ("Reed Smith's Third Fee Statement") seeking reimbursement of fees and expenses totaling $2,004,475.75; and

- *Fourth Monthly Fee Statement of Reed Smith LLP, for the Period from April 1, 2024 Through April 30, 2024* [Docket No. 702] ("Reed Smith's Fourth Fee Statement" and together with Reed Smith's First Fee Statement

and, Reed Smith's Second Fee Statement, and Reed Smith's Third Fee Statement, the "Reed Smith Fee Statements") seeking reimbursement of fees and expenses totaling $2,004,475.75177,149.39.

As of the date hereof, the Debtors filed objections to the Dechert Fee Statements and the FTI Fee Statements. *See* Docket Nos. 431, 432, 464, 465, 563, 564, 633 634, 737, and 634738. The Petitioning Creditors filed objections to the Reed Smith Fee Statements. *See* Docket Nos. 578, 659, and 659729. The Creditors' Committee also filed objections to the Reed Smith Fee Statements. *See* Docket Nos. 577, 588, 660, and 660731.

Pursuant to the Interim Comp Order, as of the date hereof, the following interim fee applications have been filed:

- *First Interim Fee Application for Dechert LLP for the Period from October 25, 2023 Through December 31, 2023* [Docket No. 417] ("Dechert's First Interim Fee Application") seeking interim allowance of fees and expenses totaling $1,329,784.94;

- *First Interim Fee Application of FTI Consulting, Inc. for the Period From December 8, 2023 Through December 31, 2023* [Docket No. 418] ("FTI's First Interim Fee Application") seeking interim allowance of fees and expenses totaling $233,115.77; and

- *First Interim Fee Application of Reed Smith LLP, Counsel to the Debtors for the Period From September 25, 2023 Through December 31, 2023* [Docket No. 444] ("Reed Smith's First Interim Fee Application") seeking interim allowance and payment of fees and expenses totaling $2,527,171.78.; and

- *Second Interim Fee Application of Reed Smith LLP, Counsel to the Debtors and Debtors in Possession, for Compensation and Reimbursement of Expenses for the Period January 1, 2024 to April 30, 2024* [Docket No. 776] ("Reed Smith's Second Interim Fee Application") seeking interim allowance and payment of fees and expenses totaling $6,069,386.60.

- *Second Interim Fee Application of Dechert LLP for Compensation for Services Rendered and Reimbursement of Expenses as Counsel to the Official Committee of Unsecured Creditors for the Period From January 1, 2024 Through April 30, 2024* [Docket No. 788] ("Dechert's Second Interim Fee Application") seeking interim allowance and payment of fees and expenses totaling $3,471,835.00.

- *Second Interim Fee Application of FTI Consulting, Inc. for Allowance of Compensation and Reimbursement of Expenses as Financial Advisor to the Official Committee of Unsecured Creditors for the Period from January 1, 2024 through April 30, 2024* [Docket No. 789] ("FTI's Second Interim Fee Application") seeking interim allowance of fees and expenses totaling $1,939,040.00.

As of the date hereof, the Debtors objected to Dechert's First Interim Fee Application and to FTI's First Interim Fee Application. *See* Docket Nos. 485 and 486. On March 14, 2024, the Petitioning Creditors and the Creditors' Committee objected to Reed Smith's First Interim Fee Application. *See* Docket Nos. 484 and 487. On March 18, 2024, the U.S. Trustee objected to Dechert's First Interim Fee Application and to FTI's First Interim Fee Application. *See* Docket No. 492. On April 12, 2024, the Debtors filed an omnibus reply in support Reed Smith's First Interim Fee Application, and the Creditors' Committee filed replies in support of Dechert's First Interim Fee Application and FTI's First Interim Fee Application. *See* Docket Nos. 583, 585, 586.

Following a hearing held on May 8, 2024, on May 14, 2024, the Bankruptcy Court entered a first interim order granting 80% of the fees in Dechert's First Interim Fee Application, FTI's First Interim Fee Application, and the "bankruptcy" fees set forth in Reed Smith's First Interim Fee Application subject to a full reservation of rights for the final fee hearing. [Docket No. 676]. Also, on May 8, 2024, the Bankruptcy Court heard argument, and reserved decision, on Reed Smith's "arbitration" fees. On June 7, 2024, the Bankruptcy Court issued an oral decision approving Reed Smith's fees relating to the Arbitration, and on June 12, 2024, entered an order requiring that such fees be paid by non-Debtor Eletson Corp [Docket No. 769].

A hearing on Reed Smith's Second Interim Fee Application, Dechert's Second Interim Fee Application, and FTI's Second Interim Fee Application is scheduled for July 31, 2024, and objections are due on July 24, 2024. *See* Docket Nos. 776, 789, 788.

3. *Issues with the Debtors' Reporting Obligations*

(a) Schedules and Statements

Although the Conversion Date occurred on September 25, 2023, the Debtors failed to make any filings until October 10, 2023, when the Debtors filed the Original Schedules. See Docket Nos. 216-221. The Original Schedules were bereft of any detail, listing, for example, 73 subsidiaries each valued at $0, as well as the unvalued Litigation Claims against certain of the Petitioning Creditors. See Docket Nos. 2016 at 10-11 and 217 at 1-4, 11-27. It was not until December 29, 2023, over two months later—after the U.S. Trustee, the Creditors' Committee, and the Petitioning Creditors questioned those disclosures—that the Debtors filed the Amended Schedules, reducing the number of their disclosed subsidiaries to 60, but increasing the aggregate equity value in such subsidiaries from $0 to $52.5 million. See Docket No. 340 at 9-11.

(b) 2015.3 Reports

The Debtors did not file any Rule 2015.3 Reports (the "2015.3 Reports") until November 20, 2023, which was weeks late, and did so for only ten of their subsidiaries. *See* Docket No. 271.[18] Further, the Debtors initially failed to disclose a 2015.3 Report for Eletson Gas and, only after the U.S. Trustee demanded the Debtors do so, the Debtors filed a 2015.3 Report for Eletson Gas on November 30, 2023. *See* Docket No. 284 at 3. The Debtors did not file 2015.3 Reports for the remaining dozens of other subsidiaries until December 29, 2023. *See* Docket No. 341.

On February 12, 2024, the Debtors filed their second set of 2015.3 Reports. *See* Docket No. 409.

(c) Monthly Operating Reports

The Debtors have filed their monthly operating reports for the periods ending 9/30/2023, 10/31/2023, 11/30/2023, 12/31/2023, 1/31/2024, 2/29/2024, ~~and~~ 3/31/~~24.~~2024, and 4/30/2024. [Docket Nos. 268-270, 276-277, 280, 325-327, 427-429, 508~~--~~510, ~~and~~ 603-605, and 706-708] (the "Monthly Operating Reports"). The Monthly Operating Reports fail to disclose intercompany balances. Certain of the Monthly Operating Reports also contain various inaccuracies, including stating that the Debtors had not retained counsel (which they had, *see supra* B.2) and that the Debtors had not filed a chapter 11 plan or disclosure statement (which they had at the time, *see infra* C.1).

The Debtors' Monthly Operating Reports also state that the Debtors are not in compliance with their obligations to pay quarterly U.S. Trustee fees pursuant to 28 U.S.C. § 1930.

The Debtors have requested the following text be included, which the Petitioning Creditors disagree with: "The Debtors disagree with the allegations and characterizations of the Debtors' reporting obligations in these Chapter 11 Cases. The Debtors assert that as a threshold matter, the Debtors are current on all reporting obligations as noted by the Bankruptcy Court, and these filing contain accurate information to the best of the Debtors' knowledge. As previously stated, the Debtors have never taken the position that the Debtors have no assets, and filed "$0" on the Debtors' Schedules as the Debtors' assets were illiquid and of an undetermined value. The Debtors assert that the Debtors have disclosed all information required under the

[18] Bankruptcy Rule 2015.3 requires, among other things, that the Debtors file "periodic financial reports of the value, operations, and profitability of each entity that is not a publicly traded corporation or a debtor in a case under title 11, and in which the estate holders a substantial or controlling interest." Bankruptcy Rule 2015.3(a).

Bankruptcy Code and have repeatedly supplemented filings upon the request of parties in interest."

4. *The Bar Date and Claims Process*

(a) Bar Date and Claims

By order dated November 9, 2023 [Docket No. 264] (the "Bar Date Order"), the Bankruptcy Court established December 18, 2023 at 4:00 p.m. (prevailing Eastern Time) as the general bar date (the "General Bar Date") and March 25, 2024 at 4:00 p.m. (prevailing Eastern Time) as the governmental bar date (the "Governmental Bar Date").

As of the date hereof, approximately thirty-seven (37) Proofs of Claims were filed against the Debtors. After adjustments for duplicative Claims and other adjustments, the Petitioning Creditors estimate that Allowed General Unsecured Claims in these Chapter 11 Cases may range from approximately $505 million in a low scenario to $768 million in a high scenario. The low scenario of $505 million assumes allowance of the asserted amounts of the proofs of claims filed by the Old Notes Trustee ($5,953,704.07) [*see* Proof of Claim No. 2-1], the 2022 Notes Trustee ($366,011,815) [*see* Proof of Claim No. 14], the Azure Claimants ($94,799,702.40) [*see* Proof of Claim Nos. 9-12], Aegean Baltic Bank S.A., Alpha Bank S.A., and Piraeus Bank A.E, as the Eletson Corp Guarantee Claimants ($6,353,665.08, $4,302,198.44, and $23,402,504.90) [*see* Proof of Claims Nos. 4, 16, and 22], and NAF ($5,155,522) [*see* Proof of Claim No. 13]) but does not include the Levona Claim ($262,500,000) [*see* Proof of Claim No. 21-1]. The high scenario assumes all of these claims are allowed as well as the Levona Claim for a total of approximately $768 million. The actual allowed amount of General Unsecured Claims in these Chapter 11 Cases may vary.

The Debtors have requested the following text be included, which the Petitioning Creditors disagree with: "The Debtors disagree with the assertions in the previous paragraph to the extent that the Petitioning Creditors assert that any of the Claims asserted against the Debtors, other than those undisputed non-contingent Claims scheduled by the Debtors, are valid claims entitled to payment in any amount or are otherwise enforceable against the Debtors and/or their estates. The Debtors believe that the estimates provided by the Petitioning Creditors above are incorrect and the actual range of allowed claims against the Debtors and their estates will be significantly lower."

(b) Claims Objections

On January 28, 2024, the Debtors filed several objections and omnibus objections to Proofs of Claims. Specifically, the Debtors objected to the Proofs of Claims filed by the Initial Petitioning Creditors [Docket No. 377] (the "Initial Petitioning Creditors' Claim Objection"), Levona [Docket No. 378] (the "Levona Claim Objection"), NAF [Docket No. 379] (the "NAF Claim Objection"), and the 2022 Notes Trustee [Docket No. 380] (the "2022 Notes Trustee Claim Objection"), as well as an omnibus objection to claims filed by the Individual Old Noteholders and the Old Notes Trustee, arguing that they are duplicative of the master Proofs of Claims filed by the Old Notes

Trustee [Docket No. 376] (the "Omnibus Claim Objection" and collectively, with the Initial Petitioning Creditors' Claim Objection, the Levona Claim Objection, the NAF Claim Objection, and the 2022 Notes Trustee Claim Objection, the "Claims Objections").

At the Debtors' request, on February 12, 2024, the Bankruptcy Court approved an adjournment of all briefing and hearing dates and deadlines with respect to the Claims Objections pending further discussion at the February 27 Status Conference (as defined below). *See* Docket No. 405 (the "Adjournment Order"). A status conference on the Initial Petitioning Creditors' Claim Objection, the NAF Claim Objection, the 2022 Notes Trustee Claim Objection, and the Omnibus Claim Objection ~~is scheduled for~~took place at a hearing on May 15, 2024 (the "May 15 Hearing"), along with the additional matters discussed herein. ~~*See* Docket No. 635.~~ *See* Docket No. 635. A continued status conference on the Initial Petitioning Creditors' Claim Objection, the NAF Claim Objection, the 2022 Notes Trustee Claim Objection, and the Omnibus Claim Objection is scheduled for June 18, 2024 (the "June 18 Hearing"). *See* Docket No. 710. The Bankruptcy Court scheduled an evidentiary hearing on the Initial Petitioning Creditors' Claim Objection, the NAF Claim Objection, the 2022 Notes Trustee Claim Objection, and the Omnibus Claim Objection for July 23, 2024 and if necessary, July 24, 2024. *See* Docket No. 735.

The Objection Deadline on Omnibus Claim Objection, the Initial Petitioning Creditors' Claim Objection, the NAF Claim Objection, and the 2022 Notes Trustee Claim Objection was May 7, 2024 [Docket No. 635], and the following responses were filed: the Old Notes Trustee filed a response to the Omnibus Claim Objection [Docket No. 637], the 2022 Notes Trustee filed a response to the 2022 Notes Trustee Claim Objection [Docket No. 639], which was joined by the Petitioning Creditors [Docket No. 645], the Initial Petitioning Creditors filed a response to the Initial Petitioning Creditors' Claim Objection [Docket No. 643], and NAF filed a response to the NAF Claim Objection [Docket No. 644].

~~The~~At the May 31 Status Conference, the Bankruptcy Court adjourned the Levona Claim Objection ~~is scheduled~~to a date to be ~~heard on June 18, 2024, and the objection deadline is June 11, 2024. *See* Docket No. 620.~~determined.

5. *The Motions for Appointment of a Chapter 11 Trustee*

(a) The UCC Trustee Motion

On February 6, 2024, the Creditors' Committee filed a motion for the appointment of a chapter 11 trustee [Docket No. 394] (the "UCC Trustee Motion"), which was joined by: (i) the Old Notes Trustee on February 12, 2024 [Docket No. 404]; (ii) the 2022 Notes Trustee on February 15, 2024 [Docket No. 420]; and (iii) the Petitioning Creditors on March 12, 2024 [Docket No. 477]. On March 12, 2024, Intrum Hellas Societe Anonyme Management of Receivables from Loans and Credits as the servicing claims manager for SUNRISE I NPL FINANCE DAC, filed a statement in support of the UCC Trustee Motion [Docket No. 476]. ~~The UCC Trustee Motion argues that appointment of a trustee is necessary because the Debtors are incapable of discharging their fiduciary duties, as evidenced by the Debtors' proposed transfer of the Preferred Shares to the Nominees, which is a "textbook fraudulent conveyance." *See*~~

~~Docket No. 394 ¶ 61. The UCC Trustee Motion further argues that appointment of a trustee is necessary because (i) the Debtors have no independent governance or management, (ii) the Debtors are transferring money outside of the reach of the Debtors' creditors and to insiders, (iii) the Debtors' have continuously failed to disclose material and relevant information to their creditors and the Bankruptcy Court, and (iv) the Debtors' Plan is unconfirmable. *See id.* at 13-27.~~

Pursuant to the Adjournment Order, the Bankruptcy Court adjourned all briefing and hearing dates and deadlines with respect to the UCC Trustee Motion pending further discussion at the February 27 Status Conference. At the February 27 Status Conference, the Bankruptcy Court scheduled the UCC Trustee Motion, among others, for a three-day trial that occurred on April 9, 2024 through April 11, 2024 (the "April 9 Trial"), and directed the parties to submit a Scheduling Order (as defined below). On March 22, 2024, the Debtors filed an omnibus objection to the Petitioning Creditors' Trustee Motion (as defined below) and the UCC Trustee Motion [Docket No. 513] (the "Omnibus Objection"). On March 22, 2024, the Nominees also filed an omnibus objection to the UCC Trustee Motion, the UST Trustee Motion (as defined below), and the Petitioning Creditors' Trustee Motion [Docket No. 518] (the "Nominees' Omnibus Objection"). On April 2, 2024, the Creditors' Committee filed a reply in support of the UCC Trustee Motion. *See* Docket No. 549. On April 2, 2024, the Petitioning Creditors filed a reply in support of the Trustee Motions (as defined below). *See* Docket No. 547.

(b) The UST Trustee Motion

On February 16, 2024, the U.S. Trustee filed a second motion for the appointment of a chapter 11 trustee [Docket No. 424] (the "UST Trustee Motion"), which was joined by the Petitioning Creditors on March 12, 2024 [Docket No. 477]. ~~In general, the UST Trustee Motion asserts that appointment of a trustee is a "recognition that the acrimony between the parties has mired this case in attacks and allegations instead of progress towards reorganization." *Id.* Thus, the U.S. Trustee argues, "[t]he appointment of an independent fiduciary to move this case forward in a fair and transparent manner is in the best interest of these estates and all parties in interest." *Id.* at 2-3. The UST Trustee Motion also notes that the Debtors have no operating assets—just ownership of equity interests in subsidiaries and potential causes of action—such that the "practical reasons" why a debtor should remain in possession are not present due to its lack of operations. *Id.* at 2.~~

At the February 27 Status Conference, the Bankruptcy Court scheduled the UST Trustee Motion for the April 9 Trial. In accordance with the Scheduling Order, on March 22, 2024, the Debtors filed an objection to the UST Trustee Motion and the Nominees filed the Nominees' Omnibus Objection. *See* Docket Nos. 512 and 518. On April 2, 2024, the U.S. Trustee filed a reply in support of the UST Trustee Motion. *See* Docket No. 544. On April 2, 2024, the Petitioning Creditors filed a reply in support of the Trustee Motions. *See* Docket No. 547.

(c) Petitioning Creditors' Emergency Trustee Motion

On March 11, 2024, the Petitioning Creditors filed the *Petitioning Creditors' Emergency Motion to Appoint a Trustee* [Docket No. 468] (the "Petitioning Creditors' Trustee Motion" and, together with the UCC Trustee Motion, and the UST Trustee Motion, the "Trustee Motions"), which ~~is~~was also ~~scheduled to be~~ heard at the April 9 Trial. *See* Docket Nos. 480 and 481. On March 22, 2024, the Debtors filed the Omnibus Objection and the Nominees filed the Nominees' Omnibus Objection. *See* Docket Nos. 513 and 518. On April 2, 2024, the Petitioning Creditors filed a reply in support of the Trustee Motions. *See* Docket No. 547.

~~In general, the Petitioning Creditors' Trustee Motion asserts, among other things, that the Debtors' violation of the Interim Comp Order is a separate and independent basis for "cause" to appoint a trustee, and the Bankruptcy Court should appoint a trustee if the Bankruptcy Court denies the DIP Motion (as defined below).~~

6. *April 9 Trial*

The April 9 Trial on the Trustee Motions began on April 9, 2024 and concluded on April 11, 2024. On April 18, 2024, the Debtors', the Nominees, the U.S. Trustee, the Creditors' Committee, and the Petitioning Creditors each filed post-trial briefs in further support of their respective positions. *See* Docket Nos. 594-598. ~~As of the date hereof, the Trustee Motions are pending before the Bankruptcy Court.~~

On May 29, 2024, the Bankruptcy Court issued a memorandum opinion and order [Docket No. 721] (the "Trustee Decision") denying the Trustee Motions and finding that the various movants had not met the high burden of demonstrating (i) that cause existed for the appointment of a trustee and (ii) that the appointment of a trustee was in the best interests of parties in interest.

On June 12, 2024, the Creditors' Committee appealed the Trustee Decision to the U.S. District Court for the Southern District of New York. *See* Docket No. 768.

7. *DIP Financing*

At the February 27 Status Conference, counsel to the Creditors' Committee raised the issue that the Debtors had not paid the undisputed portion of the Creditors' Committee's professionals' fees (the "Outstanding Fees"). After further discussion at the February 27 Status Conference, the Bankruptcy Court directed the parties to provide an update to the Bankruptcy Court by February 29, 2024. On February 29, 2024, the Debtors filed a letter [Docket No. 443] stating that the Debtors intended to pursue Bankruptcy Court approval for a debtor-in-possession financing loan with undisclosed terms as of that time from a non-Debtor subsidiary, Eletson Gas, to pay the Outstanding Fees.

At a status conference on March 6, 2024, the parties discussed the foregoing fee issues, among other things, and the Bankruptcy Court directed the Debtors to share their proposed debtor-in-possession financing term sheet with the parties, and update the Bankruptcy Court by end of day on Friday, March 8, 2024. On

Thursday, March 7, 2024, counsel for the Debtors provided counsel for the Creditors' Committee (and not the Petitioning Creditors) with a copy of a proposed term sheet for the Original DIP Facility (as defined below) mere hours before it was filed on the docket.

On March 7, 2024, the Debtors filed the *Debtors' Motion for Entry of Interim and Final Orders (A) Authorizing the Debtors to Obtain Postpetition Financing (B) Granting Liens and Providing Superiority Administrative Expense Status (C) Modifying the Automatic Stay, (D) Scheduling a Final Hearing and (E) Granting Related Relief* [Docket No. 458] (the "DIP Motion") for approval of a senior secured, superpriority debtor-in-possession financing facility (the "Original DIP Facility") on the terms set forth in the Original DIP term sheet, attached to the DIP Motion as Exhibit C (the "Original DIP Term Sheet"). The proposed lender is "EMC Gas Corporation and such other of its affiliates that agree to participate in the DIP Facility" (the "DIP Lender")—a subsidiary of Eletson Gas, which is itself a subsidiary of Eletson Holdings. Eletson Holdings owns 100% of the common stock of Eletson Gas and there is substantial overlap among their officers and directors.

On March 8, 2024, the Petitioning Creditors submitted a financing proposal to counsel for the Debtors that ~~is~~the Petitioning Creditors believed was significantly better for the Debtors and their estates (the "PC Proposal") than that set forth in the Original DIP Term Sheet.[19] Among other things, the PC Proposal is on an entirely *unsecured and administrative claims-only (not superpriority)* basis and provides substantially more liquidity ($10 million) for the Debtors than the grossly inadequate $4 million under the Original DIP Facility. The PC Proposal would also not result in a default if and when the Bankruptcy Court grants the pending Trustee Motions and, in the case of a default, would not permit the lender to foreclose on the Debtors' assets (as there is no collateral).

After the Petitioning Creditors delivered the PC Proposal to the Debtors, on March 15, 2024, the Debtors received a revised term sheet from the DIP Lender that was "economically identical" to the PC Proposal (the "Revised DIP Term Sheet"), which the Debtors "tentatively accepted." Docket No. 513, ¶ 45. As of the date hereof, the Revised DIP Term Sheet has not been filed with the Bankruptcy Court.

The Omnibus Objection provides that the Debtors' need for DIP financing was "resolved in the short term" and on March 17, 2024, the Debtors informed the Bankruptcy Court that they "were given consent by the financiers of the [special maritime entity subsidiaries ("SMEs")] to permit some portion of the funds held by the SMEs to be made available to [Eletson] Holdings as a dividend." *Id.* This "provided the Debtors with the requisite liquidity to immediately pay all outstanding and payable administrative expenses" including the Outstanding Fees. *Id.* The Omnibus Objection further provides that on March 18, 2024, counsel to the Creditors' Committee confirmed receipt of payment of the Outstanding Fees. *Id.*

[19] The PC Proposal is attached to the Petitioning Creditors' Trustee Motion as Exhibit B.

On March 18, 2024, the Debtors adjourned the DIP Motion to the April 9 Trial. *See* Docket No. 494. The Omnibus Objection provides that the "Debtors are still evaluating whether they are still in need of the DIP Facility." Docket No. 513, ¶ 45. As of the date hereof, the U.S. Trustee objected to the DIP Motion.[20] *See* Docket No. 482. On March 28, 2024, the Debtors adjourned the DIP Motion to April 16, 2024. *See* Docket No. 539. On April 10, 2024, the Debtors adjourned the DIP Motion to May 8, 2024. *See* Docket No. 572. On April 26, 2024, the Debtors adjourned the DIP Motion to June 18, 2024. *See* Docket No. 619. ~~The objection deadline on~~On June 7, 2024, the Debtors withdrew the DIP Motion ~~is June 11, 2024 and the reply deadline is June 14, 2024. *Id.*~~ without prejudice. *See* Docket No. 758.

8. *Vessel Arrest*

On May 2, 2024, the Creditors' Committee filed a letter (the "May 2 Letter"), informing the Bankruptcy Court that one of the vessels owned by the SMEs, which are wholly owned subsidiaries of Eletson Holdings may have been arrested (the "Vessel Arrest"). *See* Docket No. 630. The May 2 Letter provides that the Debtors did not inform the Creditors' Committee or the Bankruptcy Court of the Vessel Arrest until the Creditors' Committee and the Petitioning Creditors asked the Debtors. *See id.* ("[the Debtors confirmed that the vessel had been arrested in Freeport, Bahamas on April 25 and provided some information concerning the arrest.").

On May 3, 2024, the Debtors filed a response to the May 2 Letter (the "May 3 Letter"). *See* Docket No. 631. The May 3 Letter describes and attaches the information the Debtors provided to the Creditors' Committee regarding the Vessel Arrest, and states that the Debtors do not expect to suffer any damages as a result, among other things. *Id.* The May 3 Letter also provides that the claim that led to the Vessel Arrest was made by a former charterer, who is also the current charterer of two other SMEs. *Id.*

At a hearing held on other matters on May 8, 2024, the parties provided a further update on the Vessel Arrest and explained that the Vessel Arrest was only lifted after that former charterer paid into court its charter hire payments that it would otherwise have made for the two other SMEs. As a result of those payments, those two SMEs will not produce any earnings to Eletson Holdings for a month. The Debtors informed the Bankruptcy Court that they would continue to provide information about the impact of the Vessel Arrest.

The Debtors have requested the following text be included, which the Petitioning Creditors disagree with: "The Debtors disagree with the characterizations of the arrest and Debtors' communication with the Creditors' Committee. The Debtors assert that Counsel for Debtors was in contact with the Creditors' Committee regarding the vessel arrest on April 29, 2024, and provided updated and detailed reports from the officers of the Bareboat Charterer detailing the facts and circumstances concerning the

[20] The Omnibus Objection provides that on "March 18, 2024 the [U.S. Trustee] stated that they had no objection to the DIP Facility and deferred to the Debtors' business judgment on the selection of unsecured postpetition facilities." Docket No. 513, ¶ 45.

arrest. The Debtors assert that the arrest did not relate to the performance of the vessel's voyage or carriage of cargo onboard. Instead, the Debtors assert that the arrest was brought by a previous charter of the vessel to obtain security for an old claim against the SME related to purported consequential delay damage related to the transit of the vessel through the Panama Canal in May 2023. The Debtors state that the arrest was dealt with swiftly and efficiently, without causing delay."

C. The Debtors' Plan and Related Negotiations

1. *The Debtors' Unconfirmable, Insider "New Value" Plan*

Per the Conversion Stipulation, the Petitioning Creditors agreed, among other things, not to oppose or seek to terminate the Debtors' exclusive right to file a chapter 11 plan for the first 120 days after the Conversion Date.[21] ~~During~~In the Petitioning Creditors' opinion, during the 120 days post-conversion, the Debtors did nothing to progress these Chapter 11 Cases in good faith. The Debtors did not reach out to the Petitioning Creditors to discuss any form of consensual resolution of the Debtors' obligations, much less discuss a plan during the 120-day exclusivity period. ~~The~~The Petitioning Creditors understand that Debtors also refused to engage with the Creditors' Committee, even after instructed by the Bankruptcy Court to do so.

On January 23, 2024—the very last day of the Debtors' exclusivity period—the Debtors filed a proposed chapter 11 plan of reorganization [Docket No. 370] (the "Debtors' Initial Plan") and a related disclosure statement [Docket No. 371] (the "Debtors' Initial Disclosure Statement").

Under the Debtors' Initial Plan, creditors will receive almost no recoveries, while the Debtors' existing shareholders will retain their equity interests in Eletson Holdings despite the Debtors proposing to provide creditors almost no recoveries. The Debtors propose to fund their plan with an up to $10 million contribution by their existing shareholders in an undisclosed amount of cash and/or other assets (the "Initial Shareholder New Value Contribution"), which proposed funding was not subject to a market test or made available to any parties other than the Debtors' insiders.

On April 8, 2024—the eve of the April 9 Trial on the Trustee Motions, the Debtors filed an amended version of the Debtors' Initial Plan [Docket No. 570] (the "Debtors' Amended Plan").

The Petitioning Creditors' believe that neither the Debtors' Initial Plan nor the Debtors' Amended Plan was proposed in good faith. It is the Petitioning Creditors' view that the Debtors' Amended Plan is unconfirmable for at least four reasons ~~in the Petitioning .~~ *First*, the Debtors' Amended Plan violates the absolute priority rule and bedrock bankruptcy principles and case law, including Supreme Court precedent, that

[21] Section 1121(b) of the Bankruptcy Code provides that "[e]xcept as otherwise provided in this section, only the debtor may file a plan until after 120 days after the date of the order for relief under this chapter." 11 U.S.C. § 1121(b). The initial 120-day exclusivity period is subject to extension by the Bankruptcy Court for "cause." 11 U.S.C. § 1121(d).

shareholders cannot be given the exclusive right to invest new value in the debtor absent a market test. The Debtors' Amended Plan allows the Debtors' shareholders to retain their equity interests, unimpaired for a contribution of undisclosed cash and /or other assets with an aggregate value of $30 million (the "Amended Shareholder New Value Contribution" and together with the Initial Shareholder New Value Contribution, the "Shareholder New Value Contribution"). *Second*, the Debtors' Amended Plan violates the "best interests" of creditors test because nearly every single class of claims, if not all, would receive more in a hypothetical chapter 7 liquidation where 100% of the value of the Debtors would be available for creditors prior to shareholders receiving value on account of their interests. *Third*, the Debtors' Amended Plan impermissibly classifies general unsecured claims in a way that is designed to gerrymander an impaired accepting class of claims by separately classifying similar claims without a valid business purpose. *Fourth*, the Debtors' Amended Plan lacks any indicia of good faith, including that it has not been discussed with the Petitioning Creditors or the Creditors' Committee prior to filing and impairs classes of claims despite having the ability to keep them unimpaired. Additionally, the Debtors' Amended Plan would provide the Debtors' directors and officers with broad releases for both prepetition and postpetition conduct, through various exculpation and injunction provisions, even though the Creditors' Committee (and others) has identified material claims against the directors and officers. Finally, the Debtors' Amended Plan improperly caps the fees incurred by counsel to the Creditors' Committee.

The Debtors' Amended Plan was not accompanied by an amended disclosure statement, and it was not until April 26, 2024 that the Debtors filed an amended version of the Debtors' Initial Disclosure Statement [Docket No. 621] (the "Debtors' Amended Disclosure Statement").

On May 13, 2024, the Debtors filed further amended versions of the Debtors' Amended Plan [Docket No. 671] (the "Debtors' Second Amended Plan") and the Debtors' Amended Disclosure Statement [Docket No. ~~671~~672] (the "Debtors' Second Amended Disclosure Statement"). On May 14, 2024, the Debtors filed a valuation analysis [Docket No. 687] (the "Debtors' Valuation Analysis"). Just like the Debtors' prior filings, the Petitioning Creditors believe that the Debtors' Second Amended Plan was not proposed in good faith and the Debtors' Second Amended Disclosure Statement lacks adequate information for creditors to cast an informed vote. The Debtors' Second Amended Disclosure Statement still does not contain any financial projections. There are also conclusory explanations that the Petitioning Creditors believe are inconsistent with the facts about how the Debtors "marketed" financing opportunities for their plan and "negotiated" the Shareholder New Value Contribution with their shareholders and insiders. The Debtors' Second Amended Plan also appears to have materially reduced creditors' recoveries by providing for a "Gas Ownership Settlement" that expressly provides that the Debtors' contemplated litigation trust will not include any claims or causes of action against Levona and permits the Gas Ownership Defendants (defined as Eletson Gas, the Nominees, and/or any officers or directors of the same) to settle not only potentially valuable claims against Levona but also the claims and causes of action in connection with the transfer of the Gas Preferred Shares. These provisions are not explained in the Debtors' Second Amended Disclosure Statement, were made without any negotiation with the Debtors' creditors, and are further evidence of the Debtors' bad faith.

When the Debtors' filed the Debtors' Initial Plan and the Debtors' Initial Disclosure Statement, the Debtors also filed a motion for approval of the Debtors' Initial Disclosure Statement and procedures for the solicitation of votes with respect to the Debtors' Initial Plan [Docket No. 372] (the "Debtors' Solicitation Motion"). The Debtors' Solicitation Motion ~~is~~was scheduled to be heard at the May 15 Hearing. *See* Docket No. 635 and 655. On May 9, 2024, Levona and the Petitioning Creditors filed objections to the Debtors' Solicitation Motion, which the Debtors replied to on May 13, 2024. *See* Docket Nos. 648, 651, 668, and 670. Pursuant to the Debtors' request, the Bankruptcy Court extended the Creditors' Committee's objection deadline on the Debtors' Solicitation Motion to May 13, 2024 at 4:00 p.m. *See* Docket No. 650. On May 13, 2024, the Creditors' Committee filed an objection and reservation of rights to the Debtors' Solicitation Motion [Docket No. 669], which was joined by the 2022 Notes Trustee [Docket No. 674], and which the Debtors' replied to May 14, 2024. *See* Docket No. 686.

On May 14, 2024, the Debtors' filed a revised proposed order approving the Debtors' Solicitation Motion. *See* Docket No. 690.

At the May 15 Hearing, the Bankruptcy Court considered the Debtors' Solicitation Motion, in addition to the other matters, and continued the May 15 Hearing to give the Debtors an opportunity to revise the Debtors' Second Amended Plan and the Debtors' Second Amended Disclosure Statement to address various issues raised at the May 15 Hearing.

On May 30, 2024, the Bankruptcy Court scheduled a status conference for May 31, 2024 [Docket No. 723] (the "May 31 Status Conference"). The morning of the May 31 Status Conference, the Debtors filed further amended versions of the Debtors' Second Amended Plan [Docket No. 725] (the "Debtors' Revised Second Amended Plan") and the Debtors' Second Amended Disclosure Statement [Docket No. 726] (the "Debtors' Revised Second Amended Disclosure Statement"). Just like the Debtors' prior filings, the Petitioning Creditors believe that the Debtors' Revised Second Amended Plan was not proposed in good faith and the Debtors' Revised Second Amended Disclosure Statement lacks adequate information for creditors to cast an informed vote. The Debtors' Revised Second Amended Disclosure Statement contains conclusory and misleading statements about how the Debtors negotiated the "Collections Contribution" and the Shareholder New Value Contribution, among other things. The Debtors' Revised Second Amended Disclosure Statement also does not clearly explain the Retained Causes of Action Contribution or the Excess SME Proceeds concept, which impacts creditors' recoveries under the Debtors' Revised Second Amended Plan.

On June 6, 2024, the Debtors filed further amended versions of the Debtors' Revised Second Amended Plan and the Debtors' Revised Second Amended Disclosure Statement. *See* Docket Nos. 744 and 746.

On June 12, 2024, the Petitioning Creditors and the Creditors' Committee (joined by the 2022 Notes Trustee) each filed supplemental objections to the Debtors' Solicitation Motion [Docket Nos. 771, 772 & 773] (the "Supplemental DS Objections"). In general, the Supplemental DS Objections argue that the Debtors' further revised

disclosure statements continue to lack "adequate information" and describe a chapter 11 plan that is patently unconfirmable. As such, the Supplemental DS Objections request that the Court deny the Debtors' Solicitation Motion and reject the Debtors' request to solicit their plan. On June 14, 2024, the Debtors filed a reply to the Supplemental DS Objections. *See* Docket No. 785. On June 14, 2024, the Debtors filed further amended versions of the Debtors' Revised Second Amended Plan and the Debtors' Revised Second Amended Disclosure Statement. *See* Docket Nos. 786 and 787.

A hearing with respect to the Debtors' Solicitation Motion is currently scheduled for June 18, 2024.

The Debtors have requested the following text be included, which the Petitioning Creditors disagree with: "The Debtors disagree with the characterization of the various iterations of the Debtors' Plan and associated Disclosure Statements. The Debtors assert that as a threshold issue, the assertion that the Debtors' Plan is patently unconfirmable as an unmarketed new value plan is a conclusion of law that is without merit and contrary to the facts of these Chapter 11 Cases. As noted by the Bankruptcy Court, the Debtors made the affirmative decision to allow the exclusivity period to expire to market test the Debtors' Plan in accordance with settled case law. It is the Debtors' view that as both the Debtors and the Petitioning Creditors have made significant changes to their plans and increased the value provided to creditors, it is clear the Debtors' marketing process is working. In the Debtors' view, the assertion that the Debtors' Plan was not proposed in good faith is equally meritless. In the Debtors' view, the Debtors have engaged in good faith with parties in interest in these Chapter 11 Cases, including the Creditors' Committee, to materially improve the terms of the Debtors' Plan and increase the recovery for Creditors entitled to a recovery under the Debtors' Plan. The Debtors encourage all Creditors to review the terms of the Debtors' Plan and associated Disclosure Statement for an accurate description of the terms of the Debtors' Plan, a more fulsome and accurate description of the Debtors' plan process and an understanding of the recovery creditors would be entitled to under the Debtors' Plan."

2. *The Petitioning Creditors' Motion to Terminate Exclusivity*

On January 29, 2024, the Petitioning Creditors filed a motion to terminate the Debtors' exclusivity period [Docket No. 384] (the "Exclusivity Termination Motion"), which was joined by the 2022 Notes Trustee [Docket No. 419]. On March 12, 2024, the Creditors' Committee filed a statement in support of the Exclusivity Termination Motion [Docket No. 473]. The Exclusivity Termination Motion argues that the Debtors forfeited exclusivity by filing the Debtors' Initial Plan, which is an unconfirmable new value plan (*id*. at 18), and that even if the Debtors had not filed an unconfirmable new value plan, termination is warranted under the *Adelphia* factors (*id*. at 19-29). The Exclusivity Termination Motion also argues that the Debtors have repeatedly demonstrated that they have no intention of advancing these Chapter 11 Cases to a good faith resolution. *Id*. at 18, 22.

Pursuant to the Adjournment Order, the Bankruptcy Court adjourned all briefing and hearing dates and deadlines with respect to the Exclusivity Termination Motion pending further discussion at the February 27 Status Conference. At the

February 27 Status Conference, the Bankruptcy Court scheduled the Exclusivity Termination Motion for the April 9 Trial.

On March 25, 2024, the Debtors' exclusivity periods expired under the Bankruptcy Code without the Debtors seeking any extension.

3. *Mediation*

On February 13, 2024, the Debtors filed a motion to compel mediation regarding the Debtors' Initial Plan and other issues affecting these Chapter 11 Cases [Docket No. 412] (the "Motion to Compel Mediation"). On February 14, 2024, the Petitioning Creditors and the Creditors' Committee each filed letters in response to the Motion to Compel Mediation [Docket Nos. 414 and 415]. The Petitioning Creditors asserted that the Motion to Compel Mediation was unnecessary, intended to create additional delay and cost, and the timing of the filing was further indication of the Debtors' lack of good faith in participating in the mediation. Nevertheless, the Petitioning Creditors indicated that they were ready, willing, and able to participate in mediation as soon as possible. The Creditors' Committee agreed with the Petitioning Creditors, and further suggested that the parties use the time leading up to the February 27 Status Conference to explore "whether it would be feasible to reach a mediated resolution of these cases" and proposed that Judge Allan L. Gropper, (Ret.) who previously presided over the Initial Mediation of these parties in September 2023, serve as the mediator. *See* Docket No. 415 at 1.

On February 15, 2024, the Bankruptcy Court adjourned all briefing and hearing dates and deadlines with respect to the Motion to Compel Mediation pending further discussion at the February 27 Status Conference. At the February 27 Status Conference, the Bankruptcy Court directed the parties to participate in the Chapter 11 Mediation (as defined below).

4. *February 27 Status Conference*

In accordance with the Bankruptcy Court's Adjournment Order entered on February 12, 2024, the parties met and conferred regarding a joint status report setting forth their respective positions, which status report was filed on February 26, 2024 [Docket No. 435]. At the status conference held on February 27, 2024 (the "February 27 Status Conference"), the Bankruptcy Court directed the parties to mediate (the "Chapter 11 Mediation") before Judge Allan L. Gropper, (Ret.) (the "Mediator"). On March 13, 2024, the Bankruptcy Court entered the order re-appointing the Mediator [Docket No. 479] (the "Mediation Order"), which directed the Debtors, the Petitioning Creditors, the Creditors' Committee, the Nominees, Levona, the 2022 Notes Trustee, Eletson Corp, and Eletson Gas to mediate the Mediation Matters (as defined in the Mediation Order). The Chapter 11 Mediation began on March 27, 2024. The Chapter 11 Mediation continued thereafter. While the parties negotiated and engaged in the Chapter 11 Mediation in good faith, the parties were not able to reach settlement on the Mediation Matters.

At the February 27 Status Conference, the Bankruptcy Court also scheduled the April 9 Trial on the UCC Trustee Motion, the UST Trustee Motion, and

the Exclusivity Termination Motion. On March 8, 2024, the Bankruptcy Court entered the scheduling order on the UCC Trustee Motion, the UST Trustee Motion, and the Exclusivity Termination Motion [Docket No. 467] (the "Scheduling Order"), which set March 22, 2024 as the objection deadline and April 2, 2024 as the reply deadline on the UCC Trustee Motion, the UST Trustee Motion, and the Exclusivity Termination Motion.[22] *See* Docket No. 467.

5. *Expiration of Exclusivity*

On March 25, 2024, the Debtors' exclusivity periods expired under the Bankruptcy Code without the Debtors seeking any extension. Accordingly, on March 26, 2024, the Petitioning Creditors as Plan Proponents filed a prior version of the Plan and Disclosure Statement. *See* Docket Nos. 531 and 532.

On April 10, 2024, the Petitioning Creditors filed a motion for approval of the prior Disclosure Statement and procedures for the solicitation of votes with respect to a prior version of the Plan [Docket No. 574] (the "Petitioning Creditors' Solicitation Motion"). The Petitioning Creditors' Solicitation Motion ~~is scheduled to be~~was heard at the May 15 Hearing. *See* Docket No. 632 and 656. On May 9, 2024, the Debtors filed an objection to the Petitioning Creditors' Solicitation Motion, which the Petitioning Creditors replied to on May 13, 2024. *See* Docket Nos. 653 and 667. On May 14, 2024, the Creditors' Committee filed a statement in support of the Petitioning Creditors' Solicitation Motion. *See* Docket No. 689. No other parties filed any pleadings with respect to the Petitioning Creditors' Solicitation Motion.

D. The Petitioning Creditors' Plan and Related Negotiations

Following the expiration of the Debtors' exclusivity periods, on March 26, 2024, the Plan Proponents filed an initial version of the Plan [Docket No. 531] (the "PC Initial Plan") and related disclosure statement [Docket No. 532]. Following the filing of the PC Initial Plan, the Plan Proponents and their advisors engaged in substantial negotiations with various creditors and constituents in these Chapter 11 Cases, including the Creditors' Committee and their advisors, among others. Following these discussions, on May 10, 2024, the Plan Proponents filed a *Notice of Filing of (1) Anticipated Modifications to the Petitioning Creditors' Joint Chapter 11 Plan of Reorganization of Eletson Holdings Inc. and its Affiliated Debtors and (2) Certain Appendices Related to the Petitioning Creditors' Disclosure Statement Related Thereto* [Docket No. 658]. On May 13, 2024, the Plan Proponents filed an amended version of the Plan and an amended Disclosure Statement.

On May 14, 2024, the Plan Proponents filed further amended versions of the Plan and the amended Disclosure Statement [Docket Nos. 695 and 696]. Among other things, the Plan and Disclosure Statement contain a number of significant changes from that set forth in the PC Initial Plan, such as:

[22] Subsequently, the Petitioning Creditors' Trustee Motion and the DIP Motion were scheduled to be heard at the April 9 Trial. *See* Docket Nos. 481 and 494.

- Decreasing the Backstop Premium from 10% to 8%;
- Increasing the GUC Cash Pool from US$12,500,000 to US$13,500,000;
- Increasing the Convenience Claim Threshold Amount from US$200,000 to US$1,000,000;
- Increasing the Convenience Claim Cap from US$1,000,000 to US$2,500,000
- Increasing the recovery percentage for Holders of Allowed Convenience Claims from 10% to 15%;
- Giving all General Unsecured Claimholders the option to become Backstop Parties; and
- Establishing the composition of the New Board and certain governance matters relating thereto.

The key terms of the Plan, including creditors' estimated recoveries are summarized below.

At the May 15 Hearing, the Bankruptcy Court approved the Petitioning Creditors' Solicitation Motion and the Rights Offering Procedures Motion (as defined below), but declined to enter the orders approving the respective motions until the Debtors addressed the various issues raised at the May 15 Hearing on the Debtors' Second Amended Plan and the Debtors' Second Amended Disclosure Statement.

At the May 31 Status Conference, the parties discussed the Debtors' Revised Second Amended Plan and the Debtors' Revised Second Amended Disclosure Statement and the Bankruptcy Court continued the hearing on the Debtors' Revised Second Amended Disclosure Statement to June 7, 2024. *See* Docket No. 736. The Bankruptcy Court also directed the parties to submit a joint status report to the Bankruptcy Court on June 6, 2024. *Id.*

E. The Petitioning Creditors' "Alternative Plan"

At the May 15 Hearing, the Petitioning Creditors expressed their desire to submit an alternative offer based on the structure of the Debtors' Amended Plan. After the May 15 Hearing, the Petitioning Creditors continued to express interest in submitting an alternative offer, but the Debtors did not engage and could not identify who at the Debtors would receive and evaluate such bid. *See* Docket Nos. 712, 718 & 720. In order to progress these cases, on June 5, 2024, the Petitioning Creditors provided an alternative bid term sheet (the "PC Alternative Term Sheet ") to counsel for the Debtors and the Creditors' Committee and the next day filed the PC Alternative Term Sheet on the docket. *See* Docket No. 745. The PC Alternative Term Sheet sets forth the terms of a comprehensive restructuring of the existing debt and other

obligations of the Debtors that is based on the Debtors' Amended Plan but provides significant improvements for creditors. *Id.*

On June 11, 2024, the Petitioning Creditors filed the *Petitioning Creditors' Alternative Chapter 11 Plan for Eletson Holdings Inc. and its Affiliated Debtors* [Docket No. 762] (the "PC Alternative Plan") and the related disclosure statement [Docket No. 763] (the "PC Alternative DS"). A motion to consider approval of the PC Alternative DS [Docket No. 764] (the "PC Alternative Solicitation Motion") is scheduled for the June 18 Hearing consistent with the Court's direction at a hearing held on June 7, 2024. On June 14, 2024, the Petitioning Creditors filed financial wherewithal information related to the PC Alternative Plan. *See* Docket No. 781. On June 14, 2024, the Debtors filed an objection to the PC Alternative Solicitation Motion and the Creditors' Committee filed an objection and reservation of rights to the PC Alternative Solicitation Motion. *See* Docket Nos. 783 and 784.

IV. SUMMARY OF THE PLAN

THE FOLLOWING SUMMARY HIGHLIGHTS CERTAIN PROVISIONS OF THE PLAN AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE PLAN (A COPY OF WHICH IS ATTACHED HERETO AS **APPENDIX A**). IN THE EVENT OF ANY INCONSISTENCY BETWEEN THE PLAN AND THIS DISCLOSURE STATEMENT, THE PLAN SHALL CONTROL.

A. Unclassified Claims

In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims (including, Professional Fee Claims and U.S. Trustee Fees), DIP Claims, and Priority Tax Claims are not classified and not entitled to vote on the Plan.

1. *Administrative Claims*

Except with respect to Professional Fee Claims, unless the Holder of an Allowed Administrative Claim agrees to less favorable treatment of such Claim, on or as soon as reasonably practicable after the later of (a) the Effective Date, (b) the date on which an Administrative Claim becomes an Allowed Administrative Claim, or (c) the date on which an Allowed Administrative Claim becomes payable under any agreement relating thereto, each Holder of an Allowed Administrative Claim shall receive, in full and final satisfaction, compromise, settlement, release, and discharge of, and in exchange for, such Allowed Administrative Claim, Cash equal to the unpaid portion of such Allowed Administrative Claim.

To the extent not already asserted in the Chapter 11 Cases pursuant to a timely filed Proof of Claim in accordance with the Bar Date Order, all requests for allowance and payment of Administrative Claims (other than (i) Professional Fee Claims (such claims are subject to the Professional Fee Claims Bar Date), (ii) Claims asserted under section 503(b)(9) of the Bankruptcy Code (such Claims are subject to the General Bar Date), (iii) U.S. Trustee Fees, (vi) Administrative Claims that have been Allowed on or before the Effective Date, and (v) Administrative Claims that were already asserted in the Chapter 11 Cases pursuant to a timely Proof of Claim in

accordance with the Bar Date Order), must be filed and served on the Debtors and the Plan Proponents, or, after the Effective Date, Reorganized Holdings, and their counsel, so as to actually be received on or before the Administrative Claims Bar Date. The notice of the occurrence of the Effective Date shall set forth the Administrative Claims Bar Date and shall constitute notice thereof. For the avoidance of doubt, Holders of Administrative Claims based on liabilities incurred by the Debtors in the ordinary course of business after the Petition Date must file and serve a request for payment of such Administrative Claim by the applicable Administrative Claims Bar Date.

After notice and a hearing, the Allowed amounts, if any, of Administrative Claims shall be determined by, and satisfied in accordance with, a Final Order.

Holders of Administrative Claims (other than (i) Professional Fee Claims, (ii) Claims asserted under section 503(b)(9) of the Bankruptcy Code), (iii) U.S. Trustee Fees, (iv) Administrative Claims that have been Allowed on or before the Effective Date, and (v) Administrative Claims that were already asserted in the Chapter 11 Cases pursuant to a timely filed Proof of Claim in accordance with the Bar Date Order), that do not file and serve a request for allowance and payment of an Administrative Claim by the Administrative Claims Bar Date shall be forever barred, estopped, and enjoined from asserting Administrative Claims against the Debtors, Reorganized Holdings, the Estates, or their assets and properties, and any Administrative Claims shall be deemed disallowed as of the Effective Date without the need for any notices, objection, or other action from the Debtors or Reorganized Holdings, as applicable, or any action or approval of the Bankruptcy Court.

2. *DIP Claims*

All DIP Claims (if any) shall be deemed Allowed as of the Effective Date in an amount equal to the aggregate amount of the DIP Facility obligations approved by the Bankruptcy Court, including, (i) the principal amount outstanding under the DIP Facility on such date, (ii) all interest accrued and unpaid thereon through and including the date of payment, and (iii) all accrued fees, expenses, and indemnification obligations (if any) payable under the DIP Documents.

On the Effective Date, except to the extent a Holder of an Allowed DIP Claim agrees to a less favorable treatment of such Claim, each Holder of an Allowed DIP Claim shall receive, in full and final satisfaction, compromise, settlement, release and discharge of, and in exchange for such Allowed DIP Claim Cash equal to the unpaid portion of such Allowed DIP Claim.

Contemporaneously with the foregoing treatment, the DIP Facility and DIP Documents shall be deemed terminated without further action by the DIP Agent or the DIP Lenders. The DIP Agent and DIP Lenders shall take all actions to effectuate and confirm such termination as reasonably requested by the Plan Proponents or Reorganized Holdings, as applicable.

3. *U.S. Trustee Fees*

All U.S. Trustee Fees payable after the Effective Date, if any, shall be paid by Reorganized Holdings until the closing of the Chapter 11 Cases pursuant to section 350(a) of the Bankruptcy Code.

4. *Priority Tax Claims*

Unless the Holder of an Allowed Priority Tax Claim agrees to less favorable treatment of such Claim, each Holder of an Allowed Priority Tax Claim shall receive, in full and final satisfaction, compromise, settlement, release, and discharge of, and in exchange for such Allowed Priority Tax Claims, either (a) payment in full in Cash, on the latest of (i) the Effective Date, (ii) the date on which a Priority Tax Claim becomes an Allowed Priority Tax Claim, and (iii) the date such Allowed Priority Tax Claim becomes payable under applicable non-bankruptcy law, (b) upon such other terms as agreed between the Plan Proponents and each Holder of such Allowed Priority Tax Claim, or (c) over a period ending not later than five (5) years after the Petition Date consistent with section 1129(a)(9)(C) of the Bankruptcy Code.

5. *Professional Fee Claims*

All applications for allowance and payment of Professional Fee Claims by Professionals for services rendered and reimbursement of expenses incurred prior to the Effective Date must be filed on or before the Professional Fee Claims Bar Date. If an application for a Professional Fee Claim is not filed by the Professional Fee Claims Bar Date, such Professional Fee Claim shall be deemed waived, and the Holder of such Claim shall be forever barred from receiving payment on account thereof. The notice of the occurrence of the Effective Date shall set forth the Professional Fee Claims Bar Date and shall constitute notice thereof. Objections to any Professional Fee Claims must be filed and served on Reorganized Holdings, the Plan Proponents, and the requesting Professional, no later than twenty-one (21) days after service of the applicable final application for allowance and payment of Professional Fee Claims.

Unless otherwise agreed to (1) by the Plan Proponent and the Professional prior to the Effective Date or (2) by Reorganized Holdings and the Professional after the Effective Date, the amount of Professional Fee Claims owing to such Professional that are Allowed by Final Order shall be paid in full in Cash by Reorganized Holdings as soon as reasonably practicable after its Professional Fee Claims are Allowed by order of the Bankruptcy Court, (x) *first*, by application of any retainer monies held by such Professional, and (y) *second*, once such retainer balance is exhausted, Reorganized Holdings shall pay such Professional the remaining balance of its Allowed Professional Fee Claim in Cash.

6. *Post-Effective Date Fees and Expenses*

On the Effective Date, the retention, including all rights and duties arising from, or related to, the Chapter 11 Cases, of each of the Debtors' retained professionals shall terminate; *provided*, *however*, that the Debtors' retained professionals may file fee applications in accordance with the Plan and Confirmation Order by the Professional Fee Claims Bar Date.

B. Classification and Treatment of Claims

The following table summarizes the classification and treatment of all Claims against the Debtors under the Plan.

Class and Estimated Amount	Summary of Treatment	Estimated Recovery	Entitled to Vote
Other Priority Claims[23] **(Class 1)** **(Amount $0)**	Unless the Holder of an Allowed Other Priority Claim agrees to less favorable treatment of such Claim, each Holder of an Allowed Other Priority Claim shall receive, in full and final satisfaction, compromise, settlement, release, and discharge of, and in exchange for such Allowed Other Priority Claim, at the option of the Plan Proponents or Reorganized Holdings, as applicable, Cash in an amount equal to the Allowed amount of such Allowed Other Priority Claim as soon as reasonably practicable after the latest of (1) the Effective Date, (2) the date that such Claim becomes an Allowed Other Priority Claim, and (3) a date agreed to by the Plan Proponents or Reorganized Holdings, as applicable, and the Holder of such Allowed Other Priority Claim.	100% Unimpaired	No (Deemed to Accept)

[23] *Other Priority Claim* means any Claim against any Debtor accorded priority in right of payment under section 507(a) of the Bankruptcy Code, other than an Administrative Claim, DIP Claim, or Priority Tax Claim.

Class and Estimated Amount	Summary of Treatment	Estimated Recovery	Entitled to Vote
Secured Claims[24] **(Class 2)** **(Amount TBD)**	Unless the Holder of an Allowed Secured Claim agrees to less favorable treatment of such Claim, each Holder of an Allowed Secured Claim shall receive, in full and final satisfaction, compromise, settlement, release, and discharge of, and in exchange for such Allowed Secured Claim, at the option of the Plan Proponents or Reorganized Holdings, as applicable, (1) Cash in an amount equal to the Allowed amount of such Allowed Secured Claim as soon as reasonably practicable after the latest of (A) the Effective Date, (B) the date that such Claim becomes an Allowed Secured Claim, and (C) a date agreed to by the Plan Proponents or Reorganized Holdings, as applicable, and the Holder of such Secured Claim; (2) reinstatement of such Allowed Secured Claim; (3) the collateral securing such Holder's Allowed Secured Claim, with any deficiency to result in an Allowed General Unsecured Claim; or (4) such other treatment rendering such Allowed Secured Claim Unimpaired.	100% Unimpaired	No (Deemed to Accept)

[24] *Secured Claim* means a Claim against a Debtor (other than an Administrative Claim, DIP Claim, Priority Tax Claim, Other Priority Claim, OCM Guaranty Claim, Subordinated Claim, or Intercompany Claim), that is secured by a Lien on property in which a Debtor's Estate has an interest or that is subject to setoff under section 553 of the Bankruptcy Code, to the extent of the value of the Claim Holder's interest in the applicable Estate's interest in such property or to the extent of the amount subject to setoff, as applicable, as determined pursuant to section 506(a) or 1129(b) of the Bankruptcy Code or, in the case of setoff, pursuant to section 553 of the Bankruptcy Code.

Class and Estimated Amount	Summary of Treatment	Estimated Recovery	Entitled to Vote
General Unsecured Claims[25] **(Class 3)** **(Amount $505 million to $768 million)**	Unless the Holder of an Allowed General Unsecured Claim agrees to less favorable treatment of such Claim, each Holder of an Allowed General Unsecured Claim shall receive on the Effective Date or as soon as practicable thereafter, in full and final satisfaction, compromise, settlement, release, and discharge of, and in exchange for such Allowed General Unsecured Claim, the following (1) and (2): (1) at such Holder's election, either a. Equity Option: if such General Unsecured Claimholder makes a written election on a timely and properly delivered and completed Ballot or other writing satisfactory to the Plan Proponents, its Pro Rata Share of 5025% of the Reorganized Equity (subject to dilution on account of the Backstop Premium and the EIP); or b. Cash Option: its Pro Rata Share, among General Unsecured Claims, of the GUC Cash Pool; *provided*, for the avoidance of doubt, the Pro Rata Share calculation in this subclause (B) shall be calculated based on the aggregate amount of all Allowed General Unsecured Claims whether or not Holders of such Claims receive the treatment in this subclause (B); *provided*, if a General Unsecured Claimholder does not submit a Ballot or submits a Ballot but fails to affirmatively elect the treatment set forth in Section 3.3(c)(iii)(1)(A) of the Plan, such General Unsecured Claimholder shall be deemed to have elected the treatment specified in Section 3.3(c)(iii)(1)(B) of the Plan with respect to its Allowed General Unsecured Claim; and (2) Rights Offering: its Pro Rata Share of the Rights Offering Subscription Rights (subject to dilution on account of the Backstop Premium and the EIP), to purchase the Reorganized Equity to be issued pursuant to the Rights Offering to the extent such General Unsecured Claimholder elects to exercise its Rights Offering Subscription Rights.	1.8-2.7% (Cash Out) 4.1-16.7.9-8.32% (Equity, excluding rights exercise) 4.6% - 20.2.9% - 12.7% (Equity including rights exercise)[26] Impaired	Yes

Class and Estimated Amount	Summary of Treatment	Estimated Recovery	Entitled to Vote
Convenience Claims[27] **(Class 4)** **(Amount TBD)**	On the Effective Date, except to the extent that a Holder of an Allowed Convenience Claim agrees to less favorable treatment of such Claim, each Holder of an Allowed Convenience Claim shall receive, in full and final satisfaction, compromise, settlement, release and discharge of and in exchange for such Allowed Convenience Claim, Cash in an amount equal to 15% of the face amount of such Holder's Allowed Convenience Claim; *provided*, the aggregate distributions to Holders of Convenience Claims shall not exceed the Convenience Claim Cap; *provided*, *further*, that in the event the aggregate distributions to Holders of Convenience Claims exceeds the Convenience Claim Cap, Holders of such Claims shall receive their Pro Rata Share of the Convenience Claim Cap.	15%[28] Impaired	Yes

[25] *General Unsecured Claim* means any Claim against any Debtor, but excluding any Administrative Claims, DIP Claims, Professional Fee Claims, U.S. Trustee Fees, Priority Tax Claims, Other Priority Claims, Convenience Claims, OCM Guaranty Claims, Subordinated Claims, or Intercompany Claims, as of the Petition Date that is neither secured by collateral nor entitled to priority under the Bankruptcy Code or any Final Order of the Bankruptcy Court. For the avoidance of doubt, any General Unsecured Claims (including, for the avoidance of doubt, 2022 Notes Claim and Old Notes Claims) that exceed the Convenience Claim Threshold Amount is a "General Unsecured Claim," unless, pursuant to Section 3.3(d)(i), such Holder irrevocably elects to have its General Unsecured Claim treated as a Convenience Claim on its Ballot.

[26] The Valuation Analysis attached hereto as **Appendix E** estimates plan equity value ranging from $~~58.6~~55.8 million (low) to $~~71.0~~68.3 million (high~~). Of that amount,~~) with a midpoint of $62.1 million. The 8% Backstop Premium is calculated on the ~~first 8%~~basis of the ~~Reorganized Equity is allocable~~equity value plus the maximum Rights Offering Amount minus Administrative Claims, Convenience Claims, and the Cash Out option. The Plan cash is set at $5 million in all scenarios with the excess cash being returned to the ~~Backstop Premium.~~Rights Offering participants. After ~~that~~the allocation~~,~~ of the ~~cash~~Backstop Premium, the remaining ~~at the Debtors' estates after payments under the Plan is estimated to range from $7.5 million (low) to $2.9 million (high). The resulting range of $61.4 million to $68.3 million is then~~equity value is split between the Reorganized Equity to General Unsecured Claimholders under the Plan (~~50~~25%) and ~~pursuant to~~ the Rights Offering ~~(50%), which is then reduced by the $27 million capital raised under the Plan.~~participants (75%).

[27] *Convenience Claim* means any Allowed General Unsecured Claim against the Debtors in an amount that is greater than $0 but less than or equal to the Convenience Claim Threshold Amount; *provided*, that Holders of Allowed General Unsecured Claims (including, for the avoidance of doubt, 2022 Notes Claims and Old Notes Claims) exceeding the Convenience Claim Threshold Amount may irrevocably elect on their Ballot to have their General Unsecured Claim reduced to the Convenience Class Threshold Amount and treated as Convenience Claims.

[28] Estimated recoveries for Holders of Allowed Convenience Claims will be less than 15% if more than $16,666,667 in Claims elect to have their General Unsecured Claim reduced to the Convenience Class Threshold Amount and treated as Convenience Claims.

Class and Estimated Amount	Summary of Treatment	Estimated Recovery	Entitled to Vote
OCM Guaranty Claims[29] **(Class 5)** **(Amount N/A)**	On the Effective Date, all OCM Guaranty Claims shall be Reinstated and such Holder's claims shall be rendered Unimpaired in accordance with section 1124 of the Bankruptcy Code.	N/A Unimpaired	No (Deemed to Accept)
Subordinated Claims[30] **(Class 6)** **(Amount TBD)**	On the Effective Date, each Allowed Subordinated Claim shall be cancelled, discharged, and released, without any distribution to Holders.	0% Impaired	No (Deemed to Reject)
Intercompany Claims[31] **(Class 7)** **(Amount N/A)**	On the Effective Date, each Allowed Intercompany Claim shall either be Reinstated or discharged, cancelled, released, and extinguished, without any distributions to Holders, as determined by the Plan Proponents or Reorganized Holdings, as applicable.	N/A Impaired / Unimpaired	No (Deemed to Accept /Reject)
Intercompany Interests[32] **(Class 8)** **(Amount N/A)**	On the Effective Date, each Allowed Intercompany Interest shall be either be Reinstated or discharged, cancelled, released, and extinguished, without any distributions to Holders, as determined by the Plan Proponents or Reorganized Holdings, as applicable.	N/A Impaired / Unimpaired	No (Deemed to Accept / Reject)

[29] *OCM Guaranty Claim* means any Claim arising from or related to the guarantees executed by Eletson Holdings in favor of the obligations of each of: Fourni Special Maritime Enterprises; Kastos Special Maritime Enterprises; Kimolos II Special Maritime Enterprise; Kinaros Special Maritime Enterprise; OCM Maritime Rhine LLC; OCM Maritime Yukon LLC; OCM Maritime Autumn LLC; and OCM Maritime Thames LLC.

[30] *Subordinated Claim* means collectively, Section 510(b) Claims and Eletson Insider Claims.

[31] *Intercompany Claim* means any and all Claims of a Debtor against another Debtor or non-Debtor Affiliate.

[32] *Intercompany Interest* means an Interest in a Debtor held by another Debtor; *provided*, for the avoidance of doubt, Parent Equity Interests are not Intercompany Interests.

Class and Estimated Amount	Summary of Treatment	Estimated Recovery	Entitled to Vote
Existing Equity Interests[33] **(Class 9)**	On the Effective Date, each Allowed Existing Equity Interest shall be discharged, cancelled, released, and extinguished, without any distributions to Holders.	0% Impaired	No (Deemed to Reject)

C. Other Miscellaneous Plan Provisions

The Plan contains various provisions relating to:

- the means for implementing the Plan, and operations and governance of the Debtors after the Effective Date (*see* Article V;)
- procedures for making distributions from the Debtors and Reorganized Holdings and the rights and powers of any Disbursing Agent (*see* Article VI);
- procedures for the reconciliation of Claims and Proofs of Claim and related matters, such as objections and estimation for any Disputed Claims (*see* Article VII);
- the treatment of executory contracts and unexpired leases (*see* Article VIII);
- conditions precedent to consummation of the Plan (*see* Article IX);
- the effect of confirmation (including the injunction and exculpation provisions (as explained in greater detail below)) (*see* Article X); and
- miscellaneous other implementation and effectuating provisions, including the retention of the Bankruptcy Court's jurisdiction with respect to certain issues (*see* Articles XI, XII).

D. Certain Matters Relating to the Old Notes and the 2022 Notes

The Plan contains certain provisions in Section 5.4 of the Plan (titled "Cancellation of Existing Securities and Agreements") that impacts distributions to

[33] *Existing Equity Interest* means all existing equity Interests (other than Intercompany Interests), including without limitation, (a) any and all Parent Equity Interest, and (b) all common and preferred stock and all rights to purchase common and preferred stock in each Debtor.

Holders of Old Notes Claims and 2022 Notes Claims. Among other things, Section 5.4 of the Plan provides that:

> [T]he 2022 Notes Documents and the Old Notes Documents shall continue in effect solely for the purposes of (a) allowing the applicable Holders of Claims to receive their respective distributions under this Plan as provided herein, (b) allowing the Indenture Trustees to facilitate the distributions under this Plan to the applicable Holders of Claims as provided herein and otherwise comply with any obligations they may have under this Plan, including the cancellation of existing security interests pursuant to this Section 5.4, (c) allowing the Indenture Trustees to preserve their respective rights to payment of fees, expenses, and indemnification obligations as against any money or property distributable to the relevant Holder of 2022 Notes Claims and Old Notes Claims, as applicable, under this Plan, and to deduct such fees and expenses from such distributions, including in respect of payment and the right to exercise their charging liens, if any, against such distributions, (d) permitting the Indenture Trustees to perform any functions that are necessary to effectuate the foregoing, and (e) allowing the Indenture Trustees to assert any other right, privilege, benefit, or protection granted to either of them under the relevant documentation other than against Reorganized Holdings and the Exculpated Parties; *provided*, that the foregoing shall not affect the discharge of the Debtors with respect to the 2022 Notes Claims and the Old Notes Claims as provided for herein, or result in any expenses or liability to Reorganized Holdings, except to the extent set forth in or provided for under this Plan. Notwithstanding anything to the contrary herein, the terms and provisions of this Plan shall not alter, modify, or amend any existing contract or agreement between any of the Indenture Trustees and any current or former 2022 Noteholder or Old Noteholder, as applicable, and any such contract or agreement shall remain in full force and effect according to its terms following the Effective Date.

Plan § 5.4.

In broad strokes, Section 5.4 of the Plan affirms the ability of the Old Notes Trustee and the 2022 Notes Trustee to exercise their respective "charging lien" to recover from noteholders' distributions under the Plan amounts necessary to satisfy the Old Notes Trustee's and 2022 Notes Trustee's fees and expenses related to their respective indentures. Such amounts will reduce noteholders' recoveries under the Plan on a pro rata basis and are expected to be approximately (a) in the case of the Old Notes Trustee, approximately $400,000, and (b) in the case of the 2022 Notes Trustee, between approximately $3,000,000 and $4,000,000. To the extent that any noteholders have paid the Old Notes Trustee's and/or 2022 Notes Trustee's fees and expenses prior to the Effective Date, such fees and expenses will be reimbursed in accordance with any agreements between such noteholder(s) and the Old Notes Trustee and/or 2022 Notes Trustee.

~~D.~~E. New Board of Reorganized Holdings

The Plan contains the following provision regarding the New Board of Reorganized Holdings.

The New Board shall consist of three directors: (i) one director selected by the Plan Proponents, (ii) one director selected by the Plan Proponents, subject to consent of the Creditors' Committee (not to be unreasonably withheld, conditioned, or delayed), and (iii) one director designated as "independent" selected by the Creditors' Committee (the "Independent Director"). The identities of directors on the New Board shall be set forth in the Plan Supplement, to the extent known at the time of filing, in accordance with 11 U.S.C. § 1129(a)(5).

The New Corporate Governance Documents will (i) prohibit the issuance of non-voting equity securities, to the extent required under section 1123(a)(6) of the Bankruptcy Code, and (ii) provide that any decisions related to claims and causes of action with Levona Holdings, Ltd. and its affiliates, including Pach Shemen (the "*Levona Claims*") are required to be made by the independent director; *provided*, that if the New Board disagrees with any of the decisions of the Independent Director with respect to the Levona Claims, the New Board can refer the dispute to a final offer arbitrator (also known as a baseball arbitrator) or an early neutral evaluator—in each case, governed by the International Centre for Dispute Resolution and the American Arbitration Association—to decide; *provided*, *further*, the majority of Reorganized Holdings' shareholders other than Pach Shemen (including, any Reorganized Holdings' shareholders affiliated with Pach Shemen) may settle the Levona Claims or direct the actions of the independent director with respect to the Levona Claims. The costs of any such arbitrations or evaluations shall be borne by Reorganized Holdings.

The members of the governing body of each Debtor prior to the Effective Date, in their capacities as such, shall have no continuing obligations to Reorganized Holdings on or after the Effective Date and each such member will be deemed to have resigned or shall otherwise cease to be a director or manager of the applicable Debtor on the Effective Date. Commencing on the Effective Date, each of the directors of Reorganized Holdings shall serve pursuant to the terms of the New Corporate Governance Documents and may be replaced or removed in accordance with such organizational documents.

~~E.~~F. Backstop Commitment and Rights Offering

1. *Backstop Agreement*

Under the terms of the Backstop Agreement: (a) on the Effective Date, the Initial Backstop Party has agreed to purchase all of the Reorganized Equity offered and not duly subscribed for and/or purchased in the Rights Offering in accordance with the Rights Offering Procedures; and (b) the Backstop Parties will receive the Backstop Premium, which will be immediately and automatically deemed fully earned upon entry into the Backstop Agreement and payable upon the Effective Date. The Initial Backstop Party's financial wherewithal to make the backstop commitment, as well as a commitment letter, is attached hereto as **Appendix F**.

In accordance with the Backstop Agreement and the Plan, any General Unsecured Claimholder that is eligible to purchase the Reorganized Equity pursuant to Section 5.9(b) of the Plan and desires to participate in the Backstop Agreement, that delivers: (a) an executed election joinder in the form attached to the Backstop Agreement as Exhibit C, including certification of eligibility to purchase such Reorganized Equity; and (b) proof of funds or other financial wherewithal documentation, in each case, to counsel for the Petitioning Creditors at Togut, Segal & Segal LLP (Kyle J. Ortiz (kortiz@teamtogut.com) and Bryan M. Kotliar (bkotliar@teamtogut.com)), no later than ten (10) days following the Solicitation Commencement Deadline (as defined in the Rights Offering Approval Order) (any such General Unsecured Claimholder that complies with the foregoing, a "Subsequent Backstop Party" and together with the Initial Backstop Parties, the "Backstop Parties").

The offering, issuance, and distribution of the Reorganized Equity on account of the General Unsecured Claims and the Rights Offering shall be exempt from, among other things, the registration requirements of section 5 of the Securities Act and any other applicable U.S. state or other law requiring registration prior to the offering, issuance, distribution, or sale of securities in accordance with, and pursuant to, section 1145 of the Bankruptcy Code to the extent permitted or under the Securities Act by virtue of section 4(a)(2) thereof, Regulation D, and/or Regulation S. Such Reorganized Equity issued pursuant to section 1145 of the Bankruptcy Code will not be "restricted securities" as defined in Rule 144(a)(3) of the Securities Act and will be freely tradable and transferable by the initial recipients thereof, subject to the provisions of section 1145(b)(1) of the Bankruptcy Code relating to the definition of an underwriter in section 1145(b) of the Bankruptcy Code, and compliance with applicable securities laws, including Rule 144 of the Securities Act, and any rules and regulations of the SEC, if any, applicable at the time of any future transfer of such securities or instruments. To the extent the issuance and distribution of any Reorganized Equity is being made in reliance on the exemption from registration set forth in section 4(a)(2) of the Securities Act, Regulation D, and/or Regulation S promulgated under the Securities Act, and similar registration exemptions applicable outside of the United States, such securities will be considered "restricted securities" subject to resale restrictions and may be resold, exchanged, assigned, or otherwise transferred only pursuant to a registration statement or available exemption from the registration requirements of the Securities Act and other applicable law.

The issuance of the Reorganized Equity to the Backstop Parties, and the payment of the Backstop Premium is being made in reliance on the exemption from registration set forth in section 4(a)(2) of the Securities Act, Regulation D, and/or Regulation S promulgated under the Securities Act, and similar registration exemptions applicable outside of the United States, such securities will be considered "restricted securities" subject to resale restrictions and may be resold, exchanged, assigned, or otherwise transferred only pursuant to a registration statement or available exemption from the registration requirements of the Securities Act and other applicable law.

Any securities issued under the EIP will be issued pursuant to a registration statement or available exemption from registration under the Securities Act and other applicable law.

2. *Rights Offering Procedures*

On April 17, 2024, the Petitioning Creditors filed a motion [Docket No. 592] (the "Rights Offering Procedures Motion") seeking approval of procedures for conducting the Rights Offering.[34] On May 9, 2024, the Debtors filed an objection to the Rights Offering Procedures Motion, which the Petitioning Creditors replied to on May 13, 2024. *See* Docket Nos. 652 and 667. On [•] [•], 2024, the Bankruptcy Court entered an order approving the Rights Offering Procedures Motion [Docket No. [•]] (the "Rights Offering Approval Order"). The ~~$27.0~~up to $43.5 million Rights Offering will be conducted in reliance upon the exemptions from registration under section 1145 of the Bankruptcy Code or Section 4(a)(2) of the Securities Act. All General Unsecured Claimholders (each, an "Applicable Claim") are entitled to receive their share of Rights Offering Subscription Rights to acquire up to ~~50~~75% of the Reorganized Equity, at a price that represents an implied ~~17~~10.8% discount to the mid-point of the plan equity value of up to US$~~64,800,000 million~~62,058,088.00, in accordance with the Rights Offering Procedures, which shall be backstopped by the Backstop Parties.

Subject to the terms and conditions set forth in the Plan, the Rights Offering Procedures and the form to be used for exercising the Rights Offering Subscription Rights (the "Subscription Form"), each General Unsecured Claimholder of an Applicable Claim is entitled to subscribe for up to its Pro Rata Portion (as defined in the Rights Offering Procedures) of the Reorganized Equity to be issued pursuant to the Rights Offering at a purchase price of $[•][35] per security (the "Purchase Price"). There will be no oversubscription rights in the Rights Offering. Any Reorganized Equity that is unsubscribed by General Unsecured Claimholders pursuant to the Rights Offering will not be offered to other General Unsecured Claimholders but will be purchased by the Backstop Parties in accordance with the Backstop Agreement. Subject to the terms and conditions of the Backstop Agreement, the Backstop Parties are obligated to purchase their Pro Rata Portion of the applicable Reorganized Equity pursuant to the Rights Offering.

Pursuant to the Rights Offering Procedures, the Rights Offering will commence three Business Days from the entry of the Rights Offering Approval Order (the "Subscription Commencement Date") and will end on June ~~20,~~[ ], 2024 at 4:00 p.m. prevailing Eastern Time (the "Subscription Expiration Date").

Pursuant to the Rights Offering Procedures, the Rights Offering 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 Rights Offering Subscription Rights from the corresponding Applicable Claim by a General Unsecured Claimholder will be null and void, will have no effect, and will not be recognized for any purpose. The Applicable Claim and the

[34] Capitalized terms not otherwise defined in this section of this Disclosure Statement shall have the meanings ascribed to such terms in the Rights Offering Procedures Motion or the Rights Offering Approval Order, as applicable.

[35] Rounded to the nearest whole cent.

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

Once a General Unsecured Claimholder has properly exercised its Rights Offering 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 Plan Proponents and the Subscription Agent. Moreover, following the exercise of any Rights Offering Subscription Rights, the Holder thereof shall be prohibited from transferring or assigning the Applicable Claims, as applicable, corresponding to such Rights Offering Subscription Rights until the earlier of (i) the termination of the Rights Offering and (ii) the revocation of exercise of the Rights Offering Subscription Rights to the extent permitted by the Rights Offering Procedures.

To exercise the Rights Offering Subscription Rights, a General Unsecured Claimholder must: (i) return a duly executed Subscription Form (including the 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 General Unsecured Claimholder is not one of the Backstop Parties, 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 General Unsecured Claimholder is one of the Backstop Parties, 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.

~~F.~~G. Proposed Substantive Consolidation

Substantive consolidation is an equitable legal doctrine under which a bankruptcy court may treat separate, individual debtors as if they were merged into a single debtor entity and vested with the cumulative assets and liabilities of the debtor estates. The result of substantive consolidation is that claims asserted by creditors against multiple debtors are converted into claims against the surviving consolidated debtor entity.

In determining whether to order substantive consolidation, courts in the Second Circuit consider whether (i) "creditors dealt with the entities as a single economic unit and did not rely on their separate identity in extending credit" or (ii) "the affairs of the debtors are so entangled that consolidation will benefit all creditors." *In re Augie/Restivo Baking Co., Ltd.*, 860 F.2d 515, 518 (2d Cir. 1988). Satisfaction of either prong will support substantive consolidation. *In re Extended Stay, Inc.*, No. 09-13764-JLG, 2020 WL 10762310, at *42 (Bankr. S.D.N.Y. Aug. 8, 2020). However, courts have cautioned that it is a remedy that is to be applied "sparingly." *Id.*

The first *Augie/Restivo* prong is "applied from the creditors' perspective" and the inquiry ''is whether creditors treated the [subject entities] as a single entity, not

whether the managers of the [entities] themselves, or consumers, viewed the [entities] as one enterprise." *Id.* at *43.

The second *Augie/Restivo* prong concerns both financial and operational entanglement between the subject entities, but the prong is only satisfied where the entanglement and/or commingling is so pervasive that untangling would be either impossible or so difficult and costly that doing so would effectively extinguish assets such that the creditors will not benefit from consolidation. *See e.g., In re Verestar, Inc.*, 343 B.R. 444, 463 (Bankr. S.D.N.Y. 2006) (denying consolidation of a non-debtor-parent-company who commingled funds and business operations with subsidiary-debtor, reasoning "there is no allegation that it is impossible to sort out the intercompany transfers or that the companies' respective rights to the cash cannot be traced"); *Extended Stay*, 2020 WL 10762310 at *53 (citing *In re WorldCom, Inc.*, No. 02-13533, 2003 WL 23861928, at *36 (Bankr. S.D.N.Y. Oct. 31, 2003) (explaining that substantive consolidation is appropriate when "it would be so costly and difficult to untangle the [d]ebtors' financial affairs, such that doing so is a 'practical impossibility,' " or "that it is not possible to create accurate financial data for each legal entity."); *In re Drexel Burnham Lambert Grp.*, Inc., 138 B.R. 723, 766 (Bankr. S.D.N.Y. 1992) (finding substantive consolidation appropriate where debtors operated as single enterprise and establishing allocation of liability "would be a Herculean task consuming years of costly professional services, thereby draining significant amounts of value from the [d]ebtors' estates")).

In evaluating whether to order substantive consolidation, courts consider (a) the presence or absence of consolidated financial statements, (b) the unity of interest and ownership between various corporate entities, (c) the existence of parent and intercompany guarantees on loans, (d) the degree of difficulty in segregating and ascertaining individual assets and liabilities, (e) the existence of transfers of assets without formal observation of corporate formalities, (f) the commingling of assets and business functions, and (g) the profitability of consolidation at a single location. *Augie/Restivo*, 860 F.2d at 518.

The Plan provides for limited substantive consolidation of the Debtors' estates for purposes of making distributions under the Plan. The Plan Proponents believe that consensual substantive consolidation provides the most equitable treatment as to the Debtors' creditors (which nearly entirely consist of claims against Debtor Eletson Holdings and not Debtors Eletson MI and Eletson Finance). Substantive consolidation maximizes the returns to creditors under the Plan and no creditors or other parties in interest are harmed by the limited substantive consolidation contemplated by the Plan.

~~G.~~H. Releases

The Plan does not provide for the release of Claims or Causes of Action belonging to the Debtors or their Estates or any third party Claims or Causes of Action held by third party non-Debtors. The Plan contains certain usual and customary discharge and injunction provisions consistent with the Bankruptcy Code and as part of implementing the restructuring set forth in the Plan, as well as certain exculpation provisions for the Plan Proponents, the Creditors' Committee (and its members), and

their respective Related Parties. Each of the foregoing are described in greater detail in Sections 10.3, 10.4, and 10.5 of the Plan and are set forth below.

1. *Discharge*

Pursuant to and to the fullest extent permitted by the Bankruptcy Code, except as otherwise specifically provided in the Plan or the Confirmation Order, the treatment of Claims and Interests under the Plan shall be in full and final satisfaction, compromise, settlement, release, discharge and termination, as of the Effective Date, of all Claims of any nature whatsoever, whether known or unknown, against, and Interests in, the Debtors, any property of the Estates, or any property of Reorganized Holdings, including all Claims of the kind specified in section 502(g), 502(h) or 502(i) of the Bankruptcy Code, in each case whether or not: (a) a Proof of Claim or Interest based upon such Claim, debt, right, or Interest is filed or deemed filed pursuant to section 501 of the Bankruptcy Code, (b) a Claim or Interest based upon such Claim, liability, obligation or Interest is Allowed pursuant to section 502 of the Bankruptcy Code, or (c) the Holder of such a Claim, liability, obligation or Interest has voted to accept the Plan. Except as otherwise provided herein, any default or "event of default" by the Debtors with respect to any Claim or Interest that existed immediately prior to or on account of the filing of these Chapter 11 Cases shall be deemed cured (and no longer continuing) as of the Effective Date

2. *Injunction*

Except as otherwise specifically provided in the Plan or the Confirmation Order, all Persons or Entities who have held, hold or may hold (a) Claims or Interests that arose prior to the Effective Date, (b) Causes of Action that are subject to exculpation pursuant to Section 10.5 of the Plan (but only to the extent of the exculpation provided in Section 10.5 of the Plan), or (c) Claims, Interests or Causes of Action that are otherwise discharged, satisfied, stayed or terminated pursuant to the terms of the Plan and all other parties-in-interest seeking to enforce such Claims, Interests or Causes of Action are permanently enjoined, from and after the Effective Date, from (i) commencing or continuing in any manner any action or other proceeding of any kind with respect to any such Claim (including a Subordinated Claim) against or Interest in the Debtors or Reorganized Holdings, or property of any Debtors or Reorganized Holdings, other than to enforce any right to a distribution pursuant to the Plan, (ii) the enforcement, attachment, collection or recovery by any manner or means of any judgment, award, decree or order against the Debtors or Reorganized Holdings or property of any Debtors or Reorganized Holdings with respect to any such Claim or Interest, other than to enforce any right to a distribution pursuant to the Plan, (iii) creating, perfecting or enforcing any Lien or encumbrance of any kind against the Debtors or Reorganized Holdings, or against the property or interests in property of the Debtors or Reorganized Holdings with respect to any such Claim or Interest, other than to enforce any right to a distribution pursuant to the Plan, or (iv) asserting any right of setoff (except for setoffs validly exercised prepetition) or subrogation of any kind against any obligation due from the Debtors or Reorganized Holdings, or against the property or interests in property of the Debtors or Reorganized Holdings, with respect to any such Claim or Interest. Such injunction shall extend to any successors or

assignees of the Debtors or Reorganized Holdings and its respective properties and interests in properties.

3. *Exculpation*

Effective as of the Effective Date, to the extent permitted under section 1125(e) of the Bankruptcy Code, and except as otherwise specifically provided in the Plan, no Exculpated Party shall have or incur liability for, and each Exculpated Party is exculpated from any Cause of Action related to any act or omission taking place between the Petition Date and the Effective Date, in connection with, relating to, or arising out of, the Chapter 11 Cases, the Involuntary Proceedings, the filing of the Involuntary Petitions, the formulation, preparation, dissemination, negotiation, or filing of the Plan, this Disclosure Statement, the Plan Supplement, the Rights Offering Procedures, the Backstop Agreement, or any transaction under the Plan, contract, instrument, or document or transaction approved by the Bankruptcy Court in these Chapter 11 Cases, except for (a) any Cause of Action related to any act or omission that is determined in a Final Order by a court of competent jurisdiction to have constituted fraud, willful misconduct, or gross negligence of such Person, and (b) any Cause of Action related to any liability of professionals to their clients pursuant to N.Y. Comp. Codes R. & Regs. tit. 22 § 1200.8 Rule 1.8(h)(1); *provided*, *however*, *that*, for the avoidance of doubt, any such exculpation shall not act or be construed to exculpate, channel, release, enjoin, or otherwise affect any civil or criminal enforcement action by a Governmental Unit.

V. BEST INTERESTS OF CREDITORS

Section 1129(a)(7) of the Bankruptcy Code requires that any holder of an impaired claim or interest voting against a proposed plan of reorganization must be provided in the plan with a value, as of the effective date of the plan, at least equal to the value that the holder would receive if the debtors' assets were liquidated under chapter 7 of the Bankruptcy Code. To determine what holders of claims and interests in each impaired class would receive if the debtors' assets were liquidated, the Bankruptcy Court must determine the dollar amount that would be generated from a liquidation of the debtors' assets in the context of a hypothetical liquidation. Such a determination must take into account the fact that secured claims, and any administrative claims resulting from the original chapter 11 cases and from the chapter 7 cases, would have to be paid in full from the liquidation proceeds before the balance of those proceeds were made available to pay unsecured creditors and make distributions (if any) to holders of interests.

In support of the Plan Proponents' belief that Holders of Claims in each impaired Class will receive more under the Plan than if the Debtors' assets were liquidated, attached to this Disclosure Statement as **Appendix C** is a liquidation analysis (the "Liquidation Analysis") prepared by Batuta Capital Advisors LLC ("Batuta") at the direction of the Plan Proponents. The Liquidation Analysis assumes that the Chapter 11 Cases were converted to chapter 7 cases and that each Debtors' assets are liquidated under the direction of a chapter 7 trustee.

The assumptions used in developing the Liquidation Analysis are inherently subject to significant uncertainties and contingencies. Accordingly, there can be no assurances that the values assumed in the Liquidation Analysis would be realized if the Debtors were actually liquidated. In addition, any liquidation would take place in the future at which time circumstances may exist that cannot presently be predicted. A description of the procedures followed and the assumptions and qualifications made by the Plan Proponents in connection with the Liquidation Analysis are set forth in the notes thereto.

THESE LIQUIDATION VALUES HAVE BEEN PREPARED SOLELY FOR USE IN THIS DISCLOSURE STATEMENT AND DO NOT REPRESENT VALUES THAT ARE APPROPRIATE FOR ANY OTHER PURPOSE. NOTHING CONTAINED IN THE LIQUIDATION ANALYSIS IS INTENDED TO BE OR CONSTITUTES A CONCESSION BY OR ADMISSION OF ANY DEBTOR FOR ANY PURPOSE.

VI. VALUATION AND FINANCIAL PROJECTIONS

A. Feasibility

In connection with confirmation of the Plan, the Bankruptcy Court must determine that the Plan is feasible in accordance with section 1129(a)(11) of the Bankruptcy Code (which section requires that confirmation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtors). To support the Plan Proponents' belief that the Plan is feasible, Batuta has prepared the projections for Reorganized Holdings, as set forth in **Appendix D** (the "Financial Projections"). The Plan provides Reorganized Holdings with a substantial infusion of capital from the proceeds of the Rights Offering. This capital will allow the Debtors to emerge from bankruptcy upon the Effective Date of the Plan and satisfy Allowed Claims as provided for in the Plan. Accordingly, the Plan Proponents believe that all Plan obligations will be satisfied without the need for further reorganization of the Debtors.

B. Valuation

In connection with developing the Plan, Batata performed an analysis of the estimated value of Reorganized Holdings, which is set forth in the valuation analysis in **Appendix E** (the "Valuation Analysis"). The Valuation Analysis is based on commonly accepted valuation methodologies.

The Valuation Analysis is based upon a number of estimates and assumptions that are inherently subject to significant uncertainties and contingencies beyond the control of the Plan Proponents and Reorganized Holdings. Accordingly, there can be no assurance that the ranges reflected in the Valuation Analysis would be realized if the Plan were to become effective, and actual results could vary.

THE VALUATION ANALYSIS REPRESENTS A HYPOTHETICAL VALUATION OF REORGANIZED HOLDINGS AND ITS ASSETS, WHICH ASSUMES THAT REORGANIZED HOLDINGS CONTINUES AS AN OPERATING BUSINESS. THE ESTIMATED VALUE SET FORTH IN THE VALUATION ANALYSIS DOES NOT

PURPORT TO CONSTITUTE AN APPRAISAL OR NECESSARILY REFLECT THE ACTUAL MARKET VALUE THAT MIGHT BE REALIZED THROUGH A SALE OR LIQUIDATION OF REORGANIZED HOLDINGS, ITS SECURITIES OR ITS ASSETS, WHICH MAY BE MATERIALLY DIFFERENT THAN THE ESTIMATES SET FORTH IN THE VALUATION ANALYSIS.

VII. SOLICITATION PROCEDURES AND DEADLINES

A. Solicitation Packages

The Plan Proponents are causing solicitation package (the "Solicitation Packages") to be distributed to Holders of Claims entitled to vote on the Plan. Such Solicitation Packages include:

- a cover sheet from the Plan Proponents describing the contents of such Solicitation Package;
- a notice of the hearing to confirm the Plan (the "Confirmation Hearing Notice");
- this Disclosure Statement with the Plan annexed thereto;
- the order of the Bankruptcy Court approving the Petitioning Creditors' Solicitation Motion, entered on [•] [•], 2024 [Docket No. [•]] (the "Solicitation Approval Order"), excluding the exhibits attached thereto, approving the procedures for soliciting votes with respect to the Plan and dates and deadlines related to the Bankruptcy Court's approval of the Plan (referred to as "Confirmation");
- a ballot to cast a vote on the Plan (each, a "Ballot"); and
- such other solicitation materials that the Bankruptcy Court may direct.[36]

Holders of Claims not entitled to vote on the Plan (the "Non-Voting Classes") will receive only the Confirmation Hearing Notice, which will provide them notice of such Holder's non-voting status.

Copies of this Disclosure Statement, the Plan, all appendices and exhibits attached thereto and hereto, and all other pleadings filed and orders entered in these Chapter 11 Cases can be obtained by contacting the Voting Agent (a) in writing at Eletson Holdings Inc., et al., Ballot Processing Center c/o KCC, 222 N. Pacific Coast Highway, Suite 300, El Segundo, California 90245, (b) via email at https://www.kccllc.net/Eletson/inquiry, or (c) by telephone at 888-647-1737 (Domestic) or 310-751-2624 (International).

[36] Instructions on how to vote are included with the Solicitation Package and are described below.

B. Voting Procedures and Voting Deadline

The rules, requirements, and procedures regarding the submission of your Ballot are set forth in the Solicitation Approval Order and the Ballot and are summarized below for your convenience.

After carefully reviewing the Plan, this Disclosure Statement, and the detailed instructions accompanying your Ballot, please indicate your acceptance or rejection of the Plan by voting in favor of (*i.e.*, to accept) or against the Plan (*i.e.*, to reject) on the Ballot.

To be counted, your Ballot must be duly completed, executed, and **actually received** by 5:00 p.m. (prevailing Eastern Time) on [_____] [__], 2024 (the "Voting Deadline"). Ballots may be delivered either via regular mail, courier, or delivery services to the Voting Agent at the at the following address: Eletson Holidngs Inc., *et al.*, Ballot Processing Center c/o KCC, 222 N. Pacific Coast Highway, Suite 300, El Segundo, California 90245.

Where applicable, ballots can be submitted via the Voting Agent's e-ballot platform by visiting https://www.kccllc.net/Eletson, clicking on the "Submit E-Ballot" section of the website and following the directions to submit their electronic Ballot.

If you are a Beneficial Holder of Claims in Class 3 and received a Ballot for Beneficial Holders (a "Beneficial Holder Ballot"), you must complete and return the Beneficial Holder Ballot to your broker, commercial bank, transfer agent, trust company, dealer, or other intermediary or nominee, or their mailing agent (each a "Nominee") so that it is received by your Nominee in sufficient time for your Nominee to submit a master ballot prior to the Voting Deadline.

Ballots received after the Voting Deadline (or such other deadline as ordered by the Bankruptcy Court or agreed to by the Plan Proponents, in their sole discretion) will not be counted.

If you have any questions about how to vote, the Solicitation Package you receive, or the amount of your claim, or if you wish to receive additional copies of the Plan, this Disclosure Statement, or any exhibits or appendices thereto or hereto, please contact the Voting Agent at: 888-647-1737 (Domestic) or 310-751-2624 (International) or via email at https://www.kccllc.net/eletson/inquiry.

C. Confirmation Hearing and Deadline for Objections to Plan Confirmation

The Plan Proponents intend to seek the Bankruptcy Court's Confirmation of the Plan. The Bankruptcy Court has scheduled a hearing to consider Confirmation of the Plan for **[•], 2024 at [•] a.m. / p.m. (prevailing Eastern Time) (the "Confirmation Hearing").** The Plan Proponents may adjourn the Confirmation Hearing by filing a notice on the docket of the Chapter 11 Cases or by announcing an adjournment on the record of a hearing or status conference held with the Bankruptcy Court.

Any objections to Confirmation of the Plan must be filed with the Bankruptcy Court and served on the parties indicated in the boxes immediately below by no later than [•] **a.m. / p.m. (prevailing Eastern Time) on [•], 2024 (the "Objection Deadline").** Unless an objection to Confirmation is timely filed and served, such objection may not be considered by the Bankruptcy Court at the Confirmation Hearing. Such objection must be filed with the Bankruptcy Court and served so that it is **actually received** by the Bankruptcy Court and the following persons by no later than the Objection Deadline:

Counsel for 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)
Counsel for the Creditors' Committee	Dechert LLP 1095 Avenue of Americas New York, NY 10036 Attn: Stephen Zide, Esq. (stephen.zide@dechert.com) and David Herman, Esq. (david.herman@dechert.com)
The U.S. Trustee	Office of the United States Trustee – NYO Department of Justice Alexander Hamilton Custom House One Bowling Green New York, NY 10004 Attn: Daniel Rudewicz, Esq. (Daniel.Rudewicz@usdoj.gov)

VIII. RISK FACTORS TO BE CONSIDERED

HOLDERS OF CLAIMS ENTITLED TO VOTE ON THE PLAN SHOULD READ AND CAREFULLY CONSIDER THE FOLLOWING FACTORS, AS WELL AS THE OTHER INFORMATION SET FORTH IN THIS DISCLOSURE STATEMENT AND THE PLAN (INCLUDING THEIR RESPECTIVE EXHIBITS / APPENDICES), BEFORE DECIDING WHETHER TO VOTE TO ACCEPT OR REJECT THE PLAN. THIS INFORMATION, HOWEVER, DOES NOT DESCRIBE THE ONLY RISKS INVOLVED IN CONNECTION WITH THE PLAN AND ITS IMPLEMENTATION.

The statements contained in this Disclosure Statement are made by the Plan Proponents as of the date hereof unless otherwise specified herein, and the delivery of this Disclosure Statement after that date does not imply that there has been no change in the information set forth herein since that date. The Plan Proponents have no duty to update this Disclosure Statement except as may be required by applicable law.

The Plan Proponents have relied upon information provided by the Debtors in connection with the preparation of this Disclosure Statement. Although the Plan Proponents have performed certain limited due diligence in connection with the preparation of this Disclosure Statement, they have not independently verified the information contained in this Disclosure Statement.

The contents of this Disclosure Statement should not be construed as legal, business, or tax advice, and nothing contained in the Plan will constitute an admission of, or be deemed evidence of, the tax or other legal effects of the Plan on the Plan Proponents or on Holders of Claims. Each Holder of a Claim should consult his, her, or its own legal counsel and accountant as to legal, tax, and other matters concerning his, her, or its Claim. This Disclosure Statement may not be relied upon for any purpose other than to determine whether to vote to accept the Plan.

A. Certain Bankruptcy Considerations

1. *Failure to Confirm the Plan*

If the Plan is not confirmed and consummated, there can be no assurance that the Chapter 11 Cases will continue rather than be converted to liquidation cases under chapter 7 of the Bankruptcy Code. Section 1129 of the Bankruptcy Code sets forth the requirements for confirmation of a plan and requires, among other things, that the value of distributions to dissenting creditors and shareholders not be less than the value of distributions such creditors and shareholders would receive if the Debtors were liquidated under chapter 7 of the Bankruptcy Code.

Although the Plan Proponents believe that the Plan will satisfy all requirements necessary for confirmation by the Bankruptcy Court, there can be no assurance that the Bankruptcy Court will reach the same conclusion or that modifications of the Plan will not be required for confirmation or that such modifications would not necessitate resolicitation of votes.

2. *The Plan May Not be Accepted by Sufficient Holders of Impaired Claims*

The Plan is subject to a vote of Holders of Impaired Claims in voting Classes and to Confirmation by the Bankruptcy Court. Article VI hereof summarizes the numerous requirements for Confirmation of the Plan, including that the Plan must be accepted by at least one Class of Impaired Claims. The Plan Proponents represent the majority of the holders of the Notes Claims, and are expected to support and vote in favor of the Plan. However, until all votes are collected, there can be no assurance that the requisite acceptances to confirm the Plan will be obtained. Thus, while the Plan

Proponents believe that the Plan is confirmable under the standards set forth in section 1129 of the Bankruptcy Code, there is no guarantee that the Plan will be accepted by the requisite Classes entitled to vote on the Plan.

3. *Uncertainty of Extraterritorial Recognition of Plan Confirmation*

The Debtors are incorporated in Liberia and some of their interests are governed by the laws of foreign jurisdictions other than the United States. Although the Plan Proponents will make every effort to ensure that any Confirmation Order entered by the Bankruptcy Court and the steps taken pursuant to the Confirmation Order to implement the Plan are recognized and are effective in all applicable jurisdictions, it is possible that if a creditor or stakeholder were to challenge the Plan, a foreign court may refuse to recognize the effect of the Confirmation Order.

4. *No Assurance of Ultimate Recoveries*

There can be no assurances of the actual recoveries to the Debtors' claimholders. The Plan Proponents cannot assure the Debtors' claimholders that they will be able to resell any consideration received in respect of their claims at current values or at all.

5. *Classification and Treatment of Claims and Interests*

Section 1122 of the Bankruptcy Code requires that the Plan classify Claims against the Debtors. The Bankruptcy Code also provides that, except for certain Claims classified for administrative convenience, the Plan may place a Claim in a particular Class only if such Claim is substantially similar to the other Claims of such Class. The Plan Proponents believe that all Claims have been appropriately classified in the Plan.

To the extent that the Bankruptcy Court finds that a different classification is required for the Plan to be confirmed, the Plan Proponents may seek to (a) modify the Plan to provide for whatever classification might be required for confirmation, and (b) use the acceptances received from any creditor pursuant to the solicitation for the purpose of obtaining the approval of the Class or Classes of which such creditor ultimately is deemed to be a member. There can be no assurance that the Bankruptcy Court, after finding that a classification was inappropriate and requiring a reclassification, would approve the Plan based upon such reclassification without requiring the Plan Proponents to resolicit votes.

6. *Nonconsensual Confirmation*

In the event any impaired class of claims entitled to vote on a plan of reorganization does not accept a plan of reorganization, a bankruptcy court may nevertheless confirm such plan at the proponent's request if at least one impaired class has accepted the plan (with such acceptance being determined without including the vote of any "insider" in such class), and as to each impaired class that has not accepted the plan, the bankruptcy court determines that the plan "does not discriminate unfairly" and is "fair and equitable" with respect to the dissenting

impaired classes.

7. *Non-Occurrence of Effective Date*

Although the Plan Proponents believe that the Effective Date will occur reasonably soon after the Confirmation Date, there can be no assurance as to such timing or as to whether it will occur. Moreover, if the conditions precedent to the Effective Date of the Plan are not met, the Plan may be vacated by the Bankruptcy Court.

8. *Risks of Failure to Satisfy Conditions Precedent*

Article IX of the Plan provides for certain conditions that must be satisfied (or waived) prior to the Confirmation Date and for certain other conditions that must be satisfied (or waived) prior to the Effective Date. Some of the conditions are outside of the Plan Proponents' control. There can be no assurance that any or all of the conditions in the Plan will be satisfied (or waived). Accordingly, even if the Plan is confirmed by the Bankruptcy Court, there can be no assurance that the Plan will be consummated. If the Plan is not consummated, there can be no assurance that the Chapter 11 Cases would not be converted to chapter 7 liquidation cases or that any new chapter 11 plan would be as favorable to Holders of Claims as the current Plan. Either outcome may materially reduce distributions to Holders of Claims.

9. *Distributions to Holders of Allowed Claims Under the Plan*

Projected distributions are based upon good faith estimates of the total amount of Claims ultimately Allowed and the funds available for distribution. Both the actual amount of Allowed Claims in a particular Class and the funds available for distribution for such Class may differ from the Plan Proponents' estimates. If the total amount of Allowed Claims in a Class is higher than the Plan Proponents' estimates or the funds available for distribution to such Class are lower than the Plan Proponents' estimates, the percentage recovery to holders of Allowed Claims in such Class will be less than projected.

10. *Funding Necessary for the Consummation of the Plan*

The Plan Proponents contemplate that all Cash necessary for Reorganized Holdings to make payments required by the Plan and for post-Confirmation operations shall be obtained from (a) existing Cash held by Reorganized Holdings on the Effective Date, (b) proceeds from the Rights Offering, and (c) the operations of Reorganized Holdings. To the extent the Plan obligates any other Debtor entities to make any payments or Distributions or take any other action under the Plan, the amount of such payments or Distributions or the cost of taking such actions shall be funded solely by Reorganized Holdings.

11. *Future Litigation*

Given the litigious history of these Chapter 11 Cases, there is a risk that new litigation claims may be asserted against Reorganized Holdings or the Backstop

Parties. Future litigation could result in material judgement(s) against Reorganized Holdings. Such litigation, and any judgement in connection therewith, could have a material negative effect on Reorganized Holdings.

12. *Conversion to Chapter 7*

If the Bankruptcy Court finds that it would be in the best interests of the Holders of Claims, the Bankruptcy Court may convert the Chapter 11 Cases to cases under chapter 7 of the Bankruptcy Code, pursuant to which a trustee would be appointed or elected to liquidate the Debtors' assets for distribution in accordance with the priorities under the Bankruptcy Code. The Plan Proponents believe that liquidation under chapter 7 would result in significantly smaller distributions being made to creditors than those provided in a Chapter 11 plan because of (a) the likelihood that assets would have to be sold in a disorderly fashion over a short period of time, rather than reorganizing or selling the business as a going concern at a later time in a controlled manner, (b) additional administrative expenses involved in the appointment of a chapter 7 trustee, and (c) additional expenses and claims, including claims resulting from the rejection of certain executory contracts and unexpired leases in connection with the cessation of operations.

B. Risk of Variance in Financial Results

1. *Reorganized Holdings May Not Be Able to Achieve Their Anticipated Financial Results*

Actual financial results may differ materially from anticipated results. If Reorganized Holdings does not achieve projected revenue or cashflow levels, Reorganized Holdings may lack sufficient liquidity to continue operating their business consistent after the Effective Date.

2. *Projections are Subject to Inherent Uncertainty Due to the Numerous Assumptions Upon Which They Are Based*

Unanticipated events and circumstances occurring subsequent to the approval of this Disclosure Statement and/or Confirmation of the Plan by the Bankruptcy Court may affect the actual financial results of Reorganized Holdings' operations. Actual results achieved may vary from anticipated results.

C. Risks Related to Reorganized Equity Issued Under the Plan

1. *Market for Reorganized Equity*

There is currently no market for the Reorganized Equity and there can be no assurance as to the development or liquidity of any market for such equity. Moreover, while a public listing of the Reorganized Equity may be pursued to be effective on the Effective Date, there can be no assurance that the Reorganized Equity will be listed or traded on any securities exchange or any over-the-counter market on or after the Effective Date. If a trading market does not develop, is not maintained, or remains inactive, holders of the Reorganized Equity may experience difficulty in

reselling such Reorganized Equity or may be unable to sell them at all. Even if such a market were to exist, such Reorganized Equity could trade at prices higher or lower than the estimated value set forth in this Disclosure Statement depending upon many factors including, without limitation, prevailing interest rates, markets for similar Reorganized Equity, industry conditions, and the performance of, and investor expectations for, Reorganized Holdings. Accordingly, holders of the Reorganized Equity may bear certain risks associated with holding securities for an indefinite period of time.

Furthermore, persons to whom the Reorganized Equity is issued under the Plan may prefer to liquidate their investments rather than hold such Reorganized Equity on a long-term basis. Accordingly, the market price for such Reorganized Equity could decline and any market that does develop for such Reorganized Equity may be volatile.

2. *Potential Dilution*

The ownership percentage represented by the Reorganized Equity distributed under the Plan as of the Effective Date to the applicable General Unsecured Claimholders that elect to exercise Rights Offering Subscription Rights shall be subject to dilution from the Rights Offering, the Backstop Premium, and the EIP. In the future, additional equity financings or other equity issuances by Reorganized Holdings may dilute the economic and voting rights of its existing Holders and could materially adversely affect the value of the Reorganized Equity.

3. *A Small Number of Holders Will Own a Significant Percentage of the Reorganized Equity*

Consummation of the Plan will result in a small number of Holders owning a significant percentage of the Reorganized Equity. Accordingly, these Holders may, among other things, have significant influence over the business and affairs of Reorganized Holdings.

D. Additional Factors

1. *Certain Information Herein Was Provided by the Debtors and Relied Upon by the Plan Proponents' Advisors*

Counsel to and other advisors retained by the Plan Proponents have relied upon information provided by the Debtors, as well as information obtained from discovery, in connection with the preparation of this Disclosure Statement and the Plan. Although counsel to and other advisors retained by the Plan Proponents have attempted to verify the information contained herein, certain statements rely on documents and representations received from the Debtors. The Debtors' records are incomplete, and the Debtors and certain other parties did not fully comply with discovery requests. Although the Plan Proponents have undertaken great efforts to provide accurate and complete information in this Disclosure Statement, the Plan Proponents cannot warrant or represent that the information contained herein is complete and accurate.

The statements contained in this Disclosure Statement are made by the Plan Proponents as of the date hereof, unless otherwise specified herein, and the delivery of this Disclosure Statement after that date does not imply that there has not been a change in the information set forth herein since that date. While the Plan Proponents have used their reasonably diligent efforts to ensure the accuracy of all of the information provided in this Disclosure Statement and in the Plan, the Plan Proponents nonetheless cannot, and do not, confirm the current accuracy of all statements appearing in this Disclosure Statement.

The financial information contained in this Disclosure Statement has not been audited unless explicitly stated otherwise. In preparing this Disclosure Statement, the Plan Proponents have relied predominantly on financial data derived from the Debtors' books and records that was available at the time of such preparation, together with information gathered through discovery. While the Plan Proponents believe that the financial information received from the Debtors' and relied upon in preparing this Disclosure Statement fairly reflects the financial condition of the Debtors, the Plan Proponents are unable to warrant or represent that the financial information contained herein and attached hereto is without inaccuracies.

2. *No Admissions Are Made by this Disclosure Statement*

The information and statements contained in this Disclosure Statement will neither constitute an admission of any fact or liability by the Plan Proponents nor be deemed evidence of the tax or other legal effects of the Plan on the Debtors, Holders of Allowed Claims or any other parties in interest. Except as otherwise provided in the Plan, the vote by a Holder of an Allowed Claim for or against the Plan does not constitute a waiver or release of any Claims or rights of the Plan Proponents to object to that Holder's Claim, or recover any preferential, fraudulent or other voidable transfer or assets, regardless of whether any Claims or Causes of Action of the Debtors or their estates are specifically or generally identified herein.

In addition, no reliance should be placed on the fact that a particular litigation Claim or projected objection to a particular Claim is, or is not, identified in this Disclosure Statement. The Plan Proponents may seek to investigate, file, and prosecute objections to Claims and may object to Claims after the Confirmation or Effective Date of the Plan irrespective of whether this Disclosure Statement identifies such Claims or objections to Claims.

IX. CERTAIN SECURITIES LAW MATTERS

A. Issuance of the Reorganized Equity Under Section 1145 of the Bankruptcy Code and Backstop Premium Exemption

Except as expressly provided herein, all Reorganized Equity and Rights Offering Subscription Rights issued upon exercise of the Rights Offering Subscription Rights will be issued without registration under the Securities Act or any similar federal, state, or local law in reliance upon either (1) section 1145 of the Bankruptcy Code or (2) section 4(a)(2) of the Securities Act or Regulation D or Regulation S promulgated thereunder.

The Reorganized Equity and Rights Offering Subscription Rights issued upon exercise of the Rights Offering Subscription Rights offered to General Unsecured Claimholders on account of their respective Claims and in connection with the Rights Offering are expected to be issued without registration under the Securities Act or any similar federal, state, or local law in reliance on section 1145(a) of the Bankruptcy Code; provided that if the Plan Proponents determine, in consultation with the Creditors' Committee, that section 1145 of the Bankruptcy Code is not available for all or any portion of the Rights Offering, then the Reorganized Equity issued upon exercise of the Rights Offering Subscription Rights offered to General Unsecured Claimholders will be made pursuant to exemptions from registration under applicable securities laws.

The Reorganized Equity issued on account of the Backstop Premium is expected to be issued pursuant to the exemption from registration set forth in section 4(a)(2) of the Securities Act or Regulation D promulgated thereunder.

In general, securities issued under section 1145 of the Bankruptcy Code may be resold without registration unless the recipient is an "underwriter" with respect to those securities. The Rights Offering Subscription Rights and the Reorganized Equity issued pursuant to the exemption from registration set forth in section 4(a)(2) of the Securities Act or Regulation D promulgated thereunder will be considered "restricted securities" and may not be transferred except pursuant to an effective registration statement under the Securities Act or an available exemption therefrom.

B. Resale of Reorganized Equity; Definition of Underwriter

Section 1145(b)(1) of the Bankruptcy Code defines an "underwriter" as one who, except with respect to "ordinary trading transactions" of an entity that is not an "issuer": (1) purchases a claim against, interest in, or claim for an administrative expense in the case concerning, the debtor, if such purchase is with a view to distribution of any security received or to be received in exchange for such claim or interest; (2) offers to sell securities offered or sold under a plan for the holders of such securities; (3) offers to buy securities offered or sold under a plan from the holders of such securities, if such offer to buy is (a) with a view to distribution of such securities and (b) under an agreement made in connection with the plan, with the consummation of the plan, or with the offer or sale of securities under the plan; or (4) is an issuer of the securities within the meaning of section 2(a)(11) of the Securities Act. In addition, a person who receives a fee in exchange for purchasing an issuer's securities could also be considered an underwriter within the meaning of section 2(a)(11) of the Securities Act.

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

otherwise. Accordingly, an officer or director of a reorganized debtor or its successor under a plan of reorganization may be deemed to be a "Controlling Person" of the debtor or successor, particularly if the management position or directorship is coupled with ownership of a significant percentage of the reorganized debtor's or its successor's voting securities. In addition, the legislative history of section 1145 of the Bankruptcy Code suggests that a creditor who owns ten percent or more of a class of securities of a reorganized debtor may be presumed to be a "Controlling Person" and, therefore, an underwriter.

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

Unlike the securities that will be issued pursuant to section 1145(a)(1) of the Bankruptcy Code, any Reorganized Equity issued in reliance upon section 4(a)(2) of the Securities Act or Regulation D promulgated thereunder will be deemed "restricted securities" that may not be offered, sold, exchanged, assigned, or otherwise transferred unless they are registered under the Securities Act or an exemption from registration under the Securities Act is available, including under Rule 144 or Rule 144A promulgated under the Securities Act.

Rule 144 provides an exemption for the public resale of "restricted securities" if certain conditions are met. These conditions vary depending on whether the holder of the restricted securities is an affiliate of the issuer. An affiliate is defined as "a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the issuer."

A non-affiliate who has not been an affiliate of the issuer during the preceding three months may resell restricted securities after a six-month holding period if at the time of the sale there is available certain current public information regarding the issuer, and may sell the securities after a one-year holding period whether or not there is current public information regarding the issuer. Adequate current public information is available for a reporting issuer if the issuer has filed all periodic reports required under section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, during the twelve months preceding the sale of the restricted securities. If the issuer is a

non-reporting issuer, adequate current public information is available if certain information about the issuer is made publicly available. The Plan Proponents can provide no assurances that Reorganized Holdings will continue to be a reporting issuer or that current public information will be available to allow resales by non-affiliates when the six-month holding period expires (approximately six months after the emergence date).

An affiliate may resell restricted securities after the six-month holding period if at the time of the sale certain current public information regarding the issuer is available and may resell the securities after a one-year holding period whether or not there is current public information regarding this issuer, subject in each case to the additional requirements below. As noted above, the Plan Proponents can provide no assurances that this information requirement will be satisfied. The affiliate must also comply with the volume, manner of sale, and notice requirements of Rule 144. First, the rule limits the number of restricted securities (plus any unrestricted securities) sold for the account of an affiliate (and related persons) in any three-month period to the greater of one percent of the outstanding securities of the same class being sold, or, if the class is listed on a stock exchange, the greater of one percent of the average weekly reported volume of trading in such restricted securities during the four weeks preceding the filing of a notice of proposed sale on Form 144. Second, the manner of sale requirement provides that the restricted securities must be sold in a broker's transaction, which generally means they must be sold through a broker and handled as a routine trading transaction. The broker must receive no more than the usual commission and cannot solicit orders for the sale of the restricted securities except in certain situations. Third, if the sale in any three-month period exceeds 5,000 restricted securities or has an aggregate sale price greater than $50,000, an affiliate must file with the SEC three copies of a notice of proposed sale on Form 144. The sale must occur within three months of filing the notice unless an amended notice is filed.

The Plan Proponents believe that the Rule 144 exemption will not be available with respect to any Reorganized Equity issued in reliance upon section 4(a)(2) of the Securities Act or Regulation D promulgated thereunder (whether held by non-affiliates or affiliates) until at least six months after the Effective Date. Accordingly, holders of such Reorganized Equity will be required to hold such Reorganized Equity for at least six months and, thereafter, to sell Reorganized Equity only in accordance with the applicable requirements of Rule 144, unless such Reorganized Equity is transferred pursuant to an effective registration statement or another available exemption from the registration requirements of the Securities Act.

The Reorganized Equity issued in connection with the Backstop Premium pursuant to Section 4(a)(2) and/or Regulation D will be issued in book-entry form and will bear a restrictive legend. Each book-entry representing, or issued in exchange for or upon the transfer, sale, or assignment of, any such shares shall be stamped or otherwise imprinted with a legend in substantially the following form:

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE WERE ORIGINALLY ISSUED ON [DATE OF ISSUANCE], HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR ANY OTHER APPLICABLE STATE SECURITIES LAWS, AND MAY

NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR AN AVAILABLE EXEMPTION FROM REGISTRATION THEREUNDER."

Reorganized Holdings reserves the right to require certification or other evidence of compliance with Rule 144 or another available exemption as a condition to the removal of such legend or to any resale of the Reorganized Equity issued in connection with the Backstop Premium pursuant to Section 4(a)(2) and/or Regulation D. Reorganized Holdings also reserves the right to stop the transfer of any such shares if such transfer is not in compliance with Rule 144 or another available exemption. Any person who receives such shares will be required to acknowledge and agree not to resell such securities except in accordance with Rule 144, when available, or another available exemption and that the securities will be subject to the other restrictions described above.

ANY PERSONS RECEIVING "RESTRICTED SECURITIES" UNDER THE PLAN ARE URGED TO CONSULT WITH THEIR OWN COUNSEL CONCERNING THE AVAILABILITY OF AN EXEMPTION FROM REGISTRATION FOR RESALE OF THESE SECURITIES UNDER THE SECURITIES ACT AND OTHER APPLICABLE LAW.

BECAUSE OF THE COMPLEX, SUBJECTIVE NATURE OF THE QUESTION OF WHETHER A PARTICULAR PERSON MAY BE AN UNDERWRITER OR AN AFFILIATE AND THE HIGHLY FACT-SPECIFIC NATURE OF THE AVAILABILITY OF EXEMPTIONS FROM REGISTRATION UNDER THE SECURITIES ACT, INCLUDING THE EXEMPTIONS AVAILABLE UNDER SECTION 1145 OF THE BANKRUPTCY CODE AND RULE 144 UNDER THE SECURITIES ACT, NONE OF THE PLAN PROPONENTS OR REORGANIZED HOLDINGS MAKE ANY REPRESENTATION CONCERNING THE ABILITY OF ANY PERSON TO DISPOSE OF THE SECURITIES TO BE DISTRIBUTED UNDER THE PLAN. POTENTIAL RECIPIENTS OF THE SECURITIES TO BE ISSUED UNDER THE PLAN ARE URGED TO CONSULT THEIR OWN COUNSEL CONCERNING WHETHER THEY MAY FREELY TRADE SUCH SECURITIES. POTENTIAL RECIPIENTS OF REORGANIZED EQUITY ARE URGED TO CONSULT THEIR OWN COUNSEL CONCERNING THEIR ABILITY TO FREELY TRADE SUCH SECURITIES WITHOUT COMPLIANCE WITH THE FEDERAL SECURITIES LAWS AND ANY APPLICABLE STATE LAW.

X. CONCLUSION AND RECOMMENDATION

The Plan Proponents believe that Confirmation and implementation of the Plan is preferable to any other alternative. The Plan Proponents urge all Holders of Claims entitled to vote to cast their Ballots to accept the Plan in accordance with the instructions provided herein and in the Solicitation Packages.

[*Signature Page Follows*]

Dated: ~~May 14~~June 17, 2024
New York, New York

Respectfully submitted,

TOGUT, SEGAL & SEGAL LLP

/s/ Kyle J. Ortiz

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Counsel for the Petitioning Creditors

Exhibit 4

Appendix F – Revised Financial Wherewithal Information

Mulberry Street Ltd

June 14, 2024

Eletson Holdings Inc.
c/o Eletson Maritime, Inc.
1 Landmark Square, Suite 424
Stamford, Connecticut 06901

The Official Committee of Unsecured Creditors
c/o Stephen Zide
Dechert LLP
Three Bryant Park
1095 Avenue of the Americas
New York, NY 10036

Re: **Commitment Letter**

Ladies and Gentlemen:

Reference is made to the (i) *Petitioning Creditors' Amended Joint Chapter 11 Plan of Reorganization of Eletson Holdings Inc. and its Affiliated Debtor*s filed on June 6, 2024 at Docket Number 740, Exhibit 1 (as amended or modified from time to time, the "PC Plan")[1] and (ii) *Petitioning Creditors' Overbid Chapter 11 Plan for Eletson Holdings Inc. and its Affiliated Debtor*s filed on June 11, 2024 at Docket Number 762, Exhibit 1 (as amended or modified from time to time, the "PC Overbid Plan"), each by the Petitioning Creditors,[2] as plan proponents, to reorganize the claims against and interests in Eletson Holdings Inc., Eletson Finance (US) LLC, and Agathonissos Finance LLC (collectively, the "Debtors"), as debtors and debtors-in-possession in their chapter 11 cases currently pending in the United Stated Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court") and jointly administered under Case No. 23-10322 (JPM) (the "Chapter 11 Cases").

The PC Plan contemplates an offering of rights, up to $43.5 million (the "Backstop Amount"), to purchase up to 75% of the new common stock of reorganized Eletson Holdings Inc. ("Reorganized Holdings") (subject to dilution on account of the Backstop Premium and the EIP) in connection with the consummation of the PC Plan (the "Rights Offering"). The PC Overbid Plan contemplates an equity investment contribution, in the amount of $33 million (the "Equity Investment"), in connection with the consummation of the PC Overbid Plan.

This letter (the "Commitment Letter") is hereby issued by Mulberry Street Ltd. (in such capacity, the "Backstop Party"), an affiliate of Pach Shemen LLC ("Pach Shemen"), to backstop, on a fully committed basis, up to $43.5 million (the "Commitment Amount") in cash, either in connection with (i) the Rights Offering, up to the Rights Offering Amount, on the terms and conditions set forth in the PC Plan, the Rights Offering Procedures, Rights Offering Procedures Order, and the Backstop Agreement (each, as defined in the PC Plan) or (ii) the Equity Investment on the terms and conditions set forth in the PC Overbid Plan.

[1] Capitalized terms used herein but undefined have the meaning provided in the PC Plan.
[2] For the purposes of this Commitment Letter, "Petitioning Creditors" consist of Pach Shemen LLC, VR Global Partners, L.P., Alpine Partners (BVI), L.P., 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.

The Backstop Party hereby irrevocably commits to provide Reorganized Holdings up to the Commitment Amount for the purposes of effecting either (but not both) the Rights Offering or the Equity Investment, as applicable, in connection with consummation of the PC Plan or PC Overbid Plan, as applicable, following confirmation thereof by the Bankruptcy Court.

Pursuant to this Commitment Letter, the Backstop Party hereby agrees to, and will, pay up to the Commitment Amount in cash to Reorganized Holdings upon the Effective Date of the PC Plan or PC Overbid Plan, as applicable, in accordance with the terms thereof solely for purposes of consummating the PC Plan or PC Overbid Plan, as applicable. Upon receipt by Reorganized Holdings of the Rights Offering Amount or Equity Investment, as applicable, and the consummation of the PC Plan or PC Overbid Plan, as applicable, the Backstop Party understands that Pach Shemen (or one or more affiliate(s) or designee(s) of Pach Shemen) will receive the Interests in Reorganized Holdings, pursuant to the terms and conditions provided for in the PC Plan or PC Overbid Plan, as applicable.

In the event a Confirmation Order with respect to the PC Plan and/or the PC Overbid Plan is not entered or does not become a Final Order, or in the event the Effective Date of the PC Plan and/or the PC Overbid Plan does not occur for any reason other than due to any action or inaction by the Backstop Party, the Backstop Party's obligations hereunder shall immediately terminate without further notice or action by any party. In addition, the Backstop Party's obligations hereunder shall terminate, without further notice or action by any party, on (i) August 15, 2024, if the Bankruptcy Court has not entered a Confirmation Order, in form and substance satisfactory to the Backstop Party, confirming the PC Plan or PC Overbid Plan, as applicable, on or prior to August 15, 20204, or (ii)(a) October 31, 2024, if the Bankruptcy Court has entered a Confirmation Order confirming the PC Plan, but it has not been consummated or the Rights Offering has not closed on or prior to October 31, 2024, or (b) September 30, 2024, if the Bankruptcy Court has entered a Confirmation Order confirming the PC Overbid Plan, but it has not been consummated on or prior to September 30, 2024.

The Backstop Party hereby represents and warrants that:

a. it has uncalled capital commitments, committed financing lines, or otherwise has available funds to fund its obligations under this Commitment Letter and such available funds are not subject to claw back;
b. it is duly organized, validly existing and, where applicable, in good standing under the laws of its jurisdiction of organization or establishment;
c. it has the corporate power and authority to execute and deliver this Commitment Letter and to perform its obligations hereunder;
d. this Commitment Letter has been duly authorized by all necessary corporate action on the part of the Backstop Party, and this Commitment Letter constitutes a legal, valid and binding obligation of the Backstop Party enforceable against the Backstop Party in accordance with its terms;
e. no restrictions in contract or law of any kind governing the Backstop Party prohibits, limits, or restricts in any way the execution of this Commitment Letter by the Backstop Party or the performance of the Backstop Party's obligations hereunder;

f. the operations of the Backstop Party and its subsidiaries are and have been at all times since June 14, 2019, conducted in compliance in all material respects with applicable financial recordkeeping and reporting requirements of the U.S. Currency and Foreign Transactions Reporting Act of 1970, the money laundering statutes of all jurisdictions in which the Backstop Party or any of its subsidiaries operate and any related or similar law and no legal proceeding by or before any Governmental Entity or any arbitrator involving the Backstop Party or any of its subsidiaries with respect to such laws is pending or, to the knowledge of the Backstop Party, threatened;
g. Neither the Backstop Party and its subsidiaries nor, to the knowledge of the Backstop party, any of their respective directors, officers, employees or other persons acting on their behalf with express authority to so act are currently subject to any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury Department;
h. none of the funds comprising the Commitment Amount has been or will be derived, directly or indirectly, from or relate to illicit, illegal, or improper origin;
i. none of the funds comprising the Commitment Amount are derived from or relate to assets subject to the *Stipulation and Order Granting Alleged Debtor's Motion for Relief from Stay to Proceed With, or, to Confirm the Inapplicability of, the Automatic Stay to Prepetition Arbitration Proceedings* [Docket No. 48]; and
j. it will reasonably cooperate with the Committee (as defined herein) to ensure the representations herein are accurate and reliable.

Further supporting the foregoing representations and warranties, attached hereto as **Exhibit A** is account information showing readily available cash in the amount of $43.5 million.

This Commitment Letter has been and is made solely for the benefit of the Debtors and their estates and solely for purposes of backstopping the Rights Offering under the PC Plan and/or the Equity Investment under the PC Overbid Plan. The Backstop Party acknowledges and agrees that the Debtors and their estates shall have all rights for purposes of seeking specific performance of the Backstop Party's obligations to pay, as applicable, the Rights Offering Amount pursuant to the PC Plan or the Equity Investment pursuant to the PC Overbid Plan. The Backstop Party agrees that the Official Committee of Unsecured Creditors (the "Committee") in the Chapter 11 Cases is a third-party beneficiary to this Commitment Letter and shall have all rights to enforce this Commitment Letter. The Backstop Party agrees not to oppose the granting of any specific performance or other equitable relief on the basis that the Debtors and their estates have an adequate remedy at law or that an award of specific performance is not an appropriate remedy for any reason at law or equity. Nothing in this Commitment Letter, expressed or implied, is intended to confer or does confer on any other person or entity (other than the Committee acting on behalf of the estates) any rights or remedies under or by reason of this Commitment Letter or the agreements contained herein.

This Commitment Letter, the PC Plan (including the Rights Offering Order, Rights Offering Procedures, and Backstop Agreement), and the PC Overbid Plan embody the entire agreement and understanding among the Backstop Party, the Debtors, and the Committee with respect to the Commitment Amount, supersedes all prior agreements and understandings relating to the specific matters hereof, and may not be contradicted

by evidence of prior, contemporaneous, or subsequent oral agreements of the Backstop Party, the Debtors, and the Committee. The commitment and obligations of the Backstop Party are not assignable. This Commitment Letter is not assignable by the Debtors and all rights hereunder are intended to be solely for the benefit of the Debtors and their estates.

The Backstop Party agrees that the Bankruptcy Court shall have exclusive jurisdiction with respect to this Commitment Letter. For the avoidance of doubt, the Backstop Party irrevocably submits to the jurisdiction of the Bankruptcy Court solely for purpose (i) of enforcement of the terms of this Commitment Letter or (ii) to compel the payment of the applicable Commitment Amount by the Backstop Party.

This Commitment Letter shall be governed by, and construed in accordance with, the laws of the State of New York and, to the extent applicable, the Bankruptcy Code.

[*Signature Page Follows*]

MULBERRY STREET LTD

By: BG Management Limited
Name: Jason Jagessar / Engelbert van Aalst
Title: Authorised signatories

Exhibit A

Account Information

Mulberry Street Ltd

Sea Meadow House, 3rd Floor PO Box 116
Road Town, Tortola VG VG1110

Mulberry Street Ltd

Monthly Statement

Period: June 1, 2024 - June 12, 2024

Account Name:	Mulberry Street Ltd	Rep/Advisor:	
Correspondent:	CVMS	Margin Type:	Cash
Account No:	CVMS001		
Master Account No:	CVMS001		

Account Summary	This Period	Year to Date
Beginning Account Value	$ --	$ --
Deposit	$47,315,000.00	$69,057,774.99
Withdrawals	-$3,815,000.00	-$25,565,000.00
Income	$7,225.01	$7,225.01
Fees	$ --	$ --
Change In Investment Value	$ --	$ --
Ending Account Value	$43,507,225.01	$43,507,225.01

Position Summary	
Unrealized Gain/(Loss)	$ --
Cash Balance	$43,507,225.01
Long Market Value	$ --
Short Market Value	$ --
Equity	$43,507,225.01

Realized Gain/Loss from Sales	This Period	Year to Date
Short Term		
Gain	$ --	$ --
Loss	$ --	$ --
Net Short Term	$ --	$ --
Long Term		
Gain	$ --	$ --
Loss	$ --	$ --
Net Long Term	$ --	$ --
Other		
Dividend	$ --	$ --
Interest	$7,225.01	$7,225.01
Miscellaneous	$ --	$ --

Holdings

Symbol	Symbol Description	Quantity	Market Price	Market Value	Cost Price	Cost Basis	Unrealized
No holdings found.							

Trade Activity

Trade Date	Settle Date	Side	Symbol	Description	Quantity	Price	Fees	Net Amount	Status
No record found.									

Cash Activity

Trade Date	Settle Date	Entry Type	Description	Net Amount	Status
06/03/2024	06/03/2024	CSW	Transfer request as per email	$3,815,000.00	Executed
06/04/2024	06/04/2024	JNLC	Journal Funds - Same Beneficial Owner	-$2,289,000.00	Executed
06/04/2024	06/04/2024	JNLC	Journal Funds - Same Beneficial Owner	-$1,526,000.00	Executed
06/11/2024	06/11/2024	CSW	Transfer request as per email from Elliot on 6/11/2024	$6,500,000.00	Executed
06/11/2024	06/11/2024	CSW	Transfer request as per email from Elliot on 6/11/2024	$16,000,000.00	Executed
06/12/2024	06/12/2024	CSW	transfer request as per email from Elliot	$6,000,000.00	Executed
06/12/2024	06/12/2024	CSW	transfer request as per email from Elliot	$15,000,000.00	Executed

Other Entries

Trade Date	Settle Date	Entry Type	Symbol	Description	Quantity	Price	Fees	Net Amount	Status
06/05/2024	06/05/2024	INT		Margin Int: May 2024 Group by: Correspondent - CVMS001	0	$ --	$ --	$7,225.01	Executed

Terms & Conditions

You may have received a confirmation for a trade, which does not appear on this statement. If the settlement date of the trade as shown on the confirmation is later than the period ending date that appears at the top of this statement, the trade will appear on your next regular monthly statement.

If this is a margin account and we maintain a special miscellaneous account for you, this is a combined statement of your general account and special miscellaneous account maintained for you under Regulation T issued by the Board of Governors of the Federal Reserve System. The permanent record of the special miscellaneous account as required by Regulation T is available for your inspection at your request.

The per annum rate of interest charged on the debit balance in your account is shown on this statement. This rate may change from time to time in accordance with fluctuations in interest rates. The interest is based on the average daily net debit balance in your account with us and for the actual number of days based on an interest year of 360 days.

We are required to report to the Internal Revenue Service all cash dividends and registered bond interest credited to your account on securities held for you in

our name. We also report coupon bond interest. All dividends and interest credits should be included in your income tax return.

You are to promptly advise your brokerage firm or bank of any material changes concerning your investment objectives or financial situation. Our financial statement is available for your personal inspection on our website at www.curvaturesecurities.com/clearing or a copy will be mailed upon your written request.

SIPC Protection. As a member of the Securities Investor Protection Corporation (SIPC). funds are available to meet customer claims up to a ceiling of $500,000. including a maximum of $250,000 for cash claims. For additional information regarding SIPC coverage. including a brochure. please contact SIPC at (202) 371-8300 or www.sipc.org.

Any free credit balance represents funds payable upon demand, although properly accounted for on our books of records, is not segregated and maybe used in the conduct of this firm's business as permissible under the SEC Rule 15c3-2.

Curvature Securities, LLC (“Curvature”) acts as a clearing agent for your trades.

As required under SEC rules, both the Firm's Order Routing Report as well as information regarding specific order routing information are available free of charge upon request.

In addition to the above-mentioned services. **Curvature** will provide cashiering services, safeguarding of funds and securities while in **Curvature** possession, monitoring compliance with applicable credit Regulation T and **Curvature** internal policies, preparing and mailing your account records (including transaction confirmations and periodic statements of your account).

Interest charges to your account will be based on the size and net debit balance during the interest period. These rates are subject to revision without notice. For more complete information regarding Interest charged to customers, consult the Truth in Lending Notice which is made available on **Curvature** website at www.curvaturesecurities.com.

Curvature is a member of the Financial Industry Regulatory Authority, Inc. ("FINRA") and we are required to inform you of the availability of the FINRA Investor Brochure, which contains information on FINRA Broker Check. You may contact FINRA at 800-289-9999 or through their website at www.finra.org.

Curvature carries your account and acts as your custodian for funds and securities deposited with us directly by you, through your brokerage firm or bank or as a result of transactions we process for your account. Any suspected inaccuracy or discrepancy in your account statement must be promptly reported to both your brokerage firm or bank (not to your individual broker or agent) and Curvature. In order to protect your rights, including your right to SIPC coverage, please confirm any oral communication in writing and include your brokerage account number. General inquiries or concerns regarding your account should be directed to your brokerage firm or bank. Account positions and balance inquiries or concerns should be directed to Curvature Securities via email at www.curvaturesecurities.com .

The SEC requires all broker-dealers that route orders in equity securities and options to make available quarterly reports that present a general overview of their routing practices. These ports must identify the executing venues to which customer orders were routed for execution during the applicable quarter and disclose the material aspects of the broker-dealer's relationship with such venues. In addition. the Rule (SEC 606) [www.INTRODUCINGBROKER.com/Rule606] requires broker-dealers to disclose, on customer request, the venues to which the individual customer's orders were routed for the six months prior to the request, and the execution time for the orders that were executed. For further information. please contact your broker.

PLEASE RETAIN THIS STATEMENT AS IT WILL BE HELPFUL IN PREPARING YOUR INCOME TAX RETURNS AND MAY BE NEEDED ALONG WITH SUBSEQUENT STATEMENTS TO VERIFY INTEREST CHARGES IN YOUR ACCOUNT. THIS STATEMENT SHALL BE DEEMED CONCLUSIVE UNLESS OBJECTED TO IN WRITING WITHIN

10 BUSINESS DAYS OF THE STATEMENT CLOSING DATE. MUTUAL FUNDS AND OTHER SECURITIES ARE NOT INSURED BY THE FDIC, ARE NOT DEPOSITS OR OBLIGATIONS OF, OR GUARANTEED BY CURVATURE, AND INVOLVE INVESTMENT RISKS, INCLUDING THE POSSIBLE LOSS OF THE PRINCIPAL AMOUNT INVESTED.