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May 27, 2003

By Hand

Bryant L. VanBrakle, Secretary
Federal Maritime Commission
800 North Capital Street, N.W. - Room 1046
Washington, DC 20573-0001

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OFFICE OF THE SECRETARY
FEDERAL MARITIME COMMISSION

Re: FMC Dkt 02-15 (Passenger Vessel Financial Responsibility NPRM);
Comments – AMCV Passengers to Obtain Deposits Reimbursement.

Dear Mr. VanBrakle:

On behalf of Royal Caribbean Cruises Ltd. (“RCL”),^{1/} we respectfully submit the following comments to inform the Commission of certain interim developments since the issuance of the subject Notice of Proposed Rulemaking (“NPRM”) (FMC Dkt 02-15; 67 Fed. Reg. 66352; 10/31/02). These developments, pertaining to the approval of a liquidation plan in the bankruptcy of American Classic Voyages Co. (“AMCV”), substantially impact and undercut one of the principal bases cited in the NPRM as justifying issuance of the Proposed Rule.”

Specifically, the NPRM cited the AMCV bankruptcy, and affirmatively asserted that *“most of [AMCV’s] passengers received no reimbursement other than through credit cards”* (67 Fed. Reg. at 66353; emphasis added). At the time the NPRM was issued, the AMCV bankruptcy and passenger refund claims incident thereto were still pending in the Bankruptcy Court. In the period since then, the Bankruptcy Court, on February 6, 2003, approved AMCV’s liquidation plan. Pursuant to the approved liquidation plan, it now appears, contrary to the NPRM’s premature assertion, that *AMCV’s passengers will be reimbursed their deposits for cruises that were canceled*, at least up to the \$2,100 per person consumer deposits priority

^{1/} RCL, a publicly-held company listed on the New York Stock Exchange, is a global cruise vacation company that operates Royal Caribbean International, the world’s hugest cruise brand, and Celebrity Cruises, both of which participate in the FMC’s financial responsibility program.

^{2/} These comments are limited to interim developments impacting this proceeding as to which the commission and commenting public should be aware, and are submitted without prejudice to RCL’s right and intent to submit comments on the Proposed Rule by the May 30, 2003 comment due date (68 Fed. Reg. 17003; 4/8/03).

preference limit under Section 507(a)(6) of the Bankruptcy Code (11 U.S.C. § 507(a)(6); see the attached press article; Attmt 1).

Thus, even with absolutely *no* FMC nonperformance bond coverage, it appears that the combination of credit card coverage, travel insurance and the consumer deposits priority protection under the Bankruptcy Code was sufficient to protect AMCV's passenger deposits. Moreover, had AMCV posted the \$15 Million UPR coverage that would now be required in the aftermath of last summer's abolition of self-insurance (Dkt 02-07, Final Rule; 67 Fed. Reg. 44774; 7/5/02), the \$15 Million amount of such coverage would have been more than sufficient to fully cover the \$10+ Million in unreimbursed passenger deposit claims filed by AMCV's passengers in the bankruptcy proceeding, without the passengers even having to resort to the bankruptcy court.^{3/} Indeed, the wide gap between the \$10+ Million in unreimbursed claims at the end of day and the \$70+ Million in UPR coverage that AMCV would have been required to maintain under the Proposed Rule (less EPR) suggests that the Proposed Rule would result in substantial excess coverage, with resultant unnecessary costs that ultimately would be borne by the very consumers that the Proposed Rule ostensibly seeks to protect.

Background: The NPRM expressly acknowledges that, prior to recent events, "The Commission was not aware of any instance in which passengers had lost funds as a result of cruise line bankruptcies or other failures to perform" (67 Fed. Reg. at 66353). The NPRM states that "The risk of nonperformance appeared minimal" (*id.*).

However, the NPRM states that five cruise lines participating in the Commission's program had ceased operations in the two years since September 2000 (*id.*)^{4/} The NPRM

^{3/} See the "Disclosure Statement with Respect to Debtors' Second Amended Joint Plan of Liquidation," dated January 7, 2003 (Attmt 4), at 38 (AMCV customer claims for cruises that were canceled because of the bankruptcy that were not reimbursed by either the customers' credit card companies or by the travel agent total "in excess of \$10million").

^{4/} One of the cited lines – MP Ferrymar, Inc. ("Ferrymar") – was not truly a cruise line, but rather operated a single vessel in an overnight ferry service between San Juan and the Dominican Republic. With respect to the other lines, and contrary to the NPRM's suggestion, there is nothing very remarkable about a number of smaller cruise lines with no unique market identity and operating aging vessels. Indeed, virtually every FMC Notice of Proposed Rulemaking dealing with the UPR ceiling over past years has noted several such cruise lines having ceased operations as a factor motivating the proposed rulemaking. See, e.g., the original NPRM in Dkt 94-06 (59 Fed. Reg. 15 149; 3/31/94), citing the involuntary bankruptcy of American Hawaii Cruises, and the further NPRM in Dkt 94-06 (61 Fed. Reg. 33509; 6/26/96), citing the bankruptcies of Gold Star Cruises, Regency Cruises and Palm Beach Cruises during the prior 18 months. See also the Final Rule in Dkt 90-01, increasing the UPR ceiling to \$15M (55 Fed. Reg. 34564; 8/23/90) ("The most recent passenger vessel failures have involved new or small operators," citing the failures of Aloha Pacific Cruises, American Cruise Lines, Exploration Cruise Lines and Great Pacific Cruise Lines).

specifically cites AMCV's October 19, 2001 bankruptcy filing (*id.*).^{5/} The NPRM asserts that AMCV's passengers who had not paid by credit cards were not reimbursed, and thus lost their canceled cruise deposits (*id.*). The NPRM notes that AMCV had evidenced its financial responsibility by means of self-insurance (*id.*). AMCV therefore did not have a performance bond or guaranty against which recourse could be made. The NPRM prematurely, and wrongly, resumed from this premise that AMCV's passengers therefore would not be reimbursed. Specifically, the NPRM states as follows:

"AMCV had evidenced its financial responsibility by means of self-insurance and thus, *most of its passengers received no reimbursement other than through credit cards.*" (*Id.*; emphasis added.)@

Discussion: The foregoing stated belief that AMCV's non-credit card paying customers were left high and dry, without the ability to obtain reimbursement for their deposits on cruises that were canceled when AMCV stopped operating, appears to have been a driving force at the FMC – first, in last year's rulemaking (Dkt 02-07) resulting in the elimination of self-insurance as a coverage option, and now in the present rulemaking.

However, while stated as fact, the assertion *was premature, and*, it now turns out, *erroneous*. Specifically, both at the time of Dkt 02-07 and when the instant NPRM was issued, the AMCV bankruptcy and passenger reimbursement claims were still pending in then ongoing proceedings in Bankruptcy Court (*In re American Classic Voyages Co.*, D. Del. Bankr. Case No. 01-10954 (JWV)).

^{5/} See FMC Press Release No. 01-11, dated October 19, 2001, notifying the public of AMCV's bankruptcy filing, and recommending that passengers immediately file deposit refund claims with any applicable credit card issuer or third-party travel insurance issuer, and otherwise with the Bankruptcy Court in Delaware. AMCV's bankruptcy was a function of rather unique circumstances including AMCV's aging Hawaii cruise market ships, unexpected new competition from Norwegian Cruise Lines, AMCV's decision to undertake a fleet replacement program with a shipbuilder with no prior experience in building cruise ships, weak financial reserves, and a heavy dependence upon air travel for the Hawaii cruise market, which was substantially adversely impacted by the events of 9/11.

^{6/} Customers of the four other cited cruise lines that participated in the Commission's program and had ceased operations – Premier Cruise Operations Ltd. ("Premier"), New Commodore Cruise Lines Limited ("Commodore"), Cape Canaveral Cruise Lines, Inc. ("Cape Canaveral") and Ferrymar (*see* Footnote 3 above) -- appear from the NPRM either to have obtained, or upon completion of ongoing claims processing will obtain, reimbursement of their deposits – either from the lines themselves, from credit card issuers or through recourse to coverage under the Commission's program (67 Fed. Reg. at 66353). Only AMCV's passengers are cited by the NPRM as not being reimbursed.

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The Bankruptcy Court proceedings have now essentially come to a conclusion, **with the Court's** February 6, 2003 entry of its "Findings of Fact, Conclusions of Law and Order Confirming Second Amended Joint Plan of Liquidation of American Classic Voyages Co., et al." ("Order"; Attmt 2). This Order confirmed AMCV's "Second Amended Joint Plan of Liquidation," dated January 7, 2003 (the "Plan"; Attmt B)an is more fully described in the Disclosure Statement with Respect to Debtors' Second Amended Joint Plan of Liquidation," also dated January 7, 2003 (the "Disclosure Statement"; Attmt 4).

Contrary to the assertion in the NPRM, the confirmed Plan specifically provides for reimbursement of customer deposits. Moreover, this reimbursement extends to *all* of AMCV's various cruise operations. The Plan expressly contemplates that such reimbursement will be sufficient to pay the customers' consumer priority claims *in full.*" Moreover, *the Bankruptcy Court's Order expressly finds that none of the customer deposit claims will be impaired by the approved liquidationplan* (Attmt 2, Part I.C.8, at 13; "Classes 1A, 1B, 1C, 1D, 1E, 3 and 4 are not Impaired by the Plan").

Specifically, and as the Commission is aware, AMCV operated essentially five separate businesses through various subsidiary companies: (a) the Mississippi riverboat business, which was owned by the so-called "Selling Debtors" and was sold to DNPS Delta Queen Steamboat Co., Inc. for \$80.9 million in cash and assumed liabilities, (2) *the Columbia Queen* riverboat, which operated on the Columbia River in the Pacific Northwest and was owned by **the** so-called Columbia Queen Debtor, (c) the *Cape Cod Light* and *Cape May Light* cruise ships, which were to operate on the Atlantic Coast and were owned and prepared for operation by **the** so-called Coastal Debtors, (d) *the S.S. Independence* cruise ship and related business in Hawaii, which was owned and operated by the so-called Independence Debtors, and (e) the *KS. Patriot* cruise ship in Hawaii, which was owned by a non-debtor, Oceanic Ship Co. and various other non-debtors."⁷

Under the approved Plan, the priority claims of Customer Depositors are classified as Class 1 "Other Priority Claims."@" Such claims are further divided into subclasses according to

^{7/} See "Summary of Estimated Distributions under the Plan," Disclosure Statement (Attmt 4) at 16. As mentioned above, under Section 507(a)(6) the customer deposits priority presently is limited to a maximum of \$2,100 per person. Based upon advertised prices and likely discounts from such prices under the then current market conditions, particularly in the Hawaii cruise market, it is likely that most, if not all, non-credit card deposit claims likely were within the priority limit and thus fully covered. Any amount above \$2,100 per individual would be treated as a general unsecured claim.

^{8/} See Order (Attmt 2), Part I.C.1.i, at 9, and Part I.D, at 17.

^{9/} Plan Article 1.35 defines "Customer Deposit Claims" as "Claims by consumer customers for security deposits provided to the Debtors prior to the Petition Date that (a) were not returned or reimbursed by the Debtors, a credit card provider, a travel agent or any other Entity and (b) were for a cruise never provided by the Debtors" (Attmt 3, at 9). Article 1.76 defines "Other Priority Claim" as "Any Claim, other than an Administrative Claim or

the specific company that owned the ship upon which the customer was to have traveled. Thus, the Plan contains the following subclasses of Other Priority Claims:

- . Class 1A - Selling Debtors Other Priority Claims
- . Class 1B - Coastal Debtors Other Priority Claims
- . Class 1C - Independence Debtors Other Priority Claims
- . Class 1D - Columbia Queen Other Priority Claims
- . Class 1E - AMCV Other Priority Claims (including the *Patriot* customer claims)^{10/}

The approved Plan provides that holders of claims in Class 1A will be paid in full. Article 5.1 of the Plan specifically states that “each Allowed Selling Debtors Other Priority Claim shall be paid. . . Cash equal to the amount of such Allowed Selling Debtors Other Priority Claim” (Attmt 3, Art. 5.1, at 27). See also the Disclosure Statement “Summary of Estimated Distributions Under the Plan,” which estimates that each Class 1A claimant will receive “\$1 .00 per dollar of Allowed Claim” (Attmt 4, pg. 16).

With respect to holders of claims in Classes 1B through 1D, the Plan provides that such holders are to be paid (i) a pro-rata share of a sum of cash allocated to such class (the “Cash Settlement”), plus (ii) a pro-rata share of future recoveries of causes of action available to the debtors under Sections 502, 506, 510, 541, 542, 543, 544, 545, 547, 548, 549, 550, 551 and 553 of the Bankruptcy Code) (the “Avoidance Proceeds”). The Plan contemplates that this treatment will be sufficient to pay all of the Class 1B – Class 1D claims in full. In particular, the Plan states, as to each such Class of claims, “Based on expected recoveries from prosecution of Avoidance Actions, the Debtors believe the foregoing [treatment] will result in distributions on account of Allowed [respective] Debtors Claims with an aggregate present value equal to the amount of such Allowed Claims as of the Effective Date” (Attmt 3, Arts 5.2, 5.3 & 5.4, at 28, \$29). See also the Disclosure Statement “Summary of Estimated Distributions Under the Plan,” which estimates that each claimant in Classes 1B thru 1D will receive “Payments over time with a present value as of the Effective Date equal to \$1 .00 per dollar of Allowed Claim” (Attmt 4, pg. 16).

Class 1E includes the claims of Customer Depositors who traveled on the *M/S Patriot* (the “*Patriot* Depositors”). The Plan provides for the *Patriot* Depositors to be paid a pro rata share of a Cash Settlement and Avoidance Proceeds, similar to the treatment provided to the holders of Classes 1B – ID, and also retain their claims against the non-debtor company that

Priority Tax Claim, of a Creditor to the extent such Claim is entitled to priority pursuant to Bankruptcy Code section 507(a).” (Attmt 3, at 16.)

^{10/} See generally Plan (Attmt 3) Article 3.b, at 24-25, and Articles 3.1 thru 3.5, at 25.

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owned the ship (Attmt 3, Art. 5, at 29e30). Statement Summary of Estimated Distributions under the Plan estimates that *the holders of Class 1E claims will receive "Payments over time with a present value as of the Effective Date equal to \$1.00 per dollar of Allowed Claim"* (Attmt 4, at 16; emphasis added).

Of course, there can be no absolute assurance, at this point in time, that the non-Mississippi riverboat AMCV customer claimants (i.e., Classes 1B-1E) will, in fact, receive 100% recovery of their consumer deposits priority claims. However, the stated best estimates in the Order and approved Liquidation Plan are that they will eventually obtain such full recovery. Also, it should be noted that the Court's Order allows AMCV customer depositors an additional 30 days after the Plan becomes final to submit reimbursement claims (Attmt 2, Part III.C.3, at 32).

What is indisputably clear at this time are two points: (1) that the NPRM assertion that the non-credit card AMCV customers would get nothing was premature and wrong, and (2) that, in the end, the priority preference accorded consumer deposits under the Bankruptcy Code, combined with the protections provided under the Fair Credit Billing Act ("FCBA"), provided sufficient legal protection for AMCV's customers to obtain reimbursement of passenger deposits. Special additional protection under the FMC's rule simply was not required.

Indeed, the AMCV case amply demonstrates that the increased coverage required by the Proposed Rule, at very substantial costs to both the cruise lines and the traveling public, would be greatly excessive and redundant. Thus, at the time of AMCV's bankruptcy we understand that AMCV's highest reported UPR for the prior two years was in the neighborhood of some \$67M. Under the Proposed Rule AMCV would have been required to maintain collateral of 10% of that number -- \$73.7M -- less credit card revenues within 60 days of sailing ("EPR"). AMVC's actual UPR at the time AMCV ceased operating was, as one might expect, considerably less than the highest UPR over the prior two years, and is believed to have been in the neighborhood of \$45-50M. The vast majority of this amount was reimbursed by credit card companies -- without regard to the FCBA's 60-day time limit -- and by third-party travel insurance and travel agents.^{11/} Indeed, the total amount of passenger deposit claims in the bankruptcy proceeding apparently was only a little in excess of \$10M^{12/}.

^{11/} The FCBA-mandated coverage protection extends for 60 days after the credit card customer's receipt of the Billing statement containing the charge for the unperformed services. This coverage, it should be noted, is different and substantially broader in time and effect than the NPRM's proposed EPR exclusion, which is limited to credit card charges within 60 days of sailing. For example, a passenger deposit paid 70 days before sailing would not qualify for exclusion under the proposed EPR definition -- even for one day. However, such deposit would, in all likelihood, be fully protected for the entire 70 days under FCBA, given the average 28-day billing statement cycle close-out time and the time for billing statement preparation and mailing, mail transit time and receipt by the customer. Under any circumstance such deposit would be fully protected for at least the first 61 days after the charge was recorded, regardless of the planned sailing date. A failure by the cruise line any time during that period

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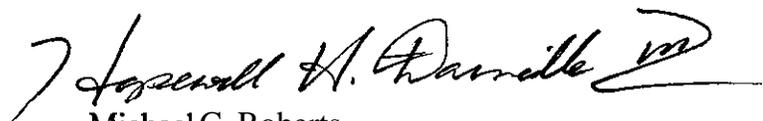
While one can assume that there were some passengers who failed to submit claims, the bottom line is that there is a vast gap between the amount of the unreimbursed claims requiring **coverage** and the amount of coverage that would be required under the Proposed Rule. This gap **represents** excess and redundant coverage. **PVOs** and passengers will not benefit from, and **should** not be saddled with the substantial costs of, such excess and redundant coverage.

Conclusion: While the bankruptcy proceedings and reimbursement process may not have moved at the speed which **AMCV's** non-credit card paying customers or the Commission **would** have liked, it appears that, at the end of the day, the customers will get their deposits back.

This development seriously undermines one of the principal drivers of the Proposed Rule, **and** suggests **that the** proposed momentous change in Commission policy embodied in the Proposed Rule with respect to the required coverage of UPR is neither necessary nor appropriate.

RCL trusts that the Commission will carefully consider **these** developments in determining what, if any, **further** action to take with respect to the Proposed Rule. We very **much** appreciate your consideration in this regard.

Respectfully submitted,



Michael G. Roberts
Hopewell H. Darneille III

Counsel for Royal Caribbean Cruises Ltd.

would likely trigger the passenger's FCBA recovery rights. Finally, we understand that many credit card companies **routinely** provide their customers extended coverage, going beyond the FCBA **60-day** minimum coverage period, **either** as a marketing incentive or pursuant to their agreements with their acquiring banks.

¹² See Attmt 4 at 38.

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Attmts(4):

1. Press Article (2/6/03)
2. Findings of Fact, Conclusions of Law and Order Confirming Second Amended Joint Plan of Liquidation of American Classic Voyages Co., et al., dated February 6, 2003
3. Second Amended Joint Plan of Liquidation of American Classic Voyages Co., et al., dated January 7, 2003
4. Disclosure Statement with Respect to Debtors' Second Amended Joint Plan of Liquidation, dated January 7, 2003 (excerpts)

cc(w/attmts):

Sandra L. Kusumoto, Director
Bureau of Consumer Complaints & Licensing

Amy W. Larson, Acting General Counsel



WILMINGTON, Del. >> American Classic Voyages Co., former operator of Hawaii cruise ships ms Patriot and SS Independence, won bankruptcy court approval for its plan to pay unsecured creditors as much as 20 percent of their claims.

Under the plan, secured creditors will be paid in full, while some unsecured creditors of the Chicago-based company and its units will receive from 3 percent to 20 percent of their claims. The plan also would reimburse customers seeking refunds on cruises that were canceled after the company sought bankruptcy protection in October 2001. Shareholders will receive nothing.

American Classic "is ready to start distributing money," said Josef Athanas, a lawyer for the company, during today's hearing.

Had the company not decided to shut down, creditors would likely have gotten nothing, Athanas said. American Classic filed for bankruptcy after the Sept. 11 terrorist attacks led to customer cancellations. Other cruise operators including Carnival Corp., the world's largest cruise line, reported as much as 60 percent drops in bookings.

U.S. Bankruptcy Judge Jerry Venters in Wilmington, Del., approved the plan today after creditors voted in favor of it.

Since filing for bankruptcy, American Classic has sold most of its assets, including three river steamboats, for \$80.9 million in cash and assumed liabilities. At the time of its bankruptcy filing, it operated seven crewed vessels with 3,480 passenger berths.

Shares of American Classic -- run by billionaire Sam Zell -- traded over \$35 in December 1999, but last traded at less than 1 cent yesterday in over-the-counter trading.



**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

American Classic voyages **Co., et al.**,
Debtors.

chapter 11

Case No. 01-10954 (JWV)

Jointly **Administered**

**FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDER
CONFIRMING SECOND AMENDED JOINT PLAN OF LIQUIDATION OF
AMERICAN CLASSIC VOYAGES CO., ET AL.**

Dated: February __, 2003

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Attorneys for the Debtors and Debtors-in-Possession

INTRODUCTION

The above-captioned debtors and debtors-in-possession (collectively, the "Debtors") having proposed the Second Amended Joint Plan of Liquidation of American Classic Voyages Co., *et al.*, dated January 7, 2003, and as described *herein* (the "Plan"); the Court having entered its Order Under 11 U.S.C. §§ 105(a), 1125(b) and 1126(b) and Fed. R. Bankr. P. 2002, 3017, 3018 and 3020 Approving (i) Form and Manner of Notice of Disclosure Statement Hearing, (ii) Adequacy of Disclosure Statement, (iii) Solicitation Procedures for Confirmation of the Joint Plan of Liquidation and (iv) Form and Manner of Notice of Confirmation Hearing (the "Disclosure Statement Order") dated January 7, 2003, by which the Court, among other things, approved the Debtors' proposed disclosure statement with respect to the Plan (the "Disclosure Statement"), established procedures for the solicitation and tabulation of votes to accept or reject the Plan, scheduled a hearing on confirmation of the Plan and approved related notice procedures; Logan & Company, Inc., the Court-appointed voting and tabulation agent in respect of the Plan, having filed the Affidavit of Kathleen M. Logan Certifying Tabulation of Ballots Accepting and Rejecting the Debtors' Second Amended Joint Plan of Reorganization (the "Voting Affidavit") on February 5, 2003; the Court having established in the Disclosure

Unless otherwise specified, capitalized terms and phrases used *herein* have the meanings assigned to them in the Plan. The rules of interpretation set forth in Section I.C of the Plan shall apply to these Findings of Fact, Conclusions of Law and Order (this "Confirmation Order"). In addition, in accordance with Section I.A of the Plan, any term used in the Plan or this Confirmation Order that is not defined in the Plan or this Confirmation Order, but that is used in the Bankruptcy Code or the Bankruptcy Rules (each as hereinafter defined), shall have the meaning given to that term in the Bankruptcy Code or the Bankruptcy Rules, as applicable. If there is any direct conflict between the terms of the Plan and the terms of this Confirmation Order, the terms of this Confirmation Order shall control. A copy of the Plan is attached hereto as Exhibit A and incorporated *herein* by reference.

Statement Order **February 6, 2003** at **11:00** a.m., as **the** date and time of **the** hearing pursuant to section 1129 of **title 11** of **the United States Code**, **11 U.S.C. §§ 101-1330** (the "**Bankruptcy Code**"), to **consider confirmation** of **the Plan** (the "**Confirmation Hearing**"); **affidavits** of service of **the solicitation materials** with **respect** to **the Plan** having been executed by **Kathleen M. Logan** with **respect** to **the mailing** of notice of **the Confirmation Hearing** and **solicitation materials** in respect of **the Plan** in **accordance** with the **Disclosure Statement** Order (collectively, the "**Affidavits of Service**,") and having been **filed** with the Court on or about January 24, 2003; **affidavits** of publication of the **Notice** of (A) (1) **Approval of Disclosure Statement**; (2) **Hearing on Continuation of Plan**; (3) **Deadline and Procedure for Piling Objections to Confirmation of Plan**; (4) **Treatment of Certain Unliquidated, Contingent or Disputed Claims for Voting and Distribution Purposes**; (5) **Record Date**; and (6) **Voting Deadline for Receipt of Ballots** (collectively, the "**Affidavits of Publication**") having been **filed** with the Court on January 31, 2003 with **respect** to the publication of **notice of the Confirmation Hearing** and **certain** related **matters** in **the** national edition of *The Wall Street Journal* in **accordance with** the **Disclosure Statement Order**; the Court having reviewed the **Plan**, **the Disclosure Statement**, **the Disclosure Statement Order**, **the Voting Affidavit**, **the Affidavits of Service**, **the Affidavits of Publication**, and the **other papers** before the Court in **connection** with the confirmation of the **Plan**; **the** Court having heard the **statements** of **counsel** in **support** of and in **opposition** to **confirmation** at the **Confirmation Hearing**, as **reflected** in **the** record at the **Confirmation Hearing**; **the Court** having considered **all** testimony Presented and evidence admitted at **the Confirmation Hearing**; **the Court** **having taken judicial** notice of **the** papers and pleadings, including the Examiner Report, on **file** in **these** chapter **11 cases**; and **the** Court finding **that** (i) notice of the **Confirmation Hearing** and the opportunity of any party in **interest** to **object** to **Confirmation** was **adequate** and appropriate,

in accordance with **Bankruptcy Rule 2002(b)** and the Disclosure **Statement Order**, as to all parties to be **affected** by the Plan and the transactions contemplated thereby and (ii) the **legal** and **factual bases** set forth in the applicable papers and at the **Confirmation Hearing**, and **as set** forth in this Confirmation **Order, establish** just cause for **the relief** granted **herein**; the Court **hcreby** makes **the** following **Findings** of Fact, Conclusions of Law and **Order**.²

I. FINDINGS OF FACT.

A. JURISDICTION AND CORE PROCEEDING.

The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core **proceeding** pursuant to 28 U.S.C. § 157(b)(2). The **Debtors** were and are **qualified to** be debtors under **section 109** of the Bankruptcy Code.

B. VENUE.

On October 19, 2001 (the "Petition Date"), American Classic Voyages Co. ("AMCV") commenced its reorganization case by **filing** voluntary **petitions** for **relief** under chapter 11 of the **Bankruptcy** Code. On October 22, 2001, the **remaining** Debtors **commenced** their **respective** reorganization cases by **tiling** **voluntary** petitions for relief **under** chapter 11 of the **Bankruptcy** Code. American Classic Voyages Co. is a Delaware corporation and is the **direct parent** or **affiliate** of each of the other Debtors, and venue for **AMCV's** chapter 11 case is **appropriate under** 28 U.S.C. § 1408(1). The **remaking** **Debtors** are **affiliates**, as such **term** is **defined** in 11 U.S.C. § 101(2) and used in 28 U.S.C. § 1408(2), of **AMCV** and, **as** such, **venue**

² This **Confirmation** Order **constitutes** the Court's **findings** of fact and conclusions of law uader Fed. R. Civ. P. 52. **as** made q&able **herein** by **Bankruptcy Rules** 7052 and 9014. Any **finding of fact** shall **constitute** a **finding** of fact even if it is stated **as a conclusion** of law, and any **conclusion** of law **shall** constitute a **conclusion** of law even **if it** is stated **as** a finding of fact.

for **their** chapter 11 cases is **appropriate under 28 U.S.C. § 1408(2)**, and for those **domiciled** or incorporated in Delaware, also under **28 U.S.C. § 1408(1)**.

Accordingly, pursuant to **28 U.S.C. § 1408**, **venue** in the District of Delaware was **proper** as of the Petition **Date** and **continues** to be proper.

c. **COMPLIANCE WITH THE REQUIREMENTS OF SECTION 1129 OF THE BANKRUPTCY CODE.**

1. **Section 1129(a)(1) - Compliance of the Plan with Applicable Provisions of the Bankruptcy Code.**

The Plan **complies with** all applicable provisions of the Bankruptcy Code, as required by **section 1129(a)(1)** of the Bankruptcy Code, including **sections 1122 and 1123** of the Bankruptcy code.

a. **Sections 1122 and 1123(a)(1)-(4) - Classification and Treatment of Claims and Interests.**

The Plan constitutes a separate plan of liquidation for **each of the Debtors** under the Plan. Pursuant to **sections 1122(a) and 1123(a)(1)** of the Bankruptcy Code, Article 3 of the **Plan designates Classes** of Claims and **Interests, other than Administrative Claims and Priority Tax Claims**. As required by section 1122(a), each **Class** of Claims and **Interests** for **each Debtor** contains only **Claims** or **Interests** that are substantially similar to the other Claims or **Interests** within that Class for such Debtor. The Plan contains **sixteen Classes** of Claims and **Interests**, designated as **Classes 1A through 8**. Such classification is proper under section 1122(a) of the **Bankruptcy Code because** such Claims and Interests have **differing** rights among each **other** and **against** the Debtors' **assets** or **differing** interests in the **Debtors**. Pursuant to **section 1123(a)(2)** of

³ Pursuant to section **1123(a)(1)** of the Bankruptcy Code, classes of **Administrative Claims** and **Priority Tax** Claims are **not required** to be **classified**. **Sections 2.1 and 2.4 describe** the **treatment** under the Plan of **Administrative Claims and Priority Tax** Claims, **respectively**.

the Bankruptcy Code, Article 4 of the Plan specifies all Classes of Claims and **Interests** that are not Impaired **under the Plan and specifies** all **Classes of** Chums and **Interests** that are **Impaired** under **the Plan**. Pursuant to **section 1123(a)(3)** of the Bankruptcy Code, **Article 5** of the Plan **specifies** the **treatment** of all **Claims and Interests** under the Plan. Pursuant to **section 1123(a)(4)** of the Bankruptcy Code, **Article 5** of the Plan **also** provides the **same treatment** for each Claim or **Interest within** a particular Class, unless the holder of a Claim or **Interest** agrees to less favorable **treatment of** its **Claim** or **Interest**. The Plan therefore **complies** with **sections 1122 and 1123(a)(1)-(4)** of the **Bankruptcy Code**.

b. Section 1123(a)(5) - Adequate Means for Implementation of the Plan.

Article 7 **and** various **other** provisions of **the Plan provide** adequate means for **the Plan's** implementation. Those provisions relate to, among other things: (i) the continued **corporate existence** of the Debtors for the **purposes** set forth in **Section 7.2** of the **Plan**; (ii) the cancellation of various liens, **encumbrances** and other **security interests against Assets** of the Debtors' **Estates**; (iii) **the** continued **vesting of assets** in the **Debtors**; (iv) **the** **engagement** of a **Plan** Administrator; (v) **the post-confirmation operations** of the Debtors; (vi) **the treatment of post-confirmation professional fees and expenses**; (vii) **the post-Effective Date reporting by the Debtors**; (viii) **the treatment of post-Effective Date Indemnification Claims**; (ix) **the post-confirmation funding of the Debtors and the Plan**; (x) **the use of post-confirmation accounts**; (xi) **the** dissolution of **the Debtors**; and (xii) **the** closing of the Chapter 11 Cases. **The Plan therefore** complies with **section 1123(a)(5)** of **the Bankruptcy Code**.

c. Section 1123(a)(6) - Prohibition Against the Issuance of Nonvoting Equity Securities and Adequate Provisions for Voting Power of Classes of Securities.

Because the **Plan contemplates the** (i) liquidation of all of the Debtors' assets, (ii) **dissolution** of the Debtors' **corporatc** existences **after** all distributions are made, (iii) **cancellation** of all **Interests** in the Debtors **under** Section 7.6 of the **Plan**, and (iv) the issuance of no new **securities**, the Plan does not expressly provide **for the** inclusion in the charters of **the** Debtors a provision prohibiting **the** issuance of nonvoting **equity** securities. Nonetheless, **because** the Plan **does not** provide for the issuance of any **securities**, the **issuance** of nonvoting **securities** is **impossible**. Therefore, the Plan satisfies **the** requirement of section **1123(a)(6)** of the **Bankruptcy Code**.

d. Section 1123(a)(7) - Selection of Directors and Officers in a Manner Consistent with the Interest of Creditors and Equity Security Holders and Public Policy.

Section 7.1 of the **Plan** provides **that** upon the **Effective Date**, a **Plan Administrator** will be **appointed and** will act as sole **director in lieu** of a board of **directors**. **The Plan therefore complies** with section **1123(a)(7)** of the **Bankruptcy Code**, as **appropriate** for a liquidating plan, in a **manner consistent** with the **interests** of creditors and equity security holders **and** public policy.

e. Section 1123(b)(1)-(2) - Impairment of Claims and Interests and Assumption, Assumption and Assignment or Rejection of Executory Contracts and Unexpired Leases.

In **accordance** with section 1123(b)(1) of the **Bankruptcy Code**, **Article 4** of the **Plan** impairs or leaves **unimpaired**, as **the case** may be, **each** Class of Claims and **Interests**. In **accordance** with section 1123(b)(2) of the **Bankruptcy Code**, **Article 6** of the **Plan** provides for the rejection **of the** executory **contracts and** unexpired **leascs** of the Debtors that have not been previously assumed, **assumed** and **assigned** or **rejected** pursuant to **section 365** of the **Bankruptcy**

Code and appropriate authorizing orders of the Court or which have not been subject to an order of Court with respect to such executory contract's or unexpired lease's assumption, assumption and assignment or rejection at a later date. The Debtors did not specifically designate any executory contracts or unexpired leases to be assumed in Exhibit I to the Disclosure Statement and have not further amended Exhibit I to the Disclosure Statement. The Plan is therefore consistent with sections 1123(b)(1)-(2) of the Bankruptcy Code.

f. Section 1123(b)(3) - Retention, Enforcement and Settlement of Claims held by the Debtors.

Sections 13.6 and 13.7 of the Plan set forth certain general releases, subject to Article 9 of the Plan which provides for the preservation of certain claims, rights and causes of action by the Debtors. Unless otherwise ordered by the Court after notice and a hearing, and except as otherwise set forth herein with respect to objections to Administrative Claims, Claims for Taxes and Claims arising from rejections of executory contracts and unexpired leases, the Debtors shall have the exclusive right (except as to applications for allowances of compensation and reimbursement of expenses under sections 330 and 503 of the Bankruptcy Code) to make and file objections to Claims and shall serve a copy of each objection upon the holder of the Claim to which the objection is made. No deadlines by which objections to Claims must be Filed have been established in these Chapter 11 Cases. Any compromise of a Claim in a disputed amount which is to be allowed in an amount equal to or in excess of \$100,000 shall be subject to the approval of the Bankruptcy Court but such compromise shall not require notice to any party other than to the members of the Reconstituted Committee, to MARAD and to the U.S. Trustee, and shall not require a hearing, unless the Bankruptcy Court orders otherwise. Any compromise of a Disputed Claim with respect to which the amount to be allowed is in excess of \$50,000 but less than \$100,000 shall be subject to Bankruptcy Court approval only if the

imposed **compromise** is **objected** to (which objection is not resolved **consensually**) by the **Reconstituted** Committee, **MARAD** or the U.S. **Trustee**, within ten (10) business days of their receipt of such notice. The Debtors, in their **sole discretion**, may submit resolutions of Claims in **disputed** amounts of **\$50,000** and **less** to the Bankruptcy Court for its approval, but they are fully authorized to resolve such Claims without **Bankruptcy Court approval**. In light of the foregoing, the **Plan** is consistent **with** section **1123(b)(3)** of the **Bankruptcy Code**.

g. Section 1123(b)(4) – Sale of All or Substantially All of the Property of the Estate.

Consistent with section 1123(b)(4) of the **Bankruptcy Code**, the Plan **effectuates the** distribution of the **proceeds** of the sale of **all** property of the estates **under the** Plan or previous sale orders of the Court. Such previous **orders** have been held by the Court to be in **furtherance** of the Plan and are **entitled to** appropriate **treatment under the** Bankruptcy Code. **The Plan** is therefore **in** compliance with **section 1123(b)(4)** of the **Bankruptcy Code**.

b. Section 1123(h)(5) - Modification of the Rights of Holders of Claims.

Article 5 of the Plan modifies or **leaves unaffected, as the case may be, the** rights of holders of each Class of Claims, and therefore, **the** Plan is in compliance with section **1123(b)(5)** of the **Bankruptcy Code**.

i. Section 1123(b)(6) - Other Provisions Not Inconsistent with Applicable Provisions of the Bankruptcy Code; Substantive Consolidation.

The Plan includes additional **appropriate** provisions **that** are not inconsistent with **applicable** provisions of the **Bankruptcy Code**, including: (i) the provisions of **Article 7** of the Plan **regarding the** means for implementing the Plan; (ii) **the** provisions of **Article 6** of the Plan governing the assumption, assumption and **assignment** or rejection of executory **contracts** and **unexpired Leases**; (iii) **the** provisions of **Article 10** of the Plan **governing**

distributions on account of Allowed Claims, particularly as to the **timing** and **calculation** of amounts to be distributed: **(iv) the** provisions of Section 10.12 of the Plan **establishing the Disputed Claims Reserve** and making distributions on account of Disputed Claims once **resolved; (v) the** provisions of Section 16.1 of **the** Plan with respect to the substantive consolidation of **the Debtors** into **separate** groups of (a) **the Selling Debtors, (b) the Coastal Debtors** and (c) the Independence **Debtors**, respectively, **in** each case **with** respect to the **treatment** of all Claims except **for** Administrative Claims, Priority **Tax** Claims and Secured Claims in **Classes 2, 3 and 4; (vi) the** provisions of Section 13.5 of **the** Plan **regarding the injunction with respect** to claims and interests **treated under** the Plan; and (vii) **the** provisions of Article 14 of **the** Plan regarding **retention of jurisdiction** by the Court **over** certain **matters after the Effective Date**. The **Plan** is **therefore** in compliance with section 1123(b)(6) of the **Bankruptcy Code**.

The Debtors operated **essentially** four **separate businesses**: (a) the Mississippi riverboat **business**, which was sold to **DNPS Delta Queen Steamboat Company, Inc. ("DNPS")** pursuant to the **Asset Sale** by the **Selling Debtors; (b) the Columbia Queen riverboat**, which **operated** on the Columbia **River** in the Pacific Northwest and was owned by the Columbia Queen **Debtor; (c) the Cape Cod Light and Cape May Light** cruise ships, which were to **operate** on the Atlantic Coast and **were** owned and prepared for **operation** by the **Coastal Debtors; and (d) the s.s. Independence cruise ship** and related business in Hawaii, which was **owned** and operated by the **Independence Debtors**. **In** addition, a non-Debtor, **Oceanic Ship Co.** and various other non-Debtors, **owned** and **operated** the **m.s. Patriot** cruise ship in Hawaii. **The** ultimate parent of all of **these** companies is Debtor **AMCV**. **The** Selling Debtors, **the Independence Debtors** and **the Coastal Debtors, respectively**, each operated as a single unit. **The** Cash portion of **the**

purchase price paid by **DNPS** as a **part** of **the** Asset Sale was not split among **the** Assets owned by **the** various Selling Debtors. **The** proposed substantive consolidation of the Selling Debtors, the **Independence** Debtors and **the** Coastal **Debtors, respectively,** is **necessary** to, among other thi **effectuate** equitable **distributions,** avoid **the** calculation, resolution and classification of **intercompany** claims and reduce the administrative burden of tabulating **separate** votes with **respect to each** of the Selling Debtors, each of **the Independence Debtors** and **each** of **the** Coastal **Debtors,** respectively. **Thus,** tbc **substantive** consolidation of **the Selling** Debtors, **the** Independence **Debtors** and the Coastal Debtors, **respectively,** reflects **the** economic reality of their **respective businesses** and operations and is fair and **equitable** for all creditors.

j. Section 1123(d) - Cure of Defaults.

Section 6.2 of **the** Plan provides for **the** satisfaction of cure **amounts** **associated** with each executory contract **and unexpired** lease to be assumed pursuant to **the** Plan in **accordance with** section **365(b)(1)** of **the** Bankruptcy Code. However, **the Debtors** have not identified any **executory** contracts or unexpired leases **that they** wish to **assume.** Accordingly, there are no cure amounts associated with an **executory** contract or unexpired **lease that** need to **be** satisfied. **Therefore the** provisions of section 1123(d) of **the** Bankruptcy Code do not apply to **the** Plan.

2. Section 1129(a)(2) - Compliance with Applicable Provisions of the Bankruptcy Code.

The Debtors **have complied** with **all applicable** provisions of **the** Bankruptcy **Code,** as required by section **1129(a)(2)** of **the** Bankruptcy Code, **including** section 1125 of the **Bankruptcy** Code and **Bankruptcy** Rules 3017 and 3018. **The Disclosure Statement** and **the** **procedures** by which tbc ballots for acceptance or rejection of **the Plan were** solicited and tabulated wore fair, properly conducted and in accordance **with** sections 1125 **and** 1126 of the

Bankruptcy Code, Bankruptcy Rules 3017 and 3018 and the Disclosure Statement Order. Consistent with Section 13.4 of the Plan, the Debtors and their respective members, officers, directors, shareholders, employees, representatives, advisors, attorneys, financial advisors, investment bankers, or agents, as applicable, have acted in "good faith," within the meaning of section 1125(c) of the Bankruptcy Code. The Plan therefore complies with section 1129(a)(2) of the Bankruptcy Code.

3. Section 1129(a)(3) - Proposal of the Plan in Good Faith.

The Debtors proposed the Plan in good faith and not by any means forbidden by law. In determining that the Plan has been proposed in good faith, the Court has examined the totality of the circumstances surrounding the formulation of the Plan. Based on the report of the Examiner, the Disclosure Statement and the evidence presented at the Confirmation Hearing, the Court finds and concludes that the Plan, the Settlement encompassed in the Plan, and the Asset Sale in furtherance of the Plan have been proposed with the legitimate and honest purpose of liquidating the Debtors' estates and maximizing the returns available to creditors of the Debtors. Moreover, the Plan itself and the arms' length negotiations among the Debtors, the Creditors' Committee and the Debtors' other constituencies leading to the Plan's formulation, as well as the overwhelming support of creditors for the Plan, provide independent evidence of the Debtors' good faith in proposing the Plan.

4. Section 1129(a)(4) - Bankruptcy Court Approval of Certain Payments as Reasonable.

a. Section 2.3 of the Plan provides that on or prior to the Administrative Claims Bar Date, each Professional shall File with the Bankruptcy Court its final fee application seeking final approval of all fees and expenses from the Petition Date through the Effective Date.

The Court will review the reasonableness of such applications under sections 328 and 330 of the Bankruptcy Code and any applicable case law. The Court has authorized periodic payment of the fees and expenses of Professionals incurred in connection with these chapter 11 cases. All such fees and expenses, however, remain subject to final review for reasonableness by the Court. Thus, the Plan complies with section 1129(a)(4) of the Bankruptcy Code.

Upon the Effective Date, any requirement that Professionals comply with sections 327 through 331 of the Bankruptcy Code in seeking retention or compensation for services rendered after such date will terminate.

5. Section 1129(a)(5) - Disclosure of Identity of Proposed Management, Compensation of Insiders and Consistency of Management Proposals with the Interests of Creditors and Public Policy.

Section 7.1 of the Plan provides that on and after the Confirmation Date, a Plan Administrator will be appointed and will act as sole director and in lieu of a board of directors. Section 7.1 discloses the identity of the Plan Administrator, Paul Gunther. Pursuant to Section 7.4 of the Plan, the Plan Administrator will be compensated at a rate agreed upon by the Plan Administrator and the Reconstituted Committee. The appointment of the Plan Administrator is consistent with the interests of holders of Claims and Interests and with public policy. The Plan therefore complies with section 1129(a)(5) of the Bankruptcy Code.

6. Section 1129(a)(6) - Approval of Rate Changes.

After the Confirmation Date, the Debtors will not have any businesses involving the establishment of rates over which any regulatory commission has or will have jurisdiction. Therefore, the provisions of section 1129(a)(6) do not apply to the Plan.

7. Section 1129(a)(7) - Best Interests of Holders of Claims and Interests.

With respect to each Impaired Class of Claims or Interests of the Debtors, each holder of a Claim or Interest in such Impaired Class has accepted or is deemed to have accepted

the Plan, or will receive or retain under the Plan on account of such Claim or Interest properly of a value, as of the Effective Date, that is not less than the amount such holder would receive or retain if the Debtors were liquidated on the Effective Date under chapter 7 of the Bankruptcy Code. The Plan therefore complies with section 1129(a)(7) of the Bankruptcy Code.

8. Section 1129(a)(8) - Acceptance of the Plan by Each Impaired Class.

Pursuant to sections 1124 and 1126 of the Bankruptcy Code: (a) as indicated in Section 4.1 of the Plan, Classes IA, 1B, 1C, 1D, 1E, 3 and 4 are not Impaired by the Plan; (b) pursuant to the Plan's terms, Classes IA, 1B, 1C, 1D, 1E, 3 and 4 are deemed to have accepted the Plan; and (c) as indicated in the Voting Affidavit, the requisite number and amount of creditors and claims in classes 2, 5, 6A, 6B, 6C, 6D and 6E required by section 1126(c) of the Bankruptcy Code voted to accept the Plan. Because the holders of Claims and Interests in Classes 7 and 8 will not receive or retain any property on account of such Claims or Interests, Classes 7 and 8 are deemed not to have accepted the Plan pursuant to section 1126(g) of the Bankruptcy Code. Notwithstanding the lack of compliance with section 1129(a)(8) of the Bankruptcy Code with respect to Classes 7 and 8, the Plan is confirmable because, as described in Section LB.14 below, the Plan, as modified, satisfies the "cramdown" requirements of section 1129(b) of the Bankruptcy Code with respect to such Classes. The Plan therefore complies with section 1129(a)(8) of the Bankruptcy Code.

9. Section 1129(a)(9) - Treatment of Claims Entitled to Priority Pursuant to Section 507(a) of the Bankruptcy Code.

a. Article 2 of the Plan provides for treatment of Administrative Claims and Priority Tax Claims, subject to certain bar date provisions consistent with Bankruptcy Rules 3002 and 3003, in the manner required by section 1129(a)(9) of the Bankruptcy Code.

b. Except as **set forth** in Section **I.C.9.c** of **this** Order, pursuant to **Section 2.1** of **the** Plan, each holder of an Allowed Administrative Claim will **receive** on **account** of such Allowed Claim **and** in **full** satisfaction, **settlement, release and discharge** of and in exchange for such Allowed Claim, (a) Cash equal to the unpaid portion of **such** Allowed Claim, or (b) such other **treatment** as to which **the Debtors** and **the** holder of **such** Allowed Claim **have** agreed upon in writing.

c. Pursuant to Section 2.1 of **the Plan**, Allowed Administrative Claims **with** respect to **liabilities incurred by the Debtors** in **the ordinary course** of business during the **Chapter 11** Cases **shall** be paid in **the ordinary course** of **business** in **accordance with the terms** and conditions of any **agreement** or course of **dealing relating thereto** and Professional Claims **shall** be paid in **accordance with Section 2.3** of **the** Plan.

d. Under **Section 2.4** of the **Plan**, each **holder** of an Allowed Priority Tax Claim, at **the sole** option of the relevant **Debtor**, shall be **entitled to receive** on account of such Allowed Priority Tax **Claim**, in full **satisfaction, settlement, release and discharge** of and in **exchange** for such **Allowed** Priority Tax Claim, **(i) in accordance with** Bankruptcy Code section **1129(a)(9)(C)**, equal **Cash** payments made on **the** last Business Day of **every three-month period** following **the Effective Date**, over a **period** not **exceeding** six **years** after the assessment of the tax on which **such** Claim is based, totaling the principal amount of **such** Claim plus **simple interest** on any outstanding **balance**, compounded **annually from** the **Effective Date**, calculated at the **interest** rate **available** on ninety **(90)** day United **States Treasuries** on **the Effective Date**; **(ii) such other treatment agreed** to by the holder of such Allowed **Priority** Tax Claim and **the** Debtors, provided such **treatment** is on more favorable terms to the Debtors than **the** treatment **set forth in paragraph** (a) of Section 2.4 of **the** Plan; or **(iii) payment** in **full**.

c. Pursuant to Section 2.5.2 of the Plan, all requests for payment of Claims by a governmental unit for Taxes (and for interest and/or penalties or other amounts related to such Taxes) for any tax year or period, all or any portion of which occurs or falls within the period from and including the Petition Date through and including the Effective Date, and for which no Bar Date has otherwise been previously established, must be Filed on or before the later of: (a) the first Business Day that is at least sixty (60) days following the Effective Date; or (b) the first Business Day that is at least ninety (96) days following the filing of the tax return for such Taxes for such tax year or period with the applicable governmental unit. Any holder of a Claim for Taxes that is required to File a request for payment of such Taxes and other amounts due related to such Taxes and which does not File such a Claim by the applicable bar date shall be forever barred from asserting any such Claim against any of the Debtors, the Debtors' Estates, the Plan Administrator or their respective Assets, whether any such Claim is deemed to arise prior to, on, or subsequent to the Effective Date, and shall receive no distribution under the Plan or otherwise on account of such Claim.

f. Pursuant to Sections 5.1 through 5.5 of the Plan, each holder of an Allowed Other Priority Claim will receive cash equal to the amount of such claim on the Effective Date, or such other treatment as to which the Debtors and the holder of such Allowed Other Priority Claim have agreed upon in writing

g. In light of the foregoing, the Plan complies with section 1129(a)(9) of the Bankruptcy Code.

10. **Section 1129(a)(10) - Acceptance by At Least One Impaired Non-Insider Class.**

As indicated in the Voting Affidavit and as reflected in the record of the Confirmation Hearing, at least one non-insider Class of Claims or Interests that is Impaired

under **the** Plan has voted to **accept** the Plan. **The Plan therefore** complies with section 1129(a)(10) of the **Bankruptcy Code**.

11. Section 1129(a)(11) Feasibility of the plan.

Because the Plan sets forth **means** of payment in **accordance with** the **Bankruptcy Code** and the **Bankruptcy Rules**, it is feasible. As the **Plan** itself **provides for** the liquidation of all of the **Debtors' remaining** assets, **confirmation** cannot be followed by any liquidation in addition to **that prescribed** by the Plan, nor would **confirmation** be **followed** by the **need** for **further financial** reorganization. **The Plan therefore** complies with section 1129(a)(11) of the **Bankruptcy Code**.

12. Section 1129(a)(12) - payment of Bankruptcy Fees.

Section 2.2 of the Plan **provides** that, **on or before the Effective Date**, all **fees due** and **payable pursuant** to 28 U.S.C. § 1930, as determined by the Court at the **Confirmation Hearing**, **shall** be paid in **full**, in Cash. The Plan **therefore** complies with **section 1129(a)(12)** of the **Bankruptcy Code**.

13. Section 1129(a)(13) - Retiree Benefits.

The Debtors are not obligated to pay **retiree** benefits (as **defined** in **section 1114(a)** of the **Bankruptcy Code**) and thus are in compliance with **section 1129(a)(13)** of the **Bankruptcy Code**.

14. Section 1129(b) - Confirmation of the Plan Over the Non-Acceptance of Impaired Classes.

Pursuant to section 1129(b)(1) of the **Bankruptcy Code**, **the Plan** may be **confirmed** notwithstanding that Claims and **Interests** in Classes 7 and 8 are **impaired** and are **deemed not to have accepted the Plan** pursuant to section 1126(g) of the **Bankruptcy Code**. Other **than the** requirement in **section 1129(a)(8)** of the **Bankruptcy Code** with respect to **Classes**

7 and 8, all of the **requirements** of **section** 1129(a) of the **Bankruptcy Code** have **been** met. The Plan does not discriminate unfairly and is fair and equitable with **respect** to **Classes** 7 and 8. No holders of Claims and **Interests** junior to the Claims and **Interests** in Classes 7 and 8 will receive or **retain** any property on account of their Claims and **Interests**, and no holders of Claims or **Interests** senior to the Claims and Interests in Classes 7 and 8 are receiving more than **full** payment on **account** of **the Claims** and **Interests** in such **Classes**. **The Plan therefore complies** with section 1129(b) of the **Bankruptcy Code**.

15. Section 1129(d) - Purpose of Plan.

The **primary** purpose of the Plan is not avoidance of **taxes** or avoidance of the **requirements** of **Section 5** of **the Securities Act**, and there has **been** no objection **filed** by **any governmental** unit **asserting such** avoidance. **The Plan therefore complies with section 1129(d)** of the **Bankruptcy Code**.

D. THE SETTLEMENT.

The **Selling Debtors** sold substantially all of their **assets** for approximately \$80.9 million in **cash** and assumed liabilities. The **other Debtors** have little or no assets except for potential **Avoidance** Actions and Intercompany Claims, **including** substantive consolidation claims against **the** Selling Debtors. **In an** effort to treat all of the Estates of the Debtors and all of **the** Creditors **thereof** fairly, to avoid **costly** potential litigation **among** the Debtors and between **the Debtors** and non-Debtor **Oceanic Ship Co.** which would substantially reduce recoveries for **all** Creditors **and to ensure** speedy **and** efficient **distributions** to Creditors, pursuant to Article 8 of the **Plan**, the Debtors **and** non-Debtor **Oceanic Ship Co.** have agreed to **the following Settlement:**

I. Intercompany Claims of AMCV against the Selling Debtors.

AMCV asserts **Intercompany** Claims **against the** Selling Debtors **totaling** approximately \$64 million. **In** addition, **AMCV** asserts **substantive** consolidation claims against

the **Selling Debtors** **because** all of the Debtors utilize a centralized cash **management** system. The Selling Debtors **assert** that **AMCV's Intercompany** Claims should either **be recharacterized** as **equity** contributions or **equitably** subordinated pursuant to section **510(c)** of the **Bankruptcy** Code. The Intercompany Claims **were** never **memorialized** by **intercompany** notes or **other** loan **documentation, they** never had **fixed** maturity dates or **payment** schedules **and** they did not **bear interest**. Moreover, **the** Wing Debtors assert that **AMCV** should not be **granted** the **extraordinary remedy** of **substantive** consolidation because, aside **from** a **centralized** cash management system **and** similar **directors** and officers, the Selling **Debtors operated separately** from **AMCV**.

After consultation with the Examiner, **the** Selling Debtors and **AMCV** have **agreed to** settle and **release** all **Intercompany** Claims they have against **each other**, including, without limitation, substantive consolidation claims, in exchange for **the** following: (a) the Selling **Debtors** shall pay all Allowed **Administrative Claims**, Allowed **Professional** Claims and **Allowed** Priority Tax Claims against any or **all of the Debtors, (b) the** Selling **Debtors** shall fund the Operating **Reserve** and the Indemnification **Reserve**, (c) **AMCV** shall transfer any and all of its **Assets** (except those **constituting collateral** for a **General Secured** Claim against **AMCV**) and causes of action, including **Avoidance** Actions, to **the** Selling **Debtors**, (d) the Selling **Debtors** shall pay to **AMCV** the **AMCV Settlement Cash** Amount (**\$710,000**), and (e) **AMCV** shall receive **the** Cash Proceeds **from** the **AMCV Settlement Avoidance** Action **Percentage** (17.5% of Cash proceeds of Avoidance Actions (**net** of the costs of **Avoidance** Actions)).

2. Intercompany Claims of the Coastal Debtors against the Selling Debtors.

The Coastal Debtors assert **Intercompany** Claims against the **Selling** Debtors seeking to **substantively consolidate** the Coastal **Debtors** and the **Selling** Debtors. The **Selling**

Debtors assert that the Coastal Debtors should not be **granted** the extraordinary **remedy** of **substantive** consolidation **because**, aside from a centralized cash **management system** and similar **directors** and **officers**, the Selling Debtors operated **separately from** the Coastal Debtors.

After consultation with the Examiner, the Selling Debtors and **Coastal Debtors** have agreed to **settle** and release **all Intercompany Claims** they have against **each** other, **including**, without limitation, **substantive** consolidation **claims**, in exchange for the following: (a) the **Selling Debtors** shall pay **all** Allowed Administrative **Claims**, **Allowed Professional Claims** and Allowed Priority Tax **Claims** against any or **all** of **the Debtors**, (b) the Selling Debtors shall **fund** the **Operating Reserve** and **the Indemnification Reserve**, (c) **the Coastal Debtors shall transfer** any and all of **their Assets** (except **those** constituting **collateral** for a **General Secured** Claim against any of **the Coastal Debtors**) and **causes** of action, including Avoidance Actions, to **the Selling Debtors**, (d) **the Selling Debtors shall** pay to the **Coastal Debtors** the **Coastal Debtors Settlement Cash Amount** (\$790,000). and (e) **the Coastal Debtors shall** receive **the Cash proceeds from the Coastal Debtors Settlement Avoidance Action Percentage** (3.5% of Cash **proceeds** of Avoidance Actions (net of **the** costs of Avoidance Actions)).

3. Intercompany Claims of the Independence Debtors against the Selling Debtors.

The **Independence Debtors** assert **Intercompany Claims** against the **Selling Debtors** **seeking** to **substantively** consolidate **the Independence Debtors** and the **Selling Debtors**. The Selling Debtors **assert Intercompany Claims** against the **Independence Debtors** in an **aggregate** amount of **approximately \$49.7** million. Moreover, **the Selling Debtors** assert that the **Independence Debtors** should **not** be **granted** the **extraordinary** remedy of **substantive**

consolidation because, aside from a centralized cash management system and similar directors and officers, the Selling Debtors operated separately from the Independence Debtors.

After consultation with the Examiner, the Selling Debtors and Independence Debtors have agreed to settle and release all Intercompany Claims they have against each other, including, without limitation, substantive consolidation claims, in exchange for the following: (a) the Selling Debtors shall pay all Allowed Administrative Claims, Allowed Professional Claims and Allowed Priority Tax Claims against any or all of the Debtors, (b) the Selling Debtors shall fund the Operating Reserve and the Indemnification Reserve, (c) the Independence Debtors shall transfer any and all of their Assets (except those constituting collateral for a General Secured Claim against any of the Independence Debtors) and causes of action, including Avoidance Actions, to the Selling Debtors, (d) the Selling Debtors shall pay to the Independence Debtors the Independence Debtors Settlement Cash Amount (\$5,400,000), and (e) the Independence Debtors shall receive the Independence Debtors Settlement Avoidance Action Percentage (24% of Cash proceeds of Avoidance Actions (net of the costs of the Avoidance Actions)).

4. Intercompany Claims of the Columbia Queen Debtor against the Selling Debtors.

The Columbia Queen Debtor asserts Intercompany Claims against the Selling Debtors seeking to substantively consolidate the Columbia Queen Debtor and the Selling Debtors. The Selling Debtors assert Intercompany Claims against the Columbia Queen Debtor in an aggregate amount of approximately \$1.55 million. Moreover, the Selling Debtors assert that the Columbia Queen Debtor should not be granted the extraordinary remedy of substantive consolidation because, aside from a ~~centralized~~ cash management system and similar directors

and **officers, the Selling Debtors operated separately from the Columbia Queen Debtor.**

After consultation with the Examiner, the Selling Debtors and Columbia Queen Debtor have agreed to settle and release all Intercompany Claims they have against each other, including, without limitation, substantive consolidation claims, as follows: (a) the Selling Debtors shall pay all Allowed Administrative Claims, Allowed Professional Claims and Allowed Priority Tax Claim against any or all of the Debtors, (b) the Selling Debtors shall fund the Operating Reserve and the Indemnification Reserve, (c) the Columbia Queen Debtor shall transfer any and all of its Assets (except those constituting Collateral for a General Secured Claim against the Columbia Queen Debtor) and causes of action, including Avoidance Actions, to the Selling Debtors, (d) the Selling Debtors shall pay to the Columbia Queen Debtor the Columbia Queen Debtor Settlement Cash Amount (\$1,100,000), and (e) the Columbia Queen Debtor shall receive the Cash proceeds of the Columbia Queen Debtor Settlement Avoidance Action Percentage (5% of Cash proceeds of Avoidance Actions (net of the costs of Avoidance Actions)).

5. Priority Claims of m/s Patriot Customers against AMCV.

Although Oceanic Ship Co. has not filed a proof of claim in these cases, Oceanic Ship Co. (on its own behalf and on behalf of numerous Customer Claimants who have filed proofs of claim against the Debtors) asserts claims against AMCV and the other Debtors seeking to substantively consolidate non-Debtor Oceanic Ship Co. and AMCV. AMCV asserts claims against Oceanic Ship Co. in an aggregate amount of approximately \$41.6 million. Moreover, AMCV and the other Debtors assert that Oceanic Ship Co. should not be granted the extraordinary remedy of substantive consolidation because, aside from a centralized cash

management system and similar directors and officers, Oceanic Ship Co. operated separately from AMCV and the other Debtors.

After consultation with the Examiner, Oceanic Ship Co. has agreed to release any substantive consolidation claim it has against any of the Debtors pursuant to a Settlement Agreement in the form attached to the Plan as Exhibit 4 in exchange for each customer asserting a priority claim for deposits or Prepayments for travel on the m.s. Patriot against AMCV being granted an Allowed AMCV Other Priority Claim in an amount equal to his share (based on the ratio of the allowed priority claim he would have against Oceanic Ship Co. (the former owner of the m/s Patriot) had it filed a chapter 11 case to the aggregate of all of the allowed priority claims all such customers would have against Oceanic Ship Co. had it filed a chapter 11 case) of the difference between (a) the sum of the AMCV Settlement Cash Amount and any Cash that becomes available from the AMCV Settlement Avoidance Action Percentage minus (b) the amount required to pay all holders of Allowed AMCV Other Priority Claims other than m/s Patriot customers in full (including post-Effective Date interest). Nothing set forth in this Settlement shall in any way be deemed a release of any claims of any m/s Patriot customers of any claims against non-Debtor Oceanic Ship Co. Such customers will retain their claims against non-Debtor Oceanic Ship Co. to the extent the distributions they receive hereunder do not constitute Payment in full of all of their claims against Oceanic Ship Co. for deposits or prepayments for travel on the m/s Patriot or otherwise.

II CONCLUSIONS OF LAW.

A. JURISDICTION AND VENUE.

The Court has jurisdiction over this matter pursuant to 28U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). The Debtors were and are qualified to be debtors under section 109 of the Bankruptcy Code. Venue of the Chapter 11

Cases in the **United** States District Court **for the** District of Delaware was **proper** as of the Petition Date, pursuant **to** 28 U.S.C. §1408, and continues to be **proper**.

B. EXEMPTIONS FROM TAXATION.

The **transfer** of the assets **and properties** of the Debtors to various **purchasers**, including **the** Asset Sale to DNPS, **constituted** sales in **contemplation** of the Plan. Accordingly, the sales of **such assets** and properties to the purchasers, including DNPS, are **transfers** made pursuant to **section 1146(c)** of **the** Bankruptcy Code. **Pursuant** to section 1146(c) of **the** Bankruptcy **Code**, the **Asset** Sale and **the assets and** properties **acquired** in **connection** therewith may not be **taxed** under any law **imposing** a stamp, **transfer**, sales, use or similar tax.

C. COMPLIANCE WITH SECTION 1129 OF THE BANKRUPTCY CODE.

As set forth in **Section 1.B** above, **the Plan** complies in all **respects** with **the applicable requirements** of **section 1129** of **the Bankruptcy Code**.

D. APPROVAL OF THE SETTLEMENT AND RELEASES PROVIDED UNDER THE PLAN AND CERTAIN OTHER MATTERS.

1. Pursuant to section **1123(b)(3)** of the **Bankruptcy Code** and **Bankruptcy Rule 9019(a)**, the **Settlement** described in Article 8 of **the Plan** and Section **1.D** hereof, (a) is **approved** as an **integral part** of the Plan; (b) is fair, equitable, reasonable and in the best **interests** of **the** Debtors and their **respective Estates** and the holders of Claims and **Interests**; (c) is approved as fair, **equitable** and **reasonable**, pursuant to, among other authorities, section 1123(b)(3) of the Bankruptcy Code and Bankruptcy Rule **9019(a)**, (d) does not **constitute** a **fraudulent conveyance** under section 548 of **the** Bankruptcy Code or any applicable **state** law and (e) is **effective and** binding upon the Debtors, their **Estates** and the holders of Claims and **Interests**.

Pursuant to **section 1123(b)(3)** of the **Bankruptcy Code** and **Bankruptcy Rule 9019(a)**, the other compromises, releases, exculpations, limitations of **liability**, waivers, **discharges and injunctions** set forth in the Plan, including in Article 13 of the **Plan**, (a) are **approved as integral parts** of the Plan; (b) are fair, **equitable, reasonable** and in the **best** interests of the Debtors and their **respective** Estates and **the holders** of Claims and **Interests**; (c) are **approved as fair, equitable and reasonable**, pursuant to, among **other** authorities, **section 1123(b)(3)** of the **Bankruptcy Code** and **Bankruptcy Rule 9019(a)**; and (d) are **effective** and binding in **accordance with** their terms.

2. In approving **the Settlement and** the other **releases**, exculpations, limitations of **liability, waivers**, discharges and injunctions **as** described above, the Court has considered: (a) whether an **identity** of interest **between** the Debtors and the **releasees** exists, such that a suit against the **releasees** is a **suit against the Debtors** or would **deplete assets** of the **estates**; **(b)** the substantial **contribution** of the **releasees** since the **Petition Date**; (c) the **essential nature of Sections 13.4 to 13.7 to the approval** of the Plan; and (d) that a substantial **majority** of the **creditors** support the Plan. See In re Zenith Electronics Corp., 241 B.R. 92,110 (Bankr. D. Del. 1999) (considering similar **factors to determine** if release of a **third** party should be allowed as **part** of a plan).

3. In approving **the Settlement**, and the **other compromises**, waivers, **discharges and injunctions described** above of **and from** such potential claims, as described above, the Court has also **considered**: (a) the report of the **Examiner**; **(b)** the **balance** of the likelihood of **success of** claims **asserted** by the **Debtors or other claimants against** the **likelihood** of **success of** the defenses or counterclaims possessed by **the Debtors, other claimants or other potential defendants**; (c) the complexity, cost and delay of litigation that would result in **the**

absence of these settlements, compromises, releases, waivers, discharges and injunctions; (d) the acceptance of the Plan by an overwhelming majority of the holders of Claims, as set forth in the Voting Affidavit; and (a) that the Plan, which gives effect to the Settlement, and the other compromises, releases, waivers, discharges and injunctions set forth in the Plan, is the product of extensive arms' length negotiations among the Debtors, the Creditors' Committee and other parties in interest. See Protective Comm. Stockholders of TMT Trailer Ferry Inc. v. Anderson, 390 U.S. 414,424 (1968) (citing factors such as those set forth above to be evaluated by courts in determining whether a settlement as a whole is fair and equitable); accord Myers v. Martin (In re Martin), 91 F.3d 389, 394 (3d Cir. 1996) (setting forth similar factors to be considered in evaluating the reasonableness of a settlement).

E. AGREEMENTS AND OTHER DOCUMENTS.

The Debtors have disclosed all material facts relating to the various contracts, instruments, releases, indentures and other agreements or documents and plans to be entered into, executed and delivered, adopted or amended by them in connection with the Plan, including, without limitation the Settlement Agreement attached to the Plan as Exhibit 4 (collectively, the "Plan Documents"). Pursuant to section 303 of the General Corporation Law of the State of Delaware and any comparable provision of the business corporation laws of any other state (collectively, the "State Reorganization Effectuation Statutes"), as applicable, no action of the Plan Administrator will be required to authorize the Debtors to enter into, execute and deliver, adopt or amend, as the case may be, the Plan Documents, and following the Effective Date, each of the Plan Documents will be a legal, valid and binding obligation of the Debtors, enforceable against the Debtors in accordance with the respective terms thereof.

F. ASSUMPTIONS, ASSUMPTIONS AND ASSIGNMENTS AND REJECTIONS OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES.

Each pre- or post-confirmation assumption, assumption and assignment or rejection of an executory contract or unexpired lease pursuant to Article 6 of the Plan, including any pre- or post-confirmation assumption, assumption and assignment or rejection effectuated as a result of any amendment to Article 6 to the Plan shall be legal, valid and binding upon the applicable Debtor and all nondebtor parties to such executory contract or unexpired lease, all to the same extent as if such assumption, assumption and assignment or rejection had been effectuated pursuant to an appropriate authorizing order of the Court entered before the ~~Confirmation~~ Date under section 365 of the Bankruptcy Code.

III. ORDER

ACCORDINGLY, THE COURT HEREBY ORDERS THAT:

A. CONFIRMATION OF THE PLAN.

The Plan is confirmed in each and every respect pursuant to section 1129 of the Bankruptcy Code; *provided, however*, that if there is any direct conflict between the terms of the Plan and the terms of this Confirmation Order, the terms of this ~~Confirmation~~ Order shall control. All of the Objections and other responses to, and statements and comments regarding, the Plan, other than those withdrawn with prejudice in their entirety prior to, or on the record at, the Confirmation Hearing are either resolved on the terms set forth herein or overruled.

B. EFFECTS OF CONFIRMATION.

1. Binding Nature of Plan Terms.

Notwithstanding any otherwise applicable law, immediately upon the entry of this Confirmation Order, the terms of the Plan and this Confirmation Order are deemed binding upon the Debtors, any and all holders of Claims or Interests (irrespective of whether such Claims or

Interests are Impaired **under the** Plan **or** whether the **holders** of such Claims or **Interests** accepted, rejected or are **deemed** to have **accepted** or **rejected** the Plan), **any and** all **nondebtor** parties to **exccutory** contracts **and unexpired** leases with any of the **Debtors** and **any and** all entities who **are** parties **to** or are **subject** to **the** Settlement, and **the** other compromises, **relcascs**, waivers, discharges and **injunctions** described in Section **II.F** above and **the respective** heirs, executors, administrators, successors or assigns, if **any**, of any of **the foregoing**.

2. Continued Corporate Existence.

From and after the **Confirmation Date**, the **Debtors shall continuc** in existence. The Plan **Administrator**, with the consent of the Creditors' **Committee** or Reconstituted Committee or approval **of this** Court, **shall** have **authority** on behalf of **the Debtors**, without further approval of this **Court except** to the extent sought by the Plan Administrator, to take all actions necessary to (a) hold. **manage, protect, administer**, collect, sell, liquidate, **proscute**, transfer, **resolve**, settle, adjust, invest, distribute, or otherwise dispose of **any** Assets of **the Debtors' Estates, including**, without limitation, causes of action **described** in Section 9.1 of **the** Plan not **released** in this Plan; (b) reconcile Claims and **contest objectionable** Claims and Disputed Claims; (c) **make** all distributions to **be funded** under the Plan; (d) **engage** professionals (**including** those professionals **that** presently **represent the Debtors** and the G-editors' Committee) and **any** other **Entities necessary** to assist the Plan Administrator **and** the **Creditors' Committee or** Reconstituted Committee in **fulfilling their** responsibilities; (c) pay all necessary **expenses** incurred in connection **with** the foregoing **activities**; (f) administer the **Plan**; (g) file tax returns **and** make other related **corporate filings**; (h) **transfer** Assets, (i) administer the Plan and the Assets of the **Debtors' Estates**; and (j) **undertake** such other **responsibilities as** are reasonable **and** appropriate. **The** Plan Administrator shall have absolute discretion to pursue or not to pursue any and all claims, rights. or causes of action that **the Debtors** retain pursuant to the **Plan**, as **he**

determines in the exercise of his business judgment and in consultation with the Creditors' Committee or Reconstituted Committee as provided in this Confirmation Order and Plan, and shall have no liability for the outcome of his decision. Subject to Section 7.9 of the Plan, the Plan Administrator may incur and Pay any reasonable and necessary expenses on behalf of the Debtors in performing the foregoing functions without Bankruptcy Court approval.

3. No Revesting of Assets.

The property of the Debtors' Estates shall not be revested in the Debtors on or following the Confirmation Date or the Effective Date but shall remain property of the Estate(s) and continue to be subject to the jurisdiction of the Court following confirmation of the Plan until distributed to holders of Allowed Claims or liquidated with the proceeds being contributed to Available Cash, in accordance with the provisions of the Plan and this Continuation Order.

4. Cancellation of Certain Instruments and Documentation.

Except to the extent otherwise provided in the Plan, on Effective Date, all agreements (other than assumed contract³ and third party guaranties and indemnities of the Debtors' obligations), credit agreements, prepetition loan documents and postpetition loan documents to which any Debtor is a Party, and all lien claims and other evidence of liens against any Debtors, shall be deemed to be cancelled and of no further force and effect, without any further action on the part of the Debtors or the Plan Administrator. The holders of or parties to such cancelled instruments, agreements, securities and other documentation will have no remaining rights arising from or relating to such documents or the cancellation thereof, except the rights provided pursuant to the Plan; provided, however, the Plan Administrator shall not be required to make any distribution under the Plan to or on behalf of any holder of an Allowed Claim evidenced by such cancelled instruments or securities unless and until such instruments or securities are marked cancelled by the holders thereof and received by Debtors or the Plan

Administrator. Nothing set forth in Section 7.6 of the Plan or this Confirmation Order should be deemed to **cancel** any obligations of DNPS to **MARAD** pursuant to the **MARAD** Notes.

5. The Plan Administrator.

The **Plan Administrator** may be **terminated** or **replaced** only with **Bankruptcy Court approval** after **notice and a hearing**. The Plan Administrator shall be appointed **the sole director, president and chief executive officer** of the Debtors and shall **perform** the duties set forth in the Plan through the earlier of: the **date the Debtors are dissolved in accordance** with **Section 7.14** of the Plan and the date **the Plan Administrator resigns, is unable to serve, or is terminated for cause, provided, however,** that, in the **event that the Plan Administrator resigns, is unable to serve, or is terminated for cause** prior to **the date the Debtors are dissolved** in accordance with **Section 7.14** of the Plan, **then** an individual to **be named** by the **Reconstituted Committee shall**, by operation of **the Plan** and **without need for further** Court order or corporate action; **has appointed** the Plan Administrator, sole director, president **and chief executive officer** of the Debtors **subject to the** foregoing provisions.

Within fifteen (15) business days after the Effective Date, the Plan Administrator shall obtain a fiduciary bond in **the face amount** equal to the amount **of Available Cash** of all Debtors plus **10%, evidence** of which **shall be Filed** with the **Bankruptcy Court**, which bond (or a substitute **bond** for any successor Plan **Administrator**) shall remain in **place** until the **resignation** or removal of the Plan Administrator. The cost of such bond **shall be treated** as an **Administrative Expense**, which shall be paid out **of Available Cash** of **the Selling Debtors**.

6. Distributions and Distribution Record Date.

a. The distribution provisions of Article **10** of the **Plan, shall be, and** hereby are, specifically approved.

b. The **Distribution** Record Date **shall** be the **Confirmation Date**.

c. The Plan Administrator and **the Indenture Trustee shall have** no obligation to **recognize** the transfer of or the **sale** of any participation in, any **Allowed Claim** that occurs **after** the close of business on the **Distribution Record Date** and shall be entitled for all **purposes herein** and in the Plan to **recognize** and make distributions only to those holders of **Allowed Claims** that are holders of such Claims, or participants therein, as of **the** close of **business** on the **Distribution Record** Date.

d. At **the close** of business on the **Distribution** Record Date, the transfer records for **the** 7% Convertible Junior **Subordinated Debentures** and the **AMCV Capital Trust J Convertible Preferred Securities shall be closed**, and there shall be no **further changes** in record **holders** of the 7% **Convertible** Junior **Subordinated** Debentures and **the AMCV Capital Trust J Convertible Preferred Securities**. The Debtors, **the Plan** Administrator and the **Indenture** Trustee **shall have** no obligation to **recognize** any **transfer** of Claims arising **from** or out of **the** **7% Convertible** Junior **Subordinated Debentures** or the **AMCV Capital Trust I Convertible preferred Securities** occurring **after the Distribution Record** Date and **shall** be **entitled** to **recognize** and **deal for all** purposes hereunder with only those **record** holders as of **the** close of business on **the** **Distribution Record** Date.

e. Except as otherwise provided **in** a Final Order of the Court, **the** transferees of **Claims** that are transferred pursuant to **Bankruptcy** Rule 3001 on or prior to the **Distribution Record** Date shall be treated as **the** holders of such Claims for all purposes, **notwithstanding that any** period provided by **Bankruptcy Rule 3001** for objecting to such **transfer** has not **expired** by the **Distribution Record Date**.

C. **CLAIMS, BAR DATES AND OTHER CLAIMS MATTERS.**

1. Bar **Dates** for Administrative **Claims Other Than Tax Claims.**

Other **than** with **respect** to (i) Administrative Claims for which **the** Court **previously has** established a Bar **Date**, and (ii) **Tax** Claims addressed in **Section 2.5.2 of the Plan**, requests for payment or **proofs** of **Administrative** Claims, including Claims of all professional or **other entities requesting** compensation or **reimbursement** of **expenses pursuant to Bankruptcy** Code sections **327, 328, 330, 331, 503(b)**, or 1103 for **services rendered** on or before **the Effective Date (including any compensation requested by any professional or any other entity for making a substantial contribution in the Chapter 11 Cases)**, must be **filed** and **served** on the **Plan Administrator** and its counsel no later **than** the **first Business Day** that is at **least** sixty (60) days following **the Effective Date (the “Administrative Claims Bar Date”)**. Objections to any such Administrative Claims must be **filed** and served **on** the **claimant** no **later than** thirty (30) days **after the Administrative Claims Bar Date**. The Debtors shall use **reasonable efforts** to **promptly and** diligently **pursue** resolution of any **and** all disputed **Administrative** Claims.

Holders of Administrative Claims, **including** all professional or other **entities requesting** compensation or **reimbursement** of **expenses** pursuant to Bankruptcy Code sections **327, 328, 330, 331, 503(b)** or 1103 for **services rendered on** or before the **Effective Date (including any compensation requested by any professional or any other entity for making a substantial contribution in the Chapter 11 Cases)**, that are **required** to File a request for payment of such Claims **and that** do not File **such** requests **on** or **before** the Administrative Claims **Bar Date** shall be **forever barred from** asserting such Claims **against any** of the Debtors, **their** Estates, **the Plan Administrator, any other Person** or Entity, or **any** of their **respective Assets**.

2. Bar Dates for Tax Claims.

All requests for payment of Claims by a governmental unit for Taxes (and for interest and/or penalties or other amounts related to such Taxes) for any tax year or period, all or any portion of which occurs or falls within the period from and including the Petition Date through and including the Effective Date, and for which no Bar Date has otherwise been previously established, must be Filed on or before the later of: (a) sixty (60) days following the Effective Date; or (b) ninety (90) days following the filing of the tax return for such Taxes for such tax year or period with the applicable governmental unit. Any holder of a Claim for Taxes that is required to File a request for payment of such Taxes and other amounts due related to such Taxes and which does not File such a Claim by the applicable bar date shall be forever barred from asserting any such Claim against any of the Debtors, the Estates, the Plan Administrator, whether any such Claim is deemed to arise Prior to, on, or subsequent to the Effective Date, and shall receive no distribution under the Plan or otherwise on account of such Claim.

3. Bar Date for Customer Deposit Claims.

All requests for payment of Claims by consumer customers for security deposits provided to the Debtors prior to the Petition Date that (a) were not returned or reimbursed by the Debtors, a credit card provider, a travel agent or any other Entity and (b) were for a cruise never provided by the Debtors, must be Filed by the first Business Day that is at least thirty (30) days following the Effective Date of the Plan. Any holder of a Customer Deposit Claim that has not already Filed a proof of claim and does not file a proof of claim on or prior to the applicable bar date shall be forever barred from asserting any such Claim against any of the Debtors, the Debtors' Estates, the Plan Administrator or their respective Assets, whether any such Claim is deemed to arise prior to, on, or subsequent to the Effective Date, and shall receive no distribution under the Plan or otherwise on account of such Claim.

4. Bar Date for Rejection Damages Claims and Related Procedures.

If the rejection of an **executory contract** or unexpired lease pursuant to Section 6.5 of **the Plan** gives rise to a Claim by the **other** party or **parties** to **the** **executory contract** or unexpired **lease**, such Claim shall be forever barred and shall not be enforceable against the **Debtors**, their **Estates**, the Plan Administrator, or any of **their** respective **properties** and shall **receive** no distribution under the Plan or otherwise on **account** of such Claim **unless** a **proof** of Claim is **filed** within thirty (30) days **after** mailing of notice of **the entry** of the **Confirmation Order**. Objections to any Claims **for** rejection damages shall be filed on or before **the later** of (a) sixty (60) days **after the Effective** Date or (b) thirty (30) days **after** such Claims for rejection damages are **filed** or (c) such other **extended date granted** by the Court upon **the request** by **the Debtors and/or the** Plan Administrator.

D. ACTIONS IN FURTHERANCE OF THE PLAN.

The **approvals** and **authorizations specifically set** forth in this **Confirmation Order** are **nonexclusive** and are not intended to limit **the** authority of the Plan **Administrator** to **take** any **and** all actions **necessary** or appropriate to **implement, effectuate** and consummate **the** Plan, **this Confirmation Order** or the transactions **contemplated** thereby or hereby. In addition to the **authority** to **execute** and deliver, adopt or **amend**, as the **case** may be, **the** contracts, instruments, **releases** and **other agreements specifically granted** in this **Confirmation Order**, the Plan Administrator is **authorized** and **empowered, without further action in the Court**, to take any and all such actions as it may **determine** are necessary or **appropriate** to **implement, effectuate and consummate** the Plan, **this Confirmation Order** or the transactions **contemplated thereby** or hereby. Pursuant to section 1142 of the **Bankruptcy Code** and the **State Reorganization Effectuation Statutes**, no action of the Plan Administrator shall be required for any Debtor to **enter** into. **execute** and deliver, adopt or **amend**, as the case may be, any of the **contracts**,

instruments, releases and other agreements or documents and **plans** to be **entered** into, executed and delivered, adopted or amended in connection with the Plan **and**, following the Effective Date, **each of** such contracts, **instruments, releases** and other agreements shall be a **legal**, valid and binding **obligation of the** applicable **Debtor**, enforceable against **such** Debtor in accordance with its **terms** subject only to **bankruptcy**, insolvency and other similar laws **affecting** creditors' **rights** generally and to **general** equitable principles. The Plan Administrator is **authorized** to **execute, deliver, file** or record **such contracts, instruments, financing statements,** release.5 mortgages, **deeds, assignments, leases,** applications, **registration statements, reports** or **other** agreements or **documents** and take **such other actions** as it may **determine are necessary** or appropriate **to effectuate** and **further** evidence **the terms** and **conditions** of **the** Plan, this Confirmation **Order** and the **transactions contemplated** thereby or **hereby**, all without **further** application to or order of the Court and **whether** or not such actions or **documents are specifically** referred to in the Plan, **the Disclosure Statement, the Disclosure Statement** Order, this **Confirmation** Order or **the** exhibits to any of **the** foregoing. The signature of the Plan Administrator or his **designee** on a **document executed** in accordance with this **Section III.E** shall be **conclusive evidence** of **the Plan Administrator's determination that** such **document** and **any related actions** are **necessary** and **appropriate** to **effectuate and/or** further evidence the **terms** and conditions of **the Plan**, this **Confirmation** Order or the transactions **contemplated thereby** or **hereby**. The Plan Administrator or his designee is authorized to **certify** or attest to any of the foregoing actions. Pursuant to section 1142 of **the Bankruptcy Code**, to the extent **that**, under **applicable nonbankruptcy** law, any of **the** foregoing actions would **otherwise** require **the consent** or approval of **the stockholders** or directors of any of the **Debtors, this Confirmation Order** shall

constitute such consent or approval, and such **actions** are **deemed** to **have** been taken by unanimous **action** of the directors and **stockholders** of the appropriate Debtor.

E. RELEASES AND INDEMNIFICATION.

The **releases, exculpations,** and limitations of **liability** contained in **Article 13** of the Plan **are** approve&in all respects, are **incorporated** herein in their entirety, are so ordered and shall be **immediately** effective on the Effective Date of the Plan without **further** act or **order**.

F. RESOLUTION OF CERTAIN FORMAL AND INFORMAL OBJECTIONS TO CONFIRMATION.

Formal and informal Objections to **Confirmation** are hereby resolved on **the terms** and **subject** to the conditions set **forth** below. The **compromises** and **settlements contemplated** by the resolution of such Objections are **fair, equitable** and **reasonable,** are in **the** best interests of the **Debtors,** their **respective Estates** and creditors and are expressly **approved pursuant** to Bankruptcy **Rule** 9019.

Nothing set forth in this **Confirmation Order** or in the **Plan** shall be **deemed** to **affect the** Debtors' or **DNPS'** rights pursuant to their **escrow** agreements **executed** in **furtherance** of **the** Asset Sale and the escrow agreements shall survive Confirmation and shall remain in full force and effect.

Nothing **set** forth in Section 13.5 of the Plan shall be **deemed** to **extinguish** any set off **rights** of any holder of any Claim or **Interest,** and such rights are hereby **preserved.**

Notwithstanding anything in **Section 10.1** of the Plan to **the** contrary, if a **holder** of a Claim has an Allowed Claim for the same liability against Debtors in more than **one** of **Classes 6A, 6B, 6C, 6D** and **6E,** such holder shall be **entitled** to a single Claim in the Class that is **estimated** by **the Debtors** in the Disclosure Statement to **provide the** holder of such Claim the **largest** recovery.

Notwithstanding anything in **Section 16.9** of the Plan to the contrary, Debtors may only **set** off against **Claims, payments** or distributions to the extent **permitted** by the **Bankruptcy Code** or other applicable law.

G. EXCULPATION, INJUNCTION AND CONSOLIDATION OF UNSECURED CLAIMS.

1. Exculpation.

a. Except as otherwise specifically provided in **the Plan, neither the Debtors nor the Creditors' Committee** (solely **with** respect to its **conduct** as a **committee and** not with respect to the actions of its **members** as individual creditors), **nor** any of **such parties' respective** present members (with respect to **members** of the **Creditors' Committee**, solely with respect to **each member's conduct** in furtherance of its, his, or **her duties** as a member of **the Creditors' Committee**, and not with respect to the actions of **such members** as individual **creditors**), **officers, directors, employees, representatives, advisors, attorneys, financial advisors, investment bankers or agents** or **any** of such parties' successors and assigns, **shall** have or **incur**, and am hereby released **from**, any Claim, obligation, cause of action or liability to one another or to any **holder** of a Claim or an **Interest**, or any **other** party in **interest**, or any **of their respective officers, directors, members and/or enrollees, employees, representatives, advisors, attorneys, financial advisors, investment bankers, agents, or Affiliates, or any of their successors or assigns**, for any act or omission in connection with, **relating** to, or arising out of, **the Chapter 11 Cases, the pursuit of Confirmation of the Plan, the consummation of the Plan, or the administration of the Plan or the property to be distributed under the Plan, except for their willful misconduct or gross negligence, and in all respects** shall be entitled to reasonably rely upon the **advice of counsel** with respect to **their duties and responsibilities under the Plan.**

2. Injunctions.

a. Except as otherwise specifically provided in the Plan or the Confirmation Order, all Persons who have held, hold or may hold claims, rights, causes of action, liabilities or any equity interests based upon any act or omission, transaction or other activity of any kind or nature that occurred prior to the Effective Date, other than as expressly provided in the Plan or the Confirmation Order, regardless of the filing, lack of filing, allowance or disallowance of such a Claim or Interest and regardless of whether such Person has voted to accept the Plan and any successors, assigns or representatives of the foregoing shall be precluded and permanently enjoined on and after the Effective Date from (a) commencing or continuing in any manner any Claim, action or other proceeding of any kind with respect to any Claim, Interest or any other right or Claim against the Debtors, or any assets of the Debtors which they possessed or may possess prior to the Effective Date, (b) the enforcement, attachment, collection or recovery by any manner or means of any judgment, award, decree or order with respect to any Claim, Interest or any other right or Claim against the Debtors, or any Assets of the Debtors which they possessed or may possess prior to the Effective Date, (c) creating, perfecting or enforcing any encumbrance of any kind with respect to any Claim, Interest or any other right or Claim against the Debtors, the Debtor Releasees, or any Assets of the Debtors which they possessed or may possess prior to the Effective Date, and (d) asserting any Claims that are released hereby.

b. Except as expressly provided in the Plan of this Confirmation Order, upon the Effective Date, the Debtors hereby (i) remise, acquit, waive, release and forever discharge each of the Debtor Releasees, and (ii) covenant and agree never to institute or cause to be instituted any suit or other form of action or proceeding of any kind or nature whatsoever against any of the Debtor Releasees based upon any claims, demands, indebtedness, agreements,

promises, **causes of action**, obligations, **damages** or liabilities of **any** nature whatsoever, in law or in equity, whether or not known, **suspected** or claimed, that the Debtors or their **Estates** ever had, claimed to **have**, has, or may have or claim to have against the Debtor **Releasces**, or **any** of them, by-n of any **matter, cause**, thing, **act** or omission of the Debtor **Releasces**, or any of them, in **each** case related to the Debtors. All Claims so waived and **released** shall be waived and **released** for **all** purposes.

c. Except as expressly set **forth** in the Plan, **following** the **Effective** Date, none of the **Debtors**, the Plan **Administrator**, the Creditors' **Committee**, the **Reconstituted Committee** or any of their **respective** members, **officers**, **directors**, employees, advisors, attorneys, **professionals** or agents **shall** have or incur any liability to any **holder** of a Claim or **Interest** for any **act** or omission in **connection** with, related to, or arising out of, the Chapter **11** Cases, the **pursuit** of **Confirmation** of the Plan, the **consummation** of the Plan or any **contract**, **instrument**, release or other agreement or **document** created in **connection** with the Plan, or **the administration** of the Plan or **the** property to be distributed under the Plan, **except** for willful misconduct or **gross negligence**.

d. Each Person who **voted** in favor of **the** Plan **shall** be deemed to have **specifically consented** to **the releases and** injunctions set **forth in** the Plan and in **this** Confirmation Order.

3. Substantive Consolidation of Claims **against** Debtors.

a. The Plan is premised on the **substantive** consolidation into **separate** groups of (a) the Selling Debtors, **(b)** the Coastal Debtors and (c) **the Independence** Debtors, **respectively**, in **each** case with **respect to the treatment** of **all Claims except** for **Administrative** Claims, **Priority** Tax Claims and **Sented** Claims in Classes **2, 3** and 4, as provided below. **The** Plan does not **contemplate the substantive consolidation** of the Debtors with respect to the

Administrative Claims, Priority Tax Claims or Secured Claims against or Interests in the Debtors, which shall be deemed to apply separately with respect to each Plan proposed by each Debtor (provided, however, that pursuant to the Settlement set forth in the Plan and this Confirmation Order, the Selling Debtors will pay all Administrative Expenses and Priority Tax Claims of all of the Debtors).

b. After giving effect to the Settlement and to the transfers set forth in the Plan to the holders of Administrative Claims, Professional Claims, Allowed Priority Tax Claims, Class 2 Claims, Class 3 Claims and Class 4 Claims, (a) all Assets and liabilities of the Selling Debtors will be merged or treated as though they were merged, (b) all guarantees of any Selling Debtor of the obligations of any other Selling Debtor and any joint or several liability of any of the Selling Debtors shall be eliminated, and (c) except with respect to Secured Claims, each and every Claim against any of the Selling Debtors shall be deemed filed against the consolidated Selling Debtors, and all Claims filed against more than one of the Selling Debtors for the same liability shall be deemed one Claim against and obligation of the consolidated Selling Debtors.

c. After giving effect to the Settlement and to the transfers set forth in the Plan to the holders of Administrative Claims, Professional Claims, Allowed Priority Tax Claims, Class 2 Claims, Class 3 Claims and Class 4 Claims, (a) all Assets and liabilities of the Coastal Debtors will be merged or treated as though they were merged, (b) all guarantees of any Coastal Debtor of the obligations of any other Coastal Debtor and any joint or several liability of any of the Coastal Debtors shall be eliminated, and (c) except with respect to Secured Claims, each and every Claim against any of the Coastal Debtors shall be deemed filed against the consolidated Coastal Debtors, and all Claims filed against more than one of the Coastal Debtors

for the **same** liability shall be **deemed** one Claim against **and** obligation of the **consolidated Coastal Debtors**.

d. After giving **effect** to the **Settlement** and to **the** transfers set forth in **the Plan** to **the** holders of Administrative Claims, Professional Claims, Allowed Priority **Tax Claims**, **Class 2 Claims**, **Class 3 Claims** and **Class 4 Claims**, (a) **all** Assets and **liabilities** of the **Independence Debtors** will be merged or treated as **though** they **were merged**, (b) **all** guarantees of any **Independence of** the obligations of any other **Independence Debtor** and any joint or **several** liability of any of the **Independence Debtors** shall be eliminated, **and** (c) **except** with respect to **Secured Claims**, **each** and **every** Claim against any of the **Independence Debtors** shall be **deemed** tiled **against the consolidated Independence Debtors**, and **all** Claims filed against more **than** one of the **Independence Debtors** for **the same** liability shall be **deemed one** Claim against and obligation of the **consolidated Independence Debtors**.

The Court hereby orders the substantive consolidation of the **Debtors as** set forth in **Article 16** of the Plan and this Confirmation **Order**.

H. SUBSTANTIAL CONSUMMATION.

The substantial **consummation** of the Plan, within the meaning of section 1127 of **the** Bankruptcy Code, **is** deemed to occur on **the first** date distributions are **made in accordance with the terms** of the Plan to holders of any Allowed Claims.

I. RETENTION OF JURISDICTION.

Notwithstanding the entry of **the Confirmation Order** and **the occurrence** of **the Effective Date**, the Court shall retain such jurisdiction over the Chapter **11 Cases** **after** the **Effective Date** as is legally **permissible**, including jurisdiction to:

1. Allow, disallow, determine, liquidate, **classify, estimate** or establish the priority or **secured** or **unsecured** status of any **Claim or Interest, including** the **resolution** of any

request for payment of any Administrative **Claim** and the resolution of any and **all objections** to the allowance or **priority** of Claims, **Interests** and **Administrative Claims**;

2. **Hear** and determine any and all **causes** of action against any Person and rights of the Debtors that **arose before** or after **the** Petition Date, including but not **limited to the rights** and **powers** of a **trustee** and debtor-in-possession, against any **Person whatsoever**, including but **not limited** to all avoidance powers **granted to the** Debtors **under** the **Bankruptcy Code** and all **causes** of action and remedies **granted pursuant to sections 502, 506, 510, 541, 542, 543, 544, 545, 547** through 551 and 553 **of the Bankruptcy Code**;

3. Grant or deny any applications for allowance of compensation for **professionals authorized** pursuant to **the Bankruptcy Code** or the Plan, for periods ending **on or before the Effective** Date;

4. Resolve any **matters** relating to the **assumption, assumption and assignment** or **rejection** of any executory contract or unexpired **lease** to which any Debtor is a party or with respect to which any of the **Debtors** may be **liable**, including without **limitation** the **determination** of whether such **contract** is **executory for** the purposes of **section 365 of the Bankruptcy Code**, and hear, **determine** and, if **necessary, liquidate** any Claims arising **therefrom**;

5. **Enter orders approving the Debtors' post-Confirmation sale** or other disposition of **Assets** under section **363** of the **Bankruptcy Code**;

6. **Ensure** that distributions to **holders** of Allowed **Claims** are accomplished pursuant to **the provisions of the Plan**;

7. **Decide** or resolve any motions, adversary proceedings, **contested** or litigated **matters** and any **other matters** and **grant** or deny any applications involving any Debtor that may be **pending in** the Chapter 11 **Cases** on the **Effective** Date;

8. Hear and determine matters **concerning** state, local or **federal taxes** in accordance with sections **346, 505** or **1146 of the Bankruptcy Code**;
9. Decide or **resolve** any disputes **with DNPS** in **any way relating to the Asset Sale**;
10. **Enter** such **orders** as may be **necessary** or **appropriate to implement or consummate** the provisions of the **Plan** and this **Confirmation Order**;
11. **Hear** and **determine any** matters concerning the **enforcement** of the provisions of Article 13 of the **Plan** and any other releases or injunctions contemplated by the **Plan**;
12. **Resolve any** cases, **controversies**, suits or disputes that may arise in connection with the **consummation, interpretation** or **enforcement of the Plan** or this Confirmation Order;
13. **Permit the** Debtors, to the **extent** authorized pursuant to **section 1127** of the **Bankruptcy Code**, to **modify** the Plan or any **agreement** or document created **in connection** with the Plan, or remedy any **defect** or omission or reconcile any **inconsistency** in the **Plan** or any **agreement** or **document** created in **connection** with the **Plan**;
14. Issue injunctions, enter and **implement other** orders or take such **other actions** as may be necessary or **appropriate** to restrain **interference** by any **entity with consummation, implementation** or enforcement of the Plan or this **Confirmation Order**;
15. **Enforce** any injunctions **entered in connection** with or **relating** to the Plan or **this Confirmation Order**;
16. Enter and enforce such **orders** as **are necessary** or **appropriate** if this **Confirmation Order** is for any **reason** modified, **stayed, reversed, revoked** or **vacated**, or distributions **pursuant to the Plan are** enjoined or **stayed**;
17. Set or extend deadlines by which **objected** to Claims must be **filed**;

18. **Determine** any other **matters that** may arise in connection with or relating to the Plan or any agreement or this Confirmation Order:

19. Enter any orders in aid of prior **orders** of the Court including, but not limited to any orders with **respect** to outstanding items **under** the previous sale **orders** entered by **the Bankruptcy Court or** escrow items **related thereto**;

20. **Hear** and determine any request of **the Reconstituted Committee** for authority and approval to take any actions or **enforce** any remedies provided to **the Reconstituted Committee** pursuant to **any provision** of the Plan; and

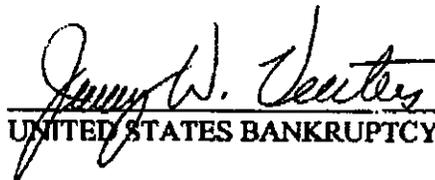
21. Enter an order concluding the Chapter 11 Cases,

J. NOTICE OF ENTRY OF CONFIRMATION ORDER

I. Pursuant to Bankruptcy Rules **2002(f)(7)** and **3020(c)**, **the Debtors** are directed to **serve** a **notice** of **the entry** of this Confirmation Order and **the establishment** of **bar dates** for **certain** Claims hereunder, substantially in **the** form of **Exhibit B** attached **hereto** and incorporated **herein** by **reference** (the "**Confirmation Notice**"), on **all** parties that **received** notice of the Confirmation Hearing, **no later than 15 Business Days** after the **Confirmation Date**.

2. The Debtors are directed to publish the **Confirmation Notice** once **in** the national **edition** of *The Wall Street Journal* **no** later than 15 Business Days **after the Confirmation Date**.

Dated: **Wilmington, Delaware**
February ____ **2003**


UNITED STATES BANKRUPTCY JUDGE

IN THE UNITED STATES BANKRUPTCY COURT

FOR THE DISTRICT OF DELAWARE

In re:)
AMERICAN CLASSIC VOYAGES CO., et al.) Chapter 11
Debtors.) Case No. 01-10954 (JWV)
Jointly Administered

**SECOND AMENDED JOINT PLAN OF LIQUIDATION OF
AMERICAN CLASSIC VOYAGES CO., et al.**

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Dated: January 7, 2003

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Exhibits

1. List of Debtors
2. List of **Selling Debtors**
3. List of **Independence** Debtors
4. **Oceanic Ship Co. Settlement Agreement**

INTRODUCTION

American Classic Voyages Co., a Delaware corporation ("AMCV"), and those other subsidiaries and affiliates listed on Exhibit 1 hereto (together with AMCV, the "Debtors"), propose this Second Amended Joint Plan of Liquidation of American Classic Voyages Co., *et al.* (the "Plan"). This Plan seeks to resolve and satisfy all Claims against and Interests in the Debtors. The Debtors are the proponents of this Plan within the meaning of section 1129 of the Bankruptcy Code. All capitalized terms not defined in this introduction have the meanings ascribed to them in Article 1 of this Plan. Reference is made to the Disclosure Statement, distributed contemporaneously herewith, for a discussion of the Debtors' history, businesses, resolution of material disputes, significant asset sales, and a summary and analysis of the Plan and certain related matters.

This is a liquidating Plan pursuant to which all of the Debtors' assets are to be distributed to creditors in accordance with priorities established by the Bankruptcy Code.

For purposes of this Plan, the Debtors are categorized into several categories. The first category consists of the Debtors that sold substantially all of their assets (including the Delta Queen, Mississippi Queen and American Queen riverboats) for approximately \$80.9 million in cash and assumed liabilities listed on Exhibit 2 hereto (the "Selling Debtors"). The second category consists of DQSB II, Inc., DQCV, L.L.C. f/k/a Delta Queen Coastal Voyages, L.L.C., Capo Cod Light, L.L.C. and Cape May Light, L.L.C., owners of the Cape Cod Light and the Cape May Light cruise ships, which were turned over to their secured creditors (the "Coastal Debtors"). The third category consists of the Debtors listed on Exhibit 3 hereto that owned the Independence cruise ship, which was turned over to their secured creditors (the "Independence Debtors"). The fourth category is Great Pacific NW Cruise Liuc, L.L.C., owner of the Columbia Queen riverboat, which was turned over to its secured creditor

(the "Columbia Queen Debtor"). The fifth category is AMCV, the ultimate parent of all of the Debtors.

The Plan is predicated on the substantive consolidation into separate groups of (a) the Selling Debtors, (b) the Coastal Debtors and (c) the Independence Debtors, respectively, in each case only with respect to the treatment of Claims other than Administrative Claims, Priority Tax Claims and Secured Claims, as provided below. The Plan does not contemplate substantive consolidation with respect to the Classes of Administrative Claims, Priority Tax Claims or Secured Claims against or Interests in the Debtors, which shall be deemed to apply separately with respect to each Plan proposed by each Debtor (provided, however, that, pursuant to the Settlement (defined below), the Selling Debtors have agreed to pay all Administrative Claims and Priority Tax Claims of all the Debtors). If the Plan is not accepted as to all of the Selling Debtors, all of the Coastal Debtors or all of the Independence Debtors, or the Plan is not accepted as to the Columbia Queen Debtor or AMCV, in the Debtors' sole discretion, the Plan may be (a) revoked as to all of the Debtors, or (b) revoked as to the Debtor or Debtors not satisfying the cramdown requirements (such Debtor's or Debtors' Chapter 11 Case or Cases being converted to chapter 7 liquidations, continued or dismissed in the Debtors' sole discretion) and confirmed as to the remaining Debtors. A list of each Debtor who is seeking to confirm a Plan contained herein and its corresponding bankruptcy case number is attached hereto as Exhibit

Under section 1125(b) of the Bankruptcy Code, a vote to accept or reject the Plan cannot be solicited from holders of claims and/or interests until such time as the Disclosure Statement has been approved by the Bankruptcy Court. The Debtors urge all holders of Claims and Interests entitled to vote on the Plan to read the Plan and the Disclosure Statement in their entirety before voting to accept or reject the Plan. To the extent the Disclosure Statement is inconsistent with the Plan, the Plan will govern. No solicitation materials other than the

Disclosure **Statement** and any schedules and exhibits attached **thereto** or referenced therein, or otherwise enclosed with **the** Disclosure Statement **served** by **the** Debtors **cc** **interested** parties, **have been authorized** by **the Debtors** or **the Bankruptcy Court** for use in soliciting **acceptances or rejections of the Plan**. **Subject to certain restrictions** and requirements set **forth** in section **1127** of **the Bankruptcy Code**, Fed. R. Bankr. P. 3019 and Article 15 of this Plan, **the Debtors expressly reserve the right** to **alter, amend, modify, revoke, or withdraw** this Plan **prior** to its substantial consummation.

ARTICLE 1

DEFINITIONS, INTERPRETATION AND RULES OF CONSTRUCTIONS.

A. **Scope of Definitions.** For the purposes of this Plan, **except** as expressly provided or unless **the context** otherwise requires, all **capitalized terms** not **otherwise defined** shall have the **meanings** ascribed to them in Article 1 of this plan. Any **term** used **in this Plan** **that** is not **defined herein**, but is defined in the Bankruptcy Code or **the Bankruptcy Rules**, shall have **the meaning ascribed to that term** in the Bankruptcy Code or the Bankruptcy Rules. **Whenever the context** requires, such **terms** shall include **the plural** as well as the singular number, **the masculine** gender shall include **the feminine**, and **the feminine gender** shall include the **masculine**.

B. **Definitions.** In addition to such other **terms** as are **defined** in other Sections of the Plan, the following **terms (which appear** in the Plan as **capitalized terms)** shall have **the meanings ascribed** to them in **this Article 1 of the Plan**.

1.1 **Administrative Claim:** A **Claim** against any or all of **the Debtors** constituting an **actual, necessary cost or expense** of preserving **the Debtors' Estates** that is entitled to priority under **sections 503(b) and 507(a)(1)** of the **Bankruptcy Code**, including,

without limitation, compensation and reimbursement of expenses for legal and other professional services rendered to or on behalf of the Debtors' Estates awarded under section 330(a) or 331 of the Bankruptcy Code, other post-Petition Date expenses incurred as arising in the ordinary course of business which have accrued, and remain unpaid, as of the Effective Date, in accordance with generally accepted accounting principles, consistently applied.

1.2 **Administrative Claims Bar Date:** The first Business Day that is at least sixty (60) days following the Effective Date.

1.3 **Allowed [] Claim or Allowed [] Interest:** An Allowed Claim or Allowed Interest in the particular category or Class identified.

1.4 **Allowed Claim or Allowed Interest:** A Claim against or Interest in any or all of the Debtors or any portion thereof (a) that has been allowed by a Final Order, or (b) as to which, on or by the Effective Date, (i) no proof of Claim or Interest has been filed with the Bankruptcy Court and (ii) the liquidated and noncontingent amount of which is Scheduled (other than a Claim or interest that is Scheduled at zero, in an unknown amount, or as disputed) or (c) for which a proof of Claim or Interest in a liquidated amount has been timely filed with the Bankruptcy Court pursuant to the Bankruptcy Code, any Final Order of the Bankruptcy Court, or other applicable bankruptcy law, and as to which either (i) no objection to its allowance has been or may be filed within the periods of limitation fixed by the Plan, the Bankruptcy Code, or by any order of the Bankruptcy Court or (ii) any objection to its allowance has been settled or withdrawn, or has been denied by a Final Order, or (d) that is expressly allowed in a liquidated amount in the Plan.

1.5 **AMCV:** American Classic Voyages Co., a Delaware corporation, including in its capacity as debtor-in-possession pursuant to sections J 107 and 1108 of the Bankruptcy Code.

1.6 **AMCV Settlement Cash Amount:** **The** \$710,000 Cash amount to be paid to AMCV by **the Selling Debtors upon** the Effective Date **pursuant to** the **Settlement**.

1.7 **AMCV Settlement Avoidance Action Percentage:** **The** 17.5% of Cash proceeds of **Avoidance** Actions (net of **the** costs of Avoidance Actions) to which **AMCV** shall be entitled upon **the** Effective **Date** pursuant to the Settlement

1.8 **Assets:** All **legal** or equitable interests of **the Debtors** in any and all **real** or personal property of any **nature**, including any **real estate, buildings, structures, improvements, privileges, rights, easements, leases, subleases, licenses, goods, materials, supplies, furniture, fixtures, equipment, work in process, accounts, chattel paper, cash, deposit accounts, reserves, deposits, contractual rights, intellectual property rights, Claims, causes of action** and any other **general intangibles**, and the **proceeds, product, offspring, rents or profits thereof**.

1.9 **Asset Sale:** **The sale** of substantially all of **the** Assets of the Selling Debtors to **DNPS, free** and clear of **liens, claims and encumbrances** and the other transactions consummated **pursuant to** the Asset **Purchase** Agreement, **dated** as of **May 13, 2002**, by and among DNPS and **the** Selling Debtors, as such Asset **Purchase Agreement may have been modified from time to time**.

1.10 **Assumed MARAD Notes:** The Title XI **Bonds** in **the** current principal amount of **\$36,198,000 maturing** on June 2, 2020, with interest accruing at **7.68%** per annum and **the** Title **XI** Notes in the amount of **\$8,325,000 maturing** on **August 24, 2005**, with interest accruing at **LIBOR plus 0.25%, each in favor of MARAD** and each **assumed** by **DNPS** and **secured** by the **Assets of Great AQ Steamboat, L.L.C.** sold to **DNPS** pursuant to **the Asset Sale**.

1.11 **Available Cash:** **With respect** to the **Selling Debtors**, all Cash of **the** Selling Debtors' **Estates** to **be** distributed to holders of **Allowed** Claims against the Selling Debtors less **(i)** the amount of **Cash deposited** into the **Operating Reserve**, the **Indemnification Reserve**, and the **Disputed Claims Reserve** for **Disputed** Claims **against** the Selling Debtors, and

(ii) **the amount of Cash required to be held in escrow or separate from the Debtors' Cash by order of the Bankruptcy Court or pursuant to the DNPS sale documents. With respect to each other Debtor, all Cash of such Debtor's Estate to be distributed to holders of Allowed Claims against such Debtor less the Disputed Claims Reserve for Disputed Claims against such Debtor.**

1.12 Avoidance Actions: All causes of action of, and remedies granted to, any of the Debtors against any non-Debtor pursuant to sections 502, 506, 510, 541, 542, 543, 544, 545, 547, through 551 and/or 553 of the Bankruptcy Code.

1.13 Bankruptcy Code: Title 11 of the United States Code, as in effect on the Petition Date and as thereafter amended, as applicable in the Chapter 11 Cases.

1.14 Bankruptcy Court; The United States Bankruptcy Court for the District of Delaware, or if such Court ceases to exercise jurisdiction over the Chapter 11 Cases, such court or adjunct thereof that exercises jurisdiction over the Chapter 11 Cases in lieu of the United States Bankruptcy Court for the District of Delaware.

1.15 Bankruptcy Rules: The Federal Rules of Bankruptcy Procedure, the Local Rules of the Bankruptcy Court for the District of Delaware and the guidelines and requirements of the Office of the United States Trustee, as applicable from time to time in the Chapter 11 Cases.

1.16 Bar Date: The deadline for filing and serving upon the Debtors all proofs of claim established by the Bankruptcy Court was April 30, 2002, except for Customer Deposit Claims, for which the Bar Date is the first Business Day that is at least thirty (30) days following the Effective Date.

1.17 Business Day: Any day other than a Saturday, Sunday or a "legal holiday" (as such term is defined in Bankruptcy Rule 9006(a)).

1.18 Cash: Legal tender accepted in the United States of America for the payment of public and private debt, currently denominated in United States Dollars.

1.19 **Chapter 11 Cases:** The Chapter **11** Cases of the Debtors pending **before** the **Bankruptcy** Court as set forth in **Exhibit I** hereto **and** as **being jointly administered** with one **another** under the **above-captioned Case No. 01-10954 (JWV)** and as **to** any Debtor individually, **a Chapter 11 Case.**

1.20 **Claim:** A right of a **Creditor** against the **Debtors**, or any one of **them**, **whether** or not asserted or **allowed, of the type described** in **Bankruptcy Code section 101(5)**, as **construed** by **Bankruptcy Code section 102(2).**

1.21 **Class:** A group of **Claims** or **Interests** as classified in a particular class under the **Plan pursuant** to **Bankruptcy Code section 1122.**

1.22 **Coastal Debtor(s):** Individually **DQSB II, Inc., DQCV, L.L.C. f/k/a Delta Queen Coastal Voyages, L.L.C., Cape Cad Light, L.L.C. and Cape May Light, L.L.C., and collectively** all of them, including in **their capacity** as **debtors-in-possession** pursuant to sections **1107** and **1108** of the **Bankruptcy Code.**

1.23 **Coastal Debtors Settlement Cash Amount:** The **\$790,000** Cash amount to be paid to **the Coastal Debtors** by the **Selling Debtors** upon the **Effective Date pursuant to the Settlement.**

1.24 **Coastal Debtors Settlement Avoidance Action Percentage:** **The 3.5%** of **Cash proceeds of Avoidance Actions** (net of **the costs of Avoidance Actions**) to which **the Coastal Debtors** shall be **entitled** upon the **Effective Date pursuant** to the **Settlement.**

1.25 **Columbia Queen Debtor:** Great Pacific NW **Cruise Line, L.L.C., including** in its capacity as **debtor-in-possession** pursuant to **sections 1107** and **1108** of the **Bankruptcy Code.**

1.26 **Columbia Queen Settlement Cash Amount:** The **\$1,100,000** Cash amount to be paid to the **Columbia Queen Debtor** by the **Selling Debtors** upon the **Effective Date pursuant to the Settlement.**

1.27 **Columbia Queen Settlement Avoidance Action Percentage:** The 5% of Cash proceeds of Avoidance Actions (net of the costs of Avoidance. Actions) to which the Columbia Queen Debtor shall be entitled upon the Effective Date pursuant to the Settlement.

1.28 **Confirmation: Entry of the Confirmation Order** by the Bankruptcy Court.

1.29 **Confirmation Date:** The date on which the Bankruptcy Court enters the Confirmation Order on its docket.

1.30 **Confirmation Hearing:** The duly-noticed hearing held by the Bankruptcy Court to consider Confirmation of the Plan pursuant to Bankruptcy Code section 1128, including any continuances thereof.

1.31 **Confirmation Order:** The order of the Bankruptcy Court confirming the Plan pursuant to Bankruptcy Code section 1129 in a form acceptable to the Debtors.

1.32 **Convenience Claims:** All Unsecured Claims against the Selling Debtors only of \$1,000 or less, and Unsecured Claims against the Selling Debtors only that the holder of which elects to reduce to \$1,000 on the ballot Provided for voting on the Plan within the time fixed by the Bankruptcy Court for completing and returning such ballot, which Claims would otherwise be classified in Class 6A, absent the existence of Class 5.

1.33 **Creditor(s):** Individually any Entity who holds a Claim against any or all of the Debtors, and collectively all entities who hold Claims against any of the Debtors.

1.34 **Creditors' Committee:** The Official Committee of Unsecured Creditors appointed by the United States Trustee in the Chapter 11 Cases pursuant to Bankruptcy Code section 1102(a)(1).

1.35 **Customer Deposit Claims:** Claims by consumer customers for security deposits provided to the Debtors prior to the Petition Date that (a) were not returned or reimbursed by the Debtors, a credit card provider, a travel agent or any other Entity and (b) were for a cruise never provided by the Debtors.

1.36 Debtor(s): **Individually AMCV and each** of its subsidiaries and **affiliates** listed on **Exhibit 1** hereto, **and collectively AMCV and all of its** subsidiaries and **affiliates listed** on **Exhibit 1** hereto, including and in **their capacity as** debtors-in-possession pursuant to sections **1107** and **1108** of the **Bankruptcy** Code.

1.37 Debtor **Releasees**: The Debtor **Releasees** shall include **(i)** the officers, **directors, members and/or** enrollees, **employees, representatives,** advisors, **attorneys, financial** advisors, **investment** bankers or agents of the **Debtors** in each case as of **the Petition Date** or that **have become officers and/or directors** thereafter, **(ii)** the **Creditors'** Committee and **each** of its **members solely** with respect to **each member's** conduct in **furtherance** of its, his, or her duties as a member of **the Creditors' Committee**, and **not** with respect to **the** actions of such **members** as individual creditors, and its **agents, attorneys and other** professionals **acting** in conjunction with the Chapter 11 **Cases, and (iii)** the **Plan** Administrator, and **their** respective agents. **attorneys** and other **professionals** acting in conjunction with Chapter **11 Cases**.

1.38 Deficiency Claims: With **respect to any** Claim secured by a valid Lien or **security interest** in **any property** of **any** Debtor having a **value** of less than the amount of **such Claim (after taking into account** other **Liens** and **security interests of higher priority** in such **property)**, the portion of such **Claim** equal to **the difference** between (a) **the** amount of the Claim and **(b) the allowed** amount of **the secured** portion of such Claim (which **allowed secured** amount may **be set pursuant** to this Plan). **All Claims secured** by a **Lien** or **security interest** on **the** Assets of **Great AQ Steamboat, L.L.C. junior** in priority to the Lien **and security interest** of **MARAD** shall constitute **Deficiency** Claims.

1.39 **Disclosure Statement**: That **certain written disclosure statement** that **relates** to this **Plan** as **filed** in the **Chapter 11 Cases** by the Debtors, including the **schedules** and exhibits **attached thereto**, as it may be amended, **modified** or supplemented from **time** to time.

1.40 **Disclosure Statement Hearing:** The hearing held pursuant to Bankruptcy Code section 1125(b) and Bankruptcy Rule 3017(a), including any continuances thereof, at which the Bankruptcy Court considered the adequacy of the Disclosure Statement.

1.41 **Disputed Claim or Disputed Merest:** A Claim or Interest, respectively, that the Debtors have Scheduled as “disputed,” “contingent” or “unliquidated,” or as to which a proof of Claim or Interest has been Filed or deemed Filed as contingent or as to which an objection has been or may be timely Filed by the Debtors or any other party in interest entitled to do so, which objection, if timely Filed, has not been withdrawn or has not been overruled or denied by a Final Order.

1.42 **Disputed Claims Reserve: Cash,** in one or more separate accounts, in the aggregate amount sufficient to pay each holder of a Disputed Claim (i) the amount of Cash that such holder would have been entitled to receive under this Plan if such Claim had been an Allowed Claim on the date of the Effective Date Distribution, or (ii) such lesser Estimated Amount as the Court may determine. The Disputed Claims Reserve shall only include amounts with respect to a Disputed Claim for which and to the extent that amounts held in escrow or separate from the Debtors’ Cash by order of the Bankruptcy Court or pursuant to the DNPS sale documents on account of such Disputed Claim fail to satisfy the preceding criteria.

1.43 **Distribution Record Date:** The record date for the purposes of making distributions under the Plan on account of Allowed Claims or Interests, which date shall be the Confirmation Date or such other date designated in the Confirmation Order.

1.44 **DNPS:** DNPS Delta Queen Steamboat Company, Inc., a Delaware corporation, purchaser of substantially all of the Debtors’ Assets pursuant to the Asset Sale.

1.45 **Effective Date:** Except as provided in Article 12 hereof, the later of:
(a) the eleventh (11th) day following occurrence of the Confirmation Date; and (b) the first

Business Day on which no stay of the Confirmation Order is in effect and all conditions to the Effective Date set forth in Article 12 of the Plan have been satisfied or, if waivable, waived.

1.46 Effective Date Distribution: Shall be as defined in Section 10.9 hereof.

1.47 Entity: A Person, an estate, a trust, the United States Trustee, an official or unofficial committee of creditors or equity holders, a "governmental unit" as that term is defined in Bankruptcy Code section 101(27), or any other entity.

1.48 Estates: The estates created pursuant to Bankruptcy Code section 541 by the commencement of the Chapter 11 Cases.

1.49 Examiner: The Person appointed by the United States Trustee to determine whether the Settlement contained herein is fair to each of the Debtors' Estates and all Creditors thereof.

1.50 Face Amount: Shall be as defined in Section 10.7 hereof.

1.51 Fee Order: The order of the Bankruptcy Court dated November 13, 2001 authorizing the interim payment of Professional Claims.

1.52 File or Filed: To file, or to have been filed, with the Clerk of the Bankruptcy Court in the Chapter 11 Case.

1.53 Final Distribution: Shall be as defined in Section 10.11 hereof.

1.54 Final Distribution Date: Shall be the date upon which the Final Distribution is made. The Final Distribution Date shall be determined by the Plan Administrator, in consultation with the Reconstituted Committee, and shall be (i) after the liquidation into Cash of all Assets of the Debtors (other than those Assets abandoned by Debtors) and collection of other sums due or otherwise remitted or returned to the Debtors' Estates, and (ii) the date on or after which the Debtors make a Final Distribution from the Disputed Claims Reserve.

1.55 Final Order: An order or judgment of the Bankruptcy Court or other court of competent jurisdiction, as entered on its docket, that has not been reversed, stayed, modified

or amended, and as to which (a) the time to appeal, seek certiorari or move for reconsideration has expired and no appeal, petition for certiorari or motion for reconsideration. respectively, has been timely filed (which time period shall mean, with respect to motions to correct such order under Rule 9024 of the Bankruptcy Rules or otherwise, 10 days after the entry of such order), or (b) any appeal, any petition for certiorari or any motion for reconsideration that has been or may be filed has been resolved by the highest court (or any other tribunal having appellate jurisdiction over the order or judgment) to which the order or judgment was appealed or from which certiorari or reconsideration was sought.

1.56 General Secured Claims: All Secured Claims against the Debtors other than Secured Claims against Great AQ Steamboat, L.L.C.

1.57 General Unsecured Claims: All Unsecured Claims against the Debtors other than Convenience Claims and Intercompany Claims.

1.58 Impaired: When used with reference to a Claim or an Interest, "Impaired" shall have the meaning ascribed to it in Bankruptcy Code section 1124.

1.59 Indemnification Claims: The Post-Petition obligations of the Debtors pursuant to their bylaws, applicable law, any employment agreement or other express agreement operational as of the Effective Date to indemnify any of the Debtors' current and former officers and directors, on the terms and subject to the limitations described therein.

1.60 Indemnification Reserve: Cash set aside by the Selling Debtors on or before the Effective Date, in the amount of \$2.5 million, in a separate interest-bearing account, in an amount to cover Indemnification Claims not otherwise released pursuant to the Plan and not covered by any applicable directors and/or officers insurance and any related costs and expenses that may be incurred by the Debtors (including, without limitation, the employer's share of any employment taxes that may be payable with respect thereto), as such reserve amount may be

increased or reduced by Bankruptcy Court order on notice to the Creditors' **Committee** or **Reconstituted Committee** after the **Confirmation Date**.

1.61 Indenture Trustee: HSBC Bank USA, or any successor (hereto as (1) successor Indenture **Trustee** for the 7% **Convertible Junior Subordinated Debentures** (the "**Notes**") due 2015 as issued by American Classic Voyages Co., (2) Property Trustee for **the holders** of AMCV Capital Trust I (the "**Trust**") **Convertible Preferred Securities** (the "**Securities**"), and (3) Trust **Preferred Guarantee Trustee** for **the Trust Preferred Guarantee** with respect to the **Securities**.

1.62 Independence Debtors: Individually the **Debtors listed** on **Exhibit 3** hereto, and collectively all of the Debtors **listed** on **Exhibit 3** hereto, including in their capacity as **debtors-in-possession pursuant** to sections 1107 and 1108 of the **Bankruptcy Code**.

1.63 Independence Debtors Settlement Cash Amount: The **\$5,400,000 Cash amount** to be paid to the **Independence Debtors** by **the Selling Debtors** upon the **Effective Date** pursuant to the **Settlement**.

1.64 Independence Debtors Settlement Avoidance Action Percentage: The 24% of Cash proceeds of Avoidance Actions (net of the costs of **Avoidance** Actions) to which **the Independence Debtors** shall **be** entitled upon the **Effective Date** pursuant to **the Settlement**.

1.65 Intercompany Claims: The **Claims of any Debtor** against any **other Debtor**, including, **without** limitation, substantive consolidation claims **and** claims for reimbursement or allocation of **Administrative** Claims or Priority Tax **Claims**.

1.66 Interest: **When** used in the **context** of holding an **equity security of the Debtors** (and **not used** to denote (i) **the** compensation paid for **the** use of **money** for a **specified time** and usually denoted as a **percentage rate of interest** on a **principal** sum of **money** or (ii) a security **interest in property**), "**Interest**" shall **mean an** interest or share **in**, or **warrant or right**

asserted against any of the Debtors of the type **described in the definition of "equity security"** in **Bankruptcy Code section 101(16)**.

1.67 **Lien:** A charge against, interest in or other **encumbrance** upon **property** to secure **payment** of a debt or **performance of an** obligation.

1.68 **MARAD:** **The Maritime Administration** of the United States **Department of Transportation**.

1.69 **MARAD AQ Deficiency Claim:** **The Deficiency Claims** of **MARAD**, if any, **against Great AQ Steamboat, L.L.C.** and any and all **guarantors** of the **obligations** of **Great AQ Steamboat, L.L.C.** which were withdrawn and **released** by **MARAD** in the **MARAD Stipulation**.

1.70 **MARAD Notes:** **The Assumed MARAD Notes** and the **New MARAD Note**.

1.71 **MARAD Stipulation:** **The Stipulation and Agreed Order Settling Motion for an Order Enforcing Allocation Stipulation and Valuing American Queen and Related Assets** dated July 23, 2002, pursuant to **which the Debtors, the Creditors' Committee and MARAD** agreed, and **the Bankruptcy Court ordered**, that **\$47,911,509.40** of **the proceeds of the Asset Sale (in the form of the MARAD Notes)** were to be allocated to the **Assets** of **Great AQ Steamboat, L.L.C.** and **\$33,588,490.60** of **the proceeds of the Asset Sale** were to be **allocated** to the **Assets sold by the other Selling Debtors**. In exchange, the **Debtors, MARAD and the Creditors' Committee** **agreed that to** the extent any holder of an **Allowed Other AQ Secured Claim** **has** a valid, allowed claim **secured** by a valid and **perfected security** interest or lien upon **the American Queen vessel** with **priority over the security** interest and mortgage of **MARAD**, such prior **secured claim shall attach** to the **Cash** proceeds of **the Asset Sale** and shall not **attach** to the **MARAD Notes** or **the proceeds thereof**.

1.72 New MARAD Note: The Interest Payment Note in ~~the~~ principal amount of **\$2,788,509** made by DNPS in favor of MARAD in connection ~~with the~~ Asset Sale, with interest accruing at 2.3% per annum, secured by the Assets of Great AQ Steamboat, L.L.C. sold to DNPS pursuant to ~~the~~ Asset Sale.

1.73 Operating Reserve: Cash from the Selling Debtors' Estates to be set aside on the **Effective Date** in an amount not to exceed \$5 million, which shall be available and used to pay (a) **reasonable** and necessary post-Effective Date expenses incurred by the **Debtors** and the Plan Administrator or for which the Debtors or ~~the~~ Plan Administrator **are responsible under** this Plan, including but not **limited to the post-Effective Date** professional fees for which Payment is required pursuant to **Section 7.9** of ~~the~~ Plan, (b) unpaid **Administrative Expenses** and (c) any Claims arising under **Bankruptcy Code section 503(b)** that are or **become** Allowed pursuant to a **Final Order**; provided, however, that any **funds remaining in the Operating Reserve** after payment in full of all items identified in (a), (b) and (c) **above shall become** available for **distribution on account** of any other payments required or permitted to be **made under the** Plan.

1.74 Other AQ Secured Claims: Secured Claims against Great AQ Steamboat, L.L.C. senior in priority to the **Allowed** Secured Claim of **MARAD** against **Great AQ Steamboat, L.L.C.**

1.75 Other Deficiency Claims: All **Deficiency** Claims against **any** of the **Debtors other** than ~~the~~ **MARAD AQ Deficiency** Claim.

1.76 Other Priority Claim: Any Claim, other than an **Administrative** Claim or a **Priority** Tax Claim, of a Creditor to the extent such Claim is entitled to priority pursuant to **Bankruptcy Code section 507(a)**.

1.77 Person: An individual, a **corporation**, a limited liability **company**, a **partnership**, an **association**, a **joint** stock company, a **joint venture**, an **unincorporated** organization, or a **governmental** unit of the type **described** in **Bankruptcy Code section 101(41)**.

1.78 Petition Date: October 19, 2001 as to AMCV, and October 22, 2001 as to all other Debtors.

1.79 Plan: This plan of liquidation and all **exhibits annexed hereto or referenced** herein, which is **hereby proposed** by the Debtors for **the resolution** of outstanding Claims and **Interests in the Chapter 11 Cases of the Debtors, either in their present form or as they may be amended, modified or supplemented from time to time in accordance with the provisions of the Plan or the Bankruptcy Code.**

1.80 **Plan Administrator:** Any **Entity appointed** as Plan Administrator pursuant to the **Plan or following the Effective Date** who is **acceptable** to the **Reconstituted Committee** and whose function shall be to **take all other steps required, and when appropriate, take all steps authorized, under the Plan, including, but not limited to, liquidating any remaining Assets, resolving Disputed Claims and distributing property under the Plan.**

1.81 **Possessory Lienholder Claims:** All Claims held by **Persons to the extent** such Claims are **deemed** to be **secured, through a possessory Lien, in property** in which any Debtor's **Estate** has an interest but only to **the extent of the value of the possessory lienholders' interest** in such Debtor's **Estate's** interest in such **property.**

1.82 **Priority Tax Claim:** Any **Claim** against any of the Debtors entitled to **priority pursuant to Bankruptcy Code section 507(a)(8).**

1.83 **Professional Claim:** A Claim of a professional **retained in the Chapter 11 Cases pursuant to sections 327 and 1103 of the Bankruptcy Code or otherwise, for compensation or reimbursement** of costs and expenses relating to **services incurred after the Petition Date and prior to and including the Effective Date.**

1.84 **Pro Rata:** Proportionately so that **the ratio** of the amount of consideration distributed **on account of a particular Allowed Claim to the amount of the Allowed Claim is the same** as the ratio of **the amount of consideration distributed on account of all Allowed Claims of**

the Class in which the particular Allowed Claim is included to the amount of all Allowed Claims of that Class, but in any event the amount of consideration derived on account of an Allowed Claim shall not exceed 100% of the amount of the Allowed Claim

1.85 Reconstituted Committee: The Creditors' Committee from and after the Effective Date, as reconstituted pursuant to Section 7.3 hereof.

1.86 Scheduled: Set forth on the Schedules.

1.87 Schedules: The Schedules of Assets and Liabilities Filed by the Debtors in accordance with Bankruptcy Code section 521 and Bankruptcy Rule 1007, as the same may be amended from time to time in accordance with Bankruptcy Rule 1009 prior to the Effective Date.

1.88 Secured Claim: Any Claim of a Creditor, including principal, interest and any other amounts, secured by a lien on, security interest in or charge against property of any of the Debtors' Estates or that is subject to setoff under Bankruptcy Code section 553, to the extent of the value of such Creditor's interest in that Debtor's Estate's interest in such property or to the extent of the amount subject to setoff, as applicable, as determined pursuant to Bankruptcy Code section 541(a) taking into account the priority of Liens under applicable law.

1.89 Security: Any instrument issued by, or interest in, the Debtors of the type described in Bankruptcy Code section 541(c).

1.90 Selling Debtor(s): Individually TDQS and each of its subsidiaries and affiliates listed on Exhibit 2 hereto, and collectively TDQS and all of its subsidiaries and affiliates listed on Exhibit 2 hereto, including in their capacity as debtors-in-possession pursuant to sections 1107 and 1108 of the Bankruptcy Code.

1.91 Settlement: The Settlement among the Debtors and between the Debtors and non-Debtor Oceanic Ship Co. described in Article 8 of this Plan.

1.92 Subsequent Distribution Date: The date(s) for the making of Supplemental Distributions in accordance with section 10.10 hereof. The Subsequent

Distribution Dates shall be set by **the** Plan Administrator **after consultations** with **the** Reconstituted **Committee**.

1.93 Supplemental Distribution: Shall be as **defined** in **Section 10.10** **hereof**.

1.94 TDQS: TDQS Co., a Delaware corporaion, **f/k/a The Delta Queen** Steamboat Co.. **including in** its **capacity** as debtor-in-possession pursuant to **sections 1107** and **1109** of **the Bankruptcy** Code.

1.95 Taxes: All income, gaming, **franchise**, excise, **sales, use, employment**, withholding, **property**, payroll or other taxes, **assessments**, or **governmental** charges, **together with any interest, penalties, additions to tax, fines, and similar amounts relating thereto, imposed** or collected by **any federal, state, local** or foreign governmental **authority** on or **from any** of the **Debtors**.

1.96 Unsecured Claim: Any Claim against **the Debtors**, excluding **Administrative** Claims, Priority **Tax** Claims, **Other Priority** Claims and Secured Claims, including Other **Deficiency** Claims.

C. Rules of Interpretation.

1. The provisions of **the** Plan **shall control over the contents** of **the** Disclosure **Statement**. The provisions of **the Confirmation** Order shall **control over the contents** of **the Plan**.

2. For the purposes of the Plan:

(a) any reference in **the** Plan to a **contract, instrument, release** or **other agreement** or document **being in a particular** form or on particular **terms** and conditions **means** that **such document shall** be substantially in such form or **substantially on** such **terms** and conditions; **provided, however, that any change to** such form, terms or conditions **that is material to** a party to such **document shall** not be **modified** without such party's **consent unless such** document expressly **provides otherwise;**

(b) any **reference in the Plan to** an existing document, exhibit or **schedule Filed** or to be **Filed** means such document, exhibit **or** schedule, as it may **have been** or may be amended, **modified** or supplemented as of **the Effective Date;**

(c) unless otherwise **specified**, all **references in the Plan to** **“Sections,”** **“Articles,”** **“Exhibits”** and **“Schedules”** are **references to Sections, Articles, Exhibits** and Schedules of or to **the Plan;**

(d) **the** words **“herein: “hereof,” “hereto,” “hereunder” and others** of similar **import** refer to the **Plan** in its **entirety rather than** to only a particular portion of the Plan;

(e) captions **and** headings **to** Articles and Sections are **inserted for convenience of reference only and are not intended** to be part or to **affect** interpretations **of the Plan; and**

(f) **the rules** of construction set forth in Bankruptcy **Code section 102** shall apply, **except to the extent inconsistent** with the provisions of this Article of the **Plan.**

(g) the word **“including” means “including without limitation.”**

3. **Whenever** a distribution **of property** is required to be **made** on a **particular date, the** distribution **shall** be made on **such date** or as soon as **reasonably** practicable **thereafter.**

4. All **Exhibits** to the Plan are incorporated into **the Plan and** shall be deemed to be **included in the** Plan, **regardless** of when **they** are **filed.**

5. **Subject to the** provisions of any **contract, certificate,** bylaws, instrument, release or other agreement or **document entered** into in connection with the Plan, **the rights** and obligations arising under the Plan **shall be governed by, and construed** and enforced in **accordance** with, **federal law,** including **the** Bankruptcy Code and Bankruptcy **Rules.**

D. Computation of Time. In computing any period of time prescribed or allowed by the Plan, unless otherwise expressly provided, the provisions of Bankruptcy Rule 9006(a) shall apply.

ARTICLE 2

TREATMENT OF UNCLASSIFIED, UNIMPAIRED CLAIMS

2.1 Administrative Claims. Subject to the allowance procedures and deadlines provided herein, on the Effective Date or as soon thereafter as is practicable, the holder of an Allowed Administrative Claim shall receive on account of such Allowed Administrative Claim and in full satisfaction, settlement, release and discharge of and in exchange for such Allowed Administrative Claim, (a) Cash equal to the unpaid portion of such Allowed Administrative Claim, or (b) such other treatment as to which the Debtors and the holder of such Allowed Administrative Claim have agreed upon in writing provided, however, that Allowed Administrative Claims with respect to liabilities incurred by the Debtors in the ordinary course of business during the Chapter 11 Cases shall be paid in the ordinary course of business in accordance with the terms and conditions of any agreement or course of dealing relating thereto and Professional Claims shall be paid in accordance with Section 2.3.

2.2 Statutory Fees. On or before the Effective Date, all fees due and payable pursuant to 28 U.S.C. § 1930, as determined by the Bankruptcy Court at the Confirmation Hearing or agreed to between the Debtors and the Office of the United States Trustee, shall be paid in full, in Cash.

2.3 Professional Claims.

a. On or prior to the Administrative Claims Bar Date, each Professional shall File with the Bankruptcy Court its final fee application seeking final approval of all fees and expenses from the Petition Date through the Effective Date.

h. Upon **the Effective Date**, any requirement **that Professionals comply with** sections 327 through 331 of **the Bankruptcy Code** in **seeking retention** or compensation for **services rendered** after such **date** will **terminate**.

2.4 **Priority Tax Claims.** With **respect** to each Allowed Priority Tax Claim, at **the sole option of the relevant Debtor, the holder of** an Allowed Priority Tax Claim shall be **entitled to receive on account** of such **Allowed Priority Tax Claim**, in **full satisfaction, settlement, release and discharge** of and in **exchange** for such Allowed Priority Tax Claim, (a) in **accordance with Bankruptcy Code section 1129(a)(9)(C)**, equal **Cash payments** made on the **last Business Day** of every **three-month** period following the **Effective Date**, **over a period not exceeding six years after the** assessment of **the tax** on which such Claim is based, totaling the principal amount of such Claim **plus simple interest** on any **outstanding balance**, compounded annually **from the Effective Date**, calculated at the interest **rate** available. on ninety (90) day **United States Treasuries on the Effective Date;** (b) such other **treatment agreed to** by the holder **of such** Allowed Priority Tax Claim and the Debtors, provided such **treatment** is on more **favorable** terms to the **Debtors**, as the **case** may be, than the **treatment set** forth in paragraph (a) **hereof;** or (c) **payment in full in Cash** on the **Effective Date** or as soon **thereafter** as is practicable.

2.5 **Deadline for Filing Administrative Claims**

2.5.1 Administrative Claims Other Than Tax Claims. **Other than with respect to (i) Administrative Claims** for which **the Bankruptcy Court previously** has **established a** Bar Date, and (ii) Tax Claims **addressed** in Section 2.5.2 **below, requests** for payment or proofs **of Administrative Claims, including Claims** of all professional or **other entities** requesting **compensation or reimbursement** of expenses **pursuant to Bankruptcy Code sections 327, 328, 330, 331, 503(b) or 1103** for services rendered on or **before the Effective Date** (including any compensation **requested** by **any professional** or any **other entity** for **making a substantial contribution** in the **Debtors' Chapter 11 Cases**), **must be** Filed and **served on** the Plan

Administrator and its counsel no later than **the Administrative Claims Bar Date**. **Objections** to any such **Administrative Claims** must be Piled and served on **the claimant on** or before the **later** of (a) **the** first Business Day that is **sixty (60) days** after **the Administrative Claims Bar Date**, (b) the fit Business **Day that** is sixty (60) days **after** such **Administrative Claim** is tiled or (c) such **other extended** date granted by **the** Court upon **request** by the Debtors or the Plan Administrator. **The Debtors** and/or **the** Plan Administrator shall use **reasonable** efforts to **promptly** and **diligently** pursue resolution of any and all disputed **Administrative Claims**.

Holders of Administrative Claims, including ail professional or other entities requesting compensation or reimbursement of expenses pursuant to Bankruptcy Code sections **327, 328, 330, 331, 503(b)** or 1103 for **services** rendered on or before the **Effective Date** (including any **compensation** requested by **any** professional or any **other** entity fur **making** a **substantial** contribution in the Chapter **11** Cases), that are required to File a **request** for **payment** of such Claims and that do not File such requests on or **before** the **Administrative Claims Bar Date** shall be forever barred **from** asserting such Claims **against** any of **the Debtors**, their **Estates**, the Plan **Administrator, any other Person or Entity**, or any of their **respective Assets**.

25.2 Tax Claims. All requests for payment of **Claims** by a governmental unit for **Taxes** (and for **interest and/or** penalties or other amounts related to such Taxes) for any tax year or period, all or any portion of which occurs or **falls** within the period **from** and including the Petition Date through and **including** the Effective Dale. and for **which** no **Bar Date** has **otherwise been** previously established, must be **Filed on** or **before the later** of: (a) **the** first **Business Day** that is at **least** sixty (60) days following **the Effective Date**; or (b) the first **Business Day** that is at **least ninety (90) days following** the **filing** of the tax **return** for such **Taxes** for such tax year or **period with** the **applicable** governmental unit. Any **holder** of a Claim for Taxes that is required to File a **request** fur Payment of **such Taxes** and **other** amounts **duc related** to such Taxes and which **docs** not **File** such a Claim by **the applicable** bar date shall be forever barred **from**

asserting any such **Claim** against any of the Debtors, **the** Debtors' Estates, the **Plan** Administrator or **their** respective Assets, **whether** any such Claim is **deemed** to arise prior to, on, or **subsequent** to the **Effective** Date, and shall **receive** no distribution **under the** Plan or **otherwise** on **account of** such Claim.

ARTICLE 3

CLASSIFICATION AND TREATMENT OF CLASSIFIED CLAIMS AND INTERESTS

A. **General.** Pursuant to **section 1122** of the **Bankruptcy** Code, set forth **below** is a designation of the Classes of Claims and **Interests in the Debtors**. A **Claim** or Interest is **placed** in a **particular Class** only to **the** extent that such Claim or Interest is an **Allowed** Claim or **Interest** in that Class and such Claim or Interest has not been paid, **released**, or otherwise **settled** prior to the **Effective Date**. **In accordance with** **section 1123(a)(1)** of the **Bankruptcy** Code, Administrative Claims and priority **Tax** Claims of the kinds specified in sections 507(a)(1) and SW(a)(S) of the **Bankruptcy Code** have not been **classified**, are deemed to not be **Impaired** and are treated as set forth in Article 2 **above**.

B. **Classification.** As stated above, **the** Plan is premised on **the** substantive consolidation of **three** separate **groups** of **Debtors**, (a) **the** Selling **Debtors**, (b) **the** Coastal Debtors and (c) **the** **Independence** Debtors, **respectively**, in **each** case with **respect** to the treatment of **all Classes** of Claims other than Administrative **Claims**, Priority Tax **Claims** and **Secured Claims**, as provided below. **The** Plan **does** not contemplate substantive **consolidation with respect** to **the Classes** of **Administrative** Claims, **Priority Tax** Claims or **Secured** Claims or Interests (provided, however, that, pursuant to the Settlement (**defined** below), **the** Selling **Debtors have agreed** to pay all **Administrative** Claims and Priority Tax Claims of **all** of the Debtors. **The** following summary is

for the **convenience** of the parties and is superseded for all **purposes** by the **classification**, description and **treatment** of **Claims** and Interests **immediately following** such summary chart.

3.1 Class **1A: Selling Debtors Other Priority Claims**. Class **1A** consists of all Other Priority **Claims** against **the Selling Debtors**.

3.2 **Class 1B: Coastal Debtors other Priority Claims**. Class **1B** consists of all Other Priority **Claims** against **the Coastal Debtors**.

3.3 Class **1C: Independence Debtors Other Priority Claims**. Class **1C** consists of **all Other** Priority Claims against the **Independence Debtors**.

3.4 Class 1D: Columbia Queen Other Priority Claims. Class **1D** consists of all **Other Priority Claims** against **the Columbia Queen Debtor**.

3.5 Class **1E: AMCV Other Priority Claims**. Class **1E** consists of all Other **Priority Claims** against **AMCV**.

3.6 Class 2: **MARAD AQ Secured Claims**. Class 2 consists of the **Allowed Secured Claim** of **MARAD** against **Cheat AQ Steamboat, L.L.C.**

3.7 **Class 3: Other AQ Secured Claims**. Class 3 consists of **all Other AQ Secured Claims**.

3.8 Class 4: General Secured Claims. Class 4 consists of all **General Secured Claims**, **including Possessory Lienholder Claims**.

3.9 **Class 5: Convenience Claims**. Class 5 consists of **all Convenience Claims** against **the Selling Debtors**. A holder of a Claim that would **have been classified** in Class **6A**, but **elects to reduce** its Claim to \$1,000 to **be classified in this** Class, may only **make** such **election** as to **all** of such holder's Claims in **Class 6A in the aggregate**. Therefore, if a Claim holder makes an election to **reduce** any Class 6A Claim to **\$1,000**, all of such holder's Class **6A** Claims **shall be reduced** to a **single** Class 5 Claim of **\$1,000** in the aggregate, and no Claims of such **Claim holder** shall **remain** in **Class 6A**.

3.10 **Class 6A: Selling Debtors General Unsecured Claims.** Class 6A consists of all General Unsecured Claims against the Selling Debtors.

3.11 **Class 6B: Coastal Debtors General Unsecured Claims.** Class 6B consists of all General Unsecured Claims against the Coastal Debtors.

3.12 **Class 6C: Independence Debtors General Unsecured Claims.** Class 6C consists of all General unsecured Claims against the Independence Debtors.

3.13 **Class 6D: Columbia Queen General Unsecured Claims.** Class 6D consists of all General Unsecured Claims against the Columbia Queen Debtor.

3.14 **Class 6E: AMCV General Unsecured Claims.** Class 6E consists of all General Unsecured Claims against AMCV.

3.15 **Class 7: Intercompany Claims.** Class 7 consists of all Intercompany Claims.

3.16 **Class 8: Interests.** Class 8 consists of all Interests.

ARTICLE 4

IDENTIFICATION OF CLASSES OF CLAIMS AND INTERESTS IMPAIRED AND NOT IMPAIRED BY THE PLAN

4.1 **Unimpaired Classes of Claims and Interests.** Class 1A Selling Debtors Other Priority Claims, Class 1B Coastal Debtors Other Priority Claims, Class 1C Independence Debtors Other Priority Claims, Class 1D Columbia Queen Other Priority Claims, Class 1E AMCV Other Priority Claims, Class 3 Other AQ Secured Claims and Class 4 General Secured Claims are not Impaired by the Plan.

4.2 **Impaired Classes of Claims and Interests.** Class 2 MARAD AQ Secured Claims, Class 5 Convenience Claims, Class 6A Selling Debtors General Unsecured Claims, Class 6B Coastal Debtors General Unsecured Claims, Class 6C Independence Debtors General

Unsecured Claims, Class **6D** Columbia **Queen** General **Unsecured** Claims, Class **6E** AMCV **General Unsecured** Claims, Class **7** intercompany Claims and Class **8** Interests are Impaired by the **Plan**.

ARTICLE 5

PROVISIONS FOR THE TREATMENT OF CLAIMS AND INTERESTS

5.1 **Class 1A** (Selling Debtors Other Priority Claims). On the **Effective Date**, or as soon thereafter as is practicable, **each** Allowed Selling **Debtors Other** Priority Claim shall be paid, in full satisfaction. **settlement, release** and discharge **of and in exchange** for such Allowed Selling **Debtors Other** Priority Claim, (a) Cash equal **to** the amount **of** such **Allowed Selling Debtors Other** Priority Claim, or **(b)** such other treatment **as** to which the **Debtors and** the holder of such **Allowed Selling Debtors Other** Priority Claim **have agreed** upon in writing.

5.2 **Class 1B: (Coastal Debtors Other Priority Claims)**. On the **Effective Date**, or as soon **thereafter** as **practicable**, the Coastal **Debtors** Settlement Cash Amount shall be **distributed** Pro Rata among **holders of Allowed Coastal Debtors Other** Priority Claims in **Class LB. If**, after the **Effective Date**, any Cash is available **from** the Coastal Debtors **Settlement Avoidance Action Percentage**, the **release** of funds **from the Disputed** Claims Reserve for Disputed **Claims against** the Coastal Debtors, or **unclaimed, undeliverable** or **time-barred** distributions to **holders** of Allowed **Coastal Debtors Other** Priority Claims **pursuant to the** Plan, then such Cash shall be distributed in **the same manner** as the Coastal Debtors **Settlement Cash** Amount on a **Subsequent** Distribution Date, if any, and **the** Final Distribution Date in **accordance** with the **procedures set forth below**. **Notwithstanding** the foregoing, the aggregate **distributions received** by the **holders** of Allowed Coastal Debtors Other Priority Claims under **the** Plan **shall** not **exceed the** amount of **the** Allowed Claim (together with interest on **the** unpaid **portion thereof** **accruing from** and **after the Effective** Date at a **rate equal to five percent** (5%) Per annum,

compounded annually). Based on expected recoveries from prosecution of Avoidance Actions, the Debtors believe the foregoing will result in distributions on account of Allowed Coastal Debtors Other Priority Claims with an aggregate present value equal to the amount of such Allowed Claims as of the Effective Date.

5.3 Class 1C: (Independence Debtors Other Priority Claims). On the Effective Date, or as soon thereafter as practicable, the Independence Debtors Settlement Cash Amount shall be distributed Pro Rata among holders of Allowed Independence Debtors Other Priority Claims in Class 1C. If, after the Effective Date, any Cash is available from the Independence Debtors Settlement Avoidance Action Percentage, the release of funds from the Disputed Claims Reserve for Disputed Claims against the Independence Debtors, or unclaimed, undeliverable or time-barred distributions to holders of Allowed Independence Debtors Other Priority Claims pursuant to the Plan, then such Cash shall be distributed in the same manner as the Independence Debtors Settlement Cash Amount on a Subsequent Distribution Date, if any, and the Final Distribution Date in accordance with the procedures set forth below. Notwithstanding the foregoing, the aggregate distributions received by the holders of Allowed Independence Debtors Other Priority Claims under the Plan shall not exceed the amount of the Allowed Claim (together with interest on the unpaid portion thereof accruing from and after the Effective Date at a rate equal to five percent (5%) per annum, compounded annually). Based on expected recoveries from prosecution of Avoidance Actions, the Debtors believe the foregoing will result in distributions on account of Allowed Independence Debtors Other Priority Claims with an aggregate present value equal to the amount of such Allowed Claims as of the Effective Date.

5.4 Class 1D: (Columbia Queen Other Priority Claims). On the Effective Date, or as soon thereafter as practicable, the Columbia Queen Settlement Cash Amount shall be distributed Pro Rata among holders of Allowed Columbia Queen Other Priority Claims in Class

1D. If, after the Effective Date, any Cash is available from the Columbia Queen Settlement Avoidance Action Percentage, the release of funds from the Disputed Claims Reserve for Disputed Claims against the Columbia Queen, or unclaimed, undeliverable or time-barred distributions to holders of Allowed Columbia Queen Other Priority Claims pursuant to the Plan, then such Cash shall be distributed in the same manner as the Columbia Queen Settlement Cash Amount on a Subsequent Distribution Date, if any, and the Final Distribution Date in accordance with the procedures set forth below. Notwithstanding the foregoing, the aggregate distributions received by the holders of Allowed Columbia Queen Other Priority Claims under the Plan shall not exceed the amount of the Allowed Claim (together with interest on the unpaid portion thereof accruing from and after the Effective Date at a rate equal to five percent (5%) per annum, compounded annually). Based on expected recoveries from prosecution of Avoidance Actions, the Debtors believe the foregoing will result in distributions on account of Allowed Columbia Queen Other Priority Claims with an aggregate present value equal to the amount of such Allowed Claims as of the Effective Date.

5.5 Class 1E: (AMCV Other Priority Claims). Each customer asserting a priority claim for deposits or prepayments for travel on the m/s Patriot against AMCV shall be granted, as part of the Settlement, an Allowed AMCV Other Priority Claim in an amount equal to his share (based on the ratio of the allowed priority claim he would have against Oceanic Ship Co. (the former owner of the m/s Patriot) had it filed a chapter 11 case to the aggregate of all of the allowed priority claims all such customers would have against Oceanic Ship Co. had it filed a chapter 11 case) of the difference between (a) the sum of the AMCV Settlement Cash Amount and any Cash that becomes available from the AMCV Settlement Avoidance Action Percentage minus (b) the amount required to pay all holders of Allowed AMCV Other Priority Claims other than m/s Patriot customers in full (including post-Effective Date interest). In addition, they will retain their claims against non-Debtor Oceanic Ship Co. to the extent the distributions they

receive hereunder do not constitute payment in full of all of their claims against Oceanic Ship Co. for deposits or prepayments for travel on the m/s Patriot or otherwise. On the Effective Date, or as soon thereafter as is practicable, the AMCV Settlement Cash Amount shall be distributed Pro Rata among holders of Allowed AMCV Other Priority Claims in Class 1E. If, after the Effective Date, any Cash is available from the AMCV Settlement Avoidance Action Percentage, the release of funds from the Disputed Claims Reserve for Disputed Claims against AMCV, or unclaimed, undeliverable or time-barred distributions to holders of Allowed AMCV Other Priority Claims pursuant to the Plan, then such Cash shall be distributed in the same manner as the AMCV Settlement Cash Amount on a Subsequent Distribution Date, if any, and the Final Distribution Date in accordance with the procedures set forth below. Notwithstanding the foregoing, the ~~aggregable~~ distributions received by the holders of Allowed AMCV Other Priority Claims under the Plan shall not exceed the amount of the Allowed Claim (together with interest on the unpaid portion thereof accruing from and after the Effective Date at a rate equal to five percent (5%) per annum, compounded annually).

5.6 Class 2: (MARAD AQ Secured Claims). Pursuant to the DNPS sale documentation in connection with the Asset Sale, payment of the \$47,311,509.40 Asset Sale proceeds allocable to the Assets of Great AQ Steamboat, L.L.C. was in the form of assumption of the Assumed MARAD Notes and execution and delivery of the New MARAD Note. Receipt by MARAD of the MARAD Notes was in full satisfaction, settlement, release and discharge of and in exchange for all Allowed Claims of MARAD against Great AQ Steamboat, L.L.C. Accordingly, pursuant to the MARAD Stipulation, MARAD withdrew and released its Claims against Great AQ Steamboat, L.L.C., including any MARAD AQ Deficiency Claim.

5.7 Class 3 (Other AQ Secured Claims). At the Debtors' option (after consultation with the Reconstituted Committee), as soon as is practicable after the later of (x) the Effective Date, or (y) 30 days after the date on which a Claim against Great AQ Steamboat,

L.L.C. becomes an Allowed **Other AQ Secured Claim**, the Debtors shall, in full satisfaction, settlement, **release and discharge** of and in **exchange** for such **Allowed Other AQ Secured Claim**, **(a) distribute** to **each** holder of an Allowed **Other AQ Secured Claim** the **collateral** securing such Allowed **Other AQ Secured Claim**, **(b) distribute** to each **holder** of an Allowed **Other AQ Secured Claim** Cash in an amount not to exceed **the amount** of its Allowed **Other AQ Secured Claim** (payable first, if **applicable**, from amounts set **aside** on account of such **Other AQ Secured Claim** by order of the **Bankruptcy Court**), or **(c) provide** for such **other** treatment **as may be agreed** upon by the **holder** of such **Allowed Other AQ Secured Claim** and the Debtors. Pursuant to **the MARAD Stipulation**, the Debtors, **MARAD** and the **Creditors'** Committee agreed that to **the extent any** holder of an **Allowed Other AQ Secured Claim** has a valid, **allowed claim secured** by a valid and **perfected security interest** or **lien** upon the American **Queen** vessel with priority **over the security interest and mortgage** of **MARAD**, such prior secured claim shall **attach** to the **Cash proceeds** of the Asset Sale and shall not attach to the **MARAD Notes** or the proceeds thereof.

5.8 Class 4 (General Secured Claims). At the Debtors' option **(after consultation with the Reconstituted Committee)**, as **soon as** is practicable **after** the later of **(x) the Effective Date**, or **(y) thirty (30) days after the date** on which a Claim **becomes** an Allowed **General Secured Claim**, the Debtors **shall**, in full satisfaction, **settlement, release and discharge** of and in **exchange** for such **Allowed General Secured Claim**, **(a) distribute** to each **holder** of an Allowed **General Secured Claim** the **collateral** securing such Allowed **General Secured Claim**, **(b) distribute** to each **holder** of an Allowed **General Secured Claim** Cash in an amount not to **exceed** the **Allowed General Secured Claim**, equal to **the** proceeds actually **realized from the sale** of any **collateral securing such** Claim (payable **first**, if applicable, from amounts **set aside** on account of such **General Secured Claim** by order of **the Bankruptcy Court**), less **the** actual costs

and **expenses** of disposing of such **collateral**, or (c) provide for such **other treatment** as may **be agreed** upon by **the** holder of **such** Allowed General Secured Claim and the **Debtors**.

5.9 Class 5 (Convenience Claims). At the **Debtors'** option (**after** consultation with **the Reconstituted Committee**), as soon as **practicable after** the later of (x) **the Effective Date** or (y) thirty (30) days **after the date** on which a **Convenience Claim** becomes an Allowed Convenience Claim, **the Selling Debtors** shall, in **full** satisfaction, **settlement**, release and discharge of such Allowed Convenience Claim, (a) distribute to **each holder** of an **Allowed Convenience Claim Cash** in an amount equal to 50% of such Allowed Convenience **Claim**, or (b) provide for such **other treatment** as may be **agreed** upon by **the** holder of such **Allowed Convenience Claim** and **the** Debtors.

5.10 Class 6A (Selling Debtors General Unsecured Claims). After (a) **satisfaction in full or satisfaction in accordance** with this **Plan of all** Allowed **Administrative Claims, Allowed Professional Claims** and Allowed Priority Tax Claims as provided in **Article 2** of **the** Plan, (b) **the** payment of **the Coastal Debtors Settlement Cash Amount**, the Independence Debtors **Settlement Cash** Amount, **the Columbia Queen Settlement Cash Amount** and **the AMCV Settlement Cash Amount** and (c) the **treatment** provided in the Plan for **Allowed Claims** in Classes IA, **2, 3, 4 and 5**, all **remaining** Available Cash of the Selling Debtors shall be distributed Pro Rata among **holders** of **Allowed Selling Debtors General Unsecured Claims** in Class **6A**. If, after **the Effective Date**, any **Cash** is available **from**, among other things, the liquidation of **Assets** of the Debtors' Estates, the prosecution and **enforcement** of **causes** of action of the **Debtors**, the release of **funds from the Disputed Claims Reserve** for **Disputed Claims asserted** against the Selling **Debtors, or unclaimed**, undeliverable or time-barred distributions to **holders** of Allowed Claims against the Selling Debtors pursuant to **the** Plan, **then** 50% of **the Cash** received from **the prosecution of Avoidance Actions** (net of the costs of Avoidance Actions) and **100% of Cash received from** other so- **shall be treated** as **Available Cash** of **the**

Selling Debtors and distributed in accordance with this **Section 5.6** on a Subsequent Distribution Date, if any, and the Final Distribution Date in accordance with the procedures set forth below. Notwithstanding the foregoing, the aggregate distributions received pursuant to the Plan shall not exceed the amount of the Allowed Claim (together with postpetition interest accruing on such Allowed Claims from and after the Petition Date at a rate equal to five percent (5%) per annum, compounded annually, solely for purposes of calculating the cap on any such distribution).

5.11 **Class 6B (Coastal Debtors General Unsecured Claims).** After satisfaction in full or satisfaction in accordance with this Plan of all Coastal Debtors Other Priority Claims, any remaining Coastal Debtors Settlement Cash Amount, Cash proceeds from the Coastal Debtor Settlement Avoidance Action Percentage, funds released from the Disputed Claims Reserve for Disputed Claims against the Coastal Debtors, or unclaimed, undeliverable or time-barred distributions to holders of Allowed Claims against the Coastal Debtors pursuant to the Plan, shall be treated as Available Cash of the Coastal Debtor and distributed Pro Rata among the holders of Allowed Coastal Debtors General Unsecured Claims in Class 6B on a Subsequent Distribution Date, if any, and the Final Distribution Date in accordance with the procedures set forth below. Notwithstanding the foregoing, the aggregate distributions received pursuant to the Plan shall not exceed the amount of the Allowed Claim (together with postpetition interest accruing on such Allowed Claims from and after the Petition Date at a rate equal to five (5%) per annum, compounded annually, solely for purposes of calculating the cap on any such distribution).

5.12 **Class 6C (Independence Debtors General Unsecured Claims).** After satisfaction in full or satisfaction in accordance with this Plan of all Independence Debtor Other Priority Claims, any remaining Independence Debtors Settlement Cash Amount, Cash proceeds from the Independence Debtors Settlement Avoidance Action Percentage, funds released from the Disputed Claims Reserve for Disputed Claims against the Independence Debtors, or

unclaimed, undeliverable or time-barred distributions to holders of Allowed Claims against the Independence Debtors pursuant to the Plan, shall be treated as Available Cash of the Independence Debtors and distributed Pro Rata among the holders of Allowed Independence Debtors General Unsecured Claims in Class 6C on a Subsequent Distribution Date, if any, and the Final Distribution Date in accordance with the procedures set forth below. Notwithstanding the foregoing, the aggregate distributions received pursuant to the Plan shall not exceed the amount of the Allowed Claim (together with postpetition interest accruing on such Allowed Claims from and after the Petition Date at a rate equal to five (5%) per annum, compounded annually, solely for purposes of calculating the cap on any such distribution).

5.13 Class 6D (Columbia Queen General Unsecured Claims). After satisfaction in full or satisfaction in accordance with this Plan of all Columbia Queen Other Priority Claims, any remaining Columbia Queen Settlement Cash Amount, Cash proceeds from the Columbia Queen Settlement Avoidance Action Percentage, funds released from the Disputed Claims Reserve for Disputed Claims against the Columbia Queen Debtor, or unclaimed, undeliverable or time-barred distributions to holders of Allowed Claims against the Columbia Queen Debtor pursuant to the Plan, shall be treated as Available Cash of the Columbia Queen Debtor and distributed Pro Rata among the holders of Allowed Columbia Queen General Unsecured Claims in Class 6D on a Subsequent Distribution Date, if any, and the Final Distribution Date in accordance with the procedures set forth below. Notwithstanding the foregoing, the aggregate distributions received pursuant to the Plan shall not exceed the amount of the Allowed Claim (together with postpetition interest accruing on such Allowed Claims from and after the Petition Date at a rate equal to five (5%) per annum, compounded annually, solely for purposes of calculating the cap on any such distribution).

5.14 Class 6E (AMCV General Unsecured Claims). After satisfaction in full or satisfaction in accordance with this Plan of all AMCV's Other Priority Claims, any remaining

AMCV Settlement Cash Amount, Cash proceeds from the AMCV Settlement Avoidance Action Percentage, funds released from the Disputed Claims Reserve for Disputed Claims against AMCV, or unclaimed, undeliverable or time-barred distributions to holders of Allowed Claims against AMCV pursuant to the Plan, shall be treated as Available Cash of AMCV and distributed Pro Rata among the holders of Allowed AMCV General Unsecured Claims in Class 6E on a Subsequent Distribution Date, if any, and the Final Distribution Date in accordance with the procedures set forth below. Notwithstanding the foregoing, the aggregate distributions received pursuant to the Plan shall not exceed the amount of the Allowed Claim (together with postpetition interest accruing on such Allowed Claims from and after the Petition Date at a rate equal to five (5%) per annum, compounded annually, solely for purposes of calculating the cap on any such distribution).

5.15 **Class 7 (Intercompany Claims)**. As a result of the Settlement, holders of Intercompany Claims will not receive any distribution of property under the Plan on account of their Intercompany Claims and, on the Effective Date, the Intercompany Claims will be cancelled.

5.16 **Class 8 (Interests)**. Holders of Interests will not receive any distribution of property under the Plan on account of their Interests and, on the Effective Date, the Interests will be cancelled.

ARTICLE 6

TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

6.1 **Assumption; Assignment**. As of the Effective Date, the Debtors (after consultation with the Creditors' Committee) shall assume or assume and assign, as applicable, pursuant to Bankruptcy Code section 365, each of the executory contracts and unexpired leases of the Debtors that are identified in the Disclosure Statement or any Exhibit thereto that have not

expired under their own terms prior to the Effective Date. The Debtors reserve the right to amend such Exhibit not later than ten (10) days Prior to the Confirmation Hearing either to:

(a) **delete any** executory contract or lease listed **therein and provide** for its **rejection** pursuant to Section 6.4 hereof; or (b) add **any executory** contract or **lease** to such Exhibit, thus providing for **its** assumption or assumption and assignment, as applicable, pursuant to **this Section**. The **Debtors** shall provide **notice** of any **such amendment** of such Exhibit to the parties to the **executory contract** or lease affected **thereby and counsel for the** Creditors' Committee not **later than ten** (10) days prior to the Confirmation **Hearing. The Confirmation** Order shall constitute an order of **the Bankruptcy** Court pursuant to Bankruptcy **Code section** 365 approving all such assumptions or assumptions and **assignments, as applicable,** described in this Section 6.1, as of **the Effective Date.**

6.2 **Cure Payments; Assurance of Performance.** Any **monetary defaults** under each **executory** contract and **unexpired lease to be assumed under the Plan shall be satisfied,** pursuant to **Bankruptcy Code section** 365(b)(1) **in either** of the following ways: (a) by **payment** of **the default** amount in **Cash, in full** on **the Effective Date;** or (b) by **payment** of **the default** amount on such **other terms as** may be **agreed** to by **the Debtors** and the non-Debtor **parties** to such **executory** contract or **lease. In** the event of a **dispute regarding** (i) **the amount or timing** of any **cure** payments, (ii) **the ability of the Debtors,** the Plan Administrator, or an assignee **thereof** to **provide** adequate **assurance of future performance** under the contract or **lease to be assumed or assumed** and assigned, as applicable., or (iii) any **other matter pertaining** to **assumption or assumption and assignment of the** contract or **lease to be assumed,** the **Debtors** shall pay **all** required **cure amounts promptly following the entry** of a Final **Order resolving the dispute.**

6.3 **Objections to Assumption of Executory Contracts and Unexpired Leases.** To **the extent that** any party to an **executory** contract or **unexpired lease identified** for **assumption asserts arrearages or damages** pursuant to Bankruptcy **Code section** 365(b)(1), or has

any **objection with** respect to **adequate assurance** of future performance, any proposed assumption, **revestment, cure** or **assignment** on the terms and conditions **provided herein**, all such **arrearages, damages and objections** must be filed and **served**: (a) as to any contracts or leases **identified** in the **Disclosure Statement** or any Exhibit **thereto that** is mailed to any party to any such contract or **lease** along with all other solicitation materials accompanying **the Plan**, **within** the same **deadline and in** the **same manner** established for **the Filing** and service of **objections** to Confirmation; and (b) as to any **contracts or leases identified** in any subsequent **amendments to the Disclosure Statement** or any Exhibit **thereto** that is **mailed to** any party to **any such contract or lease not later** than ten (10) days prior to the Confirmation **Hearing**, in such a manner as **to be received** by the **Bankruptcy Court** and Debtors, **the Plan Administrator** and counsel thereto, as **the case may be**, if **applicable**, no **later than three** (3) days prior to **the Confirmation Hearing**.

Failure to assert such **arrearages, damages or objections** in the manner described **above shall** constitute consent to the proposed assumption, **revestment, cure** or **assignment** on the **terms** and conditions provided **herein**, including an **acknowledgement that the proposed assumption and/or assignment provides adequate assurance** of future **performance** and **that the** amount **identified** for "cure" in the **Disclosure Statement** or any Exhibit thereto is **the** amount **necessary to cover** any and all **outstanding defaults under the executory contract** or unexpired **lease** to be assumed, as **well** as an acknowledgement and **agreement that** no other defaults exist under such **contract** or lease.

If any assumption of an **executory contract or unexpired lease** proposed **herein** for any **reason** is not approved by the **Bankruptcy Court**, then the Debtors shall be **entitled, in their sole discretion, upon written** notice to the applicable non-Debtor party to such executory **contract** or unexpired **lease**, to deem such executory contract or **unexpired lease** to have been **rejected** pursuant to the provisions of **Section 6.4** below.

6.4 Rejection. Except for those executory contracts and unexpired leases (a) that are **assumed pursuant to** this Plan, **(b) that** are the subject of previous **orders of the Bankruptcy Court** providing for their assumption or rejection **pursuant to** Bankruptcy Code section 365, or (c) that are the subject of a **pending motion before the** Bankruptcy Court with respect to **the assumption or assumption and assignment** of such **executory contracts and unexpired leases, as of the Effective Date**, all **executory contracts and unexpired leases of the Debtors** shall be rejected **pursuant to section 365** of Bankruptcy Code.

6.5 Approval of Rejection; Rejection Damages Claims Bar Date. **The Confirmation Order** shall constitute an Order of **the Bankruptcy Court** approving all **rejections under Section 6.4 above of executory contracts and unexpired leases pursuant to Bankruptcy Code section 365 as of the Effective Date.** Any Claim for **damages arising from any such rejection** must be **Filed within thirty (30) days** after the mailing of notice of the **entry of the Confirmation Order** or such Claim shall be forever barred, shall not **be enforceable against** the Debtors, **their Estates, the Plan Administrator**, or any of their respective **properties** and shall receive no **distribution under** the Plan or **otherwise** on account of such Claim. **Objections to any Claim for damages arising from any such rejection** must be **Filed and served on the claimant** on or before the later of (a) **the first Business Day that is sixty (60) days after the Effective Date**, **(b) the first Business Day that is sixty (60) days after the date such Claim for damages is Filed** or (c) such **other extended date granted by the Court upon request** by the Debtors and/or the Plan Administrator.

ARTICLE 7

MEANS FOR EXECUTION AND IMPLEMENTATION OF THE PLAN

7.1 Engagement of Plan Administrator. **On and after the Effective Date, the Debtors shall engage Paul Gunther** (or such **other Person** as is designated by the Creditors'

Committee or Reconstituted Committee and approved by the **Bankruptcy Court**) as **Plan Administrator**. The **Plan Administrator** may be **terminated or replaced** only **with** prior **Bankruptcy Court approval after notice** and a hearing. **The Plan Administrator** shall be appointed **the sole director, president and chief executive officer** of the Debtors and shall perform **the duties set forth in this Plan through the earlier** of the date **the Debtors** are dissolved in **accordance with Section 7.14 of the Plan** and the date **the Plan Administrator resigns, is unable to serve, or is terminated for cause, however, that, in the event that the Plan Administrator resigns, is unable to serve, or is terminated for cause** prior to the date the Debtors are dissolved in **accordance with Section 7.14 of the Plan**, then an individual to be **named by the Reconstituted Committee** shall, by operation of **the Plan** and without **need for further Bankruptcy Court order or corporate action, be appointed the Plan Administrator, sole director, president and chief executive officer** of the Debtors **subject to** the foregoing provisions. Within **fifteen (15) business days after the Effective Date, the Plan Administrator** shall obtain a fiduciary bond in the **face amount equal to the amount of Available Cash of all Debtors plus 10%, evidence of which shall be filed with the Bankruptcy Court, which bond (or a substitute bond for any successor Plan Administrator) shall remain in place until the resignation or removal of the Plan Administrator. The cost of such bond shall be treated as an Administrative Expense, which shall be paid out of Available Cash of the Selling Debtors.**

7.2 Continuing Existence. From and **after the Confirmation Date, the Debtors** shall continue in **existence. The Plan Administrator, with the consent of the Creditors' Committee or Reconstituted Committee** or approval of **the Bankruptcy Court**, shall have authority on behalf of **the Debtors, without further approval from the Bankruptcy Court, to take all actions necessary to: (a) hold, manage, protect, administer, collect, sell, liquidate, prosecute, transfer, resolve, settle, adjust, invest, distribute, or otherwise dispose of any Assets of the Debtors' Estates, including, without limitation, causes of action described in Section 9.1 of this**

Plan not **released in this Plan**; **(b) reconcile** Claims and contest **objectionable** Claims and **Disputed** Claims; **(c) make all** distributions to be **funded** under **this Plan**; **(d) engage** professionals (including those professionals **that presently** represent **the Debtors and the Creditors' Committee**) and any **other** Entities **necessary** to assist **the Plan** Administrator and the **Creditors' Committee** or Reconstituted **Committee** in **fulfilling their responsibilities**; **(e) pay all necessary** expenses incurred in connection **with the foregoing activities**; **(f) administer the Plan**; **(g) file tax returns** and make other related **corporate** filings; **(h) transfer Assets**; **(i) administer the Plan and the Assets of the Debtors' Estates**; and **(j) undertake such other responsibilities** as are **reasonable** and appropriate. The Plan Administrator shall **have absolute discretion to pursue** or not to **pursue** any and all claims, rights, or **causes** of action that **the Debtors** retain **pursuant to this Plan**, as he **determines** in the exercise of his **business** judgment and **in** consultation with **the Creditors' Committee** or **Reconstituted Committee** as provided **herein**, and **shall have** no **liability** for **the outcome** of his decision. **Subject** to Section 7.9 of the Plan, the Plan Administrator may incur and pay any **reasonable** and necessary **expenses** on **behalf of the Debtors** in **performing the** foregoing functions **without** Bankruptcy Court approval.

7.3 **Post-Effective Date Oversight of** the Debtors. On **the** Effective Date, the **Creditors' Committee shall be dissolved** and **the members** thereof shall be released and **discharged from** all authority, duties, **responsibilities, and** obligations and related to and arising **from and in connection** with **the Chapter 11 Cases**. On **the Effective** Date, the **creditors' Committee shall be** reconstituted to consist of **members** to be **appointed by the Creditors' Committee** (the **"Reconstituted Committee"**). The **Reconstituted Committee** shall be **authorized** to **have** its reasonable **expenses** reimbursed **from the Operating Reserve**. **Members** of the **Reconstituted Committee** shall receive no **compensation except reimbursement** of expenses **actually** incurred **directly** in **connection** with their **duties** on **the Reconstituted Committee**. **The Reconstituted Committee shall** be authorized to employ **counsel**, which **firm** (or firms) **shall be**

entitled to **compensation** from the Operating Reserve in accordance with Section 7.9 of the Plan. The **Reconstituted** Committee and its advisors shall be **authorized solely** to **oversee** distributions **under this** Plan and to exercise those **remedies** available to **the** Reconstituted Committee **under** this Plan; provided, however, that if the Plan Administrator fails to **perform** any material obligations under this Plan, the **Reconstituted** Committee may, upon notice and a hearing, seek a **Bankruptcy** Court order to **enforce the** provisions of the Plan and may **employ such experts as** may be **necessary** to advise the Reconstituted **Committee** with respect to such action.

7.4 **Plan Administrator Compensation.** The Plan Administrator shall be **compensated** at a **rate agreed** to by the **Plan** Administrator and **the Reconstituted Committee.**

7.5 **Plan Administrator and Reconstituted Committee Fiduciaries.** The Reconstituted **Committee** and **the Plan** Administrator shall **act** in a fiduciary **capacity** for **the interests** of all holders of Allowed Claims, **but** neither any decision of the Plan Administrator or the **Reconstituted** Committee nor **the** vote of **any** single **member** of **the Reconstituted** Committee shall **bind, limit** or **restrict** the rights or obligations of any **member** of the **Reconstituted** Committee to or **against the** Debtors, **their Estates** or any third party. **Notwithstanding** the foregoing, **the fiduciary obligations** of **members of** the Reconstituted **Committee** shall not restrict their ability to **act independently in their own interests.**

7.6 **Cancellation** of Instruments, Securities and Other Documentation. **Except** to the **extent** otherwise provided **under the** Plan, upon the **Effective Date**, all **agreements** (other **than assumed contracts** and **third** party guaranties and **indemnities** of the Debtors' obligations), credit agreements, **prepetition** loan documents and **postpetition** loan **documents** to which any Debtor is a party, and all lien claims and **other** evidence of liens against any **Debtors**, shall be **deemed** to be **cancelled** and of no **further force** and **effect, without** any further action on **the** part of the Debtors or the Plan Administrator. **The** holders **of or** parties to such **cancelled instruments, agreements,** securities and **other** documentation will have no **remaining** rights

arising from or relating to such documents or the cancellation thereof, except the rights provided pursuant to this Plan; provided, however, the Plan Administrator shall not be required to make any distribution under this Plan to or on behalf of any holder of an Allowed Claim evidenced by such cancelled instruments or securities unless and until such instruments or securities are marked cancelled by the holders thereof and received by Debtors or the Plan Administrator. Nothing set forth in this Section 7.6 should be deemed to cancel any obligations of DNPS to MARAD pursuant to the MARAD Notes.

7.7 No Revesting of Assets. The property of the Debtors' Estates shall not be revested in the Debtors on or following the Confirmation Date or the Effective Date but shall remain property of the Debtors' Estates and continue to be subject to the jurisdiction of the Bankruptcy Court following Confirmation of the Plan until distributed to holders of Allowed Claims or liquidated with the proceeds being contributed to Available Cash, in accordance with the provisions of the Plan and the Confirmation Order.

7.8 Post-Confirmation Operations. Following Confirmation and prior to the occurrence of the Effective Date, the Debtors shall execute such documents and take such other action as is necessary to effectuate the transactions provided for in this Plan. Upon the Effective Date, all officers and directors of the Debtors shall be deemed to have resigned without further action.

7.9 Post-Confirmation Professional Fees and Expenses. Counsel to the Debtors, counsel to the Reconstituted Committee and other professional persons who may be retained in this case may, from time to time, following the Effective Date, provide legal or other professional services in connection with the Chapter 11 Cases which are not encompassed within an application for allowance approved by the Bankruptcy Court. Such services may be paid from the Operating Reserve without further application to the Court within ten (10) days after submission of a bill to the Plan Administrator with copies to the Debtors' counsel, and counsel to

the Reconstituted Committee, provided that no objection to the payment is raised. If an objection is raised **and** remains **unresolved**, the affected professional may **file** an application for allowance with **the** Bankruptcy Court on notice **to** the Plan **Administrator**, counsel **to** the Debtors, **counsel** to the Reconstituted Committee, **the United States Trustee**, and any Party **having filed** a request for notice in the Chapter 11 Cases. Such **additional fees** and expenses will **thereafter** be paid **in the** amounts **fixed** by the **Bankruptcy** Court.

7.10 **Post-Effective Date Reporting.** As promptly as practicable after the **making** of any distributions **that** are required under **the** Plan to be **made** on the Effective Date, **but** in any **event** no **later** than ten **(10)** Business Days **after the** making of such distributions, **the Debtors** shall **provide the Reconstituted Committee with** a report **setting forth** the **amounts** and **timing** of all such distributions **and the recipients** thereof. Thereafter, **the Debtors** shall **provide** to the **Reconstituted** Committee **quarterly reports summarizing** (i) the cash **receipts** and disbursements of the **Debtors** for the immediately **preceding three-month** period and (ii) the status of resolution of any Disputed Claims **during** that **same period**. **Each** quarterly report shall **also state** the **Debtors' cash** balances as of **the** beginning and ending of each such **period**. Quarterly **reports** shall be **provided** no later than the **fifteenth (15th)** day of each January, April, July and **October until all** Final **Distributions** under the Plan have been **made**. In addition, the **Debtors** shall promptly provide to the **Reconstituted Committee such** other additional information that the **Reconstituted** Committee reasonably **requires in connection** with **carrying** out its duties and obligations **in connection with this Plan**.

7.11 **Post-Effective Date Indemnification Claims and the Indemnification Reserve.** On or **before the Effective** Date, the Debtors will **establish the** Indemnification **Reserve. The Indemnification Reserve** shall be used to pay any **Indemnification** Claims not otherwise **released** pursuant to **the Plan**. For the purpose **of this** Section 7.11 and the distributions to **be** made under the **Plan**, (a) Claims of the Plan **Administrator arising from** the

indemnification obligations of the **Debtors** to the **Plan Administrator** in his present or **former** capacity as a **representative** and/or **officer** of the **Debtors' Estates** and **(b)** the costs associated with any director's and/or officer's policy assumed pursuant to Section 6.1 hereof, shall be paid from the **Indemnification Reserve** but not capped by the amounts contained therein. On the **Final Distribution Date**, any funds remaining in the **Indemnification Reserve** shall (i) **first**, be used to prepay remaining **coverage under any** director's and/or officer's policy assumed pursuant to **Section 6.1** hereof, and (ii) **second**, to the extent remaining, **become Available Cash** of the **Selling Debtors** subject to the **Final Distribution** procedures set forth in **Section 10.14** hereof

7.12 **Post-Confirmation Funding of Operations and Funding of Plan.** This Plan shall be funded by (i) **Available Cash** of the **Selling Debtors on the Effective Date**, (ii) funds added to **Available Cash** of the **Selling Debtors** after the **Effective Date from**, among other things, **the liquidation of the Debtors' remaining Assets** and the **prosecution and enforcement of causes of action**, (iii) **the proceeds** of the **Settlement between the Selling Debtors** and the other **Debtors**, and (iv) the **release** of any **funds** held in reserve in **accordance with** the terms thereof. The **post-Confirmation** operations of the **Debtors** shall be funded from the **Operating Reserve**.

7.13 **Post-Confirmation Accounts.** The **Debtors** may establish **one or more interest-bearing accounts** as they determine may be necessary or appropriate to effectuate the provisions of this Plan consistent with section 345 of the **Bankruptcy Code** and any orders of the **Bankruptcy Court**, including accounts for the **Operating Reserve**, **the Indemnification Reserve** and the **Disputed Claims Reserve**.

7.14 **Dissolution** of the **Debtors**. Upon the distribution of all **Assets** of the **Debtors' Estates** pursuant to this Plan (including the transfer of any amounts held in **reserve**) and the filing by or on behalf of the **Debtors of a certification** to that effect with the **Bankruptcy Court**, the **Debtors** will be **dissolved** for all purposes effective as of the **Final Distribution Date** without the **necessity** for any other or **further** actions to be taken by or on behalf of the **Debtors**

or payments to be made in connection ~~therewith, provided,~~ however, that ~~each~~ of the Debtors shall ~~file with the official~~ public office for ~~keeping corporate records~~ in its state of incorporation or ~~organization a certificate~~ of dissolution or equivalent document. Such ~~a certificate~~ of dissolution may be ~~executed~~ by the ~~Plan~~ Administrator without ~~need~~ for any action or approval by the ~~shareholders, members~~ or Board of ~~Directors~~ of ~~any~~ Debtor. From and ~~after the Effective~~ Date, the Debtors (i) 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~~, (ii) shall be ~~deemed to~~ have ~~cancelled~~ pursuant to this ~~Plan~~ all ~~Interests~~ and all Intercompany Claims, and (iii) 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~~.

7.15 Closing of the Chapter 11 Cases. ~~Notwithstanding anything to the~~ contrary in the Bankruptcy ~~Rules providing~~ for ~~earlier closure~~ of the Chapter ~~11 Cases~~, when all Disputed Claims against the Debtors ~~have become~~ Allowed Claims or ~~have~~ been disallowed by ~~Final Order~~, ~~and~~ all remaining Assets of ~~the Debtors~~ have been liquidated ~~and~~ converted into ~~Cash~~ (other ~~than those~~ Assets abandoned by ~~the Debtors~~ or, if applicable, ~~the Reconstituted Committee~~), ~~and such~~ Cash ~~has~~ been distributed ~~in accordance with this Plan~~, or at such ~~earlier time~~ as ~~the~~ Debtors, in consultation with the ~~Reconstituted Committee~~, deem appropriate. ~~the~~ Debtors ~~shall~~ seek authority ~~from~~ the Bankruptcy Court to ~~close the Chapter 11 Cases~~ in ~~accordance~~ with the Bankruptcy ~~Code~~ and the Bankruptcy ~~Rules~~.

ARTICLE 8 SETTLEMENT

The Selling Debtors sold substantially all of their assets for approximately \$80.9 million in cash and assumed liabilities. The other Debtors have little or no assets except for potential Avoidance Actions and Intercompany Claims, including substantive consolidation claims against the Selling Debtors. In an effort to treat all of the Estates of the Debtors and all of the Creditors thereof fairly, to avoid costly potential litigation among the Debtors and between the Debtors and non-Debtor Oceanic Ship Co. which would substantially reduce recoveries for all Creditors and to ensure speedy and efficient distributions to Creditors, the Debtors and non-Debtor Oceanic Ship Co. have agreed to the following Settlement, subject to Court approval.

8.1 Intercompany Claims of AMCV against the Selling Debtors. AMCV asserts Intercompany Claims against the Selling Debtors totalling approximately \$64 million. In addition, AMCV asserts substantive consolidation claims against the Selling Debtors because all of the Debtors utilize a centralized cash management system. The Selling Debtors assert that AMCV's Intercompany Claims should either be recharacterized as equity contributions or equitably subordinated pursuant to section 510(c) of the Bankruptcy Code. The Intercompany Claims never bore any of the hallmarks of a debt obligation. They were never memorialized by intercompany notes or other loan documentation, they never had fixed maturity dates or payment schedules and they did not bear interest. Moreover, the Selling Debtors assert that AMCV should not be granted the extraordinary remedy of substantive consolidation because, aside from a centralized cash management system and similar directors and officers, the Selling Debtors operated separately from AMCV. After consultation with the Creditors' Committee and the Examiner, the Selling Debtors and AMCV have agreed to settle and release all Intercompany Claims they have against each other, including, without limitation, substantive consolidation

claims, in exchange for the following: (a) **the Selliig Debtors** shall pay all **Allowed Administrative Claims, Allowed Professional Claims** and **Allowed Priority Tax Claims** against my or all of the Debtors, (b) **the Selling Debtors** shall fund **the Operating Reserve** and the **Indemnification Rscrvc**, (c) **AMCV** shall **transfer** any and all of its **Assets** (except those constituting collateral **for a General Secured Claim** against **AMCV**) **and** causes of action, **including** Avoidance Actions, to the **Selling Debtors**, (d) **the Selling Debtom** shall pay to **AMCV** the **AMCV Settlement Cash Amount**, and (e) **AMCV** shall **receive the Cash Proceeds from the AMCV Settlement Avoidattcc Action Percentage**.

ft.2 **Intercompany** Claims of the **Coastal Debtors** against the **Selling Debtors**. **The Coastal Debtors** assert **Intercompany** Claims against the **Selling Debtors** seeking to substantively **consolidate the Coastal Debtors and the Selling Debtors**. The **Selling Debtors** **assert** that the **Coastal Debtors** should not be granted **the** extraordinary remedy of **substantive consolidation because**, aside **from a centralized** cash management system **and** similar **directors and officers**, the **Selling Debtors operated separately from the Coastal Debtors**. After consultation with **the Creditors' Committee** and the **Examiner**, the **Selling Debtors and Coastal Debtors** have **agreed to settle** and release all **Intercompany Claims** they have against **each** other, including without limitation, **substantive consolidation claims**, in exchange for the following: (a) **the Selling Debtors** shall pay all **Allowed Administrative Claims, Allowed Professional Claims** and **Allowed Priority Tax Claims** against any or all of the Debtors, (b) **the Selling Debtors** shall fund **the Operating Reserve** and the **Indemnification Rscrvc**. (c) **the Coastal Debtors** shall **transfer any** and all of their **Assets** (except those **constituting collateral** for a **General Secured Claim** against any of the **Coastal Debtors**) and causes of action, **including** Avoidance Actions, to the **Selling Debtors**, (d) **the Selling Debtors shall** pay to the **Coastal Debtors the Coastal Debtors Settlement Cash Amount**, and (c) **the Coastal Debtors** shall **receive the Cash proceeds from the Coastal Debtors Settlement Avoidance Action Percentage**.

8.3 Intercompany Claims of the Independence Debtors against the Selling Debtors. The Independence Debtors assert Intercompany Claims against the Selling Debtors seeking to substantively consolidate the Independence Debtors and the Selling Debtors. The Selling Debtors assert Intercompany Claims against the Independence Debtors in an aggregate amount of approximately \$49.7 million. Moreover, the Selling Debtors assert that the Independence Debtors should not be granted the extraordinary remedy of substantive consolidation because, aside from a centralized cash management system and similar directors and officers, the Selling Debtors operated separately from the Independence Debtors. After consultation with the Creditors' Committee and the Examiner, the Selling Debtors and Independence Debtors have agreed to settle and release all Intercompany Claims they have against each other, including, without limitation, substantive consolidation claims, in exchange for the following: (a) the Selling Debtors shall pay all Allowed Administrative Claims, Allowed Professional Claims and Allowed Priority Tax Claims against any or all of the Debtors, (b) the Selling Debtors shall fund the Operating Reserve and the Indemnification Reserve, (c) the Independence Debtors shall transfer any and all of their Assets (except those constituting collateral for a General Secured Claim against any of the Independence Debtors) and causes of action, including Avoidance Actions, to the Selling Debtors, (d) the Selling Debtors shall pay to the Independence Debtors the Independence Debtors Settlement Cash Amount, and (e) the Independence Debtors shall receive the Independence Debtors Settlement Avoidance Action Percentage.

8.4 Intercompany Claims of the Columbia Queen Debtor against the Selling Debtors. The Columbia Queen Debtor asserts Intercompany Claims against the Selling Debtors seeking to substantively consolidate the Columbia Queen Debtor and the Selling Debtors. The Selling Debtors assert Intercompany Claims against the Columbia Queen Debtor in an aggregate amount of approximately \$1.55 million. Moreover, the Selling Debtors assert that the Columbia

Queen Debtor should not be **granted the extraordinary remedy** of substantive consolidation because, aside **from a centralized cash management** system and similar **directors and officers, the Selling Debtors operated separately** from the Columbia Queen Debtor. **After** consultation with the **Creditors' Committee** and the **Examiner, the Selling Debtors and Columbia Queen Debtor have agreed to settle** and release all **Intercompany Claims** they have against each other, including, without limitation, substantive consolidation claims, as follows: (a) **the Selling Debtors shall pay all Allowed Administrative Claims, Allowed Professional Claims and Allowed Priority Tax Claims against any or all of the Debtors, (b) the Selling Debtors shall fund the Operating Reserve and the Indemnification Reserve, (c) the Columbia Queen Debtor shall transfer any and all of its Assets (except those constituting Collateral for a General Secured Claim against the Columbia Queen Debtor) and causes of action, including Avoidance Actions, to the Selling Debtors, (d) the Selling Debtors shall pay to the Columbia Queen Debtor the Columbia Queen Debtor Settlement Cash Amount, and (e) the Columbia Queen Debtor shall receive the Cash proceeds of the Columbia Queen Debtor Settlement Avoidance Action** Percentage.

8.5 Priority Claims of m/s Patriot Customers against **AMCV. Oceanic Ship Co.** asserts claims against **AMCV seeking to substantively** consolidate non-Debtor **Oceanic Ship Co. and AMCV.** **AMCV asserts claims against Oceanic Ship Co. in an aggregate amount of approximately \$41.6 million. Moreover, AMCV asserts that Oceanic Ship Co. should not be granted the extraordinary** remedy of substantive consolidation because, aside **from a centralized cash management system and** similar directors and officers. **Oceanic Ship Co. operated separately from AMCV. After** consultation with the **Creditors' Committee** and the **Examiner, Oceanic Ship Co. has agreed to release any substantive consolidation claim it has against any of the Debtors pursuant to a Settlement Agreement in the form attached hereto as Exhibit 4 in exchange for each customer asserting a priority claim for deposits or prepayments for travel on**

the m/s Patriot being granted an Allowed AMCV Other Priority Claim in an amount equal to his share (based on the ratio of the allowed priority claim he would have against Oceanic Ship Co. (the former owner of the m/s Patriot) had it filed a chapter 11 case to the aggregate of all of the allowed priority claims all such customers would have against Oceanic Ship Co. had it filed a chapter 11 case) of the difference between (a) the sum of the AMCV Settlement Cash Amount and any Cash that becomes available from the AMCV Settlement Avoidance Action Percentage minus (b) the amount required to pay all holders of Allowed AMCV Other Priority Claims other than m/s Patriot customers in full (including post-Effective Date interest). Nothing set forth in this Settlement shall in any way be deemed a release of any claims of any m/s Patriot customers of any claims against non-Debtor Oceanic Ship Co. Such customers will retain their claims against non-Debtor Oceanic Ship Co. to the extent the distributions they receive hereunder do not constitute payment in full of all of their claims against Oceanic Ship Co. for deposits or prepayments for travel on the m/s Patriot or otherwise.

ARTICLE 9

POSTCONFIRMATION LITIGATION

9.1 Retention and Enforcement of Causes in Action. Pursuant to section 1123(b)(3) of the Bankruptcy Code, except as otherwise provided in this Plan or the Confirmation Order, the Plan Administrator will have the exclusive right to enforce any and all causes of action against any Person and rights of the Debtors that arose before, on or after the Petition Date, including but not limited to the rights and powers of a trustee and debtor-in-possession, against any Person whatsoever, including but not limited to all avoidance powers granted to the Debtors under the Bankruptcy Code and all causes of action and remedies granted pursuant to sections 502, 506, 510, 541, 542, 543, 544, 545, 547 through 551 and 553 of the Bankruptcy Code. Bankruptcy Court approval for settlement of any claims or causes of action

and other rights brought by the Debtors or the **Plan Administrator** shall not **be required except** as **herein** provided. Any settlement of any **causes** of action and **other** rights involving an original **cause of action** or other **right equal to** or in **excess** of \$250,000 shall be **subject to the** approval of the Bankruptcy Court. Any settlement **of any** causes of action or other **rights** involving an original **cause** of action or **other** right in **excess** of \$25,000 but **less** than \$250,000 shall **also** be subject to **the approval** of **the** Bankruptcy Court if the Plan Administrator **receives** a **written objection** (which **objection** is not **consensually resolved**) within ten (10) **Business Days** of service of **written notice** of **the** proposed settlement to the **Reconstituted Committee and MARAD**.

9.2 **Objections to Claims.** Subject to **applicable** law, from and **after the Effective Date**, the **Plan Administrator** shall have the authority to **File, settle, compromise, withdraw, arbitrate or litigate to judgment objections** to Claims: (a) pursuant to applicable **procedures established** by **the** Bankruptcy Code, the Bankruptcy Rules and this Plan; and (b) subject to **the** oversight authority **granted to the Reconstituted Committee under this Plan**. **Except with respect to Administrative Claims and Claims for rejection damages, no deadlines** by which objections to Claims must be **filed** have been **established in these Chapter 11 Cases**.

ARTICLE 10 DISTRIBUTIONS

10.1 **No Duplicate Distributions.** Unless **expressly** provided in the Plan, to the **extent** more than one **Debtor** is **liable** for any Claim, such Claim shall be **considered** a single Claim and **entitled** only to **the** payment **provided therefor** under the applicable provisions of the **Plan**.

10.3 **Distributions by the Debtors.** Distributions under this Plan **shall be made by the** Plan Administrator. The **Plan Administrator** may employ or contract **with other** entities to

assist in or **make the distributions** required by the Plan without **further order** of **the** Bankruptcy Court. Distributions to any **holder** of an **Allowed Claim** shall be **allocated first to** the principal portion of any such **Allowed Claim**, **and, only after** the principal portion of any such **Allowed Claim** is **satisfied in** full, to any portion of **such** **Allowed Claim** **comprising** interest (but solely to the **extent** that **interest is** an allowable portion of such **Allowed Claim** **pursuant** to this **Plan** or **otherwise**). All payments shall be made in accordance with the priorities established in the **Bankruptcy Code**.

10.3 **Delivery of Distributions in General.** Distributions to **holders** of **Allowed Claims** shall be made: (a) at the addresses **set forth** in **the proofs** of Claim Piled by such **holders**; **(b)** at the **addresses set forth in** any **written notices** of **address change delivered** to the Plan Administrator **after the date** on which **any** related proof of **Claim was Filed**; or (c) at the addresses **reflected** in the Schedules relating to **the** applicable **Allowed Claim** **if no** proof of Claim has **been Filed** and the Plan **Administrator** has not **received** a written notice of a change of **address**.

10.4 **Cash Payments.** **Cash** payments to **be made pursuant** to the Plan shall be made by checks drawn **on** a domestic bank or by wire **transfer** from a **domestic** bank, **at the** option of **the Debtors**.

10.5 **Interest** on Claims. **Unless otherwise specifically** provided for in this Plan or **the Confirmation Order**, or **required** by applicable **bankruptcy** law, **postpetition interest** shall **not accrue** or be paid on **Claims**, and no **holder** of a **Claim** shall be entitled to interest accruing **on** or **after** the Petition Date on any Claim. **Interest** shall not **accrue** or be paid upon any **Disputed Claim** **in respect** of the period from **the Petition** Date to the date a Final Distribution is made **thereon** **if and after** such **Disputed** Claim becomes an **Allowed Claim**.

10.6 **No De Minimis Distributions.** Other than in the **Final** Distribution, no payment of **Cash** in an amount of less than \$50.00 shall **be made on account** of any **Allowed**

Claim. Such **undistributed** amount will **instead** be **made** part of **the** Available Cash of **the** applicable Debtor for use in accordance with this Plan.

10.7 Face Amount. **Unless otherwise expressly set** forth herein **with respect** to a **specific** Claim or Class of Claims, for **the** purpose of the provisions of **this Article, the "Face Amount"** of a **Disputed** Claim means the amount **set** forth on **the** proof of Claim **unless the** Disputed **Claim** has **been** estimated for distribution purposes or, in the **alternative,** if no proof of Claim has been **timely** Filed or deemed Filed, zero.

10.8 Unclaimed Distributions. If **the** distribution check to any **holder** of an Allowed Claim is **not cashed** within sixty **(60)** days after it is sent out by **the** Plan Administrator, the holder of such Allowed **Claim** shall have **such** Claim discharged and shall be forever barred **from** asserting **such** Claim against **the Debtors** or **their property.** In **such cases,** any **Cash** held for distribution on account of such **Claim** shall **become the** property of **the** Debtors' Estates, shall, if **applicable,** be **returned** to **the** Plan Administrator as part of Available Cash of the applicable Debtor and shall be distributed by the applicable Debtor in **accordance** with **the terms of this Plan.**

10.9 Effective Date Distributions. On **the Effective** Date, or as soon **thereafter** as **practicable, the** holders of **Allowed Administrative Claims,** Allowed Priority Tax Claims, Allowed professional Claims and Allowed **Claims in Classes 1A, 1B, 1C, 1D, 1E, 3, 4, 5 and 6A,** shall receive Cash equal to **the distributions** for **each** respective **Class** as set forth in the Plan or, in **the** case of **the** holders of Allowed Claims **in Classes 3 and 4,** receive **their** collateral **pursuant** to **Sections 5.7 and 5.8 of the** Plan. In **satisfaction** of its Class 2 Claims, **MARAD shall retain the MARAD Notes.**

10.10 Supplemental Distributions. Unless **otherwise provided** in the **Plan,** to the extent any **Debtor** has Available **Cash subsequent** to **the Effective** Date, **such Debtor** shall, on a Subsequent **Distribution** Date, **distribute** such Available Cash to the holders of Claims **entitled**

thereafter that were Allowed on the Effective Date or subsequently have become Allowed on or before the Subsequent Distribution Date (each, a "Supplemental Distribution"). Each Supplemental Distribution will reduce the Disputed Claims Reserve, calculated based upon, following resolution of all disputes and Allowance of any previously Disputed Claim, the reduction of the reserve by the amount previously allocated to the Disputed Claim Reserve on account of the Disputed Claim, as calculated prior to the date of the Supplemental Distribution.

10.11 **Final Distributions.** Each of the Debtors shall, on the Final Distribution Date, distribute all Available Cash to the holders of Allowed Claims against such Debtor entitled thereto in accordance with the priorities and restrictions set forth herein.

10.12 **Disputed Claims Reserve.** To the extent there exist as of the Effective Date Disputed Claims in any Class, the Debtors shall reserve from any distribution of their Estate Assets Cash in an amount equal to the Pro Rata portion of such distribution to which such Disputed Claim would be entitled if Allowed in the amount asserted by the holder of such Disputed Claim, as set forth in the definition of Disputed Claim Reserve. To the extent that any such Disputed Claim becomes an Allowed Claim such reserved Cash shall be distributed to the holder of the Allowed Claim in a manner and amount consistent with the treatment of Allowed Claims in that Class, with any surplus Cash becoming generally available for use by the Debtors in accordance with the terms of this Plan.

10.13 **Claims Resolution Authority.** The Debtors shall review Claims that are not Allowed Claims and shall resolve such Claims through the claims objection process in the Bankruptcy Court or by compromise. Bankruptcy Court approval for compromise of a Claim shall not be required except as herein provided. Any compromise of a Claim in a disputed amount which is to be allowed in an amount equal to or in excess of \$100,000 shall be subject to the approval of the Bankruptcy Court but such compromise shall not require notice to any party other than to the members of the Reconstituted Committee, to MARAD and to the U.S. Trustee,

and shall not **require** a hearing, **unless** the **Bankruptcy** Court orders otherwise. **Any compromise** of a Disputed Claim with **respect to** which the amount to be allowed is **in excess** of \$50,000 but less than **\$100,000** shall also be **subject** to Bankruptcy Court approval if **the** proposed compromise is objected to (which objection is **not** resolved **consensually**) by the Reconstituted **Committee, MARAD** or **the U.S. Trustee**, **within** ten (10) business days of their receipt of such **notice**. The **Debtors**, in their **sole discretion**, may submit resolutions of Claims in disputed amounts of \$50,000 and less to **the Bankruptcy** Court for its approval, but they are **fully authorized** to resolve **such** Claims **without Bankruptcy** Court approval.

10.14 **Compliance** with Tax Requirements. In connection with the Plan and the distributions **made in accordance** thereto, to **the** extent **applicable**, **the** Debtors shall comply with all tax **withholding** and **reporting requirements** imposed on **them** by **any governmental** unit and all distributions pursuant to **the Plan** shall be subject to such **withholding** and **reporting requirements**. The Plan Administrator **shall** be authorized to **take** any and all **actions** that may **be necessary** or **appropriate** to comply with such **withholding** and **reporting requirements**.

10.15 **Distributions by the Indenture** Trustee. **Distributions** under this Plan on account of **Allowed** Claims arising **from** or out of **the** 7% Convertible Junior Subordinated **Debentures** and the **AMCV Capital** Trust I Convertible Preferred **Securities** shall be **made to the Indenture** Trustee, as **appropriate**, as disbursing agent for **such** Allowed Claims, for **further** distribution to holders of such **Allowed Claims**. Any such further distributions **shall be made** by the **Indenture Trustee** pursuant to **the** 7% Convertible Junior Subordinated Debentures and **the** **AMCV Capital** Trust I Convertible Preferred **Securities**, **respectively**, and the Plan (i) **first**, to the **Indenture** Trustee for application to any unpaid fees, **compensation**, expenses, (including the **Indenture Trustee's** professional fees and expenses) **disbursements** and **advances** to the extent provided **in** the applicable indenture; and (ii) **thereafter**, on **account** of the Allowed Claims

arising **from** or out **of the** 7% Convertible Junior Subordinated **Debentures** and **the** AMCV Capital **Trust I** Convertible Preferred Securities, as the **case** may be.

10.16 Record Date for Distributions to the Indenture Trustee. At the close of **business** on **the** Distribution Record Date, the transfer **records** for the 7% Convertible Junior Subordinated Debentures and the AMCV Capital Trust i Convertible **Preferred** Securities shall be closed, and there shall be no **further** changes **in** record holders of the 7% Convertible Junior Subordinated **Debentures** and **the** AMCV Capital Trust **J Convertible** Preferred Securities. **AMCV**, the Plan **Administrator** and the Indenture Trustee shall have no obligation to **recognize any** transfer of Claims arising from or out of the 7% Convertible Junior **Subordinated Debentures** or **the** AMCV Capital Trust i Convertible **Preferred Securities** occurring **after the** Distribution Record **Date** and shall be **entitled to recognize and deal** for all purposes **hereunder with only those record holders** as **of the** close of business on the Distribution Record Date.

ARTICLE 11 RELEASE OF LIENS

Except as otherwise provided in this **Plan** or **any contract, instrument,** release, indenture **or other agreement** or **document created** in connection with this Plan, all liens, encumbrances and **other security interests** against **Assets** of the Debtors' Estates shall be deemed fully and completely released and discharged and all **of the** Assets of **the Debtors' Estates** shall be **deemed** free and clear of any such liens, claims and **encumbrances** on and **after the Effective Date.**

ARTICLE 12
CONDITIONS TO THE EFFECTIVE DATE

12.1 **Conditions to Effective Date.** The Plan shall **not become effective** and the **Effective Date shall not occur** unless and until:

12.1.1 The Bankruptcy Court shall **have** entered **the** Confirmation Order **in form and substance satisfactory to the** Debtors and **the Creditors'** Committee;

12.1.2 No stay of **the Confirmation Order** shall be in effect at the time **the other** conditions **set forth** in this **Section 12.1** are satisfied, or, if permitted, **waived**;

12.1.3 All **documents, instruments and agreements,** in form and **substance satisfactory** to the Debtors, provided **for** under **this Plan** or **necessary** to implement this **Plan** shall **have been** executed and delivered by **the parties thereto,** unless **such** execution or **delivery has** been waived by **the parties benefited thereby;** and

12.1.4 There shall exist **sufficient Available Cash** of **the Selling Debtors** to pay all Allowed Administrative Claims, **Allowed Professional** Claims, and Allowed **Priority** Tax Claims.

12.2 **Termination of Plan for Failure To Become Effective.** If the **Effective Date shall not have occurred** on or prior to **the** date that is forty-five (45) days after **the** Continuation Date, **then this plan shall terminate and be of no further force or effect unless the provisions of this Smtiou are** waived in writing by **the Debtors** and **the Creditors'** Committee.

12.3 **Waiver of Conditions.** The Debtors and **the Creditors'** Committee, in their **sole** discretion, may **waive Section 12.2** of **this Plan.**

12.4 **Notice of Effective Date.** **On** the Effective Date, **or as soon thereafter as is practicable, the Debtors shall file with the** Bankruptcy Court a "Notice of **Effective Date**" in a form **reasonably acceptable to the Debtors** in **their sole** discretion, which notice shall **constitute appropriate and adequate** notice **that** this Plan has **become effective, provided, however,** that the **Debtors shall have** no obligation to notify any **Person** other **than the** Creditors' Committee **of**

such fact. The Plan shall be deemed to be effective as of 12:01 a.m., prevailing Eastern time, on the date of such filing. A courtesy copy of the Notice of Effective Date may be sent by first class mail, postage prepaid (or at the Debtors' option, by courier or facsimile) to those Persons who have filed with the Bankruptcy Court requests for notices pursuant to Bankruptcy Rule 2002.

ARTICLE 13
EFFECT OF CONFIRMATION

13.1 Jurisdiction of Court. Until the Effective Date, the Bankruptcy Court shall retain jurisdiction over the Debtors, their Assets and their Estates. Thereafter, jurisdiction of the Bankruptcy Court over the Debtors, their Assets and their Estates shall be limited to the subject matters set forth in Article 14 of this Plan.

13.2 Binding Effect. Except as otherwise provided in section 1141(d) of the Bankruptcy Code, on and after the Confirmation Date, the provisions of this Plan shall bind any holder of a Claim against or Interest in the Debtors and such holder's respective successors and assigns, whether or not the Claim or Interest of such holder is Impaired under this Plan and whether or not such holder has accepted the Plan.

13.3 Stay. *Unless otherwise provided herein, all injunctions or stays provided for in the Chapter 11 Cases of the Debtors pursuant to section 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the Final Distribution Date.*

13.4 Exculpation. *Except as otherwise specifically provided in this Plan, neither the Debtors nor the Creditors' Committee (solely with respect to its conduct as a committee and not with respect to the actions of its members as individual creditors), nor any of such parties' respective present members (with respect to members of the Creditors' Committee, solely with respect to each member's conduct in furtherance of its, his, or her duties as a*

member of the Creditors' Committee, and not with respect to the actions of such members as individual creditors), officers, directors, employees, representatives, advisors, attorneys, financial advisors, investment bankers or agents or any of 'such parties' successors and assigns, shall have or incur, and are hereby released from, any Claim, obligation, cause of action or liability to one another or to any holder of a Claim or an Interest, or any other party in interest, or any of their respective officers, directors, members and/or enrollees, employees, representatives, advisors, attorneys, financial advisors, investment bankers, agents, or Affiliates, or any of their successors or assigns, for any act or omission in connection with, relating to, or arising out of: the Chapter 11 Cases, the pursuit of Confirmation of this Plan, the consummation of this Plan, or the administration of this Plan or the proper@ to be distributed under this Plan, except for their willful misconduct or gross negligence, and in all respects shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities under this Plan.

13.5 Injunction. Except as otherwise specifically provided in the Plan or the Confirmation Order, all Persons who have held, hold or may hold claims, rights, causes of action, liabilities or any equity interests based upon any act or omission, transaction or other activity of any kind or nature that occurred prior to the Effective Date, other than as expressly provided in this Plan or the Confirmation Order, regardless of the filing, lack of filing, allowance or disallowance of such a Claim or Interest and regardless of whether such Person has voted to accept the Plan and any successors, assigns or representatives of the foregoing shall be precluded and permanently enjoined on and after the Effective Date from (a) commencing or continuing in any manner any Claim, action or other proceeding of any kind with respect to any Claim, Interest or any other right or Claim against the Debtors, or any assets of the Debtors which they possessed or may possess prior to the Effective Date, (b) the enforcement, attachment, collection or recovery by any manner or means of any judgment,

award, decree or order with respect to any Claim, Interest or any other right or Claim against the Debtors, or any Assets of the Debtors which they possessed or may possess prior to the Effective Date, (c) creating, perfecting or enforcing any encumbrance Of any kind with respect to any Claim, Interest or any other right or Claim against the Debtors, the Debtor Releasees, or any Assets of the Debtors which they possessed or may possess prior to the Effective Date, and (d) asserting any Claims that are released hereby.

13.6 Releases by Debtors. *Except as expressly provided in this Plan, upon the Effective Date, the Debtors hereby (i) remise, acquit, waive, release and forever discharge each of the Debtor Releasees, and (ii) covenant and agree never to institute or cause to be instituted any suit or other form of action or proceeding of any kind or nature whatsoever against any of the Debtor Releasees based upon any claims, demands, indebtedness, agreements, promises, causes of action, obligations, damages or liabilities of any nature whatsoever, in law or in equity, whether or not known, suspected or claimed, that the Debtors or their Estates ever had, claimed to have, has, or may have or claim to have against the Debtor Releasees, or any of them, by reason of any matter, cause, thing, act or omission of the Debtor Releasees, or any of them, in each case related to the Debtors. All Claims so waived and released shall be waived and released for all purposes.*

13.7 Limitation of Liability. *Except as expressly set forth in the Plan, following the Effective Date, none of the Debtors, the Plan Administrator, the Creditors' Committee, the Reconstituted Committee or any of their respective members, officers, directors, employees, advisors, attorneys, professionals or agents shall have or incur any liability to any holder of a Claim or Intercreditor for any act or omission in connection with, related to, or arising out of, the Chapter 11 Cases, the pursuit of Confirmation of the Plan, the consummation of the Plan or any contract, instrument, release or other agreement or document created in connection*

with this Plan, or the administration of the Plan or the property to be distributed under the Plan, except for willful misconduct or gross negligence.

ARTICLE 14
RETENTION OF JURISDICTION

Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, the Bankruptcy Court shall retain such jurisdiction over the Chapter 11 Cases of the Debtors after the Effective Date as in legally permissible, including jurisdiction to:

(a) Allow, disallow, **determine, liquidate,** classify, estimate or establish the priority or secured or unsecured status of any Claim or Interest, including the resolution of any request for payment of any Administrative Claim and the resolution of any and all objections to the allowance or priority of Claims, Interests and Administrative Claims;

(b) Hear and **determine** any and all causes of action against any Person and rights of the Debtors that arose before or after the Petition Date, including but not limited to the rights and powers of a trustee and debtor-in-possession, against any Person whatsoever, including but not limited to all avoidance powers granted to the Debtors under the Bankruptcy Code and all causes of action and remedies granted pursuant to sections 502, 506, 510, 541, 542, 543, 544, 545, 547 through 551 and 553 of the Bankruptcy Code;

(c) Grant or deny any applications for allowance of compensation for professionals authorized pursuant to the Bankruptcy Code or the Plan, for Periods ending on or before the Effective Date;

(d) Resolve any matters relating to the assumption, assumption and assignment or rejection of any executory contract or unexpired lease to which any Debtor is a party or with respect to which any of the Debtors may be liable, including without limitation the

determination of whether such contract is **executory** for the **purposes** of section 365 of the **Bankruptcy Code**, and **hear**, determine and, if **necessary**, liquidate **any** Claims arising **therefrom**;

(e) **Enter** orders approving the Debtors' **post-Confirmation sale** or **other** disposition of **Assets** under section 363 of **the Bankruptcy Code**;

(f) **Ensure** that distributions to holders of **Allowed** Claims are accomplished **pursuant** to the provisions of **the Plan**;

(g) **Decide** or **resolve** any motions, **adversary** proceedings, contested or litigated matters and any **other matters** and **grant** or **deny** any applications involving any **Debtor** that may **be** pending in **the Chapter 11 Cases on the Effective Date**;

(h) **Hear** and determine matters **concerning** state, local or federal taxes in **accordance with sections 346,505 or 1146 of the Bankruptcy Code**;

(i) **Decide** or resolve any **disputes** with DNPS in any way **relating to the Asset Sale**;

(j) **Enter** such orders **as may be necessary** or appropriate to **implement** or **consummate the** provisions of **the Plan** and the **Confirmation Order**;

(k) **Hear** and **determine any** matters concerning **the enforcement** of the provisions of Article 13 of this **Plan** and any **other releases** or injunctions **contemplated** by this **Plan**;

(l) **Resolve** any **eases, controversies, suits or disputes that** may arise in connection with the consummation, **interpretation** or **enforcement** of the **Plan** or the **Confirmation Order**;

(m) **Permit** the Debtors, to **the** extent **authorized** pursuant to **section 1127** of the **Bankruptcy Code**, to modify **the Plan** or any **agreement** or document **created** in connection with the **Plan**, or remedy **any defect** or omission or reconcile any **inconsistency** in the **Plan** or **any agreement** or document created in connection **with** the **plan**;

(n) **Issue** injunctions, enter **and implement other** orders or take such **other** actions as may **be necessary** or **appropriate** to **restrain interference** by any entity with **consummation, implementation** or enforcement **of the** Plan or the Confirmation Order;

(o) Enforce any injunctions **entered** in connection with or relating to **the** Plan or the Confirmation **Order**;

(p) **Enter and** enforce such **orders as are** necessary or **appropriate** if the **Confirmation** Order is for any **reason** modified, **stayed, reversed**, revoked or **vacated**, or distributions pursuant to **the** Plan are **enjoined** or **stayed**;

(q) Set or **extend** deadlines by which **objected** to Claims must **be** Filed,

(r) **Determine** any **other matters that** may **arise** in **connection** with or **relating** to **the** Plan or **any agreement** or the **Confirmation Order**;

(s) **Enter** any **orders** in aid of **prior** orders of the Bankruptcy Court;

(t) Hear and **determine any** request of **the Reconstituted Committee** for authority and approval to **take** any actions or **enforce any** remedies **provided** to the Reconstituted **Committee pursuant** to any provision of this Plan; and

(u) Enter an **order** concluding the Chapter II **Cases**.

ARTICLE 15

ACCEPTANCE OR REJECTION OF THE PLAN

IS.1 **Persons Entitled to Vote.** Class 1 A, Class 1B, Class **1C**, Class 1D, Class **1E**, Class 3 and Class 4 are not **Impaired** and pursuant to **section 1126(f)** of **the Bankruptcy Code** is deemed to **have** accepted **the** Plan. **Votes** from **holders** of Class **1 A**, Class **1B**, **Class 1C**, **Class 1D**, Class **1E**, Class 3 and Class 4 Claims will not be **solicited**. Classes **2, 5, 6A, 6B, 6C, 6D** and 6E are **Impaired** but will **receive** a distribution **under the** Plan. **Votes from** holders of Class **2, 5, 6A, 6B, 6C, 6D** and **6E** Claims will be solicited. Class 7 Claims and Class 8 **Interests** are

Impaired and am not **entitled** to distributions **pursuant to the Plan**. Class 7 Claims and Class 8 **Interests** will be **cancelled** pursuant to **the Plan and holders** of such **Claims** are deemed pursuant to **section 1126(g)** of **the Bankruptcy Code** to **have rejected the Plan**. Votes from holders of Class 7 Claims and Class 8 **Interests** will not be **solicited**.

15.2 Acceptance by Impaired Classes. An **Impaired** Class of Claims shall **have** accepted **the Plan** if (i) the **holders** (other than any holder designated under section 1126(e) of the Bankruptcy Code) of at least two-thirds in amount of the **Allowed** Claims actually voting in such **Class** have **voted** to accept **the Plan** and (ii) the **holders** (other than any holder designated **under** section **1126(e)** of the Bankruptcy Code) of at **least** one-half in number of the Allowed Claims actually voting **in such** Class have **voted to accept the Plan**.

1g.3 Request for **Non-Consensual** Confirmation. Class 7 and Class 8 receive no distribution on account of **their** Claims and **Interests** and are **therefore deemed** to have rejected **the Plan**. **The Debtors** therefore **request that the Court confirm the Plan** under **the cramdown** provisions of **section 1129(b)** of **the Bankruptcy Code** with **respect** to Class 7 and **Class 8**, as well **as** with respect to any other Class that does not vote to accept the **Plan**.

ARTICLE 16

MISCELLANEOUS PROVISIONS

16.1 **Substantive** Consolidation of **Claims** against Debtors. The Plan is premised on the **substantive** consolidation into **separate** groups of (a) **the Selling Debtors**, (b) the **Coastal** Debtors and (c) **the Independence Debtors**, **respectively**, in each **case** with **respect to the treatment** of all Claims except for **Administrative** Claims. Priority **Tax** Claims **and** Secured **Claims** in **Classes 2, 3 and 4**, as provided below, The Plan **does** not contemplate substantive **consolidation** of the Debtors with **respect** to the Administrative Claims, **Priority Tax** Claims or **Secured Claims** against or **Interests** in the Debtors, which shall be deemed to apply separately

with respect to each Plan proposed by each Debtor (provided, however, **that, pursuant to the Settlement, the Selling Debtors have agreed to pay all Administrative Expenses and Priority Tax Claims of all of the Debtors**). **This Plan shall serve as a request by the Debtors, in lieu of a separate motion, to the Bankruptcy Court, that it grant substantive consolidation as set forth above.**

On the Effective Date, all Class 7 Intercompany **Claims will be cancelled. After giving effect to the Settlement and to the transfers set forth in the Plan to the holders of Administrative Claims, Professional Claims, Allowed Priority Tax Claims, Class 2 Claims, Class 3 Claims and Class 4 Claims, (a) all Assets and liabilities of the Selling Debtors will be merged or treated as though they were merged, (b) all guarantees of any Selling Debtor of the obligations of any other Selling Debtor and any joint or several liability of any of the Selling Debtors shall be eliminated, and (c) except with respect to Secured Claims, each and every Claim against any of the Selling Debtors shall be deemed filed against the consolidated Selling Debtors, and all Claims filed against more than one of the Selling Debtors for the same liability shall be deemed one Claim against and obligation of the consolidated Selling Debtors.**

On the **Effective Date**, all Class 7 **Intercompany Claims will be cancelled. After giving effect to the Settlement and to the transfers set forth in the Plan to the holders of Administrative Claims, professional Claims, Allowed Priority Tax Claims, Class 2 Claims, Class 3 Claims and Class 4 Claims, (a) all Assets and liabilities of the Coastal Debtors will be merged or treated as though they were merged, (b) all guarantees of any Coastal Debtor of the obligations of any other Coastal Debtor and any joint or several liability of any of the Coastal Debtors shall be eliminated, and (c) except with respect to Secured Claims, each and every Claim against any of the Coastal Debtors shall be deemed filed against the consolidated Coastal Debtors, and all Claims filed against more than one of the Coastal Debtors for the same liability shall be deemed one Claim against and obligation of the consolidated Coastal Debtors.**

On the Effective Date, all Class 7 Intercompany Claims will be cancelled. After giving effect to the Settlement and to the transfers set forth in the Plan to the holders of Administrative Claims, Professional Claims, Allowed Priority Tax Claims, Class 2 Claims, Class 3 Claims and Class 4 Claims, (a) all Assets and liabilities of the Independence Debtors will be merged or treated as though they were merged, (b) all guarantees of any Independence of the obligations of any other Independence Debtor and any joint or several liability of any of the Independence Debtors shall be eliminated, and (c) except with respect to Secured Claims, each and every Claim against any of the Independence Debtors shall be deemed filed against the consolidated Independence Debtors, and all Claims filed against more than one of the Independence Debtors for the same liability shall be deemed one Claim against and obligation of the consolidated Independence Debtors.

16.2 Modification of the Plan. Subject to the restrictions on Plan modifications set forth in section 1127 of the Bankruptcy Code, the Debtors reserve the right to alter, amend or modify the Plan before its substantial consummation.

16.3 Revocation of the Plan. The Debtors reserve the right to revoke or withdraw the Plan prior to the Confirmation Date. If the Debtors revoke or withdraw the Plan, or if Confirmation does not occur or if the Plan does not become effective, then the Plan shall be null and void, and nothing contained in the Plan shall: (a) constitute a waiver or release of any Claims by or against, or any Interests in, the Debtors; (b) constitute an admission of any fact or legal conclusion by the Debtors or any other Entity; or (c) prejudice in any manner the rights of the Debtors in any further proceedings involving the Debtors.

16.4 Governing Law. Unless a rule of law or procedure is supplied by (i) federal law (including the Bankruptcy Code and Bankruptcy Rules), or (ii) an express choice of law provision in any agreement, contract, instrument or document provided for, or executed in connection with, the Plan, the rights and obligations arising under the Plan and any agreements,

contracts, documents and instruments executed in connection with the Plan shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware without giving effect to the principles of conflict of laws thereof.

16.5 No Admissions. Notwithstanding anything herein to the contrary, nothing contained in the Plan shall be deemed as an admission by the Debtors with respect to any matter set forth herein including, without limitation, liability on any Claim or the propriety of any Claims classification.

16.6 Severability of Plan Provisions. If prior to Confirmation any term or provision of the Plan that does not govern the treatment of Claims or Interests is held by the Bankruptcy Court to be invalid, void or unenforceable, the Bankruptcy Court shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the Original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration or interpretation, the remainder of the terms and provisions of the Plan shall remain in full force and effect and shall in no way be affected, Impaired or invalidated by such holding, alteration or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

16.7 Successors and Assigns. The rights, benefits and obligations of any Entity named or referred to in the Plan shall be binding on, and shall inure to the benefit of, any heir, executor, administrator, successor or assign of such Entity.

16.8 Exemption from Certain Transfer Taxes. Pursuant to section 1146(c) of the Bankruptcy Code, the issuance, transfer or exchange of any Security or the making or delivery of any instrument of transfer under this Plan may not be taxed under any law imposing a

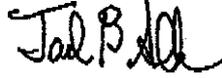
stamp tax, use tax, sales tax or similar tax. Any sale of any Asset occurring before, after or upon the Effective Date shall be deemed to be in furtherance of this Plan.

16.9 Preservation of Rights of Setoffs. The Debtors, may, but shall not be required to, set off against any Claim, and the payments or other distributions to be made pursuant to this Plan in respect of such Claim, claims of any nature whatsoever that the Debtors may have against the holder of such Claims; but neither the failure to do so nor the Allowance of any Claim hereunder shall constitute a waiver or release by the Debtors of any such claim that the Debtors may have against such holder.

16.10 Saturday, Sunday or Legal Holiday. If any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day, but shall be deemed to have been completed as of the required date.

Dated: January 7, 2003

**American Classic Voyages Co. (for itself and on behalf of
the other Debtors)**



Jordan **B.** Allen
Executive **Vice President** and **General Counsel** **American
Classic Voyages Co.**

EXHIBIT 1**Debtors**

Debtor Name	Tax Id	Case No.
American Classic Voyages Co.	31-0303330	01-10954
Great Pacific NW Cruise Line, L.L.C.	72-1446619	01-1097-1
DQCV, L.L.C. f/k/a Delta Queen Coastal Voyages, L.L.C.	72-1451156	01-10964
Cape Cod Light, L.L.C.	72-1451150	01-10962
Cape May Light, L.L.C.	72-1451148	01-10961
DQSB II, Inc.	36-4133147	01-10974
AMCV Holdings, Inc.	72-1451155	01-10973
Ocean Development Co.	36-4243198	01-10972
Great Hawaiian Cruise Line, Inc.	36-3897706	01-10975
CAT II, Inc.	72-1451157	01-10968
Great Independence Ship Co.	36-3897780	01-10969
Great Hawaiian Properties Corporation	36-3897776	01-10971
American Hawaii Properties Corporation	99-0327076	01-10976
AMCV Cruise Operations, Inc.	36-4365686	01-10967
TDQS Co. f/k/a The Delta Queen Steamboat Co.	72-1245383	01-10970
Cruise America Travel, Incorporated,	31-0963640	01-10966
Great AQ Steamboat, L.L.C.	72-1351947	01-10960
Great Ocean Cruise Line, L.L.C.	72-1351947	01-10959
Great River Cruise Line, L.L.C.	724553488	01-10963
DQSC Property Co.	364233547	01-10965

EXHIBIT 2

Selling Debtors

Debtor Name	Tax Id	Case No.
AMCV Cruise Operations, Inc.	36.4365686	01-10967
TDOS Co. f/k/a The Delta Queen Steamboat co.	72.1245383	01-10970
Cruise America Travel, Incorporated,	31-0963640	01-10966
Great AQ Steamboat, L.L.C. C	73-1353482	01-10960
Great Ocean Cruise Line, L.L.C.	72-1351947	01-10959
Great River Cruise Line, L.L.C.	72-1353488	01-10963
DQSC Property Co.	36-4233547	01-10965

EXHIBIT 3

Independence Debtors

Debtor Name	Tax Id	Case No.
AMCV Holdings, Inc.	721451155	01-10973
Ocean Development Co.	36-4243198	01-10972
Great Hawaiian Cruise Line, Inc.	36-3897706	01-10975
CAT II, Inc.	72-1451157	01-10968
Great Independence Ship Co.	36-3897780	01-10969
Great Hawaiian Properties Corporation	36-3897776	01-10971
American Hawaii Properties Corporation	99-0327076	01-10976

Exhibit 4

Oceanic Ship Co. Settlement Agreement

CHM07261.S

SETTLEMENT AND RELEASE AGREEMENT

AMERICAN CLASSIC VOYAGES CO., a Delaware corporation ("AMCV") and its subsidiaries and affiliates listed on Exhibit A hereto (together with AMCV, the "Debtors"), as debtors and debtors-in-possession in Case No. 01-10954 (the "Case") before the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court"), and Oceanic Ship Co. and its affiliates listed on Exhibit B hereto (together with Oceanic Ship Co., the "Non-Debtors" and, together with the Debtors, the "Parties"), hereby enter into this Settlement and Release Agreement (this "Agreement") on this 2nd day of December 2002.

WHEREAS, on October 19, 2001, AMCV filed a voluntary petition for relief under chapter 11 of the United States Bankruptcy Code (the "Bankruptcy Code"). Thereafter, on October 22, 2001, the remaining Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code;

WHEREAS, on December 2, 2002, the Debtors filed the First Amended Joint Plan of Liquidation (as amended or modified from time to time, the "Plan");¹

WHEREAS, Oceanic Ship Co., a non-debtor affiliate of AMCV, was the former owner and operator of the m/s Patriot;

WHEREAS, on October 22, 2001, Holland American Line ("HAL") filed a Verified Complaint in Rem and In Personam for Foreclosure of Preferred Marine Mortgage in which they asked the District Court for the District of Hawaii, among other things, to issue a warrant of arrest instructing the United States Marshall to seize the m/s Patriot, to enter a judgment foreclosing the mortgage for \$79,430,000 and to enter an order directing the sale of the Patriot. On January 28, 2002 pursuant to the District Court of Hawaii's Order for Interlocutory Sale of Defendant Vessel M/S Patriot Pursuant to Supplemental Admiralty Rule B(9)(b) and the Notice of Sale, the m/s Patriot was sold at public auction by a U.S. Marshall to HAL for \$79,769,783. On February 1, 2002, the United States District Court for the District of Hawaii entered an order confirming this sale;

WHEREAS the Non-Debtors assert claims against AMCV and the other Debtors seeking to substantively consolidate non-debtor Oceanic Ship Co. with AMCV and/or the other Debtors;

WHEREAS AMCV asserts claims against Oceanic Ship Co. in an aggregate amount of approximately \$41.6 million. AMCV and the other Debtors assert that Oceanic Ship Co. should not be granted the extraordinary remedy of substantive consolidation because, aside from a centralized cash management system and similar directors and officers, Oceanic Ship Co. operated separately from AMCV;

WHEREAS, the Debtors and the Non-Debtors have agreed to resolve any and all claims, rights and causes of action against each other, their affiliates, successors, assigns, and creditors, including, without limitation, the Intercompany Claims and substantive consolidation claims.

¹ Capitalized terms used herein but not otherwise defined have the meanings assigned to such terms in the Plan.

WHEREAS, after lengthy negotiations, the Non-Debtors and the Debtors have agreed to settle this dispute upon the terms and subject to the conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

Section 1. Claims.

The Non-Debtors hereby agree to release any and all claims, rights and causes of action, including, without limitation, any and all substantive consolidation or veil piercing claims they may have against any of the Debtors in exchange for each customer asserting a priority claim for deposits or prepayments for travel on the m/s Patriot being granted an Allowed AMCV Other Priority Claim in an amount equal to his share (based on the ratio of the allowed priority claim he would have against Oceanic Ship Co. had it filed a chapter 11 case to the aggregate of all of the allowed priority claims all such customers would have against Oceanic Ship Co. had it filed a chapter 11 case) of the difference between (a) the sum of \$710,000 and any cash that becomes available from the AMCV Settlement Avoidance Action Percentage (17.5% of cash proceeds of avoidance actions of the Debtors (net of the costs of avoidance actions) minus (b) the amount required to pay all holders of Allowed AMCV Other Priority Claims other than m/s Patriot customers in full (including post-Effective Date interest).

AMCV and the other Debtors hereby agree to release any and all claims, including, without limitation, the Intercompany Claims of AMCV against Oceanic Ship Co. in an aggregate amount of approximately \$41.6 million

Section 2. Mutual Release and Covenant Not To Sue

For the consideration set forth above, the Debtors, on one hand, and the Non-Debtors, on the other hand, do hereby release and forever discharge each other, including their respective creditors, predecessors, successors, officers, directors, shareholders, employees, heirs, executors, administrators and assigns, from any and all debts, claims, demands, damages, actions or causes of action of whatsoever nature, whether presently known or unknown, arising from acts, omissions or events that have occurred from the beginning of the world to the date first set forth above, including, without limitation, substantive consolidation claims and Intercompany Claims.

Section 3. Effectiveness.

This Agreement shall only become effective upon the Effective Date of the Plan.

Section 4. Miscellaneous.

(a) Reliance on Legal Counsel. Each of the Parties represents and warrants that it has not relied upon or been induced by any representation, statement or disclosure by the other Party, but has relied upon its own knowledge and judgment and upon the advice and representation of

its counsel in entering into this Agreement. The Parties acknowledge that they have been represented in the negotiations for and in the execution of this Agreement by counsel of their own choice and that they have read this Agreement and have had it fully explained to them by their counsel and that they are fully aware of the contents of this Agreement and its legal effect.

(b) No Representations or Promises Not Contained Herein. In making this Agreement each of the Parties represents and warrants that it relied wholly upon its own judgment, belief and knowledge.

(c) Due Authorization. Each of the Parties represents and warrants to the other that (1) this Agreement has been duly authorized, executed and delivered, (2) that it has the power to enter into this Agreement and (3) that, upon entry of the Order by the Bankruptcy Court approving this Agreement, this Agreement shall be binding and enforceable.

(d) Entire Agreement. This Agreement constitutes the entire agreement of the Parties with respect to the matters covered herein, and no other agreement, statement or promise regarding such matters made by either Party, or by any employee, director, officer, agent or attorney of either Party, which is not contained in this Agreement, shall be binding or valid.

(e) Controlling Law. This Agreement shall be governed by, construed in accordance with, and enforced under the laws of Delaware, without regard to the rules of conflict of laws of the State of Delaware or any other jurisdiction.

(f) Effect of Captions. Captions of the sections of this Agreement are for convenience and reference only, and the words contained therein shall in no way be employed to explain, modify, simplify or aid in the interpretation, construction or meaning of the provisions of this Agreement.

(g) Severability. If any provision of this Agreement is held, determined, or adjudged to be invalid, unenforceable, or void for any reason whatsoever, the remainder of that provision (if any) and the remaining provisions of this Agreement will remain in full force and effect.

(h) Construction. This Agreement shall be construed as if prepared jointly by the Parties, and any uncertainty or ambiguity shall not be interpreted against either one of the Parties.

(i) Rights and Liabilities of Successors. This Agreement shall be binding upon and shall inure to the benefit of the Parties hereto and their respective heirs, executors, administrators, predecessors, successors, assigns, parent and subsidiary corporations, officers, directors, employees, agents, attorneys, partners, representatives, and employees, as applicable.

(j) Execution in Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which counterparts together shall constitute one and the same instrument. This Agreement shall become effective when each Party hereto shall have received counterparts thereof signed by the other Party hereto. Facsimile or other electronically transmitted signature pages shall be deemed to be an original.

(k) Amendment. This Agreement may be modified, amended or otherwise changed only in a writing signed by both of the Parties.

(l) Consent to Jurisdiction. All actions brought arising out of this Agreement shall be brought in the Bankruptcy Court, and the Bankruptcy Court shall retain exclusive jurisdiction to determine any and all such actions.

EACH PARTY HAS READ THIS AGREEMENT AND HAS HAD THE TERMS USED HEREIN AND THE CONSEQUENCES HEREOF EXPLAINED BY LEGAL COUNSEL. EACH PARTY IS AWARE THAT THIS SETTLEMENT AND RELEASE AGREEMENT INCLUDES A RELEASE OF ANY PREFERENCE LIABILITY. EACH OF THE UNDERSIGNED HAS CONSULTED WITH ITS ATTORNEYS CONCERNING THE CONSEQUENCES AND CONTENTS OF THIS AGREEMENT.

IN WITNESS WHEREOF, the Debtors and Non-Debtors have caused this Agreement to be executed on their behalf by their officers thereunto duly authorized, as of the date first above written.

AMERICAN CLASSIC VOYAGES, CO.
GREAT PACIFIC NW CRUISE LINE, L.L.C.
DQCV, L.L.C. FKA DELTA QUEEN COASTAL
VOYAGES, L.L.C.
CAPE COD LIGHT, L.L.C.
CAPE MAY LIGHT, L.L.C.
DQSB II, INC.
AMCV HOLDINGS, INC.
OCEAN DEVELOPMENT CO.
GREAT HAWAIIAN CRUISE LINE, INC.
CAT II, INC.
GREAT INDEPENDENCE SHIP CO.
GREAT HAWAIIAN PROPERTIES CORPORATION
AMERICAN HAWAII PROPERTIES CORPORATION
AMCV CRUISE OPERATIONS, INC.
TDQS CO., FKA THE DELTA QUEEN STEAMBOAT
CO.
CRUISE AMERICA TRAVEL, INCORPORATED,
GREAT AQ STEAMBOAT, L.L.C.
GREAT OCEAN CRUISE LINE, L.L.C.
GREAT RIVER CRUISE LINE, L.L.C.
DQSC PROPERTY CO.

By: [Signature]
Name: Ally C. Chen
Title:

PROJECT AMERICA, INC.
By: [Signature]
Name:
Title:

DEC-02-2002 15:42

P.00485

OCEANIC SEEDS CO.
BY: [Signature]
Name: _____
Title: _____

OCEAN DEVELOPMENT CO.
BY: [Signature]
Name: _____
Title: _____

CHARTER

TOTAL PAGES

EXHIBIT B

Confirmation Notice

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

**American Classic Voyages co., et al.,
Debtors.**

Chapter 11

Case No. 01-10954 (JWV)

Jointly Administered

**NOTICE OF ENTRY OF ORDER CONFIRMING
THE SECOND AMENDED JOINT PLAN OF LIQUIDATION
OF AMERICAN CLASSIC VOYAGES CO., *ET AL.***

PLEASE TAKE NOTICE OF THE FOLLOWING:

1. Confirmation of the Plan. On February _____, 2003, the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court") entered an order (the "**Confirmation Order**") confirming the Second Amended Joint Plan of Liquidation of American Classic Voyages Co, *et al.*, dated January 7, 2003, as **modified** (the "Plan"), in the chapter 11 cases of **the above-captioned debtors and debtors in possession (collectively, the "Debtors")**. Unless otherwise defined in this Notice, capitalized terms and phrases used herein have the meanings given to them in the **Plan** and the **Confirmation Order**.

2. Termination of Interests and Cancellation of Instruments.

a. **Except as provided in the Plan or in the Confirmation Order, the rights afforded under the Plan and the treatment of Claims and Interests under the Plan shall be in exchange for and in complete satisfaction and release of all Claims and termination of all Interests arising on or before the Effective Date, including any interest accrued on Claims from October 19, 2001 or October 22, 2001, as appropriate (the "Petition Date")? Except as provided in the Plan or in the Confirmation Order, confirmation shall terminate (i) all interests or shares in, or warrants or rights asserted against, the Debtors of the type described in the definition of "equity security" in Bankruptcy Code section 101(16) (including all common stock and all**

⁴ On October 19, 2001, American Classic Voyages Co. commenced its reorganization case by filing voluntary petitions for relief under chapter 11 of the Bankruptcy Code. On October 22, 2001, the remaining Debtors commenced their respective reorganization cases by filing voluntary petitions for relief under chapter 11 of the Bankruptcy Code.

warrants to purchase or subscribe to common stock issued by the Debtors), and (ii) all Claims of a Debtor against any other Debtor.

b. On the Effective Date, the 7% Convertible Junior Subordinated Debentures due 2015 as issued by American Classic Voyages Co., the AMCV Capital Trust I Convertible Preferred Securities (the "Securities"), and the Trust preferred Guarantee with respect to the Securities shall continue in effect for the sole purpose of allowing the Indenture Trustee to make distributions, if any, under the Plan. Any actions taken by the Indenture Trustee that are not for the purposes authorized in the Plan shall be null and void. Except as otherwise provided in the Plan, on the Effective Date, the 7% Convertible Junior Subordinated Debentures due 2015 as issued by American Classic Voyages Co., the Securities, and the Trust Preferred Guarantee with respect to the Securities shall be deemed cancelled without further act or action under any applicable agreement, law, regulation, order, or rule and the obligations of the Debtors under the 7% Convertible Junior Subordinated Debentures due 2015 as issued by American Classic Voyages Co., the AMCV Capital Trust I Convertible Preferred Securities, and the Trust Preferred Guarantee with respect to the Securities shall cease.

3. **Plan Effect on Claims.** On the Effective Date, all Class 7 Intercompany Claims will be cancelled. After giving effect to the Settlement and to the transfers set forth in the Plan to the holders of Administrative Claims, Professional Claims, Allowed priority Tax Claims, Class 2 Claims, Class 3 Claims and Class 4 Claims, (a) all Assets and liabilities of AMCV Cruise Operations, Inc., TDQS Co. f/k/a The Della Queen Steamboat Co., Cruise America Travel, Incorporated, Great AQ Steamboat, L.L.C., Great Ocean Cruise Line, L.L.C., Great River Cruise Line, L.L.C. and DQSC Property Co. (the "Selling Debtors") will be merged or treated as though they were merged, (b) all guarantees of any Selling Debtor of the obligations of any other Selling Debtor and any joint or several liability of any of the Selling Debtors shall be eliminated, and (c) except with respect to Secured Claims, each and every Claim against any of the Selling Debtors shall be deemed filed against the consolidated Selling Debtors, and all Claims filed against more than one of the Selling Debtors for the same liability shall be deemed one Claim against and obligation of the consolidated Selling Debtors.

After giving effect to the Settlement and to the transfers set forth in the Plan to the holders of Administrative Claims, Professional Claims, Allowed Priority Tax Claims, Class 2 Claims, Class 3 Claims and Class 4 Claims, (a) all Assets and liabilities of DQSC II, Inc., DQCV, L.L.C. f/k/a Della Queen Coastal Voyages, L.L.C., Cape Cod Light, L.L.C. and Cape May Light, L.L.C. (the "Coastal Debtors") will be merged or treated as though they were merged, (b) all guarantees of any Coastal Debtor of the obligations of any other Coastal Debtor and any joint or several liability of any of the Coastal Debtors shall be eliminated, and (c) except with respect to Secured Claims, each and every Claim against any of the Coastal Debtors shall be deemed filed against the consolidated Coastal Debtors, and all Claims filed against more than one of the Coastal Debtors for the same liability shall be deemed one Claim against and obligation of the consolidated Coastal Debtors.

After giving effect to the Settlement and to the transfers set forth in the Plan to the holders of Administrative Claims, Professional Claims, Allowed Priority Tax Claims, Class 2 Claims, Class 3 Claims and Class 4 Claims, (a) all Assets and liabilities of AMCV Holding, Inc., Ocean Development Co., Great Hawaiian Cruise Line, Inc., CAT II, Inc., Great Independence Shii Co., Great Hawaiian Properties Corporation and American Hawaii Properties Corporation (the "Independence Debtors") will be merged or treated as though they were merged, (b) all

guarantees of any **Independence Debtor** of the obligations of any other **Independence Debtor** and any joint or **several** liability of any of the Independence Debtors **shall** be eliminated, and (c) except **with respect** to Secured Claims, **each** and every Claim against **any** of the Independence Debtors **shall be deemed** filed against the consolidated **Independence Debtors**, and **all Claims filed against** more than **one** of the **Independence Debtors** for the same liability shall be **deemed** one Claim against and obligation of the consolidated **Independence Debtors**.

4. **Settlement.** The **Selling Debtors** received **approximately** \$80.9 million in cash and **assumed liabilities** from the **Asset Sale**. The **remaining Debtors** and **Oceanic Ship Co., Project America, Inc.** (d/h/a **United States Lines**) and Ocean Development Co. on behalf of **their creditors**, **informally** objected, arguing for substantive **consolidation**. The **Plan** reflects a global **settlement** of all intercompany claims among the various Debtors, including substantive **consolidation claims**. The **Selling Debtors**, the other Debtors and **Ckeanic Ship Co., Project America, Inc. (d/b/a United States Lines)** and Ocean Development Co. **settled** on the following **terms**: all of the Debtors, excluding the **Selling Debtors**, assigned **all** of **their assets** to the **Selling Debtors**. **In exchange**, the **Selling Debtors** paid \$710,000 and 17.5% of the Cash **proceeds** of Avoidance Actions (**net** of the costs of Avoidance Actions) to AMCV. \$790,000 and 3.5% of Cash proceeds of Avoidance Actions (net of the costs of the Avoidance Actions) to the **Coastal Debtors**, **\$5,400,000** and 24% of the Cash **proceeds** of Avoidance **Actions** (net of the costs of Avoidance Actions) to the **Independence Debtors**, **\$1,100,000** and 5% of the **Cash proceeds of** Avoidance Actions (not of the costs of Avoidance Actions) to the **Columbia Queen Debtor**. Claimants against **Oceanic Shii Co., Project America, Inc.** (d/h/a **United States Lines**) and **Ocean Development Co.** who would have priority claims if **Oceanic Ship Co., Project America, Inc. (d/b/a United States Lines)** and **Ocean Development Co.** were in bankruptcy were **granted** limited priority claims **against AMCV**.

Pursuant to **section 1123(b)(3)** of the **Bankruptcy Code** and **Bankruptcy Rule 9019(a)**, the **Settlement** described in Article 8 of the **Plan** and **Section 1.D of the Confirmation Order**, (a) is approved as **an integral** part of the **Plan**; (b) is fair, **equitable**, reasonable and in the best **interests of** the Debtors and **their respective Estates** and the holders of Claims and **Interests**; (c) is approved as fair, equitable and **reasonable**, pursuant to, among other authorities, **section 1123(b)(3)** of the **Bankruptcy Code** and **Bankruptcy Rule 9019(a)**, (d) does **not constitute** a **fraudulent** conveyance under section 548 of the **Bankruptcy Code** or any **applicable state law** and (e) is **effective and** binding upon the Debtors, **their Estates** and the holders of Claims and **Interests**.

5. Stay, Injunctions and Release: Tax Claims.

a. **Except as** provided in the **Plan** or the **Confirmation Order**, **all** injunctions or stays provided for **in the Chapter 11 Cases** pursuant to **sections 105** or **362** of the **Bankruptcy Code**, or **otherwise**, and in existence on the **Confirmation Date**, **shall** remain in **full** force and effect until the **Final Distribution Date**, as **defined** in the **Plan**.

b. **Except as otherwise** specifically provided in the **Plan** or the **Confirmation Order**, **neither the Debtors** nor the **Creditors' Committee** (solely **with** respect to its conduct as a committee and not with respect to the actions of its members as individual creditors), **nor** any of such parties' **respective** present members (with **respect** to members of the **Creditors' Committee**, solely with **respect** to **each** member's conduct in **furtherance** of its, his, or her duties **as** a member of the **Creditors' Committee**, and not with respect to the actions of such members as individual

creditors), **officers, directors, employees, representatives,** advisors, attorneys, financial advisors, investment **bankers** or agents or any of such parties' **successors** and assigns, shall have or incur, and are **hereby** released from, any Claim, obligation, **cause of** action or liability to **one** another or to any **holder** of a Claim or an **Interest**, or any **other** party in **interest**, or any of their respective **officers, directors, members** and/or **enrollees,** employees, **representatives,** advisors, **attorneys, financial advisors, investment bankers, agents, or Affiliates,** or any of **their** successors or assigns, for any act or omission in **connection** with, **relating** to, or arising out of, **the** Chapter 11 **Cases, the** pursuit of **Confirmation** of the **Plan, the** consummation of **the** Plan, or **the** administration of the Plan or the property to be **distributed** under the Plan, **except for** their willful **misconduct** or gross **negligence,** and in all **respects** shall be entitled to reasonably rely upon **the** advice of counsel with **respect** to their duties and **responsibilities** under the Plan or **the** Confirmation **Order.**

c. **Except** as otherwise **specifically** provided in the **Plan** or the Confirmation Order, **all Persons** who have held, hold or may hold claims, rights, causes of action, **liabilities** or any **equity** interests based upon any act or omission, transaction or other activity of any kind or **nature that** occurred prior to the Effective Date, **other than** as **expressly** provided in the Plan or **the** Confirmation **Order,** regardless of the filing, lack of filing, allowance or **disallowance of such** a Claim or **Interest** and regardless of whether such **Person** has voted to accept **the** Plan and any **successors,** assigns or **representatives of** the foregoing shall be precluded and **permanently** enjoined on and **after the** Effective **Date** from (a) **commencing** or **continuing** in any **manner** any Claim, action or other proceeding of any kind **with respect** to any Claim, **Interest** or any other right or Claim **against the** Debtors, or any assets of **the** Debtors which they **possessed** or may **possess** prior to **the** Effective **Date,** (b) **the** **enforcement, attachment, collection** or **recovery** by any **manner** or means of any judgment, award, **decree** or order with **respect** to any Claim, **Interest** or any other **right** or Claim against the Debtors, or any **Assets** of the **Debtors** which they possessed or may **possess** prior to the **Effective Date,** (c) creating, **perfecting** or **enforcing** any **encumbrance of any kind with respect** to any Claim, **Interest** or any **other right** or Claim against the Debtors, **the** Debtor **Releaseses,** or any **Assets** of the Debtors which they **possessed** or may possess prior to the **Effective Date,** and (d) **asserting** any Claims **that are released** hereby.

d. **Except** as expressly provided in **the** Plan, upon the **Effective** Date, the **Debtors** hereby (i) **remit,** acquit, waive, release and **forever** discharge each of the Debtor **Releaseses,** and (ii) covenant and **agree** never to **institute** or **cause to** be instituted any suit or **other** form of action or proceeding of any kind or **nature** whatsoever **against** any of the Debtor **Releaseses based upon** any claims, demands, **indebtedness,** agreements, **promises,** causes of **action,** obligations, damages or **liabilities** of any nature whatsoever, in law or in equity. **whether** or **not** known, **suspected or claimed,** that the Debtors or their Estates ever had, **claimed** to have, has, or may **have or claim** to have against **the** Debtor **Releaseses,** or any of **them,** by reason of any matter, cause, thing, **act** or omission of the Debtor **Releaseses, or** any of **them,** in each case **related** to the Debtors. All Claims so waived and **released** shall be waived and **released** for all **purposes.**

c. **Except** as **expressly** set forth in the Plan, following **the** **Effective** Date, none of the **Debtors, the** Plan Administrator, the Creditors' **Committee,** the **Reconstituted** **Committee** or any of **their** respective **members,** officers, **directors,** employees, advisors, attorneys, professionals or **agents** shall **have** or **incur** any **liability** to any holder of a Claim or **Interest for** any act or omission in connection with, related to, or arising out of, **the** Chapter 11 **Cases, the** pursuit of **Confirmation** of **the** Plan, the **consummation** of the **Plan** or any **contract, instrument, release** or other **agreement** or document created in connection **with** the Plan, or **the**

administration of the Plan or the property to be distributed under the Plan, except for willful misconduct or gross negligence.

f. Pursuant to the Confirmation Order and the Plan, the transfer of the assets and properties of the Debtors to various purchasers, including the Asset Sale to DNPS Delta Queen Steamboat Company, Inc. ("DNPS"), constituted a transfer in contemplation of the Plan. Accordingly, the transfer of such assets and properties, including the transfers to DNPS pursuant to the Asset Sale, are transfers made pursuant to section 1146(c) of the Bankruptcy Code. Pursuant to section 1146 of the Bankruptcy Code, transfers of assets in contemplation of the Plan and the assets and properties transferred may not be taxed under any law imposing a stamp, transfer, sale, use or similar tax.

g. Each Person that voted in favor of the Plan shall be deemed to have specifically consented to the releases and injunctions set forth in the Plan and in the Confirmation Order.

6. Dates.

a. *Professional Claims.* On or prior to the first Business Day that is at least sixty (60) days following the Effective Date (the "Administrative Claims Bar Date"), each Professional shall file with the Bankruptcy Court its final fee application seeking final approval of all fees and expenses from the Petition Date through the Effective Date.

b. *Administrative Claims Other Than Tax Claims.* Other than with respect to (i) Administrative Claims for which the Bankruptcy Court previously has established a Bar Date, and (ii) Tax Claims addressed in Section 2.52 of the Plan, requests for payment or proofs of Administrative Claims, including Claims of all professional or other entities requesting compensation or reimbursement of expenses pursuant to Bankruptcy Code sections 327, 328, 330, 331, 503(b) or 1103 for services rendered on or before the Effective Date (including any compensation requested by any professional or any other entity for making a substantial contribution in the Debtors' Chapter 11 Cases), must be filed and served on the Plan Administrator and its counsel no later than the Administrative Claims Bar Date. Objections to any such Administrative Claims must be filed and served on the claimant on or before the later of (a) the first Business Day that is sixty (60) days after the Administrative Claims Bar Date, (b) the first Business Day that is sixty (60) days after such Administrative Claim is filed or (c) such other extended date granted by the Court upon request by the Debtors or the Plan Administrator. The Debtors and/or the Plan Administrator shall use reasonable efforts to promptly and diligently pursue resolution of any and all disputed Administrative Claims.

Holders of Administrative Claims, including all professional or other entities requesting compensation or reimbursement of expenses pursuant to Bankruptcy Code sections 327, 328, 330, 331, 503(b) or 1103 for services rendered on or before the Effective Date (including any compensation requested by any professional or any other entity for making a substantial contribution in the Chapter 11 Cases), that are required to file a request for payment of such Claims and that do not file such requests on or before the Administrative Claims Bar Date shall be forever barred from asserting such Claims against any of the Debtors, their Estates, the Plan Administrator, any other Person or Entity, or any of their respective Assets.

c. **Tax Claims.** All requests for payment of Claims by a governmental unit for Taxes (and for interest and/or penalties or other amounts related to such Taxes) for any tax year or Period, all or any Portion of which occurs or falls within the period from and including the Petition Date through and including the Effective Date, and for which no Bar Date has otherwise been previously established, must be Filed on or before the later of: (a) the first Business Day that is at least sixty (60) days following the Effective Date; or (b) the first Business Day that is at least ninety (90) days following the filing of the tax return for such Taxes for such tax year or period with the applicable governmental unit. Any holder of a Claim for Taxes that is required to File a request for payment of such Taxes and other amounts due related to such Taxes and which does not File such a Claim by the applicable bar date shall be forever barred from asserting any such Claim against any of the Debtors, the Debtors' Estates, the Plan Administrator or their respective Assets, whether any such Claim is deemed to arise prior to, on, or subsequent to the Effective Date, and shall receive no distribution under the Plan or otherwise on account of such Claim.

d. **Customer Deposit Claims.** All requests for payment of Claims by consumer customers for security deposits provided to the Debtors prior to the Petition Date that (a) were not returned or reimbursed by the Debtors, a credit card provider, a travel agent or any other Entity and (b) were for a cruise never provided by the Debtors, must be Filed by the first Business Day that is at least thirty (30) days following the Effective Date of the Plan. Any holder of a Customer Deposit Claim that has not already Filed a proof of claim and does not File a proof of claim on or prior to the applicable bar date shall be forever barred from asserting any such Claim against any of the Debtors, the Debtors' Estates, the Plan Administrator or their respective Assets, whether any such Claim is deemed to arise prior to, on, or subsequent to the Effective Date, and shall receive no distribution under the Plan or otherwise on account of such Claim.

e. **Rejection Damages Claims.** If the rejection of an executory contract or unexpired lease pursuant to Section 6.5 of the Plan gives rise to a Claim by the other party or parties to the executory contract or unexpired lease, such Claim shall be forever barred and shall not be enforceable against the Debtors, their Estates, the Plan Administrator, or any of their respective properties and shall receive no distribution under the Plan or otherwise on account of such Claim unless a proof of Claim is filed within thirty (30) days after the mailing of notice of the entry of the Confirmation Order or such Claim shall be forever barred, shall not be enforceable against the Debtors, their Estates, the Plan Administrator, or any of their respective properties and shall receive no distribution under the Plan or otherwise on account of such Claim. Objections to any Claim for damages arising from any such rejection must be Filed and served on the claimant on or before the later of (a) the first Business Day that is sixty (60) days after the Effective Date, (b) the first Business Day that is sixty (60) days after the date such Claim for damages is Filed or (c) such other extended date granted by the Court upon request by the Debtors and/or the Plan Administrator.

7. Treatment of Executory Contracts.

a. Except for (a) the Assumed Contracts, (b) those executory contracts and unexpired leases that are the subject of previous orders of the Bankruptcy Court providing for their assumption or rejection pursuant to Bankruptcy Code section 365, irrespective of whether such assumption or rejection has yet to occur on the Effective Date, or (e) those executory

contracts and **unexpired leases** that are the **subject** of a **pending** motion **before** the Bankruptcy Court with **respect** to the assumption or assumption and **assignment** of such executory contracts and **unexpired leases**, as of the **Effective Date**, all **executory** contracts and unexpired **leases** of the Debtors shall be rejected **pursuant** to section 365 of **Bankruptcy** Code.

a. **Bankruptcy Court Address.** For **purposes** of Filing **requests** for payment of **Administrative** Claims and applications for allowance of Fee Claims, the **address** of **the** Court is 824 North Market Street, Wilmington, Delaware 19801.

9. **Effective Date.** A **separate** notice of the occurrence of the **Effective** Date will be filed with **the** Court as soon as **practicable**.

10. **Copies of Confirmation Order.** Copies of **the** Confirmation Order may be obtained by **written** request to **Logan & Company, Inc.**, 546 Valley Road, **Upper** Montclair, New Jersey 07043 or by fax at (973) **509-3191**, and may be **examined** by any party in interest during **normal** business hours at the **Office** of the **Clerk** of **the** Court, United States **Bankruptcy** Court, 824 Market Street, Wilmington, Delaware 19801. The Confirmation Order **will** also be available for a fee **from the web** site for the United States Bankruptcy Court for the District of Delaware at **<www.deb.uscourts.gov>** or **from Delaware** Document Retrieval (302) 658-9971.

Dated: **February** , 2003

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IN THE UNITED STATES BANKRUPTCY COURT

FOR THE DISTRICT OF DELAWARE

In re:

American Classic Voyages Co., *et al.*,

Debtors.

Chapter 11

Case No. 01-10954 (JWV)

Jointly Administered

**DISCLOSURE STATEMENT WITH RESPECT TO
DEBTORS' SECOND AMENDED JOINT PLAN OF LIQUIDATION**

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Dated: January 7, 2003

The Plan provides that all holders of Class 6D Allowed Columbia Queen General Unsecured Claims will receive Pro Rata distributions of any remaining Available Cash from the Columbia Queen Settlement Cash Amount and Cash proceeds **from** the Columbia Queen Settlement Avoidance Action Percentage after distributions to all higher priority Allowed Claims, Class 6D is Impaired.

The Plan provides that all holders of Class **6E** Allowed AMCV General Unsecured Claims will receive Pro Rata distributions of any remaining Available Cash **from** the AMCV Settlement Cash Amount and Cash proceeds from the AMCV Settlement Avoidance Action Percentage **after** distributions to all higher priority Allowed Claims. Class 6E is Impaired.

The Plan provides that all Class 7 Intercompany Claims and Class 8 Interests will be cancelled and extinguished **under** the Plan. The holders of Class 7 Claims and Class 8 **Interests** will receive no distribution under the Plan. Class 7 and 8 are Impaired.

The Debtors believe that the distributions under the Plan will provide Creditors of the Debtors at least the same recovery on account of Allowed Claims as would distributions by a chapter 7 trustee. However, distributions under the Plan to Creditors of the **Debtors** would be made **more** quickly than distributions by a chapter 7 trustee and a chapter 7 trustee would charge a substantial fee, reducing the amount available for distribution on account of Allowed Claims. **ACCORDINGLY, THE DEBTORS URGE EACH CREDITOR ENTITLED TO VOTE ON THE PLAN TO VOTE TO ACCEPT THE PLAN.**

Following are detailed, Class-by-Class **summaries** of the description and treatment of **Allowed** Claims under the Plan.

Class Description

Treatment Under Plan

Class 1A – Selling Debtors Other Priority Claims

On the Effective Date, or as soon thereafter as is reasonably practicable, each Allowed Selling Debtors Other Priority Claim shall be paid, in full satisfaction, settlement, release and discharge of and in exchange for such Allowed Selling Debtors Other Priority Claim, (a) Cash equal to the amount of such Allowed Selling Debtors Other Priority Claim, or **(b)** such other treatment as to which the Debtors and the holder of such Allowed Selling Debtors Other Priority Claim have agreed upon in writing.

Class 1B – Coastal Debtors Other Priority Claims

On the Effective Date, or as soon **thereafter** as practicable, the Coastal Debtors Settlement Cash Amount shall be distributed Pro Rata among holders of Allowed Coastal Debtors Other Priority Claims in Class **1B**. If, after the Effective Date, any Cash is available **from** the Coastal Debtors Settlement Avoidance Action Percentage, the release of funds

Class Description

Treatment Under Plan

**Class 1C – Independence Debtors
Other Priority Claims**

from the Disputed Claims Reserve for Disputed Claims against the Coastal Debtors, or unclaimed, undeliverable or time-barred distributions to holders of Allowed Coastal Debtors Other Priority Claims pursuant to the Plan, then such Cash shall be distributed in the same manner as the Coastal Debtors Settlement Cash Amount on a Subsequent Distribution Date, if any, and the Final Distribution Date. Notwithstanding the foregoing, the aggregate distributions received by the holders of Allowed Coastal Debtors **Other** Priority Claims under the Plan shall not exceed the amount of the Allowed Claim (together with interest on the unpaid portion thereof accruing from and after the Effective Date at a rate equal to five percent (5%) per **annum**, compounded annually).

On the Effective Date, or as soon thereafter as practicable, the Independence Debtors Settlement Cash Amount shall be distributed Pro Rata among holders of Allowed Independence Debtors Other Priority Claims in Class **1C**. If, **after** the Effective Date, **any** Cash is available from the Independence Debtors Settlement Avoidance Action Percentage, the release of funds from the Disputed Claims Reserve for Disputed Claims against the Independence Debtors, or unclaimed, undeliverable or **time-barred** distributions to holders of Allowed **Independence** Debtors Other Priority Claims pursuant to the Plan, then such Cash shall be distributed in the same **manner** as the Independence Debtors Settlement Cash Amount on a Subsequent Distribution Date, if any, and the **Final** Distribution Date. Notwithstanding the foregoing, the aggregate distributions received by the holders of Allowed Independence Debtors Other Priority Claims under the Plan shall not exceed the amount of the Allowed Claim (together with interest on the unpaid portion thereof accruing from and **after** the Effective Date at a rate equal to **five** percent (5%) per annum, compounded annually).

**Class 1D-Columbia Queen Other
Priority Claims**

On the Effective Date, or as soon thereafter as practicable, the Columbia Queen Settlement Cash Amount shall be distributed Pro Rata among holders of Allowed Columbia **Queen** Other Priority Claims in Class **1D**. If, after the Effective Date, any Cash is

Class Description

Treatment Under Plan

available from the Columbia Queen Settlement Avoidance Action Percentage, the release of funds from the Disputed Claims Reserve for Disputed Claims against the Columbia Queen, or unclaimed, undeliverable or time-barred distributions to holders of Allowed Columbia Queen Other Priority Claims pursuant to the Plan, then such Cash shall be distributed in the same manner as the Columbia Queen Settlement Cash Amount on a Subsequent Distribution Date, if any, and the Final Distribution Date. Notwithstanding the foregoing, the aggregate distributions received by the holders of Allowed Columbia Queen Other Priority Claims under the Plan shall not exceed the amount of the Allowed Claim (together with interest on the unpaid portion thereof accruing from and after the Effective Date at a rate equal to **five** percent (5%) per annum, compounded annually).

Class 1E – AMCV Other Priority Claims

Each customer asserting a priority claim for **deposits** or prepayments for travel on the **m/s** Patriot against **AMCV** shall be granted, as part of the Settlement, an Allowed AMCV Other Priority Claim in an amount equal to his share (based on the ratio of the allowed priority claim he would have against Oceanic Ship Co. (the former owner of the **m/s** Patriot) had it tiled a chapter 11 case to the aggregate of all of the allowed priority claims all such customers would have against Oceanic Ship Co. had it tiled a chapter 11 case) of the difference between (a) the sum of the AMCV Settlement Cash Amount and any Cash that becomes available from the AMCV Settlement Avoidance **Action Percentage minus (b)** the amount required to pay all holders of Allowed AMCV Other Priority Chums other than **m/s** Patriot customers in **full** (including post-petition interest). In addition, they will retain their claims against non-Debtor Oceanic Ship Co. to the extent the distributions they receive under the Plan do not constitute payment in full of all of their claims against Oceanic Ship Co. for deposits or prepayments for travel on the **m/s** Patriot or otherwise. On the Effective Date, or as soon thereafter as is practicable, the AMCV Settlement Cash Amount shall be distributed Pro Rata among holders of Allowed AMCV Other Priority Claims in Class **1E**. If, after the Effective Date, any Cash is

Class Description

Treatment Under Plan

Class 2 – **MARAD AQ Secured Claims**

available from the AMCV Settlement Avoidance Action Percentage, the release of funds **from** the Disputed Claims Reserve for Disputed Claims against AMCV, or unclaimed, undeliverable or time-barred distributions to holders of Allowed AMCV Other Priority Claims pursuant to the Plan, than such Cash shall be distributed in the same **manner** as the AMCV Settlement Cash Amount on a Subsequent Distribution Date, if any, and the Final Distribution Date in accordance with the procedures set forth below. Notwithstanding the foregoing, the aggregate distributions received by the holders of Allowed AMCV Other Priority Claims under the Plan shall not exceed the amount of the Allowed Claim (together with interest on the unpaid portion thereof **accruing from and after** the Effective Date at a rate equal to **five** percent (5%) per annum, compounded annually).

Pursuant to the **DNPS** sale documentation in connection with the Asset Sale, payment of the **\$47,311,509.40** Asset Sale proceeds allocable to the Assets of Great AQ Steamboat, L.L.C. **was** in the form of assumption of the Assumed **MARAD** Notes and execution and delivery of the New **MARAD** Note. Receipt by **MARAD** of the **MARAD** Notes was in **full** satisfaction, settlement, release and discharge of and in exchange for all Allowed Claims of **MARAD** against Great AQ Steamboat, L.L.C. Accordingly, pursuant to the **MARAD** Stipulation, **MARAD** withdrew and **released** its Claims against Great AQ Steamboat, L.L.C., including any **MARAD** AQ Deficiency Claim.

SUMMARY OF ESTIMATED DISTRIBUTIONS UNDER THE PLAN

Class	Total Amount of Claims/Interests		Estimated Distribution
	Approximate Amounts Asserted	Estimated Allowed Amounts	Cash/Property
Class IA – Selling Debtors Other Priority Claims	\$3,061,000	\$6,200,000	\$1.00 per dollar of Allowed Claim
Class 1B – Coastal Debtors Other Priority Claims	\$187,000	\$790,000	Payments over time with a present value as of the Effective Date equal to \$1.00 per dollar of Allowed Claim
Class IC – Independence Debtors Other Priority Claims	\$1,678,000	\$5,400,000	Payments over time with a Present value as of the Effective Date equal to \$1.00 per dollar of Allowed Claim
Class ID-Columbia Queen Other Priority Claims	\$302,000	\$1,100,000	Payments over time with a present value as of the Effective Date equal to \$1.00 per dollar of Allowed Claim
Class 1E – AMCV Other Priority Claims	\$25,415,000	\$3,335,000	Payments over time with a present value as of the Effective Date equal to \$1.00 per dollar of Allowed Claim
Class 2 – MARAD AQ Secured Claims	\$47,312,000	Amount equal to value of MARAD Notes	MARAD Notes
Class 3 – Other AQ Secured Claims	\$1,059,000	\$800,000	\$1.00 per dollar of Allowed Claim or the property securing such Claim
Class 4 – General Secured Claims	\$465,836,000	\$1,800,000	\$1.00 per dollar of Allowed Claim or the property securing such Claim
Class 5 – Convenience Claims	\$1,696,000	\$1,700,000	\$.50 per dollar of Allowed Claim
Class 6A – Selling Debtors General Unsecured Claims	\$289,432,000	\$75,000,000	\$.20 per dollar of Allowed Claim
Class 6B – Coastal Debtors General Unsecured Claims	\$282,370,000	\$40,800,000	\$.01 per dollar of Allowed Claim
Class 6C – Independence Debtors General Unsecured Claims	\$584,093,000	\$21,600,000	9.17 per dollar of Allowed Claim
Class 6D -Columbia Queen General Unsecured Claims	\$20,808,000	\$25,000,000	\$.03 per dollar of Allowed Claim
Class 6E – AMCV General Unsecured Claim.9	\$306,598,000	\$402,300,000	\$.00 per dollar of Allowed Claim
Class 7 – Intercompany Claims	\$886,230,000	\$886,230,000	No distribution
Class 8 – Interests	N/A	N/A	No distribution

Claims filed against more than one of the Selling Debtors for the same liability shall be deemed one Claim against and obligation of the consolidated Selling Debtors,

After giving effect to the Settlement and to the transfers set forth in **the** Plan to the holders of Administrative Claims, Allowed Priority Tax Claims, Class 2 Claims, Class 3 Claims and Class 4 Claims, (a) all Assets and liabilities of the Coastal Debtors will be merged or treated as though they were merged, (b) all guarantees of any Coastal Debtor of the obligations of any other Coastal Debtor and any joint or several liability of any of **the** Coastal Debtors shall be eliminated, and (c) except with respect to Secured Claims, each and **every** Claim against any of the Coastal Debtors shall be deemed **filed** against the consolidated Coastal Debtors, and all Claims tiled against more than one of the Coastal Debtors for the same liability shall be deemed one Claim against and obligation of the consolidated Coastal Debtors.

After giving effect to the Settlement and to the transfers set forth in the Plan to the holders of Administrative Claims, Professional Claims, Allowed Priority Tax Claims, Class 2 Claims, Class 3 Claims and Class 4 Claims, (a) all Assets and liabilities of the Independence Debtors will be merged or treated as though **they were** merged, (b) all **guarantees** of any Independence of the obligations of any other Independence Debtor and any joint or several liability of any of the Independence Debtors shall be eliminated, and (c) except with respect to Secured Claims, each and every Claim against any of the Independence Debtors shall be deemed tiled against the consolidated Independence Debtors, and all Claims tiled against more than one of the Independence Debtors for the same liability shall be deemed one Claim against and obligation of **the** consolidated Indepcndence Debtors.

B. The Settlement

As part of their business operations, the Debtors regularly required that their customers make deposits to book a reservation for a cruise. Additionally, the Debtors regularly required that their customers tender **full** and complete **payment of the purchase** price 60 days prior to the cruise **departure** date. The Debtors' **customers** used a variety of methods to book cruises and to make the requisite deposits and payments. Some customers made reservations directly with the Debtors and paid with either cash, check or credit card. while others booked their cruises with a travel agent. Many customers made payments directly to their travel agencies, which, in turn, made payments on behalf of customers to the Debtors.

Although some of the customers who made deposits for cruises that were canceled because of the **bankruptcy** have been reimbursed by either their credit card companies or by the travel agent **through** whom they booked their cruise, many customers have not been reimbursed and allege priority claims against the Debtors (the "Customer Claimants"). The Customer Claimants have alleged unreimbursed claims totaling in excess of **\$10** million.

In the initial plan, the Debtors proposed to distribute the proceeds of the Sale to the Selling Debtoa and convert the cases of all of the remaining Debtors to chapter 7. The initial plan that the Debtors **filed** on July **30, 2002** would have enabled all of the Customer Claimants who booked cruises on the Delta Queen, Mississippi Queen and the American Queen (the "Mississippi Riverboats") to be paid in till for the priority portion of their deposit and prepayment claims. However, Customer Claimants who booked cruises on the Debtors' other vessels would have received little or no distributions on account of their deposit and prepayment

claims. In addition, customers on the **m/s** Patriot cruise ship, which is owned by a non-Debtor **affiliate** of the Debtors would have received little or no recovery from the non-Debtor entity that owned the m/s Patriot. Many of these Customer Claimants vigorously argued that they should be paid in **full** regardless of the vessel with respect to which **they** paid a deposit for travel. The U.S. Trustee and the Court expressed support for these Customer Claimants.

After consultation **with** the U.S. Trustee and the Creditors' Committee, the Debtors' management determined that certain of the Debtors **other** than the **Selling** Debtors may have **claims** against **the** Selling Debtors for, in the case of AMCV, intercompany advances and substantive consolidation, and, in the cases of the other Debtors, substantive consolidation. On the other hand, the intercompany advances **from** AMCV appear to be more in the nature of equity investments in the Selling Debtors than loans. Moreover, substantive consolidation is an extraordinary remedy and there is substantial evidence that (a) the Mississippi Riverboats, (b) the Columbia Queen riverboat, (c) the **cruise** ships owned by the Coastal Debtors, (d) the **s.s. Independence cruise ship** and (e) the **m/s** Patriot cruise ship owned by a non-Debtor were operated by different legal entities as five separate businesses, with separate brochures, customer phone **lines** and **bank accounts**. Evidence of these separate businesses has been presented to the Court at two hearings.

Taking all of the facts into consideration, the Debtors proposed the Plan. The Plan reflects a global settlement of all intercompany claims among the various Debtors, including substantive consolidation claims (the "Settlement"). The Settlement will enable the holders of priority claims against all of the Debtors, including Customer Claimants, to receive a **material** distribution of a combination of cash **and/or** proceeds of avoidance actions that should **provide** them with a substantial likelihood of payment, over time, of an amount equal to the value of **the** allowed amount of their priority claims as of the effective date of confirmation of the Plan. In addition, the Settlement will permit **all** holders of customer claims against the **non-Debtor** that owns the **m/s** Patriot cruise ship to file claims against Debtor AMCV and receive allowed priority claims against AMCV in an amount equal to a pro-rata share of cash **and/or** proceeds of avoidance actions to be provided to AMCV by the Selling Debtors as part of the Settlement (less the amount of any other allowed priority claims against **AMCV**), while retaining their claims against the non-Debtor that owns the m/s Patriot to the extent they are not paid in **full** by AMCV.

The **Debtors'** management formulated the Settlement in good faith, taking into account the competing interests of all of the Debtors and their creditors, including the Customer Claimants. **However, the** Settlement resolves a dispute between the Selling Debtors and their creditors on one hand and the **other** Debtors and their creditors on the other hand. The **Debtors'** management thus owe **fiduciary** duties to both parties to the dispute. Accordingly, to avoid any conflicts of interests or even a hint of impropriety and to ensure that the Settlement is fair and reasonable to the creditors of all the Debtors and even customers with claims for deposits and prepayments for travel on the non-Debtor owned **m/s** Patriot cruise ship, on October **11, 2002**, the Debtors **filed** an Emergency Motion for Appointment of Chapter 11 Examiner in which they sought entry of an order, pursuant to sections 1104 and 1106 of the Bankruptcy Code, directing that a disinterested person be appointed as examiner to investigate whether the Settlement is fair and reasonable to all of the Debtors and their creditors, including customers with claims for deposits and prepayments for travel on the non-Debtor owed m/s Patriot cruise ship. On November **11, 2002**, the Court entered an order appointing William **Bowden** as examiner (the

“Examiner”). On December 4, 2002, the Examiner submitted the Examiner Report to the Court. The Examiner Report recommended Debtors other than the Selling Debtors may have substantive consolidation claims against the Selling Debtors and such claims may have merit. The Examiner Report recommended that the non-Debtors may also have substantive consolidation claims against the Selling Debtors, but that such claims have little or no merit. The Debtors and the Creditors’ Committee disagree with much of the analysis contained in the Examiner Report. However, the Examiner, the Creditors’ Committee and the Debtors all agree that the Settlement is fair and reasonable to all Creditors and the Examiner Report recommends the Settlement as fair and reasonable to all Creditors. Further, pursuant to section 1123(b)(3) of the Bankruptcy Code and Bankruptcy Rule 9019(a), the Settlement embodied in the Plan and the Settlement Agreement attached hereto as Exhibit H, is fair, equitable, reasonable and in the best interests of the Debtors, their respective Estates and Claim holders. See Protective Comm. for Independent Stockholders of TMT Trailer Ferry, Inc. v. Anderson, 390 U.S. 414,424 (1968).

The Selling Debtors sold substantially all of their assets for **approximately** \$80.9 million in cash and assumed liabilities. The other Debtors have little or no assets except for potential Avoidance Actions and Intercompany Claims, including substantive consolidation claims against the **Selling** Debtors. In an effort to (a) treat all of the Estates of the Debtors and all of the Creditors thereof fairly, (b) avoid costly potential litigation among the Debtors and between the Debtors and non-Debtor Oceanic Ship Co. that would substantially reduce recoveries for all Creditors and (c) ensure speedy and efficient distributions to Creditors, the Debtors and non-Debtor Oceanic Ship Co. agreed to the following Settlement.

The allocation of the Settlement Cash Amounts and the Cash proceeds of the Settlement Avoidance Action Percentages **from** the Selling Debtors to the **other** Debtors or groups of Debtors was based on the estimated unreimbursed Customer Deposit Claims against each other Debtor or group of Debtors relative to all unreimbursed Customer Deposit Claims against all Debtors. However, with respect to the AMCV Settlement Cash Amount and the AMCV Settlement Avoidance Action Percentage, there was a substantial discount to take into account that such claims actually lie against Oceanic Ship Co., a non-Debtor.

1. **Intercompany** Claims of AMCV against the Selling Debtors

AMCV asserts **Intercompany** Claims against the Selling Debtors totalling approximately \$64 **million**. In addition, AMCV asserts substantive consolidation claims against the Selling Debtors because all of the Debtors utilize a centralized cash management system. The Selling Debtors assert **that AMCV’s** Intercompany Claims should either be **recharacterized** as equity contributions or equitably subordinated pursuant to section **510(c)** of the Bankruptcy Code. The Intercompany Claims never bore any of the **hallmarks** of a debt obligation. They were never **memorialized** by intercompany notes or other loan documentation, they never had fixed maturity dates or payment schedules and they did not bear interest. Moreover, the Selling Debtors assert **that** AMCV should not be granted the extraordinary remedy of substantive consolidation because, aside **from** a centralized cash management system and similar directors and **officers**, the **Selling** Debtors operated separately from AMCV.

After consultation with the Examiner, the Selling Debtors and AMCV have **agreed** to settle and release all Intercompany Claims they have against each other, including, without limitation, substantive consolidation claims, in exchange for the following: (a) the

Agreement in the form attached hereto as Exhibit H in exchange for each customer asserting a priority claim for deposits or prepayments for travel on the m/s Patriot being granted an Allowed AMCV Other Priority Claim in an amount equal to his share (based on the ratio of the allowed priority claim he would have against Oceanic Ship Co. (the former owner of the **m/s** Patriot) had it filed a chapter 11 case to the aggregate of all of the allowed priority claims all such customers would have against Oceanic Ship Co. had it tiled a chapter 11 case) of the difference between (a) the sum of the AMCV Settlement Cash Amount and any Cash that becomes available from the AMCV Settlement Avoidance Action **Percentage minus (b)** the amount required to pay all holders of Allowed AMCV Other Priority Claims other than **m/s** Patriot customers in full (including post-Effective Date interest). Nothing set forth **in** this Settlement shall in any way be deemed a release of any claims of any **m/s** Patriot customers of any claims against non-Debtor Oceanic Ship Co. Such customers will retain their claims against non-Debtor Oceanic Ship Co. to the extent the distributions they receive hereunder do not constitute payment in **full** of all of their claims against Oceanic Ship Co. for deposits or prepayments for **travel** on the m/s Patriot or otherwise.

C. Summary of Treatment of Claims and Interests

The following is a brief description, qualified by reference to the Plan itself, of each class and its treatment under the Plan. In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims and Priority Tax Claims of the kinds specified in sections **507(a)(1)** and **507(a)(8)** of the **Bankruptcy** Code have not been **classified** under the Plan and their treatment is set forth in Article 2 of the Plan.

1. Class **1A** – Selling Debtors Other Priority Claims

(a) Definition of Class **1A**:

Class **1A** shall consist of all Other Priority Claims against the Selling Debtors. Other Priority Claims consist of any Claim, other than an Administrative Claim or a Priority Tax Claim, of a Creditor to the extent such Claim is entitled to priority pursuant to section 507(a) of the Bankruptcy Code,

(b) Treatment of Class **1A** – Selling Debtors Other Priority Claims

On **the** Effective Date, or as soon thereafter as is practicable, each Allowed Selling Debtors Other Priority Claim shall be paid, in full satisfaction, settlement, release and discharge of and in exchange for such Allowed Selling Debtors Other Priority Claim, (a) Cash equal to the amount of such Allowed Selling Debtors Other Priority Claim, or (b) such other treatment as to which the Debtors and the holder of such Allowed Selling Debtors Other Priority Claim have agreed upon in writing.

(c) Voting Status of Class **1A**:

Class **1A** is not Impaired and is deemed to have accepted the Plan pursuant to section **1126(f)** of the **Bankruptcy** Code. Thus, the Claimants in Class **1A** may not vote on the **Plan**.

2. Class **1B** – Coastal Debtors Other Priority Claims

(a) Definition of Class **1B**:

Class **1B** shall consist of all Other Priority Claims against the Coastal Debtors.

(b) Treatment of Class **1B** – Coastal Debtors Other Priority Claims

On the Effective Date, or as soon thereafter as practicable, the Coastal Debtors Settlement Cash Amount shall be distributed Pro Rata among holders of Allowed Coastal Debtors Other Priority Claims in Class **1B**. If, after the Effective Date, any Cash is available from the Coastal Debtors Settlement Avoidance Action Percentage, the release of funds from the Disputed Claims Reserve for Disputed Claims against the Coastal Debtors, or unclaimed, undeliverable or time-barred distributions to holders of Allowed Coastal Debtors Other Priority Claims pursuant to the Plan, then such Cash shall be distributed in the same manner as the Coastal Debtors Settlement Cash Amount on a Subsequent Distribution Date, if any, and the Final Distribution Date. Notwithstanding the foregoing, the aggregate distributions received by the holders of Allowed Coastal Debtors Other Priority Claims under **the** Plan shall not exceed the amount of the Allowed Claim (together with interest on the unpaid portion thereof accruing from and after the Effective Date at a rate equal to five percent (5%) per annum, compounded **annually**).

(c) Voting Status of Class **1B**:

Class **1B** is not Impaired and is deemed to have accepted the Plan pursuant to section **1126(f)** of the Bankruptcy Code. Thus, **the** Claimants in Class **1B** may not vote on the Plan.

3. Class **1C** -Independence Debtors Other Priority Claims

(a) Definition of Class **1C**:

Class **1C** shall consist of all Other Priority Claims against the Independence Debtors.

(b) Treatment of Class **1C** – Independence Debtors Other Priority Claims

On the Effective Date, or as soon **thereafter** as practicable, the Independence Debtors Settlement Cash Amount shall be distributed Pro Rata among holders of Allowed Independence Debtors Other Priority Claims **in** Class **1C**. If, after the Effective Date, **any** Cash is available **from** the Independence Debtors Settlement Avoidance Action Percentage, the release of funds from the Disputed Claims Reserve for Disputed Claims against the Independence Debtors, or unclaimed, undeliverable or time-barred distributions to holders of Allowed Independence Debtors Other Priority Claims pursuant to the Plan, then such Cash shall be distributed in the same **manner** as the Independence Debtors Settlement Cash **Amount on a** Subsequent Distribution Date, if any, and the Final Distribution Date. Notwithstanding the foregoing, the aggregate distributions received by the holders of Allowed Independence Debtors Other Priority Claims under the Plan shall not exceed the amount of the Allowed Claim (together

with interest on the unpaid portion thereof accruing **from** and **after** the Effective Date at a rate equal to five percent (5%) per annum, compounded annually).

(c) Voting Status of Class **1C**:

Class 1C is not Impaired and is deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Thus, the Claimants in Class **1C** may not vote on the Plan.

4. **Class 1D – Columbia Queen Debtors Other Priority Claims**

(a) **Definition of Class 1D:**

Class **1D** shall consist of all Other Priority Claims against the Columbia Queen Debtor.

(b) **Treatment of Class 1D-Columbia Queen Debtors Other Priority Claims**

On the Effective Date, or as soon **thereafter** as practicable, the Columbia Queen Settlement Cash Amount shall be distributed Pro Rata among holders of Allowed Columbia Queen Other **Priority Claims** in Class 1D. If, **after** the Effective Date, any **Cash** is available from the Columbia Queen Settlement Avoidance Action Percentage, the release of funds from the Disputed Claims Reserve for Disputed Claims against the Columbia Queen, or unclaimed, undeliverable or **time-barred** distributions to holders of Allowed Columbia Queen Other Priority **Claims** pursuant to the Plan, then such Cash shall be distributed in the same manner as the Columbia Queen Settlement Cash Amount on a Subsequent Distribution Date, if any, and the Final Distribution Date. Notwithstanding the foregoing, the aggregate distributions received by the holders of Allowed Columbia Queen Other **Priority Claims** under the Plan shall not exceed the amount of the Allowed Claim (together with interest on the unpaid portion thereof accruing from and after the Effective Date at a rate equal to five percent (5%) per annum, compounded annually).

(c) Voting Status of Class **1D**:

Class **1D** is not Impaired and is deemed to have accepted the Plan pursuant to section **1126(f)** of the Bankruptcy Code. Thus, the Claimants in Class 1 D may not vote on the Plan.

5. **Class 1E – AMCV Other priority Claims**

(a) **Definition of Class 1E:**

Class **1E** shall consist of all Other Priority Claims against AMCV.

(b) **Treatment of Class 1E – AMCV Other Priority Claims**

Each customer asserting a priority claim for deposits or prepayments for travel on the m/s Patriot against **AMCV** shall be granted, as part of the Settlement, an Allowed AMCV Other Priority Claim in an amount equal to his share (based on the ratio of the allowed priority

claim he would have against Oceanic Ship Co. (the former owner of the m/s Patriot) had it filed a chapter 11 case to the aggregate of all of the allowed priority claims all such customers would have against Oceanic Ship Co. had it filed a chapter 11 case) of the difference between (a) the sum of the AMCV Settlement Cash Amount and any Cash that becomes available from the AMCV Settlement Avoidance Action Percentage **minus (b)** the amount required to pay all holders of Allowed AMCV Other Priority Claims other than **m/s Patriot** customers in **full** (including post-Effective Date interest). In addition, they will retain their claims against **non-Debtor Oceanic Ship Co.** to the extent the distributions they receive hereunder do not constitute payment in full of **all of** their claims against Oceanic Ship Co. for deposits or prepayments for travel on the m/s Patriot or otherwise. On the Effective Date, or as soon thereafter as is practicable, the AMCV Settlement Cash Amount shall be distributed Pro Rata among holders of Allowed AMCV Other Priority Claims in Class **1E**. **If, after** the Effective Date, any Cash is available **from** the **AMCV** Settlement Avoidance Action Percentage, the release of **funds from** the Disputed Claims Reserve for Disputed Claims against AMCV, or unclaimed, undeliverable or time-barred distributions to holders of Allowed AMCV Other Priority Claims pursuant to the Plan, then such Cash shall be distributed in the same manner as the AMCV Settlement Cash Amount on a **Subsequent** Distribution Date, if any, and the **Final** Distribution Date. Notwithstanding the foregoing, the aggregate distributions received by the holders of Allowed AMCV Other Priority Claims under the Plan shall not exceed the amount of the **Allowed** Claim (together with **interest on** the unpaid portion thereof accruing **from** and **after** the Effective Date at a **rate** equal to five percent (5%) per annum, compounded annually).

For example, assuming (i) a customer made a \$2,000 deposit for **travel** on the m/s Patriot, (ii) the aggregate of all allowed priority claims all **customers** on the m/s Patriot would have against Oceanic Ship Co., the owner of the **m/s Patriot**, had it filed a bankruptcy case, is **\$8,000,000**, (iii) the aggregate of Allowed **AMCV** Other Priority Claims excluding claims of customers for deposits for travel on the **m/s Patriot** is \$200,000, and (iv) the sum of the **AMCV** Settlement Cash Amount and the Cash proceeds from the AMCV Settlement Avoidance Action Percentage is **\$3,335,000**, then the customer would receive, as a result of the Settlement, an Allowed AMCV Other Priority Claim of \$783.75 $((\$2,000 \div \$8,000,000) \times (\$3,335,000 - \$200,000))$, which would be paid in full from the sum of the AMCV Settlement Cash Amount plus the Cash **proceeds** from the AMCV Settlement Avoidance Action Percentage.

(c) Voting Status of Class 1E:

Class IE is not Impaired and is deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Thus, the Claimants in Class **1E** may not vote on the Plan.

6. Class 2 – MARAD AQ Secured Claims

(a) Definition of Class 2:

Class 2 **shall** consist of the **MARAD AQ Secured Claims**,

(b) Treatment of Class 2 – MARAD AQ Secured Claims

Pursuant to the DNPS sale documentation **in** connection with the Asset Sale, payment of the **\$47,311,509.40** Asset Sale proceeds allocable to the Assets of Great AQ