IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
WEST MARINE, INC., *et al.*,[1]	)	Case No. 26-10794 (KBO)
Debtors.	)	(Jointly Administered)
	)	**Ref. Docket No. 47**

NOTICE OF FILING OF BLACKLINE OF (I) DISCLOSURE STATEMENT FOR THE AMENDED JOINT PLAN OF REORGANIZATION OF WEST MARINE, INC. AND ITS DEBTOR AFFILIATES PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE AND (II) LIQUIDATION ANALYSIS

PLEASE TAKE NOTICE that, on May 17, 2026, the above-captioned debtors and debtors in possession (collectively, the "Debtors") filed voluntary petitions for relief pursuant to chapter 11 of title 11 of the United States Code in the United States Bankruptcy Court for the District of Delaware (the "Court").

PLEASE TAKE FURTHER NOTICE that, on May 18, 2026, the Debtors filed the *Disclosure Statement for the Joint Plan of Reorganization of West Marine, Inc. and Its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. 47] (as may be amended, modified, or supplemented from time to time, the "Disclosure Statement")[2] with the Court.

PLEASE TAKE FURTHER NOTICE that, on June 5, 2026, the Debtors filed the *Notice of Filing of (I) Liquidation Analysis and (II) Financial Projections as Exhibits to the Disclosure*

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: West Marine, Inc. (5502); Marine One Holdco, LLC (2231); Marine One Parent, Inc. (0402); Rising Tide Holdings Inc. (2628); Rising Tide Parent Inc. (6153); Seascapes, Inc. (3739); W Marine Management Company, Inc. (4151); and West Marine Products, Inc. (4523). For purposes of these chapter 11 cases, the Debtors' service address is West Marine Headquarters, 1 East Broward Blvd., Suite 200, Fort Lauderdale, FL 33301.

[2] Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Disclosure Statement.

Statement for the Joint Plan of Reorganization of West Marine, Inc. and Its Debtors Affiliates Pursuant to Chapter 11 of the Bankruptcy Code [Docket No. 170] (the "Notice"). Attached as Exhibit 1 to the Notice was the liquidation analysis (the "Liquidation Analysis").

PLEASE TAKE FURTHER NOTICE that, to address informal comments and objections to the Disclosure Statement, the Debtors have revised the Disclosure Statement (the "Revised Disclosure Statement"). For the convenience of the Court and other interested parties, a blackline comparing the Revised Disclosure Statement against the Disclosure Statement is attached hereto as **Exhibit A**. The Debtors have also revised the Liquidation Analysis (the "Revised Liquidation Analysis"), a blackline of which is appended to the Revised Disclosure Statement as Exhibit D.

PLEASE TAKE FURTHER NOTICE that the Revised Disclosure Statement and the Revised Liquidation Analysis remain subject to review and revision in all aspects by the Debtors. The Debtors reserve their rights to further amend, supplement, or modify the Revised Disclosure Statement and the Revised Liquidation Analysis.

PLEASE TAKE FURTHER NOTICE that copies of the Revised Disclosure Statement, the Revised Liquidation Analysis, the Disclosure Statement Motion, and all other documents filed in these chapter 11 cases may be obtained free of charge by visiting the Debtors' case website at https://www.veritaglobal.net/westmarine. You may also obtain copies of any pleadings by visiting the Court's website at https://www.deb.uscourts.gov in accordance with the procedures and fees set forth therein.

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Dated: June 23, 2026
Wilmington, Delaware

/s/ Shella Borovinskaya

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EXHIBIT A

Blackline

THIS IS NOT A SOLICITATION OF VOTES TO ACCEPT OR REJECT THE PLAN. ACCEPTANCES OR REJECTIONS MAY NOT BE SOLICITED UNTIL THIS DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE BANKRUPTCY COURT. THIS DISCLOSURE STATEMENT IS BEING SUBMITTED FOR APPROVAL BUT HAS NOT BEEN APPROVED BY THE BANKRUPTCY COURT. THE INFORMATION IN THIS DISCLOSURE STATEMENT IS SUBJECT TO CHANGE. THIS DISCLOSURE STATEMENT IS NOT AN OFFER TO SELL ANY SECURITIES AND IS NOT SOLICITING AN OFFER TO BUY ANY SECURITIES.

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
WEST MARINE, INC., *et al.*,[1]	)	Case No. 26-10794 (KBO)
Debtors.	)	(Jointly Administered)

DISCLOSURE STATEMENT FOR THE AMENDED JOINT PLAN OF REORGANIZATION OF WEST MARINE, INC. AND ITS DEBTOR AFFILIATES PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE

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[1] The Debtors in these ~~c~~Chapter 11 ~~c~~Cases, along with the last four digits of each Debtor's federal tax identification number, are: West Marine, Inc. (5502); Marine One Holdco, LLC (2231); Marine One Parent, Inc. (0402); Rising Tide Holdings Inc. (2628); Rising Tide Parent Inc. (6153); Seascapes, Inc. (3739); W Marine Management Company, Inc. (4151); and West Marine Products, Inc. (4523). For purposes of these ~~c~~Chapter 11 ~~c~~Cases, the Debtors' service address is West Marine Headquarters, 1 East Broward Blvd., Suite 200, Fort Lauderdale, FL 33301.

Proposed Co-Counsel for the Debtors and Debtors in Possession

Proposed Co-Counsel for the Debtors and Debtors in Possession

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IMPORTANT INFORMATION ABOUT THIS DISCLOSURE STATEMENT

The Debtors are providing the information in this Disclosure Statement to Holders of Claims for purposes of soliciting votes to accept or reject the *Amended Joint Plan of Reorganization of West Marine, Inc. and Its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code*. 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, 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.

The Plan is supported by the Debtors and the Consenting Stakeholders to the RSA. Each of the Debtors urge Holders of Claims whose votes are being solicited to accept the Plan.

The Debtors urge each Holder of a Claim or Interest 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 proposed transactions contemplated thereby. Furthermore, 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.

This Disclosure Statement contains, among other things, summaries of the Plan, certain statutory provisions, and certain anticipated events in the Debtors' Chapter 11 Cases. Although the Debtors believe that these summaries are fair and accurate, these summaries are qualified in their entirety to the extent that they do not set forth the entire text of such documents or statutory provisions or every detail of such anticipated events.

In the event of any inconsistency or discrepancy between a description in this Disclosure Statement and the terms and provisions of the Plan or any other documents incorporated herein by reference, the Plan, or such other documents will govern for all purposes. Factual information contained in this Disclosure Statement has been provided by the Debtors' management except where otherwise specifically noted. The Debtors do not represent or warrant that the information contained herein or attached hereto is without any material inaccuracy or omission.

In preparing this Disclosure Statement, the Debtors relied on financial data derived from the Debtors' books and records and on various assumptions regarding the Debtors' businesses. While the Debtors believe that such financial information fairly reflects the financial condition of the Debtors as of the date hereof and that the assumptions regarding future events reflect reasonable business judgments, no representations or warranties are made as to the accuracy of the financial information contained herein or assumptions regarding the Debtors' businesses and their future results and operations. The Debtors expressly caution readers not to place undue reliance on any forward-looking statements contained herein.

This Disclosure Statement does not constitute, and may not be construed as, an admission of fact, liability, stipulation, or waiver. The Debtors or any other authorized party may seek to investigate, file, and prosecute Claims and may object to Claims after the Confirmation or Effective Date of the Plan irrespective of whether this Disclosure Statement identifies any such Claims or objections to Claims.

The Debtors are making the statements and providing the financial information contained in this Disclosure Statement as of the date hereof, unless otherwise specifically noted. Although the Debtors may subsequently update the information in this Disclosure Statement, the Debtors have no affirmative duty to do so, and expressly disclaim any duty to publicly update any

forward-looking statements, whether as a result of new information, future events, or otherwise. Holders of Claims against or Interests in the Debtors reviewing this Disclosure Statement should not infer that, at the time of their review, the facts set forth herein have not changed since this Disclosure Statement was filed. Information contained herein is subject to completion, modification, or amendment. The Debtors 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 and consistent with the RSA.

The Debtors have not authorized any Entity to give any information about or concerning the Plan other than that which is contained in this Disclosure Statement. The Debtors have not authorized any representations concerning the Debtors or the value of their property other than as set forth in this Disclosure Statement.

If the Plan is confirmed by the Bankruptcy Court and the Effective Date occurs, all Holders of Claims and Interests (including those Holders of Claims or Interests who do not submit Ballots to accept or reject the Plan, who vote to reject the Plan, or who are not entitled to vote on the Plan) will be bound by the terms of the Plan and the Restructuring Transactions contemplated thereby.

The confirmation and effectiveness of the Plan are subject to certain material conditions precedent described herein and set forth in Article IX of the Plan. There is no assurance that the Plan will be confirmed or, if confirmed, that the conditions required to be satisfied for the Plan to go effective will be satisfied (or waived).

You are encouraged to read the Plan and this Disclosure Statement in its entirety, including Article VIII of this Disclosure Statement, entitled "Risk Factors," before submitting your Ballot to vote on the Plan.

The Bankruptcy Court's approval of this Disclosure Statement does not constitute a guarantee by the Bankruptcy Court of the accuracy or completeness of the information contained herein or an endorsement by the Bankruptcy Court of the merits of the Plan.

SPECIAL NOTICE REGARDING FEDERAL AND STATE SECURITIES LAWS AND ANY FINANCIAL INFORMATION CONTAINED HEREIN

The Plan and this Disclosure Statement have not been filed with the United States Securities and Exchange Commission (the "SEC"). The Plan or Disclosure Statement has not been approved or disapproved by the SEC or any similar federal, state, local, or foreign regulatory agency, nor has the SEC, any other state securities commission or other agency passed upon the accuracy or adequacy of the statements contained in this Disclosure Statement or the Plan. Any representation to the contrary is a criminal offense.

The Debtors have sought to ensure the accuracy, in all material respects, of the financial information provided in this Disclosure Statement; however, the financial information contained in this Disclosure Statement or incorporated herein by reference has not been, and will not be, audited or reviewed by the Debtors' independent auditors unless explicitly provided otherwise.

FORWARD-LOOKING STATEMENTS

The Debtors make statements in this Disclosure Statement that are considered forward-looking statements under federal securities laws. The Debtors consider all statements regarding anticipated or future matters to be forward-looking statements. Readers are cautioned

that any forward-looking statements in this Disclosure Statement are based on assumptions that are believed to be reasonable but are subject to a wide range of risks. Forward-looking statements may include statements about the Debtors':

- **business strategy;**
- **financial condition, revenues, cash flows, and expenses;**
- **levels of indebtedness, liquidity, and compliance with debt covenants;**
- **financial strategy, budget, projections, and operating results;**
- **successful results from the Debtors' operations;**
- **general economic and business conditions;**
- **adverse tax changes or consequences;**
- **amount, nature, and timing of capital expenditures;**
- **limited access to capital resources;**
- **adequacy of capital resources and liquidity to satisfy liquidity needs;**
- **counterparty credit risk;**
- **outcome of pending and future litigation; and**
- **plans, objectives, and expectations, including the consummation of any Restructuring or Sale Transactions, which may include any subsequent wind-down of the Debtors.**

Statements concerning these and other matters are not guarantees of the Debtors' future performance. There are risks, uncertainties, and other important factors that could cause the Debtors' actual performance or achievements to be different from those they may project, and the Debtors undertake no obligation to update the projections made herein. These risks, uncertainties, and factors may include the following: (a) the Debtors' ability to confirm and consummate the Plan; (b) the potential that the Debtors may need to pursue an alternative transaction if the Plan is not confirmed or a Sale Transaction, if any, is not approved; (c) the Debtors' ability to reduce or eliminate any debt or other obligations; (d) the potential adverse impact of the Chapter 11 Cases on the Debtors' operations, management, and employees; (e) the risks associated with operating the Debtors' business during the Chapter 11 Cases; (f) customer responses to the Chapter 11 Cases; (g) the Debtors' inability to discharge or settle Claims during the Chapter 11 Cases; general economic, business, and market conditions; (h) exposure to litigation; (i) the terms and conditions of the Sale Transaction, if any; (j) the proposed restructuring and costs associated therewith; and (k) adverse tax changes or consequences.

This Disclosure Statement is subject to further revision and may be amended to, among other things, take into account further specifics of any transaction to be consummated pursuant to the Plan, and to accommodate additional requests for disclosure.

I. INTRODUCTION

West Marine, Inc. and each of its subsidiaries and affiliates, as debtors and debtors in possession (each, a "Debtor," collectively, the "Debtors," the "Company," or "West Marine"), submit this disclosure statement (including all exhibits hereto, the "Disclosure Statement") pursuant to section 1125 of the Bankruptcy Code to certain Holders of Claims against the Debtors regarding the solicitation of acceptances with respect to the *Amended Joint Plan of Reorganization of West Marine, Inc. and Its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. ~~46~~278] (as may be amended, supplemented, or otherwise modified from time to time consistent with the consent rights set forth in the RSA, and including all exhibits and supplements thereto, the "Plan"). A copy of the Plan is attached hereto as **Exhibit A** and incorporated herein by reference.[2] The Plan constitutes a separate chapter 11 plan for each of the Debtors. The rules of interpretation set forth in Article I.B of the Plan govern the interpretation of this Disclosure Statement.

THE DEBTORS AND THE CONSENTING STAKEHOLDERS THAT HAVE EXECUTED THE RSA BELIEVE THAT THE COMPROMISES CONTEMPLATED BY THE PLAN ARE FAIR AND EQUITABLE, MAXIMIZE THE VALUE OF THE DEBTORS' ESTATES, AND MAXIMIZE RECOVERIES TO HOLDERS OF CLAIMS AND INTERESTS. AT THIS TIME, THE DEBTORS BELIEVE THE PLAN REPRESENTS THE BEST AVAILABLE OPTION FOR EMERGING FROM THE CHAPTER 11 CASES. THE DEBTORS STRONGLY RECOMMEND THAT YOU VOTE TO ACCEPT THE PLAN.

II. PRELIMINARY STATEMENT

The Debtors commenced these Chapter 11 Cases with the support of holders of 100% of outstanding FILO Claims under the ABL Credit Agreement (collectively, the "Consenting FILO Lenders"), holders of 96.2% of Term Loan Claims under the Term Loan Credit Agreement (which support has since increased to approximately 98.6%, collectively, the "Consenting Term Loan Lenders," and, together with the Consenting FILO Lenders, the "Consenting Lenders"), and certain equity holders holding 93.9% of outstanding Interests in West Marine (which support has since increased to approximately 96.3%, the "Consenting Equity Holders," and, together with the Consenting Lenders, the "Consenting Stakeholders") to implement the restructuring transactions embodied in that certain restructuring support agreement executed on May 17, 2026 and attached hereto as **Exhibit B** (the "RSA") and the Plan to maximize the value of the Debtors' Estates.

Despite its impressive growth in the marine aftermarket industry, the Company has recently faced significant pressures from inflation, macroeconomic volatility, a suboptimal retail footprint, and certain operational challenges. These challenges have strained the Company's liquidity profile and ability to invest in its business. The Company is currently burdened by underperforming and unprofitable stores which it has been unable to efficiently rationalize outside of chapter 11 due to the Company's long-term lease obligations. Additionally, extreme weather conditions during the Company's peak season in the summers of 2024 and 2025 have negatively impacted in-store and eCommerce sales. These challenges have depleted West Marine's liquidity profile and ability to invest in the business.

[2] Capitalized terms used but not otherwise defined in this Disclosure Statement have the meaning ascribed to such terms in the Plan or the RSA, as applicable. Additionally, this Disclosure Statement incorporates the rules of interpretation located in Article I.B of the Plan. **The summary provided in this Disclosure Statement of any documents attached to this Disclosure Statement, including the Plan, are qualified in their entirety by reference to the Plan, the RSA, the Restructuring Term Sheet, the Plan Supplement, and the exhibits, and other materials referenced in the foregoing, and the documents being summarized. In the event of any inconsistencies between the terms of this Disclosure Statement and the Plan, the Plan shall govern.**

In light of these ongoing challenges, the Company took prompt and decisive action. The Company sought expertise and engaged FTI Consulting, Inc. ("FTI") to assist with evaluating certain operational issues,[3] Kirkland & Ellis, LLP ("K&E") and Young Conaway Stargatt & Taylor LLP ("YCST") as restructuring counsel, and Triple P Securities, LLC ("Portage Point") as investment banker. The Company also retained Hilco Merchant Resources, LLC and Hilco Real Estate, LLC (together, "Hilco") as real estate advisors, and Kurtzman Carson Consultants, LLC dba Verita Global ("Verita," and together with K&E, FTI, YCT, Portage Point, and Hilco the "Advisors") as Claims, Noticing, and Solicitation Agent.

The Company, with the help of its Advisors, immediately began working to explore strategic alternatives, including implementing a strategy to renegotiate or right-size the Company's lease portfolio and exploring options to address the Company's capital structure and liquidity issues. These efforts have yielded commitments across the entire funded-debt and equity capital structure to support the Company's chapter 11 filing and appropriately address the Company's lease obligations, capital structure, and liquidity issues, as well as Company's planned emergence as a healthier company positioned for long-term success.

On May 17, 2026, after extensive, arm's-length negotiations, the Company and the Consenting Stakeholders entered into the RSA. The RSA contemplates a streamlined, dual-track process, to be executed through "prearranged" Chapter 11 Cases, whereby the Debtors will, among other things, (a) pursue a standalone recapitalization of the Debtors' balance sheet (the "Recapitalization Transaction") through (i) equitization of Term Loan Claims in exchange for 100% of the equity interests in Reorganized West Marine; (ii) the payment in full of the ABL Claims or conversion into loans under the Exit ABL Facility; and (iii) the payment in full of the FILO Claims or conversion into loans under the Exit Term Loan Facility; (b) continue to pursue a sale of all or substantially all of the Debtors' assets (the "Assets") through one or more sales (each, a "Sale Transaction," and collectively, the "Sale Transactions") to the extent such Sale Transaction provides greater value for the Debtors and their stakeholders than that provided by the Recapitalization Transaction; (c) finance these Chapter 11 Cases through the consensual use of cash collateral; and (d) to the extent the Debtors consummate the Recapitalization Transaction, finance the Debtors' go-forward business through new exit financing. The RSA also contemplates the payment of a *pro rata* share of $250,000 ("GUC Cash") to Holders of Allowed General Unsecured Claims if Class 6 votes to accept the Plan; *provided that* in the event of a Sale Transaction, Holders of Allowed General Unsecured Claims would receive their *pro rata* share of any Distributable Value following full payment or satisfaction, as applicable, of Claims in Classes 1, 2, 3, 4, and 5 to the extent greater than the GUC Cash.

The transactions embodied in the RSA and the Plan (collectively, the "Restructuring Transactions") are structured to support the Company's ongoing commitment to their customers, business partners, and stakeholders while strengthening the business as a going-concern. With the support of their lenders and other key stakeholders and limited liquidity, the Debtors will move through the chapter 11 process efficiently to minimize disruption to the business and the accrual of administrative expenses. As part of the Company's agreement with the Consenting Stakeholders and reflecting the Company's current liquidity profile, the RSA includes certain negotiated milestones to expedite these Chapter 11 Cases~~, including~~. The original milestones contemplated are as follows:

[3] The Company later amended FTI's engagement to provide interim management and other services, including in connection with the Company's restructuring efforts. On May 17, 2026, the Boards appointed Amir Agam as Interim Vice President, reporting to the Company's Chief Financial Officer.

- the Bankruptcy Court shall have entered the Interim Cash Collateral Order no later than five (5) days following the Petition Date;
- the Bankruptcy Court shall have entered the Final Cash Collateral Order no later than thirty-five (35) days following the Petition Date;
- the Bankruptcy Court shall have entered the Disclosure Statement Order and the Bidding Procedures Order no later than forty (40) days following the Petition Date;
- if applicable, the Bid Deadline shall have occurred no later than forty (40) days following the Petition Date;
- if applicable, no later than three (3) days after the Bid Deadline, the Auction (if any) shall have commenced;
- if applicable, no later than two (2) days after conclusion of the Auction (if any), the Debtors and the Consenting Term Loan Lenders shall have selected the Successful Bidder or shall have determined to undertake the Recapitalization Transaction, and shall have filed a notice of either determination with the Bankruptcy Court;
- the Debtors shall have obtained binding commitments for the Exit ABL Facility, in form and substances acceptable to the Required Consenting Term Loan Lenders, no later than sixty (60) days following the Petition Date;
- the Bankruptcy Court shall have entered an order confirming the Plan any order approving a Sale Transaction no later than eighty (80) days following the Petition Date; and
- the confirmed Plan shall become effective and the Sale Transaction, if any, shall have closed no later than ninety-five (95) days following the Petition Date.

The Plan is structured to maximize recoveries for the benefit of all the Debtors' stakeholders. The Debtors strongly believe that that RSA and Plan, which allow the Debtors to conduct a thorough yet expedited bidding process, while also continuing to evaluate and market check the benefits to be generated through the Recapitalization Transaction~~.~~ — is vitally important to the Debtors' efforts to maximize value. Ultimately, the Plan will be the best transaction available to the Debtors and their stakeholders, and the Debtors encourage their voting creditors to accept the Plan.

III. QUESTIONS AND ANSWERS REGARDING THIS DISCLOSURE STATEMENT AND PLAN

A. What is chapter 11?

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. In addition to permitting debtor rehabilitation, chapter 11 promotes equality of treatment for similarly situated creditors and similarly situated equity interest holders, subject to the priority of distributions prescribed by the Bankruptcy Code.

The commencement of a chapter 11 case creates an estate that comprises all of the legal and equitable interests of the debtor as of the date the chapter 11 case is commenced. The Bankruptcy Code provides that the debtor may continue to operate its business and remain in possession of its property as a "debtor in possession" during the chapter 11 case.

Consummating a plan is the principal objective of a chapter 11 case. A bankruptcy court's confirmation of a plan binds the debtor, any person acquiring property under the plan, any creditor or equity interest holder of the debtor (whether or not such creditor or equity interest holder voted to accept the plan), and any other entity as may be ordered by the bankruptcy court. Subject to certain limited exceptions, the order issued by a bankruptcy court confirming a plan provides for the treatment of the debtor's liabilities in accordance with the terms of the confirmed plan.

B. Why are the Debtors sending me this Disclosure Statement?

The Debtors are seeking to obtain Bankruptcy Court approval of the Plan. Before soliciting acceptances of the Plan, section 1125 of the Bankruptcy Code requires the Debtors to prepare a disclosure statement containing adequate information of a kind, and in sufficient detail, to enable a hypothetical reasonable investor to make an informed judgment regarding acceptance of the Plan and to share such disclosure statement with all holders of claims or interests whose votes on the Plan are being solicited. This Disclosure Statement is being submitted in accordance with these requirements and the Debtors will first seek approval of this Disclosure Statement on a conditional basis. The Bankruptcy Court will consider final approval of this Disclosure Statement and the Plan at the Combined Hearing, which is scheduled for [~~July 30~~August 11], 2026, at [~~•~~10:00 a.m.]~~ [a/p].m.~~, prevailing Eastern Time (the "Combined Hearing"), subject to Bankruptcy Court availability.

C. What are the Restructuring Transactions under the Plan?

The Plan contemplates either (a) a standalone recapitalization of the Company's balance sheet or (b) a sale of some, all, or substantially all of the Debtors' Assets pursuant to a Sale Transaction.

D. What is the "toggle" feature of the Plan?

The Plan will implement the Recapitalization Transaction unless the Debtors determine, in the exercise of their reasonable business judgment (and with the consent of the Required Consenting Term Loan Lenders to the extent required under the RSA), that pursuing a Sale Transaction is in the best interest of the Debtors and their Stakeholders. If the Debtors "toggle" to the Sale Transaction, Holders of Claims and Interests will receive the proposed treatment under the Plan for a Sale Transaction. As a result, Holders of Claims will receive recoveries under the Plan on a much quicker timeline than if the Plan did not include a "toggle" feature, which reduces expenses and permits the Debtors to emerge in either scenario on the expedited timeline currently contemplated.

A vote to accept the Plan is a vote to approve ~~either~~both the Recapitalization Transaction ~~or~~and the Sale Transaction~~, as applicable~~~~.~~. If the Debtors "toggle" to a Sale Transaction pursuant to the Plan, the Debtors will file and serve a notice of such Sale Transaction that includes the identity of the Successful Bidder, as well as the Assets being sold, the identity of the Back-Up Bidder, and the key terms of the Sale Transaction by no later than 48 hours after the conclusion of the Auction, if any, (the "Sale Transaction Notice Deadline"), which is scheduled to commence on June 29, 2026, if necessary.

E. What is the Recapitalization Transaction under the Plan?

The proposed Plan contemplates that the Debtors will pursue a balance sheet recapitalization unless the Debtors determine that a Sale Transaction is in the best interest of the Debtors and their stakeholders. If the Recapitalization Transaction is consummated, the Restructuring Transactions will deleverage the Debtors' funded debt by over $300 million~~, and the Debtors' existing Term Loan Lenders would be the new equity owners of~~ through (i) the equitization of Term Loan Claims in exchange for 100% of the equity interests in Reorganized West Marine~~.~~, subject to dilution by the Management Incentive Plan (if any), (ii) the payment in full of the ABL Claims or conversion into loans under the Exit ABL Facility, and (iii) the payment in full of the FILO Claims or conversion into loans under the Exit

Term Loan Facility. As a result, the Debtors intend to emerge from these Chapter 11 Cases having: (i) equitized approximately $251.2 million of funded debt obligations, (ii) obtained access a new, committed $7.5 million post-emergence exit facility, which may be upsized to $10 million and with built-in capacity for up to another $15 million of funding after emergence, (iii) addressed the Company's approximately $55 million of annual lease expenses; and (iv) provided Holders of General Unsecured Claims with a distribution in the form of their *pro rata* share of the GUC Cash that they otherwise would not be entitled to under a hypothetical liquidation, *provided* that Class 6 (General Unsecured Claims) votes to accept the Plan.

F. What is a Sale Transaction under the Plan?

As the Debtors pursue the Recapitalization Transaction, they will continue to engage with all parties regarding a Sale Transaction. Should the Debtors receive any Bids that provide more value to the Debtors and their stakeholders than the Recapitalization Transaction and its underlying Sale Transaction materializes, the Debtors will "toggle" and pursue such Sale Transaction. In the event of the Sale Transaction, the Debtors will sell all or substantially all of the Debtors' Assets to the Successful Bidder pursuant to section 363 of the Bankruptcy Code and the terms of a Sale Order and Purchase Agreement, and the proceeds of that sale would be distributed to the Debtors' creditors in accordance with the priorities set forth in the Bankruptcy Code and the Plan. If a Sale Transaction is consummated, (a) the Debtors' existing ABL Lenders would receive their *pro rata* share of (i) the Prepetition ABL Priority Distributable Value and (ii) following full payment or satisfaction of the Term Loan Claims, the Term Priority Distributable Value; (b) the Debtors' existing FILO Lenders would receive their *pro rata* share of (i) following full payment or satisfaction of the Prepetition ABL Claims, the ABL Priority Distributable Value and (ii) following full payment or satisfaction of the Term Loan Claims and Prepetition ABL Claims, the Term Priority Distributable Value, (c) the Debtors' existing Term Loan Lenders would receive their *pro rata* share of (i) following full payment or satisfaction of the Prepetition ABL Claims and Prepetition FILO Claims, the ABL Priority Distributable Value and (ii) the Term Priority Distributable Value, and (d) Holders of General Unsecured Claims would receive the greater of (i) the GUC Cash, *provided, however*, that if Class 6 (General Unsecured Claims) votes to reject the Plan, Holders of General Unsecured Claims will receive no distribution, or (ii) the Distributable Value following full payment or satisfaction of claims in Classes 1–5.

G. When will I be informed if the Debtors "toggle" to a Sale Transaction?

While the Debtors are pursuing the Recapitalization Transaction, the Debtors continue to engage with multiple interested parties regarding a potential Sale Transaction. If the Debtors "toggle" to a Sale Transaction in accordance with the Plan, the Debtors will file and serve a notice of such Sale Transaction that includes the identity of the Successful Bidder by the Sale Transaction Notice Deadline.

The Sale Transaction Notice Deadline, which is approximately twenty-one days prior to the Voting Deadline, is the date by which the Debtors will determine, in their reasonable business judgment whether they will "toggle" to a Sale Transaction. If the Debtors determine, prior to the Sale Transaction Notice Deadline, that a bid is more value-enhancing than the Recapitalization Transaction, the Debtors will "toggle" and file and serve a notice of Sale Transaction, informing Holders of Claims and Interests of the Successful Bidder, the Assets being sold, the identity of the Back-Up Bidder, and the key terms of the Sale Transaction.

If the Debtors do not believe any proposed Sale Transaction would be more value-enhancing than the Recapitalization Transaction the Debtors will file and serve notice to Holders of Claims and Interests informing them that the Debtors will seek to confirm the Recapitalization Transaction.

H. ~~G.~~ Am I entitled to vote on the Plan?

Your ability to vote on, and your distribution, if any, under, the Plan, depends on what type of Claim or Interest you hold and whether you held the Claim or Interest as of the Voting Record Date. Each category of Holders of Claims or Interests, as set forth in Article III of the Plan pursuant to sections 1122(a) and 1123(a)(1) of the Bankruptcy Code, is referred to as a "Class." Each Class's respective voting status is set forth below.

Class	Claims and Interests	Status	Voting Rights
1	Other Secured Claims	Unimpaired	Not Entitled to Vote (Presumed to Accept)
2	Other Priority Claims	Unimpaired	Not Entitled to Vote (Presumed to Accept)
3	Prepetition ABL Claims	Impaired	Entitled to Vote
4	Prepetition FILO Claims	Impaired	Entitled to Vote
5	Term Loan Claims	Impaired	Entitled to Vote
6	General Unsecured Claims	Impaired	Entitled to Vote
7	Section 510(b) Claims	Impaired	Not Entitled to Vote (Deemed to Reject)
8	Intercompany Claims	Unimpaired / Impaired	Not Entitled to Vote (Presumed to Accept or Deemed to Reject)
9	Intercompany Interests	Unimpaired / Impaired	Not Entitled to Vote (Presumed to Accept or Deemed to Reject)
10	Interests in West Marine	Impaired	Not Entitled to Vote (Deemed to Reject)

I. ~~H.~~ What will I receive from the Debtors if the Plan is consummated?

The following chart provides a summary of the anticipated recoveries for Holders of Allowed Claims and Interests under the Plan. Any estimates of Claims and Interests in this Disclosure Statement may vary from the final amounts Allowed by the Bankruptcy Court. Your ability to receive distributions under the Plan depends upon the ability of the Debtors to obtain confirmation of, and meet the conditions necessary to consummate, the Plan.

THE PROJECTED RECOVERIES SET FORTH IN THE TABLE BELOW ARE ESTIMATES ONLY AND ARE THEREFORE SUBJECT TO CHANGE. FOR A COMPLETE DESCRIPTION OF THE DEBTORS' CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS, REFERENCE SHOULD BE MADE TO THE ENTIRE PLAN.[4]

[4] The recoveries set forth below may change based upon changes in the amount of Claims that are "Allowed" as well as other factors related to the Debtors' business operations and general economic conditions.

SUMMARY OF ESTIMATED RECOVERIES				
Clas s	**Claim or Interest**	**Treatment**	**Projected Allowed Amount of Claims**	**Projected Plan Recovery**
1	Other Secured Claims	Except to the extent that a Holder of an Allowed Other Secured Claim agrees to less favorable treatment, on the Plan Effective Date, or as soon as reasonably practicable thereafter, each Holder of an Allowed Other Secured Claim shall receive, at the Debtors' option, in full and final satisfaction of such Allowed Other Secured Claim, either (a) payment in full in Cash in an amount equal to its Allowed Other Secured Claim, (b) delivery of the collateral securing its Allowed Other Secured Claim, or (c) such other treatment rendering its Allowed Other Secured Claim unimpaired in accordance with section 1124 of the Bankruptcy Code.	~~$[●]~~N/A	100%
2	Other Priority Claims	Except to the extent that a Holder of an Allowed Other Priority Claim agrees to less favorable treatment, each Holder of an Allowed Other Priority Claim, in full and final satisfaction of such Allowed Other Priority Claim, shall be paid in full in Cash on the Effective Date or in the ordinary course of business as and when due or otherwise receive treatment consistent with section 1129(a)(9) of the Bankruptcy Code.	$~~[~~9.~~9~~7~~]~~ million	100%
3	Prepetition ABL Claims	Except to the extent that a Holder of an Allowed Prepetition ABL Claim agrees to less favorable treatment, each Holder of an Allowed Prepetition ABL Claim shall receive, in full and final satisfaction of its Allowed Prepetition ABL Claim: (i) if the Recapitalization Transaction occurs, either (i) payment in full in Cash of its Allowed Prepetition ABL Claim or (ii) loans under the Exit ABL Facility on a dollar-for-dollar basis; or (ii) if the Sale Transaction occurs, its *Pro Rata* share of (x) the Prepetition ABL Priority Distributable Value and (y) following full payment or satisfaction of Term Loan Claims, the Term Priority Distributable Value; *provided, however*, that in no event shall any Holder of a Prepetition ABL Claim receive, on account of such Claim, a recovery	$~~[118.9]~~60.3 million	100%

SUMMARY OF ESTIMATED RECOVERIES				
Class	**Claim or Interest**	**Treatment**	**Projected Allowed Amount of Claims**	**Projected Plan Recovery**
		greater than 100% of the Allowed amount of such Claim.		
4	Prepetition FILO Claims	Except to the extent that a Holder of an Allowed Prepetition FILO Claim agrees to less favorable treatment, each Holder of an Allowed Prepetition FILO Claim shall receive, in full and final satisfaction of its Allowed Prepetition FILO Claim: (a) if the Recapitalization Transaction occurs, either (x) payment in full in Cash of its Allowed Prepetition FILO Claim or (y) loans under the Exit Term Loan Facility on a dollar-for-dollar basis to its Allowed Prepetition FILO Claim; or (b) if the Sale Transaction occurs, its *Pro Rata* share of (x) following full payment or satisfaction of the Prepetition ABL Claims, the ABL Priority Distributable Value and (y) following full payment or satisfaction of Term Loan Claims and Prepetition ABL Claims, the Term Priority Distributable Value; *provided, however*, that in no event shall any Holder of an Allowed Prepetition FILO Claim receive, on account of such Claim, a recovery greater than 100% of the Allowed amount of such Claim.	$~~[59.2]~~63.7 million	100%
5	Term Loan Claims	Except to the extent that a Holder of an Allowed Term Loan Claim agrees to less favorable treatment, each Holder of an Allowed Term Loan Claim shall receive, in full and final satisfaction of such Allowed Term Loan Claim: (i) if the Recapitalization Transaction occurs, its Pro Rata share of 100% of the New Equity Interests, subject to	$~~[~~2~~51~~66.2~~]~~ million	~~[●]~~42 – 59%[5]

~~[5] As described herein, the Debtors continue to engage with multiple bidders with respect to a potential Sale Transaction. Because the Debtors do not want to prejudice the sale process by disclosing the estimated recoveries for Term Loan Claims or General Unsecured Claims, such recoveries are not estimated herein. For more detail about the projected recovery on account of the Term Loan Claims, please see Article III.B.5 of the Plan and Article XI.F of this Disclosure Statement, entitled "Valuation Analysis."~~

SUMMARY OF ESTIMATED RECOVERIES				
Class	**Claim or Interest**	**Treatment**	**Projected Allowed Amount of Claims**	**Projected Plan Recovery**
		dilution by the Management Incentive Plan; or (ii) if the Sale Transaction occurs, its *Pro Rata* share of (x) following full payment or satisfaction of Prepetition ABL Claims and Prepetition FILO Claims, the ABL Priority Distributable Value and (y) the Term Priority Distributable Value; *provided*, *however*, that in no event shall any Holder of a Term Loan Claim receive, on account of such Claim, a recovery greater than 100% of the Allowed amount of such Claim.		
6	General Unsecured Claims	On the Effective Date, except to the extent that a Holder of an Allowed General Unsecured Claim agrees to less favorable treatment of its Allowed General Unsecured Claim, in full and final satisfaction, settlement, release, and discharge of each Allowed General Unsecured Claim, each Holder of an Allowed General Unsecured Claim shall receive: (i) if the Recapitalization Transaction occurs (a) if Class 6 (General Unsecured Claims) votes to accept the Plan, its pro rata share of the GUC Cash, or (b) if Class 6 (General Unsecured Claims) votes to reject the Plan, all Allowed General Unsecured Claims shall be canceled, released, and extinguished and will be of no further force or effect, and Holders of Allowed General Unsecured Claims shall not receive any distribution, property, or other value under the Plan on account of such Allowed General Unsecured Claim; or	$~~[•]~~99.3 – 109.2 million[5]	~~[•]~~0.2 – 0.3%[6]

[5] While the First Day Declaration provided that, as of the Petition Date, unsecured claims total approximately $120 million, the range set forth in this table is the Debtors' current best estimate of Allowed General Unsecured Claims. The Bar Date has not passed and the claims pool is subject to material change. For example, the estimated allowed amount of General Unsecured Claims set forth in this table does not account for certain claims arising from the rejection of unexpired leases or executory contracts or deficiency claims (if any), which will increase the total allowed amount of the General Unsecured Claims.

[6] The 0.2 – 0.3% recovery reflected in this table assumes that Class 6 (General Unsecured Claims) votes to accept the Plan. If Class 6 (General Unsecured Claims) votes to Reject the Plan, Holders of General Unsecured Claims will receive no recovery. Moreover, the projected allowed amount of Class 6 (General Unsecured Claims) is based on the Debtors' books and records as of the date hereof, and all Class 6 (General Unsecured Claims) are subject to reconciliation. Moreover, as of the date hereof, the Bar Date has not passed. Accordingly, such an estimate of the projected plan recovery for Claims in Class 6 (General Unsecured Claims) is subject to change and may be materially higher or lower.

SUMMARY OF ESTIMATED RECOVERIES				
Clas s	**Claim or Interest**	**Treatment**	**Projected Allowed Amount of Claims**	**Projected Plan Recovery**
		(ii) if the Sale Transaction occurs, the greater of (a) the GUC Cash; *provided*, *however*, if Class 6 (General Unsecured Claims) votes to reject the Plan, all Allowed General Unsecured Claims shall be canceled, released, and extinguished and will be of no further force or effect, and Holders of Allowed General Unsecured Claims shall not receive any distribution, property, or other value under the Plan on account of such Allowed General Unsecured Claim or (b) the Distributable Value following full payment or satisfaction, as applicable of Claims in Classes 1, 2, 3, 4, and 5; provided, however, that in no event shall any Holder of a General Unsecured Claim receive, on account of such Claim, a recovery greater than 100% of the Allowed amount of such Claim.		
7	Section 510(b) Claims	Allowed Section 510(b) Claims, if any, shall be cancelled without any distribution, and such Holders of Section 510(b) Claims will receive no recovery under the Plan.	N/A	0%
8	Intercompany Claims	Each Allowed Intercompany Claim shall be, at the option of the applicable Debtor, either (a) reinstated; (b) set off, settled, discharged, contributed, canceled, and released without any distribution on account of such Intercompany Claim; or (c) otherwise addressed at the option of the applicable Debtor.	N/A	N/A
9	Intercompany Interests	Each Allowed Intercompany Interest shall be, at the option of the applicable Debtor, either (a) reinstated; (b) set off, settled, discharged, contributed, canceled, and released without any distribution on account of such Intercompany Interest; or (c) otherwise addressed at the option of the applicable Debtor.	N/A	N/A

SUMMARY OF ESTIMATED RECOVERIES				
Class	**Claim or Interest**	**Treatment**	**Projected Allowed Amount of Claims**	**Projected Plan Recovery**
10	Interests in West Marine	Each Holder of an Allowed Interest in West Marine shall receive, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Interest in West Marine: (i) if the Recapitalization Transaction occurs, all Interests in West Marine shall be canceled, released, and extinguished and will be of no further force and effect. No Holders of Interests in West Marine will receive a distribution under the Plan on account of such Interests in West Marine; or (ii) if the Sale Transaction occurs, its *Pro Rata* share of the Distributable Value (if any) after payment or satisfaction, as applicable, of Section 510(b) Claims, General Unsecured Claims, Term Loan Claims, Prepetition FILO Claims, Prepetition ABL Claims, Other Priority Claims, and Other Secured Claims.	N/A	0%~~[6]~~[7]

J. ~~I.~~ What will I receive from the Debtors if I hold an Allowed Administrative Claim or a Priority Tax Claim?

In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims and Priority Tax Claims have not been classified and thus are excluded from the Classes of Claims and Interests set forth in Article III of the Plan.

1. *Administrative Claims.*

Unless otherwise agreed to by the Holder of an Allowed Administrative Claim and the Debtors or the Post-Effective Date Debtors, as applicable, each Holder of an Allowed Administrative Claim (other than Holders of Professional Fee Claims) will receive in full and final satisfaction of its Administrative Claim an amount of Cash equal to the amount of such Allowed Administrative Claim in accordance with the following: (1) if an Administrative Claim is Allowed on or prior to the Effective Date, on the Effective Date or as soon as reasonably practicable thereafter (or, if not then due, when such Allowed Administrative Claim is due or as soon as reasonably practicable thereafter); (2) if such Administrative Claim is not Allowed as of the Effective Date, no later than thirty (30) days after the date on which an order allowing such Administrative Claim becomes a Final Order, or as soon as reasonably

~~[6]~~[7] The Debtors anticipate that after satisfying all costs related to the Recapitalization Transaction and/or the Sale Transaction and providing distributions to all Holders of Claims with greater priority, the Holders of Class 10 Interests in West Marine are unlikely to receive a recovery under the Plan.

practicable thereafter; (3) if such Allowed Administrative Claim is based on liabilities incurred by the Debtors in the ordinary course of their business after the Petition Date, in accordance with the terms and conditions of the particular transaction giving rise to such Allowed Administrative Claim without any further action by the Holders of such Allowed Administrative Claim; (4) at such time and upon such terms as may be agreed upon by such Holder and the Debtors or the Post-Effective Date Debtors, as applicable; or (5) at such time and upon such terms as set forth in a Final Order of the Bankruptcy Court.

Except as otherwise provided in Article II.A of the Plan, requests for payment of Administrative Claims must be Filed with the Bankruptcy Court and served on the Debtors by the applicable Administrative Claims Bar Date. Holders of Administrative Claims that are required to, but do not, File and serve a request for payment of such Administrative Claims by such date shall be forever barred, estopped, and enjoined from asserting such Administrative Claims against the Debtors, their Estates, or their property, and such Administrative Claims shall be deemed discharged as of the Administrative Claims Bar Date without the need for any objection from the Debtors or the Post-Effective Date Debtors, as applicable, or any notice to or action, order, or approval of the Bankruptcy Court or any other Entity. Objections to such requests, if any, must be Filed with the Bankruptcy Court and served on the Debtors and the requesting party by the Claims Objection Deadline. Notwithstanding the foregoing, no request for payment of an Administrative Claim need be Filed with the Bankruptcy Court with respect to an Administrative Claim previously Allowed or paid.

2. *Priority Tax Claims.*

Except to the extent that a Holder of an Allowed Priority Tax Claim agrees to less favorable treatment, on the Effective Date, or as soon as reasonably practicable thereafter, each Holder of an Allowed Priority Tax Claim shall receive, in full and final satisfaction of such Allowed Priority Tax Claim, treatment consistent with section 1129(a)(9)(C) of the Bankruptcy Code.

3. *Payment of Restructuring Expenses.*

To the extent not otherwise paid, the Debtors or the Post-Effective Date Debtors, as applicable, shall as soon as reasonably practicable pay in Cash in full outstanding and invoiced Restructuring Expenses as follows: (i) on the Effective Date, Restructuring Expenses incurred, or estimated to be incurred, during the period prior to the Effective Date to the extent invoiced to the Debtors at least three (3) Business Days in advance of the Effective Date, and (ii) after the Effective Date, in accordance with the terms of any applicable engagement letters or other contractual arrangements without the requirement for the Filing of retention applications, fee applications, or any other applications in the Chapter 11 Cases, and without any requirement for further notice or Bankruptcy Court review or approval; *provided further* that, to the extent timely invoiced, Restructuring Expenses that are not paid by the Debtors or the Post-Effective Date Debtors, as applicable, within the timeframes set forth in Article II.D of the Plan, such Restructuring Expenses shall not be deemed waived and shall be included in a subsequent invoice.

K. What will I receive from the Debtors if I have an Allowed General Unsecured Claim?

Under the Recapitalization Transaction if Class 6 (General Unsecured Claims) votes to accept the Plan, Holders of Allowed General Unsecured Claims will receive their *pro rata* share of the GUC Cash. If Class 6 (General Unsecured Claims) votes to reject the Plan, Holders of Allowed General Unsecured Claims will receive no recovery.

Under the Sale Transaction, Holders of Allowed General Unsecured Claims will receive the greater of (a) their *pro rata* share of the GUC Cash; *provided*, *however*, if Class 6 (General Unsecured Claims) votes to reject the Plan, Holders of Allowed General Unsecured Claims will receive no recovery or (b) the Distributable Value following full payment or satisfaction, as applicable of Claims in Classes

1, 2, 3, 4, and 5; provided, however, that in no event shall any Holder of a General Unsecured Claim receive, on account of such Claim, a recovery greater than 100% of the Allowed amount of such Claim.

L. ~~J.~~ Are any regulatory approvals required to Consummate the Plan?

At this time, the Debtors are evaluating which, if any, regulatory approvals are required to consummate the Plan. To the extent that any regulatory approvals or other authorizations, consents, rulings, or documents are necessary to implement and effectuate the Plan, it is a condition precedent to the Effective Date that they be obtained, and the Debtors are engaging as appropriate in order to procure such approvals, authorizations, consents, rulings, or documents (as applicable).

M. ~~K.~~ What happens to my recovery if the Plan is not confirmed or does not go effective?

In the event that the Plan is not confirmed or does not go effective, there is no assurance that the Debtors will be able to reorganize their business. It is possible that any alternative transaction may provide Holders of Claims and Interests with less than they would have received pursuant to the Plan. For more detailed descriptions of the consequences of extended Chapter 11 Cases or of a liquidation scenario, *see* Article VIII.C.3 of this Disclosure Statement and the liquidation analysis attached hereto as **Exhibit D** (the "Liquidation Analysis"), respectively.

N. ~~L.~~ If the Plan provides that I get a distribution, do I get it upon Confirmation or when the Plan goes effective, and what is meant by "Confirmation," "Effective Date," and "Consummation?"

"Confirmation" of the Plan refers to approval of the Plan by the Bankruptcy Court. Confirmation of the Plan does not guarantee that you will receive the distribution indicated under the Plan. After Confirmation of the Plan by the Bankruptcy Court, there are conditions that need to be satisfied or waived so that the Plan can go effective. Initial distributions to Holders of Allowed Claims will only be made on the date the Plan becomes effective—the "Effective Date"—or as soon as reasonably practicable thereafter, as specified in the Plan. The "Effective Date" is the date on which (i) all conditions precedent set forth in Article IX of the Plan have been satisfied or waived in accordance with Article IX.B of the Plan and (ii) the Plan is declared effective by the Debtors. "Consummation" of the Plan refers to the occurrence of the Effective Date.

O. ~~M.~~ What are the sources of Cash and other consideration required to fund the Plan?

If the Recapitalization Transaction occurs, the Reorganized Debtors shall fund or make distributions under the Plan, as applicable, with: (i) the New Equity Interests, (ii) the Exit ABL Facility, (iii) the Exit Term Loan Facility, including the New Money Exit Term Loans and Incremental Post Exit Loans, and (iv) the Debtors' Cash on hand as of the Effective Date.

If the Sale Transaction occurs, the Wind-Down Debtors will fund distributions under the Plan with: (i) the proceeds of the Sale Transaction; (ii) Cash on hand on the Effective Date; and (iii) the revenues and proceeds of all Wind-Down Assets of the Debtors.

Each distribution and issuance referred to in Article VI of the Plan shall be governed by the terms and conditions set forth in the Plan applicable to such distribution or issuance and by the terms and conditions of the instruments or other documents evidencing or relating to such distribution or issuance, which terms and conditions shall bind each Entity receiving such distribution or issuance. The issuance, distribution, or authorization, as applicable, of certain Securities in connection with the Plan, including the New Equity Interests, will be exempt from Securities Act registration, as described more fully in Article IV.C.9 of the Plan.

P. ~~N.~~ How does the Plan treat Executory Contracts and Unexpired Leases?

If the Recapitalization Transaction occurs, on the Effective Date, except as otherwise provided therein, all Executory Contracts and Unexpired Leases, not previously assumed, assumed and assigned, or rejected shall be deemed automatically assumed, pursuant to sections 365 and 1123 of the Bankruptcy Code, unless such Executory Contract or Unexpired Lease: (a) are identified on the Rejected Executory Contracts and Unexpired Leases List; (b) previously expired or terminated pursuant to their own terms; (c) have been previously assumed or rejected by the Debtors pursuant to a Final Order; (d) are the subject of a motion to reject that is pending on the Effective Date; or (e) have an ordered or requested effective date of rejection that is after the Effective Date.

If the Sale Transaction occurs, on the Effective Date, except as otherwise provided therein, all Executory Contracts and Unexpired Leases, not previously assumed, assumed and assigned, or rejected, will be deemed rejected by the applicable Wind Down Debtor or the Plan Administrator, as applicable, in accordance with the provisions and requirements of sections 365 and 1123 of the Bankruptcy Code, other than those that: (a) are identified on the Assumed Executory Contracts and Unexpired Leases List; (b) previously expired or terminated pursuant to their own terms; (c) have been previously assumed or rejected by the Debtors pursuant to a Final Order; (d) are the subject of a motion to assume that is pending on the Effective Date; or (e) have an ordered or requested effective date of rejection that is after the Effective Date.

Entry of the Confirmation Order shall constitute an order of the Bankruptcy Court approving the assumptions, assumptions and assignments, or rejections of the Executory Contracts or Unexpired Leases as set forth in the Plan, the Assumed Executory Contract and Unexpired Leases List, or the Rejected Executory Contracts and Unexpired Leases List, as applicable, pursuant to sections 365(a) and 1123 of the Bankruptcy Code. Except as otherwise specifically set forth therein or in the Confirmation Order or any Purchase Agreement, assumptions or rejections of Executory Contracts and Unexpired Leases pursuant to the Plan are effective as of the Effective Date.

Notwithstanding anything therein to the contrary, with respect to any Unexpired Lease that is not assumed on the Effective Date pursuant to Article V.A. of the Plan, the effective date of rejection of such Unexpired Leases shall be the later of: (1) the Effective Date, except if otherwise agreed by the Debtors and applicable counterparty, (2) the date identified on the Rejected Executory Contracts and Unexpired Leases List, and (3) the date upon which the Debtors notify the landlord in writing (email being sufficient) that they have surrendered the premises to the landlord and returned the keys, key codes, or security codes, as applicable, provided that on the date the Debtors surrender the premises as set forth in subsection (B) of the Plan, all property remaining in the premises will be deemed abandoned free and clear of any interests, Liens, Claims, and encumbrances and landlords may dispose of such property without further notice or court order, unless otherwise agreed by the applicable lessor or pursuant to an order of the Bankruptcy Court. Each Executory Contract or Unexpired Lease assumed pursuant to the Plan or by Bankruptcy Court order but not assigned to a third party before the Effective Date shall revest in and be fully enforceable by the applicable contracting Post-Effective Date Debtor in accordance with its terms, except as such terms may have been modified by the provisions of the Plan or any order of the Bankruptcy Court authorizing and providing for its assumption. Any motions to assume Executory Contracts or Unexpired Leases pending on the Effective Date shall be subject to approval by a Final Order on or after the Effective Date but may be withdrawn, settled, or otherwise prosecuted by the Post-Effective Date Debtors.

Except as otherwise provided therein or agreed to by the Debtors and the applicable counterparty, each assumed (or assumed and assigned) Executory Contract or Unexpired Lease shall include all modifications, amendments, supplements, restatements, or other agreements related thereto, and all rights related thereto, if any, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, and any other interests. Modifications, amendments, supplements, and restatements to prepetition Executory Contracts and Unexpired Leases that have been executed by the Debtors during the Chapter 11 Cases shall not be deemed to alter the prepetition nature of the Executory Contract or Unexpired Lease or the validity, priority, or amount of any Claims that may arise in connection therewith.

To the maximum extent permitted by law, to the extent any provision in any Executory Contract or Unexpired Lease assumed or assumed and assigned pursuant to the Plan restricts or prevents, or purports to restrict or prevent, or is breached or deemed breached by, the assumption or assumption and assignment of such Executory Contract or Unexpired Lease (including any "change of control" provision), then such provision shall be deemed modified such that the transactions contemplated by the Plan shall not entitle the non-Debtor party thereto to terminate such Executory Contract or Unexpired Lease or to exercise any other default-related rights with respect thereto. Notwithstanding anything to the contrary in the Plan, the Debtors, or the Post-Effective Date Debtors, as applicable, reserve the right to alter, amend, modify, or supplement the Assumed Executory Contracts and Unexpired Lease List and the Rejected Executory Contracts and Unexpired Lease List at any time up to forty five (45) days after the Effective Date.

To the extent that the D&O Liability Insurance Policies are considered to be Executory Contracts, notwithstanding anything in the Plan, the Purchase Agreement (if any), and/or the Sale Order (if any) to the contrary, effective as of the Effective Date, the Post Effective Date Debtors shall be deemed to have assumed all unexpired D&O Liability Insurance Policies with respect to the Debtors' directors, managers, officers, and employees serving on or before the Petition Date pursuant to section 365(a) of the Bankruptcy Code, entry of the Confirmation Order will constitute the Bankruptcy Court's approval of the Post Effective Date Debtors' assumption of each of the unexpired D&O Liability Insurance Policies. Notwithstanding anything to the contrary contained therein, Confirmation of the Plan shall not discharge, impair, or otherwise modify any indemnity obligations assumed by the foregoing assumption of the D&O Liability Insurance Policies, and each such indemnity obligation will be deemed and treated as an Executory Contract that has been assumed by the Post-Effective Date Debtors under the Plan as to which no Proof of Claim need be Filed.

Q. ~~O.~~ Are there risks to owning the New Equity Interests upon emergence from chapter 11?

Yes. *See* Article VIII of this Disclosure Statement, entitled "Risk Factors," for a discussion of such risks.

R. ~~P.~~ What is the Management Incentive Plan and how will it affect the distributions I receive under the Plan?

In the event of the Recapitalization Transaction, on or as soon as reasonably practicable following the Effective Date, the Reorganized Debtors may adopt and implement a Management Incentive Plan, which will provide for grants of equity and equity-based awards to employees, directors, consultants and other service providers of the Reorganized Debtors, as determined at the discretion of the New Board. The terms and conditions, including with respect to participants, allocation, timing, and the form and structure of the equity or equity-based awards, shall be determined at the discretion of the New Board after the Effective Date.

S. How will my Self-Funded Health Insurance Claim be treated under the Plan?

If the Recapitalization Transaction occurs, Self-Funded Health Insurance Claims shall be treated as Administrative Claims payable in the ordinary course pursuant to Article II.A.3 of the Plan.

If the Sale Transaction occurs, (i) the Successful Bidder may assume and pay Self-Funded Health Insurance Claims or (ii) if the Successful Bidder does not assume the Self-Funded Health Insurance Claims, such amounts shall be included in the Wind-Down Amount and paid in full in Cash on or prior to the Effective Date.

T. ~~Q.~~ Is there potential litigation related to the Plan?

Parties in interest may object to the approval of this Disclosure Statement and may object to Confirmation of the Plan, which objections potentially could give rise to litigation. *See* Article VIII.C.7 of this Disclosure Statement, entitled "The Post-Effective Date Debtors May Be Adversely Affected by Potential Litigation, Including Litigation Arising Out of the Chapter 11 Cases."

In the event that it becomes necessary to confirm the Plan over the rejection of certain Classes, the Debtors may seek Confirmation of the Plan notwithstanding the dissent of such rejecting Classes. The Bankruptcy Court may confirm the Plan pursuant to the "cramdown" provisions of the Bankruptcy Code, which allow the Bankruptcy Court to confirm a plan that has been rejected by an impaired Class if it determines that the Plan satisfies section 1129(b) of the Bankruptcy Code. *See* Article X.E of this Disclosure Statement, entitled "Confirmation Without Acceptance by All Impaired Classes."

On June 12, 2026, the Creditors' Committee filed the *Objection of the Official Committee of Unsecured Creditors to the Debtors' Motion for Entry of an Order (I) Conditionally Approving the Adequacy of the Disclosure Statement and (II) Approving the Solicitation and Voting Procedures with Respect to Confirmation of the Debtors' Joint Chapter 11 Plan* [Docket No. 231]. The Creditors' Committee's objection contends that, among other things, the Disclosure Statement did not contain adequate information for creditors to cast informed votes.

The Debtors intend to continue their efforts to engage in good-faith negotiations with all parties-in-interest, including the Creditors' Committee, between now and the Voting Deadline in an effort to reach a consensual resolution to the Creditors' Committee's anticipated confirmation objections. However, the Debtors also believe that the Creditors' Committee's arguments regarding the confirmability of the Plan lack merit, and, should the parties be unable to consensually resolve their issues in advance of the Combined Hearing, the Debtors intend to prove the Plan satisfies the requirements of applicable Law and is confirmable. Nevertheless, there can be no assurance that the Bankruptcy Court will reach the same conclusion. If the Bankruptcy Court disagrees with the Debtors' position, the Plan may not be confirmed and Holders of General Unsecured Claims may not receive their *pro rata* share of the GUC Cash. If the Plan is not confirmed with respect to the Debtors, there is no assurance that the Debtors will be able to reorganize the Debtors' business. Further, it is possible that any alternative may provide Holders of Claims with less than they would have received pursuant to the Plan.

U. ~~R.~~ Does the Plan preserve Causes of Action?

1. *In the event of the Recapitalization Transaction.*

In accordance with section 1123(b) of the Bankruptcy Code, but subject to Article VIII of the Plan, the Reorganized Debtors shall retain and may enforce all rights to commence and pursue, as appropriate, any and all Causes of Action of the Debtors, whether arising before or after the Petition

Date, including any actions specifically enumerated in the Schedule of Retained Causes of Action, and the Reorganized Debtors' rights to commence, prosecute, or settle such retained Causes of Action shall be preserved notwithstanding the occurrence of the Effective Date or any other provisions of the Plan to the contrary, other than the Causes of Action released or exculpated by the Debtors pursuant to the releases and exculpations contained in the Plan, including in Article VIII, thereof, which shall be deemed released and waived by the Debtors and the Reorganized Debtors, as applicable, as of the Effective Date.

The Reorganized Debtors may pursue retained such Causes of Action, as appropriate, in accordance with the best interests of the Reorganized Debtors. **No Person or Entity may rely on the absence of a specific reference in the RSA, the Plan, the Plan Supplement, or the Disclosure Statement to any Cause of Action against it as any indication that the Debtors or the Reorganized Debtors, as applicable, will not pursue any and all available retained Causes of Action against it. The Debtors and the Reorganized Debtors, as applicable, expressly reserve all rights to prosecute any and all retained Causes of Action against any Person or Entity, except as otherwise expressly provided in the Plan, including Article VIII of the Plan.** The Reorganized Debtors may settle any such retained Causes of Action without any further notice to or action, order, or approval of the Bankruptcy Court. Unless any retained Causes of Action against an Person or Entity are expressly waived, relinquished, exculpated, released, compromised, or settled in the Plan or a Final Order, the Reorganized Debtors expressly reserve all retained Causes of Action, for later adjudication, and, therefore, no preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable, or otherwise), or laches, shall apply to such retained Causes of Action upon, after, or as a consequence of the Confirmation or Consummation.

The Reorganized Debtors reserve and shall retain such Causes of Action notwithstanding the rejection or repudiation of any Executory Contract or Unexpired Lease during the Chapter 11 Cases or pursuant to the Plan. In accordance with section 1123(b)(3) of the Bankruptcy Code, any Causes of Action that a Debtor may hold against any Person or Entity shall vest in the corresponding Reorganized Debtors, except as otherwise expressly provided in the Plan, including Article VIII of the Plan. The Reorganized Debtor, through their authorized agents or representatives, shall retain and may exclusively enforce any and all such retained Causes of Action. The Reorganized Debtors shall have the exclusive right, authority, and discretion to determine and to initiate, file, prosecute, enforce, abandon, settle, compromise, release, withdraw, or litigate to judgment any such retained Causes of Action and to decline to do any of the foregoing without the consent or approval of any third party or further notice to or action, order, or approval of the Bankruptcy Court. For the avoidance of doubt, in no instance will any Cause of Action preserved pursuant to Article IV.C.10 of the Plan include any Claim or Cause of Action against a Released Party or Exculpated Party.

2. *In the event of the Sale Transaction.*

Unless any Cause of Action against a Person or an Entity is expressly acquired pursuant to the Purchase Agreement, waived, relinquished, exculpated, released, compromised, or settled in the Plan or a Final Order, in accordance with section 1123(b) of the Bankruptcy Code, the Debtors shall convey to the Plan Administrator all rights to commence, prosecute, or settle, as appropriate, any and all Causes of Action, including any action specifically enumerated in the Schedule of Retained Causes of Action, whether arising before or after the Petition Date, which shall vest in the Plan Administrator pursuant to the terms of the Plan. The Plan Administrator may enforce all rights to commence, prosecute, or settle, as appropriate, any and all Causes of Action, whether arising before or after the Petition Date, and the Plan Administrator's rights to commence, prosecute, or settle such Causes of Action shall be preserved notwithstanding the occurrence of the Effective Date. The Plan Administrator may, in its reasonable business judgment, pursue such Causes of Action and may retain and compensate professionals in the analysis or pursuit of such Causes of Action to the extent the Plan Administrator deems appropriate, including on a contingency fee basis. No Person or Entity may rely on the absence of a specific reference in the Plan or the Disclosure Statement to any Cause of Action against them as any indication that the Debtors or the Plan Administrator will not pursue any and all available Causes of Action against them. The Debtors and the Plan Administrator expressly reserve all rights to prosecute any and all Causes of Action against any Person or Entity, except as otherwise expressly provided in the Plan; *provided* that the Wind-Down Debtors, in consultation with the Plan Administrator after the Effective Date, may prosecute any such Cause of Action against any party only in connection with their objection to and resolution of any Claim asserted by such party. Unless any Cause of Action against an Entity is expressly waived, relinquished, exculpated, released, compromised, or settled in the Plan or a Final Order, the Plan Administrator expressly reserves all Causes of Action for later adjudication, and, therefore, no preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable, or otherwise), or laches, shall apply to such Causes of Action upon, after, or as a consequence of the Confirmation or Consummation. The Plan Administrator shall have the exclusive right, authority, and discretion to determine and to initiate, file, prosecute, enforce, abandon, settle, compromise, release, withdraw, or litigate to judgment any such Causes of Action, or to decline to do any of the foregoing, without the consent or approval of any third party or any further notice to, or action, order, or approval of, the Bankruptcy Court.

V. ~~S.~~ Will there be releases, exculpation, and injunction granted to parties in interest as part of the Plan?

Yes, Article VIII of the Plan proposes to release the Released Parties and to exculpate the Exculpated Parties. The Debtors' releases, third-party releases, exculpation, and injunction provisions included in the Plan are an integral part of the Debtors' overall restructuring efforts and were an essential element of the negotiations between the Debtors and the Consenting Stakeholders in obtaining their support for the Plan pursuant to the terms of the RSA.

Based on the foregoing, the Debtors believe that the Debtors' releases, third-party releases, exculpation, and injunction provisions in the Plan (as may be modified) are necessary and appropriate and meet the requisite legal standard promulgated by the United States Court of Appeals for the Third Circuit. Moreover, the Debtors will present evidence at the Combined Hearing to demonstrate the basis for and propriety of the release and exculpation provisions. The release, exculpation, and injunction provisions that are contained in the Plan are copied in pertinent part herein.

1. *Release of Liens.*

Except as otherwise provided in the Exit Facilities Documents, the Plan, the Confirmation Order, the Purchase Agreement (if applicable), or any contract, instrument, release, or other agreement or document created pursuant to the Plan, on the Effective Date and concurrently with the applicable distributions made pursuant to the Plan and, in the case of a Secured Claim or any related claim that may be asserted against a non-Debtor Affiliate, in satisfaction in full of the portion of the Secured Claim that is Allowed as of the Effective Date, except for Other Secured Claims that the Debtors elect to Reinstate in accordance with Article III.B.1 thereof, all mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the Estates or any non-Debtor Affiliate shall be fully released and discharged, and all of the right, title, and interest of any Holder of such mortgages, deeds of trust, Liens, pledges, or other security interests shall revert and, as applicable, be reassigned, surrendered, reconveyed, or retransferred to the Post-Effective Date Debtors and their successors and assigns. Any Holder of such Secured Claim or claim against a non-Debtor Affiliate (and the applicable agents for such Holder) shall be authorized and directed, at the sole cost and expense of the Post-Effective Date Debtors, to release any collateral or other property of any Debtor or non-Debtor Affiliate (including any Cash Collateral and possessory collateral) held by such Holder (and the applicable agents for such Holder) and to take such actions as may be reasonably requested by the Post-Effective Date Debtors or the Plan

Administrator, as applicable, to evidence the release of such Lien, including the execution, delivery, and filing or recording of such releases. The presentation or filing of the Confirmation Order to or with any federal, state, provincial, or local agency or department shall constitute good and sufficient evidence of, but shall not be required to effect, the termination of such Liens.

To the extent that any Holder of a Secured Claim that has been satisfied or discharged in full pursuant to the Plan, or any agent for such Holder, has filed or recorded publicly any Liens and/or security interests to secure such Holder's Secured Claim, then as soon as practicable on or after the Effective Date, such Holder (or the agent for such Holder) shall take any and all steps requested by the Debtors or the Reorganized Debtors, that are necessary or desirable to record or effectuate the cancellation and/or extinguishment of such Liens and/or security interests, including the making of any applicable filings or recordings, and the Reorganized Debtors shall be entitled to make any such filings or recordings on such Holder's behalf.

2. *Debtor Release.*

Except as otherwise specifically provided in the Plan or the Confirmation Order, pursuant to section 1123(b) of the Bankruptcy Code, in exchange for good and valuable consideration, the adequacy of which is hereby confirmed, on and after the Effective Date, each Released Party is, and is deemed to be, hereby conclusively, absolutely, unconditionally, irrevocably, and forever released and discharged by and on behalf of each and all of the Debtors, the Reorganized Debtors or the Wind-Down Debtors (as applicable), and their Estates, in each case on behalf of themselves and their respective successors, assigns, and representatives, and any and all other Entities who may purport to assert any Claim or Cause of Action, directly or derivatively, by, through, for, or because of the foregoing Entities, from any and all Claims and Causes of Action, whether known or unknown, including any derivative claims asserted or assertable on behalf of the Debtors, the Reorganized Debtors or the Wind-Down Debtors (as applicable), or their Estates, as applicable, whether liquidated or unliquidated, fixed, or contingent, matured, or unmatured, known or unknown, foreseen or unforeseen, asserted or unasserted, accrued or unaccrued, existing or therein-after arising, whether in Law or equity, whether sounding in tort or contract, whether arising under federal or state statutory or common Law, or any other applicable international, foreign, or domestic Law, rule, statute, regulation, treaty, right, duty, requirement, or otherwise, that such Holders or their Estates, Affiliates, heirs, executory, administrators, successors, assigns, managers, accountants, attorneys, representatives, consultants, agents, and any other Persons claiming under or through them would have been legally entitled to assert in their own right (whether individually or collectively), or on behalf of the Holder of any Claim against, or Interest in, a Debtor, the Reorganized Debtors or the Wind-Down Debtors (as applicable), their Estates, or other Entity, or that any Holder of any Claim against or Interest in a Debtor, the Reorganized Debtors, the Wind-Down Debtors, or other Entity could have asserted on behalf of the Debtors or the Reorganized Debtors or the Wind-Down Debtors (as applicable) based on or relating to, or in any manner arising from, in whole or in part, the Debtors (including the capital structure, management, ownership, or operation thereof or otherwise), the Restructuring Transactions, the Recapitalization Transaction or the Sale Transaction (as applicable), the Chapter 11 Cases, the Debtors' in- or out- of- court restructuring efforts, the purchase, sale, or recission of any security of the Debtors, any Avoidance Actions (but excluding Avoidance Actions brought as counterclaims or defenses to Claims asserted against the Debtors), the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements or interaction between or among any Debtor and any Released Party, the distribution of any Cash or other property of the Debtors to any Released Party, the assertion of enforcement of rights or remedies against the Debtors, the restructuring of any Claim or Interest before or during the Chapter 11 Cases, intercompany transactions between or among the Debtors or between the Debtors and their non-Debtor Affiliates, the RSA, Cash Collateral Orders, the

Disclosure Statement Order, the Confirmation Order, the First Day Pleadings, the Definitive Documents, the Purchase Agreement (if applicable), the Sale Transaction (if applicable), the Chapter 11 Cases, the formulation, preparation, dissemination, negotiation, or filing of the RSA, the Disclosure Statement, the Plan, the Definitive Documents, the Plan Supplement, or any Restructuring Transaction or Sale Transaction, contract, instrument, release, or other agreement or document created or entered into in connection with the RSA, the Disclosure Statement, the Cash Collateral Orders, the Plan, the Definitive Documents, or the Plan Supplement, the filing of the Chapter 11 Cases, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan, including the issuance or distribution of Securities pursuant to the Plan, or the distribution of property under the Plan or any other related agreement under the Restructuring Transactions, or upon any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date.

Notwithstanding anything to the contrary in the foregoing, the releases set forth above do not release (i) any post-Effective Date obligations of any party or Entity under the Plan, any Restructuring Transaction, or any document, instrument, or agreement (including those set forth in the Plan Supplement) executed to implement the Plan or (ii) any Causes of Action specifically retained by the Debtors pursuant to a schedule of retained Causes of Action to be attached as an exhibit to the Plan Supplement.

Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the Debtor Release, pursuant to section 1123(b) of the Bankruptcy Code, which includes by reference each of the related provisions and definitions contained in the Plan, and further, shall constitute the Bankruptcy Court's finding that the Debtor Release is: (i) in exchange for the good and valuable consideration provided by the Released Parties, including, the Released Parties' contribution to facilitating the Restructuring Transactions and implementing the Plan; (ii) a good faith settlement and compromise of the Claims and Causes of Action released by the Debtor Release; (iii) in the best interests of the Debtors, their Estates, and all Holders of Claims and Interests; (iv) fair, equitable, and reasonable; (v) given and made after due notice and opportunity for a hearing; and (vi) a bar to any of the Debtors, the Reorganized Debtor, or the Debtors' Estates asserting any Claim or Cause of Action released pursuant to the Debtor Release.

3. *Third-Party Release.*

Except as otherwise specifically provided in the Plan or the Confirmation Order, pursuant to section 1123(b) of the Bankruptcy Code, in exchange for good and valuable consideration, the adequacy of which is hereby confirmed, as of the Effective Date, each Releasing Party is deemed to have, hereby conclusively, absolutely, unconditionally, irrevocably and forever released and discharged each Debtor, Reorganized Debtor or Wind-Down Debtor (as applicable), and Released Party from any and all Claims and Causes of Action, whether known or unknown, including any derivative claims asserted or assertable on behalf of the Debtors, the Reorganized Debtors or the Wind-Down Debtors (as applicable), and their Estates (as applicable) whether liquidated or unliquidated, fixed, or contingent, matured, or unmatured, known or unknown, foreseen or unforeseen, asserted or unasserted, accrued or unaccrued, existing or therein after arising, whether in Law or equity, whether sounding in tort or contract, whether arising under federal or state statutory or common Law, or any other applicable international, foreign, or domestic Law, rule, statute, regulation, treaty, right, duty, requirement, or otherwise, that such Holders or their Estates, Affiliates, heirs, executory, administrators, successors, assigns, managers, accountants, attorneys, representatives, consultants, agents, and any other Persons claiming under or through them would have would have been legally entitled to assert in their own right (whether individually or collectively), based on or relating to, or in any manner arising from, in whole or in part, the Debtors (including the capital structure, management, ownership, or operation thereof or

otherwise), the purchase, sale, or recission of any Security of the Debtors or the Reorganized Debtors or the Wind-Down Debtors (as applicable), the Restructuring Transactions, the Recapitalization Transaction or the Sale Transaction (as applicable), the Chapter 11 Cases, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party, the distribution of any Cash or other property of the Debtors to any Released Party, the assertion of enforcement of rights or remedies against the Debtors, the restructuring of any Claim or Interest before or during the Chapter 11 Cases, the Debtors' in- or out-of-court restructuring efforts, the purchase, sale, or recission of any security of the Debtors, any Avoidance Actions (but excluding Avoidance Actions brought as counterclaims or defenses to Claims asserted against the Debtors), intercompany transactions between or among the Debtors or between the Debtors and their non-Debtor Affiliates, the RSA, the Cash Collateral Orders, the Disclosure Statement Order, the Confirmation Order, the First Day Pleadings, the Definitive Documents, the Purchase Agreement (if applicable), the Sale Transaction (if applicable), the Chapter 11 Cases, the formulation, preparation, dissemination, negotiation, or filing of the RSA, the Disclosure Statement, the Plan, the Definitive Documents, the Plan Supplement, or any Restructuring Transaction or Sale Transaction, contract, instrument, release, or other agreement or document created or entered into in connection with the RSA, the Disclosure Statement, the Cash Collateral Orders, the Plan, the Definitive Documents, or the Plan Supplement, the filing of the Chapter 11 Cases, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan, including the issuance or distribution of Securities pursuant to the Plan, or the distribution of property under the Plan or any other related agreement, or upon any other related act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date. Notwithstanding anything to the contrary in the foregoing, the releases set forth above do not release (i) any post- Effective Date obligations of any party or Entity under the Plan, any Restructuring Transaction, or any document, instrument, or agreement (including those set forth in the Plan Supplement) executed to implement the Plan or (ii) any Causes of Action specifically retained by the Debtors pursuant to a schedule of retained Causes of Action to be attached as an exhibit to the Plan Supplement.

Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the Third-Party Release, pursuant to section 1123(b) of the Bankruptcy Code, which includes by reference each of the related provisions and definitions contained in the Plan, and further, shall constitute the Bankruptcy Court's finding that the Third-Party Release is: (i) consensual; (ii) essential to the Confirmation of the Plan; (iii) given in exchange for the good and valuable consideration provided by the Released Parties, including the Released Parties' contributions to facilitating the restructuring and implementing the Plan; (iv) a good faith settlement and compromise of the Claims and Causes of Action released by the Third-Party Release; (v) in the best interests of the Debtors and their Estates; (vi) fair, equitable, and reasonable; (vii) given and made after due notice and opportunity for a hearing; and (viii) a bar to any of the Releasing Parties asserting any Claim or Cause of Action released pursuant to the Third-Party Release.

4. *Exculpation.*

Except as otherwise expressly provided in the Plan or the Confirmation Order, to the fullest extent permitted by applicable law, no Exculpated Party shall have or incur, and each Exculpated Party is exculpated from any Claim or Cause of Action arising between the Petition Date and the Effective Date in connection with, relating to, or arising out of, the Chapter 11 Cases, the formulation, preparation, dissemination, negotiation, or filing of the Disclosure Statement, the Plan, or any Restructuring Transaction or Sale Transaction, contract, instrument, release or other agreement or document created or entered into in connection with the Disclosure Statement or the Plan, the filing of the Chapter 11 Cases, the negotiation and pursuit of the RSA, the Definitive

Documents, the Plan Supplement, the Exit Facilities Documents, or the filing of the Chapter 11 Cases, the Cash Collateral Orders, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan, including the issuance of Securities pursuant to the Plan, or the distribution of property under the Plan or any other related agreement, except for claims related to any act or omission that is determined in a Final Order to have constituted actual fraud, willful misconduct, or gross negligence, but in all respects such Entities shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities pursuant to the Plan. The Exculpated Parties have acted in compliance with the applicable provisions of the Bankruptcy Code with regard to the solicitation and distribution of Securities pursuant to the Plan and, therefore, are not, and on account of such distributions will not be liable at any time for the violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of the Plan or such distributions made pursuant to the Plan, including the issuance of Securities thereunder. The exculpation will be in addition to, and not in limitation of, all other releases, indemnities, exculpations, and any other applicable Law or rules protecting such Exculpated Parties from liability.

The Exculpated Parties have, and upon consummation of the Plan shall be deemed to have, participated in good faith and in compliance with the applicable laws with regard to the solicitation of votes and distribution of consideration pursuant to the Plan and, therefore, are not, and on account of such distributions shall not be, liable at any time for the violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of the Plan or such distributions made pursuant to the Plan.

5. *Injunction.*

Except as otherwise specifically provided in the Plan or the Confirmation Order or for obligations or distributions issued or required to be paid pursuant to the Plan or the Confirmation Order, all Entities who have held, hold, or may hold Claims, Interests, Causes of Actions, or liabilities that have been released, discharged, settled, or are subject to exculpation under the Plan are permanently enjoined, from and after the Effective Date, from taking any of the following actions against, as applicable, the Debtors, the Reorganized Debtors, the Wind-Down Debtors, the Exculpated Parties, or the Released Parties: (i) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such Causes of Action, Claims or Interests; (ii) enforcing, attaching, collecting, or recovering by any manner or means any judgment, award, decree, or order against such Entities on account of or in connection with or with respect to any such Causes of Action, Claims or Interests; (iii) creating, perfecting, or enforcing any Lien or encumbrance of any kind against such Entities or the property or the estates of such Entities on account of or in connection with or with respect to any such Causes of Action, Claims or Interests; (iv) asserting any right of setoff or subrogation of any kind against any obligation due from such Entities or against the property of such Entities, in each case, on account of or in connection with or with respect to any such Causes of Action, Claims or Interests unless such Holder has Filed a motion requesting the right to perform such setoff on or before the Effective Date, and notwithstanding an indication of a claim or interest or otherwise that such Holder asserts, has, or intends to preserve any right of setoff pursuant to applicable law or otherwise; and (v) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such Causes of Action, liabilities, Claims, or Interests released, discharged, subject to exculpation, or settled pursuant to the Plan.

Upon entry of the Confirmation Order, all Holders of Claims and Interests and their respective current and former employees, agents, officers, directors, managers, principals, and direct and indirect Affiliates, in their capacities as such, shall be enjoined from taking any actions

to interfere with the implementation or Consummation of the Plan. Each Holder of an Allowed Claim by accepting, or being eligible to accept, distributions under or Reinstatement of such Claim or Interest, as applicable, pursuant to the Plan, shall be deemed to have consented to the injunction provisions set forth in the Plan.

No Person or Entity may commence or pursue a Claim or Cause of Action of any kind against the Debtors, the Reorganized Debtors, the Wind-Down Debtors, the Exculpated Parties, or the Released Parties that relates to or is reasonably likely to relate to any act or omission in connection with, relating to, or arising out of a Claim or Cause of Action released, discharged, settled, or that is subject to exculpation pursuant to the Plan, without the Bankruptcy Court (i) first determining, after notice and a hearing, that such Claim or Cause of Action represents a colorable Claim of any kind, and (ii) specifically authorizing such Person or Entity to bring such Claim or Cause of Action against any such Debtor, Reorganized Debtor, Wind-Down Debtor, Exculpated Party, or Released Party.

The Bankruptcy Court will have sole and exclusive jurisdiction to adjudicate the underlying colorable Claim or Causes of Action.

6. *Definitions Related to the Releases*

"*Exculpated Parties*" means, collectively, (a) each of the Debtors; (b) each of their respective current officers and their respective current and former directors, managers, members of the Special Committees, attorneys, financial advisors, consultants, or other professionals or advisors that served in such capacity between the Petition Date and the Effective Date; and (c) ~~any statutory committee appointed in the Chapter 11 Cases, their professionals, and their~~the Committee and each of its respective members.

"*Related Party*" means, collectively, with respect to any Person or Entity, each of, and in each case in its capacity as such, such Person's or such Entity's current and former directors, managers, officers, observers, committee members, members of any Governing Body, equity holders (regardless of whether such interests are held directly or indirectly), affiliated investment funds or investment vehicles, managed accounts or funds, predecessors, participants, successors, assigns, subsidiaries, Affiliates, partners, limited partners, general partners, principals, members, management companies, fund advisors or managers, employees, secondees, agents, trustees, advisory board members, financial advisors, attorneys (including any other attorneys or professionals retained by any current or former director or manager in his or her capacity as director or manager of an Entity), accountants, investment bankers, consultants, representatives, and other professionals and advisors and any such Person's or Entity's respective heirs, executors, estates, and nominees.

"*Released ~~Parties~~Party*" means, collectively, and in each case in its capacity as such: (a) each Debtor; (b) each Reorganized Debtor; (c) each Wind-Down Debtor and the Plan Administrator; (d) the Agents; (e) each Consenting Term Loan Lender and Consenting FILO Lender; (f) each ABL Lender; (g) each Releasing Party; (h) the Consenting Equity Holders; (i) each current and former Affiliate of each Entity in clause (a) through the preceding clause (h); and (j) each Related Party of each Entity in clauses (a) through the preceding clause (i); *provided, however*, that, in each case, an Entity shall not be a Released Party if it: (x) was provided with an opportunity to (i) opt out of the releases in the Plan by returning an "opt out" form and affirmatively opts out; or (ii) opt into the releases in the Plan by returning an "opt in" form and does not affirmatively opt in; or (y) timely objects to the releases contained in the Plan and such objection is not resolved before the Confirmation Order is entered.

"*Releasing ~~Parties~~Party*" means, collectively, and in each case in its capacity as such: (a) each Debtor; (b) each Reorganized Debtor; (c) each Wind-Down Debtor and the Plan Administrator; (d) the

Agents; (e) each Consenting Term Loan Lender and Consenting FILO Lender; (f) each ABL Lender; (g) the Consenting Equity Holders; (h) all Holders of Claims that vote to accept the Plan and are provided with the opportunity to opt out of the releases in the Plan and do not affirmatively opt out of the releases provided for in the Plan; (i) all Holders of Claims ~~who are presumed~~ or Interests who either (i) abstain from voting on the Plan, (ii) vote to reject the Plan, or (iii) are deemed to accept or reject the Plan and ~~are provided with the opportunity to opt out of the releases in the Plan and do not~~, in the case of either (i), (ii), or (iii), affirmatively opts ~~out of~~in to the releases provided for in the Plan; (j) ~~all Holders of Claims who abstain from voting on the Plan and are provided with the opportunity to opt out of the releases in the Plan and do not affirmatively opt out of the releases provided for in the Plan; (k) all Holders of Claims or Interests who vote to reject the Plan and do not affirmatively opt out of the releases provided for in the Plan; (l) all Holders of Claims or Interests who are deemed to reject the Plan and that elect to opt in to the releases contained in the Plan; (m)~~ each current and former Affiliate of each Entity in clause (a) through the preceding clause (~~l)~~i) for which such Entity is legally entitled to bind such Affiliate to the releases contained in the Plan under applicable non-bankruptcy law; and (~~n~~k) each Related Party of each Entity in clause (a) through the preceding clause (~~m~~j) for which such Entity is legally entitled to bind such Related Party to the releases contained in the Plan under applicable law~~; *provided*, that, in each case, an Entity in clause (h) through clause (n) shall not be a Releasing Party if it: (x) was provided with an opportunity to (i) opt out of the releases in the Plan by returning an "opt out" form and affirmatively opts out; or (ii) opt into the releases in the Plan by returning an "opt in" form and does not affirmatively opt in; or (y) timely objects to the releases contained in the Plan and such objection is not resolved before the Confirmation Order is entered.~~.

ALL HOLDERS OF CLAIMS THAT (I) VOTE TO ACCEPT THE PLAN AND DO NOT AFFIRMATIVELY OPT OUT OF THE RELEASES PROVIDED FOR IN THE PLAN~~;~~ OR (II) EITHER VOTE TO REJECT ~~AR~~THE ~~IN VOTING CLASSES~~ PLAN~~D~~ ~~WH~~OR ABSTAIN FROM VOTING ON THE PLAN AND ~~DO NOT~~ AFFIRMATIVELY OPT ~~OUT OF~~INTO THE RELEASES PROVIDED FOR IN THE ~~PLAN; OR (III) VOTE TO REJECT THE PLAN AND DO NOT AFFIRMATIVELY OPT OUT OF THE RELEASES PROVIDED FOR IN THE~~ PLAN WILL BE DEEMED TO HAVE EXPRESSLY, UNCONDITIONALLY, GENERALLY, INDIVIDUALLY, AND COLLECTIVELY RELEASED AND DISCHARGED ALL CLAIMS AND CAUSES OF ACTION AGAINST THE DEBTORS AND THE RELEASED PARTIES. ANY HOLDER OF CLAIMS OR INTERESTS WHO WISHES TO OPT OUT OF THESE RELEASE PROVISIONS MUST INDICATE SO AT: HTTPS://WWW.VERITAGLOBAL.NET/WESTMARINE.

ALL HOLDERS OF CLAIMS AND INTERESTS THAT ARE NOT IN VOTING CLASSES THAT ~~EITHER~~ OPT INTO ~~OR DO NOT TIMELY OPT OUT OF, AS APPLICABLE,~~ THE RELEASES CONTAINED IN ARTICLE VIII OF THE PLAN WILL BE DEEMED TO HAVE EXPRESSLY, UNCONDITIONALLY, GENERALLY, INDIVIDUALLY, AND COLLECTIVELY CONSENTED TO THE RELEASE AND DISCHARGE OF ALL CLAIMS AND CAUSES OF ACTION AGAINST THE DEBTORS AND THE RELEASED PARTIES. THE RELEASES ARE AN INTEGRAL ELEMENT OF THE PLAN.

W. ~~T.~~ What is the deadline to vote on the Plan?

All Ballots must be properly executed, completed, and submitted so that they are **actually received** by the Claims, Noticing, and Solicitation Agent by [**July ~~20~~31], 2026, at 4:00 p.m., prevailing Eastern Time** (the "Voting Deadline").

X. ~~U.~~ How do I vote for or against the Plan?

Detailed instructions regarding how to vote on the Plan are contained on the Ballots distributed to Holders of Claims that are entitled to vote on the Plan. For your vote to be counted, your Ballot must be properly executed, completed, and delivered as directed so that it is **actually received** by the Claims, Noticing, and Solicitation Agent on or before the Voting Deadline, *i.e.,* [**July ~~20~~31], 2026, at 4:00 p.m., prevailing Eastern Time**. *See* Article IX of this Disclosure Statement, entitled "Solicitation and Voting Procedures," for additional information. If you have any questions on the procedures for voting on the Plan, please contact the Claims, Noticing, and Solicitation Agent by (a) calling 866-967-1786 (domestic) or 310-751-2686 (international) and asking for the "Solicitation Team" or (b) writing to the Claims, Noticing, and Solicitation Agent at West Marine Ballot Processing Center, c/o KCC dba Verita Global.

Y. ~~V.~~ Why is the Bankruptcy Court holding a Combined Hearing, and when is the Combined Hearing set to occur?

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court to hold a hearing on Confirmation of the Plan and provides that any party in interest may object to Confirmation of the Plan. In addition, the Debtors are seeking approval of this Disclosure Statement on a final basis at such Combined Hearing. The Combined Hearing will be scheduled by the Bankruptcy Court, and all parties in interest will be served notice of the time, date, and location of the Combined Hearing once scheduled. The Combined Hearing may be adjourned from time to time without further notice. The Bankruptcy Court, in its discretion and prior to the Combined Hearing, may put in place additional procedures governing the Combined Hearing. Subject to section 1127 of the Bankruptcy Code and the RSA, the Plan may be modified, if necessary, prior to, during, or as a result of the Combined Hearing, without further notice to parties in interest.

Objections to Confirmation of the Plan or final approval of the Disclosure Statement must be Filed and served on the Debtors, and certain other parties, by no later than [~~July 20~~August 3], 2026, at 4:00 p.m., prevailing Eastern Time (the "Plan and Disclosure Statement Objection Deadline"). The Combined Hearing is scheduled for **[August 11], 2026, at [10:00 a.m.], prevailing Eastern Time**.

Z. ~~W.~~ What is the purpose of the Combined Hearing?

At the Combined Hearing, the Bankruptcy Court will determine whether the Plan should be confirmed in light of both the affirmative requirements of the Bankruptcy Code and objections, if any, that are timely filed and subject to satisfaction or waiver of each condition precedent in Article IX.A of the Plan. For a more detailed discussion of the Combined Hearing, see Article X of this Disclosure Statement.

The confirmation of a plan of reorganization by a bankruptcy court binds the debtor, any issuer of securities under a plan of reorganization, any person acquiring property under a plan of reorganization, any creditor or equity interest holder of a debtor, and any other person or entity as may be ordered by the bankruptcy court in accordance with the applicable provisions of the Bankruptcy Code. Subject to certain limited exceptions, the order issued by the bankruptcy court confirming a plan of reorganization discharges a debtor from any debt that arose before the confirmation of such plan of reorganization and provides for the treatment of such debt in accordance with the terms of the confirmed plan of reorganization.

AA. ~~X.~~ What is the effect of the Plan on the Debtors' ongoing business?

The Debtors are reorganizing under chapter 11 of the Bankruptcy Code or pursuing a sale for all or substantially all of the Debtors' Assets. As a result, the occurrence of the Effective Date means that the Debtors will *not* be liquidated or forced to go out of business. Following Confirmation, the Plan will be consummated on the Effective Date, which is a date selected by the Debtors that is the first Business Day on which (i) the Confirmation Order is in effect and not subject to stay, (ii) all conditions precedent to the occurrence of the Effective Date set forth in Article IX.A of the Plan have been satisfied or waived in accordance with Article IX.B of the Plan, and (iii) the Debtors declare the Plan effective. On or after the Effective Date, and unless otherwise provided in the Plan, the Post-Effective Date Debtors may operate their business and, except as otherwise provided by the Plan, may use, acquire, or dispose of property and compromise or settle any Claims, Interests, or Causes of Action without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules. Additionally, upon the Effective Date, all actions contemplated by the Plan will be deemed authorized and approved.

BB. ~~Y.~~ Will any party have significant influence over the corporate governance and operations of the Post-Effective Date Debtors?

As of the Effective Date, the term of the current members of the board of directors or other Governing Body of each of the Debtors shall expire. If the Recapitalization Transaction occurs, the initial identities and composition of the New Board will be identified in the Plan Supplement, to the extent known at the time of filing. Each such member of the Reorganized Debtors shall serve from and after the Effective Date pursuant to the terms of the New Organizational Documents and other constituent documents of the Reorganized Debtors. The members of the New Board shall be chosen by the Debtors or the Reorganized Debtors.

If the Sale Transaction occurs, the Plan Administrator shall be appointed as the sole manager, sole director, and sole officer of the Wind-Down Debtors and shall succeed to the powers of the Wind-Down Debtors' managers, directors, and officers. The Plan Administrator shall be the sole representative of, and shall act for, the Wind-Down Debtors in the same fiduciary capacity as applicable to a board of managers, directors, and officers, subject to the provisions of the Plan.

CC. ~~Z.~~ Who do I contact if I have additional questions with respect to this Disclosure Statement or the Plan?

If you have any questions regarding this Disclosure Statement or the Plan, please contact the Claims, Noticing, and Solicitation Agent:

By online inquiry at:

https://www.veritaglobal.net/westmarine/inquiry

By telephone at:

866-967-1786 (U.S. & Canada) or +1 310-751-2686 (International)

Copies of the Plan, this Disclosure Statement, and any other publicly Filed documents in the Chapter 11 Cases are available upon written request to the Debtors' Claims, Noticing, and Solicitation Agent at the address above or by downloading the exhibits and documents from the website of the Debtors' Claims, Noticing, and Solicitation Agent at https://www.veritaglobal.net/westmarine (free of charge) or the Bankruptcy Court's website at http://www.deb.uscourts.gov (for a fee).

DD. ~~AA.~~ Do the Debtors recommend voting in favor of the Plan?

Yes. The Debtors believe the Plan provides for a larger distribution to the Holders of Claims than would otherwise result from any other available alternative. The Debtors believe that the Plan is in the best interest of all Holders of Claims and Interests, and that any other alternatives (to the extent they exist) fail to realize or recognize the value inherent under the Plan.

EE. ~~BB.~~ Who supports the Plan?

The Plan is supported by the Debtors and the Consenting Stakeholders.

IV. OVERVIEW OF THE PLAN

As discussed in Article IV.C in this Disclosure Statement, the Plan contemplates, among other things, a Recapitalization Transaction, unless the Debtors determine that pursuit of the Sale Transaction is in the best interests of the Debtors' Estates and their stakeholders. The Plan contemplates the following key terms, among others described herein and therein:

A. General Settlement of Claims and Interests.

To the greatest extent permissible under the Bankruptcy Code, and in consideration for the classification, distributions, releases, and other benefits provided under the Plan, upon the Effective Date, the provisions of the Plan shall constitute a good faith compromise and settlement of all Claims, Interests, Causes of Actions, and controversies released, settled, compromised, discharged, satisfied, or otherwise resolved pursuant to the Plan. To the greatest extent permissible under the Bankruptcy Code, the Plan shall be deemed a motion to approve the good faith compromise and settlement of all such Claims, Interests, and controversies, and the entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of such compromise and settlement under section 1123 of the Bankruptcy Code, as well as a finding by the Bankruptcy Court that such settlement and compromise is fair, equitable, reasonable, and in the best interests of the Debtors, their Estates, and Holders of Claims and Interests. Subject to Article VI thereof, all distributions made to Holders of Allowed Claims and Allowed Interests (as applicable) in any Class are intended to be and shall be final.

B. Restructuring Transactions.

Before, on, or after the Effective Date, the Debtors and the Post-Effective Date Debtors, may take all actions and enter into any transactions as may be necessary or appropriate to effect any Restructuring Transactions, including those set forth in the Restructuring Transactions Memorandum and including: (1) the execution and delivery of appropriate agreements or other documents of merger, amalgamation, consolidation, restructuring, reorganization, conversion, disposition, transfer, arrangement, continuance, formation, dissolution, sale, purchase, or liquidation containing terms that are consistent with the terms of the Plan; (2) the execution and delivery of appropriate instruments of transfer, assignment, assumption, or delegation of any asset, property, right, liability, debt, or obligation on terms consistent with the terms of the Plan and Plan Supplement; (3) the execution, delivery, and filing, if applicable, of appropriate certificates or articles of incorporation, reincorporation, merger, consolidation, conversion, amalgamation, arrangement, continuance, or dissolution or other certificates or documentation for other transactions as described in clause (1), pursuant to applicable state Law; (4) all transactions necessary to provide for the purchase or other acquisition of substantially all of the assets or Interests of any of the Debtors; (5) the execution and delivery of the Exit Facilities Documents and entry into the Exit Facilities; (6) the issuance of the New Equity Interests; (7) the execution and delivery of the New Organizational Documents and any certificates or articles of incorporation, bylaws, or such other applicable formation documents (if any) of each Post-Effective Date Debtor (including all actions to be taken, undertakings to be made, obligations to be incurred, and fees and expenses to be paid by the Debtors and/or the Post-Effective Date Debtors, as applicable); (8) if the Wind-Down occurs, the execution and delivery of appropriate documentation and taking of such other actions as may be necessary to implement the Wind-Down; (9) if the Recapitalization Transaction occurs, the adoption of a Management Incentive Plan, if applicable, on the terms and conditions set by the New Board after the Effective Date; (10) such other transactions that, in the reasonable business judgment of the Debtors or the Post-Effective Date Debtors, as applicable, are required to effectuate the Restructuring Transactions; and (11) all other actions that the applicable Entities determine, to be necessary or appropriate, including making Filings or recordings that may be required by applicable Law in connection with the Plan.

The Confirmation Order shall and shall be deemed to, pursuant to both section 1123 and section 363 of the Bankruptcy Code, authorize, among other things, all actions as may be necessary or appropriate to effectuate any transaction described in, approved by, contemplated by, or necessary to effectuate the Plan.

The Debtors shall pursue the Recapitalization Transaction unless the Debtors, with the consent of the Required Consenting Term Loan Lenders (not to be unreasonably withheld to the extent that the net cash proceeds of a Successful Bid is higher than the aggregate amount of Prepetition ABL Claims, Prepetition FILO Claims, Prepetition Term Loan Claims, and other projected distributions on Claims under the Plan, and the Wind-Down Amount), determine that pursuit of a Sale Transaction is in the best interest of the Debtors' Estates and their stakeholders. If the Sale Transaction occurs, the Debtors and Successful Bidder(s) shall be authorized to take all actions as may be deemed necessary or appropriate to consummate the Sale Transaction.

C. The Recapitalization Transaction.

If the Recapitalization Transaction occurs, the following provisions shall govern.

1. *The Reorganized Debtors.*

On the Effective Date, the New Board shall be established, and Reorganized West Marine shall adopt its New Organizational Documents. The Reorganized Debtors shall be authorized to adopt any other agreements, documents, and instruments and to take any other actions contemplated under the Plan as necessary to consummate the Plan.

2. *Sources of Consideration for Plan Distributions.*

The Debtors shall fund or make distributions under the Plan, as applicable, with: (i) the New Equity Interests, (ii) the Exit ABL Facility, (iii) the Exit Term Loan Facility, including the New Money Exit Term Loans and Incremental Post Exit Loans, and (iv) the Debtors' Cash on hand as of the Effective Date. Each distribution and issuance referred to in Article VI of the Plan shall be governed by the terms and conditions set forth in the Plan applicable to such distribution or issuance and by the terms and conditions of the instruments or other documents evidencing or relating to such distribution or issuance, which terms and conditions shall bind each Entity receiving such distribution or issuance. The issuance, distribution, or authorization, as applicable, of certain Securities in connection with the Plan, including the New Equity Interests, will be exempt from Securities Act registration, as described more fully in Article IV.G of the Plan.

(a) The Exit Facilities.

On the Effective Date, the Reorganized Debtors shall enter into the Exit Facilities, the terms, conditions, structure, and principal amount of which will be set forth in the Exit Facilities Documents. Confirmation of the Plan shall be deemed (a) approval of the Exit Facilities, including the Exit Facilities Documents, as applicable, and (b) authorization for the Debtors and Reorganized Debtors, as applicable, to take any and all actions necessary or appropriate to consummate the Exit Facilities, including the transactions and related agreements contemplated thereby, and all actions to be taken, undertakings to be made, and obligations to be incurred and fees and expenses to be paid by the Debtors or the Reorganized Debtors, as applicable, in connection therewith, in each case, without further notice to the Bankruptcy Court. On the Effective Date, the Exit Facilities shall be issued and distributed as provided for in the Restructuring Transactions Memorandum pursuant to, and in accordance with, the Plan, including the Exit Facilities Documents.

On the Effective Date, all of the Liens and security interests to be granted in accordance with the Exit Facilities Documents (a) shall be deemed to be granted, (b) shall be legal, binding, and enforceable Liens on, and security interests in, the collateral granted thereunder in accordance with the terms of the Exit Facilities Documents, (c) shall be deemed automatically perfected on the Effective Date, subject only to such Liens and security interests as may be permitted under the Exit Facilities Documents, and (d) shall not be subject to avoidance, recharacterization, or equitable subordination for any purposes whatsoever and shall not constitute preferential transfers or fraudulent conveyances under the Bankruptcy Code or any applicable non-bankruptcy Law. The Reorganized Debtors and the persons and entities granted such Liens and security interests shall be authorized to make all filings and recordings, and to obtain all governmental approvals and consents necessary to establish and perfect such Liens and security interests under the provisions of the applicable state, federal, or other law that would be applicable in the absence of the Plan and the Confirmation Order (it being understood that perfection shall occur automatically by virtue of the entry of the Confirmation Order and any such filings, recordings, approvals, and consents shall not be required), and will thereafter cooperate to make all other filings and recordings that otherwise would be necessary under applicable law to give notice of such Liens and security interests to third parties. The guarantees granted under the Exit Facilities Documents have been granted in good faith, for legitimate business purposes, and for reasonably equivalent value as an inducement to the lenders thereunder to extend credit thereunder and shall be deemed to not constitute a fraudulent conveyance or fraudulent transfer and shall not otherwise be subject to avoidance, recharacterization, or subordination for any purposes whatsoever and shall not constitute preferential transfers or fraudulent conveyances under the Bankruptcy Code or any applicable nonbankruptcy Law.

(b) New Equity Interests.

Reorganized West Marine shall be authorized to issue a certain number of shares of New Equity Interests pursuant to its New Organizational Documents and any options or other equity awards, if any, reserved for a Management Incentive Plan. On the Effective Date, the New Equity Interests shall be issued and distributed pursuant to, and in accordance with the Plan.

All of the shares of New Equity Interests issued pursuant to the Plan shall be duly authorized, validly issued, fully paid, and non-assessable. Each distribution and issuance referred to in Article VI thereof shall be governed by the terms and conditions set forth in the Plan applicable to such distribution or issuance and by the terms and conditions of the instruments evidencing or relating to such distribution or issuance, including the New Organizational Documents, which terms and conditions shall bind each Entity receiving such distribution or issuance. Any Entity's acceptance of New Equity Interests shall be deemed as its agreement to the New Organizational Documents, as the same may be amended or modified from time to time following the Effective Date in accordance with their terms, without the need for execution by any party thereto other than the applicable Reorganized Debtor(s). The New Equity Interests will not be registered under the Securities Act or listed on any national securities exchange as of the Effective Date.

3. *Corporate Existence.*

Except as otherwise provided in the Plan, the New Organizational Documents, or the Restructuring Transactions Memorandum, each Debtor shall continue to exist after the Effective Date as a separate corporate Entity, limited liability company, partnership, or other form, as the case may be, with all the powers of a corporation, limited liability company, partnership, or other form, as the case may be, pursuant to the applicable law in the jurisdiction in which such Debtor is incorporated or formed and pursuant to the certificate of incorporation and by-laws (or other formation documents) in effect prior to the Effective Date, except to the extent such certificate of incorporation and by-laws (or other formation documents) are amended under the Plan or otherwise, and to the extent such documents are amended, such documents are deemed to be amended pursuant to the Plan and require no further action or approval (other than any requisite filings required under applicable state, provincial, or federal Law). On or after the Effective Date, the respective certificate of incorporation and bylaws (or other formation documents) of one or more of the Reorganized Debtors may be amended or modified in accordance with the terms therein without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules. On or after the Effective Date, one or more of the Reorganized Debtors may be disposed of, dissolved, wound down, or liquidated without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules.

4. *Vesting of Assets in the Reorganized Debtors.*

Except as otherwise provided in the Plan, the Confirmation Order, or any agreement, instrument, or other document incorporated herein, on the Effective Date, all property in each Estate, all Causes of Action, and any property acquired by any of the Debtors pursuant to the Plan shall vest in the Reorganized Debtors, free and clear of all Liens, Claims, charges, Causes of Action, or other encumbrance and interests. On and after the Effective Date, except as otherwise provided in the Plan the Confirmation Order, or any agreement, instrument, or other document incorporated herein, each Reorganized Debtor may operate its business and may use, acquire, or dispose of property and compromise or settle any Claims, Interests, or Causes of Action without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules. For the avoidance of doubt, no Reorganized Debtor (including any Reorganized Debtor ultimately being wound down and liquidated in connection with the Restructuring Transactions, including as set forth in the Restructuring Transactions Memorandum) shall be treated as being liable on any Claim that is discharged pursuant to the Plan or the Confirmation Order.

5. *Corporate Action.*

On the Effective Date, all actions contemplated under the Plan (including the Restructuring Transactions Memorandum and the other documents contained in the Plan Supplement) shall be deemed authorized and approved in all respects, including: (1) selection of the directors, officers, or managers for the Reorganized Debtors; (2) the distribution of the New Equity Interests; (3) implementation of the Restructuring Transactions; (4) entry into the Exit Facilities Documents; (5) the adoption of a Management Incentive Plan, if any, by the New Board and grant of awards, if any, thereunder; (6) all other actions contemplated under the Plan (whether to occur before, on, or after the Effective Date); (7) appointment of the New Board and adoption of the New Organizational Documents; (8) the rejection, assumption, or assumption and assignment, as applicable, of Executory Contracts and Unexpired Leases; (9) adoption or assumption, as applicable, of the Employment Obligations; and (10) all other acts or actions contemplated or reasonably necessary or appropriate to promptly consummate the Restructuring Transactions contemplated by the Plan (whether to occur before, on, or after the Effective Date). All matters provided for in the Plan involving the corporate structure of the Debtors or the Reorganized

Debtors, and any corporate action required by the Debtors or the Reorganized Debtor, as applicable, in connection with the Plan shall be deemed to have occurred and shall be in effect, without any requirement of further action by the security Holders, directors, officers, or managers of the Debtors or the Reorganized Debtors, as applicable. On or (as applicable) prior to the Effective Date, the appropriate officers of the Debtors or the Reorganized Debtors, as applicable, shall be authorized and (as applicable) directed to issue, execute, and deliver the agreements, documents, securities, and instruments contemplated under the Plan (or necessary or desirable to effect the transactions contemplated under the Plan) in the name of and on behalf of the Reorganized Debtors, including the New Equity Interests, the New Organizational Documents, the Exit Facilities, the Exit Facilities Documents, and any and all other agreements, documents, securities, and instruments relating to the foregoing. The authorizations and approvals contemplated by Article IV of the Plan shall be effective notwithstanding any requirements under non-bankruptcy law.

6. *New Organizational Documents.*

On or immediately prior to the Effective Date, the New Organizational Documents shall be adopted or amended in a manner acceptable to the Debtors, as may be necessary to effectuate the transactions contemplated by the Plan. To the extent required under the Plan or applicable non-bankruptcy Law, each of the Reorganized Debtors will file its New Organizational Documents with the applicable Secretaries of State and/or other applicable authorities in its respective state, province, or country of incorporation or formation in accordance with the corporate laws of the respective state, province, or country of incorporation or formation. The New Organizational Documents will, among other things (a) authorize the issuance of the New Equity Interests and (b) prohibit the issuance of non-voting Equity Securities to the extent required under section 1123(a)(6) of the Bankruptcy Code. For the avoidance of doubt, the New Organizational Documents shall be included as exhibits to the Plan Supplement. After the Effective Date, each Reorganized Debtor may amend and restate its constituent and governing documents as permitted by the Laws of its jurisdiction of incorporation or formation and the terms of such documents, and the Reorganized Debtors may file such amended certificates or articles of incorporation, bylaws, or other applicable formation and constituent documents as permitted by the Laws of the applicable states, provinces, or countries of incorporation or formation and the New Organizational Documents without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules. For the avoidance of doubt, any Holder's acceptance of the New Equity Interests shall be deemed to constitute its agreement to be bound by the New Organizational Documents without the need for execution by any party other than the Reorganized Debtors.

From and after the Effective Date, all Holders of New Equity Interests shall be subject to the terms and conditions of the New Organizational Documents. On the Effective Date, the Reorganized Debtors shall enter into and deliver the New Organizational Documents to each Holder of New Equity Interests, which shall become effective and binding in accordance with their terms and conditions upon the parties thereto without further notice to or order of the Bankruptcy Court, act or action under applicable Law, regulation, order, or rule or the vote, consent, authorization or approval of any Entity. Holders of New Equity Interests shall be deemed to have executed the New Organizational Documents and be parties thereto, without the need to deliver signature pages thereto.

7. *Directors and Officers of the Reorganized Debtors.*

As of the Effective Date, the term of the current members of the board of directors or other Governing Body of each of the Debtors shall expire, such directors shall have been deemed to have resigned, and the directors for the initial term of the New Board and the other Governing Bodies shall be appointed in accordance with the New Organizational Documents. The initial members of the New Board will be identified in the Plan Supplement, to the extent known at the time of Filing. Each such member and officer of the Reorganized Debtors shall serve from and after the Effective Date pursuant to the terms of the New Organizational Documents and other constituent documents of the Reorganized Debtors.

8. *Effectuating Documents; Further Transactions.*

On and after the Effective Date, the Reorganized Debtors and the New Board are authorized to and may issue, execute, deliver, file, or record such contracts, Securities, instruments, releases, and other agreements or documents and take such actions as may be necessary to effectuate, implement, and further evidence the terms and conditions of the Plan and the Securities issued pursuant to the Plan in the name of and on behalf of the Reorganized Debtors, without the need for any approvals, authorization, or consents except for those expressly required pursuant to the Plan.

9. *Certain Securities Law Matters.*

Pursuant to section 1145 of the Bankruptcy Code, or, to the extent that section 1145 of the Bankruptcy Code is either not permitted or not applicable, section 4(a)(2) of the Securities Act, Regulation D promulgated thereunder, Regulation S under the Securities Act, and/or other available exemptions from registration, the offering, issuance, and distribution of the New Equity Interests as contemplated therein shall be exempt from, among other things, the registration requirements of Section 5 of the Securities Act and any other applicable U.S. federal, state, or local laws requiring registration prior to the offering, issuance, distribution, or sale of securities.

The shares of New Equity Interests to be issued under the Plan on account of Allowed Term Loan Claims in accordance with, and pursuant to, section 1145 of the Bankruptcy Code will be freely transferable under the Securities Act by the recipients thereof that are not, and have not been within ninety (90) days of such transfer, an "affiliate" of the Debtors as defined in Rule 144(a)(1) under the Securities Act, subject to: (a) the provisions of section 1145(b)(2) of the Bankruptcy Code relating to the definition of an underwriter in section 2(a)(11) of the Securities Act, and compliance with any applicable state or foreign securities laws, if any, and the rules and regulations of the United States Securities and Exchange Commission, if any, applicable at the time of any future transfer of such Securities or instruments; and (b) any restrictions on the transferability of such New Equity Interests in the New Organizational Documents. The availability of the exemption under section 1145 of the Bankruptcy Code or any other applicable securities laws shall not be a condition to the occurrence of the Effective Date.

The shares of New Equity Interests that may be issued pursuant to the exemption from registration set forth in section 4(a)(2) of the Securities Act, Regulation D promulgated thereunder, Regulation S under the Securities Act, and/or other available exemptions from registration will be considered "restricted securities," will bear customary legends and transfer restrictions, and may not be transferred except pursuant to an effective registration statement or under an available exemption from the registration requirements of the Securities Act and subject to any restrictions on the transferability of such New Equity Interests in the New Organizational Documents.

Recipients of the New Equity Interests are advised to consult with their own legal advisors as to the availability of any exemption from registration under the Securities Act and any applicable Blue-Sky Laws for resales of New Equity Interests.

The Reorganized Debtors (i) shall emerge from these Chapter 11 Cases as a private company on the Effective Date and the New Equity Interests shall not be listed on a public stock exchange, (ii) shall not be voluntarily subjected to any reporting requirements promulgated by the United States Securities and Exchange Commission, and (iii) shall not be required to list the New Equity Interests on a recognized U.S. stock exchange.

10. *Preservation of Causes of Action.*

In accordance with section 1123(b) of the Bankruptcy Code, but subject to Article VIII of the Plan, the Reorganized Debtors shall retain and may enforce all rights to commence and pursue, as appropriate, any and all Causes of Action of the Debtors, whether arising before or after the Petition Date, including any actions specifically enumerated in the Schedule of Retained Causes of Action, and the Reorganized Debtors' rights to commence, prosecute, or settle such retained Causes of Action shall be preserved notwithstanding the occurrence of the Effective Date or any other provisions of the Plan to the contrary, other than the Causes of Action released or exculpated therein by the Debtors pursuant to the releases and exculpations contained in the Plan, including in Article VIII thereof, which shall be deemed released and waived by the Debtors and the Reorganized Debtors, as applicable, as of the Effective Date.

The Reorganized Debtors may pursue retained such Causes of Action, as appropriate, in accordance with the best interests of the Reorganized Debtors. **No Person or Entity may rely on the absence of a specific reference in the RSA, the Plan, the Plan Supplement, or the Disclosure Statement to any Cause of Action against it as any indication that the Debtors or the Reorganized Debtors, as applicable, will not pursue any and all available retained Causes of Action against it. The Debtors and the Reorganized Debtors, as applicable, expressly reserve all rights to prosecute any and all retained Causes of Action against any Person or Entity, except as otherwise expressly provided in the Plan, including Article VIII of the Plan.** The Reorganized Debtors may settle any such retained Causes of Action without any further notice to or action, order, or approval of the Bankruptcy Court. Unless any retained Causes of Action against an Person or Entity are expressly waived, relinquished, exculpated, released, compromised, or settled in the Plan or a Final Order, the Reorganized Debtors expressly reserve all retained Causes of Action, for later adjudication, and, therefore, no preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable, or otherwise), or laches, shall apply to such retained Causes of Action upon, after, or as a consequence of the Confirmation or Consummation.

The Reorganized Debtors reserve and shall retain such Causes of Action notwithstanding the rejection or repudiation of any Executory Contract or Unexpired Lease during the Chapter 11 Cases or pursuant to the Plan. In accordance with section 1123(b)(3) of the Bankruptcy Code, any Causes of Action that a Debtor may hold against any Person or Entity shall vest in the corresponding Reorganized Debtors, except as otherwise expressly provided in the Plan, including Article VIII of the Plan. The Reorganized Debtor, through their authorized agents or representatives, shall retain and may exclusively enforce any and all such retained Causes of Action. The Reorganized Debtors shall have the exclusive right, authority, and discretion to determine and to initiate, file, prosecute, enforce, abandon, settle, compromise, release, withdraw, or litigate to judgment any such retained Causes of Action and to decline to do any of the foregoing without the consent or approval of any third party or further notice to or action, order, or approval of the Bankruptcy Court. For the avoidance of doubt, in no instance will any Cause of Action preserved pursuant to Article IV of the Plan include any Claim or Cause of Action against a Released Party or Exculpated Party.

11. *Management Incentive Plan.*

Following the Effective Date, the Reorganized Debtors may adopt and implement a Management Incentive Plan (including through the issuance of New Equity Interests) for certain of the Debtors' directors, officers, and employees. The New Board, in its sole discretion, shall be authorized to institute such Management Incentive Plan and enact and enter into related policies and agreements. For the avoidance of doubt, the terms and conditions of any Management Incentive Plan (including any related agreements, policies, programs, other arrangements, and Management Incentive Plan participants) shall be determined by the New Board in its sole discretion on or after the Effective Date, and the Bankruptcy Court's confirmation of the Plan shall in no way approve of or authorize the terms of any such Management Incentive Plan.

12. ***Employment Obligations.***

(a) Compensation and Benefit Programs.

Except as otherwise set forth therein, on the Effective Date, the Debtors or the Reorganized Debtors, as applicable, shall assume all Employment Agreements, which shall thereafter be assigned to the Reorganized Debtors. Notwithstanding the foregoing, pursuant to section 1129(a)(13) of the Bankruptcy Code, from and after the Effective Date, all retiree benefits (as such term is defined in section 1114 of the Bankruptcy Code), if any, shall continue to be paid in accordance with applicable law.

Subject to the provisions of the Plan, all Compensation and Benefits Programs shall be treated as Executory Contracts under the Plan and deemed assumed on the Effective Date pursuant to the provisions of sections 365 and 1123 of the Bankruptcy Code, except for: (a) all employee equity or equity-based incentive plans, and any provisions set forth in the Compensation and Benefits Programs that provide for rights to acquire Interests, Interests in West Marine, or New Equity Interests, which shall not constitute or be deemed to constitute Executory Contracts and shall be deemed terminated on the Effective Date; (b) Compensation and Benefits Programs that have been rejected pursuant to an order of a Bankruptcy Court; and (c) Compensation and Benefits Programs that, as of the entry of the Confirmation Order, have been specifically waived by the beneficiaries of any employee benefit plan or contract.

A counterparty to a Compensation and Benefits Program assumed pursuant to the Plan shall have the same rights under such Compensation and Benefits Program as such counterparty had thereunder immediately prior to such assumption (unless otherwise agreed by such counterparty and the applicable Reorganized Debtor(s)).

(b) Workers' Compensation Programs.

As of the Effective Date, except as set forth in the Plan Supplement, the Debtors and the Reorganized Debtors shall continue to honor their obligations under: (a) all applicable workers' compensation Laws in states in which the Reorganized Debtors operate; and (b) the Debtors' written contracts, agreements, agreements of indemnity, self-insured workers' compensation bonds, policies, programs, and plans for workers' compensation and workers' compensation insurance. All Proofs of Claim on account of workers' compensation shall be deemed withdrawn automatically and without any further notice to or action, order, or approval of the Bankruptcy Court; provided that nothing in the Plan shall limit, diminish, or otherwise alter the Debtors' or Reorganized Debtors' defenses, Causes of Action, or other rights under applicable Law, including non-bankruptcy Law with respect to any such contracts, agreements, policies, programs, and plans; provided, further, that nothing therein shall be deemed to impose any obligations on the Debtors in addition to what is provided for under applicable non-bankruptcy Law.

D. The Sale Transaction.

If the Sale Transaction occurs, the following provisions shall govern.

1. *The Sale Transaction.*

On the Effective Date, the Successful Bidder shall purchase substantially all of the Debtors' Assets free and clear of all Liens, Claims, Interests, charges, or other encumbrances (except for those Liens, Claims, Interests, charges, or other encumbrances assumed by the Successful Bidder pursuant to the terms of the Purchase Agreement) in exchange for the Purchase Price as set forth in the Purchase Agreement. The Confirmation Order shall authorize the Debtors, the Wind-Down Debtors, and the Successful Bidder, as applicable, to undertake the transactions contemplated by the Purchase Agreement, including pursuant to sections 363, 365, 1123(a)(5)(B), and 1123(a)(5)(D) of the Bankruptcy Code.

The Debtors and Successful Bidder shall be authorized to take all actions as may be deemed necessary or appropriate to consummate the Sale Transaction pursuant to the terms of the Purchase Agreement and the Plan. On and after the Effective Date, except as otherwise provided in the Plan, the Wind-Down Debtors or the Successful Bidder, as applicable, may operate their businesses and may use, acquire, or dispose of property and compromise or settle any Claims, Interests, or Causes of Action without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules; *provided*, that the Bankruptcy Court shall retain jurisdiction to resolve any cases, controversies, suits, disputes, or Causes of Action that may arise in connection with any of the foregoing.

2. *Sources of Consideration for Plan Distributions.*

The Wind-Down Debtors will fund distributions under the Plan with: (a) the proceeds of the Sale Transaction; (b) Cash on hand on the Effective Date; and (c) the revenues and proceeds of all Wind-Down Assets of the Debtors.

Notwithstanding anything to the contrary in the Plan or in the Purchase Agreement, on the Effective Date, any Cause of Action not settled, released, discharged, enjoined, or exculpated under the Plan on or prior to the Effective Date shall vest in the Wind-Down Debtors and shall be subject to administration by the Plan Administrator.

3. *Wind-Down Debtors.*

On and after the Effective Date, the Wind-Down Debtors shall continue in existence for purposes of (i) winding down the Debtors' business and affairs as expeditiously as reasonably possible as authorized by the Bankruptcy Court; (ii) resolving Disputed Claims; (iii) making distributions on account of Allowed Claims as provided thereunder; (iv) establishing and funding the Distribution Reserve Accounts; (v) enforcing and prosecuting claims, interests, rights, and privileges under the Causes of Action on the Schedule of Retained Causes of Action in an efficacious manner and only to the extent the benefits of such enforcement or prosecution are reasonably believed to outweigh the costs associated therewith; (vi) filing appropriate tax returns; (vii) complying with any continuing obligations under the Purchase Agreement; and (viii) administering the Plan in an efficacious manner. The Wind-Down Debtors shall be deemed to be substituted as the party-in-lieu of the Debtors in all matters, including (x) motions, contested matters, and adversary proceedings pending in the Bankruptcy Court, and (y) all matters pending in any courts, tribunals, forums, or administrative proceedings outside of the Bankruptcy Court, in each case without the need or requirement for the Plan Administrator to file motions or substitutions of parties or counsel in each such matter.

Notwithstanding anything to the contrary in the Plan, on the Effective Date, any Cause of Action not settled, released, discharged, enjoined, or exculpated under the Plan or transferred pursuant to the Purchase Agreement on or prior to the Effective Date shall vest in the Wind-Down Debtors and shall be subject to administration by the Plan Administrator, and the net proceeds thereof shall be Distributable Value.

4. ***Liquidating Trust Treatment.***

Notwithstanding anything to the contrary therein, the Plan Administrator, in his or her discretion, may transfer all or any portion of the assets of the Wind-Down Debtors to a "liquidating trust" as that term is used under section 301.7701-4(d) of the Treasury Regulations. For the avoidance of doubt, in the event of such a transfer, the provisions set forth in Article IV of the Plan shall continue to govern all matters associated with the prosecution, settlement, or collection upon any retained Causes of Action transferred to the Liquidating Trust. The Liquidating Trust, if any, shall be established for the primary purpose of liquidating the Liquidating Trust's assets, reconciling claims asserted against the Wind-Down Debtors, and distributing the proceeds thereof in accordance with the Plan, with no objective to continue or engage in the conduct of a trade or business, except to the extent reasonably necessary to, and consistent with, the purpose of the Liquidating Trust. Upon the transfer of the Wind-Down Debtors' assets to the Liquidating Trust, the Wind-Down Debtors will have no reversionary or further interest in or with respect to the assets of the Liquidating Trust. To the extent beneficial interests in the Liquidating Trust are deemed to be "securities" as defined in section 2(a)(1) of the Securities Act, section 101 of the Bankruptcy Code, and applicable state securities laws, the Debtors intend that the exemption provisions of section 1145 of the Bankruptcy Code will apply to such beneficial interests. Prior to any transfer of assets to a Liquidating Trust, the Plan Administrator may designate trustee(s) for the Liquidating Trust for the purposes of administering the Liquidating Trust. The reasonable costs and expenses of the trustee(s) shall be paid from the Liquidating Trust.

Subject to definitive guidance from the IRS or a court of competent jurisdiction to the contrary and subject to Article IV.D.5 of the Plan, the Debtors expect to treat the Liquidating Trust, if any, as a "liquidating trust" under section 301.7701-4(d) of the Treasury Regulations and a grantor trust under section 671 of the IRC, and the trustee of any Liquidating Trust will take a position on the Liquidating Trust's tax return accordingly. For U.S. federal income tax purposes, the transfer of assets to the Liquidating Trust will be deemed to occur as (a) a first-step transfer of the Liquidating Trust Assets to the Holders of the applicable Claims, and (b) a second-step transfer by such Holders to the Liquidating Trust.

No request for a ruling from the IRS will be sought on the classification of the Liquidating Trust. Accordingly, there can be no assurance that the IRS would not take a contrary position to the classification of the Liquidating Trust. If the IRS were to successfully challenge the classification of the Liquidating Trust as a grantor trust, the federal income tax consequences to the Liquidating Trust and the Liquidating Trust beneficiaries could vary from those discussed in the Plan (including the potential for an entity-level tax). For example, the IRS could characterize the Liquidating Trust as a so-called "complex trust" subject to a separate entity-level tax on its earnings, except to the extent that such earnings are distributed during the taxable year.

As soon as possible after the transfer of the Liquidating Trust Assets to the Liquidating Trust, the trustee(s) of the Liquidating Trust shall make a good faith valuation of the Liquidating Trust Assets. This valuation will be made available from time to time, as relevant for tax reporting purposes. Each of the Debtors, Wind-Down Debtors, the trustee(s) of the Liquidating Trust, and the holders of Claims receiving interests in the Liquidating Trust shall take consistent positions with respect to the valuation of the Liquidating Trust Assets, and such valuations shall be utilized for all U.S. federal income tax purposes.

Allocations of taxable income of the Liquidating Trust among the Liquidating Trust beneficiaries shall be determined by reference to the manner in which an amount of cash equal to such taxable income would be distributed (were such cash permitted to be distributed at such time) if, immediately prior to such deemed distribution, the Liquidating Trust had distributed all its assets (valued at their tax book value) to the Liquidating Trust beneficiaries, adjusted for prior taxable income and loss and taking into account all prior and concurrent distributions from the Liquidating Trust. Similarly, taxable loss of the Liquidating Trust shall be allocated by reference to the manner in which an economic loss would be borne immediately after a liquidating distribution of the remaining Liquidating Trust Assets. The tax book value of the Liquidating Trust Assets shall equal their fair market value on the date of the transfer of the Liquidating Trust Assets to the Liquidating Trust, adjusted in accordance with tax accounting principles prescribed by the IRC, applicable Treasury Regulations, and other applicable administrative and judicial authorities and pronouncements.

The Liquidating Trust shall in no event be dissolved later than five (5) years from the creation of such Liquidating Trust unless the Bankruptcy Court, upon motion within the six (6) month period prior to the fifth (5th) anniversary (or within the six (6) month period prior to the end of an extension period), determines that a fixed period extension (not to exceed five (5) years, together with any prior extensions, without a favorable private letter ruling from the IRS or an opinion of counsel satisfactory to the trustee(s) of the Liquidating Trust that any further extension would not adversely affect the status of the trust as a liquidating trust for U.S. federal income tax purposes) is necessary to facilitate or complete the recovery and liquidation of the Liquidating Trust Assets.

The Liquidating Trust will file annual information tax returns with the IRS as a grantor trust pursuant to section 1.671-4(a) of the Treasury Regulations that will include information concerning certain items relating to the holding or disposition (or deemed disposition) of the Liquidating Trust Assets (e.g., income, gain, loss, deduction and credit). Each Liquidating Trust beneficiary holding a beneficial interest in the Liquidating Trust will receive a copy of the information returns and must report on its federal income tax return its share of all such items. The information provided by the Liquidating Trust will pertain to Liquidating Trust beneficiaries who receive their interests in the Liquidating Trust in connection with the Plan.

5. *Disputed Ownership Fund Treatment.*

With respect to any of the assets of the Liquidating Trust that are subject to potential disputed claims of ownership or uncertain distributions, or to the extent "liquidating trust" treatment is otherwise unavailable or not elected to be applied with respect to the Liquidating Trust, the Debtors and the ~~Wind-Down~~Wind-Down Debtors intend that such assets will be subject to disputed ownership fund treatment under section 1.468B-9 of the Treasury Regulations, that any appropriate elections with respect thereto shall be made, and that such treatment will also be applied to the extent possible for state and local tax purposes. Under such treatment, a separate federal income tax return shall be filed with the IRS for any such account. Any taxes (including with respect to interest, if any, earned in the account) imposed on such account shall be paid out of the assets of the respective account (and reductions shall be made to amounts disbursed from the account to account for the need to pay such taxes).

6. *Plan Administrator.*

On the Effective Date, the authority, power, and incumbency of the persons acting as managers, directors, and officers of the Wind-Down Debtors shall be deemed to have resigned, solely in their capacities as such, and the Plan Administrator shall be appointed as the sole manager, sole director, and sole officer of the Wind-Down Debtors and shall succeed to the powers of the Wind-Down Debtors' managers, directors, and officers. The Plan Administrator shall act for the Wind-Down Debtors in the same fiduciary capacity as applicable to a board of managers, directors, and officers, subject to the provisions thereof (and all certificates of formation, membership agreements, and related documents are deemed amended by the Plan to permit and authorize the same) and shall retain and have all the rights, powers, and duties necessary to carry out his or her responsibilities under the Plan in accordance with the Wind-Down and as otherwise provided in the Confirmation Order.

From and after the Effective Date, the Plan Administrator shall be the sole representative of, and shall act for, the Wind-Down Debtors. The foregoing shall not limit the authority of the Wind-Down Debtors or the Plan Administrator, as applicable, to continue the employment of any former manager or officer. The Debtors, after the Confirmation Date, and the Wind-Down Debtors or Plan Administrator, after the Effective Date, shall be permitted to make payments to employees pursuant to employment programs then in effect, and, in the reasonable business judgment of the Plan Administrator, to implement additional employee programs and make payments thereunder solely as necessary to effectuate the Wind-Down, without any further notice to or action, order, or approval of the Bankruptcy Court.

The powers of the Plan Administrator shall include any and all powers and authority to implement the Plan and to administer and distribute the Distribution Reserve Accounts and Wind-Down the business and affairs of the Debtors and Wind-Down Debtors, including: (i) making distributions under the Plan; (ii) liquidating, receiving, holding, investing, supervising, and protecting the assets of the Post-Effective Date Debtors in accordance with the Wind-Down Reserve; (iii) taking all steps to execute all instruments and documents necessary to effectuate the distributions to be made under the Plan; (iv) making distributions from the Distribution Reserve Accounts as contemplated under the Plan; (v) establishing and maintaining bank accounts in the name of the Post-Effective Date Debtors; (vi) subject to the terms set forth therein, employing, retaining, terminating, or replacing professionals to represent it with respect to its responsibilities or otherwise effectuating the Plan to the extent necessary; (vii) paying all reasonable fees, expenses, debts, charges, and liabilities of the Wind-Down Debtors; (viii) except as otherwise provided for therein, enforcing and prosecuting claims, interests, rights, and privileges under the Causes of Action on the Schedule of Retained Causes of Action in accordance with Article IV.E of the Plan; (ix) administering and paying taxes of the Wind-Down Debtors, including filing tax returns; (x) representing the interests of the Wind-Down Debtors or the Estates before any taxing authority in all matters, including any action, suit, proceeding, or audit; (xi) in the event of the Sale Transaction, discharging the Wind-Down Debtors' and Post-Effective Date Debtors' obligations under the Purchase Agreement; and (xii) exercising such other powers as may be vested in it pursuant to order of the Bankruptcy Court or pursuant to the Plan, the Confirmation Order, or any applicable orders of the Bankruptcy Court or as the Plan Administrator reasonably deems to be necessary and proper to carry out the provisions of the Plan in accordance with the Wind-Down Reserve.

(a) Retention of Professionals.

The Plan Administrator shall have the right to retain the services of attorneys, accountants, and other professionals that, at the discretion of the Plan Administrator, are necessary to assist the Plan Administrator in the performance of his or her duties for the Wind-Down Debtors. The reasonable fees and expenses of such professionals, if applicable, shall be paid from the Wind-Down Reserve upon the monthly submission of statements to the Plan Administrator. The payment of the reasonable fees and expenses of the Wind-Down Debtors' retained professionals shall be made in the ordinary course of business from the Wind-Down Reserve and shall not be subject to the approval of the Bankruptcy Court.

(b) Compensation of the Plan Administrator.

The Plan Administrator's compensation, on a post-Effective Date basis, shall be as described in the Plan Supplement, and paid out of the Wind-Down Reserve. Except as otherwise ordered by the Bankruptcy Court, the fees and expenses incurred by the Plan Administrator on or after the Effective Date (including taxes) and any reasonable compensation and expense reimbursement Claims (including attorney fees and expenses) made by the Plan Administrator in connection with such Plan

Administrator's duties shall be paid without any further notice to, or action, order, or approval of, the Bankruptcy Court in Cash from the Wind-Down Reserve if such amounts relate to any actions taken thereunder.

(c) Plan Administrator Expenses.

All costs, expenses, and obligations incurred by the Plan Administrator or the Wind-Down Debtors in administering the Plan or in effecting distributions thereunder (including the reimbursement of reasonable expenses), including any costs, expenses, or obligations in any manner connected, incidental, or related thereto, shall be paid from the Wind-Down Reserve.

The Debtors and the Plan Administrator, as applicable, shall not be required to give any bond or surety or other security for the performance of their duties unless otherwise ordered by the Bankruptcy Court. However, in the event that the Plan Administrator is so ordered after the Effective Date, all costs and expenses of procuring any such bond or surety shall be paid for with Cash from the Wind-Down Reserve.

(d) Exculpation, Indemnification, Insurance, and Liability Limitation.

The Plan Administrator and all professionals retained by the Plan Administrator, each in their capacities as such, shall be deemed exculpated and indemnified, except for fraud, willful misconduct, or gross negligence, in all respects by the Wind-Down Debtors. The Plan Administrator may obtain, at the expense of the Wind-Down Debtors and with funds from the Wind-Down Reserve, commercially reasonable liability or other appropriate insurance with respect to the indemnification obligations of the Post-Effective Date Debtors. The Plan Administrator may rely upon written information previously generated by the Debtors.

(e) Dissolution of the Wind-Down Debtors.

Upon a certification to be Filed with the Bankruptcy Court by the Plan Administrator of all distributions having been made, completion of all of its duties under the Plan and the Purchase Agreement, and entry of a Final Decree closing the last of the Chapter 11 Cases, the Wind-Down Debtors shall be deemed to be dissolved without any further action by the Wind-Down Debtors, including the filing of any documents with the secretary of state for the state in which each Wind-Down Debtor is formed or any other jurisdiction. The Plan Administrator, however, shall have authority to take all necessary actions to dissolve the Wind-Down Debtors in and withdraw the Wind-Down Debtors from applicable state(s).

(f) Preservation of Causes of Action.

Unless any Cause of Action against a Person or an Entity is expressly acquired pursuant to the Purchase Agreement, waived, relinquished, exculpated, released, compromised, or settled in the Plan or a Final Order, in accordance with section 1123(b) of the Bankruptcy Code, the Debtors shall convey to the Plan Administrator all rights to commence, prosecute, or settle, as appropriate, any and all Causes of Action, including any action specifically enumerated in the Schedule of Retained Causes of Action, whether arising before or after the Petition Date, which shall vest in the Plan Administrator pursuant to the terms of the Plan. The Plan Administrator may enforce all rights to commence, prosecute, or settle, as appropriate, any and all Causes of Action, whether arising before or after the Petition Date, and the Plan Administrator's rights to commence, prosecute, or settle such Causes of Action shall be preserved notwithstanding the occurrence of the Effective Date. The Plan Administrator may, in its reasonable business judgment, pursue such Causes of Action and may retain and compensate professionals in the analysis or pursuit of such Causes of Action to the extent the Plan Administrator deems appropriate, including on a contingency fee basis. No Person or Entity may rely on the absence of a specific reference in the Plan or the Disclosure Statement to any Cause of Action against them as any indication that the Debtors or the Plan Administrator will not pursue any and all available Causes of Action against them. The Debtors and the Plan Administrator expressly reserve all rights to prosecute any and all Causes of Action against any Person or Entity, except as otherwise expressly provided in the Plan; provided that the Wind-Down Debtors, in consultation with the Plan Administrator after the Effective Date, may prosecute any such Cause of Action against any party only in connection with their objection to and resolution of any Claim asserted by such party. Unless any Cause of Action against an Entity is expressly waived, relinquished, exculpated, released, compromised, or settled in the Plan or a Final Order, the Plan Administrator expressly reserves all Causes of Action for later adjudication, and, therefore, no preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable, or otherwise), or laches, shall apply to such Causes of Action upon, after, or as a consequence of the Confirmation or Consummation. The Plan Administrator shall have the exclusive right, authority, and discretion to determine and to initiate, file, prosecute, enforce, abandon, settle, compromise, release, withdraw, or litigate to judgment any such Causes of Action, or to decline to do any of the foregoing, without the consent or approval of any third party or any further notice to, or action, order, or approval of, the Bankruptcy Court.

7. *Wind-Down.*

As soon as practicable after the Effective Date, the Plan Administrator shall: (i) cause the Debtors and the Wind-Down Debtors, as applicable, to comply with and abide by the terms of the Purchase Agreement and any other documents contemplated thereby; (ii) to the extent applicable, file a certificate of dissolution or equivalent document, together with all other necessary corporate and company documents, to effect the dissolution of one or more of the Debtors or the Wind-Down Debtors under the applicable laws of their state of incorporation or formation (as applicable); and (iii) take such other actions as the Plan Administrator may determine to be necessary or desirable to carry out the purposes of the Plan. Any certificate of dissolution or equivalent document may be executed by the Plan Administrator without the need for any action or approval by the shareholders or board of directors or managers of any Debtor. From and after the Effective Date, except with respect to Wind-Down Debtors as set forth therein, the Debtors (x) for all purposes shall be deemed to have withdrawn their business operations from any state in which the Debtors were previously conducting, or are registered or licensed to conduct, their business operations and shall not be required to file any document, pay any sum, or take any other action in order to effectuate such withdrawal, (y) shall be deemed to have canceled pursuant to the Plan all Interests in West Marine, and (z) shall not be liable in any manner to any taxing authority for franchise, business, license, or similar taxes accruing on or after the Effective Date. For the avoidance of doubt, notwithstanding the Debtors' dissolution, the Debtors shall be deemed to remain intact solely with respect to the preparation, filing, review, and resolution of applications for Professional Fee Claims.

The Filing of the final monthly report (for the month in which the Effective Date occurs) and all subsequent quarterly reports shall be the responsibility of the Plan Administrator.

8. *Corporate Action.*

Upon the Effective Date, all actions contemplated under the Plan, regardless of whether taken before, on, or after the Effective Date, shall be deemed authorized and approved in all respects, including: (a) consummation of the Wind-Down; and (b) all other actions contemplated under the Plan (whether to occur before, on, or after the Effective Date). All matters provided for in the Plan or deemed necessary or desirable by the Debtors before, on, or after the Effective Date involving the corporate structure of the Debtors or the Wind-Down Debtors, and any corporate action required by the Debtors or the Wind-Down Debtors in connection with the Plan or corporate structure of the Debtors or Wind-Down Debtors, shall be deemed to have occurred and shall be in effect on the Effective Date, without any requirement of further action by the security holders, directors, managers, or officers of the Debtors or the Wind-Down Debtors. Before, on, or after the Effective Date, the appropriate officers of the Debtors or the Wind-Down Debtors, as applicable, shall be authorized to issue, execute, and deliver the agreements, documents, securities, and instruments contemplated under the Plan (or necessary or desirable to effect the transactions contemplated under the Plan) in the name of and on behalf of the Wind-Down Debtors. The authorizations and approvals contemplated by Article IV of the Plan shall be effective notwithstanding any requirements under non-bankruptcy law.

9. *Effectuating Documents; Further Transactions.*

Prior to the Effective Date, the Debtors are, and on and after the Effective Date, the Wind-Down Debtors, the Plan Administrator, and the officers and members thereof are, authorized to and may issue, execute, deliver, file, or record to the extent not inconsistent with any provision of the Plan such contracts, securities, instruments, releases, and other agreements or documents and take such actions as may be necessary or appropriate to effectuate, implement, and further evidence the terms and conditions of the Plan, without the need for any approvals, authorizations, notice, or consents, except for those expressly required pursuant to the Plan.

E. Director and Officer Liability Insurance.

After the Effective Date, none of the Post-Effective Date Debtors shall terminate or otherwise reduce the coverage under any of the D&O Liability Insurance Policies (including any "tail policy") in effect on or after the Petition Date, with respect to conduct or events occurring prior to the Effective Date, and all directors and officers of the Debtors who served in such capacity at any time prior to the Effective Date shall be entitled to the full benefits of any such policy for the full term of such policy, to the extent set forth therein, regardless of whether such directors and officers remain in such positions after the Effective Date.

For the avoidance of doubt, in the event of the Sale Transaction, the D&O Liability Insurance Policies will not be assumed and assigned to the Successful Bidder, and any obligations in connection therewith shall not be enforceable against the Successful Bidder. In such case, any D&O Liability Insurance Policies shall be assumed by the Debtors on behalf of the applicable Debtor and revest in the Wind-Down Debtors in accordance with Article V of the Plan.

F. Cancellation of Notes, Instruments, Certificates, and Other Documents.

On the Effective Date, except to the extent otherwise provided in the Plan or the Confirmation Order, all notes, indentures, instruments, certificates, and other documents evidencing Claims and Interests, including credit agreements and indentures, shall be cancelled, and the obligations of the Debtors or the Post-Effective Date Debtors and any non-Debtor Affiliates thereunder or in any way related thereto shall be discharged and deemed satisfied in full; provided, that notwithstanding Confirmation or the occurrence of the Effective Date, any such agreement that governs the rights of the Holder of a Claim shall continue in effect solely for purposes of, as applicable: (a) enabling Holders of Allowed Claims under such agreements to receive distributions under the Plan as provided therein and (b) allowing and preserving the rights of any applicable paying agent or trustee to (i) make distributions in satisfaction of Allowed Claims under such agreements, (ii) maintain and exercise their respective charging liens against any such distributions, (iii) seek compensation and reimbursement for any reasonable and documented fees and expenses incurred in making such distributions, (iv) maintain and enforce any right to indemnification, expense reimbursement, contribution, or subrogation or any other claim or entitlement, (v) exercise their rights and obligations relating to the interests of their holders, and (vi) appear and be heard in these Chapter 11 Cases.

Notwithstanding anything to the contrary therein, but subject to any applicable provisions of Article VI of the Plan and the Confirmation Order, the Term Loan Credit Agreement and the Prepetition

ABL Credit Agreement (including, in each case, all documents ancillary thereto), shall continue in effect to: (1) permit Holders of Claims under the Term Loan Credit Agreement, and the Prepetition ABL Credit Agreement to receive their respective Plan Distributions, if any; (2) permit the Post-Effective Date Debtors and the Disbursing Agent, as applicable, to make Plan Distributions on account of the Allowed Claims under the Term Loan Credit Agreement, and the Prepetition ABL Credit Agreement, as applicable; and (3) permit each of the Agents under the Term Loan Credit Agreement and the Prepetition ABL Credit Agreement to seek indemnification, compensation, and/or reimbursement of fees and expenses through the exercise of charging Liens, to the extent provided for in the Term Loan Credit Agreement, and the Prepetition ABL Credit Agreement. Except as provided in the Plan (including Article VI thereof) or the Confirmation Order, on the Effective Date, the Agents and their respective agents, successors, and assigns shall be automatically and fully discharged of all of their duties and obligations associated with the Term Loan Credit Agreement and the Prepetition ABL Credit Agreement, as applicable. The commitments and obligations (if any) of the Holders of the Term Loans Claims, Prepetition FILO Claims, and Prepetition ABL Claims to extend any further or future credit or financial accommodations to any of the Debtors, any of the Reorganized Debtors, or any of their respective successors or assign under the Term Loan Credit Agreement and the Prepetition ABL Credit Agreement, as applicable, shall fully terminate and be of no further force or effect after the Effective Date.

V. THE DEBTORS' BUSINESS OPERATIONS AND CAPITAL STRUCTURE

A. The Debtors' Corporate History.

West Marine was founded in 1968 in Sunnyvale, California. From its humble beginnings, West Marine's corporate history is peppered with expansions and acquisitions, all of which allowed the Company to become the nation's leading omni-channel provider in the marine aftermarket space.

In 1978, West Marine introduced its wholesale division, Port Supply (now West Marine Pro), which broadened the Company's direct to consumer and retail operations and allowed the Company to sell products wholesale directly to boat yards, charter fleets, boat dealers, and government agencies. Nearly thirteen years later in 1991, West Marine expanded across the country, opening stores in Florida, Maryland, Virginia, New York, Connecticut, Rhode Island, and Massachusetts. In 1993, West Marine launched an initial public offering and expanded to thirty-seven stores nationwide by the end of the year.

In 1996, West Marine merged with one of its oldest and most respected competitors, E&B Marine. Through the merger, West Marine acquired sixty-four new stores, bringing its total retail footprint to 151 stores across both coasts. West Marine's expansion efforts continued, and in 2003, the Company acquired the assets of the retail, catalog, and wholesale divisions of Boat America Corporation (d/b/a Boat U.S.).

In 2011, West Marine opened the largest boating store in the United States in Fort Lauderdale, Florida, measuring 50,000 sq. ft. and featuring an extensive selection of core boating products as well as footwear and casual and technical apparel for those who enjoy being out on the water. Two years later in 2013, in an effort to continue opening larger stores that could accommodate an expanded product offering, West Marine opened its first flagship store in New York, which was over 20,000 sq. ft. and brought the Company's total retail footprint to 287 locations nationwide. Over that same period, West Marine also launched *westmarine.com* for its traditional retail customers, offering over 85,000 boating supply products for purchase, and *portsupply.com* (now *pro.westmarine.com*) for its professional, wholesale customers. These efforts, both on land and online, served to strengthen West Marine's omni-channel position.

On September 12, 2017, West Marine marked another milestone when it was sold and became a privately-owned company. The goal of this take-private transaction was to improve West Marine's sourcing, operations, and merchandizing while refocusing the business on its core customer base and revitalizing the West Marine brand.

In March and September 2023, West Marine completed two consensual recapitalizations of its balance sheet supported by its then-existing lenders and equity holders. As further described herein, the recapitalizations equitized approximately $660 million of the Company's then-existing debt and provided the Company with approximately $275 million of new capital to help stabilize operations.

Today, West Marine operates approximately 200 stores across more than thirty-four states and Puerto Rico, as well as two distribution centers in California and South Carolina and two eCommerce websites that reach domestic, international, and professional customers. West Marine employs approximately 2,600 employees. West Marine has been, and continues to be, recognized as a leading resource for cruisers, sailors, anglers, fishers, and boating enthusiasts.

B. Business Operations.

1. *Brick-and-Mortar Retail Channel.*

The Company's retail offerings are the Company's largest revenue stream. In 2025, retail accounted for just over 60% of the Company's revenue. The Company's primary retail offerings are: (a) core boating products, including, but not limited to, maintenance, electronics, sailboat hardware, anchors, dockings, moorings, engine systems, safety, electrical, plumbing, deck hardware, and boat covers; and (b) other types of merchandise such as apparel (including West Marine's own private label), footwear, clothing accessories, fishing, watersports, paddle sports, coolers, electronics, and waterlife lifestyle accessories.

Typically, the Company either builds inventory during the first quarter of each year in preparation for the key boating season or takes advantage of key product offerings or opportunistic purchases from vendors during the fourth quarter of the prior year. Although West Marine offers an omni-channel shopping experience, West Marine's primary sales channel remains its brick-and-mortar retail stores.

2. *Wholesale Channel.*

West Marine Pro is the wholesale division of West Marine and is one of the largest wholesale distributors of marine products and accessories in the world. In 2025, West Marine Pro accounted for just over 40% of the Company's revenue. West Marine Pro offers a wide range of products, which are designed and curated to meet the needs of professional boaters, sailors, other industry professionals, and government agencies. West Marine Pro has over 85,000 products in stock from over 1,000 major marine vendors and provides customers the opportunity to customize or special order any marine product not already represented in West Marine Pro's inventory catalog.

3. *eCommerce Channel.*

The Company has two eCommerce websites, *westmarine.com* and *pro.westmarine.com*, which comprise the Company's direct-to-consumer online sales channel. In 2025, eCommerce accounted for approximately 8% of the Company's revenue. The eCommerce segment of the business complements the Company's brick-and-mortar retail stores by building brand awareness, acting as an additional marketing vehicle, and providing customers the ability to shop from anywhere at any time.

The *westmarine.com* website provides retail customers with access to approximately 100,000 products, product advisor tips, and technical information, as well as over 300 articles for boaters by boaters and 30,000 product reviews. The *pro.westmarine.com* website provides customers the same functionality as the retail site, and also allows wholesalers to check inventory levels in multiple locations, build requisition lists, and look up invoices.

4. *Other Operations.*

The Company is one of the leading players in the marine aftermarket space that provides comprehensive tech-enabled fulfillment solutions for consumers, including options for West Marine Pro delivery vans, buy online pick up in store, ship from store, and ship to store. Additionally, West Marine has historically provided certain incentives, coupons, discounts, and other accommodations to their customers to facilitate positive customer relationships. Certain of these accommodations include a gift card program, a West Advantage Rewards program, a West Marine Affiliate program, and a warranty program, among others. As part of West Marine's customer service initiatives, the Company offers the ability to live chat or call a customer service crew member through the West Marine Customer Contact Center. The West Marine Customer Contact Center provides an interface for customers to easily ask about orders, cancellations, returns, or product advice. West Marine's vast array of customer programs further underscores its continued commitment to a customer-centric business model.

C. The Debtors' Employees.

The Debtors' employees perform a wide variety of functions critical to the Company's continuation of its business in the ordinary course while in chapter 11, the administration of these Chapter 11 Cases, and the Company's successful reorganization. Specifically, some of the key roles of the Debtors' employees include: (i) storewide staff, including sales associates, cashiers, and merchandise experts; (ii) distribution staff members, including general warehouse associates, order management associates, and inventory specialists; (iii) marketing staff members, including social media specialists, marketing associates, and photographers; (iv) transportation staff members, including transportation coordinators and vehicle operators; and (v) equipment staff members, including rigging associates, hazard specialists, and equipment operators. Each employee's skills, knowledge, and understanding of West Marine's operations and infrastructure, is essential to preserving operational stability and efficiency of the Debtor. As of the Petition Date, there are approximately 2,600 employees.

D. Lease Portfolio

The Company maintains approximately 200 stores, all of which the Company leases, with annual lease expenses exceeding $50 million per year. The stores vary in size from 2,000 sq. ft. to superstore proportions of 50,000 sq. ft. The stores are spread across more than thirty-four states and Puerto Rico. Notably, 85% of marinas fall within approximately thirty minutes of West Marine's overall trade area.

E. The Debtors' Prepetition Capital Structure.

As of the Petition Date, the Debtors have approximately $549.2 million total outstanding debt obligations. The relative amounts and priorities of each debt obligation set forth herein are as follows:

DEBTOR FINANCING FACILITIES			
Secured Debt			
Facility	**Tranche**	**Maturity**	**Amount Outstanding**
Prepetition ABL Facility	N/A	May 1, 2028	$118.9 million
Prepetition FILO Facility	N/A	May 1, 2028	$59.2 million
Term Loan Facility	Tranche A	June 13, 2028	$251.2 million

	Tranche B	June 13, 2028	
	Tranche C	September 12, 2028	
Unsecured Debt			
Unsecured Trade and Lease Obligations			$119.9 million
Total Outstanding Obligations:			**$549.2 million**

1. ***Secured Debtor Financing Facilities***

(a) The ABL Facility and the FILO Facility.

The Debtors are obligors under that certain credit agreement dated as of May 1, 2024 (as amended by that certain Amendment No. 1 to ABL Credit Agreement, dated as of September 25, 2024, that certain Amendment No. 2 to ABL Credit Agreement, dated as of February 5, 2025, that certain Amendment No. 3 to ABL Credit Agreement, dated as of July 16, 2025, that certain Amendment No. 4 to ABL Credit Agreement, dated as of August 14, 2025, that certain Amendment No. 5 to ABL Credit Agreement and Amendment No. 1 to Amended and Restated Agreement Among Lenders, dated as of September 19, 2025, that certain Amendment No. 6 to ABL Credit Agreement, dated as of October 27, 2025, and that certain Amendment No. 7 to ABL Credit Agreement, dated as of December 30, 2025, and as may otherwise be further amended, restated, amended and restated, supplemented, or otherwise modified from time to time, the "Prepetition ABL Credit Agreement") by and between Rising Tide Holdings Inc., a Delaware corporation ("Rising Tide Holdings") as borrower, Marine One Parent, Inc., a Delaware corporation ("Marine One Parent"), as holdings, the revolving lenders party thereto from time to time (the "Revolving Lenders"), the Prepetition FILO lenders party thereto from time to time (the "Prepetition FILO Lenders"), Eclipse Business Capital LLC as administrative and collateral agent (in such capacities, the "Prepetition ABL Agent"), and Eclipse as the agent for the Prepetition FILO Lenders (the "Prepetition FILO Agent"). The Prepetition ABL Credit Agreement provides a revolving facility of up to $165 million (the "Prepetition ABL Facility") and "first in, last out" term loan commitments of $45 million (the "Prepetition FILO Facility," and together with the Prepetition ABL Facility, the "Prepetition ABL and FILO Facilities"). The Prepetition FILO Facility is comprised of (i) $20 million of commitments made at the closing date (the "Closing Date FILO Commitments"), (ii) $15 million of commitments made in connection with a subsequent Amendment No. 5 to the Prepetition FILO Facility (the "Amendment No. 5 FILO Commitments"), and (iii) $10 million of commitments made in connection with a subsequent Amendment No. 7 to the Prepetition FILO Facility (the "Amendment No. 7 FILO Commitments").

The loans extended under the Prepetition ABL Facility accrue interest at a rate of Adjusted Term SOFR (as defined therein) plus 4.75%, payable in cash on each interest payment date. The loans extended under the Closing Date FILO Commitments accrue interest at a rate of Adjusted Term SOFR plus 8.75%, payable in cash on each payment date, plus a fixed rate of 20.00% per annum, payable in kind and to be capitalized on the outstanding principal amount (which capitalization of accrued interest commenced October 1, 2025), in each case, on each interest payment date. The loans extended under the Amendment No. 5 FILO Commitments accrue interest at a fixed rate of 30.00% per annum, payable in kind and to be capitalized on the outstanding principal amount (which capitalization of accrued interest commenced October 1, 2025) on each interest payment date. The loans extended under the Amendment No. 7 FILO Commitments accrue interest at a fixed rate of 30.00% per annum, payable in kind and to be capitalized on the outstanding principal amount (which capitalization of accrued interest commenced January 1, 2026) on each interest payment date.

As of the Petition Date, $118.9 million in unpaid principal remains outstanding under the Prepetition ABL Facility and $59.2 million in unpaid principal remains outstanding under the Prepetition FILO Facility.

The Prepetition ABL and FILO Facilities are secured on a crossing-lien first priority basis (subject to customary exceptions) on substantially all of Rising Tide Holdings' assets, subject to certain limitations and exclusions. Pursuant to that certain Amended and Restated ABL Intercreditor Agreement, dated as of September 25, 2024 (the "ABL Intercreditor Agreement"), the Prepetition ABL and FILO Facilities are senior in priority to the Term Loan Facility with respect to the ABL Priority Collateral (as defined therein), and the Term Loan Facility is senior in priority to the Prepetition ABL and FILO Facilities over the Term Loan Priority Collateral (as defined therein).

The Prepetition FILO Facility is junior (in both right of security and of payment) to the Prepetition ABL Facility. Pursuant to that certain Amendment No. 1 to the Amended and Restated Agreement Among Lenders, dated as of September 19, 2025 (the "Agreement Among Lenders"), among the Prepetition ABL Agent and the Prepetition FILO Agent, the Prepetition ABL Facility is senior in right of payment to the Prepetition FILO Facility and in security over the ABL Priority Collateral.

The total amount available to be drawn under the Prepetition ABL Facility is equal to the lesser of (i) the revolving commitments under the Prepetition ABL Facility and (ii) the Borrowing Base (as defined in the Prepetition ABL Credit Agreement). The total amount available under the Prepetition FILO Facility is equal to the lesser of (i) the FILO commitments under the Prepetition FILO Facility and (ii) the FILO Borrowing Base (as defined in the Prepetition ABL Credit Agreement).

(b) The Term Loan Facility.

The Debtors are obligors under that certain prepetition Term Loan Credit Agreement, dated as of September 25, 2025 (as amended by that certain Amendment No. 1 to Term Loan Credit Agreement, dated as of December 30, 2025, the "Term Loan Credit Agreement") by and among Rising Tide Holdings as borrower, Marine One Parent, as holdings, Wilmington Savings Fund Society, FSB as administrative and collateral agent (in such capacities, the "Term Loan Agent"), the guarantors that are parties thereto from time to time, and the lenders that are parties thereto from time to time (the "Term Loan Lenders"). Under the Term Loan Credit Agreement, the Term Loan Lenders (i) extended tranche A term loans with an initial aggregate principal amount of $60,000,000 (the "Tranche A Term Loans"), (ii) exchanged term loans from an existing term loan facility into tranche B term loans with an initial aggregate principal amount of $146,820,606.51 (the "Tranche B Term Loans"), and (iii) exchanged term loans from an existing term loan facility into tranche C term loans with an initial aggregate principal amount of $700,875.68 (the "Tranche C Term Loans" and collectively with the Tranche A Term Loans, and the Tranche B Term Loans the "Term Loan Facility"). The Tranche A Term Loans and Tranche B Term Loans mature on June 13, 2028, and the Tranche C Term Loans mature on September 12, 2028.

The Tranche A Term Loans accrue interest at a fixed rate of 15.00% per annum, payable in cash or payable in kind (at the borrower's election), in each case, on each interest payment date. The Tranche B Term Loans accrue interest at a rate of 12.00% per annum, payable in cash or payable in kind (at the borrower's election), in each case, on each interest payment date. The Tranche C Term Loans accrue interest at a rate (a) prior to March 12, 2025, (i) at a rate of Term SOFR (as defined therein) plus 6.00% per annum payable in cash, or (ii) at a rate of Term SOFR plus 8.00% per annum if paid partially in cash and paid partially in kind, and (b) thereafter, at a rate of Term SOFR plus 7.00% per annum, in each case, on each interest payment date. As of the Petition Date, the outstanding principal amount under the Term Loan Facility is $251.2 million.

Obligations under the Term Loan Facility are secured by a first priority lien on substantially all of Rising Tide Holdings' and the guarantors' assets, subject to certain limitations and exclusions. Pursuant to the ABL Intercreditor Agreement, the Prepetition ABL and FILO Facilities are senior in priority to the Term Loan Facility over the ABL Priority Collateral (as defined therein), and the Term Loan Facility is senior in priority to the Prepetition ABL and FILO Facilities over the Term Loan Priority Collateral (as defined therein).

2. *Unsecured Trade and Lease Obligations*

As of the Petition Date, the Company has approximately $119.9 million of unpaid accounts payable to trade creditors and landlords. Additionally, the Company is obligated to make approximately $166.7 million of future payments to landlords under its approximately 200 unexpired leases.

VI. EVENTS LEADING TO THE DEBTORS' FINANCIAL DIFFICULTIES AND COMMENCEMENT OF THE CHAPTER 11 CASES

A. Business Challenges.

1. *Macroeconomic Volatility.*

(a) Inclement Weather in Key Markets.

West Marine has faced substantial challenges as a result of unpredictable inclement weather patterns in key markets. Boating is, by its very nature, a weather-dependent activity, and the Company's financial performance is directly correlated to the number of days customers are able to safely use their vessels. In recent years, the frequency and intensity of extreme weather events—including hurricanes, tropical storms, prolonged heat advisories, and unusual cold temperatures—have materially reduced the number of usable boating days in core markets. These unpredictable and severe weather patterns have driven down new boat sales and, in turn, sales of boating-related products and accessories. Moreover, fewer boating days means less wear-and-tear on vessels, increasing the time between regular boat servicing and decreasing revenue tied to boat repairs and maintenance.

Compounding this dynamic, extreme weather disruptions often strike hardest during the peak summer selling season, which is the period in which the Company is most dependent on the ability to generate the cash flow necessary to fund its operations throughout the rest of the year. Such timing magnifies the financial impact of any weather-related slowdown beyond what otherwise might be expected.

(b) Declines in Consumer Discretionary Spending and Elevated Inflation Rates.

Several factors have contributed to the lingering decline in both retail and eCommerce sales post-COVID-19, including economic uncertainty and inflation, reduced consumer confidence, and changing spending priorities. The combination of economic uncertainty and reduced consumer confidence has resulted in consumers prioritizing essential expenses and adopting a more cautious approach to non-essential purchases. This led to less demand for boating the accessories and lifestyle recreation products that the Company sells. Additionally, during the boating boom of the pandemic, a significant number of boating consumers invested in discretionary boating accessories and recreational equipment, so the demand for these categories of products has declined as these same customers now typically only purchase maintenance-level boat supplies. Moreover, given the longstanding impacts of the post-COVID-19 economy, consumers have been shifting their priorities and spending habits, which has translated to declining Company sales. For example, in 2025, retail sales for new powerboat units were down approximately 8% to 10% on average.

In addition to declines in consumer discretionary spending, the boating, marine, and outdoor recreation sector more generally continues to struggle in 2026. This is largely due to significantly elevated diesel prices, inflationary conditions, and global supply chain hardships, all of which played a role in necessitating the 2023 Transactions and have not abated ever since. Additionally, the Debtors' business has been significantly affected by changes in the tariff landscape. The imposition of reciprocal tariffs, despite some recent easing, has further increased the cost of imported goods across a broad range of countries. Like many retail businesses, the volatile tariff environment has compressed margins and created a challenging and uncertain operating environment for the Debtors.

2. *Overexpanded Retail Portfolio.*

Over the years, West Marine expanded aggressively, accumulating a network of approximately 200 retail locations. The aggregate lease and operating costs of such locations offset or significantly depleted the revenue those stores were capable of generating in an environment of declining consumer discretionary spending and broader macroeconomic headwinds. Many of the Debtors' stores are burdened by undesirable locations, onerous lease terms negotiated during more favorable economic conditions, and limited flexibility for early termination, leaving the Debtors with little ability to right-size their portfolio outside of a court-supervised process. The fixed costs associated with maintaining this excess retail presence—including rent, utilities, and allocated overhead—have consistently consumed a disproportionate share of the Debtors' operating cash flow, eroding margins and preventing the business from investing in the operational improvements necessary to restore long-term profitability. The Company pays over $50 million of rent per year. The commencement of the Chapter 11 Cases provides the Debtors with the tools necessary to renegotiate or rationalize their store portfolio, reject burdensome leases, and emerge with a footprint aligned to current market realities.

3. *Operational Issues.*

In 2022, the Company's in-stock levels were in the high 80% range, which for retail, is suboptimal. The Company struggled to get the right products on the shelves, and the product mix that was in stock was not tailored to West Marine's core boating customers. The inability to secure and stock the right products was largely due to inefficiencies at the Company's largest distribution center. The distribution center's stale technology for tracking inventory and lack of human infrastructure led to breakdowns in communication between the different segments of West Marine's business. For example, a customer would purchase an item online when the distribution center did not actually have stock of the item purchased. An unreliable distribution center also resulted in greater lag times with respect to getting a product from the distribution center to the stores—the Company could not stock the right products on the shelves quickly enough to satisfy consumer demand.

To date, the Company has continued to struggle with elevated inventory levels, which is a direct consequence of the pandemic-era demand surge that led retailers across the marine industry to dramatically overbuy product in discretionary categories, which have since been among the categories most impacted by the downturn in discretionary spending. As consumer discretionary spending has continued to contract, the Company is sitting on excess inventory that it cannot simply sell through, eroding profitability and putting additional strain on an already challenging financial position.

The Company's management focused on addressing the Company's operational issues post the 2023 Transactions, but despite some success in improving operations at its distribution centers, the macroeconomic issues continued to hinder the Company's ability to rebound. As a result, the Company's attempts to address these operational issues were not enough to overcome the macroeconomic volatility and overleveraged balance sheet.

B. The Company's Prepetition Initiatives.

1. *The March 2023 Transaction.*

In March 2023, West Marine underwent a complete recapitalization of the business with the overwhelming support of its then-existing lenders and equity sponsor (the "March 2023 Transaction").

The March 2023 Transaction was effectuated through multiple exchange offers to the Company's then-existing first and second lien lenders. Specifically, West Marine's then existing first lien lenders were able to exchange a portion of their term loans into a new super-senior tranche (the "1A Term Loan"), which would be senior to the existing first lien term loans. The existing second lien lenders were able to: (a) exchange up to $60 million of their loans, in the aggregate, into a new tranche (the "1B Term Loan"), which was junior to the 1A Term Loan but senior to any portion of the existing first lien term loan that did not participate in the exchange, and (b) exchange any amount in excess of $60 million into a new second lien tranche (the "2A Term Loan"), which was junior to the 1B Term Loan and senior to any portion of the existing second lien term loan that did not participate in the exchange. One hundred percent of the then-existing first lien and second lien lenders consented to the exchange.

Additionally, the Company's ABL credit facility was amended to add a new FILO facility. Through these transactions, West Marine received approximately $150 million of new money as it entered into the spring boating season, which typically is a significant cash-flow generating period for the Company.

2. *The September 2023 Transaction.*

Approximately six months after closing the March 2023 Transaction, which was intended to provide West Marine with sufficient liquidity heading into the critical spring and summer boating seasons, the Company found itself back at the negotiating table in need of additional liquidity and debt relief. Despite the fresh capital from the March 2023 Transaction, operations continued to struggle as consumers pulled back on discretionary spending, leaving West Marine unable to generate the cash flow needed to service its heavily leveraged balance sheet. While the March 2023 Transaction extended runway, it did not address the Company's debt burden, which had grown to approximately $800 million in funded debt.

In September 2023, the Company and its advisors again engaged in extensive, good-faith negotiations with its existing lenders and the equity sponsor regarding the terms of a consensual out-of-court restructuring to address the Company's burdensome funded debt obligations. Those discussions focused on a transaction that would deleverage the Company's balance sheet and provide additional new money capital to support and stabilize the Company's operations. Ultimately, West Marine consummated a comprehensive restructuring of its capital structure through an out of court restructuring, whereby approximately $660 million of the Company's funded debt obligations were exchanged and converted as follows: (a) holders of 1A Term Loan claims received their pro rata share of 10% of newly issued common stock of the Company, subject to dilution by a management incentive plan; and (b) holders of 1B Term Loan claims and holders of 2A Term Loan claims received their pro rata share of newly issued warrants in the Company. Concurrently, $125 million of new capital was provided by the equity sponsor and a subset of the Company's then-existing lenders (collectively, the "September 2023 Transaction," and together with the March 2023 Transaction, the "2023 Transactions"). The equity sponsor contributed approximately two-thirds of the new money in exchange for approximately 33% of the Company's newly issued common stock and retained control of the business. The September 2023 Transaction was supported by the equity sponsor and 100% of the holders of the Company's then-existing funded debt obligations.

The September 2023 Transaction substantially deleveraged the Company's balance sheet, extended the Company's runway, and was intended to position the Company for long-term growth. Despite the Company's best efforts, however, the benefits of the September 2023 Transaction were insufficient to offset the headwinds that followed.

C. The Prepetition Marketing Process, the RSA, and the Path Forward in Chapter 11.

1. *The Prepetition Marketing Process.*

The Company, with the assistance of Portage Point, has launched a marketing process to engage potential interested parties regarding a sale of all or substantially all of the Company's assets. Prior to the commencement of these Chapter 11 Cases, Portage Point developed a confidential information memorandum and began contacting various potential buyers. Now that the Company's chapter 11 process is public and the Debtors are seeking approval of Bidding Procedures to continue conducting its marketing process on a postpetition basis, the Debtors, with the assistance of Portage Point, are eager to engage with any party interested in participating in the Debtors' proposed sale process, within the confines of the proposed Bidding Procedures.

2. *Enhanced Corporate Governance.*

In connection with its evaluation of strategic alternatives and in consultation with its Advisors, West Marine proactively evaluated its existing corporate governance infrastructure. The Company determined that it was advisable and in the best interests of the Company and its stakeholders to form an independent special committee, comprised of their current disinterested directors, and delegate certain authority in connection therewith.

On April 13, 2026, the Company established special committees of the boards of directors of Marine One Parent, Inc. and each of its subsidiaries (each, a "Special Committee," and collectively, the "Special Committees") comprised of the existing disinterested directors, Matthew Kahn and Hugh Charvat, and delegated binding authority to the Special Committees to, among other things: (a) investigate and determine whether a conflict of interest exists or is reasonably likely to exist between the Debtors, on the one hand, any of the Debtors' current or former managers, officers, committee members, direct and indirect equity holders, successors, assigns, subsidiaries, creditors, or affiliates, among others, on the other hand (the "Conflict Matters"); and (b) take any action with respect to any Conflicts Matters, including the investigation, release, or settlement of potential claims or causes of action and make any decision regarding all or part of any transaction that constitutes (in whole or in part) a Conflict Matter.

3. *Entry Into the RSA.*

Following arm's-length negotiations between the Company and its Consenting Stakeholders regarding the optimal path forward for the Company, on May 17, 2026, the Company and the Consenting Stakeholders entered into the RSA.

The RSA carries overwhelming support from every funded debt constituency, meaningfully deleverages the Company's balance sheet, and contemplates access to Exit Facilities in the event of the Recapitalization Transaction to support the Company's go-forward business after emergence from these Chapter 11 Cases.

The deleveraging and liquidity-enhancing Restructuring Transactions set forth in the RSA represent a value-maximizing path forward. Consummation of the Restructuring Transactions will position the Debtors to capitalize on their core strengths—and core products—to achieve long-term success. The Restructuring Transactions contemplated under the RSA are in the best interests of the Debtors' estates and represent the best available alternative at this time.

(a) Proposed Timeline for These Chapter 11 Cases.

Under the RSA, the Debtors agreed to certain milestones to ensure an orderly and timely implementation of the Restructuring Transactions. The Debtors' proposed timeline is designed to facilitate expedient confirmation of a plan of reorganization and emergence from these Chapter 11 Cases to mitigate uncertainty among employees, customers, landlords, and vendors, minimize disruptions to the Company's businesses, and curtail professional fees and administrative costs. The RSA milestones, which may be extended from time to time by the Debtors and the Consenting Stakeholders, are as follows:

~~Furthermore, pursuant to the milestones in the RSA, the Debtors must obtain confirmation of a plan of reorganization within eighty (80) days of the Petition Date. Accordingly, the Debtors have proposed the following key case dates, subject to Court approval and availability:~~

Target Date	Days from Petition Date	Case Milestones
May 17, 2026		Commencement of Chapter 11 Cases
May 22, 2026	5 days	Entry of an interim Cash Collateral Order
June 16, 2026	30 days	Obtained Binding Commitments for the Exit ABL Facility
June 21, 2026	35 days	~~Entry of a final Cash Collateral Order and competition~~Completion of the Independent Investigation
June 26, 2026	40 days	Bid Deadline
		Entry of the Disclosure Statement Order
June 29, 2026	43 days	Commencement of the Auction (if any)
July 1, 2026	45 days	If applicable, the Debtors and the Required Consenting Term Loan Lenders shall select a Successful Bid or determine to undertake the Recapitalization Transaction
July 16, 2026	60 days	Entry of a final Cash Collateral Order
August ~~5~~12, 2026	8~~0~~7 days	Entry of the Confirmation Order and any Sale Order, as applicable
August 20, 2026	95 days	Effective Date & any Sale Transaction shall have closed

VII. MATERIAL DEVELOPMENTS AND ANTICIPATED EVENTS OF THE CHAPTER 11 CASES AND PATH FORWARD IN CHAPTER 11

A. First Day Relief.

On the Petition Date, along with their voluntary petitions for relief under chapter 11 of the Bankruptcy Code (the "Petitions"), the Debtors Filed several motions (the "First Day Motions") designed to facilitate the administration of the Chapter 11 Cases and minimize disruption to the Debtors' operations, by, among other things, easing the strain on the Debtors' relationships with employees, vendors, and customers following the commencement of the Chapter 11 Cases. In May and June 2026, the Bankruptcy Court entered orders granting the First Day Motions on an interim and final basis, as specified below.

The First Day Motions, and all orders for relief entered in the Chapter 11 Cases, will be available free of charge upon written or other request to the Claims, Noticing, and Solicitation Agent by: (a) writing to West Marine Ballot Processing Center, c/o KCC dba Verita, 222 N. Pacific Coast Highway, Suite 300, El Segundo, CA 90245; (b) online inquiry at https://www.veritaglobal.net/westmarine/inquiry; or (c) calling the Debtors' restructuring hotline at (866) 967-1786 (U.S./Canada, toll-free) or +1 (310) 751-2686 (International, toll). You may also obtain copies of any pleadings filed in the Chapter 11 Cases via the Bankruptcy Court's website at http://www.deb.uscourts.gov (for a fee) upon filing.

B. ~~Retention Applications~~Operational Motions.

~~The Debtors have filed a retention application for Verita as Claims, Noticing, and Solicitation Agent and intend to File retention applications for various bankruptcy advisors, including K&E and YCST as co-restructuring counsel, FTI as restructuring advisor, Hilco as real estate advisor, and Portage Point as investment banker.~~

The Bankruptcy Court entered the following orders authorizing the Debtors to facilitate their operations in the ordinary course:

- **Cash Management Motion.** On May 19, 2026, the Bankruptcy Court entered an order [Docket No. 69] approving the *Debtors' Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Continue to Operate Their Cash Management System, (B) Honor Certain Prepetition Obligations Related Thereto, (C) Maintain Existing Business Forms, and (D) Perform Intercompany Transactions, and (E) Grant Administrative Expense Status to Postpetition Intercompany Claims; (II) Suspending the Time to Comply with 11 U.S.C. §345(b) and Waiving Certain Operating Guidelines; and (III) Granting Related Relief* [Docket No. 12] (the "Cash Management Motion") on an interim basis. On June 9, 2026, the Bankruptcy Court entered an order approving the Cash Management Motion on a final basis [Docket No. 204].

- **Wages Motion.** On May 19, 2026, the Bankruptcy Court entered an order [Docket No. 67] approving the *Debtors' Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Pay Prepetition Wages, Salaries, Other Compensation, and Reimbursable Expenses, (B) Continue Employee Benefits Programs; (C) Pay and Honor Workers' Compensation Obligations; (II) Authorizing Banks to Honor and Process Checks and Transfers Related to Such Obligations; and (III) Granting Related Relief* [Docket No. 9] (the "Wages Motion") on an interim basis. On June 9, 2026, the Bankruptcy Court entered an order approving the Wages Motion on a final basis [Docket No. 200].

- **Vendors Motion.** On May 19, 2026, the Bankruptcy Court entered an order [Docket No. 70] approving the *Debtors' Motion Seeking Entry of Interim and Final Orders (I) Authorizing Debtors to Pay Prepetition Claims of Certain Critical Vendors, 503(b)(9) Claimants, Lien Claimants, and HSE Suppliers, (II) Granting Administrative Expense Priority to All Undisputed Obligations on Account of Outstanding Orders, (III) Authorizing Banks to Honor and Process Checks and Transfers Related to Such Obligations, and (IV) Granting Related Relief* [Docket No. 11] (the "Vendors Motion") on an interim basis. On June 9, 2026, the Bankruptcy Court entered an order approving the Vendors Motion on a final basis [Docket No. 203] (the "Vendors Order"). Pursuant to the Vendors Motion, the Debtors sought authority to pay prepetition outstanding amounts of (a) $17,750,000 to Critical Vendors, (b)

$12,600,000 to 503(b)(9) Claimants, (c) $2,950,000 to Lien Claimants, and (d) $150,000 to HSE Suppliers (each as defined in the Vendors Motion). The Vendors Order, among other things (a) authorizes the Debtors to pay, in the ordinary course of business, prepetition amounts owing on account of Trade Claims (as defined in the Critical Vendors Order) in an aggregate amount of up to $33,450,000.00 and (b) grants administrative expense priority to all undisputed obligations on account of goods or services ordered by the Debtors prior to the Petition Date that will not be delivered until after the Petition Date and authorizes the Debtors to satisfy such obligations in the ordinary course of business. The Vendors Order also authorizes the Debtors to pay, in the ordinary course of business, prepetition amounts owed on account of certain inventory, goods, and materials received in the twenty-day period immediately preceding the Petition Date, which claims may be entitled to administrative expense priority pursuant to section 503(b)(9) of the Bankruptcy Code ("503(b)(9) Claims"). The Debtors are authorized to pay and discharge 503(b)(9) Claims on a case-by-case basis, as determined by the Debtors in their reasonable business judgment.

- **Customer Programs Motion.** On May 19, 2026, the Bankruptcy Court entered an order [Docket No. 62] approving the *Debtors' Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Maintain and Administer their Customer Programs and (B) Honor Certain Prepetition Obligations Related Thereto; (II) Authorizing Banks to Honor and Process Checks and Transfers Related to Such Obligations; and (III) Granting Related Relief* [Docket No. 4] (the "Customer Programs Motion") on an interim basis. On June 9, 2026, the Bankruptcy Court entered an order approving the Customer Programs Motion on a final basis [Docket No. 195].

- **Insurance Motion.** On May 19, 2026, the Bankruptcy Court entered an order [Docket No. 63] approving the *Debtors' Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Maintain Insurance, Surety Coverage, and Letters of Credit Entered into Prepetition and Pay Related Prepetition Obligations, and (B) Renew, Supplement, Modify, or Purchase Insurance, Surety Coverage, and Letters of Credit; (II) Authorizing Banks to Honor and Process Checks and Transfers Related to Such Obligations; and (III) Granting Related Relief* [Docket No. 5] (the "Insurance Motion") on an interim basis. On June 9, 2026, the Bankruptcy Court entered an order approving the Insurance Motion on a final basis [Docket No. 196].

- **Utilities Motion.** On May 19, 2026, the Bankruptcy Court entered an order [Docket No. 65] approving the *Debtors' Motion for Entry of Interim and Final Orders (I) Determining Adequate Assurance of Payment for Future Utility Services, (II) Prohibiting Utility Providers from Altering, Refusing, or Discontinuing Services, (III) Approving Debtors' Proposed Procedures for Resolving Adequate Assurance Requests, and (IV) Granting Related Relief* [Docket No. 7] (the "Utilities Motion") on an interim basis. On June 9, 2026, the Bankruptcy Court entered an order approving the Utilities Motion on a final basis [Docket No. 206].

- **Taxes Motion.** On May 19, 2026, the Bankruptcy Court entered an order [Docket No. 64] approving the *Debtors' Motion for Entry of Interim and Final Orders (I) Authorizing the Payment of Certain Prepetition and Postpetition Taxes and Fees; (II) Authorizing Banks to Honor and Process Checks and Transfers Related to Such Obligations; and (III) Granting Related Relie*f [Docket No. 6] (the "Taxes Motion") on an interim basis. On June 9, 2026, the Bankruptcy Court entered an order approving the Taxes Motion on a final basis [Docket No. 197].

C. Administrative Motions.

In addition to the operational motions above, the Bankruptcy Court entered the following orders authorizing the Debtors to facilitate their administration of these Chapter 11 Cases.

- **Joint Administration Motion.** On May 18, 2026, the Bankruptcy Court entered an order [Docket No. 43] approving the *Debtors' Motion for Entry of an Order (I) Directing Joint Administration of Chapter 11 Cases and (II) Granting Related Relief* [Docket No. 2] on a final basis.

- **Claims Agent Retention Application.** On May 19, 2026, the Bankruptcy Court entered an order [Docket No. 60] approving the *Debtors' Application for Entry of an Order (I) Authorizing the Debtors to Employ and Retain Kurtzman Carson Consultants, LLC DBA Verita Global as Claims and Noticing Agent Effective as of the Petition Date and (II) Granting Related Relief* [Docket No. 3] on a final basis.

- **Creditor Matrix Motion.** On May 19, 2026, the Bankruptcy Court entered an order [Docket No. 68] approving the *Debtors' Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Redact Certain Confidential Information of Customers and (B) Redact Certain Personally Identifiable Information of Individuals, (II) Authorizing Electronic Noticing Procedures, and (III) Granting Related Relief* [Docket No. 10] (the "Creditor Matrix Motion") on an interim basis. On June 9, 2026, the Bankruptcy Court entered an order approving the Creditor Matrix Motion on a final basis [Docket No. 202].

- **NOL Motion.** On May 19, 2026, the Bankruptcy Court entered an order [Docket No. 75] approving the *Debtors' Motion for Entry of Interim and Final Orders (I) Approving Notification and Hearing Procedures for Certain Transfers of and Declarations of Worthlessness with Respect to Common Stock and (II) Granting Related Relief* [Docket No. 8] (the "NOL Motion") on an interim basis. On June 9, 2026, the Bankruptcy Court entered an order approving the NOL Motion on a final basis [Docket No. 208].

D. ~~C.~~ Use of Cash Collateral.

As of the Petition Date, the Debtors had approximately $21.5 million cash on hand. Cash Collateral provides critical liquidity to meet immediate operational needs and smoothly transition into chapter 11. The Debtors, with the assistance of their relevant Advisors, analyzed their projected cash needs and prepared a 13-week cash flow forecast (the "Budget") for the use of Cash Collateral during the Chapter 11 Cases. Considerations underlying the Budget relate to forecasts of amounts needed to administer these Chapter 11 Cases, satisfy employee and trade payable obligations, and maximize the value of their estates. The Debtors engaged in good-faith negotiations with the Consenting Stakeholders over the terms of the Interim Cash Collateral Order and Final Cash Collateral Order.

In light of those negotiations, on the Petition Date, the Debtors Filed the *Debtors' Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Use Cash Collateral, and (B) Grant Liens and Provide Superpriority Administrative Expense Claims, (II) Granting Adequate Protection to Certain Prepetition Secured Parties, (III) Modifying the Automatic Stay, (IV) Scheduling a Final Hearing, and (V) Granting Related Relief* [Docket No. 13]. On May 19, 2025, the Bankruptcy Court entered the *Interim Order (I) Authorizing the Debtors to (A) Use Cash Collateral, and (B) Grant Liens and Provide Superpriority Administrative Expense Claims, (II) Granting Adequate Protection to Certain Prepetition Secured Parties, (III) Modifying the Automatic Stay, (IV) Scheduling a Final Hearing, and (V) Granting Related Relief* [Docket No. 71] (the "Interim Cash Collateral Order"). Pursuant to the

Interim Cash Collateral Order, the Bankruptcy Court authorized the Debtors' use of cash collateral post-petition on an interim basis.

Following entry of the Interim Cash Collateral Order, the Debtors received formal and informal objections to approval of the Cash Collateral Motion on a final basis (such order, the "Final Cash Collateral Order") from various parties, including the Creditors' Committee and certain landlords. *See* [Docket Nos. 230, 232, 233] (collectively, the "Cash Collateral Objections"). The Creditors' Committee's objection alleges, among other things, that (i) the lenders are receiving an excessive adequate protection package, (ii) liens on previously unencumbered assets should be limited; (iii) the 506(c), 552(b) and marshaling waivers should be limited; and (iv) stub rent and 503(b)(9) claims should be paid promptly or reserved. The Debtors disagree with the Creditors' Committee's positions.

On June 16, 2026, the Debtors filed a *Notice of Amended Agenda of Matters Scheduled for Hearing on June 18, 2026, at 1:00 P.M. (ET)* [Docket No. 263], adjourning the hearing on the Final Cash Collateral Order to June 24, 2026. The Debtors further adjourned the hearing on the Final Cash Collateral Order to allow time to continue working with the Creditors' Committee to resolve the outstanding issues raised in the Cash Collateral Objections. If the Debtors are unable to reach a consensual resolution with the Creditors' Committee, the Debtors will continue to pursue entry of the Final Cash Collateral Order. The Debtors believe the Creditors' Committee's objection lacks merit and intend to meet their burden at a hearing on the Final Cash Collateral Order that the Final Cash Collateral Order is appropriate under the circumstances and should be approved on a final basis. If the Court does not approve the Final Cash Collateral Order, the consensual use of Cash Collateral may be terminated.

E. ~~D.~~ The Bidding Procedures.[~~7~~8]

On May 18, 2026, the Debtors Filed the *Debtors' Motion for Entry of an Order (I)(A) Approving Bidding Procedures, (B) Authorizing the Debtors to Enter Into One or More Stalking Horse Purchase Agreements and Provide Bid Protections, (C) Scheduling an Auction and Approving the Form and Manner of Notice Thereof, (D) Approving Assumption and Assignment Procedures, and (E) Scheduling a Sale Hearing and Approving the Form and Manner of Notice Thereof, (II)(A) Approving the Sale of the Debtors' Assets Free and Clear of Liens, Claims, Interests, and Encumbrances and (B) Approving the Assumption and Assignment of Executory Contracts and Unexpired Leases, and (III) Granting Related Relief*~~, filed contemporaneously herewith~~ [Docket No. 49] (the "Bidding Procedures Motion"). ~~The proposed~~

The Debtors received several formal and informal objections to the Bidding Procedures, including from the Creditors' Committee, the U.S. Trustee, and certain landlords. *See* [Docket No. 168] (the "Bidding Procedures Objection"). The Creditors' Committee alleged, among other things, that (i) the timing of the Sale Transaction Objection Deadline improperly truncates the Creditors' Committee's challenge deadline with respect to the Final Cash Collateral Order; (ii) the Consenting Term Loan Lenders should not hold veto rights regarding the selection of any Stalking Horse Bid, Qualified Bid, or any other bid; (iii) a bidder's right to credit bid should be subject to the Creditors' Committee's challenge rights; and (iv) the deadlines for the Debtors to assume executory contracts, file the Cure Notice, and provide adequate protection of future performance to contract counterparties do not give counterparties sufficient time to review and assert any objections. As set forth in detail in the Bidding Procedures Reply, the Debtors believe that the arguments in the objection lack merit because, among other things (i) the Debtors' two phase marketing process, both prepetition and postpetition, have been robust and (ii) the Debtors' sale timeline is reasonable in light of these Chapter 11 Cases and will achieve

[~~7~~8] Capitalized terms used but not defined in this section shall have the meanings set forth in the Bidding Procedures Motion (as defined below).

the highest or otherwise best offer for the Debtors' assets under the circumstances. *See* [Docket No. 219]. Prior to the hearing on the Bidding Procedures Motion, the Debtors and the Creditors' Committee worked to resolve the concerns raised in the Bidding Procedures Objection. The Debtors filed a revised proposed form of order reflecting the consensus reached between the Debtors and the Creditors' Committee. On June 10, 2026, the Bankruptcy Court entered an order approving the Bidding Procedures Motion [Docket No. 225].

The Bidding Procedures will help facilitate the bidding process by establishing procedures, which are similar to those that would govern a traditional sale process outside the chapter 11 context and approving certain expenses to facilitate the marketing of the Debtors' Assets. The Debtors and their other stakeholders believe such procedures provide transparency to creditors and the Court and will provide certainty to participants and the market as to the deadlines and requirements of the process. The Court has approved the following key dates and deadlines:

Event or Deadline	**Date and Time** (all times in prevailing Eastern Time)
File and Serve Sale Notice	As soon as reasonably practicable, but no later than two (2) Business Days after entry of the Bidding Procedures Order
File and Serve Cure Notice	Five (5) Business Days after the entry of the Bidding Procedures Order
Bid Deadline	June 26, 2026, at 5:00 p.m.
Auction (if necessary)	June 29, 2026, at 10:00 a.m.
File and Serve Notice of Successful Bidder	As soon as reasonably practicable, but no later than forty-eight (48) hours after the Auction
Cure Notice and Adequate Assurance Objection Deadline	July 15, 2026, at 5:00 p.m.
Sale Transaction Objection Deadline	July 22, 2026, at 5:00 p.m.
Sale Hearing	August 3, 2026, at 10:00 a.m.

Since launching the marketing process, Portage Point has been in contact with a total of fifty-five prospective strategic and/or financial potential purchasers. Eighteen potential purchasers have executed confidentiality agreements and received access to further diligence information, including a confidential information presentation and access to a virtual data room. The Debtors' advisors are actively working with several additional contacted parties who have expressed interest to execute confidentiality agreements and to access further diligence. The Debtors have also received and evaluated one non-binding indication of interest from a potential purchaser. The indication of interest was not actionable in its current form; however, the Debtors continue to engage with all parties in interest. The Debtors' marketing process regarding a possible Sale Transaction designed to promote active bidding by interested parties and to achieve the highest or otherwise best offer for the Debtors' assets and provides interested parties with sufficient opportunity to participate.

F. Store and Lease Related Motions.

As discussed above and further in the First Day Declaration, a key component of the Company's prepetition and postpetition engagement revolved around the Debtors' ongoing effort to rationalize their retail store footprint. This effort entailed, among other things, the closure of certain underperforming stores (based on a comprehensive cost-benefit analysis with the assistance of outside advisors) with the goal of creating an efficient and profitable remaining store footprint.

On May 21, 2026, the Debtors filed the *Debtors' Motion for Entry of an Order (I) Authorizing the Debtors to Assume Consulting Agreement, (II) Authorizing Store Closing Sales at Certain Locations and Approving Related Procedures, (III) Authorizing Customary Compensation Enhancement, and (IV) Granting Related Relief* [Docket No. 80] (the "Store Closing Motion"). On June 1, 2026, the Debtors filed the *Notice of Filing Store Closing List* [Docket No. 110] to conduct initial store closings. On June 9, 2026, the Bankruptcy Court entered an order approving the Store Closing Motion on a final basis [Docket No. 207].

G. Appointment of the Creditors' Committee.

On May 29, 2026, the U.S. Trustee filed the *Notice of Appointment of Committee of Unsecured Creditors* [Docket No. 103] appointing the Official Committee of Unsecured Creditors (the "Creditors' Committee"). The Creditors' Committee is comprised of the following entities: (1) Realty Income Corporation; (2) Facility Solutions Group, Inc.; (3) Modern Recreational Technologies, Inc.; (4) East Penn Manufacturing Co.; (5) Virtual Supply, Inc.; (6) Lippert Components, Inc.; (7) Garmin USA, Inc.

On June 1, 2026, the Creditors' Committee selected Kelley Drye & Warren LLP as its lead counsel and, on June 2, 2026, selected Ice Miller LLP as its Delaware co-counsel and Province, Inc. as its financial advisor.

Shortly after the Creditors' Committee's appointment, the Debtors began actively engaging with the Creditors' Committee regarding the key components of these Chapter 11 Cases. Additionally, the Creditors' Committee is conducting its own ongoing investigation into potential claims and causes of action that may be held by the Debtors and the propriety of the releases to provided by the Debtors pursuant to the Plan. The Debtors provided the Creditors' Committee with access to a data room on June 9, 2026. At this stage, the Creditors' Committee has not completed its investigation and does not support the releases provided for in the Plan. The Creditors' Committee reserves its right to object to the releases in connection with confirmation of the Plan.

The Debtors believe that the releases and exculpations in the Plan are necessary and appropriate and meet the requisite legal standard promulgated by the United States Court of Appeals for the Third Circuit. Moreover, the Debtors will present evidence at the Confirmation Hearing to demonstrate the basis for and propriety of the release and exculpation provisions.

H. The Creditors' Committee's Investigation and View on the Releases

The Creditors' Committee has commenced its investigation, into, among other things, (i) the propriety of the liens and claims of the Revolving Lenders, Prepetition FILO Lenders, and the Term Loan Lenders; (ii) the events and transactions that precipitated the Chapter 11 Cases; and (iii) the conduct of the Debtors' directors, officers, and insiders with respect to the same (the "Prepetition Transactions").

On June 4, 2026, the Creditors' Committee informally requested documents from the Debtors and the Special Committee regarding the Prepetition Transactions. The Creditors' Committee requested responsive documents by June 12, 2026. On June 13, 2026, the Debtors and Creditors' Committee held a meet and confer.

As of June 15, 2026, the Debtors and the Special Committee had only produced approximately 235 responsive documents. Unless it receives the full cooperation of relevant parties and the full suite of responsive documents, the Creditors' Committee intends to seek production via Rule 2004 of the

Bankruptcy Rules and to depose the Debtors' officers and directors and relevant third parties with respect to the Prepetition Transactions.

The Creditors' Committee's investigation into colorable claims that may exist against the prepetition lenders, the Debtors' directors and officers, and other insiders has just begun. The Plan includes the Debtor Release by which the Debtors will release all claims against the Released Parties, including the prepetition lenders, current and former directors and officers, and all affiliates of the Released Parties.

The Creditors' Committee opposes the Debtor Release. The Creditors' Committee contends that the Disclosure Statement does not provide adequate disclosures on (i) the nature of the claims that may exist against the Released Parties, (ii) the potential value of those claims, and (iii) the consideration provided by each of the Released Parties in exchange, particularly with respect to former directors and officers who played no role in the post-petition process. Given the accelerated pace of these cases and the limited information provided to date, the Creditors' Committee contends that the Debtors have not met their burden to support the Debtor Releases under controlling law.

The foregoing was a statement from the Creditors' Committee regarding its investigation into potential challenges of the prepetition lenders' liens and claims pursuant to the Interim Cash Collateral Order and as it relates to the Debtors' proposed Debtor Release under the Plan. The Debtors disagree entirely with the merits of the Creditors' Committee's statement and its position on the releases provided for in the Plan, and the Debtors reserve all rights with respect to the Creditors' Committee's assertions below. The Debtors will continue to work with the Creditors' Committee on any reasonable requests in advance of the expiration of the challenge period and the Plan and Disclosure Statement Objection Deadline on August 3, 2026. *See* also Section VII.M which provides additional details on the Special Committee's investigation and their findings.

I. Retention of Professionals.

1. *Retention of Debtor Professionals.*

To assist the Debtors in carrying out their duties as debtors in possession and to otherwise represent the Debtors' interests in these Chapter 11 Cases, the Debtors filed the following applications requesting that the Bankruptcy Court authorize the Debtors to retain and employ advisors pursuant to sections 327, 328, and 363 of the Bankruptcy Code, as applicable:

- *Debtors' Application for Entry of an Order Authorizing the Retention and Employment of Kirkland & Ellis LLP and Kirkland & Ellis International LLP as Attorneys for the Debtors and Debtors in Possession Effective as of May 17, 2026* [Docket No. 236] filed on June 15, 2026 to retain Kirkland & Ellis LLP and Kirkland & Ellis International LLP as co-counsel;

- *Debtors' Application for an Order Authorizing the Retention and Employment of Young Conaway Stargatt & Taylor, LLP, as Co-Counsel for the Debtors, Effective as of the Petition Date* [Docket No. 238] filed on June 15, 2026 to retain Young Conaway Stargatt & Taylor, LLP as co-counsel;

- *Debtors' Application for Entry of an Order (I) Authorizing the Retention and Employment of Triple P Securities, LLC as Investment Banker for the Debtors, Effective as of the Petition Date, (II) Waiving Certain Time-Keeping Requirements, and (III) Granting Related Relief* [Docket No. 240] filed on June 15, 2026, to retain Triple P Securities, LLC as investment banker;

- *Debtors' Motion for Entry of an Order Pursuant to 11 U.S.C §§ 105(a) and 363(b) Authorizing the Debtors to (I) Retain FTI Consulting, Inc. to Provide the Debtors an Interim Vice President and Certain Additional Personnel and (II) Designate Amir Agam as Interim Vice President for the Debtors, Effective as of the Petition Date* [Docket No. 248] filed on June 15, 2026, to retain FTI Consulting, Inc. as restructuring advisor;

- *Debtors' Motion for Entry of an Order (I) Authorizing the Debtors to Employ and Retain Kurtzman Carson Consultants, LLC dba Verita Global as Claims and Noticing Agent Effective as of the Petition Date and (II) Granting Related Relief* [Docket No. 3] filed on May 17, 2026, to retain Kurtzman Carson Consultants, LLC dba Verita Global as claims and noticing agent, was approved by the Bankruptcy Court on May 19, 2026 [Docket No. 60];

- *Debtors' Application for Entry of an Order (I) Authorizing the Debtors to Employ and Retain Kurtzman Carson Consultants, LLC dba Verita Global as Administrative Advisor, Effective as of the Petition Date and (II) Granting Related relief* [Docket No. 246] filed on June 15, 2026, to retain Kurtzman Carson Consultants, LLC dba Verita Global as administrative advisor;

- *Debtors' Application for Entry of an Order (I) Authorizing the Retention and Employment of PwC US Tax LLP as Tax Services Provider to the Debtors Effective as of the Petition Date and (II) Granting Related Relief* [Docket No. 242] filed on June 15, 2026 to retain PwC US Tax LLP as tax advisory services; and

- *Debtors' Application for Entry of an Order (I) Authorizing the Retention and Employment of Hilco Real Estate, LLC as Real Estate Consultants and Advisors to the Debtors, Effective as of the Petition Date; (II) Waiving Certain Time-Keeping Requirements; and (III) Granting Related Relief* [Docket No. 244] filed on June 15, 2026 to retain Hilco Real Estates, LLC as real estate advisors.

2. *Retention of Ordinary Course Professionals.*

On June 10, 2026, the Debtors filed the *Debtors' Motion for Entry of an Order (I) Authorizing the Debtors to Retain and Compensate Professionals Utilized in the Ordinary Course of Business, (II) Establishing Procedures for Designating Such Professionals, (III) Waiving Certain Information Requirements of Local Rule 2016-1, and (IV) Granting Related Relief* [Docket No. 211] (the "Ordinary Course Professionals Motion"), seeking authorization to retain and compensate certain law firms, accountants, consultants, and other non-attorney professionals utilized in the ordinary course of business.

J. Bar Dates.

On May 18, 2026, the Debtors filed the *Debtors' Motion Seeking Entry of an Order (I) Setting Bar Dates for Filing Proofs of Claim, Including Requests for Payment Under Section 503(b)(9) of the Bankruptcy Code, (II) Establishing Amended Schedules Bar Date and Rejection Damages Bar Date, (III) Approving the Form of and Manner for Filing Proofs of Claim, Including Section 503(b)(9) Requests, and (IV) Approving Form and Manner of Notice Thereof* [Docket No. 50] (the "Bar Date Motion"). On June 9, 2026, the Bankruptcy Court entered an order approving the Bar Date Motion on a final basis and setting July 13, 2026, at 11:59 p.m., prevailing Eastern Time as the General Bar Date [Docket No. 205].

K. Disclosure Statement Objections.

On May 19, 2026, the Debtors filed the *Debtors' Motion for Entry of an Order (I) Conditionally Approving the Adequacy of the Disclosure Statement, (II) Approving the Solicitation and Voting*

Procedures with Respect to Confirmation of the Debtors' Joint Chapter 11 Plan, (III) Approving the Forms of Ballots and Notices in Connection Therewith, (IV) Scheduling a Combined Hearing and Setting Related Dates and Deadlines, and (V) Granting Related Relief [Docket No. 56] (the "Disclosure Statement Motion") seeking approval of this Disclosure Statement and authority to commence solicitation of the Debtors' Plan.

On June 9, 2026, the U.S. Trustee filed the *Objection of the United States Trustee to the Debtors' Motion for Entry of an Order (I) Conditionally Approving the Adequacy of the Disclosure Statement, (II), Approving the Solicitation and Voting Procedures With Respect to Confirmation of the Debtors' Joint Chapter 11 Plan, (III) Approving the Forms of Ballots and Notices in Connection Therewith, (IV) Scheduling a Combined Hearing and Setting Related Dates and Deadlines, and (V) Granting Related Relief* [Docket No. 209] (the "U.S. Trustee Disclosure Statement Objection"), asserting that the Plan contains impermissible non-consensual third-party releases.

On June 12, 2026, the Creditors' Committee filed the *Objection of the Official Committee of Unsecured Creditors to the Debtors' Motion for Entry of an Order (I) Conditionally Approving the Adequacy of the Disclosure Statement and (II) Approving the Solicitation and Voting Procedures with Respect to Confirmation of the Debtors' Joint Chapter 11 Plan* [Docket No. 231] (the "Committee Disclosure Statement Objection" and, together with the U.S. Trustee Disclosure Statement Objection, the "Disclosure Statement Objections"). The Creditors' Committee's objection contended that, among other things, the Disclosure Statement did not contain adequate information for creditors to cast informed votes. Additionally, the Creditors' Committee argued that the Committee should select the Plan Administrator if the Debtors pursue a Sale Transaction and liquidation of the remaining assets because, if a wind down occurs, the estates will be winding down for the benefit of unsecured creditors.

Prior to the hearing on the Disclosure Statement Motion, the Debtors worked closely with the Creditors' Committee and the U.S. Trustee to address the issues raised in the Disclosure Statement Objections and reached a consensual resolution. The Debtors have filed revised forms of this Disclosure Statement, the Conditional Disclosure Statement Order, and the Plan reflecting resolutions reached with the U.S. Trustee and the Creditors' Committee.

L. ~~E.~~ Proposed Confirmation Schedule.

Under the RSA, the Debtors agreed to certain case milestones to ensure an orderly and timely implementation of the Restructuring Transactions. It is imperative that the Debtors proceed swiftly to Confirmation of the Plan and emergence from these Chapter 11 Cases to mitigate uncertainty among employees, customers, and vendors, minimize disruptions to the Company's business, and curtail professional fees and administrative costs. Expeditious Confirmation of the Plan and Consummation of the Restructuring Transactions is in the best interests of the Debtors, their Estates, and their stakeholders. Pursuant to the agreed upon milestones, the Effective Date shall have occurred within ~~ninety-five~~ninety-five (95) calendar days of the Petition Date. Accordingly, the Debtors have proposed the following key case dates, subject to Court approval and availability:

Event	Date / Timing
Conditional Disclosure Statement Objection Deadline	~~[~~June 1~~]~~, 2026, at 4:00 p.m. (prevailing Eastern Time)
Voting Record Date	~~[~~June ~~4]~~22, 2026
Hearing on Conditional Approval of the Disclosure	June ~~11~~24, 2026, at ~~2~~1:00 p.m. (prevailing Eastern Time)

Statement	
Publication Date	Within two (2) Business Days following entry of the Order (or as soon as reasonably practicable thereafter)
Solicitation Commencement Deadline	~~[~~June ~~18]~~30, 2026~~ (or as soon as reasonably practicable thereafter)~~
Deadline to File Claims Objections for Plan Voting Purposes	July 17, 2026, at 4:00 p.m. (prevailing Eastern Time)
Plan Supplement Deadline	~~[~~July 21~~3]~~, 2026
~~Voting~~ Deadline to File 3018 Motions for Plan Voting Purposes	~~[~~July 2~~0~~4~~]~~, 2026, at 4:00 p.m. (prevailing Eastern Time)
Voting Deadline	July 31, 2026, at 4:00 p.m. (prevailing Eastern Time)
Plan and Disclosure Statement Objection Deadline	~~[July 20]~~August 3, 2026, 4:00 p.m. (prevailing Eastern Time)
Confirmation Brief and Plan Objection Reply Deadline	August 6, 2026
Deadline to File Voting Report	~~[July 27]~~August 6, 2026
Combined Hearing Date	~~[July 30]~~August 11, 2026, at ~~[●] [a/p].m~~10:00 a.m., prevailing Eastern Time (or such other time as the Debtors may be heard)

M. ~~F.~~ The Independent Investigation

~~Prior to the Petition Date, with the assistance of the Company's proposed co-counsel and conflicts counsel, YCST, the Special Committees began an initial assessment of (a) the existence of any potential claims or causes of action that the Debtors may hold relating to insiders and other affiliates entities; and (b) whether the Debtors should retain, release, or seek to settle any such potential claims or causes of action (the "Independent Investigation").~~

~~Since their appointment, the Special Committees have held meetings with the Advisors to analyze and discuss any potential Conflict Matters and the facts and circumstances surrounding potential claims and causes of action. The Special Committees, through counsel, have obtained access to a virtual data room, have continued to request and review material documents, and are conducting a comprehensive review of diligence materials that may be relevant to the Independent Investigation. As of the Petition Date, the Independent Investigation remains ongoing, and the Debtor releases contemplated in the Plan remain subject to the outcome of the Independent Investigation. To the extent the Special Committees' investigation does not support the Debtor releases contemplated under the RSA certain Consenting Stakeholders retain the right to terminate the RSA.~~

As described in Section VI.C.2 herein, prior to the Petition Date, the Boards established the Special Committee and delegated to it certain rights, authority, and powers in connection with Conflicts Matters. "Conflict Matters" include sole decision-making authority with respect to any matters in which a conflict of interest exists or is reasonably likely to exist (as determined by the Special Committee) between each Debtor, on the one hand, and any of its current and former directors, managers, officers, investment committee members, special or other committee members, equity holders (regardless of whether such interests are held directly or indirectly), affiliated investment funds or investment vehicles, managed accounts or funds, predecessors, participants, successors, assigns, subsidiaries, affiliates, partners, limited partners, general partners, principals, members, management companies, fund advisors or managers, employees, agents, trustees, advisory board members, financial advisors, attorneys (including any other attorneys or professionals retained by any current or former director or manager in his or her capacity as director or manager of an entity), accountants, investment bankers, consultants, representatives, and other professionals and advisors of such person or entity, and any such person's or entity's respective heirs, executors, estates, and nominees (each, a "Related Party"), on the other hand. As part of its delegated authority, the Special Committee was tasked with taking actions in connection with approval of the Plan and Restructuring Transactions, including, without limitation, the potential release or settlement of potential claims or causes of actions of the Debtors, if any, against the Related Parties. Young Conaway has advised the Special Committee with respect to the Conflict Matters.

Pursuant to its delegated authority, the Special Committee directed Young Conaway to represent and assist the Special Committee in connection with its independent investigation with respect to merits of potential claims that could be asserted by the Debtors' Estates against certain proposed released parties (the "Independent Investigation"). Throughout the course of the Special Committee's Independent Investigation, Young Conaway, at the direction of the Special Committee, submitted broad diligence requests to the Debtors, third parties, and the Debtors' advisors seeking documents and information relevant to the Independent Investigation.

Young Conaway has also been in regular communication with the Creditors' Committee since the Creditors' Committee's appointment, both to apprise the Creditors' Committee of the general scope and status of the Independent Investigation and to facilitate the Creditors' Committee's own investigation. These efforts have included providing non-privileged documents collected in the Independent Investigation and coordinating further document collection and information gathering efforts with the Creditors' Committee.

The scope of the Independent Investigation has encompassed, among other things, potential Claims and Causes of Action held by the Debtors' Estates including: (a) fraudulent transfer; (b) preference; (c) breach of fiduciary duty; (d) fraud; (e) recharacterization; and (f) equitable subordination. Since the Independent Investigation involves the investigation of claims that have not yet been asserted or identified, the Special Committee did not limit its analysis to the aforementioned claims and, in fact, reviewed any and all potential claims that could have merit throughout the course of the Independent Investigation. As a result, and for the avoidance of doubt, the Independent Investigation encompassed all potential Claims and Causes of Action held by the Debtors' Estates. Young Conaway also analyzed certain defenses with respect to the foregoing.

Young Conaway has regularly provided updates and diligence to, and received direction from, the Special Committee at all times during and with respect to the Independent Investigation. After thorough and robust investigation, Young Conaway presented its analysis to the Special Committee as part of the Independent Investigation. In consultation with Young Conaway, the Special Committee has not identified any viable causes of action held by the Debtors' Estates against Released Parties that are worthy of pursuit during these Chapter 11 Cases. Therefore, the Special Committee has concluded that the releases and exculpation provisions of the Plan are appropriate and should be approved in the context of the terms of the Plan. The Debtors will be prepared to establish their burden of proof that the releases are reasonable and appropriate at the Combined Hearing.

The foregoing was a summary from the Special Committee regarding its investigation into potential claims and causes of action against the parties to be released under the Plan. The Creditors' Committee disagrees entirely with the merits of the Special Committee's summary and its position on the Debtors' Releases provided for in the Plan, and the Creditors' Committee

reserves all rights to challenge the Special Committee's assertions. *See* also Section VII.H which provides additional details on the Creditors' Committee's investigation and its view on the releases.

N. Execution of the ABL Commitment Letter

On June 17, 2026, the Debtors and Eclipse entered into a commitment letter (the "Exit ABL Commitment Letter") for a $135 million Senior Secured Revolving Exit ABL Facility (the "Exit ABL Facility"). The Exit ABL Facility and the commitments thereunder will provide the Debtors with the liquidity needed to emerge from these Chapter 11 Cases as a healthier go-forward enterprise.

VIII. RISK FACTORS.

BEFORE TAKING ANY ACTION WITH RESPECT TO THE PLAN, HOLDERS OF CLAIMS AGAINST THE DEBTORS WHO ARE ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN SHOULD READ AND CONSIDER CAREFULLY THE RISK FACTORS SET FORTH BELOW, AS WELL AS THE OTHER INFORMATION SET FORTH IN THIS DISCLOSURE STATEMENT, THE PLAN, AND THE DOCUMENTS DELIVERED TOGETHER HEREWITH, REFERRED TO, OR INCORPORATED BY REFERENCE INTO THIS DISCLOSURE STATEMENT, INCLUDING OTHER DOCUMENTS FILED WITH THE BANKRUPTCY COURT IN THE CHAPTER 11 CASES. THE RISK FACTORS SHOULD NOT BE REGARDED AS CONSTITUTING THE ONLY RISKS PRESENT IN CONNECTION WITH THE DEBTORS' BUSINESSES OR THE RESTRUCTURING AND CONSUMMATION OF THE PLAN. EACH OF THE RISK FACTORS DISCUSSED IN THIS DISCLOSURE STATEMENT MAY APPLY EQUALLY TO THE DEBTORS AND THE REORGANIZED DEBTORS, AS APPLICABLE AND AS CONTEXT REQUIRES.

A. Certain Bankruptcy Law Considerations.

The occurrence or non-occurrence of any or all of the following contingencies, and any others, could affect distributions available to Holders of Allowed Claims under the Plan but will not necessarily affect the validity of the vote of the Impaired Classes to accept or reject the Plan or necessarily require a re-solicitation of the votes of Holders of Claims in such Impaired Classes.

1. *The Debtors Will Consider All Available Restructuring Alternatives if the Restructuring Transactions are not Implemented, and Such Alternatives May Result in Lower Recoveries for Holders of Claims Against and Interests in the Debtors.*

If the Restructuring Transactions are not implemented, the Debtors will consider all available restructuring alternatives, which may include the filing of an alternative chapter 11 plan, conversion to chapter 7, or any other transaction that would maximize the value of the Debtors' Estates. Any alternative restructuring proposal may be on terms less favorable to Holders of Claims against and Interests in the Debtors than the terms of the Plan as described in this Disclosure Statement.

Any material delay in the confirmation of the Plan, or the Chapter 11 Cases, or the threat of rejection of the Plan by the Bankruptcy Court, would add substantial expense and uncertainty to the process.

The uncertainty surrounding a prolonged restructuring could also have other adverse effects on the Debtors. For example, it could adversely affect:

- the Debtors' ability to raise additional capital;

- the Debtors' liquidity;
- how the Debtors' business is viewed by regulators, investors, lenders, and credit ratings agencies;
- the Debtors' enterprise value; and
- the Debtors' business relationship with customers and vendors.

2. *Parties in Interest May Object to the Plan's Classification of Claims and Interests.*

Section 1122 of the Bankruptcy Code provides that a plan may place a claim or an equity interest in a particular class only if such claim or equity interest is substantially similar to the other claims or equity interests in such class. The Debtors believe that the classification of the Claims and Interests under the Plan complies with the requirements set forth in the Bankruptcy Code because the Debtors created Classes of Claims and Interests, each encompassing Claims or Interests that are substantially similar to the other Claims or Interests, as applicable, in each such Class. Nevertheless, there can be no assurance that the Bankruptcy Court will reach the same conclusion.

3. *The Conditions Precedent to the Effective Date of the Plan May Not Occur.*

As more fully set forth in Article IX of the Plan, the Effective Date of the Plan is subject to a number of conditions precedent. If such conditions precedent are not met or waived, the Effective Date will not take place.

4. *Failure to Satisfy Vote Requirements.*

If votes are received in number and amount sufficient to enable the Bankruptcy Court to confirm the Plan, the Debtors intend to seek, as promptly as practicable thereafter, Confirmation of the Plan. In the event that sufficient votes are not received, the Debtors may seek to confirm an alternative chapter 11 plan or transaction. There can be no assurance that the terms of any such alternative chapter 11 plan or other transaction would be similar or as favorable to the Holders of Allowed Claims and Interests as those proposed in the Plan.

5. *The Debtors May Not Be Able to Secure Confirmation of the Plan.*

Section 1129 of the Bankruptcy Code sets forth the requirements for confirmation of a chapter 11 plan, and requires, among other things, a finding by the Bankruptcy Court that: (i) such plan "does not discriminate unfairly" and is "fair and equitable" with respect to any non-accepting classes; (ii) confirmation of such plan is not likely to be followed by a liquidation or a need for further financial reorganization unless such liquidation or reorganization is contemplated by the plan; and (iii) the value of distributions to non-accepting holders of Allowed claims or Allowed interests within a particular class under such plan will not be less than the value of distributions such holders would receive if the debtors were liquidated under chapter 7 of the Bankruptcy Code.

There can be no assurance that the requisite acceptances to confirm the Plan will be received. Even if the requisite acceptances are received, there can be no assurance that the Bankruptcy Court will confirm the Plan. A non-accepting Holder of an Allowed Claim or Allowed Interest might challenge either the adequacy of this Disclosure Statement or whether the balloting procedures and the voting results satisfy the requirements of the Bankruptcy Code or Bankruptcy Rules. Even if the Bankruptcy Court determines that this Disclosure Statement, the balloting procedures, and the voting results are appropriate, the Bankruptcy Court could still decline to confirm the Plan if it finds that any of the statutory requirements for Confirmation are not met.

In addition, at the outset of the Chapter 11 Cases, the Bankruptcy Code provides the Debtors with the exclusive right to propose the Plan and prohibits creditors and others from proposing a plan. The Debtors will have retained the exclusive right to propose the Plan upon filing their Petitions. If the Bankruptcy Court terminates that right, however, or the exclusivity period expires, there could be a material adverse effect on the Debtors' ability to achieve confirmation of the Plan in order to achieve the Debtors' stated goals.

If the Plan is not confirmed by the Bankruptcy Court, it is unclear what distributions, if any, Holders of Allowed Claims and Allowed Interests will receive with respect to their Allowed Claims and Allowed Interests. The Bankruptcy Court, as a court of equity, may exercise substantial discretion.

The Debtors reserve the right to modify the terms and conditions of the Plan as necessary for Confirmation. Any such modifications may result in a less favorable treatment of any non-accepting Class, as well as any Classes junior to such non-accepting Class, than the treatment currently provided in the Plan. Such less favorable treatment may include a distribution of property to the Class affected by the modification of a lesser value than currently provided in the Plan or no distribution of property whatsoever under the Plan.

6. *Nonconsensual Confirmation.*

In the event that any impaired class of claims or interests does not accept a chapter 11 plan, a bankruptcy court may nevertheless confirm a plan at the proponents' request if at least one impaired class (as defined under section 1124 of the Bankruptcy Code) 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 class(es). The Debtors believe that the Plan satisfies these requirements, and the Debtors may request such nonconsensual Confirmation in accordance with subsection 1129(b) of the Bankruptcy Code. Nevertheless, there can be no assurance that the Bankruptcy Court will reach the conclusion that the Plan satisfies the requirements of section 1129(b) of the Bankruptcy Code. In addition, the pursuit of nonconsensual Confirmation or Consummation of the Plan may result in, among other things, increased expenses relating to professional compensation.

7. *Even if the Restructuring Transactions are Successful, the Debtors Will Face Continued Risk Upon Confirmation.*

Even if the Plan is consummated, the Debtors will continue to face a number of risks, including certain risks that are beyond their control, such as further deterioration or other changes in economic conditions, changes in the industry, potential revaluing of their assets due to chapter 11 proceedings, changes in demand for the Debtors' products, and increasing expenses. *See* Article VIII.C of this Disclosure Statement, entitled "Risks Related to the Business Operations of the Debtors and Post-Effective Date Debtors." Some of these concerns and effects typically become more acute when a case under the Bankruptcy Code continues for a protracted period without indication of how or when the case may be completed. As a result of these risks and others, there is no guarantee that a chapter 11 plan of reorganization reflecting the Plan will achieve the Debtors' stated goals.

Furthermore, even if the Debtors' debts are reduced and/or discharged through the Plan, the Debtors may need to raise additional funds through public or private debt or equity financing or other various means to fund the Debtors' businesses after the completion of the proceedings related to the

Chapter 11 Cases. Adequate funds may not be available when needed or may not be available on favorable terms.

8. *The Chapter 11 Cases May Be Converted to Cases under Chapter 7 of the Bankruptcy Code.*

If the Bankruptcy Court finds that it could be in the best interest of creditors and/or the debtor in a chapter 11 case, the Bankruptcy Court may convert a chapter 11 bankruptcy case to a case under chapter 7 of the Bankruptcy Code. In such event, a chapter 7 trustee would be appointed or elected to liquidate the debtor's assets for distribution in accordance with the priorities established by the Bankruptcy Code. The Debtors believe that liquidation under chapter 7 could result in significantly smaller distributions being made to creditors than those provided for in a chapter11 plan because of (i) the likelihood that the assets would have to be sold or otherwise disposed of 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, (ii) additional administrative expenses involved in the appointment of a chapter 7 trustee, and (iii) additional expenses and Claims, some of which would be entitled to priority, that would be generated during the liquidation, including Claims resulting from the rejection of Unexpired Leases and other Executory Contracts in connection with cessation of operations.

9. *The Debtors May Object to the Amount or Classification of a Claim.*

Except as otherwise provided in the Plan, the Debtors reserve the right to object to the amount or classification of any Claim under the Plan. The estimates set forth in this Disclosure Statement cannot be relied upon by any Holder of a Claim where such Claim is subject to an objection. Any Holder of a Claim or Interest that is subject to an objection thus may not receive its expected share of the estimated distributions described in this Disclosure Statement.

10. *Risk of Non-Occurrence of the Effective Date.*

Although the Debtors believe that the Effective Date may occur quickly after the Confirmation Date, there can be no assurance as to such timing or as to whether the Effective Date will, in fact, occur.

11. *Contingencies Could Affect Votes of Impaired Classes to Accept or Reject the Plan.*

The distributions available to Holders of Allowed Claims under the Plan can be affected by a variety of contingencies, including, without limitation, whether the Bankruptcy Court orders certain Allowed Claims to be subordinated to other Allowed Claims. The occurrence of any and all such contingencies could affect distributions available to Holders of Allowed Claims under the Plan, will not affect the validity of the vote taken by the Impaired Classes to accept or reject the Plan or require any sort of revote by the Impaired Classes.

The estimated Claims and creditor recoveries set forth in this Disclosure Statement are based on various assumptions, and the actual Allowed amounts of Claims may significantly differ from the estimates. Should one or more of the underlying assumptions ultimately prove to be incorrect, the actual Allowed amounts of Claims may vary from the estimated Claims contained in this Disclosure Statement. Moreover, the Debtors cannot determine with any certainty at this time, the number or amount of Claims that will ultimately be Allowed. Such differences may materially and adversely affect, among other things, the percentage recoveries to Holders of Allowed Claims under the Plan.

12. *Releases, Injunctions, and Exculpations Provisions May Not Be Approved.*

Article VIII of the Plan provides for certain releases, injunctions, and exculpations, including a release of liens and third-party claims that may otherwise be asserted against the Debtors, Post-Effective

Date Debtors, or Released Parties, as applicable. The releases, injunctions, and exculpations provided in the Plan are subject to objection by parties in interest and may not be approved. If the releases are not approved, certain Released Parties may withdraw their support for the Plan.

The releases provided to the Released Parties and the exculpation provided to the Exculpated Parties are necessary to the success of the Debtors' reorganization because the Released Parties and Exculpated Parties have made significant contributions to the Debtors' reorganizational efforts that are important to the success of the Plan and have agreed to make further contributions, including by agreeing to reductions in the amounts of their Claims against the Debtors' Estates and facilitating a critical source of post-emergence liquidity, but only if they receive the full benefit of the Plan's release and exculpation provisions. The Plan's release and exculpation provisions are an inextricable component of the RSA and Plan and the significant deleveraging and financial benefits that they embody.

Notwithstanding the foregoing paragraph, the Releases contemplated by the Plan remain subject in all respects to the outcome of the Independent Investigation being conducted by the Special Committee. The Company's Board and each of the Special Committees reserves all rights to modify the Releases in accordance with their fiduciary duties and the RSA. The Debtors anticipate that they will be able to support all Releases to be included in the Plan at the Confirmation Hearing.

13. *The RSA May Be Terminated.*

As more fully set forth in Section 11 of the RSA, the RSA may be terminated upon the occurrence of certain events, including, among others, the breaches by the Debtors and/or the Consenting Stakeholders of their respective obligations under the RSA or the determination by the Special Committee that the findings of the Independent Investigation do not support the proposed Debtor releases. In the event that the RSA is terminated, the Debtors may seek a non-consensual restructuring alternative, including a potential liquidation of their assets.

14. *The Debtors' Use of Cash Collateral May Be Terminated.*

As more fully set forth in paragraph 8(b) of the Interim Cash Collateral Order, either Prepetition Agent may terminate its consent to the Debtors' use of Cash Collateral upon the occurrence of certain events, including, among others, the breach by the Debtors of their obligations under the Interim Cash Collateral Order or failure to obtain entry of the Final Cash Collateral Order. In the event that either Prepetition Agent terminates its consent to the use of Cash Collateral, the Debtors may seek to use Cash Collateral on a nonconsensual basis, which will require significant additional administrative costs. If the Debtors are unable to obtain authority to use Cash Collateral on a nonconsensual basis, they may not have the liquidity necessary to continue operations during these Chapter 11 Cases.

B. Risks Related to Recoveries Under the Plan.

1. *Certain Significant Holders of New Equity Interests May Have Substantial Influence Over the Post-Effective Date Debtors Following the Effective Date.*

Assuming that the Effective Date occurs, Holders of Claims who receive distributions representing a substantial percentage of the outstanding New Equity Interests may be in a position to influence the business and affairs of the Reorganized Debtors and matters requiring approval from the Holders of shares of New Equity Interests, including, among other things, the election of directors and the approval of a change of control of the Reorganized Debtors. The Holders may have interests that differ from those of the other holders of shares of New Equity Interests and may vote in a manner adverse to the interests of other holders of shares of New Equity Interests. This concentration of ownership may facilitate or may delay, prevent, or deter a change of control of the Reorganized Debtors and consequently impact the value of the shares of New Equity Interests. In addition, a Holder of a significant amount of New Equity Interests may sell all or a large portion of its New Equity Interests within a short period of time, which sale may adversely affect the trading price of the New Equity Interests. A Holder of a significant amount of New Equity Interests may, on its own account, pursue acquisition opportunities that may be complementary to the Reorganized Debtors' business, and as a result, such acquisition opportunities may be unavailable to the Reorganized Debtors. Such actions by Holders of a significant number of shares of Equity Interests may have a material adverse impact on the Reorganized Debtors' business, financial condition, and operating results.

2. ***Estimated Valuations of the Debtors, the New Equity Interests, and Estimated Recoveries to Holders of Allowed Claims and Interests Are Not Intended to Represent Potential Market Values.***

The Debtors' estimated recoveries to Holders of Allowed Claims are not intended to represent the market value of the Debtors' securities. The estimated recoveries are based on numerous assumptions (the realization of many of which will be beyond the control of the Debtors), including: (i) the successful reorganization of the Debtors; (ii) an assumed date for the occurrence of the Effective Date; (iii) the Debtors' ability to maintain adequate liquidity to fund operations; (iv) the assumption that capital and equity markets remain consistent with current conditions; and (v) the Debtors' ability to maintain critical existing customer relationships, including customer relationships with key customers.

3. ***The New Equity Interests are Subject to Dilution.***

The ownership percentage represented by the New Equity Interests distributed on the Effective Date under the Plan will be subject to dilution from the New Equity Interests issued in connection with the conversion of any other options, warrants, convertible securities, exercisable securities, or other securities that may be issues post-emergence, including pursuant to the Management Incentive Plan. In addition, the Reorganized Debtors could issue shares or obtain additional equity financing in the future similar to other companies, which could adversely affect the value of the New Equity Interests issuable upon such conversion. The amount and dilutive effect of any of the foregoing could be material.

4. ***Certain Tax Implications of the Plan.***

Holders of Allowed Claims should carefully review Article XII of this Disclosure Statement, entitled "Certain United States Federal Income Tax Consequences of the Plan" to determine how the U.S. federal income tax implications of the Plan and the Chapter 11 Cases may adversely affect the Post-Effective Date Debtors and Holders of certain Claims.

5. ***The Closing Conditions of the Sale Transactions May Not Be Satisfied.***

It is possible that the Debtors may not satisfy the closing conditions of the Sale if the Debtors determine to pursue the Sale Transaction. A failure to satisfy any of the closing conditions of the Sale related thereto could prevent the Sale and the Plan from being consummated, which could lead to the Chapter 11 Cases being converted to cases under chapter 7.

C. Risks Related to the Debtors' and Post-Effective Date Debtors' Business.

1. ***The Post-Effective Date Debtors May Not Be Able to Generate Sufficient Cash to Service All of Their Indebtedness.***

The Post-Effective Date Debtors' ability to make scheduled payments on, or refinance their debt obligations, depends on the Post-Effective Date Debtors' financial condition and operating performance, which are subject to prevailing economic, industry, and competitive conditions and to certain financial, business, legislative, regulatory, and other factors beyond the Post-Effective Date Debtors' control. The

Post-Effective Date Debtors may be unable to maintain a level of cash flow from operating activities sufficient to permit the Post-Effective Date Debtors to pay the principal, premium, if any, and interest on their indebtedness, including, without limitation, potential borrowings under a potential Exit Facility upon emergence.

2. *The Debtors Will Be Subject to the Risks and Uncertainties Associated with the Chapter 11 Restructuring.*

For the duration of the Chapter 11 Cases, the Debtors' ability to operate, develop, and execute a business plan, and continue as a going concern, will be subject to the risks and uncertainties associated with bankruptcy. These risks include, among other things:

- the Debtors' ability to obtain Bankruptcy Court approval with respect to motions Filed in the Chapter 11 Cases from time to time;
- the Debtors' ability to develop, confirm, and consummate the Restructuring Transactions specified in the Plan;
- the Debtors' ability to obtain creditor and Bankruptcy Court approval for, and then to Consummate, the Plan to emerge from bankruptcy;
- the occurrence of any event, change, or other circumstance that could give rise to the termination of the RSA;
- the Debtors' ability to maintain relationships with suppliers, vendors, service providers, customers, employees, and other third parties;
- the Debtors' ability to maintain contracts that are critical to the Debtors' operations; and
- the Debtors' ability to fund and execute their business plan.

The Debtors will also be subject to risks and uncertainties with respect to the actions and decisions of creditors and other third parties who have interests in the Chapter 11 Cases that may be inconsistent with the Plan.

These risks and uncertainties could affect the Debtors' businesses and operations in various ways. For example, negative events or publicity associated with the Chapter 11 Cases could adversely affect the Debtors' relationships with suppliers, service providers, customers, employees, and other third parties, which, in turn, could adversely affect the Debtors' operations and financial condition. Also, pursuant to the Bankruptcy Code, the Debtors need the prior approval of the Bankruptcy Court for transactions outside the ordinary course of business, which may limit the Debtors' ability to respond timely to certain events or take advantage of certain opportunities. Because of the risks and uncertainties associated with the Chapter 11 Cases, the Debtors cannot accurately predict or quantify the ultimate impact of events that occur during the Chapter 11 Cases that may be inconsistent with the Debtors' plans.

3. *Operating in Bankruptcy for a Long Period of Time May Harm the Debtors' Business.*

While the Debtors intend the chapter 11 process to be short, the Debtors' future results will be dependent upon the successful Confirmation and Consummation of the Plan. A long period of operations under Bankruptcy Court protection could have a material adverse effect on the Debtors' business, financial condition, results of operations, and liquidity. So long as the proceedings related to the Chapter 11 Cases continue, senior management will be required to spend a significant amount of time and effort dealing with the reorganization instead of focusing exclusively on business operations. A prolonged period of operating under Bankruptcy Court protection also may make it more difficult to retain management and other key personnel necessary to the success and growth of the Debtors' business. In addition, the longer the proceedings related to the Chapter 11 Cases continue, the more likely it is that customers and suppliers will lose confidence in the Debtors' ability to reorganize their business successfully and will seek to establish alternative commercial relationships.

Furthermore, the Debtors cannot predict the ultimate amount of all settlement terms for the liabilities that will be subject to a plan of reorganization. Even after a plan of reorganization is approved and implemented, the Reorganized Debtors' operating results may be adversely affected by the possible reluctance of prospective lenders and other counterparties to do business with a company that recently emerged from bankruptcy protection.

4. *Financial Results May Be Volatile and May Not Reflect Historical Trends.*

The Financial Projections attached hereto as **Exhibit E** are based on assumptions that are an integral part of the projections, including Confirmation and Consummation of the Plan in accordance with its terms, the anticipated future performance of the Debtors, industry performance, general business and economic conditions, and other matters, many of which are beyond the control of the Debtors and some or all of which may not materialize.

In addition, unanticipated events and circumstances occurring after the date hereof may affect the actual financial results of the Debtors' operations. These variations may be material and may adversely affect the value of the New Equity Interests and the ability of the Debtors to make necessary payments. Because the actual results achieved may vary from projected results, perhaps significantly, the Financial Projections should not be relied upon as a guarantee or other assurance of the actual results that will occur. The information included in this Disclosure Statement does not necessarily conform to the information, including with respect to the Financial Projections, that would be required if the Solicitation was made pursuant to a registration statement filed with the SEC or another securities regulator.

Further, during the Chapter 11 Cases, the Debtors expect that their financial results will continue to be volatile as restructuring activities and expenses, contract termination and rejections, and Claims assessments significantly impact the Debtors' consolidated financial statements. As a result, the Debtors' historical financial performance likely will not be indicative of their financial performance after the Petition Date. In addition, if the Debtors emerge from the Chapter 11 Cases, the amounts reported in subsequent consolidated financial statements may materially change relative to historical consolidated financial statements, including as a result of revisions to the Debtors' operating plans pursuant to a plan of reorganization. The Debtors may be required to adopt "fresh start" accounting in accordance with Accounting Standards Codification 852 ("Reorganizations") in which case their assets and liabilities will be recorded at fair value as of the fresh start reporting date, which may differ materially from the recorded values of assets and liabilities on the Debtors' consolidated balance sheets. The Debtors' financial results after the application of fresh start accounting may be different from historical trends. The Financial Projections contained herein do not currently reflect the impact of "fresh start" accounting.

5. *The Reorganized Debtors May Not Be Able to Implement the Business Plan.*

While the Debtors believe that Consummation of the Plan will put them in a strong position to implement their go-forward business plan, various factors beyond the Reorganized Debtors' control may hinder or prevent their successful implementation of the business plan. In particular, the Reorganized Debtors' successful implementation of the business plan depends significantly on maintaining and growing their customer base. There can be no assurance that the Reorganized Debtors will maintain and grow their customer base. The erosion of the Reorganized Debtors' customer base may materially and adversely affect their operating results and hinder or prevent their successful implementation of the business plan.

6. ***The Debtors' Business is Subject to Various Laws and Regulations That Can Adversely Affect the Cost, Manner, or Feasibility of Doing Business.***

The Debtors' operations are subject to various federal, state, and local laws and regulations. The Debtors may be required to make large expenditures to comply with such regulations. Failure to comply with these laws and regulations may result in the suspension or termination of operations and subject the Debtors to administrative, civil, and criminal penalties, which could have a material adverse effect on the business, financial condition, results of operations, and cash flows of the Post-Effective Date Debtors.

7. ***The Post-Effective Date Debtors May Be Adversely Affected by Potential Litigation, Including Litigation Arising Out of the Chapter 11 Cases.***

In the future, the Post-Effective Debtors may become parties to litigation. In general, litigation can be expensive and time consuming to bring or defend against. Such litigation could result in settlements or damages that could significantly affect the Post-Effective Debtors' financial results. It is also possible that certain parties will commence litigation with respect to the treatment of their Claims under the Plan. It is not possible to predict the potential litigation that the Post-Effective Date Debtors may become party to, nor the final resolution of such litigation. The impact of any such litigation on the Post-Effective Date Debtors' business and financial stability, however, could be material.

8. ***The Debtors Face Significant Competition and May Lose Market Share to Their Competitors.***

The market for aftermarket marine products is competitive and characterized by rapid changes in customer preferences, industry standards, and frequent introductions of new products. As customer preferences evolve, and as new products are introduced, if the Debtors are unable to anticipate or effectively react to competitive challenges, the Debtors' competitive position could weaken, and they could experience a decline in revenue or growth rate that could materially and adversely affect their business and results of operations.

9. ***The Debtors Could Fail to Retain or Attract Customers, Which Would Adversely Affect the Debtors' Business and Financial Results.***

The Debtors' future revenue is dependent in large part upon the retention and growth of their existing customer base, in terms of customers continuing to purchase products. Existing customers may purchase fewer of the Debtors' products and new customers may avoid purchasing products from the Debtors, which could have a material adverse effect on the Debtors' business and results of operations. In such cases, there can be no assurance that the Debtors will be able to retain their current customers.

A variety of factors could affect the Debtors' ability to successfully retain and attract customers, including the level of demand for their products, content, and merchandise, the level of customer spending for aftermarket marine products, the quality of the Debtors' customer service, and the Debtors' ability to update their products desired by customers. Further, the industry in which the Debtors operate is highly competitive and the Debtors may not be able to compete effectively. The Debtors' revenue comes from the sale of the Debtors' products, as well as merchandise and related offerings. It is impossible to predict with perfect accuracy what market demand for such offerings will be. Further, the Debtors' business is highly tied to discretionary consumer spending habits, and interest rates, tariffs, employment, and general economic conditions may impact customers' finances and therefore willingness to spend on the Debtors' products.

10. *The Loss of Key Personnel Could Adversely Affect the Debtors' Operations.*

The Debtors' operations are dependent on a relatively small group of key management personnel and a highly-skilled employee base. The Debtors' recent liquidity issues and the Chapter 11 Cases have created distractions and uncertainty for key management personnel and employees. As a result, the Debtors may experience increased levels of employee attrition. In addition, a loss of key personnel or material erosion of employee morale could have a material adverse effect on the Debtors' ability to meet expectations, thereby adversely affecting the Debtors' businesses and the results of operations.

11. *Inclement Weather in Key Markets Could Persist, Adversely Affecting Customer Spending.*

The Debtors' business is, by its very nature, a weather-dependent activity, and the Company's financial performance is directly correlated to the number of days customers are able to safely use their vessels. The intensity of extreme events – including hurricanes, tropical storms, prolonged heat advisories, and unusually cold temperatures could continue, thus adversely affecting the number of boat sales and sales of boating-related activities and accessories.

12. *The Cyclical Nature of the Boating and Fishing Retail Industry May Lead to Volatility.*

The Debtors business is highly cyclical. With respect to seasonality, the summer is generally the Debtors' busiest season with substantially less sales volume and revenue during the rest of the year. Additionally, the Debtors' business operations are volatile and highly susceptible to a downturn in market conditions.

13. *The Wind-Down Budget, If Any, may Change Materially.*

In the event of a Sale Transaction, the Debtors, will work in good faith to establish a wind down budget, agreed to by the Debtors and the Required Consenting Term Loan Lenders, to fund costs associated with pursuing confirmation of a chapter 11 plan, the wind down of any remaining Assets of the Debtors' Estates, and otherwise administering the Debtors' Estates (the "Wind-Down Budget"). The Wind-Down Budget will be the Debtors' best estimates of actual expenses and revenues for the time period after the Debtors affirmatively elect to pursue a Sale Transaction to the remainder of the Chapter 11 Cases. Creditors should be aware that such numbers may change, potentially materially, and any changes to the actual expenses and revenues will ultimately impact the amount of Sale Transaction proceeds available to be paid to creditors under the Plan.

D. Risks Related to the Offer and Issuance of Securities Under the Plan.

1. *The Debtors Do Not Intend to Register the Offer or Sale of New Equity Interests and Holders of the New Equity Interests May Be Restricted in Their Ability to Transfer or Sell Their Securities.*

The New Equity Interests will not be registered under the Securities Act or any state securities laws and, subject to the discussion below and the discussion in Article XI of this Disclosure Statement entitled "Certain Securities Law Matters," unless so registered, may not be re-offered or re-sold except pursuant to an exemption from the registration requirements of the Securities Act and applicable state securities laws. In addition, the Reorganized Debtors do not expect to be subject to the reporting requirements promulgated under U.S. federal securities Law, and Holders of the New Equity Interests will not be entitled to any information except as expressly required in the applicable New Organizational Documents.

If shares of New Equity Interests issued under the Plan are issued pursuant to section 1145(a)(1) of the Bankruptcy Code, such Securities may be resold by the Holders thereof without registration under the Securities Act unless the Holder is an "underwriter," as defined in section 1145(b) of the Bankruptcy Code with respect to such securities; provided, however, that shares of such Securities will not be freely tradeable if, at the time of transfer, the Holder is an "affiliate" of the Reorganized Debtors as defined in Rule 144(a)(1) under the Securities Act or had been such an "affiliate" within 90 days of such transfer. Such affiliate Holders would only be permitted to sell such securities without registration if they are able to comply with an applicable exemption from registration, including Rule 144 under the Securities Act. Resales by Holders of Claims who receive New Equity Interests pursuant to the Plan that are deemed to be "underwriters" would not be exempted by section 1145 of the Bankruptcy Code from registration under the Securities Act or applicable law. Such Holders would only be permitted to sell such securities without registration if they are able to comply with an applicable exemption from registration, including Rule 144 under the Securities Act.

Any New Equity Interests that cannot be issued in reliance on the exemption set forth in section 1145 of the Bankruptcy Code will be offered, issued, and distributed in reliance upon section 4(a)(2) of the Securities Act, Regulation D or Rule 701 promulgated thereunder, Regulation S under the Securities Act, and/or other available exemptions from registration, will be considered "restricted securities," will bear customary legends and transfer restrictions, and may not be transferred except pursuant to an effective registration statement or under an available exemption from the registration requirements of the Securities Act and subject to any restrictions on the transferability of such New Equity Interests in the New Organizational Documents.

Recipients of the New Equity Interests are advised to consult with their own legal advisors as to the availability of any exemption from registration under the Securities Act and any applicable Blue Sky laws for resales of New Equity Interests. The Debtors make no representations concerning the ability of a person to dispose of such securities.

See Article XI of this Disclosure Statement, entitled "*Certain Securities Law Matters*" for additional details.

2. *The New Organizational Documents May Contain Restrictions on Transfer of the New Equity Interests.*

The New Organizational Documents will contain contractual restriction on Holders' ability to transfer the New Equity Interests. In addition, to the extent the New Equity Interests are issued pursuant to Section 4(a)(2) under the Securities Act (or another exemption from registration), such securities will be deemed "restricted securities" (as defined under the Securities Act and the rules promulgated thereunder). Such securities may not be sold, exchanged, assigned, or otherwise transferred unless they are registered, or an exemption from registration applies, under the Securities Act. In addition, New Equity Interests are not expected to be registered under any local or state securities Laws. The Debtors make no representation regarding the right of any Holder of New Equity Interests to freely transfer or resell the New Equity Interests. Resale restrictions and other restrictions on transfer are discussed in more detail in Article XI of this Disclosure Statement, entitled "Certain Securities Law Matters." Further, the New Organizational Documents may also impose certain restrictions on transfer of the new Interests.

3. *A Liquid Trading Market for the Shares of New Equity Interests May Not Develop.*

The Debtors do not expect to list the New Equity Interests on a national securities exchange upon Emergence, and even if they make such an application in the future, the Debtors make no assurance that they will be able to obtain such listing or, even if the Debtors do, that liquid trading markets for shares of

New Equity Interests will develop. The liquidity of any market for New Equity Interests will depend upon, among other things, the number of Holders of shares of New Equity Interests, the Debtors' financial performance, and the market for similar securities, none of which can be determined or predicted. Accordingly, there can be no assurance that an active trading market for the New Equity Interests will develop, nor can any assurance be given as to the liquidity or prices at which such securities might be traded. In the event an active trading market does not develop, the ability to transfer or sell shares of New Equity Interests may be substantially limited, and the price for shares of New Equity Interests may decline or may be considered unfavorable.

In addition, the Reorganized Debtors do not expect to apply to be subject to the reporting requirements of the Securities Act, and Holders of the New Equity Interests will not be entitled to any information except as expressly required by the New Organizational Documents. As a result, the information which the Debtors are required to provide in order to issue the New Equity Interests may be less than the Debtors would be required to provide if the New Equity Interests were registered. Among other things, the Debtors may not be required to provide: (i) separate financial information for any subsidiary; (ii) select annual audited financial data; (iii) selected quarterly financial data; (iv) certain information about the Debtors' disclosure controls and procedures and their internal controls over financial reporting; and (v) certain information regarding the Debtors' executive compensation policies and practices and historical compensation information for their executive officers. This lack of information could impair your ability to evaluate your ownership and the marketability of the New Equity Interests.

E. Miscellaneous Risk Factors and Disclaimers.

1. *The Financial Information Is Based on the Debtors' Books and Records and, Unless Otherwise Stated, No Audit Was Performed.*

In preparing this Disclosure Statement, the Debtors relied on financial data derived from their books and records that was available at the time of such preparation. Although the Debtors have used their reasonable business judgment to ensure the accuracy of the financial information provided in this Disclosure Statement, and while the Debtors believe that such financial information fairly reflects their financial condition, the Debtors are unable to warrant or represent that the financial information contained in this Disclosure Statement (or any information in any of the exhibits to this Disclosure Statement) is without inaccuracies.

2. *No Legal or Tax Advice Is Provided By This Disclosure Statement.*

This Disclosure Statement is not legal advice to any person or Entity. The contents of this Disclosure Statement should not be construed as legal, business, or tax advice. Each reader should consult its own legal counsel, accountant, or other applicable advisor with regard to any legal, tax, and other matters concerning its Claim or Interest. This Disclosure Statement may not be relied upon for any purpose other than to determine how to vote to accept or reject the Plan or whether to object to Confirmation.

3. *Information Contained in this Disclosure Statement Is for Soliciting Votes.*

The information contained in this Disclosure Statement is for purposes of soliciting acceptances of the Plan and may not be relied upon for any other purpose.

4. *This Disclosure Statement ~~May~~ Contains Forward Looking Statements.*

This Disclosure Statement may contain "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. 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," "will," "might," "expect," "believe," "anticipate," "could," "would," "estimate," "continue," "pursue," or the negative thereof or comparable terminology. All forward looking statements are necessarily speculative, and there are certain risks and uncertainties that could cause actual events or results to differ materially from those referred to in such forward looking statements. The information contained herein is an estimate only, based upon information currently available to the Debtors.

5. *No Admissions Made.*

The information and statements contained in this Disclosure Statement will neither (i) constitute an admission of any fact or liability by any Entity (including the Debtors) nor (ii) be deemed evidence of the tax or other legal effects of the Plan on the Debtors, the Post-Effective Date Debtors, Holders of Allowed Claims or Interests, or any other parties in interest.

6. *Failure to Identify Litigation Claims or Projected Objections.*

No reliance should be placed on the fact that a particular litigation claim or projected objection to a particular Claim or Cause of Action is, or is not, identified in this Disclosure Statement. The Debtors may seek to investigate, File, and prosecute Claims or Causes of Action and may object to Claims after Confirmation and Consummation of the Plan, irrespective of whether this Disclosure Statement identifies such Claims or objections to Claims.

7. *Information Was Provided by the Debtors and Was Relied Upon by the Debtors' Advisors.*

Counsel to and other advisors retained by the Debtors have relied upon information provided by the Debtors in connection with the preparation of this Disclosure Statement. Although counsel to and other advisors retained by the Debtors have performed certain limited due diligence in connection with the preparation of this Disclosure Statement and the exhibits to this Disclosure Statement, they have not independently verified the information contained in this Disclosure Statement or the information in the exhibits to this Disclosure Statement.

8. *Potential Exists for Inaccuracies, and the Debtors Have No Duty to Update.*

The statements contained in this Disclosure Statement are made by the Debtors as of the date of this Disclosure Statement, unless otherwise specified in this Disclosure Statement, and the delivery of this Disclosure Statement after the date of this Disclosure Statement does not imply that there has not been a change in the information set forth in this Disclosure Statement since that date. While the Debtors have used their reasonable business judgment to ensure the accuracy of all of the information provided in this Disclosure Statement and in the Plan, the Debtors nonetheless cannot, and do not, confirm the current accuracy of all statements appearing in this Disclosure Statement. Further, although the Debtors may subsequently update the information in this Disclosure Statement, the Debtors have no affirmative duty to do so unless ordered to do so by the Bankruptcy Court.

9. *No Representations Outside This Disclosure Statement Are Authorized.*

No representations concerning or relating to the Debtors, the Chapter 11 Cases, or the Plan are authorized by the Bankruptcy Court or the Bankruptcy Code, other than as set forth in this Disclosure Statement. Any representations or inducements made to secure your acceptance or rejection of the Plan that are other than as contained in, or included with, this Disclosure Statement, should not be relied upon by you in arriving at your decision. You should promptly report unauthorized representations or inducements to the counsel to the Debtors and the U.S. Trustee.

IX. SOLICITATION AND VOTING PROCEDURES

This Disclosure Statement, which is accompanied by a Ballot or Ballots to be used for voting on the Plan, is being distributed to the Holders of Claims in those Classes that are entitled to vote to accept or reject the Plan. The procedures and instructions for voting and related deadlines are set forth in the Disclosure Statement Order.[~~8~~9]

<u>THE DISCUSSION OF THE SOLICITATION AND VOTING PROCESS SET FORTH IN THIS DISCLOSURE STATEMENT IS ONLY A SUMMARY</u>. PLEASE REFER TO THE SOLICITATION PROCEDURES ATTACHED TO THE DISCLOSURE STATEMENT ORDER FOR A MORE COMPREHENSIVE DESCRIPTION OF THE SOLICITATION AND VOTING PROCESS.

A. Holders of Claims Entitled to Vote on the Plan.

Under the provisions of the Bankruptcy Code, not all Holders of Claims against or Interests in a Debtor are entitled to vote on a chapter 11 plan. The table in Article III.D of this Disclosure Statement, entitled "Am I entitled to vote on the Plan?", provides a summary of the status and voting rights of each Class (and, therefore, of each Holder within such Class absent an objection to the Holder's Claim or Interest) under the Plan.

The Debtors are soliciting votes to accept or reject the Plan only from Holders of Claims in Classes 3, 4, 5, and 6 (collectively, the "Voting Classes"). The Holders of Claims in the Voting Classes are Impaired under the Plan and may, in certain circumstances, receive a distribution under the Plan. Accordingly, Holders of Claims in the Voting Classes have the right to vote to accept or reject the Plan.

The Debtors are not soliciting votes from Holders of Claims and Interests in Classes 1, 2, 7, 8, 9, or 10 (collectively, the "Non-Voting Classes"). Additionally, the Disclosure Statement Order provides that certain Holders of Claims in the Voting Classes, such as those Holders whose Claims have been disallowed or are subject to a pending objection, are not entitled to vote to accept or reject the Plan.

B. Voting Record Date.

<u>The Voting Record Date is [June ~~4~~22], 2026</u>. The Voting Record Date is the date on which it will be determined which Holders of Claims in the Voting Classes are entitled to vote to accept or reject the Plan and whether Claims have been properly assigned or transferred under Bankruptcy Rule 3001(e) such that an assignee or transferee, as applicable, can vote to accept or reject the Plan as the Holder of a Claim.

C. Voting Deadline.

<u>The Voting Deadline is [July ~~20~~31], 2026, at 4:00 p.m. (prevailing Eastern Time)</u>. To be counted as votes to accept or reject the Plan, all ballots must be properly executed, completed, and delivered in accordance with the instructions on your ballot so that the ballots are actually received by the Claims, Noticing, and Solicitation Agent on or before the Voting Deadline.

[~~8~~9] "Disclosure Statement Order" means the ~~O~~order ~~attached as Exhibit A to~~of the Bankruptcy Court conditionally approving the Disclosure Statement ~~Motion~~and setting forth the procedures for solicitation of votes on the Plan.

To vote, complete, sign, and date your ballot and return it (with a signature) promptly to one of the below addresses.

If by First Class Mail, Hand Delivery, or Overnight Mail:
West Marine, Inc. Ballot Processing Center **c/o Kurtzman Carson Consultants, LLC dba Verita Global** **222 N. Pacific Coast Highway, Suite 300** **El Segundo, CA 90245** To arrange hand delivery of your Ballot, please email the Claims, Noticing, and Solicitation Agent at WestMarineInfo@veritaglobal.com (with "West Marine, Inc. Solicitation Inquiry" in the subject line) at least 24 hours prior to your arrival at the Verita address above and provide the anticipated date and time of delivery.

OR

SUBMIT VIA AN ELECTRONIC BALLOT THROUGH THE CLAIMS, NOTICING, AND SOLICITATION AGENT'S ONLINE ELECTRONIC BALLOT SUBMISSION PORTAL AT <u>HTTPS://WWW.VERITAGLOBAL.NET/WESTMARINE</u>.

PLEASE SELECT JUST ONE OPTION TO VOTE.

IF YOU HAVE ANY QUESTIONS REGARDING THIS BALLOT, THESE VOTING INSTRUCTIONS, OR THE PROCEDURES FOR VOTING, PLEASE CALL THE RESTRUCTURING HOTLINE AT:

U.S./CANADA TOLL FREE: 866-967-1786
INTERNATIONAL, TOLL: +1-310-751-2686

OR BY ONLINE INQUIRY AT: <u>HTTPS://WWW.VERITAGLOBAL.NET/WESTMARINE/INQUIRY</u>

D. Optional Third-Party Release.

<u>Optional Release Election</u>. You may elect to opt in or opt out of the release contained in <u>Article VIII.D</u> of the Plan.[~~9~~10] In order to do so, you must complete the appropriate opt in or opt out form attached to your Ballot or Non-Voting Status Notice, as applicable (the "<u>Opt-In Form</u>" and the "<u>Opt-Out Form</u>," respectively), and return the properly completed Opt-In or Opt-Out Form to the Claims, Noticing, and Solicitation Agent prior to [July ~~20~~31], 2026 at 4:00 p.m. prevailing Eastern Time. If you have any questions on how to properly complete and submit the Opt-In or Opt-Out Form refer to the instructions contained in the Opt-In Form or Opt-Out Form or contact the Claims, Noticing, and Solicitation Agent.

E. Ballots Not Counted.

<u>No ballot will be counted toward Confirmation if, among other things</u>: (i) it is illegible or contains insufficient information to permit the identification of the Holder of the Claim; (ii) it was

[~~9~~10] For the avoidance of doubt, Holders of Claims in Classes 1, 2, and 3 will be deemed to opt-in to the release contained in <u>Article VIII.D</u> of the Plan absent the timely submission of the Opt-Out Form. Holders of Claims in Classes 7 and 10 will be deemed to opt-out of the release contained in <u>Article VIII.D</u> of the Plan absent the timely submission of the Opt-In Form.

transmitted by means other than as specifically set forth in the ballots; (iii) it was cast by an entity that is not entitled to vote on the Plan; (iv) it was sent to any person or entity (other than the Claims, Noticing, and Solicitation Agent); (v) it is unsigned; or (vi) it is not clearly marked to either accept or reject the Plan or it is marked both to accept and reject the Plan. **Please refer to the Disclosure Statement Order for additional requirements with respect to voting to accept or reject the Plan.**

ANY BALLOT RECEIVED AFTER THE VOTING DEADLINE OR THAT IS OTHERWISE NOT IN COMPLIANCE WITH THE DISCLOSURE STATEMENT ORDER WILL NOT BE COUNTED.

X. CONFIRMATION OF THE PLAN

A. Requirements for Confirmation of the Plan.

Among the requirements for Confirmation of the Plan pursuant to section 1129 of the Bankruptcy Code are: (i) the Plan is accepted by all Impaired Classes of Claims or Interests, or if rejected by an Impaired Class, the Plan "does not discriminate unfairly" and is "fair and equitable" as to the rejecting Impaired Class; (ii) the Plan is feasible; and (iii) the Plan is in the "best interests" of Holders of Claims or Interests.

At the Combined Hearing, the Bankruptcy Court will determine whether the Plan satisfies all of the requirements of section 1129 of the Bankruptcy Code. The Debtors believe that: (i) the Plan satisfies, or will satisfy, all of the necessary statutory requirements of chapter 11 for plan confirmation; (ii) the Debtors have complied, or will have complied, with all of the necessary requirements of chapter 11 for plan confirmation; and (iii) the Plan has been proposed in good faith.

B. Best Interests of Creditors/Liquidation Analysis.

Often called the "best interests" test, section 1129(a)(7) of the Bankruptcy Code requires that a bankruptcy court find, as a condition to confirmation, that a chapter 11 plan provides, with respect to each impaired class, that each holder of a claim or an equity interest in such impaired class either (i) has accepted the plan or (ii) will receive or retain under the plan property of a value that is not less than the amount that the non-accepting holder would receive or retain if the debtors liquidated under chapter 7.

Attached hereto as **Exhibit D** and incorporated herein by reference is a liquidation analysis (the "Liquidation Analysis") prepared by the Debtors with the assistance of the Debtors' Advisors. As reflected in the Liquidation Analysis, the Debtors believe that liquidation of the Debtors' business under chapter 7 of the Bankruptcy Code would result in substantial diminution in the value to be realized by Holders of Allowed Claims or Interests as compared to distributions contemplated under the Plan. Consequently, the Debtors and their management believe that Confirmation of the Plan will provide a substantially greater return to Holders of Allowed Claims or Interests than would a liquidation under chapter 7 of the Bankruptcy Code.

C. Feasibility.

Section 1129(a)(11) of the Bankruptcy Code requires that confirmation of a chapter 11 plan is not likely to be followed by the liquidation, or the need for further financial reorganization of the debtor, or any successor to the debtor (unless such liquidation or reorganization is proposed in such plan of reorganization).

To determine whether the Plan meets this feasibility requirement, the Debtors, with the assistance of their Advisors, have analyzed their ability to meet their respective obligations under the

Plan. As part of this analysis, the Debtors will prepared their projected consolidated balance sheet, income statement, and statement of cash flows (the "Financial Projections") attached hereto as **Exhibit E** and incorporated herein by reference. Creditors and other interested parties should review Article VIII of this Disclosure Statement, entitled "Risk Factors" for a discussion of certain factors that may affect the future financial performance of the Post-Effective Date Debtors.

Based upon the Financial Projections, the Debtors believe that they will be a viable operation following the Chapter 11 Cases and that the Plan will meet the feasibility requirements of the Bankruptcy Code.

D. Acceptance by Impaired Classes.

The Bankruptcy Code requires, as a condition to confirmation, except as described in the following section, that each class of claims or equity interests impaired under a plan, accept the plan. A class that is not "impaired" under a plan is deemed to have accepted the plan and, therefore, solicitation of acceptances with respect to such a class is not required.

Section 1126(c) of the Bankruptcy Code defines acceptance of a plan by a class of impaired claims as acceptance by holders of at least two-thirds in dollar amount and more than one-half in a number of allowed claims in that class, counting only those claims that have *actually* voted to accept or to reject the plan. Thus, a class of Claims will have voted to accept the Plan only if two-thirds in amount and a majority in number of the Allowed Claims in such class that vote on the Plan actually cast their ballots in favor of acceptance.

Section 1126(d) of the Bankruptcy Code defines acceptance of a plan by a class of impaired equity interests as acceptance by holders of at least two-thirds in amount of allowed interests in that class, counting only those interests that have *actually* voted to accept or to reject the plan. Thus, a Class of Interests will have voted to accept the Plan only if two-thirds in amount of the Allowed Interests in such class that vote on the Plan actually cast their ballots in favor of acceptance.

Pursuant to Article III.E of the Plan, if a Class contains Claims eligible to vote and no Holders of Claims eligible to vote in such Class vote to accept or reject the Plan, the Holders of such Claims in such Class shall be presumed to have accepted the Plan.

E. Confirmation Without Acceptance by All Impaired Classes.

Section 1129(b) of the Bankruptcy Code allows a bankruptcy court to confirm a plan even if all impaired classes have not accepted it; *provided* that the plan has been accepted by at least one impaired class. Pursuant to section 1129(b) of the Bankruptcy Code, notwithstanding an impaired class's rejection or deemed rejection of the plan, the plan will be confirmed, at the plan proponent's request, in a procedure commonly known as a "cramdown" so long as the plan does not "discriminate unfairly" and is "fair and equitable" with respect to each class of claims or equity interests that is impaired under, and has not accepted, the plan.

If any Impaired Class rejects the Plan, the Debtors reserve the right to seek to confirm the Plan utilizing the "cramdown" provision of section 1129(b) of the Bankruptcy Code. To the extent that any Impaired Class rejects the Plan or is deemed to have rejected the Plan, the Debtors may request Confirmation of the Plan, as it may be modified from time to time, under section 1129(b) of the Bankruptcy Code. The Debtors reserve the right to alter, amend, modify, revoke, or withdraw the Plan or any Plan Supplement document, including the right to amend or modify the Plan or any Plan Supplement document to satisfy the requirements of section 1129(b) of the Bankruptcy Code.

1. *No Unfair Discrimination.*

The "unfair discrimination" test applies to classes of claims or interests that are of equal priority and are receiving different treatment under a plan. The test does not require that the treatment be the same or equivalent, but that treatment be "fair." In general, bankruptcy courts consider whether a plan discriminates unfairly in its treatment of classes of claims or interests of equal rank (e.g., classes of the same legal character). Bankruptcy courts will take into account a number of factors in determining whether a plan discriminates unfairly. A plan could treat two classes of unsecured creditors differently without unfairly discriminating against either class.

2. *Fair and Equitable Test.*

The "fair and equitable" test applies to classes of different priority and status (*e.g.*, secured versus unsecured) and includes the general requirement that no class of claims receive more than 100 percent of the amount of the allowed claims in the class. As to the dissenting class, the test sets different standards depending upon the type of claims or equity interests in the class.

The Debtors submit that if the Debtors "cramdown" the Plan pursuant to section 1129(b) of the Bankruptcy Code, the Plan is structured so that it does not "discriminate unfairly" and satisfies the "fair and equitable" requirement. With respect to the unfair discrimination requirement, all Classes under the Plan are provided treatment that is substantially equivalent to the treatment that is provided to other classes that have equal rank. With respect to the fair and equitable requirement, no Class under the Plan will receive more than 100 percent of the amount of Allowed Claims or Interests in that Class. The Debtors believe that the Plan and the treatment of all Classes of Claims or Interests under the Plan satisfy the foregoing requirements for nonconsensual Confirmation of the Plan.

F. Valuation Analysis.

~~Because the Debtors are conducting a marketing process for the potential Sale Transaction, pursuant to which they solicited any and all bids of the Debtors' Assets as a going concern, the Debtors have not conducted a "book-based" valuation analysis. Accordingly, in the event of a Sale Transaction, the ultimate recoveries will result from the Debtors' realization of the highest available valuation of the Debtors' Assets. Further, the Debtors determined that such a valuation satisfies obligations under section 1129 of the Bankruptcy Code and obviates the need for an independent valuation analysis. *See* 11 U.S.C. § 1125(b) ("The court may approve a disclosure statement without a valuation of the debtor or an appraisal of the debtor's assets."); *see also In re EXP OldCo Winddown, Inc.*, No. 24-10831 (KBO), (Bankr. D. Del. Nov. 6, 2024) (order approving disclosure statement without a valuation analysis); *In re Sunpower Corp.*, No. 24-11649 (CTG), (Bankr. D. Del. Oct. 18, 2024) (same); *In re SiO2 Med. Prods., Inc.*, No. 23-10366 (JTD) (Bankr. D. Del. June 9, 2023) (Docket No. 378) (same).~~

Portage Point, the Company's investment banker, performed an analysis on the estimated enterprise value of the Reorganized Debtors as of an assumed Effective Date (the "Valuation Analysis") at the Debtors' request. Based on the Valuation Analysis, which is attached hereto as **Exhibit F**, the enterprise value of the Reorganized Debtors is estimated to be within the range of approximately $215 million to $260 million, with an estimated midpoint of approximately $237.5 million. The Valuation Analysis, including the procedures followed, assumptions made, qualifications, and limitations on review undertaken, should be read in conjunction with **Article VIII** of this Disclosure Statement entitled "Risk Factors." Portage Point makes no representations as to changes to such data and information that may have occurred since the date of the Valuation Analysis.

XI. CERTAIN SECURITIES LAW MATTERS.

A. New Equity Interests.

As discussed herein, the Plan provides for the offer, sale, issuance, and distribution of New Equity Interests to certain Holders of prepetition Claims against the Debtors. The Debtors believe that the New Equity Interests will be "securities," as defined in section 2(a)(1) of the Securities Act, section 101 of the Bankruptcy Code and any applicable state securities laws. Any New Equity Interests issued under the Plan will be issued (i) to the fullest extent permitted and applicable, without registration under the Securities Act or similar federal, state, or local laws in reliance on the exemption set forth in section 1145 of the Bankruptcy Code or (ii) to the extent section 1145 is not permitted or applicable, pursuant to other exemptions under the Securities Act.

The Debtors further believe that the issuance of the New Equity Interests after the Petition Date pursuant to the restructuring transactions under the Plan is, and subsequent transfers of such New Equity Interests by the holders thereof that are not "underwriters" (which definition includes "Controlling Persons") will be, exempt from federal and state securities registration requirements under section 1145 of the Bankruptcy Code, Securities Act, Blue Sky Laws, and any applicable similar U.S. federal, state, or local securities laws as described in more detail below, except in certain limited circumstances.

The discussion of the issuance and transferability of the New Equity Interests in this Disclosure Statement relates solely to matters arising under U.S. federal securities laws and state securities laws. The rights of holders of New Equity Interests, including the right to transfer such interests, will also be subject to any restrictions in the New Organizational Documents, to the extent applicable. Recipients of the New Equity Interests are advised to consult with their own legal advisors as to the availability of any exemption from registration under the Securities Act, Blue Sky Laws, and any other applicable state or local securities laws.

B. Exemption from Registration Requirements; Issuance of New Equity Interests Under the Plan.

Any New Equity Interests issued under the Plan will be issued (i) to the fullest extent permitted and applicable, without registration under the Securities Act or similar federal, state or local laws in reliance on the exemption set forth in section 1145 of the Bankruptcy Code or (ii) to the extent section 1145 is not permitted or applicable, pursuant to other applicable exemptions under the Securities Act.

Section 1145 of the Bankruptcy Code provides, among other things, that Section 5 of the Securities Act and any other applicable U.S. state or local law requirements for the registration of issuance of a security do not apply to the offering, issuance, distribution, or sale of stock, options, warrants or other securities by a debtor if (i) the offer or sale occurs under a plan of reorganization of the debtor, (ii) the recipients of the securities hold a claim against, an interest in, or claim for administrative expense against, the debtor or an affiliate thereof participating in the plan of reorganization, and (iii) the securities are (a) issued in exchange for a claim against, interest in, or claim for an administrative expense against a debtor or an affiliate thereof participating in the plan of reorganization, or (b) issued principally in such exchange and partly for cash or property. The Debtors believe that all shares of New Equity Interests issued after the Petition Date in exchange for the Claims described above satisfy the requirements of section 1145(a) of the Bankruptcy Code.

Accordingly, no registration statement will be filed under the Securities Act or any state securities laws with respect to the initial offer, issuance, and distribution of any New Equity Interests. Recipients of the New Equity Interests are advised to consult with their own legal advisors as to the availability of any exemption from registration under the Securities Act and any applicable Blue Sky

Laws. As discussed below, the exemptions provided for in section 1145(a) do not apply to an entity that is deemed an "underwriter" as such term is defined in section 1145(b) of the Bankruptcy Code.

C. Resales of New Equity Interests; Definitions of "Underwriter" Under Section 1145(b) of the Bankruptcy Code.

1. *Resales of New Equity Interests Issued Pursuant to Section 1145.*

The New Equity Interests to the extent offered, issued, and distributed pursuant to section 1145 of the Bankruptcy Code, (i) will not be "restricted securities" as defined in Rule 144(a)(3) under the Securities Act, and (ii) will be transferable without registration under the Securities Act in the United States by the recipients thereof that are not, and have not been within 90 days of such transfer, an "affiliate" of the Debtors as defined in Rule 144(a)(1) under the Securities Act, 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 and any rules and regulations of the SEC or state or local securities laws, if any, applicable at the time of any future transfer of such securities or instruments.

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": (i) 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; (ii) offers to sell securities offered or sold under a plan for the holders of such securities; (iii) 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 (iv) 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 "affiliates," which are 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 10 percent or more of a class of voting securities of a reorganized debtor may be presumed to be a "Controlling Person" and, therefore, an underwriter.

Resales of the New Equity Interests pursuant to the Plan 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 such New Equity Interests 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 of the Securities Act. Generally, Rule 144 of the Securities Act would permit the public sale of "control" securities received by such Person if the requirements for sales of such control securities under Rule 144 have been met, including that 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 New Equity Interests would depend upon various facts and circumstances applicable to that Person. Accordingly, the Debtors express no view as to whether any Person would be deemed an "underwriter" with respect to such New Equity Interests and, in turn, whether any Person may freely trade such New Equity Interests under the federal securities laws. The Debtors do not intend to make publicly available the requisite information regarding the Debtors, and, as a result, Rule 144 will not be available for resales of such New Equity Interests by Persons deemed to be underwriters or otherwise.

IN VIEW OF THE COMPLEX, SUBJECTIVE NATURE OF THE QUESTION OF WHETHER A RECIPIENT OF SECURITIES MAY BE AN UNDERWRITER OR AN AFFILIATE OF THE REORGANIZED DEBTORS 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 DEBTORS OR THE POST-EFFECTIVE DATE DEBTORS MAKE ANY REPRESENTATIONS CONCERNING THE ABILITY OF ANY PERSON TO TRADE IN SECURITIES TO BE DISTRIBUTED PURSUANT TO THE PLAN. ACCORDINGLY, POTENTIAL RECIPIENTS OF NEW EQUITY INTERESTS ARE URGED TO CONSULT THEIR OWN COUNSEL CONCERNING WHETHER THEY MAY FREELY TRADE SUCH SECURITIES.

2. *Resales of New Equity Interests Pursuant to Section 4(a)(2) of the Securities Act, Regulation D, or Rule 701 promulgated thereunder, and/or Regulation S under the Securities Act.*

To the extent the exemption set forth in section 1145(a) of the Bankruptcy Code is unavailable, New Equity Interests will be offered, issued, and distributed in reliance upon section 4(a)(2) of the Securities Act, Regulation D or Rule 701 promulgated thereunder, Regulation S under the Securities Act, and/or other available exemptions from registration, 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 and pursuant to applicable state securities laws.

Generally, Rule 144 of the Securities Act provides a limited safe harbor for the public resale of restricted securities if certain conditions are met. These conditions vary depending on whether the issuer is a reporting issuer and whether the holder of the restricted securities is an "affiliate" of the issuer. Rule 144 defines an affiliate as "a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such issuer." A non-affiliate who has not been an affiliate of the issuer during the preceding ~~three months~~90 days may resell restricted securities of an issuer that does not file reports with the SEC pursuant to Rule 144 after a one-year holding period. An affiliate may resell restricted securities of an issuer that does not file reports with the SEC under Rule 144 after such holding period, as well as other securities without a holding period, but only if certain current public information regarding the issuer is available at the time of the sale and only if the affiliate also complies with the volume, manner of sale and notice requirements of Rule 144. The Debtors do not intend to make publicly available the requisite information regarding the Debtors, and, as a result, even after the holding period, Rule 144 may not be available for resales of such New Equity Interests by affiliates of the Debtors. Restricted securities (as well as other securities held by affiliates) may be resold without holding periods under other exemptions from registration, including Rule 144A under the Securities Act and Regulation S under the Securities Act, but only in compliance with the conditions of such exemptions from registration.

In addition, in connection with resales of any New Equity Interests offered, issued and distributed pursuant to Regulation S under the Securities Act: (i) the offer or sale, if made prior to the expiration of the one-year distribution compliance period (six months for a reporting issuer), may not be made to a U.S. person or for the account or benefit of a U.S. person (other than a distributor); and (ii) the offer or sale, if made prior to the expiration of the applicable one-year or six-month distribution compliance period, is made pursuant to the following conditions: (a) the purchaser (other than a distributor) certifies that it is not a U.S. person and is not acquiring the securities for the account or benefit of any U.S. person or is a U.S. person who purchased securities in a transaction that did not require registration under the Securities Act; and (b) the purchaser agrees to resell such securities only in accordance with the provisions of Regulation S, pursuant to registration under the Securities Act, or pursuant to an available exemption from registration; and agrees not to engage in hedging transactions with regard to such securities unless in compliance with the Securities Act.

All New Equity Interests issued in reliance upon section 4(a)(2) of the Securities Act, Regulation D, or Rule 701 promulgated thereunder, Regulation S under the Securities Act, and/or other available exemptions from registration, will bear a restrictive legend. Each certificate or book-entry interest representing, or issued in exchange for or upon the transfer, sale or assignment of, any New Equity Interests issued in reliance upon section 4(a)(2) of the Securities Act, Regulation D, or Rule 701 promulgated thereunder, Regulation S under the Securities Act, and/or other available exemptions from registration, 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."

The Post-Effective Date Debtors will reserve the right to require certification, legal opinions, or other evidence of compliance with Rule 144 as a condition to the removal of such legend or to any resale of the New Equity Interests issued in reliance upon section 4(a)(2) of the Securities Act, Regulation D, or Rule 701 promulgated thereunder, Regulation S under the Securities Act, and/or other available exemptions from registration. The Post-Effective Date Debtors will also reserve the right to stop the transfer of any such New Equity Interests if such transfer (x) is not effected in compliance with Rule 144 or in compliance with another applicable exemption from registration (including section 1145 of the Bankruptcy Code) or (y) would otherwise make the Debtors subject to the periodic reporting requirements under the Exchange Act.

Notwithstanding anything to the contrary in this Disclosure Statement, no Entity (including, without limitation any transfer agent or The Depository Trust Company) shall be entitled to require a legal opinion regarding the validity of any transaction contemplated by the Plan or this Disclosure Statement, including, for the avoidance of doubt, whether the New Equity Interests are exempt from the registration requirements of section 5 of the Securities Act.

In addition to the foregoing restrictions, the New Equity Interests will also be subject to any applicable transfer restrictions contained in the New Organizational Documents.

PERSONS WHO RECEIVE SECURITIES UNDER THE PLAN ARE URGED TO CONSULT THEIR OWN LEGAL ADVISOR WITH RESPECT TO THE RESTRICTIONS

APPLICABLE UNDER THE FEDERAL OR STATE SECURITIES LAWS AND THE CIRCUMSTANCES UNDER WHICH SECURITIES MAY BE SOLD IN RELIANCE ON SUCH LAWS. THE FOREGOING SUMMARY DISCUSSION IS GENERAL IN NATURE AND HAS BEEN INCLUDED IN THIS DISCLOSURE STATEMENT SOLELY FOR INFORMATIONAL PURPOSES. THE DEBTORS MAKE NO REPRESENTATIONS CONCERNING, AND DO NOT PROVIDE, ANY OPINIONS OR ADVICE WITH RESPECT TO THE SECURITIES OR THE BANKRUPTCY MATTERS DESCRIBED IN THIS DISCLOSURE STATEMENT. IN LIGHT OF THE UNCERTAINTY CONCERNING THE AVAILABILITY OF EXEMPTIONS FROM THE RELEVANT PROVISIONS OF FEDERAL AND STATE SECURITIES LAWS, WE ENCOURAGE EACH RECIPIENT OF SECURITIES AND PARTY IN INTEREST TO CONSIDER CAREFULLY AND CONSULT WITH ITS OWN LEGAL ADVISORS WITH RESPECT TO ALL SUCH MATTERS. BECAUSE OF THE COMPLEX, SUBJECTIVE NATURE OF THE QUESTION OF WHETHER A SECURITY IS EXEMPT FROM THE REGISTRATION REQUIREMENTS UNDER THE FEDERAL OR STATE SECURITIES LAWS OR WHETHER A PARTICULAR RECIPIENT OF NEW EQUITY INTERESTS MAY BE AN UNDERWRITER, WE MAKE NO REPRESENTATION CONCERNING THE ABILITY OF A PERSON TO DISPOSE OF THE SECURITIES ISSUED UNDER THE PLAN.

XII. CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

A. Introduction.

The following discussion is a summary of certain U.S. federal income tax consequences of the consummation of the Plan to the Debtors, the Post-Effective Date Debtors, and to certain Holders of Claims. The following summary does not address the U.S. federal income tax consequences to Holders not entitled to vote to accept or reject the Plan. This summary is based on the ~~U.S. Internal Revenue Code of 1986, as amended (the "~~IRC~~")~~, the ~~U.S.~~ Treasury Regulations~~ promulgated thereunder (the "Treasury Regulations")~~, judicial decisions and authorities, published administrative rules, positions, and pronouncements of the U.S. Internal Revenue Service (the "IRS"), and other applicable authorities, all as in effect on the date of this Disclosure Statement and all of which are subject to change or differing interpretations, possibly with retroactive effect, so as to result in U.S. federal income tax consequences different from those summarized herein. Due to the lack of definitive judicial and administrative authority in a number of areas, substantial uncertainty may exist with respect to some of the tax consequences described below. No opinion of counsel has been obtained and the Debtors do not intend to seek a ruling or determination from the IRS as to any of the tax consequences of the Plan discussed below. The discussion below is not binding upon the IRS or the courts. No assurance can be given that the IRS would not assert, or that a court would not sustain, a different position than any position discussed herein.

This discussion does not purport to address all aspects of U.S. federal income taxation that may be relevant to the Debtors, the Post-Effective Date Debtors, or to certain Holders of Claims in light of their individual circumstances. This discussion also does not address tax issues with respect to such Holders of Claims subject to special treatment under the U.S. federal income tax laws (including, for example, accrual-method U.S. Holders (as defined below) that prepare an "applicable financial statement" (as defined in Section 451 of the IRC), banks, mutual funds, broker-dealers, governmental authorities or agencies, pass-through entities, beneficial owners of pass-through entities, subchapter S corporations, dealers and traders in securities, insurance companies, financial institutions, tax exempt organizations, small business investment companies, foreign taxpayers, controlled foreign corporations, passive foreign investment companies, Persons who are related to the Debtors within the meaning of the IRC, Persons liable for alternative minimum tax, U.S. Holders whose functional currency is not the U.S. dollar, U.S. expatriates, Persons using a mark-to-market method of accounting, Holders of Claims who are themselves in bankruptcy, real estate investment companies and regulated investment companies and those holding, or who will hold Claims, New Equity Interests, or any other consideration to be received under the Plan, as part of a hedge, straddle, conversion, or other integrated transaction). No aspect of state, local, non-income, or non-U.S. taxation is addressed. Furthermore, this summary assumes that a Holder holds only Claims ~~or Interests~~ in a single Class and holds such Claims ~~or Interests~~ only as "capital assets" (within the meaning of section 1221 of the IRC). This summary also assumes that the various debt and other arrangements to which the Debtors or Post-Effective Date Debtors are a party will be respected for U.S. federal income tax purposes in accordance with their form, and that the Claims constitute interests in the Debtors "solely as a creditor" for purposes of section 897 of the IRC. This discussion also assumes that none of the Allowed Claims is treated as a "short-term" debt instrument or a "contingent payment debt instrument" for U.S. federal income tax purposes and that each of the Allowed Claims are denominated in U.S. dollars. This summary does not discuss differences in tax consequences to Holders of Claims that act or receive consideration in a capacity other than as a Holder of a Claim, and the tax consequences for such Holders may differ materially from that described below. The U.S. federal income tax consequences of the implementation of the Plan to the Debtors, Post-Effective Date Debtors, and Holders of Claims ~~and Interests~~ described below also may vary depending on the nature of any Restructuring Transactions that the Debtors and/or Post-Effective Date Debtors engage in. This summary does not address the U.S. federal income tax consequences to Holders of Claims (i) whose Claims are Unimpaired or otherwise entitled to payment in full in Cash under the Plan, (ii) that are deemed to reject the Plan, or (iii) that are otherwise not entitled to vote to accept or reject the Plan.

For purposes of this discussion, a "U.S. Holder" is a Holder that for U.S. federal income tax purposes is: (i) an individual citizen or resident of the United States; (ii) a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized under the laws of the United States, any state thereof or the District of Columbia; (iii) an estate the income of which is subject to U.S. federal income taxation regardless of the source of such income; or (iv) a trust (a) if a court within the United States is able to exercise primary jurisdiction over the trust's administration and one or more United States persons (within the meaning of section 7701(a)(30) of the IRC) has authority to control all substantial decisions of the trust or (b) that has a valid election in effect under applicable Treasury Regulations to be treated as a United States person (within the meaning of section 7701(a)(30) of the IRC). For purposes of this discussion, a "Non-U.S. Holder" is any Holder that is neither a U.S. Holder nor a partnership (or other entity treated as a partnership or other pass-through entity for U.S. federal income tax purposes).

If a partnership (or other entity treated as a partnership or other pass-through entity for U.S. federal income tax purposes) is a Holder, the tax treatment of a partner (or other beneficial owner) generally will depend upon the status of the partner (or other beneficial owner) and the activities of the partner (or other beneficial owner) and the entity. Partnerships (or other pass-through entities) and partners (or other beneficial owners) of partnerships (or other pass-through entities) that are Holders are urged to consult their own respective tax advisors regarding the U.S. federal income tax consequences of the Plan.

ACCORDINGLY, THE FOLLOWING SUMMARY OF CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND ADVICE BASED UPON THE INDIVIDUAL CIRCUMSTANCES PERTAINING TO A HOLDER. ALL HOLDERS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS FOR THE FEDERAL, STATE, LOCAL, AND NON-U.S. TAX CONSEQUENCES OF THE PLAN.

B. Certain U.S. Federal Income Tax Consequences of the Plan to the Debtors and the Post-Effective Date Debtors.

1. *Characterization of the Restructuring Transactions.*

The Debtors expect that the Restructuring Transactions will be structured in one of two ways: (i) a restructuring under the Plan providing for, among other things, the equitization of the Allowed Term Loan Claims on the Effective Date (an "Equity Restructuring"), or (ii) a sale (or series of sales) of all, substantially all, or any portion of the Debtors' ~~A~~assets in one or more taxable sales, which may be done either consistent with the Recapitalization Transaction or the Sale Transaction (a "Taxable Sale"). The Debtors have not yet determined whether the Restructuring Transactions will be consummated as an Equity Restructuring or a Taxable Sale. Such decision will depend on, among other things, finalizing certain modeling and analytical determinations and the net value implied by different structures (including taking into account the value of any bids in the Taxable Sale and non-tax considerations).

The Debtors generally do not expect to recognize any gain or loss as a result of consummating an Equity Restructuring. In a Taxable Sale, the Debtors will generally realize gain or loss in an amount equal to the difference between the value of the consideration received by the Debtors (including, for this purpose, assumption of liabilities) and the Debtors' tax basis in such assets sold. Any such gain, if any, generally will be reduced by the amount of tax attributes available for use by the Debtors, and any remaining gain will be recognized by the Debtors and result in a cash tax obligation. In all events, the Debtors will be subject to the rules discussed below with respect to cancellation of indebtedness income ("COD Income") and, other than in a Taxable Sale, the limitations on any net operating losses ("NOLs"), deferred deductions under section 163(j) of the IRC ("163(j) Deductions"), and any other tax attributes.

If the Restructuring Transactions are structured as an Equity Restructuring, the Debtors expect to (i) structure the transaction such that the New Equity Interests that are to be received by the Holders of Allowed Term Loan Claims will first be issued and contributed by Reorganized West Marine to the applicable Debtor and, thereafter, such New Equity Interests will be transferred by the applicable Debtor to such Holders in exchange for their Allowed Term Loan Claims pursuant to the Plan, and (ii) treat such transactions as occurring in the same order described in the immediately preceding clause (i) (*i.e.,* issuance followed by contribution followed by exchange) for U.S. federal income tax purposes. The Debtors believe, and intend to take the position that, this treatment applies for U.S. federal income tax purposes, and the remainder of the discussion assumes such treatment. The tax consequences to the Debtors, the Post-Effective Date Debtors, and Holders of Allowed Term Loan Claims described herein could be materially different in the event this characterization is not respected for U.S. federal income tax purposes.

2. *Cancellation of Debt and Reduction of Tax Attributes.*

In general, absent an exception, a taxpayer will realize and recognize COD Income upon satisfaction of its outstanding indebtedness for total consideration less than the amount of such indebtedness. The amount of COD Income, in general, is the excess of (i) the adjusted issue price of the indebtedness satisfied over (ii) the amount of cash and the fair market value (or issue price, in the case of indebtedness) of any other consideration given in satisfaction of such indebtedness at the time of the exchange.

Under section 108 of the IRC, however, a taxpayer is not required to include any amount of COD Income in gross income if the taxpayer is under the jurisdiction of a court in a case under chapter 11 of the Bankruptcy Code and the discharge of debt occurs pursuant to that proceeding. Instead, as a consequence of such exclusion, a taxpayer-debtor must reduce its tax attributes by the amount of COD Income that it excluded from gross income pursuant to section 108 of the IRC. Such reduction in tax attributes occurs only after the tax for the year of the debt discharge has been determined. In general, tax attributes will be reduced in the following order: (i) NOLs and NOL carryforwards; (ii) general business credit carryovers; (iii) minimum tax credit carryovers; (iv) capital loss carryovers; (v) tax basis in assets (but not below the amount of liabilities to which the debtor remains subject immediately after the discharge); (vi) passive activity loss and credit carryovers; and (vii) foreign tax credits carryovers. 163(j) Deductions are not subject to reduction under these rules. Any excess COD Income over the amount of available tax attributes will generally not give rise to U.S. federal income tax and will generally have no other U.S. federal income tax impact. Alternatively, a debtor with COD Income may elect first to reduce the basis of its depreciable assets pursuant to section 108(b)(5) of the IRC. Where the taxpayer joins in the filing of a consolidated U.S. federal income tax return, applicable Treasury Regulations require, in certain circumstances, that certain tax attributes of other members of the group also be reduced.

In connection with the Restructuring Transactions, the U.S. Debtors generally expect to realize COD Income, with an attendant decrease in tax attributes. The exact amount of any COD Income that will be realized by the Debtors will not be determinable until the consummation of the Plan.

(a) Limitation of NOLs, 163(j) Deductions, and Other Tax Attributes.

After giving effect to the reduction in tax attributes pursuant to excluded COD Income, the Post-Effective Date Debtors' ability to use any remaining tax attributes post-emergence ~~will~~may be subject to certain limitations under sections 382 and 383 of the IRC.

Under sections 382 and 383 of the IRC, if the Debtors undergo an "ownership change" as defined under section 382 of the IRC, the amount of any remaining NOL carryforwards, tax credit carryforwards, 163(j) Deductions, and possibly certain other attributes (potentially including losses and deductions that have accrued economically but are unrecognized as of the date of the ownership change and cost recovery deductions) of the Debtors allocable to periods prior to the Effective Date (collectively, "Pre-Change Losses") that may be utilized to offset future taxable income generally are subject to an annual limitation. For this purpose, if a corporation (or consolidated group) has a net unrealized built-in loss at the time of an ownership change (taking into account most assets and items of "built-in" income and deductions), then, generally, built-in losses (including amortization or depreciation deductions attributable to such built-in losses) recognized during the following five years (up to the amount of the original net unrealized built-in loss) will be treated as Pre-Change Losses and similarly will be subject to the annual limitation. In general, a corporation's (or consolidated group's) net unrealized built-in loss will be deemed to be zero unless it is greater than the lesser of (i) $10,000,000 or (ii) 15 percent of the fair market value of its assets (with certain adjustments) before the ownership change.

The rules of section 382 of the IRC are complicated, but as a general matter, the Debtors anticipate that the issuance of New Equity Interests pursuant to the Plan ~~will~~may result in an "ownership change" of the Debtors for these purposes, and that the Post-Effective Date Debtors' use of the Pre-Change Losses will be subject to limitation unless an exception to the general rules of section 382 of the IRC applies. The Debtors have not yet analyzed whether an "ownership change" will in fact result from the issuance of New Equity Interests pursuant to the Plan.

(i) **General Section 382 Annual Limitation.**

In general, the amount of the annual limitation to which a corporation that undergoes an "ownership change" would be subject is equal to the product of (i) the fair market value of the stock of the corporation immediately before the "ownership change" (with certain adjustments), and (ii) the "long-term tax-exempt rate" (which is the highest of the adjusted federal long-term rates in effect for any month in the three-calendar-month period ending with the calendar month in which the ownership change occurs, currently 3.65 percent for May 2026). Under certain circumstances, the annual limitation may be increased to the extent that the corporation (or parent of the consolidated group) has an overall built-in gain in its assets at the time of the ownership change. If the corporation or consolidated group has such "net unrealized built-in gain" at the time of an ownership change (taking into account most assets and items of "built-in" income, gain, loss, and deduction), any built-in gains recognized (or, according to the currently effective IRS Notice 2003-65, treated as recognized) during the following five-year period (up to the amount of the original net unrealized built-in gain) generally will increase the annual limitation in the year of such recognition, such that the loss corporation or consolidated group would be permitted to use its Pre-Change Losses against such built-in gain income in addition to its otherwise applicable annual limitation. Section 383 of the IRC applies a similar limitation to capital loss carryforwards and tax credits. Any unused limitation may be carried forward, thereby increasing the annual limitation in the subsequent taxable year. If the corporation or consolidated group does not continue its historic business (or if the historic business consists of multiple lines of business, at least one of the significant lines of business) or use a significant portion of its historic assets in a new business for at least two years after the ownership change, the annual limitation resulting from the ownership change is reduced to zero, thereby precluding any utilization of the corporation's Pre-Change Losses (absent any increases due to recognized built-in gains). As discussed below, however, special rules may apply in the case of a corporation that experiences an ownership change as the result of a bankruptcy proceeding.

(ii) **Special Bankruptcy Exception.**

Special rules may apply in the case of a corporation that experiences an "ownership change" as a result of a bankruptcy proceeding. An exception to the foregoing annual limitation rules generally applies when so-called "qualified creditors" of a debtor corporation in chapter 11 receive, in respect of their Claims, at least 50 percent of the vote and value of the stock of the debtor corporation (or a controlling corporation if also in chapter 11) as reorganized pursuant to a confirmed chapter 11 plan (the "382(l)(5) Exception"). If the requirements of the 382(l)(5) Exception are satisfied, a debtor's Pre-Change Losses would not be limited on an annual basis, but, instead, NOL carryforwards would be reduced by the amount of any interest deductions claimed by the debtor during the three taxable years preceding the effective date of the plan of reorganization and during the part of the taxable year prior to and including the effective date of the plan of reorganization in respect of all debt converted into stock pursuant to the reorganization. If the 382(l)(5) Exception applies and the Post-Effective Date Debtors undergo another "ownership change" within two years after the Effective Date, then the Post-Effective Date Debtors' Pre-Change Losses thereafter would be effectively eliminated in their entirety.

Where the 382(l)(5) Exception is not applicable to a corporation under the jurisdiction of a bankruptcy court (either because the debtor corporation does not qualify for it or the debtor corporation otherwise elects not to utilize the 382(l)(5) Exception), another exception will generally apply (the "382(l)(6) Exception"). Under the 382(l)(6) Exception, the annual limitation will be calculated by reference to the lesser of (i) the value of the debtor corporation's new stock (with certain adjustments) immediately after the ownership change or (ii) the value of such debtor corporation's assets (determined without regard to liabilities) immediately before the ownership change. This differs from the ordinary rule that requires the fair market value of a debtor corporation that undergoes an "ownership change" to be determined before the events giving rise to the change. The 382(l)(6) Exception also differs from the 382(l)(5) Exception in that, under it, a debtor corporation is not required to reduce its NOL carryforwards by the amount of interest deductions claimed within the prior three-year period, and a debtor corporation may undergo a change of ownership within two years without automatically triggering the elimination of its Pre-Change Losses. The resulting limitation would be determined under the regular rules for ownership changes.

The Debtors have not determined whether the 382(l)(5) Exception will be available or, if it is available, whether the Post-Effective Date Debtors will elect out of its application.

C. Certain U.S. Federal Income Tax Consequences of the Plan to U.S. Holders of Allowed Class 3, Class 4, Class 5, and Class 6 Claims.

The following discussion assumes that the Debtors will undertake the Restructuring Transactions currently contemplated by the Plan. U.S. Holders of Allowed Claims are urged to consult their tax advisors regarding the tax consequences of the Restructuring Transactions.

The U.S. federal income tax consequences to U.S. Holders of certain Claims may depend on (x) whether the Claims surrendered constitute "securities" for U.S. federal income tax purposes and (y) whether the Debtor against which such Claims are asserted is the same entity for tax purposes that is issuing the consideration under the Plan (or, otherwise, an entity that is a "party to a reorganization" with the Debtor against which such Claims were asserted).

Neither the IRC nor the Treasury Regulations promulgated thereunder defines the term "security." Whether a debt instrument constitutes a "security" for U.S. federal income tax purposes is determined based on all the relevant facts and circumstances, but most authorities have held that the length of the term of a debt instrument is an important factor in determining whether such instrument is a security for U.S. federal income tax purposes. These authorities have indicated that a term of less than five years is evidence that the instrument is not a security, whereas a term of ten years or more is evidence that it is a security. There are numerous other factors that could be taken into account in determining whether a debt instrument is a security, including the security for payment, the creditworthiness of the obligor, the subordination or lack thereof to other creditors, the right to vote or otherwise participate in the management of the obligor, convertibility of the instrument into an equity interest of the obligor, whether payments of interest are fixed, variable, or contingent, and whether such payments are made on a current basis or accrued. Due to the inherently factual nature of the determination, U.S. Holders are urged to consult their tax advisors regarding the status of their Claims as "securities" for U.S. federal income tax purposes.

The character of any gain or loss recognized by a U.S. Holder as capital gain or loss or as ordinary income or loss will be determined by a number of factors, including the tax status of the Holder, the nature of the Claim in such Holder's hands, whether the Claim constitutes a capital asset in the hands of the Holder, whether the Claim was purchased at a discount, and whether and to what extent the Holder has previously claimed a bad debt deduction with respect to its Claim. If recognized gain is capital gain, it generally would be long-term capital gain if the Holder held its Claim for more than one year at the time of the exchange. The deductibility of capital losses is subject to certain limitations as discussed below.

1. *Consequences of the Restructuring Transactions to U.S. Holders of Allowed Class 3 Prepetition ABL Claims.*

Pursuant to the Plan, except to the extent that a Holder of an Allowed Prepetition ABL Claim agrees to less favorable treatment, each Holder of an Allowed Prepetition ABL Claim shall receive, in full and final satisfaction of its Allowed Prepetition ABL Claim: (a) if the Recapitalization Transaction occurs, either (i) payment in full in Cash of its Allowed Prepetition ABL Claim or (ii) loans under the Exit ABL Facility on a dollar-for-dollar basis; or (b) if the Sale Transaction occurs, its pro rata share of (x) the Prepetition ABL Priority Distributable Value and (y) following full payment or satisfaction of Term Loan Claims, the Term Priority Distributable Value; provided, however, that in no event shall any Holder of a Prepetition ABL Claim receive, on account of such Claim, a recovery greater than 100% of the Allowed amount of such Claim.

In a Sale Transaction, although it cannot be known with certainty at this time the form of any Distributable Value will take, and there are some potential exceptions, the Debtors generally expect that the form of any Distributable Value would be of a kind such that a U.S. Holder of an Allowed ABL Claim should be treated as receiving its distribution under the Plan in a taxable exchange under section 1001 of the IRC.[~~10~~11] The Debtors expect the same such treatment in an Recapitalization Transaction, whether or not structured as a Taxable Sale or an Equity Restructuring. Accordingly, in either case, the U.S. Holder should recognize gain or loss on the Effective Date in an amount equal to the difference, if any, between (a) the fair market value or issue price, as applicable, of any non-cash property, together with the amount of any cash received, as applicable, and (b) the Holder's adjusted tax basis in its Prepetition Allowed ABL Claim.

The character of such gain or loss as capital gain or loss or as ordinary income or loss will be determined by a number of factors, including the tax status of the U.S. Holder, the nature of the Allowed Prepetition ABL Claim in such U.S. Holder's hands, whether such Claim constitutes a capital asset in the hands of the U.S. Holder, whether such Claim was purchased at a discount, and whether and to what extent the U.S. Holder has previously claimed a bad debt deduction with respect to such Claim. If recognized gain or loss is capital gain or loss, it would generally constitute long-term capital gain or loss if the U.S. Holder has held such Claim for longer than one year. Non-corporate U.S. taxpayers are generally subject to a reduced U.S. federal income tax rate on net long-term capital gains. The deductibility of capital losses is subject to certain limitations. A U.S. Holder should obtain a tax basis in any non-cash property received equal to the fair market value or issue price, as applicable, of such property as of the date such property is distributed to such U.S. Holder, and the holding period for any non-cash consideration received in the exchange should begin the day after the Effective Date.

The treatment of the exchange to the extent a portion of the consideration received is allocable to accrued but untaxed interest or market discount, which differs from the treatment described above, is discussed below.

2. *Consequences of the Restructuring Transactions to U.S. Holders of Allowed Class 4 Prepetition FILO Claims.*

Pursuant to the Plan, except to the extent that a Holder of an Allowed Prepetition FILO Claim agrees to less favorable treatment, each Holder of an Allowed Prepetition FILO Claim shall receive, in full and final satisfaction of its Allowed Prepetition FILO Claim: (a) if the Recapitalization Transaction occurs, either (i) payment in full in Cash of its Allowed Prepetition FILO Claim or (ii) loans under the Exit Term Loan Facility on a dollar-for-dollar basis; or (b) if the Sale Transaction occurs, its pro rata share of (x) following full payment or satisfaction of Prepetition ABL Claims, the Prepetition ABL Priority Distributable Value and (y) following full payment or satisfaction of Term Loan Claims and Prepetition ABL Claims, the Term Priority Distributable Value; provided, however, that in no event shall any Holder of the Prepetition Allowed FILO Claim receive, on account of such Claim, a recovery greater than 100% of the Allowed amount of such Claim.

In a Recapitalization Transaction structured as an Equity Restructuring where the Holders of Allowed FILO Claims receive loans under the Exit Term Loan Facility, where the Prepetition FILO Claims and the loans under the Exit Term Loan Facility each qualify as a "security" with respect to the same Debtor, a U.S. Holder of Allowed Prepetition FILO Claims should be treated as receiving its distribution under the Plan in a "recapitalization" for U.S. federal income tax purposes pursuant to section 368(a)(1)(E) of the IRC. A U.S. Holder of such a Claim should not recognize gain or loss. A U.S. Holder should obtain a tax basis in any property qualifying as a "security" equal to the tax basis in

[~~10~~11] The Debtors will file supplemental disclosure, in the Plan Supplement or otherwise, in the event this assumption is inapplicable. The remainder of this tax disclosure is drafted on the basis of this assumption.

its Allowed Prepetition FILO Claim. The holding period for any consideration received that qualifies as a "security" includes the U.S. Holder's holding period in their Claim.

In an Equity Restructuring where the Holders of Allowed Prepetition FILO Claims receive payment in full in Cash or either a Holder's Allowed Prepetition FILO Claims or the loans under the Exit Term Loan Facility do not qualify as a "security" with respect to the same Debtor, a U.S. Holder of an Allowed Prepetition FILO Claim should be treated as receiving its distribution under the Plan in a taxable exchange under section 1001 of the IRC. The U.S. Holder should recognize gain or loss on the Effective Date in an amount equal to the difference, if any, between (a) the issue price of the loans under the Exit Term Loan Facility, or the amount of any cash received, as applicable, and (b) the Holder's adjusted tax basis in its Allowed Prepetition FILO Claim.

The character of such gain or loss as capital gain or loss or as ordinary income or loss will be determined by a number of factors, including the tax status of the U.S. Holder, the nature of the Allowed Prepetition FILO Claim in such U.S. Holder's hands, whether such Claim constitutes a capital asset in the hands of the U.S. Holder, whether such Claim was purchased at a discount, and whether and to what extent the U.S. Holder has previously claimed a bad debt deduction with respect to such Claim. If recognized gain or loss is capital gain or loss, it would generally constitute long-term capital gain or loss if the U.S. Holder has held such Claim for longer than one (1) year. Non-corporate U.S. taxpayers are generally subject to a reduced U.S. federal income tax rate on net long-term capital gains. The deductibility of capital losses is subject to certain limitations. A U.S. Holder should obtain a tax basis in any loans under the Exit Term Loan Facility received equal to the issue price thereof as of the date such property is distributed to such U.S. Holder, and the holding period for such loans received in the exchange should begin the day after the Effective Date.

In a Taxable Sale in which the Holders of Allowed Prepetition FILO Claims receive Distributable Value, the Debtors generally expect that the form of any Distributable Value would be of a kind such that a U.S. Holder of an Allowed Prepetition FILO Claim should be treated as receiving its distribution under the Plan in a taxable exchange under section 1001 of the IRC, and the Debtors expect the same such treatment in any other Taxable Sale transaction. Accordingly, the U.S. Holder should recognize gain or loss on the Effective Date in an amount equal to the difference, if any, between (a) the fair market value or issue price, as applicable, of any non-cash property, or the amount of any cash received, as applicable, and (b) the Holder's adjusted tax basis in its Allowed Prepetition FILO Claim. Generally, this gain or loss will be subject to the rules described above, a U.S. Holder should obtain a tax basis in any non-cash property received equal to the fair market value or issue price, as applicable, of such property as of the date such property is distributed to such U.S. Holder, and the holding period for any non-cash consideration received in the exchange should begin the day after the Effective Date.

The treatment of the exchange to the extent a portion of the consideration received is allocable to accrued but untaxed interest or market discount, which differs from the treatment described above, is discussed below.

3. *Consequences of the Restructuring Transactions to U.S. Holders of Allowed Class 5 Term Loan Claims.*

Pursuant to the Plan, except to the extent that a Holder of an Allowed Term Loan Claim agrees to less favorable treatment, each Holder of an Allowed Term Loan Claim shall receive, in full and final satisfaction of such Allowed Term Loan Claim: (a) if the Recapitalization Transaction occurs, its Pro Rata share of 100% of the New Equity Interests (subject to dilution by the Management Incentive Plan); or (b) if the Sale Transaction occurs, its Pro Rata share of (x) following full payment or satisfaction of Prepetition ABL Claims and Prepetition FILO Claims, the ABL Priority Distributable Value and (y) the Term Priority Distributable Value *provided*, *however*, that in no event shall any Holder of a Term Loan

Claim receive, on account of such Claim, a recovery greater than 100% of the Allowed amount of such Claim.

In a Recapitalization Transaction, the entity issuing the New Equity Interests under the Plan will not be the same entity as the Debtor against which the Allowed Term Loan Claims are asserted (or an entity that is a "party to a reorganization" with such Debtor for U.S. federal income tax purposes). Accordingly, the exchange of such Claims should generally be treated as a taxable exchange pursuant to section 1001 of the IRC. A U.S. Holder of an Allowed Term Loan Claim generally should recognize gain or loss on the Effective Date in an amount equal to (i) the fair market value of the New Equity Interest received less (ii) the U.S. Holder's adjusted tax basis in its Allowed Term Loan Claim.

The character of such gain or loss as capital gain or loss or as ordinary income or loss will be determined by a number of factors, including the tax status of the U.S. Holder, the nature of the Allowed Term Loan Claim in such U.S. Holder's hands, whether such Claim constitutes a capital asset in the hands of the U.S. Holder, whether such Claim was purchased at a discount, and whether and to what extent the U.S. Holder has previously claimed a bad debt deduction with respect to such Claim. If recognized gain or loss is capital gain or loss, it would generally constitute long-term capital gain or loss if the U.S. Holder has held such Claim for longer than one year. Non-corporate U.S. taxpayers are generally subject to a reduced U.S. federal income tax rate on net long-term capital gains. The deductibility of capital losses is subject to certain limitations. A U.S. Holder should obtain a tax basis in the New Equity Interests equal to the fair market value of the New Equity Interests as of the date such New Equity Interests are distributed to such U.S. Holder. The holding period for any such New Equity Interests should begin on the day following the receipt of such New Equity Interests.

In a Sale Transaction in which the Holders of Allowed Term Loan Claims receive Distributable Value, the Debtors generally expect that the form of any Distributable Value would be of a kind such that a U.S. Holder of an Allowed Term Loan Claim should be treated as receiving its distribution under the Plan in a taxable exchange under section 1001 of the IRC, and the Debtors expect the same such treatment in any other Taxable Sale ~~T~~transaction. Accordingly, the U.S. Holder should recognize gain or loss on the Effective Date in an amount equal to the difference, if any, between (a) the fair market value or issue price, as applicable, of any non-cash property, together with the amount of any cash received and (b) the Holder's adjusted tax basis in its Allowed Term Loan Claim. Generally, this gain or loss will be subject to the rules described above, a U.S. Holder should obtain a tax basis in any non-cash property received equal to the fair market value or issue price, as applicable, of such property as of the date such property is distributed to such U.S. Holder, and the holding period for the consideration received in the exchange should begin the day after the Effective Date.

The treatment of the exchange to the extent a portion of the consideration received is allocable to accrued but untaxed interest or market discount, which differs from the treatment described above, is discussed below.

4. *Consequences of the Restructuring Transactions to U.S. Holders of Allowed Class 6 General Unsecured Claims.*

(a) Generally

Pursuant to the Plan, except to the extent that a Holder of an Allowed General Unsecured Claim agrees to less favorable treatment, on the Plan Effective Date, each Holder of an Allowed General Unsecured Claim shall receive, in full and final satisfaction of such Allowed General Unsecured Claim: (a) if the Recapitalization Transaction occurs (i) if Class 6 votes to accept the Plan, its pro rata share of ~~$250,000~~the GUC Cash, or (ii) if Class 6 votes to reject the Plan, all Allowed General Unsecured Claims shall be canceled, released, and extinguished and will be of no further force or effect, and Holders of

Allowed General Unsecured Claims shall not receive any distribution, property, or other value under the Plan on account of such Allowed General Unsecured Claim; or (b) if the Sale Transaction occurs, the greater of (i) the GUC Cash provided, however, if Class 6 (General Unsecured Claims) votes to reject the Plan, all Allowed General Unsecured Claims shall be canceled, released, and extinguished and will be of no further force or effect, and Holders of Allowed General Unsecured Claims shall not receive any distribution, property, or other value under the Plan on account of such Allowed General Unsecured Claim, or (ii) the Distributable Value following full payment or satisfaction, as applicable, of Claims in Classes 1, 2, 3, 4, and 5; provided, however, that in no event shall any Holder of a General Unsecured Claim receive, on account of such Claim, a recovery greater than 100% of the Allowed amount of such Claim.

Each Holder of a General Unsecured Claim would generally recognize gain or loss in the exchange in an amount equal to the difference between (i) the fair market value or issue price, as applicable, of any non-cash property, together with the amount of any cash received and (ii) such Holder's adjusted tax basis in its General Unsecured Claim.

The character of such gain or loss as capital gain or loss or as ordinary income or loss will be determined by a number of factors, including the tax status of the U.S. Holder, the nature of the Allowed General Unsecured Claim in such U.S. Holder's hands, whether such Claim constitutes a capital asset in the hands of the U.S. Holder, whether such Claim was purchased at a discount, and whether and to what extent the U.S. Holder has previously claimed a bad debt deduction with respect to such Claim. If recognized gain or loss is capital gain or loss, it would generally constitute long-term capital gain or loss if the U.S. Holder has held such Claim for longer than one year. Non-corporate U.S. taxpayers are generally subject to a reduced U.S. federal income tax rate on net long-term capital gains. The deductibility of capital losses is subject to certain limitations. A U.S. Holder should obtain a tax basis in any non-cash property received equal to the fair market value or issue price, as applicable, of such property as of the date such property is distributed to such U.S. Holder, and the holding period for the consideration received in the exchange should begin the day after the Effective Date.

The treatment of the exchange to the extent a portion of the consideration received is allocable to accrued but untaxed interest or market discount, which differs from the treatment described above, is discussed below.

(b) Matters Related to Disputed Ownership Funds.

The Debtors may establish Claim distribution accounts with respect to General Unsecured Claims, as described in the Plan. With respect to any property deposited into any such accounts (including any Disputed Claims Reserves), the Debtors anticipate that such assets will be subject to disputed ownership fund treatment under Section 1.468B-9 of the Treasury Regulations, that any appropriate elections with respect thereto shall be made, and that such treatment will also be applied to the extent possible for state and local tax purposes. Under such treatment, a separate federal income tax return shall be filed with the IRS for any such account. Any taxes (including with respect to interest, if any, earned in the account) imposed on such account shall be paid out of the assets of the respective account (and reductions shall be made to amounts disbursed from the account to account for the need to pay such taxes). To the extent property is not distributed to U.S. Holders of Allowed General Unsecured Claims on the Effective Date but, instead, is transferred to any such account, although not free from doubt, such U.S. Holders should not recognize any gain or loss with respect to such property on the date that the property is so transferred. Instead, gain or loss should be recognized when and to the extent property is actually distributed to such U.S. Holders.

5. *Accrued Interest (and OID).*

To the extent that any amount received by a U.S. Holder of a surrendered Allowed Claim under the Plan is attributable to accrued but untaxed interest (or OID), such amount should be taxable to the U.S. Holder as ordinary interest income if such accrued interest has not been previously included in the U.S. Holder's gross income for U.S. federal income tax purposes. Conversely, a U.S. Holder of a surrendered Allowed Claim may be able to recognize a deductible loss to the extent that any accrued interest on the debt instruments constituting such claim was previously included in the Holder's gross income but was not paid in full by the Debtors. Such loss may be ordinary, but the tax law is unclear on this point. The tax basis of any non-cash consideration treated as received in satisfaction of accrued but untaxed interest (or OID) should equal the amount of such accrued but untaxed interest (or OID). The holding period for such non-cash consideration should begin on the day following the receipt of such property.

The extent to which the consideration received by a U.S. Holder of a surrendered Allowed Claim will be attributable to accrued interest on the debts constituting the surrendered Allowed Claim is unclear. Certain legislative history and case law indicates that an allocation of consideration as between principal and interest provided in a chapter 11 plan of reorganization is binding for U.S. federal income tax purposes, while certain Treasury Regulations treat payments as allocated first to any accrued but untaxed interest. The Plan provides that amounts paid to Holders of Claims will be allocated first to unpaid principal and then to unpaid interest. The IRS could take the position that the consideration received by the Holder should be allocated in some way other than as provided in the Plan. Holders of Claims should consult their own tax advisors regarding the proper allocation of the consideration received by them under the Plan. Holders of Claims should consult their tax advisors regarding the proper allocation of the consideration received by them under the Plan and the U.S. federal income tax treatment of accrued but untaxed interest.

U.S. HOLDERS OF CLAIMS AND INTERESTS SHOULD CONSULT THEIR TAX ADVISORS REGARDING THE PROPER ALLOCATION OF THE CONSIDERATION RECEIVED BY THEM UNDER THE PLAN AND THE U.S. FEDERAL INCOME TAX TREATMENT OF ACCRUED BUT UNTAXED INTEREST.

6. *U.S. Federal Income Tax Consequences to U.S. Holders of Ownership and Disposition of the Exit Term Loan Facility or the Exit ABL Facility.*

The following discussion assumes that the "contingent payment debt instrument" ("CPDI") rules do not apply to the Exit Term Loan Facility or the Exit ABL Facility.

(a) Payments of Qualified Stated Interest.

Payments or accruals of "qualified stated interest" (as defined below) on the Exit Term Loan Facility or the Exit ABL Facility will be includible in the U.S. Holder's gross income as ordinary interest income and taxable at the time that such payments are accrued or are received in accordance with such U.S. Holder's regular method of accounting for U.S. federal income tax purposes. The term "qualified stated interest" generally means stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually during the entire term of the Exit Term Loan Facility or the Exit ABL Facility, at a single fixed rate of interest, or, subject to certain conditions, based on one or more interest indices.

(b) Issue Price, Original Issue Discount.

The determination of "issue price" of the Exit Term Loan Facility or the Exit ABL Facility for purposes of the analysis herein will depend, in part, on whether such debt instruments and other property issued to a U.S. Holder or the property surrendered under the Plan are treated as traded on an "established securities market." However, if a substantial amount of the Exit Term Loan Facility is issued for cash, the "issue price" of the Exit Term Loan Facility is the first price at which a substantial amount was sold for cash (ignoring sales to bond houses, brokers or similar person acting in the capacity of underwriters, placement agents or wholesalers). This is hereafter referred to as the "cash issue-price" rule. The Debtors do not know at this time whether a substantial amount of the Exit Term Loan Facility will be sold for cash.

If the cash issue-price rule does not apply, the issue price of the Exit Term Loan Facility and the Exit ABL Facility generally will be determined as follows. In general, a debt instrument will be treated as traded on an established market if, at any time during the 31-day period ending 15 days after the issue date, (a) a "sales price" for an executed purchase of the debt instrument appears on a medium that is made available to issuers of debt instruments, persons that regularly purchase or sell debt instruments, or persons that broker purchases or sales of debt instruments; (b) a "firm" price quote for the debt instrument is available from at least one broker, dealer or pricing service for property and the quoted price is substantially the same as the price for which the person receiving the quoted price could purchase or sell the property; or (c) there are one or more "indicative" quotes available from at least one broker, dealer or pricing service for property. Pursuant to applicable Treasury Regulation, an "established market" need not be a formal market. The issue price of a debt instrument that is traded on an established market (or that is issued for stock or securities so traded) would be the fair market value of such debt instrument (or such stock or securities so traded) on the issue date as determined by such trading; provided, that if both the property exchanged and the property received therefor are treated as traded, the trading price of the property so received controls. A special rule provides that a debt instrument will not be treated as "publicly traded" if at the time the determination is made the outstanding stated principal amount of the issue that includes the debt instrument does not exceed $100,000,000. Although not free from doubt, the Debtors expect that this exception will apply with respect to both the Exit Term Loan Facility and to the Exit ABL Facility.

Subject to certain exceptions, the issue price of a debt instrument that is neither so traded nor issued for stock or securities so traded would be its stated principal amount (provided, that the interest rate on the debt instrument exceeds the applicable federal rate published by the IRS). The rules regarding the determination of issue price are complex and highly detailed and you should consult your tax advisor regarding the determination of the issue price of the loans under the Exit Term Loan Facility or the Exit ABL Facility.

In general, a U.S. Holder of Claims must follow the Debtors' determination of issue price with respect to each debt instrument issued under the Plan, unless such U.S. Holder specifically discloses its disagreement with such determination on the U.S. Holder's own tax return. The Debtors will publish their determination of the issue price in accordance with applicable Treasury Regulations.

A debt instrument, such as the Exit Term Loan Facility or the Exit ABL Facility, is treated as issued with original issue discount ("OID") for U.S. federal income tax purposes if its issue price is less than its stated redemption price at maturity by more than a *de minimis* amount. A debt instrument's stated redemption price at maturity includes all principal and interest payable over the term of the debt instrument, other than "qualified stated interest." Stated interest payable at a fixed rate is "qualified stated interest" if it is unconditionally payable in cash at least annually. Moreover, the Exit Term Loan Facility or the Exit ABL Facility could be treated as issued with OID to the extent the allocation rules described above result in the Exit Term Loan Facility or the Exit ABL Facility, as applicable, having an issue price that is less than their stated redemption price at maturity.

For purposes of determining whether there is OID, the *de minimis* amount is generally equal to ¼ of 1 percent of the principal amount of the Exit Term Loan Facility or the Exit ABL Facility multiplied by the remaining number of complete years to maturity from their original issue date, or if the Exit Term Loan Facility or the Exit ABL Facility, as applicable, provides for payments other than payments of qualified stated interest before maturity, multiplied by the weighted average maturity (as determined under applicable Treasury Regulations). If the Exit Term Loan Facility or the Exit ABL Facility is issued with OID, a U.S. Holder generally (i) will be required to include the OID in gross income as ordinary interest income as it accrues on a constant yield to maturity basis over the term of the Exit Term Loan Facility or the Exit ABL Facility, as applicable, in advance of the receipt of the cash attributable to such OID and regardless of the holder's method of accounting for U.S. federal income tax purposes, but (ii) will not be required to recognize additional income upon the receipt of any Cash payment on the Exit Term Loan Facility or the Exit ABL Facility, as applicable, that is attributable to previously accrued OID that has been included in its income. If the amount of OID on the Exit Term Loan Facility or the Exit ABL Facility is *de minimis*, rather than being characterized as interest, any payment attributable to the *de minimis* OID will be treated as gain from the sale of the Exit Term Loan Facility or the Exit ABL Facility, as applicable, and a pro rata amount of such *de minimis* OID must be included in income as principal payments are received on the Exit Term Loan Facility or the Exit ABL Facility, as applicable.

(c) Sale, Taxable Exchange or other Taxable Disposition of the Exit Term Loan Facility or the Exit ABL Facility.

Upon the disposition of a portion of the Exit Term Loan Facility or the Exit ABL Facility by sale, exchange, retirement, redemption or other taxable disposition, a U.S. Holder will generally recognize gain or loss equal to the difference, if any, between (i) the amount realized on the disposition (other than amounts attributable to accrued but untaxed interest, which will be taxed as ordinary interest income to the extent not previously so taxed) and (ii) the U.S. Holder's adjusted tax basis in the transferred portion of the Exit Term Loan Facility or the Exit ABL Facility, as applicable. A U.S. Holder's adjusted tax basis in their interest in the transferred portion of the Exit Term Loan Facility or the Exit ABL Facility will be determined in the manner set forth above. A U.S. Holder's adjusted tax basis will generally be increased by any accrued OID previously included in such U.S. Holder's gross income. A U.S. Holder's gain or loss will generally constitute capital gain or loss and will be long-term capital gain or loss if the U.S. Holder has held such Exit Term Loan Facility for longer than one year. Non-corporate taxpayers are generally subject to a reduced federal income tax rate on net long-term capital gains. The deductibility of capital losses is subject to certain limitations.

7. *Market Discount.*

Under the "market discount" provisions of sections 1276 through 1278 of the IRC, some or all of any gain realized by a U.S. Holder exchanging the debt instruments constituting its Allowed Claim may be treated as ordinary income (instead of capital gain), to the extent of the amount of "market discount" on the debt constituting the surrendered Allowed Claim.

In general, a debt instrument is considered to have been acquired with "market discount" if it is acquired other than on original issue and if its U.S. Holder's adjusted tax basis in the debt instrument is less than (a) the sum of all remaining payments to be made on the debt instrument, excluding "qualified stated interest" or, (b) in the case of a debt instrument issued with "original issue discount," its adjusted issue price, by more than a *de minimis* amount (equal to 0.25 percent of the sum of all remaining payments to be made on the debt instrument, excluding qualified stated interest, multiplied by the number of remaining whole years to maturity).

Any gain recognized by a U.S. Holder on the taxable disposition (determined as described above) of a Claim that it acquired with market discount should be treated as ordinary income to the extent of the market discount that accrued thereon while such Claim were considered to be held by the U.S. Holder (unless the U.S. Holder elected to include market discount in income as it accrued). To the extent that the surrendered Claims that had been acquired with market discount are exchanged in a tax-free or other reorganization transaction for other property (as may occur here), any market discount that accrued on such Claims but was not recognized by the U.S. Holder may be required to be carried over to the property received therefor and any gain recognized on the subsequent sale, exchange, redemption, or other disposition of such property may be treated as ordinary income to the extent of the accrued but unrecognized market discount with respect to the exchanged debt instrument.

U.S. HOLDERS SHOULD CONSULT THEIR TAX ADVISORS CONCERNING THE APPLICATION OF THE MARKET DISCOUNT RULES TO THEIR CLAIMS.

8. *U.S. Federal Income Tax Consequences to U.S. Holders of Owning and Disposing of New Equity Interests.*

(a) Dividends on New Equity Interests.

Any distributions made on account of the New Equity Interests will constitute dividends for U.S. federal income tax purposes to the extent of the current or accumulated earnings and profits of the Reorganized Debtors as determined under U.S. federal income tax principles. To the extent that a Holder receives distributions that would otherwise constitute dividends for U.S. federal income tax purposes but that exceed such current and accumulated earnings and profits, such distributions will be treated first as a non-taxable return of capital reducing the Holder's basis in its shares. Any such distributions in excess of the Holder's basis in its shares (determined on a share-by-share basis) generally will be treated as capital gain.

Dividends paid to U.S. Holders that are corporations generally will be eligible for the dividends-received deduction so long as there are sufficient earnings and profits. However, the dividends-received deduction is only available if certain holding period requirements are satisfied. The length of time that a shareholder has held its stock is reduced for any period during which the shareholder's risk of loss with respect to the stock is diminished by reason of the existence of certain options, contracts to sell, short sales, or similar transactions. In addition, to the extent that a corporation incurs indebtedness that is directly attributable to an investment in the stock on which the dividend is paid, all or a portion of the dividends received deduction may be disallowed.

(b) Sale, Redemption, or Repurchase of New Equity Interests

Unless a non-recognition provision applies, Holders generally will recognize capital gain or loss upon the sale, redemption, or other taxable disposition of New Equity Interests received pursuant to the Plan. Such capital gain will be long-term capital gain if at the time of the sale, exchange, retirement, or other taxable disposition, the Holder held the applicable New Equity Interests consideration for more than one year. Long-term capital gains of an individual taxpayer generally are taxed at preferential rates. The deductibility of capital losses is subject to certain limitations as described below.

9. *Limitations on Use of Capital Losses.*

A U.S. Holder of a Claim who recognizes capital losses as a result of the distributions under the Plan will be subject to limits on the use of such capital losses. For a non-corporate U.S. Holder, capital losses may be used to offset any capital gains (without regard to holding periods), and also ordinary income to the extent of the lesser of (1) $3,000 annually ($1,500 for married individuals filing separate returns) or (2) the excess of the capital losses over the capital gains. A non-corporate U.S. Holder may carry over unused capital losses and apply them against future capital gains and a portion of their ordinary income for an unlimited number of years. For corporate Holders, capital losses may only be used to offset capital gains. A corporate U.S. Holder that has more capital losses than may be used in a tax year may carry back unused capital losses to the three years preceding the capital loss year or may carry over unused capital losses for the five years following the capital loss year.

10. ***Medicare Tax.***

Certain U.S. Holders that are individuals, estates, or trusts are required to pay an additional 3.8 percent tax on, among other things, dividends and gains from the sale or other disposition of capital assets. U.S. holders that are individuals, estates, or trusts should consult their tax advisors regarding the effect, if any, of this tax provision on their ownership and disposition of stock.

11. ***The Wind-Down Debtors.***

If ~~the~~a Sale Transaction occurs, the Plan provides that on the Effective Date, any property retained by the Debtors pursuant to the Plan or the Purchase Agreement shall vest in the applicable Wind-Down Debtor, and the Plan Administrator, in his or her discretion, may transfer all or any portion of the assets of the Wind-Down Debtors to the Liquidating Trust.

Although not free from doubt, other than with respect to any assets that are subject to potential disputed claims of ownership or uncertain distributions, the Liquidating Trust is expected to be classified as a "liquidating trust" under section 301.7701-4(d) of the Treasury Regulations and qualify as a "grantor trust" under section 671 of the Tax Code. If such treatment does apply, any Liquidating Trust beneficiaries holding a beneficial interest in the Liquidating Trust would be treated as grantors and deemed owners thereof and, for all U.S. federal income tax purposes, would be treated as if they had received a distribution of an undivided interest in the assets of the Liquidating Trust and then contributed such undivided interest to the Liquidating Trust. Other than with respect to any assets of the Liquidating Trust that are subject to potential disputed claims of ownership or uncertain distributions, the treatment of the deemed transfer of assets to applicable Holders of Claims prior to the contribution of such assets to the Liquidating Trust should generally be consistent with the treatment described above with respect to the receipt of the applicable assets directly. Other than with respect to any assets of the Liquidating Trust that are subject to potential disputed claims of ownership or uncertain distributions, no entity-level tax is expected to be imposed on the Liquidating Trust with respect to earnings generated by the assets held by it. Each beneficiary must report on its federal income tax return its allocable share of income, gain, loss, deduction and credit, if any, recognized or incurred by the Liquidating Trust, even if no distributions are made.

D. Certain U.S. Federal Income Tax Consequences of the Plan to Non-U.S. Holders of Allowed Claims.

The following discussion includes only certain U.S. federal income tax consequences of the Restructuring Transactions and Consummation of the Plan to Non-U.S. Holders. The discussion does not include any non-U.S. tax considerations. The rules governing the U.S. federal income tax consequences to Non-U.S. Holders are complex. Each Non-U.S. Holder should consult its own tax advisor regarding the U.S. federal, state, and local and the foreign tax consequences of the Consummation of the Plan to such Non-U.S. Holder and the ownership and disposition of non-Cash consideration.

Whether a Non-U.S. Holder realizes gain or loss on the exchange and the amount of such gain or loss is determined in the same manner as set forth above in connection with U.S. Holders.

1. ***Gain Recognition on Exchange of Claims.***

Any gain realized by a Non-U.S. Holder on the exchange of its Claim generally will not be subject to U.S. federal income taxation unless (a) the Non-U.S. Holder is an individual who was present in the United States for 183 days or more during the taxable year in which the Restructuring Transactions occur and certain other conditions are met or (b) such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business in the United States (and if an income tax treaty applies, such gain is attributable to a permanent establishment maintained by such Non-U.S. Holder in the United States).

If the first exception applies, to the extent that any gain is taxable, the Non-U.S. Holder generally will be subject to U.S. federal income tax at a rate of 30 percent (or at a reduced rate or exemption from tax under an applicable income tax treaty) on the amount by which such Non-U.S. Holder's capital gains allocable to U.S. sources exceed capital losses allocable to U.S. sources during the taxable year of the exchange. If the second exception applies, the Non-U.S. Holder generally will be subject to U.S. federal income tax with respect to any gain realized on the exchange if such gain is effectively connected with the Non-U.S. Holder's conduct of a trade or business in the United States in the same manner as a U.S. Holder. In order to claim an exemption from withholding tax, such Non-U.S. Holder will be required to provide properly executed original copies of IRS Form W-8ECI (or such successor form as the IRS designates). In addition, if such a Non-U.S. Holder is a corporation, it may be subject to a branch profits tax equal to 30 percent (or such lower rate provided by an applicable treaty) of its effectively connected earnings and profits for the taxable year, subject to certain adjustments.

2. *U.S. Federal Income Tax Consequences to Non-U.S. Holders of Payments of Interest and Owning and Disposing of the Exit Term Loan Facility or the Exit ABL Facility.*

The following discussion assumes that the CPDI rules do not apply to the Exit Term Loan Facility or the Exit ABL Facility.

(a) Interest Payments; Accrued Interest (and OID).

Subject to the discussion of backup withholding and FATCA below, payments to a Non-U.S. Holder that are attributable to either (a) interest on (or OID accruals with respect to) debt received under the Plan, or (b) accrued but untaxed interest on their Allowed Claim generally will not be subject to U.S. federal income or withholding tax, provided that the withholding agent has received or receives, prior to payment, appropriate documentation (generally, IRS Form W-8BEN or W-8BEN-E or such successor forms as the IRS designates) establishing that the Non-U.S. Holder is not a U.S. person, unless:

(i) the Non-U.S. Holder actually or constructively owns 10 percent or more of the total combined voting power of all classes of the Debtor obligor on a Claim (in the case of consideration received in respect of accrued but unpaid interest) or the Reorganized Debtor obligor on the debt received under the Plan (in the case of interest payments with respect thereto);

(ii) the Non-U.S. Holder is a "controlled foreign corporation" that is a "related person" (each, within the meaning of the IRC) with respect to the Debtor obligor on a Claim (in the case of consideration received in respect of accrued but unpaid interest) or the Reorganized Debtor obligor on the debt received under the Plan (in the case of interest payments with respect thereto);

(iii) the Non-U.S. Holder is not a bank receiving interested described in section 881(c)(3)(A) of the IRC; or

(iv) such interest (or OID) is effectively connected with the conduct by the Non-U.S. Holder of a trade or business within the United States (in which case, provided the Non-U.S. Holder provides a properly executed IRS Form W-8ECI (or successor form) to the withholding agent, the Non-U.S. Holder (i) generally will not be subject to withholding tax, but (ii) will be subject to U.S. federal income tax in the same manner as a U.S. Holder (unless an applicable income tax treaty provides otherwise), and a Non-U.S. Holder that is a corporation for U.S. federal income tax purposes may also be subject to a branch profits tax with respect to such Non-U.S. Holder's effectively connected earnings and profits that are attributable to the accrued but untaxed interest at a rate of 30 percent (or at a reduced rate or exemption from tax under an applicable income tax treaty)).

A Non-U.S. Holder that does not qualify for exemption from withholding tax with respect to interest that is not effectively connected income generally will be subject to withholding of U.S. federal income tax at a thirty percent (30%) rate (or at a reduced rate or exemption from tax under an applicable income tax treaty) on (a) interest on debt received under the Plan and (b) payments that are attributable to accrued but untaxed interest on such Non-U.S. Holder's Allowed Claim. For purposes of providing a properly executed IRS Form W-8BEN or W-8BEN-E, special procedures are provided under applicable Treasury Regulations for payments through qualified foreign intermediaries or certain financial institutions that hold customers' securities in the ordinary course of their trade or business. As described above in more detail, the aggregate consideration to be distributed to holders of Claims in each Class will be allocated first to the principal amount of such Claims, with any excess allocated to unpaid interest that accrued on these Claims, if any.

If interest on the Exit Term Loan Facility or the Exit ABL Facility or interest paid to a Non-U.S. Holder pursuant to the Plan is treated as ECI to the Non-U.S. Holder, the Non-U.S. Holder will be required to pay U.S. federal income tax on that interest on a net income basis generally in the same manner as a U.S. Holder (and the thirty percent (30%) withholding tax described above will not apply), provided the appropriate statement is provided to the Reorganized Debtors (or, with respect to interest received pursuant to the Plan, the Debtors) or Reorganized Debtors' (or, as applicable, the Debtors') paying agent unless an applicable income tax treaty provides otherwise. To claim an exemption from withholding, such Non-U.S. Holder will be required to provide a properly executed IRS Form W-8ECI (or suitable substitute or successor form or such other form as the IRS may prescribe). If a Non-U.S. Holder is eligible for the benefits of any applicable income tax treaty between the United States and its country of residence, any interest income that is ECI will be subject to U.S. federal income tax in the manner specified by the applicable income tax treaty if the Non-U.S. Holder claims the benefit of the applicable income tax treaty by providing an appropriate IRS Form W-8 (or a suitable substitute or successor form or such other form as the IRS may prescribe) that has been properly completed and duly executed. In addition, a corporate Non-U.S. Holder may, under certain circumstances, be subject to an additional branch profits tax at a thirty percent (30%) rate, or, if applicable, a lower applicable income tax treaty rate, on its effectively connected earnings and profits attributable to such interest (subject to adjustments).

The certifications described above must be provided to the applicable withholding agent prior to the payment of interest and, as applicable, must be updated periodically. Non-U.S. Holders that do not timely provide the applicable withholding agent with the required certification, but that qualify for a reduced rate under an applicable income tax treaty, may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS. Non-U.S. Holders should consult their tax advisors regarding their entitlement to benefits under any applicable income tax treaty.

(b) Sale, Taxable Exchange, or Other Disposition of the Exit Term Loan Facility or the Exit ABL Facility.

A Non-U.S. Holder generally will not be subject to U.S. federal income tax with respect to any gain realized on the sale or other taxable disposition (including a cash redemption) of its pro rata share of the Exit Term Loan Facility or the Exit ABL Facility received under the Plan unless:

(i) such Non-U.S. Holder is an individual who is present in the United States for 183 days or more in the taxable year of disposition or who is subject to special rules applicable to former citizens and residents of the United States; or

(ii) such gain is effectively connected with such Non-U.S. Holder's conduct of a U.S. trade or business (and if an income tax treaty applies, such gain is attributable to a permanent establishment maintained by such Non-U.S. Holder in the United States).

If the first exception applies, the individual Non-U.S. Holder generally will be subject to U.S. federal income tax at a rate of thirty percent (30%) (or at a reduced rate or exemption from tax under an applicable income tax treaty) on the amount by which such Non-U.S. Holder's capital gains allocable to U.S. sources exceed capital losses allocable to U.S. sources during the taxable year of disposition. If the second exception applies, the Non-U.S. Holder generally will be subject to U.S. federal income tax with respect to such gain in the same manner as a U.S. Holder, and a Non-U.S. Holder that is a corporation for U.S. federal income tax purposes may also be subject to a branch profits tax with respect to earnings and profits effectively connected with a U.S. trade or business that are attributable to such gains at a rate of thirty percent (30%) (or at a reduced rate or exemption from tax under an applicable income tax treaty). To claim a reduced rate or exemption from tax, such Non-U.S. Holder will be required to provide a properly executed IRS Form W-8ECI (or suitable substitute or successor form or such other form as the IRS may prescribe).

3. *U.S. Federal Income Tax Consequences to Non-U.S. Holders of Owning and Disposing of New Equity Interests.*

(a) Dividends on New Equity Interests.

Any distributions made with respect to New Equity Interests will constitute dividends for U.S. federal income tax purposes to the extent of the issuer's current or accumulated earnings and profits as determined under U.S. federal income tax principles. To the extent that a Non-U.S. Holder receives distributions that would otherwise constitute dividends for U.S. federal income tax purposes but that exceed such current and accumulated earnings and profits, such distributions will be treated first as a non-taxable return of capital reducing the Non-U.S. Holder's basis in its shares. Any such distributions in excess of a Non-U.S. Holder's basis in its shares (determined on a share-by-share basis) generally will be treated as capital gain from a sale or exchange (and the respective excess distributions as proceeds from a sale or exchange). Except as described below, dividends paid with respect to New Equity Interests held by a Non-U.S. Holder that are not effectively connected with a Non-U.S. Holder's conduct of a U.S. trade or business (or if an income tax treaty applies, are not attributable to a permanent establishment maintained by such non-U.S. Holder in the United States) will be subject to withholding at a rate of 30 percent (or lower treaty rate or exemption from tax, if applicable). A Non-U.S. Holder generally will be required to satisfy certain IRS certification requirements in order to claim a reduction of or exemption from withholding under a tax treaty by filing IRS Form W-8BEN or W-8BEN-E (or a successor form) upon which the Non-U.S. Holder certifies, under penalties of perjury, its status as a non-U.S. person and its entitlement to the lower treaty rate or exemption from tax with respect to such payments. Dividends paid with respect to New Equity Interests held by a Non-U.S. Holder that are effectively connected with a Non-U.S. Holder's conduct of a U.S. trade or business (and if an income tax treaty applies, are attributable to a permanent establishment maintained by such Non-U.S. Holder in the United States) generally will be subject to U.S. federal income tax in the same manner as a U.S. Holder, and a Non-U.S. Holder that is a corporation for U.S. federal income tax purposes may also be subject to a branch profits tax with respect to such Non-U.S. Holder's effectively connected earnings and profits that are attributable to the dividends at a rate of thirty percent (30%) (or at a reduced rate or exemption from tax under an applicable income tax treaty). Distributions to a Non-U.S. Holder treated as capital gain from a sale or exchange may also be subject to taxation under FIRPTA (as discussed below).

(b) Sale, Redemption, or Repurchase of New Equity Interests.

A Non-U.S. Holder generally will not be subject to U.S. federal income tax with respect to any gain realized on the sale or other taxable disposition (including a cash redemption) of New Equity Interests unless:

(i) such Non-U.S. Holder is an individual who is present in the United States for 183 days or more in the taxable year of disposition or who is subject to special rules applicable to former citizens and residents of the United States;

(ii) such gain is effectively connected with such Non-U.S. Holder's conduct of a U.S. trade or business (and, if an applicable income tax treaty applies, such gain is attributable to a permanent establishment maintained by such Non-U.S. Holder in the United States); or

(iii) the issuer of such New Equity Interests is or has been during a specified testing period a "U.S. real property holding corporation" (a "USRPHC") under the FIRPTA rules (as defined and discussed below).

If the first exception applies, the Non-U.S. Holder generally will be subject to U.S. federal income tax at a rate of thirty percent (30%) (or at a reduced rate or exemption from tax under an applicable income tax treaty) on the amount by which such Non-U.S. Holder's capital gains allocable to U.S. sources exceed capital losses allocable to U.S. sources during the taxable year of disposition of New Equity Interests. If the second exception applies, the Non-U.S. Holder generally will be subject to U.S. federal income tax with respect to such gain in the same manner as a U.S. Holder, and a Non-U.S. Holder that is a corporation for U.S. federal income tax purposes may also be subject to a branch profits tax with respect to earnings and profits effectively connected with a U.S. trade or business that are attributable to such gains at a rate of thirty percent (30%) (or at a reduced rate or exemption from tax under an applicable income tax treaty).

If the third exception applies, the Non-U.S. Holder generally will be subject to U.S. federal income tax on any gain recognized on the disposition of all or a portion of its New Equity Interests under the Foreign Investment in Real Property Tax Act ("FIRPTA"). Taxable gain from the disposition of an interest in a USRPHC (generally equal to the difference between the amount realized and such Non-U.S. Holder's adjusted tax basis in such interest) will constitute effectively connected income. Further, the buyer of the New Equity Interests will be required to withhold a tax equal to fifteen percent (15%) of the amount realized on the sale. The amount of any such withholding would be allowed as a credit against the Non-U.S. Holder's federal income tax liability and may entitle the Non-U.S. Holder to a refund, provided that the Non-U.S. Holder properly and timely files a tax return with the IRS. However, in the event the New Equity Interests is "regularly traded on an established securities market" within the meaning of FIRPTA, the withholding obligation described above would not apply, even if a Non-U.S. Holder is subject to the substantive FIRPTA tax. Under the FIRPTA rules, if the stock of a USRPHC is regularly traded on an established securities market, a person that holds five precent (5%) or less of such stock will not be subject to substantive FIRPTA taxation or FIRPTA withholding upon a disposition of its shares, and FIRPTA withholding upon dispositions will generally be inapplicable other than in the case of certain distributions and redemptions by the issuer. Whether and when the New Equity Interests of Reorganized West Marine will be considered regularly traded on an established securities market will depend, in part, on whether a market develops in such equity, and cannot currently be determined. The FIRPTA provisions will also not apply if, at the time of a disposition, the corporation does not directly or indirectly hold any United States real property interests ("USRPIs") and it had directly or indirectly disposed of all of the USRPIs it directly or indirectly owned in one or more fully taxable transactions.

It has not yet been determined whether Reorganized West Marine is likely to be a USRPHC for U.S. federal income tax purposes upon the Consummation of the Plan. In general, a corporation is a USRPHC as to a Non-U.S. Holder if the fair market value of the corporation's U.S. real property interests (as defined in the IRC and applicable Treasury Regulations) equals or exceeds fifty percent (50%) of the aggregate fair market value of its worldwide real property interests and its other assets used or held for use in a trade or business (applying certain look-through rules to evaluate the assets of subsidiaries) at any time within the shorter of the 5-year period ending on the effective time of the applicable disposition or the period of time the Non-U.S. Holder held such interest.

4. ***FATCA.***

Under legislation commonly referred to as the Foreign Account Tax Compliance Act ("FATCA"), foreign financial institutions and certain other foreign entities must report certain information with respect to their U.S. account holders and investors or be subject to withholding at a rate of 30 percent on the receipt of "withholdable payments." For this purpose, "withholdable payments" are generally U.S. source payments of fixed or determinable, annual or periodical income (including dividends, if any, on shares of New Equity Interests), and also include gross proceeds from the sale of any property of a type which can produce U.S. source interest or dividends (which would include the New Equity Interests). FATCA withholding will apply even if the applicable payment would not otherwise be subject to U.S. federal nonresident withholding.

FATCA withholding rules were previously scheduled to take effect on January 1, 2019 that would have applied to payments of gross proceeds from the sale or other disposition of property of a type that can produce U.S.-source interest or dividends. However, such withholding has effectively been suspended under proposed Treasury Regulations that may be relied on until final regulations become effective. Nonetheless, there can be no assurance that a similar rule will not go into effect in the future. Each Non-U.S. Holder should consult its own tax advisor regarding the possible impact of FATCA withholding rules on such Non-U.S. Holder.

5. ***Backup Withholding and Information Reporting.***

The Debtors, the Reorganized Debtors, and other applicable withholding agents will withhold all amounts required by law to be withheld from payments of interest and dividends, whether in connection with distributions under the Plan or in connection with payments made on account of consideration received pursuant to the Plan. The Debtors and Reorganized Debtors will comply with all applicable reporting requirements. In general, information reporting requirements may apply to distributions or payments made to a Holder of a Claim. The IRS may make the information returns reporting such interest and dividends and withholding available to the tax authorities in the country in which a Non-U.S. Holder is resident. Additionally, backup withholding, currently at a rate of twenty-four percent (24%), will generally apply to such payments unless a Holder: (a) comes within certain exempt categories (which generally include corporations) and, when required, demonstrates that fact; or (b) timely provides a correct taxpayer identification number and certifies under penalty of perjury that the taxpayer identification number is correct and that the Holder is not subject to backup withholding (generally in the form of a properly executed IRS Form W-9 for a U.S. Holder, and, for a Non-U.S. Holder, in the form of a properly executed applicable IRS Form W-8 (or otherwise establishes such Non-U.S. Holder's eligibility for an exemption). Backup withholding is not an additional tax but is, instead, an advance payment that may be refunded to the extent it results in an overpayment of tax; provided that the required information is timely provided to the IRS.

In addition, from an information reporting perspective, U.S. Treasury Regulations generally require disclosure by a taxpayer on its U.S. federal income tax return of certain types of transactions in which the taxpayer participated, including, among other types of transactions, certain transactions that result in the taxpayer's claiming a loss in excess of specified thresholds. Holders are urged to consult their tax advisors regarding these regulations and whether the transactions contemplated by the Plan would be subject to these regulations and require disclosure on the Holders' tax returns.

THE FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN ARE COMPLEX. THE FOREGOING SUMMARY DOES NOT DISCUSS ALL ASPECTS OF FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO A PARTICULAR HOLDER IN LIGHT OF SUCH HOLDER'S CIRCUMSTANCES AND INCOME TAX SITUATION. ALL HOLDERS OF CLAIMS AND INTERESTS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF THE TRANSACTIONS CONTEMPLATED BY THE PLAN, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL OR NON-U.S. TAX LAWS, AND OF ANY CHANGE IN APPLICABLE TAX LAWS.

XIII. RECOMMENDATION OF THE DEBTORS

In the opinion of the Debtors, the Plan is preferable to the available alternatives described in this Disclosure Statement because it provides for a larger distribution to Holders of Allowed Claims and Interests than would otherwise result in a liquidation under chapter 7 of the Bankruptcy Code. In addition, any alternative other than Confirmation could result in extensive delays and increased administrative expenses resulting in smaller distributions to Holders of Allowed Claims and Interests than proposed under the Plan. Accordingly, the Debtors recommend that Holders of Claims entitled to vote on the Plan support Confirmation and vote to accept the Plan.

West Marine, Inc., on behalf of itself
and each of the other Debtors

By: *_/s/ Paulee Day_*
Name: Paulee Day
Title: Chief Executive Officer

<u>Exhibit A</u>

Plan of Reorganization

[*Filed at [Docket No. ~~46~~278]*]

Exhibit B

RSA

[Intentionally Omitted]

<u>EXHIBIT C</u>

Company Organizational Chart

[Intentionally Omitted]

<u>Exhibit D</u>

Liquidation Analysis

[~~*To Come*~~]

Liquidation Analysis

I. INTRODUCTION

Section 1129(a)(7)(A)(i)–(ii) of the Bankruptcy Code, often called the "best interests" test, requires that "[w]ith respect to each impaired class of claims or interests each holder of a claim or interest of such class (i) has accepted the plan; or (ii) will receive or retain 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 so receive or retain if the debtor were liquidated under chapter 7 of this title on such date."

The Debtors, with assistance from their advisors, have prepared the following hypothetical liquidation analysis (the "Liquidation Analysis") in connection with the Plan and Disclosure Statement.[1] The Liquidation Analysis is based on certain assumptions in the Disclosure Statement and in the accompanying notes to the Liquidation Analysis. The values discussed in the Liquidation Analysis may be different from amounts referred to in the Plan, which does not contemplate a liquidation.

The Liquidation Analysis shows the estimated recoveries that may be obtained by each Class of Claims or Interests assuming a hypothetical liquidation under chapter 7 of the Bankruptcy Code. As illustrated by the Liquidation Analysis, Holders of Claims in certain Unimpaired Classes that would receive a full recovery under the Plan would receive less than a full recovery in a hypothetical liquidation under chapter 7 of the Bankruptcy Code. Additionally, Holders of Claims or Interests in Impaired Classes would receive a recovery on account of their Claims or Interests in a hypothetical liquidation under chapter 7 of the Bankruptcy Code that is no better than the recovery they would receive on account of their Claims or Interests under the Plan. Furthermore, no Holder of a Claim or Interest would receive or retain property on account of their Claim or Interest under the Plan of a value that is less than such Holder would receive on account of such Claim or Interest in a hypothetical chapter 7 liquidation. Accordingly, as described in greater detail below, the Plan satisfies the "best interests" test set forth in section 1129(a)(7)(A)(i)–(ii) of the Bankruptcy Code.

II. PRESENTATION

This Liquidation Analysis was prepared on a consolidated basis as Debtor West Marine Products, Inc. holds the majority of the assets and liabilities of the Debtors and records all operational activity. This Liquidation Analysis assumes that each of the Chapter 11 Cases is converted to a case under chapter 7 and consolidated during the chapter 7 cases for procedural purposes only. This Liquidation Analysis presents estimated chapter 7 liquidation proceeds based on assumptions and estimates relating to the proceeds to be received from the liquidation of the assets, less the costs incurred during the liquidation. In the event that the Debtors were to be liquidated in separately administered chapter 7 cases, the administrative costs to the Debtors

[1] Unless otherwise specified, capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the *Disclosure Statement for the Joint Plan of Reorganization of West Marine, Inc. and Its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. 47] (as may be amended, supplemented, or modified from time to Time, the "Disclosure Statement") or the *Joint Plan of Reorganization of West Marine, Inc. and Its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. 46] (as amended, supplemented, or modified from time to time, the "Plan"), as applicable.

in each of the chapter 7 cases, including professional fees, chapter 7 trustee fees, and operational costs would likely be higher than if the cases were consolidated.

This Liquidation Analysis presents a range of estimated liquidation proceeds and recoveries for Holders of Allowed Claims, representing assumptions and estimates relating to the proceeds to be received from the hypothetical chapter 7 liquidation of the Debtors' assets, less the costs incurred during the liquidation. In many instances, a recovery range is provided to represent a range of assumptions and estimates. As a result of the forced nature of such liquidation, recoveries could be further depressed relative to the analysis herein.

In preparing this Liquidation Analysis, the Debtors estimated Allowed Claims as of June 26, 2026 (the "Conversion Date") based on a review of their books and records. This Liquidation Analysis also includes estimates for claims which could be asserted and allowed in a chapter 7 liquidation, including administrative claims, wind-down costs (as detailed herein), and the fees and expenses of the chapter 7 trustee. To date, the Bankruptcy Court has not estimated or otherwise fixed the total amount of Allowed Claims.

The cessation of business in a liquidation is likely to trigger certain Claims that otherwise would not exist under the Plan absent a liquidation. Examples of these kinds of Claims include various potential employee Claims (including any pursuant to the WARN Act), litigation, and Claims related to rejection of executory contracts and unexpired leases, in addition to other potential Claims. Some of these Claims could be significant and might be entitled to priority in payment over General Unsecured Claims. Those priority Claims would be paid before any liquidation proceeds would be made available to pay General Unsecured Claims. This analysis does not include comprehensive estimates for the federal, state, or local tax consequences, if any, that may be triggered upon the liquidation and sale of assets in the manner described above. Such tax consequences, if any, could be material. This analysis does not include recoveries from the pursuit of any Causes of Action, the proceeds of which are assumed to be the same under both a chapter 7 and a chapter 11 scenario.

The Debtors' estimates of Allowed Claims set forth in this Liquidation Analysis should not be relied upon for any purpose other than considering the estimated distributions under a hypothetical chapter 7 liquidation. Nothing contained in this Liquidation Analysis is intended to be or constitutes a concession or admission by the Debtors or their Estates. The actual amount of allowed claims in these Chapter 11 Cases could materially differ from the estimated amounts set forth in this Liquidation Analysis, and the ultimate allocation of distributions may vary depending on, among other things, the priority or secured status of creditors.

III. OVERVIEW AND SIGNIFICANT ASSUMPTIONS

The Liquidation Analysis assumes that the Debtors' hypothetical chapter 7 liquidation would commence on or about the Conversion Date, which is the end of the Debtors' fiscal June month. The analysis assumes a liquidation would commence under the direction of a chapter 7 trustee and would continue for a period of approximately eight (8) months, during which time all of the assets of the Debtors' estates would be sold or otherwise liquidated, and the Net Estimated Liquidation Proceeds (net of liquidation-related costs), together with cash on hand, would then be distributed to Holders of Claims and Interests in accordance with the priority scheme established under the Bankruptcy Code. The Debtors would expect the chapter 7 trustee to retain professionals to assist in the liquidation of their estates. All operations except for those required to execute the liquidation are assumed to cease to minimize costs associated with the chapter 7 wind down and liquidation. For the purposes of the Liquidation Analysis, the Debtors and their advisors have attempted to ascribe value to each of the assets as they would be liquidated by a chapter 7 trustee.

Summary Notes to the Liquidation Analysis

1. *Dependence on assumptions.* The Liquidation Analysis is based on a number of estimates and assumptions that, although developed and considered reasonable by the Debtors and their advisors, are inherently subject to significant economic, business, regulatory, and competitive uncertainties and contingencies beyond the control of the Debtors. Accordingly, there can be no assurance that the values reflected in this Liquidation Analysis would be realized if the Debtors were, in fact, to undergo such a liquidation and actual results could vary materially from those contained herein.

2. *Dependence on an unaudited balance sheet.* Where noted, certain estimates in the Liquidation Analysis are dependent on the Debtors' preliminary unaudited consolidated balance sheet as of April 24, 2026 (the "April Balance Sheet"), which are assumed to be representative of certain asset and liability classes as of the Conversion Date.

3. *Dependence on projected asset and liability balances.* Where noted, certain estimates in the Liquidation Analysis are dependent on the Debtors' projected asset and liability classes as of the Conversion Date.

4. *Claims estimates.* Claims are estimated as of the Conversion Date and remain subject to change pending completion of a Claims reconciliation process. The claims amount used is indicative, but the actual claims amount will vary and may increase materially based on final claims reconciliations, the inclusion of amounts for claims currently not included since they are contingent, unliquidated or disputed, and any additional claims arising out of the rejection of certain executory contracts and unexpired leases.

5. *Waterfall distribution assumption*: In accordance with the Prepetition Credit Documents (as defined in the Cash Collateral Order), the Intercreditor Agreement, and the Cash Collateral Order, any remaining value from the liquidation of the Debtors' assets would be first distributed (after satisfaction of certain wind-down costs and other senior expenses detailed herein) to the applicable Prepetition Agent for distribution in accordance with their respective rights and priorities, including, where applicable, to first satisfy Claims on account of the Prepetition ABL Facility, then Claims on account of Prepetition FILO Facility, followed by Claims on account of the Term Loan Facility; provided that in certain instances, certain remaining value from the liquidation of the Debtors' assets would first be used to satisfy Claims on account of the Term Loan Facility, prior to satisfying Claims on account of the Prepetition ABL Facility and Prepetition FILO Facility.

IV. CONCLUSION

As summarized in the following analysis, confirmation of the Plan will provide creditors with a recovery on account of their Claims or Interests that is not less than what they would otherwise receive on account of their Claims or Interests in connection with a liquidation of the Debtors under Chapter 7 of the Bankruptcy Code. Accordingly, the Debtors believe that the Plan satisfies the requirement of section 1129(a)(7) of the Bankruptcy Code.

[*Liquidation Analysis follows*]

West Marine, Inc. et. al.
Liquidation Analysis
($ in 000s)

Liquidation Proceeds	Note		Estimated Balance	Low Recovery Range ($)	Low Recovery Range (%)	High Recovery Range ($)	High Recovery Range (%)
Cash and cash equivalents	(1)		$ 20,000	$ 20,000	100.0%	$ 20,000	100.0%
Receivables, net	(2)		8,212	5,749	70.0%	7,391	90.0%
Credit Card Receivables	(3)		9,678	8,710	90.0%	9,194	95.0%
Inventory, net	(4)		192,819	145,951	75.7%	156,957	81.4%
Prepaid Expenses and Other Current Assets	(5)		17,012	225	1.3%	592	3.5%
Property, plant and equipment, net	(6)		26,680	744	2.8%	1,534	5.7%
Intangible Assets	(7)		83,020	-	0.0%	25,000	30.1%
Right of Use Assets	(8)		146,808	1,400	1.0%	5,600	3.8%
Other Long-Term Assets	(9)		4,143	716	17.3%	716	17.3%
Total Liquidation Proceeds			**$ 508,372**	**$ 183,495**	**36.1%**	**$ 226,983**	**44.6%**
Additional Operating Costs							
Unpaid AP Balance for Critical Service Providers	(10)			$ 2,785	n/a	$ 2,785	n/a
Wage/Benefit Arrearages	(11)			4,631	n/a	4,631	n/a
WARN	(12)			5,174	n/a	3,104	n/a
Corporate Costs During Bankruptcy	(13)			358	n/a	358	n/a
PTO for Eligible Employees	(14)			1,587	n/a	1,587	n/a
Taxes (Income Tax & Sales Tax)	(15)			-	n/a	-	n/a
Total Additional Operating Costs				**$ 14,534**		**$ 12,465**	
Bankruptcy Administration Costs							
Chapter 7 Trustee Fees	(16)			$ 5,528		$ 6,833	
Professional Fees / Court Fees	(17)			6,000		4,000	
Total Bankruptcy Administration Costs				**$ 11,528**		**$ 10,833**	
Net Estimated Liquidation Proceeds				**$ 157,432**		**$ 203,686**	
Claim Recoveries Waterfall							
Net Estimated Liquidation Proceeds		Claims (Low Rec.)	Claims (High Rec.)	**$ 157,432**		**$ 203,686**	
ABL[1]	(18)	$ ~~98~~101,~~3~~694	$ ~~98~~101,~~3~~694	~~98~~101,~~3~~694	100.0%	~~98~~101,~~3~~694	100.0%
FILO[1]	(19)	61,434	61,434	5~~9~~5,~~0~~738	9~~6~~0.~~1~~7%	61,434	100.0%
Term Loan	(20)	259,605	259,605	-	0.0%	4~~3~~0,~~8~~558	1~~6~~5.~~9~~6%
Chapter 11 Administrative Expenses	(21)	-	-	-	0.0%	-	0.0%
General Unsecured Claims	(22)	4~~27~~40,300~~0~~	3~~90~~84,~~7~~047	-	0.0%	-	0.0%
Memo: General Unsecured Claims Detail							
General Unsecured Claims (Other)		*$ 1~~6~~75,000*	*$ 1~~7~~65,000*				
FILO Deficiency Claim		*~~2~~5,~~3~~695*	*-*				
Term Loan Deficiency Claim		*259,605*	*21~~5~~9,~~7~~047*				
Total General Unsecured Claims		*$ 4~~27~~40,300~~0~~*	*$ 3~~90~~84,~~7~~047*				

[1] ABL and FILO balances exclude interest that may accrue and be owed after the Conversion Date. FILO claim includes $6.8M make whole claim. The ABL Claims include the $3.3 million early termination fee.

See accompanying notes to the Liquidation Analysis

<u>Notes To Liquidation Analysis</u>

I. LIQUIDATION PROCEEDS

1. *Cash*. The forecasted balance of cash on hand and bank deposits as of the Conversion Date is based on the projected book balance as of the end of fiscal June 2026 (June 26, 2026). All cash balances are assumed to be one hundred percent (100%) recoverable.

2. *Receivables.* Accounts receivable primarily consist of trade receivables from the Debtors' professional, wholesale customers for sales of services or goods on credit. It is assumed that, in the event of a chapter 7 liquidation of the Debtors' estates, the trustee would retain certain existing staff from the Debtors and utilize existing collections software to collect the outstanding accounts receivable. The Debtors believe that, in the event of liquidation, the Debtors would be able to recover approximately 70–90% of the outstanding receivables (net of allowance for doubtful accounts) which assumes increased commercial disputes and unwillingness of certain customers to pay once they learn the Debtors are liquidating.

3. *Credit Card Receivables*. Credit card receivables reflect the estimated amount of receivables owed by credit card merchants as of the Conversion Date, where credit card transactions typically take 1-3 days to settle and transfer into the Debtors' accounts. The Debtors estimate that they would be able to recover approximately 90–95% of the outstanding amounts of these receivables, which assumes an increase in chargebacks or disputes once certain customers learn the Debtors are liquidating, and to account for any final fees that may be owed to credit card merchants upon closing of accounts.

4. *Inventory.* Inventory reflects the book value of the Debtors' projected merchandise inventory on hand or in transit (with title having passed to the Debtors) as of the Conversion Date. The estimated net proceeds range for liquidating the Debtors' inventory is primarily based on preliminary estimates provided by the Debtors' inventory liquidation agent. These net proceeds have been reduced for assumed continued operating costs for the Debtors' stores, distribution centers, website and treasury or other necessary corporate functions during the liquidation period. These operating costs include occupancy, wages and benefits, credit card fees, shipping fees, and other operating expenses. Additionally, inventory proceeds have been reduced for additional costs necessary to liquidate the inventory, including going out of business advertising, as well as liquidation agent supervisory and fees earned as inventory is liquidated.

5. *Prepaid Expenses and Other Current Assets.* This balance sheet category primarily includes vendor rebates, prepaid expenses, prepaid real property taxes, prepaid supplies and prepaid insurance amounts. Estimated recovery amounts are based upon April Balance Sheet and assume 100% recovery for freight claim receivables, 0-25% recovery for Prepaid Insurance and 0-10% recovery for Prepaid Supplies. All other amounts are assumed to be not recoverable and offset against prepetition claims.

6. *Property, Plant, and Equipment.* The Debtors lease all of their real property and vehicles. This balance sheet category primarily includes the book value of furniture, fixtures and equipment ("FF&E"), and leasehold improvements. The estimated recovery values are based on an estimated sale value of FF&E by the Debtors' liquidation agent, reduced for the agent's liquidation fee.

7. *Intangible Assets.* This balance sheet category reflects the book value of intangible assets carried on the Debtors' books. The estimated recovery range is based upon the estimated value of the Debtors' trademarks, customer lists, and domain names based on discussions with the Debtors' liquidation agent, but does not reflect a formal valuation or bids received.

8. *Right of Use Assets.* This balance sheet category reflects the accounting for the Debtors' real property operating leases on their books. The estimated recovery range is based upon an initial potential estimate from a real estate broker firm for select leases that may have assignment value to another party, net of any sales fee.

9. *Other Long-Term Assets*. This balance sheet category primarily includes the accounting for the Debtors' real property finance leases on their books. It also includes miscellaneous deposits. Recovery assumes 100% recovery for utility deposits including the adequate assurance utility deposit funded after filing.

II. ADDITIONAL OPERATING COSTS

10. *Unpaid AP Balance for Critical Service Providers*. This category accounts for the accrued but unpaid post-petition accounts payable balances owed to freight and utilities providers at the Conversion Date. The assumed balance is based on the April Balance Sheet (which is assumed to be representative of the liability at the Conversion Date) and assumes 100% of the amounts owed to these critical service providers must be paid in order to effectuate the liquidation.

11. *Wage/Benefit Arrearages*. This balance sheet category includes owed wages and benefits for all employees, withholdings (payroll tax, 401k, medical), and garnishments. The assumed balance is based on the Debtors' April Balance Sheet (which is assumed to be representative of the liability at the Conversion Date) and assumes 100% of the amounts owed will be paid.

12. *WARN*. This operating cost assumes WARN payments will be owed for employees. The assumed balance reflects approximately two months of salary for employees assumed not carried forward during the liquidation period and assumes 75-125% of this calculated amount is paid, which depends on federal and state law.

13. *Corporate Costs During Liquidation*. This cost is for retaining management during the liquidation period. The assumed balance reflects approximately one month of salary and benefit costs for C-Suite/Senior Executives, where it is assumed these executives will either stay full-time for one month (or switch to 25% of time over four months) to assist the chapter 7 trustee with the liquidation and wind down.

14. *PTO for Eligible Employees*. This balance sheet category reflects PTO owed to eligible employees. PTO owed will depend on state requirements and accrued liability at the Conversion Date. The assumed balance is based on the April Balance Sheet and assumes recovery of 50%.

15. *Taxes (Income Tax & State Sales Tax)*. Prior to filing, the Debtors were assumed to not be in a net tax payable situation due to NOLs at the federal and state level and this analysis assumes no taxes are owed upon the liquidation of assets. Sales tax collected by the Debtors and corresponding sales tax liability are excluded from this analysis as it is assumed that sales taxes collected will be remitted to the tax authorities and not made available to other creditors. Proceeds from liquidation are presented net of sales tax.

III. BANKRUPTCY ADMINISTRATION COSTS

16. *Chapter 7 Trustee Fees.* Per statutory guidelines, the chapter 7 trustee is eligible to receive compensation based on the gross proceeds available for distribution to interested parties. The Liquidation Analysis assumes a chapter 7 trustee fee of approximately 3% of gross proceeds available for distribution (calculated pursuant to Section 326(a) of the Bankruptcy Code). U.S. Trustee Fees accrued during the chapter 11 proceedings are assumed to have been paid prior to the Conversion Date.

17. *Chapter 7 Professional Fees*. It is assumed that the chapter 7 trustee would hire certain professionals to assist with the management and liquidation of the Estate. Other professional fees are estimated to range from $4 million to $6 million assuming an eight-month case duration.

IV. CLAIM RECOVERIES WATERFALL

18. *Prepetition ABL Claims Recovery.* These claims represent the aggregate principal and unpaid accrued interest and fees (including the early termination fee) under the Prepetition ABL Facility as of the Conversion Date. The estimated Prepetition ABL Claims as of the Conversion Date are approximately $~~98~~101,~~3~~694,000. Based on the assumptions in this analysis, the Prepetition ABL Claims are projected to have a 100% recovery.

19. *Prepetition FILO Claims Recovery.* These claims represent the aggregate principal and unpaid accrued interest and fees under the Prepetition FILO Facility (including any make-whole or MOIC amounts). The estimated Prepetition FILO Claims as of the Conversion Date are approximately $61,434,000. Based on the assumptions in this analysis, the Prepetition FILO Claims are projected to have between a 9~~6~~0.~~1~~7% and 100% recovery.

20. *Term Loan Claims Recovery.* These claims represent the aggregate principal and unpaid accrued interest and fees under the Term Loan Facility. The estimated Term Loans Claims as of the Conversion Date are approximately $259,605,000. Based on the assumptions in this analysis, the Term Loan Claims are projected to have between a 0% and 1~~6~~5.~~9~~6% recovery.

21. *Chapter 11 Administrative Expenses.* Prior to amounts available for satisfaction of unsecured claims, proceeds from asset liquidation would need to satisfy any accrued, unpaid, administrative expenses from these Chapter 11 cases. No additional amounts have been estimated for this category of expenses, other than the estimated accrued wages, benefits, and select accrued liabilities accounted for in the Additional Operating Costs section of the Liquidation Analysis; *provided* that the Debtors may accrue additional post-petition administrative liabilities that may remain unpaid as of the Conversion Date such as gift cards sold post-petition.

22. *General Unsecured Claims.* An indicative range has been included for General Unsecured Claims, however, the ultimate amount of unsecured claims asserted is not known and may vary materially from these estimates. The unsecured claims range estimate is based on the Debtors estimated known accounts payable and related accruals (including unpaid rent) as of the Petition Date, plus an estimate for all real property lease rejection damages, plus estimated prepetition unused gift card claims, minus an estimate for amounts to be paid under First Day Motions prior to the Conversion Date. The remaining deficiency claim estimate from the secured debt has been added to this amount. Notably, no estimates have been included for any non-real estate contract rejection damages, or any contingent, disputed, or unliquidated claims (including pending litigation) such that the actual unsecured claims amount in an actual conversion to Chapter 7 may be higher than the estimates shown. Based on the assumptions in this analysis, the general unsecured creditors are projected to have 0% recovery for their claims.

Exhibit E

Financial Projections

[Intentionally Omitted]

Exhibit F

Valuation Analysis

[Intentionally Omitted]