

**THE CONTAINERSHIP COMPANY (TCC) A/S  
SUBJECT TO RECONSTRUCTION – CVR NO. 32561543**

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**RESTRUCTURING PLAN**

May 2011

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I hereby send you a proposed restructuring plan for The Containership Company (TCC) A/S subject to reconstruction, CVR no. 32561543.

At the meeting to be held in the Bankruptcy Court on 4 May 2011, we intend to present and elaborate on the below proposal for a restructuring plan.

**1. RECONSTRUCTION**

**1.1. DESCRIPTION OF THE COMPANY**

The Containership Company (TCC) A/S subject to reconstruction ("TCC A/S") was founded in October 2009 at which time the company established a quite new container line "Great Dragon Service" between one port in China and Los Angeles in the US.

TCC A/S in Copenhagen was in charge of the operation of the container line itself.

TCC A/S is wholly owned by the Norwegian parent company The Containership Company ASA.

TCC A/S has a wholly-owned subsidiary in Singapore which supervises the vessel activities. The subsidiary and the branch office in Singapore employ five employees.

In addition, TCC owns 100% of the shares in The Containership Company (TCC) af 2010 ApS which is a general partner of TCC A/S's wholly-owned subsidiary The Containership Company (TCC) of Copenhagen P/S.

The container line was serviced by five vessels which TCC A/S had chartered under Time-Charter charter parties. The said Time-Charter charter parties were originally entered into by and between The Containership Company ASA and the shipping companies and, subsequently, The Containership Company ASA had chartered out the said five vessels to the Danish company of TCC A/S.

TCC A/S's subsidiary The Containership Company (TCC) of Copenhagen P/S owns the vessel "Taicang Dragon". The said vessel is chartered under a Time-Charter charter party and is in service in Asia.

## **1.2. DEVELOPMENT IN TCC A/S**

The first vessel embarked from the port of Taicang close to Shanghai on 17 April 2010 and arrived in Los Angeles on 2 May 2010.

During the course of 2010, TCC A/S experienced a general decrease in the budgeted freight rates which, combined with an increased competition from container line services in the Transpacific, has resulted in the vessels not being filled with containers as expected. At the same time, TCC A/S experienced an increased local competition between the Chinese ports resulting in a lower demand for shipping of freight from the port of Taicang.

In addition, several of TCC A/S's customers have not performed the contracts concluded in respect of the minimum dispatch of containers.

Finally, TCC A/S has experienced a considerable increase in fuel prices.

All the said factors have jointly resulted in TCC A/S's cost level being considerably higher than budgeted and, at the same time, TCC A/S has not been able to generate the required turnover the result of which has been loss-making operations.

## **1.3. PETITION FOR RECONSTRUCTION**

On 8 April 2011, the management of TCC A/S therefore filed a petition for reconstruction with the Copenhagen Maritime and Commercial Court.

Under s. 1 of the Danish Bankruptcy Act (*konkursloven*), the reference date is 8 April 2011.

Subsequently, the Copenhagen Maritime and Commercial Court commenced reconstruction proceedings against the company and Jørgen Hauschildt, lawyer, was appointed reconstructor and Kristian Bredgaard Lassen, state-authorised public accountant, was appointed fiduciary appointee.

#### **1.4. FINANCIAL SITUATION**

The reconstructor, fiduciary appointee and TCC A/S's management have reviewed and assessed TCC A/S's financial situation and, as appears from the below balance sheet, TCC A/S has considerable outstanding accounts, both debtors having fallen due which two agents are collecting for TCC A/S according to usual practice as well as claims for damages based on non-performed freight agreements in respect of which the customers have not delivered the contractual number of containers.

As for the debtors having fallen due, we assess that such debtors will be paid during the next few weeks. Consequently, on 18 April 2011, we have currently received payments in due time of outstanding accounts from the agent in the US.

As for the debtors in China, it is more difficult to collect such debtors and, at the present time, the Chinese agent has not remitted/transferred the cash turnover of the most recent month. Since the Chinese agent is subject to an agreement with TCC A/S's agent in the US, the agent has been requested to settle the issue.

The notified claims for damages based on the customers' non-performance of their obligations to deliver have so far been calculated at approx. USD 23.1m, and the collection of such claims must be expected to take some time. The contracts are subject to American law and expectations are that it will become necessary to obtain legal assistance in the US in order to ensure collection of the claims. The courts of New York have jurisdiction in respect of any legal proceedings being commenced. The claims pertain to 83 customers. All the said customers have paid deposits of between USD 75,000 and USD 125,000 to FMC (Federal Maritime Commission).

At the present time, it is not possible to make a qualified estimate of how much time will be spent on this collection procedure.

As at 8 April 2011, the Taicang Dragon is valued at USD 33m-35m and the vessel has been offered for sale. Several interested buyers have already made inquiries in that respect, and it is expected that the vessel will be sold in a tender process. The book value amounts to USD 29.2m.

On the basis of the aforesaid, the following set up may be proposed.

#### **1.5. RESTRUCTURING PLAN**

**TCC A/S pays in advance all preferential claims against the company pursuant to ss 94 and 95 of the Bankruptcy Act.**

**Subsequently, TCC A/S pays all claims against the company as calculated as at the reference date on 8 April 2011, including interest as at that date, see s. 97 of the Bankruptcy Act.**

**Having paid all the aforesaid claims, TCC A/S pays deferred claims – including claims for interest occurring after 8 April 2011, see s. 98 of the Bankruptcy Act.**

**TCC A/S offers that such payments are made in accordance with a moratorium which is presented to the company's creditors as soon as a general view of the company's liquidity and ability to settle claims has been formed – and the company's creditors will be paid in line with the receipt of the company's outstanding claims for damages.**

**The first rate according to the moratorium is expected to be distributed at the end of 2011.**

## **2. BALANCE SHEET AS AT 8 APRIL 2011**

Reference is made to the enclosed appendix.

## **3. ANY SHORTCOMINGS IN THE LATEST ANNUAL REPORT**

TCC A/S has not presented any audited annual report since the company's annual report for the first financial year, including the period from 1 October 2009 to 31 December 2010, was not presented on 8 April 2011 when the company filed a petition for reconstruction. As a consequence thereof, it has not been possible for the fiduciary appointee to make an assessment of any shortcomings in the latest annual report.

## **4. ACCOUNT OF THE MOST IMPORTANT STEPS TO BE TAKEN DURING THE RECONSTRUCTION PROCEEDINGS**

Immediately following the Copenhagen Maritime and Commercial Court's appointment of reconstructor Jørgen Hauschildt and fiduciary appointee Kristian Bredgaard Lassen, we reviewed the cash budgets with the management and, on the face of it, we concluded that TCC A/S did not have sufficient liquidity for honouring all debts. It was also ascertained that the instalment payments for the Time-Charter vessels could not be made in due time.

This resulted in The Containership Company ASA, on 12 April 2011, claiming breach and cancellation of the Time-Charter charter parties due to non-payment and The Containership Company ASA has in that connection withdrawn all five vessels chartered.

By The Containership Company ASA withdrawing the five chartered vessels, TCC A/S prevented that the Time-Charter charter contracts with the shipping companies were breached resulting in a risk of being met with considerable claims for damages.

The most important steps to be taken during the reconstruction proceedings will mainly be to settle operations, including a minimisation of TCC A/S's costs of settling operations and a realisation of TCC A/S's assets as well as a collection of outstanding accounts.

At the present time, collection of TCC A/S's outstanding accounts having fallen due has been initiated just as a statement of the claims for damages has been prepared in respect of the breached freight agreements, and the said claims for damages have now been filed.

The vessel "Taicang Dragon" has been advertised for sale and it is expected that "Taicang Dragon" will yield considerable free capital which may contribute to the payment of the first rate according to the moratorium at the end of 2011.

The management of TCC A/S has accepted the proposed restructuring plan.

The assessment by the fiduciary appointee of the debtor's assets is enclosed.

By signing this restructuring plan below, the reconstructor and the fiduciary appointee have confirmed that, applying their best judgment, the plan is realizable.

## **5. BANKRUPTCY COURT MEETING**

At the meeting to be held in the Bankruptcy Court on 4 May 2011, the proposed restructuring plan will be discussed. At the meeting, proposed amendments may be adopted if a majority votes for such amendments and such majority makes up 25% of the total amount known to give voting rights.

The proposal is deemed to have been adopted unless a majority of the creditors vote against the proposal, and such majority of creditors represent at least 25% of the total amount known to give voting rights.

If the restructuring plan is not adopted, expectations are that the Bankruptcy Court will issue a bankruptcy order.

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The proposed restructuring plan is accepted by:

*On behalf of TCC A/S:*

Copenhagen, 27 April 2011

Copenhagen, 27 April 2011

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Arne Alexander Wilhelmsen, Chairman of the board

Naja Dannow

Copenhagen, 27 April 2011

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Jesper Kjædegaard

Aarhus, 27 April 2011

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Jørgen Hauschildt, reconstructor

Aarhus, 27 April 2011

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Kristian Bredgaard Lassen, fiduciary appointee