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Counsel for Debtors and  
Debtors in Possession

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

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	:	
In re:	:	Chapter 11
	:	
NAUTILUS HOLDINGS LIMITED, <u>et al.</u> ,	:	Case No. 14-22885 (RDD)
	:	
	:	
Debtors. <sup>1</sup>	:	(Jointly Administered)
	:	
-----	x	

**NOTICE OF FILING OF AMENDED PLAN AND  
RELATED DISCLOSURE STATEMENT**

**PLEASE TAKE NOTICE** that, on October 15, 2014, Nautilus Holdings Limited and certain of its affiliates, the debtors and debtors in possession in the above-captioned cases (collectively, the "Debtors"), filed the *Joint Plan of Reorganization of Nautilus Holdings Limited*

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<sup>1</sup> The Debtors and, where applicable, the last four digits of their Hong Kong taxpayer identification codes are as follows: Nautilus Holdings Limited, Nautilus Holdings No. 2 Limited, Nautilus Shipholdings No. 1 Limited, Nautilus Shipholdings No. 2 Limited, Nautilus Shipholdings No. 3 Limited, Able Challenger Limited (8877), Charming Energetic Limited (0936), Dynamic Continental Limited (0928), Earlstown Limited (1898), Findhorn Osprey Limited (8075), Floral Peninsula Limited (4549), Golden Knighthood Limited (6376), Magic Peninsula Limited (0950), Metropolitan Harbour Limited (7969), Metropolitan Vitality Limited (9019), Miltons Way Limited (6180), Perpetual Joy Limited (0897), Regal Stone Limited (3636), Resplendent Spirit Limited (8114), Superior Integrity Limited (0934), and Vivid Mind Limited (7935). The Debtors maintain offices at 445 Hamilton Avenue, 11th Floor, White Plains, New York, 10601; 35th FL, Citicorp Centre, 18 Whitfield Road, North Point, Hong Kong; 23rd FL, 248 Queen's Road East, Wanchai, Hong Kong; and Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda.

*and Certain of Its Affiliates Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. 190] (the "Plan") and the *Disclosure Statement For the Joint Plan of Reorganization of Nautilus Holdings Limited and Certain of Its Affiliates Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. 189] (the "Disclosure Statement").

**PLEASE TAKE FURTHER NOTICE** that attached hereto and dated as of the date hereof (i) as Exhibit A-1 is the *Amended Joint Plan of Reorganization of Nautilus Holdings Limited and Certain of Its Affiliates Pursuant to Chapter 11 of the Bankruptcy Code* (the "Amended Plan") and (ii) as Exhibit A-2 is a blackline reflecting changes made to the Plan that are incorporated into the Amended Plan.

**PLEASE TAKE FURTHER NOTICE** that attached hereto and dated as of the date hereof (i) as Exhibit B-1 is the *Amended Disclosure Statement for the Joint Plan of Reorganization of Nautilus Holdings Limited and Certain of Its Affiliates Pursuant to Chapter 11 of the Bankruptcy Code* (the "Amended Disclosure Statement") and (ii) as Exhibit B-2 is a blackline reflecting changes made to the Disclosure Statement that are incorporated into the Amended Disclosure Statement.

**PLEASE TAKE FURTHER NOTICE** that copies of the above documents may be obtained from (i) the office of the Clerk of the Bankruptcy Court (the "Clerk's Office") during normal business hours; (ii) the Bankruptcy Court's electronic case filing system at [www.nysb.uscourts.gov](http://www.nysb.uscourts.gov) (a PACER login and password are required to access documents on the Bankruptcy Court's website and can be obtained through the PACER Service Center at [www.pacer.psc.uscourts.gov](http://www.pacer.psc.uscourts.gov)); or (iii) the Debtors' solicitation agent, Epiq Bankruptcy Solutions, LLC (the "Voting Agent") (a) at the Debtors' restructuring website at <http://dm.epiq11.com/NTH>, (b) upon request by mail to the addresses set forth below or (c) upon

request by telephone at (646) 282-2500. **PLEASE NOTE: neither the staff of the Clerk's Office nor the Voting Agent can give legal advice.**

<b>IF BY FIRST-CLASS MAIL:</b>	<b>IF BY HAND DELIVERY OR OVERNIGHT COURIER:</b>
Nautilus Holdings Limited Ballot Processing Center c/o Epiq Bankruptcy Solutions, LLC FDR Station, P.O. Box 5014 New York, NY 10150-5014	Nautilus Holdings Limited Ballot Processing Center c/o Epiq Bankruptcy Solutions, LLC 757 Third Avenue, 3rd Floor New York, NY 10017

Dated: New York, New York  
November 19, 2014

SKADDEN, ARPS, SLATE, MEAGHER  
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By: /s/ Jay M. Goffman  
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Counsel for Debtors and  
Debtors in Possession

**Exhibit A-3**

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

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	:
In re:	: Chapter 11
	:
NAUTILUS HOLDINGS LIMITED, <u>et al.</u> ,	: Case No. 14-22885 (RDD)
	:
Debtors.	: (Jointly Administered)
	:
-----	x

**AMENDED JOINT PLAN OF REORGANIZATION OF  
NAUTILUS HOLDINGS LIMITED AND CERTAIN OF ITS AFFILIATES  
PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE**

Jay M. Goffman  
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Dated: November 19, 2014

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## INTRODUCTION

Nautilus Holdings Limited and certain of its affiliates, as debtors and debtors in possession, propose the following joint plan of reorganization for the resolution of the outstanding Claims against and Interests in the Debtors. Reference is made to the Disclosure Statement, distributed contemporaneously herewith, for a discussion of (i) the Debtors' history, business and operations, (ii) a summary and analysis of this Plan, and (iii) certain related matters, including risk factors relating to the consummation of this Plan. Subject to certain restrictions and requirements set forth in section 1127 of the Bankruptcy Code, Bankruptcy Rule 3019, and the DVB RSA, the Debtors reserve the right to alter, amend, modify, revoke, or withdraw this Plan prior to its substantial consummation.

## ARTICLE I

### DEFINED TERMS AND RULES OF INTERPRETATION

*Defined Terms.* As used herein, capitalized terms shall have the meanings set forth below. Any term that is not otherwise defined herein, but that is used in the Bankruptcy Code or the Bankruptcy Rules, shall have the meaning given to that term in the Bankruptcy Code or the Bankruptcy Rules, as applicable.

1.1 ***Accrued Professional Compensation*** means, at any date, and regardless of whether such amounts are billed or unbilled, all of a Professional's accrued and unpaid fees (including success fees) and reimbursable expenses for services rendered in the Chapter 11 Cases through and including such date, whether or not such Professional has filed a fee application for payment of such fees and expenses, (i) all to the extent that any such fees and expenses have not been previously paid (regardless of whether a fee application has been filed for any such amount) and (ii) after applying any retainer that has been provided by the Debtors to such Professional and not previously applied. No amount of a Professional's fees and expenses denied under a Final Order shall constitute Accrued Professional Compensation.

1.2 ***Administrative Claim*** means a Claim for costs and expenses of administration of the Chapter 11 Cases under sections 503(b), 507(b) or 1114(e)(2) of the Bankruptcy Code, including, but not limited to: (a) any actual and necessary costs and expenses, incurred on or after the Petition Date and through the Effective Date, of preserving the Estates and operating the businesses of the Debtors (b) Professional Fee Claims; (c) all fees and charges assessed against the Estates under Chapter 123 of Title 28 of the United States Code; (d) all amounts advanced pursuant to the Bankruptcy Court's DIP Financing Orders; and (e) all other claims entitled to administrative claim status pursuant to an order of the Bankruptcy Court.

1.3 ***Affiliate*** means, with respect to any Person, "affiliate" as defined in section 101(2) of the Bankruptcy Code as if such Person were a Debtor.

1.4 ***Allowed*** means, with respect to a Claim against any Debtor, except as otherwise provided herein, (a) a Claim that is (i) listed in the Schedules as of the Effective Date as neither disputed, contingent nor unliquidated, and for which no Proof of Claim has been timely filed, or (ii) evidenced by a valid Proof of Claim or request for payment of Administrative

Claim, as applicable, filed by the applicable Bar Date, and as to which the Debtors or other parties-in-interest have not filed an objection to the allowance thereof by the Claims Objection Deadline, or (b) a Claim that is Allowed under the Plan or any stipulation or settlement approved by, or Final Order of, the Bankruptcy Court; *provided, however*, that any Claims allowed solely for the purpose of voting to accept or reject the Plan pursuant to an order of the Bankruptcy Court will not be considered "Allowed Claims" under the Plan. Notwithstanding the foregoing, a Claim shall not be Allowed and shall not be entitled to a distribution under the Plan to the extent it has been satisfied prior to the Effective Date. If a Claim is Allowed only in part, references to Allowed Claims include and are limited to the Allowed portion of such Claim. Notwithstanding anything to the contrary herein, no Claim that is disallowed in accordance with Bankruptcy Rule 3003 or section 502(d) of the Bankruptcy Code is Allowed and each such Claim shall be expunged without further action by the Debtors and without further notice to any party or action, approval, or order of the Bankruptcy Court.

1.5 ***Allowed ... Claim*** means an Allowed Claim of the particular type or Class described.

1.6 ***Amended and Restated Citi Facility*** means that certain amended and restated financing facility in a principal amount of \$131,330,000 to be entered into between Reorganized Debtors Vivid Mind Limited, Perpetual Joy Limited, Regal Stone Limited, Charming Energetic Limited, and Dynamic Continental Limited and the Holders of Allowed Citi Facility Claims on the Effective Date, with the material terms set forth on Exhibit B, a form of which will be filed as part of the Plan Supplement.

1.7 ***Amended and Restated DVB 1 Facility*** means that certain amended and restated financing facility in a principal amount not to exceed \$73,191,500 (exclusive of swap obligations) among the Reorganized Debtors Golden Knighthead Limited, as borrower, Nautilus Shipholdings No. 2 Limited, as guarantor, and the lenders party thereto as reflected in amended and restated forms of the Existing DVB 1 Facility Documents, which shall be filed as part of the Plan Supplement and entered into on the Effective Date.

1.8 ***Amended and Restated DVB 2 Facility*** means that certain amended and restated financing facility in a principal amount not to exceed \$73,191,500 (exclusive of swap obligations) among the Reorganized Debtors Metropolitan Harbour Limited, as borrower, Nautilus Shipholdings No. 2 Limited, as guarantor, and the lenders party thereto as reflected in amended and restated forms of the Existing DVB 2 Facility Documents, which shall be filed as part of the Plan Supplement and entered into on the Effective Date.

1.9 ***Amended and Restated HSH-YM Facility*** means that certain amended and restated financing facility to be entered into between Reorganized Debtors Able Challenger Limited, Magic Peninsula Limited, Metropolitan Vitality Limited, and Superior Integrity Limited and the Holders of Allowed HSH-YM Facility Claims on the Effective Date, with the material terms set forth on Exhibit A, a form of which will be filed as part of the Plan Supplement.

1.10 ***Avoidance Action*** means any claim or Cause of Action of an Estate arising out of or maintainable pursuant to sections 510, 541, 542, 543, 544, 545, 547, 548, 549,

550, 551, or 553 of the Bankruptcy Code or under any other similar applicable law, regardless of whether or not such action has been commenced prior to the Effective Date.

1.11 **Ballot** means each of the ballot forms distributed to each Holder of a Claim that is entitled to vote to accept or reject this Plan and on which the Holder is to indicate, among other things, acceptance or rejection of this Plan.

1.12 **Bankruptcy Code** means Title 11 of the United States Code, as now in effect or hereafter amended, to the extent such amendments apply to the Chapter 11 Cases.

1.13 **Bankruptcy Court** means the United States Bankruptcy Court for the Southern District of New York, or any other court with jurisdiction over the Chapter 11 Cases.

1.14 **Bankruptcy Rules** means the Federal Rules of Bankruptcy Procedure and the local rules of the Bankruptcy Court, as now in effect or hereafter amended.

1.15 **Bar Date** means (i) October 31, 2014 at 5:00 p.m. (Eastern Time), the date by which each Holder of a Claim against any of the Debtors, unless such Claim falls within one of the exceptions, must have filed a Proof of Claim against such Debtor(s); (ii) the later of (a) October 31, 2014 at 5:00 p.m. (Eastern Time) and (b) 5:00 p.m. (Eastern Time) on the date that is 30 days after entry of a Court order pursuant to which executory contracts or unexpired leases are rejected, the date by which any Holder of a Claim arising on account of any such rejected agreement must have filed a Proof of Claim against the Debtor(s); (iii) the later of (a) October 31, 2014 at 5:00 p.m. (Eastern Time) and (b) 5:00 p.m. (Eastern Time) on the date that is 30 days after the date that notice of any applicable amendment or supplement to the Schedules is served on a claimant, the date by which each Holder of a Claim affected by any such amendment or supplement to the Schedules must have filed a Proof of Claim against such Debtor(s); and (iv) December 22, 2014 at 5:00 p.m. (Eastern Time), the date by which each governmental unit with a Claim against any of the Debtors must have filed a Proof of Claim against such Debtor(s), as applicable in each case.

1.16 **Business Day** means any day, other than a Saturday, Sunday, or "legal holiday" (as defined in Bankruptcy Rule 9006(a)).

1.17 **Cash** means legal tender of the United States of America and equivalents thereof.

1.18 **Cause of Action** means any action, proceeding, agreement, Claim, cause of action, controversy, demand, debt, right, action, Avoidance Action, Lien, indemnity, guaranty, suit, obligation, liability, damage, judgment, account, defense, offset, power, privilege, recoupment, crossclaim, counterclaim, third-party claim, indemnity claim, contribution claim or any other claim known or unknown, contingent or non-contingent, matured or unmatured, suspected or unsuspected, liquidated or unliquidated, disputed or undisputed, secured or unsecured, assertable directly or derivatively, whether pending in litigation or otherwise, in contract or in tort, in law or in equity or pursuant to any other theory of law, based in whole or in part upon any act or omission or other event occurring prior to the Effective Date.

1.19 **Chapter 11 Case(s)** means (a) when used with reference to a particular Debtor, the case under Chapter 11 of the Bankruptcy Code commenced by such Debtor in the Bankruptcy Court and (b) when used with reference to all Debtors, the cases under Chapter 11 of the Bankruptcy Code commenced by the Debtors in the Bankruptcy Court.

1.20 **Citi Facility Claims** means Claims under the Citi Facility Documents. For the avoidance of doubt, Citi Facility Claims include Claims arising under any swap agreements related to the Existing Citi Credit Agreement, on a pari passu basis.

1.21 **Citi Facility Documents** means the Existing Citi Credit Agreement and all related documents, including, but not limited to, guarantees and pledges executed in connection therewith.

1.22 **Citi Facility Swap Claims** means all Claims arising from swap obligations under the Existing Citi Credit Agreement.

1.23 **Citi Facility Tranche A Claims** means Citi Facility Claims to the extent such Claims are senior tranche A claims under the Existing Citi Credit Agreement.

1.24 **Citi Facility Tranche B Claims** means Citi Facility Claims to the extent such Claims are subordinated tranche B claims under the Existing Citi Credit Agreement.

1.25 **Citi Silo Management Agreement** means the vessel management agreement, a form of which will be filed with the Plan Supplement, to be entered into by Reorganized Debtors Vivid Mind Limited, Perpetual Joy Limited, Regal Stone Limited, Charming Energetic Limited, and Dynamic Continental Limited, and Synergy Management Services Limited, effective as of the Effective Date and for an initial term of (5) years, and providing for a market rate management fee to Synergy Management Services Limited for the vessels securing the Existing Citi Credit Agreement.

1.26 **Claim** means a "claim" as defined in section 101(5) of the Bankruptcy Code.

1.27 **Claims Objection Deadline** means (i) ninety (90) days following the Effective Date or (ii) such other later date that the Bankruptcy Court may establish upon a motion by the Debtors or Reorganized Debtors, which motion may be approved without a hearing and without notice to any party.

1.28 **Class** means a category of Claims or Interests, as described in Article III hereof.

1.29 **Columbia Facility Claims** means Claims under the Columbia Facility Documents.

1.30 **Columbia Facility Documents** means the Existing Columbia Credit Agreement and all related documents, including, but not limited to, guarantees and pledges executed in connection therewith.

1.31 **Confirmation** means the confirmation of this Plan by the Bankruptcy Court under section 1129 of the Bankruptcy Code.

1.32 **Confirmation Date** means the date on which the Bankruptcy Court enters the Confirmation Order on the docket of the Bankruptcy Court.

1.33 **Confirmation Hearing** means the hearing held by the Bankruptcy Court pursuant to section 1128 of the Bankruptcy Code to consider confirmation of this Plan, as such hearing may be adjourned or continued from time to time.

1.34 **Confirmation Order** means the order of the Bankruptcy Court confirming this Plan pursuant to section 1129 of the Bankruptcy Code.

1.35 **D&O Liability Insurance Policies** means all insurance policies for directors' and officers' liability maintained by the Debtors, including any directors' and officers' "tail policy."

1.36 **Debtors** means Nautilus Holdings Limited, Nautilus Holdings No. 2 Limited, Nautilus Shipholdings No. 1 Limited, Nautilus Shipholdings No. 2 Limited, Nautilus Shipholdings No. 3 Limited, Able Challenger Limited, Charming Energetic Limited, Dynamic Continental Limited, Earlstown Limited, Findhorn Osprey Limited, Floral Peninsula Limited, Golden Knighthead Limited, Magic Peninsula Limited, Metropolitan Harbour Limited, Metropolitan Vitality Limited, Miltons Way Limited, Perpetual Joy Limited, Regal Stone Limited, Resplendent Spirit Limited, Superior Integrity Limited, and Vivid Mind Limited.

1.37 **DIP Financing Orders** means the Order (I) Scheduling a Final Hearing Pursuant to Bankruptcy Rules 4001 and 9014 and (II) Authorizing Debtors to Obtain Postpetition Financing Pursuant to Section 364(c) of the Bankruptcy Code, dated June 25, 2014 [Docket No. 25] and the Second Interim Order (I) Scheduling a Final Hearing Pursuant to Bankruptcy Rules 4001 and 9014 and (II) Authorizing Debtors to Obtain Postpetition Financing Pursuant to Section 364(c) of the Bankruptcy Code, dated July 15, 2014 [Docket No. 60].

1.38 **Disclosure Statement** means the disclosure statement (including all exhibits and schedules thereto) relating to this Plan, as amended, modified or supplemented from time to time, and distributed contemporaneously herewith.

1.39 **Disputed Claim** means (a) any Claim as to which the Debtors have interposed an objection or request for estimation in accordance with the Bankruptcy Code and the Bankruptcy Rules, or any Claim otherwise disputed by the Debtors, the Reorganized Debtors, or other party in interest in accordance with applicable law, which objection has not been withdrawn or determined by a Final Order, (b) any Claim scheduled by the Debtors as contingent, unliquidated, or disputed, (c) any Claim which amends a claim scheduled by the Debtors as contingent, unliquidated, or disputed, or (d) any Claim prior to it having become an Allowed Claim.

1.40 **DVB 1 Facility Claims** means Claims under the Existing DVB 1 Facility Documents, including, without limitation, obligations under the related swap agreement.



1.41 **DVB 2 Facility Claims** means Claims under the Existing DVB 2 Facility Documents, including, without limitation, obligations under the related swap agreement.

1.42 **DVB RSA** means that certain restructuring support agreement and exhibits thereto entered into among the Debtors, Reminiscent Ventures S.A., Synergy Management Services Limited, and DVB Bank SE (f/k/a DVB Bank AG), dated September 19, 2014, and approved by order of the Bankruptcy Court dated October 3, 2014.

1.43 **DVB Term Sheet** means the term sheet between the Debtors and DVB Bank SE (f/k/a DVB Bank AG) attached to the DVB RSA and attached hereto as Exhibit D.

1.44 **Effective Date** means the Business Day this Plan becomes effective as provided in Article VIII hereof.

1.45 **Entity** means "entity" as defined in section 101(15) of the Bankruptcy Code.

1.46 **Equity-Related Entities** means Elektra Limited, Reminiscent Ventures S.A., and Synergy Management Services Limited.

1.47 **Estate(s)** means, individually, the estate of any of the Debtors and, collectively, the estates of all of the Debtors created under section 541 of the Bankruptcy Code.

1.48 **Executory Contract** means a contract to which one or more of the Debtors is a party that is subject to assumption or rejection under section 365 of the Bankruptcy Code.

1.49 **Exhibit** means an exhibit annexed to either this Plan or as an appendix to the Disclosure Statement, as amended, modified or supplemented from time to time.

1.50 **Existing Citi Credit Agreement** means that certain Loan and Swap Agreement relating to a US\$375,007,950 facility dated September 25, 2007, as amended by that certain Supplemental Agreement dated September 7, 2012, among Debtors Vivid Mind Limited, Perpetual Joy Limited, Regal Stone Limited, Charming Energetic Limited, and Dynamic Continental Limited, as borrowers; Nautilus Shipholdings No. 3 Limited, as guarantor; and Citibank, N.A. and Bank of Scotland plc, as swap banks, Citibank International plc, as agent, Citibank, N.A., as security trustee, Citigroup Global Markets Limited, as arranger, and Citibank, N.A., Bank of Scotland plc, Lloyds TSB Bank plc, UniCredit Bank AG, Goldman Sachs Bank (Europe) Plc, Goldman Sachs International Bank and Sculptor Investments S.a.r.l. as lenders.

1.51 **Existing Columbia Credit Agreement** means that certain Loan and Swap Agreement relating to a US\$61,200,000 facility dated July 6, 2007, among Debtor Miltons Way Limited, as borrower, Nautilus Shipholdings No. 1 Limited, as guarantor, and HSH Nordbank AG, as lender, swap bank, agent and security trustee.

1.52 **Existing DVB 1 Facility Documents** means that certain Loan Agreement, dated July 11, 2007, between Debtor Golden Knighthead Limited, as borrower, and DVB Bank SE (f/k/a DVB Bank AG), as lender, swap bank, agent and security trustee, relating to a US\$91,237,500 financing facility and the various documents executed in connection with that

facility, including, without limitation, the related swap agreement, guarantee, and all Finance Documents (as defined in the Loan Agreement).

1.53 ***Existing DVB 2 Facility Documents*** means that certain Loan Agreement, dated July 11, 2007, between Debtor Metropolitan Harbour Limited, as borrower, and DVB Bank SE (f/k/a DVB Bank AG), as lender, swap bank, agent and security trustee, relating to a US\$91,237,500 financing facility and the various documents executed in connection with that facility, including, without limitation, the related swap agreement, guarantee, and all Finance Documents (as defined in the Loan Agreement).

1.54 ***Existing Flowers Credit Agreement*** means that certain Loan and Swap Agreement relating to a US \$150,304,000 facility dated February 12, 2007, among Debtors Findhorn Osprey Limited, Earlstown Limited, Floral Peninsula Limited, and Resplendent Spirit Limited, as borrowers; Nautilus Shipholdings No. 1 Limited, as guarantor, and HSH Nordbank AG, as lender, swap bank, agent and security trustee.

1.55 ***Existing HSH-YM Credit Agreement*** means that certain Loan and Swap Agreement dated April 12, 2007 relating to a facility for the lower of (i) US\$237,728,000 and (ii) the aggregate of a percentage of certain vessel construction prices among Debtors Able Challenger Limited, Magic Peninsula Limited, Metropolitan Vitality Limited, and Superior Integrity Limited, as borrowers; Nautilus Shipholdings No. 1 Limited, Findhorn Osprey Limited, Earlstown Limited, Floral Peninsula Limited, Resplendent Spirit Limited, as guarantors; and HSH Nordbank AG, Unicredit Bank AG, and Commerzbank AG and any successors thereto, as lenders.

1.56 ***F-C Consideration*** means (a) \$2.1 million to be paid on the Effective Date by HSH Nordbank AG, as Holder of all of the Columbia Facility Claims and Flowers Facility Claims, to Resplendent Spirit Limited (for the benefit of all of the borrowers under the F-C Credit Agreements) plus (b) the F-C Escrow.

1.57 ***F-C Credit Agreements*** means the Existing Columbia Credit Agreement and the Existing Flowers Credit Agreement.

1.58 ***F-C Escrow*** means \$200,000 to be placed into escrow by HSH Nordbank AG, as Holder of all of the Columbia Facility Claims and Flowers Facility Claims, for the benefit of the borrowers under the F-C Credit Agreements to cover any F-C Termination Payments. Any amounts remaining from the \$200,000 F-C Escrow after paying all of the F-C Termination Payments shall be returned to HSH Nordbank AG.

1.59 ***F-C Technical Manager Costs*** means any amounts (1) owed to Univan Ship Management International Limited for post-Effective Date operations pursuant to the technical management agreements relating to the vessels securing the F-C Credit Agreements and (2) any termination, rejection, breakage or similar costs owed to Univan Ship Management International Limited pursuant to the technical management agreements relating to the vessels securing the F-C Credit Agreements; provided, however, the F-C Technical Manager Costs shall not include any true-up payments for 2013 and 2014.

1.60 ***F-C Termination Payments*** means termination, rejection, breakage and/or similar payments to any contract counterparties relating to the operation of the vessels securing the F-C Credit Agreements other than F-C Technical Manager Costs.

1.61 ***Final Order*** means an order or judgment, the operation or effect of which has not been reversed, stayed, modified, or amended, and as to which order or judgment (or any reversal, stay, modification, or amendment thereof) (a) the time to appeal, seek certiorari, or request reargument or further review or rehearing has expired and no appeal, petition for certiorari, or request for reargument or further review or rehearing has been timely filed, or (b) any appeal that has been or may be taken or any petition for certiorari or request for reargument or further review or rehearing that has been or may be filed has been resolved by the highest court to which the order or judgment was appealed, from which certiorari was sought, or to which the request was made, and no further appeal or petition for certiorari or request for reargument or further review or rehearing has been or can be taken for granted.

1.62 ***Flowers Facility Claims*** means Claims under the Flowers Facility Documents.

1.63 ***Flowers Facility Documents*** means the Existing Flowers Credit Agreement and all related documents, including, but not limited to, guarantees and pledges executed in connection therewith.

1.64 ***General Unsecured Claim*** means any Claim against any Debtor other than an Administrative Claim, a Priority Tax Claim, an Other Priority Claim, an Other Secured Claim, a Citi Facility Claim, a Columbia Facility Claim, a DVB 1 Facility Claim, a DVB 2 Facility Claim, a Flowers Facility Claim, an HSH-YM Facility Claim, a Subordinated 510(b) Claim, or an Intercompany Claim.

1.65 ***Holder*** means a holder of a Claim or Interest, as applicable.

1.66 ***HSH-YM Facility Claims*** means Claims under the HSH-YM Facility Documents.

1.67 ***HSH-YM Facility Documents*** means the Existing HSH-YM Credit Agreement and all related documents, including, but not limited to, guarantees and pledges executed in connection therewith.

1.68 ***Impaired*** means, when used in reference to a Claim or Interest, a Claim or Interest that is impaired within the meaning of section 1124 of the Bankruptcy Code.

1.69 ***Intercompany Claim*** means any and all Claims of a Debtor against another Debtor.

1.70 ***Intercompany Interest*** means an Interest in a Debtor held by another Debtor.

1.71 ***Interest*** means any equity security, including a limited liability company membership interest, in a Debtor as defined in section 101(16) of the Bankruptcy Code,

including all issued, unissued, authorized or outstanding shares of capital stock of the Debtors, together with any warrants, options or contractual rights to purchase or acquire such equity securities at any time and all rights arising with respect thereto.

1.72 **Lien** means any lien, security interest, pledge, title retention agreement, encumbrance, charge, mortgage or hypothecation.

1.73 **Missed Milestone Obligations** means the obligations of the Debtors under the DVB Term Sheet in the event the Debtors fail to achieve an Effective Date of January 31, 2015.

1.74 **New Credit Facilities** means the Amended and Restated Citi Facility, the Amended and Restated DVB 1 Facility, the Amended and Restated DVB 2 Facility, and the Amended and Restated HSH-YM Facility.

1.75 **NHL Management Agreement** means the vessel management agreement to be entered into by Reorganized Nautilus Holdings Limited and Synergy Management Services Limited, effective as of the Effective Date, for management of the vessels securing the Existing DVB 1 Facility Documents and the Existing DVB 2 Facility Documents on terms consistent with the DVB Term Sheet, a form of which will be filed with the Plan Supplement.

1.76 **NH2L Management Agreement** means the vessel management agreement to be entered into by Reorganized Nautilus Holdings No. 2 Limited and Synergy Management Services Limited, effective as of the Effective Date and for an initial term of five (5) years, and providing for a market rate management fee to Synergy Management Services Limited for management of the vessels that are indirectly owned by Reorganized Nautilus Holdings No. 2 Limited, a form of which will be filed with the Plan Supplement.

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

1.78 **Other Secured Claim** means any Secured Claim, other than a Citi Facility Claim, a Columbia Facility Claim, a DVB 1 Facility Claim, a DVB 2 Facility Claim, a Flowers Facility Claim, or an HSH-YM Facility Claim.

1.79 **Participating Lenders** means DVB Bank SE and HSH Nordbank AG (solely in its capacity as Holder of all of the Columbia Facility Claims and Flowers Facility Claims).

1.80 **Person** means an individual, corporation, partnership, joint venture, association, joint stock company, limited liability company, limited liability partnership, trust, estate, unincorporated organization, or other entity.

1.81 **Petition Date** means, with respect to a Debtor, the date on which such Debtor filed its petition for relief commencing its Chapter 11 Case.

1.82 **Plan** means this Chapter 11 plan of reorganization, including the Exhibits and all supplements, appendices, and schedules hereto, either in its current form or as the same may be altered, amended, supplemented, or modified from time to time.

1.83 **Plan Supplement** means the compilation of documents and forms of documents, schedules and exhibits to the Plan to be filed by the Debtors no later than December 22, 2014.

1.84 **Priority Tax Claim** means any Claim of a governmental unit of the kind specified in section 507(a)(8) of the Bankruptcy Code.

1.85 **Professional** means (a) any professional employed in these Chapter 11 Cases pursuant to sections 327, 328, 363, or 1103 of the Bankruptcy Code or otherwise and (b) any professional or other entity seeking compensation or reimbursement of expenses in connection with the Chapter 11 Cases pursuant to section 503(b)(4) of the Bankruptcy Code.

1.86 **Professional Fee Claim** means an Administrative Claim of a Professional for compensation for services rendered or reimbursement of costs, expenses, or other charges incurred on or after the Petition Date and prior to and including the Effective Date.

1.87 **Professional Fee Escrow Account** means an escrow account to be funded with the Professional Fee Reserve Amount by the Debtors and Reorganized Debtors on the Effective Date solely for the purpose of paying all Allowed Professional Fee Claims.

1.88 **Professional Fee Reserve Amount** means the aggregate Accrued Professional Compensation through the Effective Date as estimated by the Professionals in accordance with Article 2.3(c).

1.89 **Proof of Claim** means a written proof of Claim filed against any Debtor in the Chapter 11 Cases.

1.90 **Reinstated** means (a) leaving unaltered the legal, equitable, and contractual rights to which a Claim or Interest entitles the Holder of such Claim or Interest so as to leave such Claim or Interest Unimpaired in accordance with section 1124 of the Bankruptcy Code or (b) notwithstanding any contractual provision or applicable law that entitles the Holder of such Claim or Interest to demand or receive accelerated payment of such Claim or Interest after the occurrence of a default, (i) curing any such default that occurred before or after the Petition Date, other than a default of a kind specified in section 365(b)(2) of the Bankruptcy Code, (ii) reinstating the maturity of such Claim or Interest as such maturity existed before such default, (iii) compensating the Holder of such Claim or Interest for any damages incurred as a result of any reasonable reliance by such Holder on such contractual provision or such applicable law, and (iv) not otherwise altering the legal, equitable, or contractual rights to which such Claim or Interest entitles the Holder of such Claim or Interest; *provided, however*, that any contractual right that does not pertain to the payment when due of principal and interest on the obligation on which such Claim or Interest is based, including, but not limited to, financial covenant ratios, negative pledge covenants, covenants or restrictions on merger or consolidation, and affirmative covenants regarding corporate existence, prohibiting certain transactions or actions contemplated

by this Plan, or conditioning such transactions or actions on certain factors, shall not be required to be cured or reinstated to achieve reinstatement.

1.91 ***Released Party*** means each of the following: (a) the Debtors; (b) the Participating Lenders; (c) the Equity-Related Entities; and (d) with respect to each of the foregoing persons in clauses (a) through (d), such Person's current and former subsidiaries, Affiliates, members, directors, officers, principals, agents, financial advisors, restructuring advisors, accountants, investment bankers, consultants, attorneys, employees, partners, equity holders, representatives, and other professionals, in each case, only in their capacity as such.

1.92 ***Reorganized Debtors*** means the Debtors, or any successor thereto, by merger, consolidation, or otherwise, on or after the Effective Date.

1.93 ***Retained Actions*** means all claims, Causes of Action, rights of action, suits and proceedings, whether in law or in equity, whether known or unknown, which any Debtor or any Debtor's Estate may hold against any Person, including, without limitation, (a) claims and Causes of Action brought prior to the Effective Date, (b) claims and Causes of Action against any Persons for failure to pay for products or services provided or rendered by any of the Debtors, (c) claims and Causes of Action seeking the recovery of any of the Debtors' or the Reorganized Debtors' accounts receivable or other receivables or rights to payment created or arising in the ordinary course of any of the Debtors' or the Reorganized Debtors' businesses, including, without limitation, claim overpayments and tax refunds, (d) all Avoidance Actions, and (e) any such claims, Causes of Action, rights of action, suits or proceedings listed in the Disclosure Statement or any schedules filed by the Debtors in this cases, if any; *provided, however*, that Retained Actions shall not include those claims, Causes of Action, rights of action, suits and proceedings, whether in law or in equity, whether known or unknown, released under Article IX herein.

1.94 ***Schedules*** means the Debtors' schedules of assets and liabilities and statements of financial affairs, filed under section 521 of the Bankruptcy Code and the Bankruptcy Rules, as amended, supplemented, or modified.

1.95 ***Secured Claim*** means a Claim that is secured by a Lien on property in which a Debtor's Estate has an interest or that is subject to setoff under section 553 of the Bankruptcy Code, to the extent of the value of the Claim Holder's interest in the applicable Estate's interest in such property or to the extent of the amount subject to setoff, as applicable, as determined pursuant to section 506(a) of the Bankruptcy Code or, in the case of setoff, pursuant to section 553 of the Bankruptcy Code.

1.96 ***Subordinated 510(b) Claim*** means any Claim subordinated pursuant to Bankruptcy Code section 510(b), which shall include (a) any Claim arising from the rescission of a purchase or sale of (i) Interests in any of the Debtors or (ii) debt securities of any of the Debtors, (b) any Claim for damages arising from the purchase or sale of (i) any Interests in any of the Debtors or (ii) debt securities of any of the Debtors, or (c) any Claim for reimbursement, contribution or indemnification on account of any such Claim.

1.97 ***Unexpired Lease*** means a lease to which one or more of the Debtors is a party that is subject to assumption or rejection under section 365 of the Bankruptcy Code.

1.98 ***Unimpaired*** means a Claim or Interest that is not impaired within the meaning of section 1124 of the Bankruptcy Code.

***Rules Of Interpretation And Computation Of Time.*** For purposes of this Plan, unless otherwise provided herein: (a) whenever from the context it is appropriate, each term, whether stated in the singular or the plural, shall include both the singular and the plural; (b) unless otherwise provided in this Plan, any reference in this 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; (c) any reference in this Plan to an existing document or schedule filed or to be filed means such document or schedule, as it may have been or may be amended, modified, or supplemented pursuant to this Plan; (d) any reference to an entity as a Holder of a Claim or Interest includes that entity's successors and assigns; (e) all references in this Plan to Sections and Articles are references to Sections and Articles of or to this Plan; (f) the words "herein," "hereunder," and "hereto" refer to this Plan in its entirety rather than to a particular portion of this Plan; (g) captions and headings to Articles and Sections are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation of this Plan; (h) subject to the provisions of any contract, certificates of incorporation, by-laws, instrument, release, or other agreement or document entered into in connection with this Plan, the rights and obligations arising under this Plan shall be governed by, and construed and enforced in accordance with, federal law, including the Bankruptcy Code and Bankruptcy Rules; (i) the rules of construction set forth in section 102 of the Bankruptcy Code shall apply; (j) in computing any period of time prescribed or allowed by this Plan, the provisions of Bankruptcy Rule 9006(a) shall apply; (k) "including" means "including without limitation;" and (l) with reference to any distribution under this Plan, "on" a date means on or as soon as reasonably practicable after that date.

***Exhibits.*** All Exhibits are incorporated into and are a part of this Plan as if set forth in full herein, and, to the extent not annexed hereto, such Exhibits shall be filed with the Bankruptcy Court on or after the Petition Date, but in any event, no later than ten (10) Business Days prior to the hearing at which the Bankruptcy Court considers whether to confirm the Plan. Holders of Claims and Interests may obtain a copy of the Exhibits upon written request to the Debtors. Upon their filing, the Exhibits may be inspected (a) in the office of the clerk of the Bankruptcy Court or its designee during normal business hours; (b) on the Bankruptcy Court's website at <http://nysb.uscourts.gov> (registration required) or (c) at our noticing agent's website at <http://dm.epiq11.com/NTH>. The documents contained in the Exhibits shall be approved by the Bankruptcy Court pursuant to the Confirmation Order.

## **ARTICLE II**

### **TREATMENT OF UNCLASSIFIED CLAIMS**

In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims and Priority Tax Claims are not classified and are not entitled to vote on this Plan.

2.1 ***Administrative Claims.*** On, or as soon as reasonably practicable after, the later of (a) the Effective Date, (b) the date on which an Administrative Claim becomes an Allowed Administrative Claim, or (c) the date on which an Allowed Administrative Claim becomes payable under any agreement relating thereto, each Holder of such Allowed Administrative Claim shall receive, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such Allowed Administrative Claim, Cash equal to the unpaid portion of such Allowed Administrative Claim. Notwithstanding the foregoing, (x) any Professional Fee Claim shall not be paid except in accordance with an order of the Bankruptcy Court permitting such payment and in accordance with the DVB Term Sheet, (y) any Allowed Administrative Claim based on a liability incurred by a Debtor in the ordinary course of business during the Chapter 11 Cases may be paid in the ordinary course of business in accordance with the terms and conditions of any agreement relating thereto and (z) any Allowed Administrative Claim may be paid on such other terms as may be agreed to between the Holder of such Allowed Administrative Claim and the Debtors or the Reorganized Debtors.

2.2 ***Priority Tax Claims.*** The legal and equitable rights of the Holders of Priority Tax Claims are Unimpaired by the Plan. Unless the Holder of an Allowed Priority Tax Claim and the Debtors agree to a different treatment, on the Effective Date, each Holder of an Allowed Priority Tax Claim shall have such Claim Reinstated.

2.3 ***Professional Fee Claims.***

(a) Professionals shall submit final fee applications seeking approval of all Professional Fee Claims no later than thirty (30) days after the Effective Date. These applications remain subject to Court approval under the standards established by the Bankruptcy Code, including the requirements of sections 327, 328, 330, 331, 363, 503(b) and 1103 of the Bankruptcy Code, as applicable. Payments to Professionals shall be made upon entry of an order approving such Professional Fee Claims. Allowed Professional Fee Claims shall be apportioned among the Debtors first based upon the ratio between the relevant Debtor's gross revenue for the year ended December 31, 2013 and the aggregate gross revenue for all of the Debtors for the year ended December 31, 2013 (the "2013 Revenue Allocation"); *provided, however*, Professional Fee Claims shall in all events constitute the joint and several liability of all Debtors to the extent provided for in any particular Professional's engagement letter. Notwithstanding anything herein to the contrary, that all payment and apportionment of Professional Fee Claims shall be subject to the DVB Term Sheet.

(b) On the Effective Date, the Debtors will establish and fund the Professional Fee Escrow Account with Cash equal to the Professional Fee Reserve Amount. The Professional Fee Escrow Account will be maintained in trust for the Professionals. The funds in such account will not be property of the Reorganized Debtors except that the Reorganized Debtors shall retain a residual interest to the extent the funds are not used for Allowed Professional Fee Claims. The amount of Professional Fee Claims owing to the Professionals will be paid in Cash to such Professionals by the Reorganized Debtors, or at the Reorganized Debtors' direction, from the Professional Fee Escrow Account, without interest or other earnings therefrom, when such Claims are Allowed by Final Order; *provided*, that the Reorganized Debtors' liability for Professional Fee Claims shall not be limited nor be deemed to be limited to the funds available from the Professional Fee Escrow Account. After all Professional Fee Claims



have been paid in full, amounts remaining in the Professional Fee Escrow Account, if any, will be transferred to the applicable Reorganized Debtor that provided such excess amounts and subject to the liens of applicable lenders.

(c) Professionals shall estimate their Accrued Professional Compensation prior to and as of the Effective Date and deliver such estimate to the Debtors and the Participating Lenders at least five (5) days prior to the anticipated Effective Date. If a Professional does not provide such estimate, the Debtors may estimate the unbilled fees and expenses of such Professional. The total amount so estimated will constitute the Professional Fee Reserve Amount; provided that such estimate will not be considered an admission or limitation with respect to the fees and expenses of such Professional. The Professional Fee Reserve Amount and the estimated Accrued Professional Compensation amounts submitted by the Professionals will be subject to review by the Debtors and the Participating Lenders, and any objections to the Professional Fee Reserve Amount must be served on the Debtors prior to the Effective Date.

### **ARTICLE III**

#### **CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS**

3.1 *Classification And Settlement.* Pursuant to section 1122 of the Bankruptcy Code, set forth below is a designation of Classes of Claims against and Interests in the Debtors. A Claim or Interest is placed in a particular Class only to the extent that the Claim or Interest falls within the description of that Class and is classified in other Classes to the extent that any portion of the Claim or Interest falls within the description of such other Classes. A Claim is also placed in a particular Class for the purpose of receiving distributions pursuant to this Plan only to the extent that such Claim is an Allowed Claim in that Class and such Claim has not been paid, released, or otherwise settled prior to the Effective Date. Each reference to "Class" or "Classes" shall include all sub-Classes of the respective Class or Classes, as applicable. Subject to the payment of Professional Fees set forth in Section 2.3 and any other joint and several obligations of the Debtors, each Debtor shall be responsible for satisfying the Claims and Administrative Claims against and Interests in such Debtor from such Debtor's assets.

In accordance with section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the distributions and other benefits provided pursuant to the Plan, the provisions of the Plan shall constitute a good faith compromise of all Claims, Interests and controversies relating to the contractual, legal and subordination rights that a holder of a Claim may have with respect to any Allowed Claim or Interest, or any distribution to be made on account of such Allowed Claim or Interest. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise or settlement of all such Claims, Interests and controversies, as well as a finding by the Bankruptcy Court that such compromise or settlement is in the best interests of the Debtors, their Estates and holders of Claims and Interests and is fair, equitable and reasonable.

<b>Class</b>	<b>Designation</b>	<b>Impairment</b>	<b>Entitled to Vote</b>
Class 1 .....	Other Priority Claims	Unimpaired	No (deemed to accept)
Class 2 .....	Other Secured Claims	Unimpaired	No (deemed to accept)
Class 3 .....	Citi Facility Claims	Impaired	Yes
Class 4 .....	Columbia Facility Claims	Impaired	Yes
Class 5 .....	DVB 1 Facility Claims	Impaired	Yes
Class 6 .....	DVB 2 Facility Claims	Impaired	Yes
Class 7 .....	Flowers Facility Claims	Impaired	Yes
Class 8 .....	HSH-YM Facility Claims	Impaired	Yes
Class 9 .....	General Unsecured Claims	Impaired	Yes
Class 10 .....	Interests in Nautilus Holdings Limited and Nautilus Holdings No. 2 Limited	Unimpaired	No (deemed to accept)
Class 11 .....	Intercompany Claims	Unimpaired	No (deemed to accept)
Class 12 .....	Intercompany Interests in Other Debtors	Unimpaired	No (deemed to accept)
Class 13 .....	Intercompany Interests in C-F Debtors	Impaired	Yes
Class 14 .....	Intercompany Interests in Nautilus Shipholdings No. 3 Limited	Impaired	Yes

### 3.2 *Treatment Of Classes.*

#### (a) *Class 1 – Other Priority Claims*

(i) *Claims In Class:* Class 1 consists of all Other Priority Claims that may exist against the Debtors.

(ii) *Treatment:* On, or as soon as reasonably practicable after, (a) the Effective Date if such Other Priority Claim is an Allowed Other Priority Claim on the Effective Date or (b) the date on which such Other Priority Claim becomes an Allowed Other Priority Claim, each Holder of an Allowed Class 1 Other Priority Claim shall receive, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such Allowed Other Priority Claim, Cash equal to the unpaid portion of such Allowed Other Priority Claim.

(iii) *Voting:* Claims in Class 1 are Unimpaired, and the Holders of Allowed Class 1 Other Priority Claims are conclusively deemed to have accepted this Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, the Holders of Class 1 Other Priority Claims are not entitled to vote to accept or reject this Plan.

#### (b) *Class 2 – Other Secured Claims*

(i) *Claims In Class:* Class 2 consists of all Other Secured Claims that may exist against the Debtors.

(ii) *Treatment:* On, or as soon as reasonably practicable after, the Effective Date, each Holder of an Allowed Class 2 Other Secured Claim shall have such claim Reinstated, subject to the terms of the DVB Term Sheet.

(iii) *Voting:* Claims in Class 2 are Unimpaired, and the Holders of Allowed Class 2 Other Secured Claims are conclusively deemed to have accepted this Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, the Holders of Class 2 Other Secured Claims are not entitled to vote to accept or reject this Plan.

(c) *Classes 3A and 3B – Citi Facility Claims*

(i) *Claims In Class:* Class 3 consists of all Citi Facility Claims. Class 3A consists of Citi Facility Claims to the extent such Claims are Secured. Class 3B consists of Citi Facility Claims to the extent such Claims are not Secured, if any.

(ii) *Treatment:* On, or as soon as reasonably practicable after, the Effective Date, each Holder of an Allowed Class 3A Citi Facility Claim shall receive, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such Claims, its pro rata share of the Amended and Restated Citi Facility, and each Holder of an Allowed Class 3B Citi Facility Claim, if any, shall receive, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such Claims, its pro rata share of 100% of the stock (subject to dilution by warrants) of Reorganized Nautilus Shipholdings No. 3 Limited. Notwithstanding anything herein to the contrary, no distribution shall be made to Holders of Allowed Citi Facility Tranche B Claims until the Holders of Citi Facility Tranche A Claims have been paid in full, and no distribution to Holders of Allowed Citi Facility Swap Claims shall be made until Holders of Allowed Citi Facility Tranche A Claims and Allowed Citi Facility Tranche B Claims have been paid in full.

For the avoidance of doubt, the treatment provided to Holders of Citi Facility Claims shall be in full and final satisfaction, settlement, release, and discharge of, and in exchange for, all Claims arising under the Existing Citi Credit Agreement, and all guarantees relating to the Existing Citi Credit Agreement, including from Nautilus Shipholdings No. 3 Limited, shall be fully released as of the Effective Date.

(iii) *Voting:* Claims in Classes 3A and 3B are Impaired. Pursuant to section 1126 of the Bankruptcy Code, each Holder of an Allowed Class 3A Citi Facility Claim and each Holder of an Allowed Class 3B Citi Facility Claim is entitled to vote to accept or reject this Plan.

(d) *Classes 4A and 4B – Columbia Facility Claims*

(i) *Claims In Class:* Class 4 consists of all Columbia Facility Claims. Class 4A consists of Columbia Facility Claims to the extent such Claims are Secured Claims. Class 4B consists of Columbia Facility Claims to the extent such Claims are not Secured Claims, if any.

(ii) *Treatment:* On, or as soon as reasonably practicable after, the Effective Date, the Holder of Allowed Class 4A and 4B Columbia Facility Claims shall (1)

receive, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such Claims, the return of the vessel securing such Claims, free and clear of any liens, claims, or encumbrances, (2) pay the F-C Consideration, and (3) assume the F-C Technical Manager Costs. The Debtors shall use the F-C Consideration to satisfy (i) all claims against the vessels securing the F-C Credit Agreements other than F-C Technical Manager Costs and (ii) amounts advanced to the Debtors obligated under the F-C Credit Agreements pursuant to the Bankruptcy Court's DIP Financing Orders (less the portion of the Synergy management fee paid by Metropolitan Harbour Limited and Golden Knighthead Limited and pooled at NHL, as set forth in the DVB Term Sheet). For the avoidance of doubt, (1) all guarantees relating to the Existing Columbia Credit Agreement, including from Nautilus Shipholdings No. 1 Limited, shall be fully released as of the Effective Date, and (2) the return of the vessel shall include the transfer of all, to the extent that these items relate to the relevant vessel, (i) receivables, (ii) credits, and (iii) prepayments. The Debtors shall not accelerate any receivables or the use of any credits or prepayments.

(iii) *Voting:* Claims in Classes 4A and 4B are Impaired. Pursuant to section 1126 of the Bankruptcy Code, each Holder of an Allowed Class 4A Columbia Facility Claim and each Holder of an Allowed Class 4B Columbia Facility Claim is entitled to vote to accept or reject this Plan.

(e) *Class 5 – DVB 1 Facility Claims*

(i) *Claims In Class:* Class 5 consists of all DVB 1 Facility Claims. Class 5 Claims are Allowed pursuant to the terms of the DVB RSA.

(ii) *Treatment:* On, or as soon as reasonably practicable after, the Effective Date, each Holder of an Allowed Class 5 DVB 1 Facility Claim shall receive, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such Claim, (1) its pro rata share of the Amended and Restated DVB 1 Facility, (2) the other treatment described in the DVB Term Sheet, and (3) payment of all interest accrued and unpaid as of the Effective Date. Swap agreement obligations arising under the Existing DVB 1 Facility Documents that accrued as of the Effective Date shall be paid in the ordinary course consistent with the terms of the existing swap agreement.

(iii) *Voting:* Claims in Class 5 are Impaired. Pursuant to section 1126 of the Bankruptcy Code, each Holder of an Allowed Class 5 DVB 1 Facility Claim is entitled to vote to accept or reject this Plan.

(f) *Class 6 – DVB 2 Facility Claims*

(i) *Claims In Class:* Class 6 consists of all DVB 2 Facility Claims. Class 6 Claims are Allowed pursuant to the terms of the DVB RSA.

(ii) *Treatment:* On, or as soon as reasonably practicable after, the Effective Date, each Holder of an Allowed Class 6 DVB 2 Facility Claim shall receive, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such Claim, (1) its pro rata share of the Amended and Restated DVB 2 Facility, (2) the other treatment described in the DVB Term Sheet, and (3) payment of all interest accrued and unpaid as of the

Effective Date. Swap agreement obligations arising under the Existing DVB 2 Facility Documents that accrued as of the Effective Date shall be paid in the ordinary course consistent with the terms of the existing swap agreement.

(g) *Voting:* Claims in Class 6 are Impaired. Pursuant to section 1126 of the Bankruptcy Code, each Holder of an Allowed Class 6 DVB 2 Facility Claim is entitled to vote to accept or reject this Plan.

(h) *Classes 7A and 7B – Flowers Facility Claims*

(i) *Claims In Class:* Class 7 consists of all Flowers Facility Claims. Class 7A consists of Flowers Facility Claims to the extent such Claims are Secured Claims. Class 7B consists of Flowers Facility Claims to the extent such Claims are not Secured Claims, if any.

(ii) *Treatment:* On, or as soon as reasonably practicable after, the Effective Date, the Holder of Allowed Class 7A and 7B Flowers Facility Claims shall (1) receive, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such Claims, the return of the vessels securing such Claims, free and clear of any liens, claims, or encumbrances, (2) pay the F-C Consideration, and (3) assume the F-C Technical Manager Costs. The Debtors shall use the F-C Consideration to satisfy (i) all claims against the vessels securing the F-C Credit Agreements other than F-C Technical Manager Costs and (ii) amounts advanced to the Debtors obligated under the F-C Credit Agreements pursuant to the Bankruptcy Court's DIP Financing Orders (less the portion of the Synergy management fee paid by Metropolitan Harbour Limited and Golden Knighthead Limited and pooled at NHL, as set forth in the DVB Term Sheet). For the avoidance of doubt, (1) all guarantees relating to the Existing Flowers Credit Agreement, including from Nautilus Shipholdings No. 1 Limited, shall be fully released as of the Effective Date, and (2) the return of the vessels shall include the transfer of all, to the extent that these items relate to the relevant vessels, (i) receivables, (ii) credits, and (iii) prepayments. The Debtors shall not accelerate any receivables or the use of any credits or prepayments.

(iii) *Voting:* Claims in Classes 7A and 7B are Impaired. Pursuant to section 1126 of the Bankruptcy Code, each Holder of an Allowed Class 7A Flowers Facility Claim and each Holder of an Allowed Class 7B Flowers Facility Claim is entitled to vote to accept or reject this Plan.

(i) *Class 8 – HSH-YM Facility Claims*

(i) *Claims In Class:* Class 8 consists of all HSH-YM Facility Claims.

(ii) *Treatment:* On, or as soon as reasonably practicable after, the Effective Date, each Holder of an Allowed Class 8 HSH-YM Facility Claim shall receive, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such Claim, its pro rata share of loans under the Amended and Restated HSH-YM Facility. If 60% or greater of Class 8 votes to accept this Plan, the Amended and Restated HSH-YM Facility shall have the terms set forth in Option A on Exhibit A. If less than 60% of Class 8 votes to accept this Plan,

the Amended and Restated HSH-YM Facility shall have the terms set forth in Option B on Exhibit A.

For the avoidance of doubt, the treatment provided to Holders of Class 8 HSH-YM Facility Claim shall be in full and final satisfaction, settlement, release, and discharge of, and in exchange for, all Claims arising under the Existing HSH-YM Credit Agreement, including any Claims arising from or related to any second-priority liens on the vessels securing the Existing Flowers Credit Agreement, which liens shall be terminated and released. All guarantees relating to the Existing HSH-YM Credit Agreement, including from Nautilus Shipholdings No. 1 Limited, shall be fully released as of the Effective Date.

(iii) *Voting:* Claims in Class 8 are Impaired. Pursuant to section 1126 of the Bankruptcy Code, each Holder of an Allowed Class 8 HSH-YM Facility Claim is entitled to vote to accept or reject this Plan.

(j) *Class 9 – General Unsecured Claims*

(i) *Claims In Class:* Class 9 consists of all General Unsecured Claims that may exist against the Debtors. Class 9 consists of 21 subclasses, with each subclass consisting of Claims against a particular Debtor.

(ii) *Treatment:* Within ninety (90) days after the Effective Date or, if such General Unsecured Claim becomes Allowed after the Effective Date, as soon as reasonably practicable after the date at which such General Unsecured Claim becomes Allowed, each Holder of an Allowed Class 9 General Unsecured Claim shall receive, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such Claim, the amount of such Allowed General Unsecured Claim, excluding interest accrued after the Petition Date.

(iii) *Voting:* Claims in Class 9 are Impaired. Pursuant to section 1126 of the Bankruptcy Code, each Holder of an Allowed Class 9 General Unsecured Claim is entitled to vote to accept or reject this Plan.

(k) *Class 10 – Interests in Nautilus Holdings Limited and Nautilus Holdings No. 2 Limited*

(i) *Interests In Class:* Class 10 consists of all Interests in Nautilus Holdings Limited and Nautilus Holdings No. 2 Limited.

(ii) *Treatment:* On the Effective Date, all Class 10 Interests in Nautilus Holdings Limited and Nautilus Holdings No. 2 Limited shall be Reinstated.

(iii) *Voting:* Interests in Class 10 are Unimpaired, and the Holders of Allowed Class 10 Interests in Nautilus Holdings Limited and Nautilus Holdings No. 2 Limited are conclusively deemed to have accepted this Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, the Holders of Allowed Class 10 Interests in Nautilus Holdings Limited and Nautilus Holdings No. 2 Limited are not entitled to vote to accept or reject this Plan.

(l) *Class 11– Intercompany Claims*

(i) *Claims In Class:* Class 11 consists of all Intercompany Claims.

(ii) *Treatment:* On or prior to the Effective Date, all Class 11 Intercompany Claims may be Reinstated subject to the terms of the DVB Term Sheet or, at the Debtors' or Reorganized Debtors' option, be cancelled or compromised. A chart of the Intercompany Claims to be cancelled will be filed as part of the Plan Supplement. No distribution shall be made on account of Class 11 Intercompany Claims.

(iii) *Voting:* Claims in Class 11 are Unimpaired, and the Holders of Allowed Class 11 Intercompany Claims are conclusively deemed to have accepted this Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, the Holders of Allowed Class 11 Intercompany Claims are not entitled to vote to accept or reject this Plan.

(m) *Class 12 – Intercompany Interests in Other Debtors*

(i) *Interests In Class:* Class 12 consists of all Intercompany Interests for each Debtor except Nautilus Holdings Limited, Nautilus Holdings No. 2 Limited, Nautilus Shipholdings No. 3 Limited, Miltons Way Limited, Findhorn Osprey Limited, Earlstown Limited, Floral Peninsula Limited, and Resplendent Spirit Limited.

(ii) *Treatment:* Except as otherwise provided herein, on or prior to the Effective Date, all Class 12 Other Intercompany Interests shall be Reinstated.

(iii) *Voting:* Interests in Class 12 are Unimpaired, and the Holders of Allowed Class 12 Other Intercompany Interests are conclusively deemed to have accepted this Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, the Holders of Allowed Class 12 Other Intercompany Interests are not entitled to vote to accept or reject this Plan.

(n) *Class 13 – Intercompany Interests in C-F Debtors*

(i) *Interests In Class:* Class 13 consists of all Intercompany Interests in Miltons Way Limited, Findhorn Osprey Limited, Earlstown Limited, Floral Peninsula Limited, and Resplendent Spirit Limited.

(ii) *Treatment:* On the Effective Date, all Intercompany Interests in Miltons Way Limited, Findhorn Osprey Limited, Earlstown Limited, Floral Peninsula Limited, and Resplendent Spirit Limited shall be deemed to be cancelled without further action by the Debtors or Reorganized Debtors. Notwithstanding the foregoing, the Holder of such cancelled interests shall receive distribution(s) from the estates of Miltons Way Limited, Findhorn Osprey Limited, Earlstown Limited, Floral Peninsula Limited, and Resplendent Spirit Limited, to the extent there is any cash or assets remaining after the payment of the respective claims of such debtors.

(iii) *Voting:* Interests in Class 13 are Impaired. Pursuant to section 1126 of the Bankruptcy Code, each Holder of an Allowed Class 13 Intercompany Interest in C-F Debtors is entitled to vote to accept or reject this Plan

(o) *Class 14 – Intercompany Interests in Nautilus Shipholdings No. 3 Limited*

(i) *Interests In Class:* Class 14 consists of all Intercompany Interests in Nautilus Shipholdings No. 3 Limited.

(ii) *Treatment:* Except as otherwise provided herein, on or prior to the Effective Date, each Holder of a Class 14 Intercompany Interest in Nautilus Shipholdings No. 3 Limited shall receive its pro rata share of the warrants described in Exhibit C. A form of warrant agreement shall be filed with the Plan Supplement.

(iii) *Voting:* Interests in Class 14 are Impaired. Pursuant to section 1126 of the Bankruptcy Code, each Holder of an Allowed Class 14 Intercompany Interest in Nautilus Shipholdings No. 3 Limited is entitled to vote to accept or reject this Plan

3.3 *Alternative Treatment.* Notwithstanding any provision herein to the contrary, any Holder of an Allowed Claim may receive, instead of the distribution or treatment to which it is entitled hereunder, any other distribution or treatment to which it and the Debtors or the Reorganized Debtors may agree in writing.

3.4 *Special Provision Regarding Unimpaired Claims.* Except as otherwise provided in this Plan, nothing shall affect the Debtors' or the Reorganized Debtors' rights and defenses, both legal and equitable, with respect to any Unimpaired Claims, including but not limited to all rights with respect to legal and equitable defenses to setoffs against or recoupments of Unimpaired Claims.

## ARTICLE IV

### ACCEPTANCE OR REJECTION OF THIS PLAN

4.1 *Acceptance By Class Entitled To Vote.* Classes 3, 4, 5, 6, 7, 8, 9, 13 and 14 are the Classes of Claims of the Debtors that are entitled to vote to accept or reject this Plan. Classes 3, 4, 5, 6, 7, 8, 9, 13 and 14 shall have accepted this Plan if (a) the Holders of at least two-thirds in amount of the Allowed Claims actually voting in each Class have voted to accept this Plan and (b) the Holders of more than one-half in number of the Allowed Claims actually voting in each Class have voted to accept this Plan, not counting the vote of any Holder designated under section 1126(e) of the Bankruptcy Code. If there are no votes cast in a particular Class that is entitled to vote on the Plan, then the Plan shall be deemed accepted by such Class.

4.2 *Presumed Acceptance Of The Plan.* Classes 1, 2, 10, 11, and 12 are Unimpaired. Therefore, such Classes are deemed to have accepted this Plan by operation of law and are not entitled to vote to accept or reject the Plan.



4.3 ***Elimination Of Classes.*** To the extent applicable, any Class (including, for the avoidance of doubt, any sub-Class) that does not contain any Allowed Claims or any Claims temporarily allowed for voting purposes under Bankruptcy Rule 3018, as of the date of the commencement of the Confirmation Hearing, shall be deemed to have been deleted from this Plan for purposes of (a) voting to accept or reject this Plan and (b) determining whether it has accepted or rejected this Plan under section 1129(a)(8) of the Bankruptcy Code.

4.4 ***Cramdown.*** The Debtors request Confirmation of this Plan, as it may be modified from time to time, under section 1129(b) of the Bankruptcy Code. The Debtors reserve the right to modify this Plan to the extent, if any, that Confirmation pursuant to section 1129(b) of the Bankruptcy Code requires modification.

## ARTICLE V

### MEANS FOR IMPLEMENTATION OF THIS PLAN

5.1 ***Continued Legal Existence.*** Except as otherwise provided in this Plan, each of the Debtors will continue to exist after the Effective Date as a separate legal entity, with all the powers of such an entity (whether a corporation, limited liability company or other entity, as appropriate) under applicable law in the jurisdiction in which each applicable Debtor is incorporated or otherwise formed and pursuant to such Debtor's certificate or articles of incorporation and by-laws or other organizational documents in effect prior to the Effective Date, without prejudice to any right to terminate such existence (whether by merger or otherwise) under applicable law after the Effective Date.

5.2 ***Winding Up Certain Debtors.*** On the Effective Date, Miltons Way Limited, Findhorn Osprey Limited, Earlstown Limited, Floral Peninsula Limited, and Resplendent Spirit Limited shall be deemed dissolved under applicable law for all purposes without the necessity for any other or further actions to be taken by or on behalf of such debtors.

5.3 ***Sources Of Cash For Distribution.*** All Cash necessary for the Reorganized Debtors to make payments required by this Plan shall be obtained from (a) existing Cash balances, including balances in the Debtors' accounts, (b) the operations of the Debtors or Reorganized Debtors, and (c) the F-C Consideration.

5.4 ***Approval And Authorization For The New Credit Facilities.*** Confirmation shall be deemed approval of each of the New Credit Facilities and authorization for the Reorganized Debtors to enter into each of the New Credit Facilities and execute such documents as may be required to effectuate the treatment afforded to the applicable lenders pursuant to each of the New Credit Facilities.

5.5 ***New Boards Of Reorganized Debtors.*** The members of the Boards of the Reorganized Debtors shall be identified in the Plan Supplement.

5.6 ***Corporate Action.*** Each of the matters provided for under this Plan involving the corporate structure of any Debtor or Reorganized Debtor or any corporate action to be taken by or required of any Debtor or Reorganized Debtor shall be deemed to have occurred and be effective as provided herein, and shall be authorized, approved and, to the extent taken

prior to the Effective Date, ratified in all respects without any requirement of further action by stockholders, members, creditors, directors, or managers of the Debtors or the Reorganized Debtors.

**5.7 Preservation Of Retained Actions.** In accordance with section 1123(b)(3) of the Bankruptcy Code, the Reorganized Debtors will retain and may (but are not required to) enforce all Retained Actions. After the Effective Date, the Reorganized Debtors, in their sole and absolute discretion, shall have the right to bring, settle, release, compromise, or enforce such Retained Actions (or decline to do any of the foregoing), without further approval of the Bankruptcy Court. The Reorganized Debtors or any successors, in the exercise of their sole discretion, may pursue such Retained Actions so long as it is in the best interests of the Reorganized Debtors or any successors holding such rights of action. The failure of the Debtors to specifically list any claim, right of action, suit, proceeding or other Retained Action in this Plan does not, and will not be deemed to, constitute a waiver or release by the Debtors or the Reorganized Debtors of such claim, right of action, suit, proceeding or other Retained Action, and the Reorganized Debtors will retain the right to pursue such claims, rights of action, suits, proceedings and other Retained Actions in their sole discretion and, therefore, no preclusion doctrine, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable, or otherwise) or laches will apply to such claim, right of action, suit, proceeding, or other Retained Action upon or after the Confirmation or consummation of this Plan.

**5.8 Effectuating Documents; Further Transactions.** Each of the Debtors and Reorganized Debtors, and their respective officers and designees, is authorized to execute, deliver, file, or record such contracts, instruments, releases, indentures, and other agreements or documents, and take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of this Plan, or to otherwise comply with applicable law.

**5.9 Exemption From Certain Transfer Taxes And Recording Fees.** Pursuant to section 1146(a) of the Bankruptcy Code, any transfers from a Debtor to a Reorganized Debtor or to any other Person or entity pursuant to this Plan, or any agreement regarding the transfer of title to or ownership of any of the Debtors' real or personal property will not be subject to any document recording tax, stamp tax, conveyance fee, sales tax, intangibles or similar tax, mortgage tax, stamp act, real estate transfer tax, mortgage recording tax, Uniform Commercial Code filing or recording fee, or other similar tax or governmental assessment, and the Confirmation Order will direct the appropriate state or local governmental officials or agents to forego the collection of any such tax or governmental assessment and to accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment.

**5.10 Further Authorization.** The Debtors and the Reorganized Debtors shall be entitled to seek such orders, judgments, injunctions, and rulings as they deem necessary to carry out the intentions and purposes, and to give full effect to the provisions, of this Plan.

**5.11 Cancellation Of Existing Securities And Agreements.** Except as provided in this Plan or in the Confirmation Order (including, without limitation, the amendment and restatement of the Existing DVB 1 Facility Documents and the Existing DVB 2 Facility Documents), on the Effective Date, all notes, stock, instruments, certificates, agreements, side

letters, fee letters and other documents evidencing or giving rise to Claims and Interests in the Debtors shall be cancelled, and the obligations of the Debtors thereunder or in any way related thereto shall be fully released, terminated, extinguished and discharged, in each case without further notice to or order of the Bankruptcy Court, act or action under applicable law, regulation, order, or rule or any requirement of further action, vote, or other approval or authorization by any Person. The Holders of or parties to such notes, stock, instruments, certificates, agreements, side letters, fee letters, and other documents shall have no rights arising from or relating to such notes, stock, instruments, certificates, agreements, side letters, fee letters, and other documents or the cancellation thereof, except the rights provided pursuant to this Plan and the Confirmation Order.

## ARTICLE VI

### PROVISIONS GOVERNING DISTRIBUTIONS

6.1 ***Allowed Claims.*** Notwithstanding any provision herein to the contrary, the Debtors or the Reorganized Debtors shall make distributions only to Holders of Allowed Claims. A Holder of a Disputed Claim shall receive a distribution on account thereof only when and to the extent that such Holder's Disputed Claim becomes an Allowed Claim.

6.2 ***Distributions For Claims Allowed As Of The Effective Date.*** Except as otherwise provided under this Plan or as ordered by the Bankruptcy Court, distributions to be made on account of Claims that are Allowed Claims as of the Effective Date shall be made on the Effective Date or as soon thereafter as is practicable. Any distribution to be made on the Effective Date pursuant to this Plan shall be deemed as having been made on the Effective Date if such distribution is made on the Effective Date or as soon thereafter as is practicable. Any payment or distribution required to be made under this Plan on a day other than a Business Day shall be made on the next succeeding Business Day.

6.3 ***Interest And Penalties On Claims.*** Unless otherwise specifically provided for in this Plan or the Confirmation Order, or required by applicable bankruptcy law, postpetition interest and penalties shall not accrue or be paid on any Claim, and no Holder of a Claim shall be entitled to interest and penalties accruing on or after the Petition Date through the date such Claim is satisfied in accordance with the terms of this Plan.

6.4 ***Means Of Cash Payment.*** Payments of Cash made pursuant to this Plan shall be made, at the option and in the sole discretion of the applicable Reorganized Debtor, by (a) checks drawn on or wire transfer from a domestic bank selected by the Reorganized Debtor, (b) in accordance with the terms of the New Credit Facilities, or (c) by such means as are necessary or customary in a particular foreign jurisdiction.

6.5 ***Withholding And Reporting Requirements/Allocations.*** In connection with this Plan and all distributions hereunder, the Reorganized Debtors shall comply with all withholding and reporting requirements imposed by any taxing authority, and all distributions hereunder shall be subject to any such withholding and reporting requirements. The Reorganized Debtors shall be authorized to take any and all actions that may be necessary or appropriate to comply with such withholding and reporting requirements. Distributions in respect of Allowed

Claims shall be allocated first to the principal amount of such Claims (as determined for U.S. federal income tax purposes) and then, to the extent the consideration exceeds the principal amount of the Claims, to any portion of such Claims for accrued but unpaid interest.

6.6 ***Preservation Of Rights.*** Except as otherwise provided in this Plan, the Reorganized Debtors shall retain all rights arising under section 558 of the Bankruptcy Code or applicable nonbankruptcy laws, including, but not limited to, the right to set off against any Claim, the payments or other distributions to be made pursuant to this Plan in respect of such Claim, or claims of any nature whatsoever that the Debtors or the Reorganized Debtors may have against the Holder of such Claim; *provided, however*, that neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by the Reorganized Debtors of any such claim that the Debtors or the Reorganized Debtors may have against such Holder; *provided, further*, that the Holder of any Claim must assert any right to setoff prior to the Effective Date or such right shall be deemed waived on the Effective Date. Notwithstanding any other provision of the Plan, the United States' rights to setoff and recoupment are preserved.

## ARTICLE VII

### TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

7.1 ***Assumption Of Executory Contracts And Unexpired Leases.*** Except as otherwise provided in the Plan, on the Effective Date, all Executory Contracts and Unexpired Leases of the Debtors shall be deemed assumed in accordance with the provisions and requirements of sections 365 and 1123 of the Bankruptcy Code, unless such Executory Contract or Unexpired Lease (a) has previously been rejected by order of the Bankruptcy Court in effect as of the Effective Date (which order may be the Confirmation Order); (b) is the subject of a motion to reject filed on or before the Effective Date; (c) is identified as an Executory Contract or Unexpired Lease to be rejected pursuant to the Plan Supplement before the Effective Date; or (d) expired or terminated pursuant to its own terms. An Executory Contract or Unexpired Lease that is deemed to be assumed pursuant to the foregoing sentence shall be referred to as an "Assumed Contract."

Entry of the Confirmation Order by the Bankruptcy Court shall constitute findings by the Bankruptcy Court that (a) the Reorganized Debtors have properly provided for the cure of any defaults that might have existed, (b) each assumption is in the best interest of the Reorganized Debtors, their Estates, and all parties in interest in the Chapter 11 Cases and (c) the requirements for assumption of any Executory Contract or Unexpired Lease to be assumed have been satisfied. Except as otherwise provided in the following sentence, all cure payments under any Assumed Contract shall be made by the Reorganized Debtors on the Effective Date or as soon as practicable thereafter. In the event of a dispute, cure payments required by section 365(b)(1) of the Bankruptcy Code shall be paid upon entry of a Final Order resolving such dispute.

In connection with the treatment of the Flowers Facility Claims and the Columbia Facility Claims, the Debtors shall (i) assume and assign to the lenders under the F-C Credit Agreements such contracts related to the vessels securing the F-C Credit Agreements that such

lenders reasonably request the Debtors assume and assign; provided, that the contracts to be assumed and assigned are properly assumable and assignable, under section 365 of the Bankruptcy Code and (ii) reject such contracts that are (1) related to the vessels securing the F-C Credit Agreements; (2) capable of rejection; (3) are solely between one or more borrower(s) under the F-C Credit Agreements and a non-debtor contract counterparty; and (4) that such lenders reasonably request the Debtors to reject under section 365 of the Bankruptcy Code.

**7.2 D&O Liability Insurance Policies.** As of the Effective Date, the D&O Liability Insurance Policies shall be treated as if they were Executory Contracts that are assumed under this Plan. Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the Debtors' foregoing assumption of each of the D&O Liability Insurance Policies. Notwithstanding anything to the contrary contained in the Plan, Confirmation of the Plan shall not discharge, impair or otherwise modify any indemnity obligations assumed by the foregoing assumption of the D&O Liability Insurance Policies, and each such indemnity obligation shall be deemed and treated as an Executory Contract that has been assumed by the Debtors under the Plan as to which no Proof of Claim need be filed.

**7.3 Indemnification.** Except as otherwise specifically limited in this Plan, any obligations or rights of the Debtors or Reorganized Debtors to defend, indemnify, reimburse, or limit the liability of the Debtors' present and former directors, officers, employees, agents, representatives, attorneys, accountants, financial advisors, restructuring advisors, investment bankers and consultants (the "Covered Persons") pursuant to the Debtors' or Reorganized Debtors' certificates of incorporation, by-laws, policy of providing employee indemnification, applicable law, or specific agreement in respect of any claims, demands, suits, Causes of Action, or proceedings against such Covered Persons based upon any act or omission related to such Covered Persons' service with, for, or on behalf of the Debtors prior to the Effective Date, shall be treated as if they were Executory Contracts that are assumed under this Plan and shall survive the Effective Date and remain unaffected thereby, and shall not be discharged, irrespective of whether such defense, indemnification, reimbursement, or limitation of liability is owed in connection with an occurrence before or after the Petition Date.

**7.4 Cure of Defaults Under Assumed Contracts.** The Reorganized Debtors shall cure any monetary defaults under any Executory Contract and Unexpired Lease to be assumed pursuant to the Plan by paying to the non-Debtor counterparty the full amount of any monetary default in the ordinary course of business. Accordingly, no party to an Assumed Contract need file any cure claim, and the Debtors need not file any lists of any proposed cure claims, with the Bankruptcy Court. Notwithstanding the foregoing, the Reorganized Debtors and counter-parties to Assumed Contracts reserve all their rights in the event of a dispute over the amount of a cure claim. If there is any such dispute that cannot be resolved consensually, then either party must file with the Bankruptcy Court a request for allowance and payment of such cure claim within seventy-five (75) days from the Effective Date. Moreover, the Reorganized Debtors shall be authorized to reject any Executory Contract or Unexpired Lease to the extent the Reorganized Debtors, in the exercise of their sound business judgment, conclude that the amount of the cure claim as determined by the Bankruptcy Court, renders assumption of such Executory Contract or Unexpired Lease unfavorable to the Reorganized Debtors.

## ARTICLE VIII

### CONFIRMATION AND CONSUMMATION OF THE PLAN

8.1 **Condition To Confirmation.** Confirmation of the Plan is conditioned upon the Confirmation Order being reasonably acceptable in form and substance to the Debtors and the Participating Lenders, *provided, however*, that the Confirmation Order must only be reasonably acceptable to a particular Participating Lender to the extent the Participating Lender's rights or interests are materially affected by the terms thereof.

8.2 **Conditions To Effective Date.** The Debtors shall request that the Confirmation Order include a finding by the Bankruptcy Court that, notwithstanding Bankruptcy Rule 3020(e), the Confirmation Order shall take effect immediately upon its entry. The following are conditions precedent to the occurrence of the Effective Date, each of which must be satisfied or waived by the Debtors and the Participating Lenders in accordance with the terms hereof:

(a) The Confirmation Order, in form and substance reasonably satisfactory to the Debtors and the Participating Lenders, shall have become a Final Order and shall, among other things, provide that the Debtors and the Reorganized Debtors are authorized to take all actions necessary or appropriate to enter into, implement, and consummate the agreements and documents created in connection with this Plan, *provided, however*, that the Confirmation Order must only be reasonably satisfactory to the Participating Lenders to the extent each Participating Lender's rights or interests are materially affected by the terms thereof.

(b) All documents related to, provided for therein, or contemplated by the New Credit Facilities shall have been executed and delivered, and all conditions precedent thereto shall have been satisfied (other than the occurrence of the Effective Date).

(c) Each of the Citi Silo Management Agreement, the NHL Management Agreement, and the NH2L Management Agreement shall have become effective.

(d) Debtors Golden Knighthead Limited and Metropolitan Harbour Limited shall hold sufficient cash in their accounts to satisfy each of the terms and conditions contained in the DVB Term Sheet.

(e) On the Effective Date, after giving effect to the payments required by the DVB Term Sheet and all accrued and unpaid professional fees, Debtors Golden Knighthead Limited and Metropolitan Harbour Limited shall have a minimum liquidity position of \$5,000,000 in aggregate; *provided, however*, this condition may be waived by DVB Bank, SE in its sole discretion.

(f) Debtors Nautilus Shipholdings No. 2 Limited, Golden Knighthead Limited, and Metropolitan Harbour Limited shall be in full compliance with the terms of the Amended and Restated DVB 1 Facility and the Amended and Restated DVB 2 Facility, as applicable; *provided, however*, the applicable Debtor shall not be required to (i) satisfy any historic nonpayment defaults or (ii) satisfy any overdue principal amounts, whether coming due by acceleration or otherwise, to be deemed in full compliance as of the Effective Date.

(g) Debtors Golden Knighthead Limited and Metropolitan Harbour Limited shall have satisfied all Claims entitled to administrative expense priority other than trade Claims incurred in the ordinary course of business that are not yet due and payable.

(h) The Professional Fee Escrow Account shall have been funded.

(i) All authorizations, consents, and regulatory approvals required, if any, in connection with the consummation of this Plan shall have been obtained.

(j) All other actions, documents, and agreements necessary to implement this Plan shall have been effected or executed.

8.3 ***Waiver Of Conditions.*** Except as expressly provided herein, each of the conditions to the Effective Date set forth herein may be waived in whole or in part by the mutual agreement of the Debtors and the Participating Lenders, without any notice to parties in interest or the Bankruptcy Court and without a hearing. The failure to satisfy or waive any condition to the Effective Date may be asserted by the Debtors regardless of the circumstances giving rise to the failure of such condition to be satisfied, including any action or inaction by the Debtors. The failure of the Debtors to exercise any of the foregoing rights shall not be deemed a waiver of any other rights, and each such right shall be deemed an ongoing right that may be asserted at any time.

## ARTICLE IX

### EFFECT OF PLAN CONFIRMATION

9.1 ***Binding Effect.*** This Plan shall be binding upon and inure to the benefit of the Debtors, their Estates, all present and former Holders of Claims and Interests, and their respective successors and assigns, including but not limited to the Reorganized Debtors.

9.2 ***Revesting Of Assets.*** Except as otherwise explicitly provided in this Plan, on the Effective Date, all property comprising the Estates (including Retained Actions, but excluding property that has been abandoned pursuant to an order of the Bankruptcy Court) shall revert in the Reorganized Debtors, free and clear of all Claims, Liens, charges, encumbrances, rights and Interests of creditors and equity security holders. As of the Effective Date, the Reorganized Debtors may operate their businesses and use, acquire, and dispose of their property without supervision of the Bankruptcy Court, and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules, other than those restrictions expressly imposed by this Plan or the Confirmation Order.

9.3 ***Compromise And Settlement Of Claims, Interests And Controversies.*** Pursuant to section 363 of the Bankruptcy Code and Bankruptcy Rule 9019 and in consideration for the distributions and other benefits provided pursuant to the Plan, the provisions of the Plan shall constitute a good faith compromise of all Claims, Interests and controversies relating to the contractual, legal and subordination rights that a Holder of a Claim or Interest may have with respect to any Allowed Claim or Interest, or any distribution to be made on account of such Allowed Claim or Interest. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise or settlement of all such Claims, Interests and controversies,

as well as a finding by the Bankruptcy Court that such compromise or settlement is in the best interests of the Debtors, their Estates and Holders of Claims and Interests and is fair, equitable and reasonable. In accordance with the provisions of the Plan, pursuant to section 363 of the Bankruptcy Code and Bankruptcy Rule 9019(a), without any further notice to or action, order or approval of the Bankruptcy Court, after the Effective Date, the Reorganized Debtors may compromise and settle Claims against or Interests in them and Causes of Action against other Persons.

#### **9.4 *Releases And Related Matters***

##### **(a) Releases by the Debtors**

**Pursuant to section 1123(b) of the Bankruptcy Code and to the extent allowed by applicable law, and except as otherwise specifically provided in the Plan or the Plan Supplement, for good and valuable consideration, including the service of the Released Parties to facilitate the expeditious reorganization of the Debtors and the implementation of the restructuring contemplated by the Plan, on and after the Effective Date, the Released Parties are deemed released and discharged by the Debtors, the Reorganized Debtors, the Estates and the Equity-Related Entities from any and all Claims, Interests, obligations, rights, suits, damages, Causes of Action, remedies and liabilities whatsoever, including any derivative claims asserted or assertable on behalf of the Debtors, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, in law, equity or otherwise, that the Debtors, the Reorganized Debtors, the Estates or the Equity-Related Entities would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the Holder of any Claim or Interest or other Person, based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the Debtors' restructuring, the Chapter 11 Cases, the purchase, sale or rescission of the purchase or sale of any security of the Debtors or the Reorganized Debtors, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the Plan Supplement, the business or contractual arrangements between any Debtor, Reorganized Debtor, Estate or non-Debtor Affiliate and any Released Party, the restructuring of Claims and Interests before or during the Chapter 11 Cases, the negotiation, formulation or preparation of the Plan, the Disclosure Statement, the Plan Supplement, or related agreements, instruments or other documents, or any other act or omission, transaction, agreement, event or other occurrence taking place on or before the Effective Date; *provided, however* that nothing in this Section 9.4(a) shall be construed to release any party or entity from gross negligence, intentional fraud, willful misconduct, or criminal conduct, as determined by a Final Order.**

##### **(b) Third-Party Releases by Holders of Claims or Equity Interests**

**Except as otherwise provided in the Plan or the Plan Supplement, as of the Effective Date, each Holder of a Claim against or Interest in a Debtor, to the fullest extent permissible under applicable law, as such law may be extended or interpreted subsequent to the Effective Date, shall be deemed to have conclusively, absolutely, unconditionally, irrevocably, and forever released and discharged the Debtors, the Reorganized Debtors, the Estates, the Equity-Related Entities, and the Released Parties from any and all Claims, Interests, obligations, rights, suits, damages, Causes of Action, remedies and liabilities**



whatsoever, including any derivative Claims assertable on behalf of a Debtor, whether known or unknown, foreseen or unforeseen, existing or hereafter arising, in law, equity, or otherwise, that such Person would have been legally entitled to assert (whether individually or collectively), based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the Debtors' restructuring, the Chapter 11 Cases, the purchase, sale, or rescission of the purchase or sale of any security of the Debtors or the Reorganized Debtors, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan or the Plan Supplement, the business or contractual arrangements between any Debtor, Reorganized Debtor, Estate or non-Debtor Affiliate and any Released Party, the restructuring of Claims and Interests before or during the Chapter 11 Cases, the negotiation, formulation, or preparation of the Plan, the Disclosure Statement, the Plan Supplement, or related agreements, instruments, or other documents, or any other act or omission, transaction, agreement, event or other occurrence including or pertaining to the Debtors and taking place on or before the Effective Date, *provided, however* that nothing in this Section 9.4(b) shall be construed to release any party or entity from gross negligence, intentional fraud, willful misconduct, or criminal conduct, as determined by a Final Order; *provided further*, however, that this Section 9.4(b) shall not release the Debtors, the Reorganized Debtors, the Estates, the Equity-Related Entities or the Released Parties from any Cause of Action held by a governmental entity existing as of the Effective Date based on (i) the Internal Revenue Code or other domestic state, city, or municipal tax code, (ii) the environmental laws of the United States or any domestic state, city, or municipality, (iii) any criminal laws of the United States or any domestic state, city, or municipality, (iv) the Securities and Exchange Act of 1934 (as now in effect or hereafter amended), the Securities Act, or other securities laws of the United States or any domestic state, city or municipality, (v) the Employee Retirement Income Security Act of 1974, as amended, or (vi) the laws and regulations of the Bureau of Customs and Border Protection of the United States Department of Homeland Security. Notwithstanding anything to the contrary in this Section 9.4(b), a Holder of a Claim shall be deemed not to provide the releases set forth in this section if such Holder (i) votes to reject the Plan and (ii) "opts out" of the releases provided in this Section 9.4(b) of the Plan in a timely submitted, valid Ballot, *provided, however*, that nothing in this sentence shall limit the discharge contained in Section 9.5 of this Plan. For the avoidance of doubt, nothing in this Section 9.4(b) shall release any Claims relating to actions or conduct occurring after the Effective Date and arising under or relating to the New Credit Facilities.

### 9.5 *Discharge Of The Debtors*

(a) Upon the Effective Date, the Debtors, and each of them, shall be deemed discharged and released under section 1141(d)(1)(A) of the Bankruptcy Code from any and all Claims, including, but not limited to, demands and liabilities that arose before the Effective Date, and all debts of the kind specified in section 502 of the Bankruptcy Code, whether or not (i) a Proof of Claim based upon such debt is filed or deemed filed under section 501 of the Bankruptcy Code, (ii) a Claim based upon such debt is Allowed under section 502 of the Bankruptcy Code, (iii) a Claim based upon such debt is or has been disallowed by order of the Bankruptcy Court, or (iv) the Holder of a Claim based upon such debt accepted this Plan.

(b) As of the Effective Date, except as provided in this Plan or the Confirmation Order, all Persons shall be precluded from asserting against the Debtors or the Reorganized Debtors, any other or further Claims, debts, rights, Causes of Action, claims for relief, liabilities, or equity interests relating to the Debtors based upon any act, omission, transaction, occurrence, or other activity of any nature that occurred prior to the Effective Date. In accordance with the foregoing, except as provided in this Plan or the Confirmation Order, the Confirmation Order shall be a judicial determination of discharge of all such Claims and other debts and liabilities against the Debtors, pursuant to sections 524 and 1141 of the Bankruptcy Code, and such discharge shall void any judgment obtained against the Debtors at any time, to the extent that such judgment relates to a discharged Claim.

### 9.6 *Injunction*

**Except as provided in this Plan or the Confirmation Order, as of the Effective Date, all Persons that have held, currently hold, may hold, or allege that they hold, a Claim, obligation, suit, judgment, damage, demand, debt, right, Cause of Action, or liability that is released or discharged under this Article IX are permanently enjoined from taking any of the following actions against the Debtors, the Reorganized Debtors, and their respective Affiliates or their property on account of any such released or discharged Claim, obligation, suit, judgment, damage, demand, debt, right, Cause of Action, or liability: (a) commencing or continuing, in any manner or in any place, any action or other proceeding; (b) enforcing, attaching, collecting, or recovering in any manner any judgment, award, decree, or order; (c) creating, perfecting, or enforcing any Lien or encumbrance; (d) asserting a setoff, right of subrogation, or recoupment of any kind against any debt, liability, or obligation due to any released Person; or (e) commencing or continuing any action, in each such case in any manner, in any place, or against any Person that does not comply with or is inconsistent with the provisions of this Plan or the Confirmation Order.**

### 9.7 *Exculpation And Limitation Of Liability*

**None of the Released Parties shall have or incur any liability to any Entity, for any act or omission in connection with, relating to, or arising out of, the Chapter 11 Cases, the Disclosure Statement, the formulation, negotiation, or implementation of this Plan, the solicitation of acceptances of this Plan, the pursuit of Confirmation of this Plan, the Confirmation of this Plan, the consummation of this Plan, or the administration of this Plan or the property to be distributed under this Plan, or any other prepetition or**

postpetition act taken or omitted to be taken in connection with or in contemplation of the restructuring of the Debtors; *provided, however*, that the foregoing provisions of this exculpation shall have no effect on the liability of any Released Party that results from any such act or omission that is determined in a Final Order to have constituted gross negligence or willful misconduct. Nothing in this Plan shall affect the ability of the United States to pursue any non-Debtors to the extent allowed by non-bankruptcy law for any liabilities that may be related to any federal tax liabilities owed by the Debtors or the Debtors' Estates. Additionally, the United States may pursue police and regulatory actions or proceedings with respect to the Released Parties in the manner, and by the administrative or judicial tribunals, in which the United States could have pursued such actions or proceedings as if this bankruptcy had never been commenced.

9.8 ***Term Of Bankruptcy Injunction Or Stays.*** Except as provided otherwise in this Plan, from and after the Effective Date, the automatic stay of section 362(a) of the Bankruptcy Code shall terminate.

9.9 ***Post-Confirmation Date Retention Of Professionals.*** Upon the Confirmation 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 and the Reorganized Debtors will employ and pay professionals in the ordinary course of business.

## ARTICLE X

### PROCEDURES FOR RESOLVING AND TREATING DISPUTED CLAIMS

10.1 ***Disputed Claims.*** All Disputed Claims against the Debtors shall be subject to the provisions of this Article X.

10.2 ***Objection Deadline.*** Unless otherwise ordered by the Bankruptcy Court, objections to Claims shall be filed with the Bankruptcy Court and served upon the Holders of each such Claim to which objections are made on or before the Claims Objection Deadline. If an objection to a Claim is timely filed, a subsequent amendment to the objection shall also be deemed timely, even if filed subsequent to the deadline for filing the original Claim objection, and even if the amendment raises facts or legal theories not raised in the original Claim objection.

10.3 ***Prosecution of Objections.*** After the Confirmation Date, the Debtors or the Reorganized Debtors, as the case may be, shall have the authority to file, litigate to final judgment, settle, or withdraw objections to Disputed Claims.

10.4 ***No Distributions Pending Allowance.*** No payments or distributions shall be made with respect to any Claim to the extent it is a Disputed Claim unless and until all objections to such Disputed Claim are resolved and such Disputed Claim becomes an Allowed Claim in whole or in part.

## ARTICLE XI

### RETENTION OF JURISDICTION

Pursuant to sections 105(c) and 1142 of the Bankruptcy Code and notwithstanding entry of the Confirmation Order and the occurrence of the Effective Date, the Bankruptcy Court shall retain jurisdiction (unless otherwise indicated) over all matters arising in, arising out of, and/or related to, the Chapter 11 Cases and this Plan to the fullest extent permitted by law, including, among other things, jurisdiction to:

(a) Resolve any matters related 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 Debtor or Reorganized Debtor may be liable and to hear, determine, and, if necessary, liquidate any Claims arising therefrom;

(b) Decide or resolve any motions, adversary proceedings, contested or litigated matters, and any other matters and grant or deny any applications involving the Debtors that may be pending on the Effective Date (which jurisdiction shall be non-exclusive as to any such non-core matters);

(c) Enter such orders as may be necessary or appropriate to implement or consummate the provisions of this Plan and all contracts, instruments, releases, and other agreements or documents created in connection with this Plan, the Disclosure Statement, or the Confirmation Order;

(d) Resolve any cases, controversies, suits, or disputes that may arise in connection with the consummation, interpretation, or enforcement of this Plan or any contract, instrument, release, or other agreement or document that is executed or created pursuant to this Plan, or any entity's rights arising from or obligations incurred in connection with this Plan or such documents;

(e) Modify this Plan before or after the Effective Date pursuant to section 1127 of the Bankruptcy Code or modify the Confirmation Order, or any contract, instrument, release, or other agreement or document created in connection with this Plan or the Confirmation Order, or remedy any defect or omission or reconcile any inconsistency in any Bankruptcy Court order, this Plan, the Confirmation Order, or any contract, instrument, release, or other agreement or document created in connection with this Plan or the Confirmation Order, in such manner as may be necessary or appropriate to consummate this Plan;

(f) Hear and determine all applications for compensation and reimbursement of expenses of Professionals under this Plan or under sections 330, 331, 503(b), and 1129(a)(4) of the Bankruptcy Code; *provided, however*, that from and after the Confirmation Date the payment of fees and expenses by the Reorganized Debtors, including professional fees, shall be made in the ordinary course of business and shall not be subject to the approval of the Bankruptcy Court;

(g) 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 this Plan or the Confirmation Order;

(h) Adjudicate controversies arising out of the administration of the Estates or the implementation of this Plan;

(i) Resolve any cases, controversies, suits, or disputes that may arise in connection with General Unsecured Claims, including without limitation, the Bar Date, related notice, claim objections, allowance, disallowance, estimation and distribution;

(j) Hear and determine Causes of Action by or on behalf of the Debtors or the Reorganized Debtors;

(k) Enter and implement such orders as are necessary or appropriate if the Confirmation Order is for any reason or in any respect modified, stayed, reversed, revoked, or vacated, or distributions pursuant to this Plan are enjoined or stayed;

(l) Determine any other matters that may arise in connection with or relate to this Plan, the Disclosure Statement, the Confirmation Order, or any contract, instrument, release, or other agreement or document created in connection with this Plan, the Disclosure Statement, or the Confirmation Order;

(m) Enforce all orders, judgments, injunctions, releases, exculpations, indemnifications, and rulings entered in connection with the Chapter 11 Cases;

(n) Hear and determine such other matters as may be provided in the Confirmation Order or as may be authorized under the Bankruptcy Code; and

(o) Enter an order closing the Chapter 11 Cases.

For the avoidance of doubt, the Court shall not retain jurisdiction with respect to the following documents entered into by a Reorganized Debtor on or after the Effective Date: (i) the New Credit Facilities, (ii) the Citi Silo Management Agreement, (iii) the NHL Management Agreement, or (iv) the NH2L Management Agreement.

## **ARTICLE XII**

### **MISCELLANEOUS PROVISIONS**

12.1 ***Payment Of Statutory Fees.*** All fees payable pursuant to section 1930 of title 28 of the United States Code shall be paid on the earlier of when due or the Effective Date.

12.2 ***Amendment Or Modification Of This Plan.*** Subject to section 1127 of the Bankruptcy Code and, to the extent applicable, sections 1122, 1123, and 1125 of the Bankruptcy Code, the Debtors reserve the right to alter, amend, or modify this Plan at any time prior to or after the Confirmation Date but prior to the substantial consummation of this Plan, *provided, however*, that the Participating Lenders must approve of such alteration, amendment or

modification if it materially affects the respective Participating Lender's interests, which approval shall not be unreasonably withheld. A Holder of a Claim that has accepted this Plan shall be deemed to have accepted this Plan, as altered, amended or modified, if the proposed alteration, amendment or modification does not materially and adversely change the treatment of the Claim of such Holder.

**12.3 Severability Of Plan Provisions.** If, prior to the Confirmation Date, any term or provision of this Plan is determined 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 this 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 this Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

**12.4 Successors And Assigns.** This Plan shall be binding upon and inure to the benefit of the Debtors, and their respective successors and assigns, including, without limitation, the Reorganized Debtors. The rights, benefits, and obligations of any entity named or referred to in this Plan shall be binding on, and shall inure to the benefit of, any heir, executor, administrator, successor, or assign of such entity.

**12.5 Revocation, Withdrawal, Or Non-Consummation.** The Debtors reserve the right to revoke or withdraw this Plan at any time prior to the Confirmation Date and to file other plans of reorganization. If the Debtors revoke or withdraw this Plan, or if Confirmation or consummation of this Plan does not occur, then (a) this Plan shall be null and void in all respects, (b) any settlement or compromise embodied in this Plan (including the fixing or limiting to an amount any Claim or Class of Claims), assumption of Executory Contracts or Unexpired Leases effected by this Plan, and any document or agreement executed pursuant to this Plan shall be deemed null and void, *provided, however*, that the Debtors' Missed Milestone Obligations shall survive pursuant to the terms of the DVB Term Sheet, and (c) nothing contained in this Plan, and no acts taken in preparation for consummation of this Plan, shall (i) constitute or be deemed to constitute a waiver or release of any Claims by or against, or any Interests in, the Debtors or any other Person, (ii) prejudice in any manner the rights of the Debtors or any Person in any further proceedings involving the Debtors, or (iii) constitute an admission of any sort by the Debtors or any other Person.

**12.6 Notice.** All notices, requests, and demands to or upon the Reorganized Debtors to be effective shall be in writing and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when actually delivered or, in the case of notice by facsimile transmission, when received and telephonically confirmed, addressed as follows:

NAUTILUS HOLDINGS LIMITED

Attn: Andreas Maroulletis  
Lapithion Tower, 5  
Deligiorgi Street, 1066  
Nicosia, Cyprus  
Facsimile: +357-22666173

and

SKADDEN, ARPS, SLATE, MEAGHER  
& FLOM LLP

Jay M. Goffman  
Mark A. McDermott  
Shana A. Elberg  
Suzanne D.T. Lovett  
Four Times Square  
New York, New York 10036-6522  
Facsimile: (212) 735-2000

Counsel for Debtors and Debtors in Possession

12.7 ***Governing Law.*** Except to the extent that the Bankruptcy Code, the Bankruptcy Rules or other federal law is applicable, or to the extent that an Exhibit or schedule to this Plan or document contained in the Plan Supplement provides otherwise, the rights and obligations arising under this Plan shall be governed by, and construed and enforced in accordance with, the laws of New York without giving effect to the principles of conflicts of law of such jurisdiction.

12.8 ***Exhibits.*** All Exhibits to this Plan are incorporated and are a part of this Plan as if set forth in full herein.

12.9 ***Filing Of Additional Documents.*** On or before substantial consummation of this Plan, the Debtors shall file such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of this Plan.

12.10 ***Conflicts.*** In the event that provisions of the Disclosure Statement and provisions of this Plan conflict, the terms of this Plan shall govern.

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Dated: November 19, 2014  
New York, New York

NAUTILUS HOLDINGS LIMITED  
NAUTILUS HOLDINGS NO. 2 LIMITED  
(for themselves and on behalf of each of the other  
Debtors)

By: /s/ James A. Mesterharm  
Name: James A. Mesterharm  
Title: Chief Restructuring Officer



**Exhibit A**

**Amended and Restated HSH-YM Facility Material Terms<sup>1</sup>**

<b>Provision</b>	<b>Terms – Option A</b>	<b>Terms – Option B</b>
Facility Size	Total: \$191,194,322 After Initial Paydown: \$176,194,322	Total: \$191,194,322
Initial Paydown	\$15,000,000	N/A
Maturity Date	December 31, 2022	December 31, 2022
Amortization	\$2,930,000 quarterly	\$2,930,000 quarterly
Interest Rate	Libor plus 225 basis points	Libor plus 200 basis points
Cash Sweeps	75% cash flow sweep	N/A

<sup>1</sup> If 60% or greater of Class 8 votes to accept this Plan, the Amended and Restated HSH-YM Facility shall have the terms set forth in Option A. If less than 60% of Class 8 votes to accept this Plan, the Amended and Restated HSH-YM Facility shall have the terms set forth in Option B.

**Exhibit B**

**Amended and Restated Citi Facility Material Terms**

<b>Provision</b>	<b>Terms</b>
Facility Size	Equal to the amount of Allowed Class 3A Citi Facility Claims
Maturity Date	December 31, 2022
Amortization	An amount consistent with a 20 year financing life
Interest Rate	Libor plus 225 basis points

**Exhibit C**

**Citi Silo Warrants Material Terms**

<b>Provision</b>	<b>Terms</b>
Amount	Exercisable to 15% of equity of each of Reorganized Debtors Nautilus Shipholdings No. 3 Limited, Vivid Mind Limited, Perpetual Joy Limited, Regal Stone Limited, Charming Energetic Limited, and Dynamic Continental Limited on fully diluted basis
Strike Price	A strike price that equates to an enterprise value that is equal to Allowed Class 3 Citi Facility Claims plus interest through the term of the warrant
Tenor	5 Years

**Exhibit D**

**DVB Term Sheet**

**EXECUTION VERSION**

This term sheet (the “Term Sheet”) and all annexes hereto reference a restructuring transaction (the “Restructuring”) pursuant to which DVB Bank SE (“DVB”) agrees to support, and Nautilus Holdings Limited (“NHL”), Nautilus Holdings No. 2 Limited (“NH2L”) and their debtor subsidiaries and affiliates (collectively, the “Debtors”) agree to the terms of (1) a restructuring of certain obligations owed to DVB by Metropolitan Harbour Limited, Golden Knighthead Limited, and / or Nautilus Shipholdings No. 2 Limited with respect to the DVB Facilities (defined below), to be contained within a plan of reorganization proposed by the Debtors and filed in connection with their cases commenced under chapter 11 of title 11 of the United States Code in the United States Bankruptcy Court for the Southern District of New York (the “Bankruptcy Court”), (2) the use of DVB’s cash collateral (“DVB Cash Collateral”) by Metropolitan Harbour Limited, Golden Knighthead Limited, and / or Nautilus Shipholdings No. 2 Limited, and (3) the debtor in possession facility (the “DIP Facility”) proposed by the Debtors. To the extent that the agreement of Synergy Management Services Limited (“Synergy”), Reminiscent Ventures S.A. (“Reminiscent”) and Elektra Limited (“Elektra”) to the terms of the Restructuring set forth herein is required, Synergy, Reminiscent and Elektra shall be parties to this Term Sheet solely to such extent.

Agreement to the terms and conditions in this Term Sheet and in negotiations between DVB and the Borrowers (as defined herein) remains subject to approval by the Bankruptcy Court for the Debtors to enter into this Term Sheet. This Term Sheet does not include a description of all of the terms, conditions, and other provisions that are to be contained in the definitive documentation governing the Restructuring, such as terms that do not impact the DVB Facilities or the Borrowers’ obligations with respect thereto, all of which remain subject to further discussion and negotiation between the Debtors on the one hand and their respective lender or lender group on the other.

**EXECUTION VERSION**

<b>Term Sheet</b>	
<b>DVB Facilities</b>	<p>The “<u>DVB Facilities</u>” shall mean:</p> <p>i. That certain Loan Agreement, dated as of July 11, 2007, between Golden Knighthead Limited, as borrower, and DVB, as lender, agent, swap bank, and security trustee, and relating to a \$91,237,500 facility to finance, in part, the borrower’s purchase of the container vessel currently named <i>M/V Texas</i> (the “<u>Golden Knighthead Facility</u>”) and the various documents executed in connection therewith, including, without limitation, related swap agreement, guaranty, and security documents (together with the Golden Knighthead Facility and, as amended, modified, or supplemented, the “<u>Golden Knighthead Facility Documents</u>”); and</p> <p>ii. That certain Loan Agreement, dated as of July 11, 2007, between Metropolitan Harbour Limited, as borrower, and DVB, as lender, agent, swap bank, and security trustee, and relating to a \$91,237,500 facility to finance, in part, the borrower’s purchase of the container vessel currently named <i>M/V Washington</i> (the “<u>Metropolitan Harbour Facility</u>”), and the various documents executed in connection therewith, including, without limitation, related swap agreement, guaranty, and security documents (together with the Metropolitan Harbour Facility and, as amended, modified, or supplemented, the “<u>Metropolitan Harbour Facility Documents</u>”).</p>
<b>Borrowers</b>	“ <u>Borrowers</u> ” shall mean the borrowers under the DVB Facilities (each a “ <u>Borrower</u> ”).
<b>Acceptable Plan</b>	“ <u>Acceptable Plan</u> ” shall mean a plan of reorganization consistent with the terms hereof and otherwise reasonably acceptable to DVB with respect to the terms that materially affect DVB and the restructuring of the DVB Facilities.
<b>Effective Date</b>	“ <u>Effective Date</u> ” shall be the date on which an Acceptable Plan shall become effective.

**EXECUTION VERSION**

<b>Term Sheet</b>	
<b>Loan Documents</b>	The Golden Knighthead Facility Documents and Metropolitan Harbour Facility Documents will be amended and restated to reflect their current terms, except as modified in accordance with the terms hereof and as necessary to conform such loan documents to DVB's current form of agreements; <i>provided, however</i> , that such modifications shall not materially impact the terms of the Restructuring and shall be in a form reasonably acceptable to the Debtors.
<b>Loan Amount</b>	<ul style="list-style-type: none"> <li>• Golden Knighthead Facility: \$73,191,500.</li> <li>• Metropolitan Harbour Facility: \$73,191,500.</li> <li>• Notwithstanding any other provision of this Term Sheet, upon the Effective Date, the principal amount of each of the Golden Knighthead Facility and the Metropolitan Harbour Facility shall be \$73,191,500, prior to giving effect to the Initial Pay-Down and Supplemental Pay-Down as set forth herein.</li> </ul>
<b>Interest Rate Swap</b>	The current interest rate swap agreements will continue, subject to the following terms: Within five (5) days after Bankruptcy Court approval of (a) the use of DVB Cash Collateral, and (b) the RSA (as defined herein) (the last date of such approvals being the " <u>RSA Approval Date</u> "), the Debtors shall pay all overdue swap payments and shall make swap payments in accordance with the applicable loan documents thereafter; <i>provided, however</i> , that, at the sole option of the Borrowers, the timing of such payments (other than payments of overdue amounts) shall be aligned with the timing of the Interest Rate Payments described below; and, <i>provided, further</i> , that the Debtors shall reimburse DVB for any costs it may incur as a result of the foregoing alignment of payment dates ( <i>e.g.</i> , breakage costs).

**EXECUTION VERSION**

<b>Term Sheet</b>	
<b>Interest Rate Payment</b>	<p>Within five (5) days after the RSA Approval Date, the Debtors shall pay all overdue interest payments and shall make interest payments in accordance with the applicable loan documents thereafter; <i>provided, however</i>, that the timing of such interest payments (other than payments of overdue amounts) shall be modified to occur on the final day of each calendar quarter (<i>i.e.</i>, March 31, June 30, September 30, and December 31); and, <i>provided, further</i>, that the first payment of interest following such modification shall include any “stub” portion of the prior interest period such that the Debtors shall pay all interest that has accrued since the prior payment of interest without any duplication of any portion of any interest payment.</p> <p>Notwithstanding the foregoing, the Debtors reserve all rights with respect to the application of any Interest Rate Payments made to the extent that the Restructuring is not consummated on the terms set forth herein.</p>
<b>Maturity Date</b>	<ul style="list-style-type: none"> <li>• Golden Knighthead Facility: June 30, 2023.</li> <li>• Metropolitan Harbour Facility: June 30, 2023.</li> </ul>
<b>Interest Rate</b>	Rate increased to LIBOR + 2.25% per annum for both facilities.
<b>Cash Sweep and Amortization</b>	<p>From the Effective Date until December 31, 2017, the DVB Facilities shall be repaid via a Cash Sweep calculation as follows:</p> <ul style="list-style-type: none"> <li>• “<u>Excess Cash</u>” shall be calculated quarterly in arrears and based upon the unaudited management accounts for the preceding financial quarter, commencing from the Effective Date and quarterly (the first such calculation being performed 45 days after the end of the first full quarterly accounting period following the Effective Date) thereafter as follows: <ul style="list-style-type: none"> <li>• Cash at the end of the applicable quarter;</li> <li>• <i>Plus or minus</i> changes in trade payables/receivables in the applicable quarter;</li> <li>• <i>Minus</i> debt service obligations scheduled to be paid in the quarter following the quarter for which the Excess Cash calculation is being performed (including principal, interest, swap payments, and fees);</li> </ul> </li> </ul>



**EXECUTION VERSION**

<b>Term Sheet</b>	
	<ul style="list-style-type: none"> <li>• <i>Minus</i> amounts deposited into the applicable Dry Dock Reserve Account and any restricted cash (<i>i.e.</i>, Reserve Account balance, Retention Account balance, and any cash collateralized obligations);</li> <li>• <i>Minus</i> \$2,000,000 per vessel.</li> </ul> <ul style="list-style-type: none"> <li>• Each Borrower shall provide a provisional calculation of Excess Cash within three (3) business days after the final day of the three (3) month period to which the notice relates. Each Borrower shall provide DVB with confirmation of the amount of Excess Cash within 45 days after the provisional calculation. Within three (3) days of the applicable Borrower's sending its confirmation, DVB shall be authorized to transfer 100% of the Excess Cash, per the confirmed calculation, from the applicable vessel's Operating Account into the Retention Account where it will be held until the date of the next quarterly repayment / loan rollover when it will be applied in reduction of the amount outstanding under the applicable facility documents. A Borrower's failure to provide a confirmed calculation as set forth in this paragraph shall be a default under the loan documents.</li> <li>• All applications as a result of the Cash Sweep will be in the inverse order of maturity.</li> <li>• For the avoidance of doubt, after giving effect to the cash sweep, Borrowers' cash position in their operating accounts will not be less than \$2,000,000 per vessel.</li> </ul> <p><u>Commencing at the quarter end following the second anniversary of the Effective Date (<i>i.e.</i>, March 31, 2017) onwards</u>, the DVB Facilities shall be repaid as follows:</p> <ul style="list-style-type: none"> <li>• For 2017, quarterly repayments of \$500,000 per vessel, per quarter shall be made.</li> <li>• For 2018 and beyond, quarterly repayments of \$1,000,000 per vessel, per quarter, shall be made.</li> <li>• The first of such repayments shall fall due on the first quarter end following the second anniversary of the Effective Date (<i>i.e.</i>, March 31, 2017) for each of the Metropolitan Harbour and the Golden Knighthead Facilities.</li> </ul>

**EXECUTION VERSION**

<b>Term Sheet</b>	
	<ul style="list-style-type: none"> <li>• Additionally, the Cash Sweep shall continue under the methodology outlined above until LTV drops below 80%, at which time the Cash Sweep shall be suspended and the Borrowers shall continue with scheduled amortization payments.</li> <li>• A balloon payment equal to the remaining principal and interest outstanding on each vessel loan shall be paid on the Maturity Date.</li> </ul>
<b>Pay-Down of Principal</b>	<ul style="list-style-type: none"> <li>• All amounts currently held in the Reserve Accounts (currently approx. \$27,066,127 in aggregate) shall at all times be held by the Borrowers in the Reserve Accounts unless expended in accordance with (a) this Term Sheet, (b) the order authorizing use of the DVB Cash Collateral on a final basis, or (c) the current and future 13 week cash flow reporting provided by the Borrowers.</li> <li>• On the Effective Date, the Borrowers shall pay not less than \$13,000,000 in aggregate to reduce the outstanding principal of the DVB Facilities (the “<u>Initial Pay-Down</u>”). The Initial Pay-Down shall be applied in an equal amount for each Borrower and in the inverse order of maturity.</li> <li>• On the Effective Date, the Borrowers shall have a minimum liquidity position of \$5,000,000 in aggregate, after giving effect to all accrued and unpaid professional fees (“<u>Initial Free Liquidity Requirement</u>”).</li> <li>• If, after giving effect to the Initial Pay-Down and taking into account the accrued and unpaid fees and expenses of the Debtors’ and DVB’s professionals, the Borrowers’ Operating Accounts and Reserve Accounts hold cash in excess of the Initial Free Liquidity Requirement, then all such amounts shall be immediately transferred to the appropriate Retention Account and applied to reduce the outstanding principal of the DVB Facilities in an equal amount for each Borrower and in the inverse order of maturity (the “<u>Supplemental Pay-Down</u>”).</li> </ul>

**EXECUTION VERSION**

<b>Term Sheet</b>	
<b>Shortfall Guarantee</b>	<ul style="list-style-type: none"> <li>• After the Effective Date, Synergy will ensure that the Borrowers continue to have sufficient liquidity to meet operating costs and meet the debt service obligations as detailed herein, subject always to a maximum liability of \$2,500,000 in the aggregate. This commitment will be in the form of a shortfall guarantee (the “<u>Shortfall Guarantee</u>”) for up to \$2,500,000 in aggregate, and shall be used as necessary to cover such costs and expenses.</li> <li>• Any drawings under the Shortfall Guarantee shall be evidenced to the Lender and an account shall be maintained of drawings under this arrangement. Such account shall be notified to DVB on a quarterly basis and verified on an annual basis. Any amount advanced under this arrangement shall be non-interest bearing. Monies drawn by the Borrowers pursuant to the Shortfall Guarantee shall be repaid to Synergy if, in DVB’s reasonable discretion, the applicable Borrower will be in compliance with all covenants immediately after giving effect to such repayment. Any such repayment shall be made from Excess Cash on a 50/50 basis with amounts to be repaid under the applicable loan, subject to a minimum threshold of \$100,000. Any such repayment shall reinstate the availability of such amount under the Shortfall Guarantee.</li> <li>• In the event that the Shortfall Guarantee is fully drawn at any time after the end of the first quarter following the second year anniversary of the Effective Date (<i>i.e.</i>, March 31, 2017), the Borrowers may elect in writing, and DVB shall so consent, to cause the waiver of the obligation to make one or more of the subsequent scheduled quarterly amortization installments for the calendar year January 1, 2017 through December 31, 2017; <i>provided, however</i>, that any such waiver shall not in any way alter the Debtors’ obligation during any waiver period to comply with the Cash Sweep of Excess Cash.</li> </ul>
<b>LTV Covenant</b>	<ul style="list-style-type: none"> <li>• LTV covenant waiver until December 31, 2017.</li> <li>• From January 2018 onwards, the ratio of the total amount outstanding under the applicable facility documents (excluding the mark to market value of any hedging instruments on a quarterly basis as of quarter end) compared to the combined FMV of the applicable vessel must not exceed the following percentages:</li> </ul>

**EXECUTION VERSION**

<b>Term Sheet</b>	
	<ul style="list-style-type: none"> <li>• Until December 31, 2018: 115%</li> <li>• Until December 31, 2019: 110%</li> <li>• Until December 31, 2020: 95%</li> <li>• Thereafter: 80%</li> <li>• Should the FMV of the vessel fail to meet the minimum level, DVB shall have the right to require the Borrower and / or the Guarantor to prepay a portion of the applicable facility, sufficient to restore compliance, within 30 days, or to provide additional security, such additional security to be of a form and substance reasonably acceptable to DVB. Any additional security will remain in place for a minimum six (6) months following the date upon which the FMV of the vessel is sufficient to once again comply with the LTV covenant.</li> </ul>
<b>Minimum Cash Covenant</b>	The current minimum cash covenant shall be modified to require each Borrower to maintain a minimum cash balance of \$500,000 per vessel. This amount shall be measured on an aggregate basis (excluding monies held in any Reserve, Retention, and Dry Dock Reserve Account) and shall be retained in the Operating Accounts.
<b>Dry-Dock Reserve Account</b>	<ul style="list-style-type: none"> <li>• Withhold 20% of dry-docking budget per annum per vessel in a special reserve account to finance dry-docking costs.</li> <li>• Special reserve account to be pledged as security for applicable facility.</li> </ul>

**EXECUTION VERSION**

<b>Term Sheet</b>	
<b>Operating / Retention and Dry-Dock Reserve Accounts</b>	<ul style="list-style-type: none"><li>• The Borrowers shall open new Operating Accounts on or before the Effective Date, which shall be used for the collection of revenue for each vessel.</li><li>• The Borrower shall also open Retention Accounts and Dry-Dock Reserve Accounts on or before the Effective Date. On the last business day of each month following the Effective Date, each Borrower shall make monthly deposits into the applicable Retention Account equal to one-third (1/3) of the next due interest and principal payment, if any such principal payment is scheduled to be paid in the following quarter.</li><li>• All accounts of the Borrowers shall be pledged to DVB as security for the DVB Facilities and, at the sole option of DVB, all accounts of the Borrowers shall be maintained with DVB; <i>provided, however</i>, that all banking-related fees charged to the Borrowers in connection with such accounts shall be no greater than the fees charged to the Borrowers in connection with the Borrowers' existing banking facilities.</li></ul>

**EXECUTION VERSION**

<b>Term Sheet</b>	
<b>Management Fee</b>	<ul style="list-style-type: none"> <li>Commencing with the first management fee payment to come due after the RSA Approval Date, the portion of the monthly management fee (the “<u>Synergy Management Fee</u>”) payable by the Borrowers towards the payment made to Synergy shall be reduced to \$25,000 per vessel per month (subject to annual adjustment of 3% for inflation) for the remainder of the term of the Synergy management agreement and for any future extensions or renewals thereof or replacements thereto (any increase in fees for subsequent terms to be subject to DVB’s consent, not to be unreasonably withheld).</li> <li>If all of the obligations under the Golden Knighthead Loan Documents and Metropolitan Harbour Loan Documents have been satisfied, DVB shall have no objection to the payment of 1% of gross proceeds received from the disposition of any vessel being paid to Synergy.</li> <li>Debtors to return the portion of the Synergy Management Fee paid by the Borrowers and currently pooled at NHL (<i>i.e.</i>, 40% of amounts upstreamed by the Borrowers for payment of the Synergy Management Fee since commencement of bankruptcy cases) upon the Effective Date, except to the extent such amounts may be used to repay the DIP Facility as set forth in this Term Sheet.</li> </ul>
<b>Dividends / Shareholders Loans</b>	The prior written consent of DVB shall be required for any dividend, repayment of existing shareholder loans, or grant of new shareholder loans.
<b>Reporting Requirements</b>	<p>In addition to existing reporting requirements, each Borrower shall provide:</p> <ul style="list-style-type: none"> <li>i. <u>Evidence Supporting the Cash Sweep Payment</u> – Borrower shall deliver to DVB, not more than 45 days after the relevant quarter end date, the documentary evidence satisfactory to DVB, acting in its reasonable discretion, which demonstrates with regard to the relevant quarter the following: <ul style="list-style-type: none"> <li>Status of the vessel, including any changes in class certificates / class status;</li> <li>The unaudited management accounts which show the results of the operation of the vessel during the preceding financial quarter and the daily operating costs of the vessel,</li> </ul> </li> </ul>

**EXECUTION VERSION**

<b>Term Sheet</b>	
	<p>its balance sheet and its profit and loss accounts and which are certified as to their correctness by a duly authorized signatory of the Borrowers.</p> <p>ii. <u>Operating Costs</u> – Annual budgets of the operational expenses of each of the Vessels to be presented by the Borrower to DVB not more than 70 days after the end of each calendar year and agreed to by DVB within five (5) business days thereafter (quarterly variance reports to be provided not more than 45 days after the relevant quarter end date). If, in the reasonable opinion of DVB, there is a material degradation in the performance with respect to the operational expenses of the vessel, the Borrower will (i) obtain a detailed explanation from the technical manager and (ii) provide an action plan satisfactory to DVB setting out how to deal with the underperformance.</p>
<b>Cross-collateralization and Treatment of Shareholder Loans</b>	<ul style="list-style-type: none"> <li>• The Metropolitan Harbour Facility shall be further secured on a junior basis by the collateral securing the Golden Knighthead Facility and <i>vice versa</i>.</li> <li>• On the Effective Date, all existing shareholders loans shall be extinguished or converted into equity, which shall be subject to existing share pledges in favor of DVB.</li> </ul>

**EXECUTION VERSION**

<b>Term Sheet</b>	
<b>Management Agreement</b>	Synergy management agreement to remain in effect for the duration of its term, subject to the Debtors' rights to terminate contained within such agreement. DVB hereby consents to any subsequent management agreement with Synergy; provided, that (i) with respect to the Borrowers, Synergy shall be entitled to compensation under such subsequent management agreement solely in accordance with the Management Fee provision set forth herein, and (ii) any other material provisions shall be subject to the mutual consent of the parties, such consent not to be unreasonably withheld
<b>Technical Management</b>	Technical Management of <i>M/V Washington</i> and <i>M/V Texas</i> to be performed by third-party technical manager mutually acceptable to DVB and the Borrowers chosen from industry-recognized Technical Managers, including, without limitation, those technical managers set forth on Schedule A hereto (the " <u>Technical Manager List</u> "), each of which shall be deemed mutually acceptable to DVB and the Borrowers; <i>provided, however</i> , that, upon mutual agreement, the parties may remove any entity from the Technical Manager List and, upon mutual agreement, the parties may add any entity to the Technical Manager List. Such removals or additions to the Technical Manager List shall be deemed to occur on December 31st of the year in which notice was given or mutual agreement was made.
<b>Operation in the Ordinary Course</b>	The Debtors shall continue to operate the Borrowers' vessels in the ordinary course of business consistent with past practices.
<b>Lender's Fees &amp; Expenses</b>	To the extent not already paid, the Debtors shall pay DVB's properly incurred fees and expenses on DVB's demand on a reasonably prompt basis.
<b>Releases</b>	As of and conditioned upon the occurrence of the Effective Date: <ul style="list-style-type: none"> <li>• Standard / customary mutual release between DVB, on the one side, and the Debtors on the other (to the extent claims are not otherwise released pursuant to an order of the bankruptcy court); and</li> <li>• Standard / customary mutual release between DVB, on the one side, and Synergy, Reminiscent and Elektra on the other.</li> <li>• The Debtors and Reminiscent shall release any claims they may hold against DVB arising from or related to any fee</li> </ul>



**EXECUTION VERSION**

<b>Term Sheet</b>	
	<p>or charge or the application of an alternative rate of interest to the DVB Facilities, including, without limitation, breakage fees or market disruption interest.</p> <ul style="list-style-type: none"> <li>• For the avoidance of doubt, neither the Debtors, Synergy, Reminiscent, Elektra nor DVB shall be released from any obligations under this Term Sheet, the Restructuring Support Agreement (“<u>RSA</u>”) (described below), or any claims of any of the parties hereto arising out of actions or inactions in connection with the restructured DVB Facilities, but solely to the extent that such claims arise after the Effective Date and are not pre-petition claims or otherwise discharged and released in the Restructuring.</li> <li>• For the further avoidance of doubt, the release of Elektra by DVB shall be conditioned upon receipt of a representation from Andreas Papathomas that he owns or controls Elektra</li> <li>• Reminiscent, Elektra and Synergy agree to be parties to a Restructuring Support Agreement as set forth below and to support the Debtors’ motion for Bankruptcy Court approval of this Term Sheet and an Acceptable Plan.</li> </ul>
<b>DIP Financing and Use of Cash Collateral</b>	<p>The Debtors acknowledge that the agreement of DVB to consent to the Debtors’ request to use the DVB Cash Collateral and DIP financing (as modified herein) is in consideration of the Debtors’ adherence to the terms and milestones set forth herein unless otherwise mutually agreed upon by the parties.</p>

**EXECUTION VERSION**

<b>Term Sheet</b>	
<b>Limits on Use of Cash Collateral</b>	<ul style="list-style-type: none"> <li>• Use of the DVB Cash Collateral and any final order authorizing same shall terminate on January 31, 2015 (the “<u>Effective Date Deadline</u>”), subject to the Borrowers’ right to seek an extension of time from the Bankruptcy Court to use the DVB Cash Collateral.</li> <li>• The Debtors shall not modify the current allocation of restructuring professional fees among the prepetition lenders in any way that would increase the percentage of such fees currently allocated to DVB. For the avoidance of doubt, nothing herein shall affect DVB’s rights to object to any request for payment or allowance of fees or expenses submitted to the Bankruptcy Court.</li> <li>• For the duration of the chapter 11 cases, the Debtors shall provide DVB with a rolling 13-week budget for the Borrowers on not less than seven (7) days’ notice. DVB may request an explanation for any item in the Debtors’ budget for the Borrowers within three (3) days after receipt of same. Notwithstanding the foregoing, the prior written consent of DVB, not to be unreasonably withheld, shall be required for the expenditure of amounts in excess of the greater of \$50,000 and 15% more than the sum of the line items titled Total Disbursements and Total Management Fees of the Debtors’ weekly budget for the Borrowers.</li> </ul>
<b>Conditions to use of DIP Facility</b>	<ul style="list-style-type: none"> <li>• Notwithstanding anything to the contrary in any DIP Facility document, including, without limitation, the interim and final orders authorizing the DIP Facility (the “<u>DIP Orders</u>”), the existing encumbrances on the assets of the Borrowers and / or Nautilus Shipholdings No. 2 Limited in favor of DVB and any lien on such assets securing any obligation under the Golden Knighthead Loan Documents or Metropolitan Harbour Loan Documents now or hereafter held by DVB, regardless of how acquired, shall be senior in all respects and prior to the any claim, lien, or interest granted in connection with the DIP Facility; <i>provided, however</i>, that the preceding sentence does not include any claims for payment of fees and expenses of the DIP Lender, to the extent allowed as set forth in the DIP Facility, or for any amounts payable under the Carve-Out (as defined in the DIP Orders).</li> <li>• Except as set forth herein, obligations under the DIP Facility shall not be satisfied before the full and complete satisfaction</li> </ul>

**EXECUTION VERSION**

<b>Term Sheet</b>	
	<p>of all obligations under the Golden Knighthead Loan Documents or Metropolitan Harbour Loan Documents; <i>provided, however</i>, that DVB shall consent to the use of up to \$250,000 from the portion of the Synergy Management Fee paid by the Borrowers and currently pooled at NHL (<i>i.e.</i>, 40% of amounts upstreamed by the Borrowers for payment of the Synergy Management Fee since commencement of bankruptcy cases) to satisfy obligations under the DIP Facility (whether arising under an interim or final order); and, <i>provided, further</i>, that the Borrowers shall have no further liability for DIP Facility obligations until the full and complete satisfaction of all obligations under the Golden Knighthead Loan Documents and Metropolitan Harbour Loan Documents.</p> <ul style="list-style-type: none"> <li>• In addition, DVB shall have the exclusive right to enforce rights, exercise remedies and make determinations regarding the release, disposition, or restrictions with respect to any assets securing any obligation under the Golden Knighthead Loan Documents or Metropolitan Harbour Loan Documents, without any consultation with, or consent of, Synergy in its capacity as lender under the DIP Facility; <i>provided, however</i>, that nothing herein shall be deemed a modification of the automatic stay and all parties rights with respect thereto are expressly reserved.</li> </ul>
<b>Milestones</b>	<ul style="list-style-type: none"> <li>• The Debtors agree to pursue an Acceptable Plan consistent with this Term Sheet, in good faith. DVB agrees to support an Acceptable Plan and the Debtors' continued use of the DVB Cash Collateral consistent with the terms hereof; <i>provided</i>, that:</li> <li>• The Bankruptcy Court shall enter an order authorizing the Debtors' entry into this Term Sheet, in connection with approval of the RSA or otherwise;</li> <li>• The Motion seeking approval of the RSA shall be filed with the Bankruptcy Court contemporaneously with or prior to the entry of an order approving the Debtors' use of the DVB Cash Collateral; <i>provided, however</i>, that the RSA shall be in a form mutually agreeable to the parties at the time of filing;</li> <li>• The Debtors shall file an Acceptable Plan and related</li> </ul>

**EXECUTION VERSION**

<b>Term Sheet</b>	
	<p>disclosure statement on or before October 15, 2014;</p> <ul style="list-style-type: none"><li>• The Bankruptcy Court shall enter an order approving the disclosure statement for an Acceptable Plan on or before December 1, 2014;</li><li>• The Bankruptcy Court shall enter an order confirming an Acceptable Plan on or before January 15, 2015; and</li><li>• The Effective Date shall occur on or before January 31, 2015.</li></ul> <li>• If the Debtors fail to achieve any of the foregoing milestones or fail to comply with the terms and conditions of this Term Sheet, including, without limitation, DVB's consent to the Debtors' use of the DVB Cash Collateral, then the Term Sheet shall terminate and this Term Sheet shall become unenforceable against all parties hereto; <i>provided, however</i>, that, if the Debtors fail to achieve any of the foregoing milestones after Bankruptcy Court approval of the RSA, then the parties' termination rights shall be governed by those set forth in the RSA, which rights shall expressly preserve DVB's rights to seek termination of the Debtors' rights to use the DVB Cash Collateral, notwithstanding any provision to the contrary in any order previously approved by the Bankruptcy Court. For the avoidance of doubt, the foregoing milestones shall be incorporated into the RSA and the Debtors' failure to achieve any such milestone shall permit DVB to terminate the RSA.</li> <li>• In the event the Debtors fail to achieve an Effective Date of January 31, 2015 (the "<u>Effective Date Milestone</u>"): <ul style="list-style-type: none"><li>• The Debtors shall waive any objection to a motion by DVB to shorten the notice period to ten (10) days for a motion to obtain relief from the stay or to terminate exclusivity;</li><li>• DVB shall waive any objection to a motion by the Debtors to shorten the notice period to ten (10) days for a motion to seek approval to use the DVB Cash Collateral (the "<u>DVB Cash Collateral Hearing</u>") and hereby consent to the Debtors' use of DVB Cash Collateral during the interim period between the Effective Date Milestone and</li></ul></li>

**EXECUTION VERSION**

<b>Term Sheet</b>	
	<p>the DVB Cash Collateral Hearing;</p> <ul style="list-style-type: none"><li>• The Debtors shall make a one-time, non-refundable payment (the “<u>Missed Milestone Payment</u>”) in the amount of \$1,500,000, which Missed Milestone Payment shall be applied in its entirety to the Pay-Down of Principal; and</li><li>• From the Effective Date Milestone onward, any professional fees expended in the Chapter 11 Cases shall be borne by the Borrowers under the DVB Facilities only to the extent that such professional fees are incurred in connection with the DVB Facilities.</li><li>• For the avoidance of doubt, the foregoing provisions relating to Effective Date Milestones shall survive termination of the Term Sheet and / or the RSA.</li></ul>

**EXECUTION VERSION**

<b>Term Sheet</b>	
<b>Conditions Precedent to Effective Date</b>	<p>The Effective Date shall not occur, and an Acceptable Plan shall not become effective, unless and until the following conditions are satisfied in full, or waived by DVB (except as set forth below):</p> <ul style="list-style-type: none"> <li>• The Borrowers shall hold sufficient cash in their accounts to satisfy each of the terms and conditions contained in this Term Sheet;</li> <li>• On the Effective Date, after giving effect to the Initial Pay-Down and all accrued and unpaid professional fees, shall have a minimum liquidity position of \$5,000,000 in aggregate; <i>provided, however</i>, this condition may be waived by DVB in its sole discretion;</li> <li>• The Borrowers and Nautilus Shipholdings No. 2 Limited shall be in full compliance with the Golden Knighthead Facility Documents and the Metropolitan Harbour Facility Documents, as applicable; <i>provided, however</i>, that the Borrowers and Nautilus Shipholdings No. 2 Limited shall not be required to (i) satisfy any historic nonpayment defaults or (ii) satisfy any overdue principal amounts, whether coming due by acceleration or otherwise, to be deemed in full compliance as of the Effective Date;</li> <li>• The Borrowers shall have satisfied all general unsecured claims entitled to administrative expense priority other than trade claims incurred in the ordinary course of business that are not yet due and payable; and</li> <li>• DVB and the Borrowers shall have executed amended and restated Golden Knighthead Facility Documents and Metropolitan Harbour Facility Documents;</li> <li>• Additional and mutually reasonable acceptable conditions precedent customary for transactions of this type.</li> </ul>
<b>Bankruptcy Filings</b>	<ul style="list-style-type: none"> <li>• The RSA, the Acceptable Plan, and any documents to be filed with respect to such documents shall be consistent in all material respects with the parties' agreement as reflected in this Term Sheet and shall be subject to the prior reasonable approval of DVB.</li> </ul>

**EXECUTION VERSION**

<b>Term Sheet</b>	
<b>Bankruptcy Court Approval</b>	<ul style="list-style-type: none"><li>• DVB, Synergy, Reminiscent, Elektra and the Debtors shall enter into the RSA, which shall contain reasonable and customary terms, and shall jointly seek Bankruptcy Court approval of the RSA and the Debtors' entry into this Term Sheet at a hearing to be held on the date set for approval of the use of the DVB Cash Collateral (such date that the order is entered, the "<u>RSA Approval Date</u>").</li><li>• This Term Sheet may be annexed, in whole or in redacted form (in the Debtors' discretion), as an exhibit to the motion seeking approval of the RSA.</li></ul>

This Term Sheet does not contain all terms, conditions, and other provisions relating to the Restructuring and the transactions contemplated by this Term Sheet are subject to conditions to be set forth in definitive documents. Drafts of this Term Sheet constitute a settlement proposal in furtherance of settlement discussions and are entitled to protection from any use or disclosure to any party or person pursuant to Federal Rule of Evidence 408 and any other similar rule or statute. This Term Sheet contains material non-public information and the information contained herein is strictly confidential. Disclosure of this Term Sheet or the information contained herein in a manner inconsistent with the manner expressly set forth above is prohibited without the express written consent of all parties hereto.

**EXECUTION VERSION**

AGREED TO THIS \_\_\_\_ DAY OF SEPTEMBER, 2014

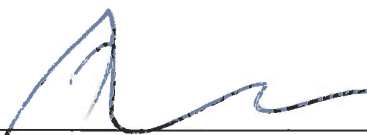
DVB BANK SE

By: \_\_\_\_\_  
Name:  
Title:

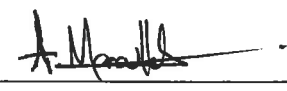
DVB BANK SE

By: \_\_\_\_\_  
Name:  
Title:

NAUTILUS HOLDINGS LIMITED  
NAUTILUS HOLDINGS NO. 2 LIMITED (ON BEHALF  
OF THEMSELVES AND THEIR DEBTOR  
SUBSIDIARIES)

By:  \_\_\_\_\_  
Name: Andreas Papathomas  
Title: Director

GOLDEN KNIGHTHEAD LIMITED  
METROPOLITAN HARBOUR LIMITED

By:  \_\_\_\_\_  
Name: Andreas Savvas Maroulletis  
Title: Director



AGREED TO THIS \_\_\_\_ DAY OF SEPTEMBER, 2014

DVB BANK SE

By: 

Name: KEITH MCRAG

Title: SENIOR VICE PRESIDENT

DVB BANK SE

By: 

Name: J. GASCOIGNE

Title: VICE PRESIDENT

NAUTILUS HOLDINGS LIMITED  
NAUTILUS HOLDINGS NO. 2 LIMITED (ON BEHALF  
OF THEMSELVES AND THEIR DEBTOR  
SUBSIDIARIES)

By: \_\_\_\_\_

Name: Andreas Papathomas

Title: Director

GOLDEN KNIGHTHEAD LIMITED  
METROPOLITAN HARBOUR LIMITED

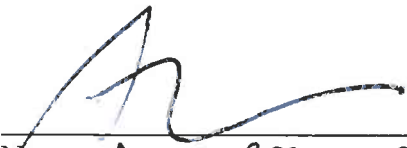
By: \_\_\_\_\_

Name: Andreas Savvas Maroulletis

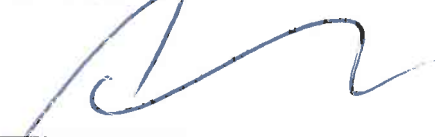
Title: Director

**EXECUTION VERSION**

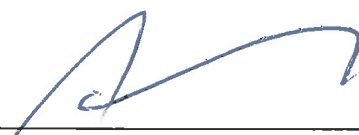
SYNERGY MANAGEMENT SERVICES LIMITED,

By:   
Name: ANDREAS PAPATHOMAS  
Title: DIRECTOR

REMINISCENT VENTURES S.A.

By:   
Name: ANDREAS PAPATHOMAS  
Title: DIRECTOR

ELEKTRA LIMITED,

By:   
Name: ANDREAS PAPATHOMAS  
Title: DIRECTOR

SCHEDULE A

(PRE-APPROVED TECHNICAL MANAGER LIST)

1. [REDACTED]
2. [REDACTED]
3. [REDACTED]
4. [REDACTED]
5. [REDACTED]

**Exhibit A-2**

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

----- x  
-----  
In re: : Chapter 11  
 :  
NAUTILUS HOLDINGS LIMITED, et al., : Case No. 14-22885 (RDD)  
 :  
Debtors. : (Jointly Administered)  
 :  
----- x  
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**AMENDED JOINT PLAN OF REORGANIZATION OF  
NAUTILUS HOLDINGS LIMITED AND CERTAIN OF ITS AFFILIATES  
PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE**

Jay M. Goffman  
Mark A. McDermott  
Shana A. Elberg  
Suzanne D.T. Lovett  
Four Times Square  
New York, New York 10036  
(212) 735-3000

Counsel for the Debtors and Debtors-in-Possession

Dated: ~~October 15~~November 19, 2014

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## INTRODUCTION

Nautilus Holdings Limited and certain of its affiliates, as debtors and debtors in possession, propose the following joint plan of reorganization for the resolution of the outstanding Claims against and Interests in the Debtors. Reference is made to the Disclosure Statement, distributed contemporaneously herewith, for a discussion of (i) the Debtors' history, business and operations, (ii) a summary and analysis of this Plan, and (iii) certain related matters, including risk factors relating to the consummation of this Plan. Subject to certain restrictions and requirements set forth in section 1127 of the Bankruptcy Code, Bankruptcy Rule 3019, and the DVB RSA, the Debtors reserve the right to alter, amend, modify, revoke, or withdraw this Plan prior to its substantial consummation.

## ARTICLE I

### DEFINED TERMS AND RULES OF INTERPRETATION

*Defined Terms.* As used herein, capitalized terms shall have the meanings set forth below. Any term that is not otherwise defined herein, but that is used in the Bankruptcy Code or the Bankruptcy Rules, shall have the meaning given to that term in the Bankruptcy Code or the Bankruptcy Rules, as applicable.

1.1 ***Accrued Professional Compensation*** means, at any date, and regardless of whether such amounts are billed or unbilled, all of a Professional's accrued and unpaid fees (including success fees) and reimbursable expenses for services rendered in the Chapter 11 Cases through and including such date, whether or not such Professional has filed a fee application for payment of such fees and expenses, (i) all to the extent that any such fees and expenses have not been previously paid (regardless of whether a fee application has been filed for any such amount) and (ii) after applying any retainer that has been provided by the Debtors to such Professional and not previously applied. No amount of a Professional's fees and expenses denied under a Final Order shall constitute Accrued Professional Compensation.

1.2 ***Administrative Claim*** means a Claim for costs and expenses of administration of the Chapter 11 Cases under sections 503(b), 507(b) or 1114(e)(2) of the Bankruptcy Code, including, but not limited to: (a) any actual and necessary costs and expenses, incurred on or after the Petition Date and through the Effective Date, of preserving the Estates and operating the businesses of the Debtors (b) Professional Fee Claims; (c) all fees and charges assessed against the Estates under Chapter 123 of Title 28 of the United States Code; (d) all amounts advanced pursuant to the Bankruptcy Court's DIP Financing Orders; and (e) all other claims entitled to administrative claim status pursuant to an order of the Bankruptcy Court.

1.3 ***Affiliate*** means, with respect to any Person, "affiliate" as defined in section 101(2) of the Bankruptcy Code as if such Person were a Debtor.

1.4 ***Allowed*** means, with respect to a Claim against any Debtor, except as otherwise provided herein, (a) a Claim that is (i) listed in the Schedules as of the Effective

Date as neither disputed, contingent nor unliquidated, and for which no Proof of Claim has been timely filed, or (ii) evidenced by a valid Proof of Claim or request for payment of Administrative Claim, as applicable, filed by the applicable Bar Date, and as to which the Debtors or other parties-in-interest have not filed an objection to the allowance thereof by the Claims Objection Deadline, or (b) a Claim that is Allowed under the Plan or any stipulation or settlement approved by, or Final Order of, the Bankruptcy Court; *provided, however*, that any Claims allowed solely for the purpose of voting to accept or reject the Plan pursuant to an order of the Bankruptcy Court will not be considered "Allowed Claims" under the Plan. Notwithstanding the foregoing, a Claim shall not be Allowed and shall not be entitled to a distribution under the Plan to the extent it has been satisfied prior to the Effective Date. If a Claim is Allowed only in part, references to Allowed Claims include and are limited to the Allowed portion of such Claim. Notwithstanding anything to the contrary herein, no Claim that is disallowed in accordance with Bankruptcy Rule 3003 or section 502(d) of the Bankruptcy Code is Allowed and each such Claim shall be expunged without further action by the Debtors and without further notice to any party or action, approval, or order of the Bankruptcy Court.

1.5 ***Allowed ... Claim*** means an Allowed Claim of the particular type or Class described.

1.6 ***Amended and Restated Citi Facility*** means that certain amended and restated financing facility in a principal amount of \$131,330,000 to be entered into between Reorganized Debtors Vivid Mind Limited, Perpetual Joy Limited, Regal Stone Limited, Charming Energetic Limited, and Dynamic Continental Limited and the Holders of Allowed Citi Facility Claims on the Effective Date, with the material terms set forth on Exhibit B, a form of which will be filed as part of the Plan Supplement.

1.7 ***Amended and Restated DVB 1 Facility*** means that certain amended and restated financing facility in a principal amount not to exceed \$73,191,500 (exclusive of swap obligations) among the Reorganized Debtors Golden Knighthead Limited, as borrower, Nautilus Shipholdings No. 2 Limited, as guarantor, and the lenders party thereto as reflected in amended and restated forms of the Existing DVB 1 Facility Documents, which shall be filed as part of the Plan Supplement and entered into on the Effective Date.

1.8 ***Amended and Restated DVB 2 Facility*** means that certain amended and restated financing facility in a principal amount not to exceed \$73,191,500 (exclusive of swap obligations) among the Reorganized Debtors Metropolitan Harbour Limited, as borrower, Nautilus Shipholdings No. 2 Limited, as guarantor, and the lenders party thereto as reflected in amended and restated forms of the Existing DVB 2 Facility Documents, which shall be filed as part of the Plan Supplement and entered into on the Effective Date.

1.9 ***Amended and Restated HSH-YM Facility*** means that certain amended and restated financing facility to be entered into between Reorganized Debtors Able Challenger Limited, Magic Peninsula Limited, Metropolitan Vitality Limited, and Superior Integrity Limited and the Holders of Allowed HSH-YM Facility Claims on the Effective Date, with the

material terms set forth on Exhibit A, a form of which will be filed as part of the Plan Supplement.

1.10 **Avoidance Action** means any claim or Cause of Action of an Estate arising out of or maintainable pursuant to sections 510, 541, 542, 543, 544, 545, 547, 548, 549, 550, 551, or 553 of the Bankruptcy Code or under any other similar applicable law, regardless of whether or not such action has been commenced prior to the Effective Date.

1.11 **Ballot** means each of the ballot forms distributed to each Holder of a Claim that is entitled to vote to accept or reject this Plan and on which the Holder is to indicate, among other things, acceptance or rejection of this Plan.

1.12 **Bankruptcy Code** means Title 11 of the United States Code, as now in effect or hereafter amended, to the extent such amendments apply to the Chapter 11 Cases.

1.13 **Bankruptcy Court** means the United States Bankruptcy Court for the Southern District of New York, or any other court with jurisdiction over the Chapter 11 Cases.

1.14 **Bankruptcy Rules** means the Federal Rules of Bankruptcy Procedure and the local rules of the Bankruptcy Court, as now in effect or hereafter amended.

1.15 **Bar Date** means (i) October 31, 2014 at 5:00 p.m. (Eastern Time), the date by which each Holder of a Claim against any of the Debtors, unless such Claim falls within one of the exceptions, must have filed a Proof of Claim against such Debtor(s); (ii) the later of (a) October 31, 2014 at 5:00 p.m. (Eastern Time) and (b) 5:00 p.m. (Eastern Time) on the date that is 30 days after entry of a Court order pursuant to which executory contracts or unexpired leases are rejected, the date by which any Holder of a Claim arising on account of any such rejected agreement must have filed a Proof of Claim against the Debtor(s); (iii) the later of (a) October 31, 2014 at 5:00 p.m. (Eastern Time) and (b) 5:00 p.m. (Eastern Time) on the date that is 30 days after the date that notice of any applicable amendment or supplement to the Schedules is served on a claimant, the date by which each Holder of a Claim affected by any such amendment or supplement to the Schedules must have filed a Proof of Claim against such Debtor(s); and (iv) December 22, 2014 at 5:00 p.m. (Eastern Time), the date by which each governmental unit with a Claim against any of the Debtors must have filed a Proof of Claim against such Debtor(s), as applicable in each case.

1.16 **Business Day** means any day, other than a Saturday, Sunday, or "legal holiday" (as defined in Bankruptcy Rule 9006(a)).

~~1.17 **C-F Management Agreement** means the vessel management agreement, a form of which will be filed with the Plan Supplement, to be entered into by Reorganized Debtors Miltons Way Limited, Findhorn Osprey Limited, Earlstown Limited, Floral Peninsula Limited, and Resplendent Spirit Limited, and Synergy Management Services Limited, effective as of the Effective Date and for an initial term of (5) years, and providing for a market rate~~

~~management fee to Synergy Management Services Limited for the vessels securing the Existing Columbia Credit Agreement and the Existing Flowers Credit Agreement.~~

~~1.18 **C-F ROFR** means the right of first refusal, a form of which will be filed with the Plan Supplement, to be granted to Reorganized Nautilus Holdings No. 2 Limited, Reorganized Nautilus Shipholdings No. 1 Limited, and any successor entities thereto, to (i) purchase the vessels securing the Existing Columbia Credit Agreement and the Existing Flowers Credit Agreement or (ii) to purchase debt of any of Reorganized Debtors Miltons Way Limited, Findhorn Osprey Limited, Earlstown Limited, Floral Peninsula Limited, or Resplendent Spirit Limited.~~

~~1.19~~1.17 **Cash** means legal tender of the United States of America and equivalents thereof.

~~1.20~~1.18 **Cause of Action** means any action, proceeding, agreement, Claim, cause of action, controversy, demand, debt, right, action, Avoidance Action, Lien, indemnity, guaranty, suit, obligation, liability, damage, judgment, account, defense, offset, power, privilege, recoupment, crossclaim, counterclaim, third-party claim, indemnity claim, contribution claim or any other claim known or unknown, contingent or non-contingent, matured or unmatured, suspected or unsuspected, liquidated or unliquidated, disputed or undisputed, secured or unsecured, assertable directly or derivatively, whether pending in litigation or otherwise, in contract or in tort, in law or in equity or pursuant to any other theory of law, based in whole or in part upon any act or omission or other event occurring prior to the Effective Date.

~~1.21~~1.19 **Chapter 11 Case(s)** means (a) when used with reference to a particular Debtor, the case under Chapter 11 of the Bankruptcy Code commenced by such Debtor in the Bankruptcy Court and (b) when used with reference to all Debtors, the cases under Chapter 11 of the Bankruptcy Code commenced by the Debtors in the Bankruptcy Court.

~~1.22~~1.20 **Citi Facility Claims** means Claims under the Citi Facility Documents. For the avoidance of doubt, Citi Facility Claims include Claims arising under any swap agreements related to the Existing Citi Credit Agreement, on a pari passu basis.

~~1.23~~1.21 **Citi Facility Documents** means the Existing Citi Credit Agreement and all related documents, including, but not limited to, guarantees and pledges executed in connection therewith.

1.22 **Citi Facility Swap Claims** means all Claims arising from swap obligations under the Existing Citi Credit Agreement.

~~1.24~~1.23 **Citi Facility Tranche A Claims** means Citi Facility Claims to the extent such Claims are senior tranche A claims under the Existing Citi Credit Agreement.

~~1.25~~1.24 **Citi Facility Tranche B Claims** means Citi Facility Claims to the extent such Claims are subordinated tranche B claims under the Existing Citi Credit Agreement.

~~1.26~~1.25 **Citi Silo Management Agreement** means the vessel management agreement, a form of which will be filed with the Plan Supplement, to be entered into by Reorganized Debtors Vivid Mind Limited, Perpetual Joy Limited, Regal Stone Limited, Charming Energetic Limited, and Dynamic Continental Limited, and Synergy Management Services Limited, effective as of the Effective Date and for an initial term of (5) years, and providing for a market rate management fee to Synergy Management Services Limited for the vessels securing the Existing Citi Credit Agreement.

~~1.27~~1.26 **Claim** means a "claim" as defined in section 101(5) of the Bankruptcy Code.

~~1.28~~1.27 **Claims Objection Deadline** means (i) ninety (90) days following the Effective Date or (ii) such other later date that the Bankruptcy Court may establish upon a motion by the Debtors or Reorganized Debtors, which motion may be approved without a hearing and without notice to any party.

~~1.29~~1.28 **Class** means a category of Claims or Interests, as described in Article III hereof.

~~1.30~~1.29 **Columbia Facility Claims** means Claims under the Columbia Facility Documents.

~~1.31~~1.30 **Columbia Facility Documents** means the Existing Columbia Credit Agreement and all related documents, including, but not limited to, guarantees and pledges executed in connection therewith.

~~1.32~~1.31 **Confirmation** means the confirmation of this Plan by the Bankruptcy Court under section 1129 of the Bankruptcy Code.

~~1.33~~1.32 **Confirmation Date** means the date on which the Bankruptcy Court enters the Confirmation Order on the docket of the Bankruptcy Court.

~~1.34~~1.33 **Confirmation Hearing** means the hearing held by the Bankruptcy Court pursuant to section 1128 of the Bankruptcy Code to consider confirmation of this Plan, as such hearing may be adjourned or continued from time to time.

~~1.35~~1.34 **Confirmation Order** means the order of the Bankruptcy Court confirming this Plan pursuant to section 1129 of the Bankruptcy Code.

~~1.36~~1.35 **D&O Liability Insurance Policies** means all insurance policies for directors' and officers' liability maintained by the Debtors, including any directors' and officers' "tail policy."



~~1.37~~1.36 **Debtors** means Nautilus Holdings Limited, Nautilus Holdings No. 2 Limited, Nautilus Shipholdings No. 1 Limited, Nautilus Shipholdings No. 2 Limited, Nautilus Shipholdings No. 3 Limited, Able Challenger Limited, Charming Energetic Limited, Dynamic Continental Limited, Earlstown Limited, Findhorn Osprey Limited, Floral Peninsula Limited, Golden Knighthead Limited, Magic Peninsula Limited, Metropolitan Harbour Limited, Metropolitan Vitality Limited, Miltons Way Limited, Perpetual Joy Limited, Regal Stone Limited, Resplendent Spirit Limited, Superior Integrity Limited, and Vivid Mind Limited.

~~1.38~~1.37 **DIP Financing Orders** means the Order (I) Scheduling a Final Hearing Pursuant to Bankruptcy Rules 4001 and 9014 and (II) Authorizing Debtors to Obtain Postpetition Financing Pursuant to Section 364(c) of the Bankruptcy Code, dated June 25, 2014 [Docket No. 25] and the Second Interim Order (I) Scheduling a Final Hearing Pursuant to Bankruptcy Rules 4001 and 9014 and (II) Authorizing Debtors to Obtain Postpetition Financing Pursuant to Section 364(c) of the Bankruptcy Code, dated July 15, 2014 [Docket No. 60].

~~1.39~~1.38 **Disclosure Statement** means the disclosure statement (including all exhibits and schedules thereto) relating to this Plan, as amended, modified or supplemented from time to time, and distributed contemporaneously herewith.

~~1.40~~1.39 **Disputed Claim** means (a) any Claim as to which the Debtors have interposed an objection or request for estimation in accordance with the Bankruptcy Code and the Bankruptcy Rules, or any Claim otherwise disputed by the Debtors, the Reorganized Debtors, or other party in interest in accordance with applicable law, which objection has not been withdrawn or determined by a Final Order, (b) any Claim scheduled by the Debtors as contingent, unliquidated, or disputed, (c) any Claim which amends a claim scheduled by the Debtors as contingent, unliquidated, or disputed, or (d) any Claim prior to it having become an Allowed Claim.

~~1.41~~1.40 **DVB 1 Facility Claims** means Claims under the Existing DVB 1 Facility Documents, including, without limitation, obligations under the related swap agreement.

~~1.42~~1.41 **DVB 2 Facility Claims** means Claims under the Existing DVB 2 Facility Documents, including, without limitation, obligations under the related swap agreement.

~~1.43~~1.42 **DVB RSA** means that certain restructuring support agreement and exhibits thereto entered into among the Debtors, Reminiscent Ventures S.A., Synergy Management Services Limited, and DVB Bank SE (f/k/a DVB Bank AG), dated September 19, 2014, and approved by order of the Bankruptcy Court dated October 3, 2014.

~~1.44~~1.43 **DVB Term Sheet** means the term sheet between the Debtors and DVB Bank SE (f/k/a DVB Bank AG) attached to the DVB RSA and attached hereto as Exhibit D.

~~1.45~~1.44 **Effective Date** means the Business Day this Plan becomes effective as provided in Article VIII hereof.

~~1.46~~1.45 **Entity** means "entity" as defined in section 101(15) of the Bankruptcy Code.

~~1.47~~1.46 **Equity-Related Entities** means Elektra Limited, Reminiscent Ventures S.A., and Synergy Management Services Limited.

~~1.48~~1.47 **Estate(s)** means, individually, the estate of any of the Debtors and, collectively, the estates of all of the Debtors created under section 541 of the Bankruptcy Code.

~~1.49~~1.48 **Executory Contract** means a contract to which one or more of the Debtors is a party that is subject to assumption or rejection under section 365 of the Bankruptcy Code.

~~1.50~~1.49 **Exhibit** means an exhibit annexed to either this Plan or as an appendix to the Disclosure Statement, as amended, modified or supplemented from time to time.

~~1.51~~1.50 **Existing Citi Credit Agreement** means that certain Loan and Swap Agreement relating to a US\$375,007,950 facility dated September 25, 2007, as amended by that certain Supplemental Agreement dated September 7, 2012, among Debtors Vivid Mind Limited, Perpetual Joy Limited, Regal Stone Limited, Charming Energetic Limited, and Dynamic Continental Limited, as borrowers; Nautilus Shipholdings No. 3 Limited, as guarantor; and Citibank, N.A. and Bank of Scotland plc, as swap banks, Citibank International plc, as agent, Citibank, N.A., as security trustee, Citigroup Global Markets Limited, as arranger, and Citibank, N.A., Bank of Scotland plc, Lloyds TSB Bank plc, UniCredit Bank AG, Goldman Sachs Bank (Europe) Plc, Goldman Sachs International Bank and Sculptor Investments S.a.r.l. as lenders.

~~1.52~~1.51 **Existing Columbia Credit Agreement** means that certain Loan and Swap Agreement relating to a US\$61,200,000 facility dated July 6, 2007, among Debtor Miltons Way Limited, as borrower, Nautilus Shipholdings No. 1 Limited, as guarantor, and HSH Nordbank AG, as lender, swap bank, agent and security trustee.

~~1.53~~1.52 **Existing DVB 1 Facility Documents** means that certain Loan Agreement, dated July 11, 2007, between Debtor Golden Knighthead Limited, as borrower, and DVB Bank SE (f/k/a DVB Bank AG), as lender, swap bank, agent and security trustee, relating to a US\$91,237,500 financing facility and the various documents executed in connection with that facility, including, without limitation, the related swap agreement, guarantee, and all Finance Documents (as defined in the Loan Agreement).

~~1.54~~1.53 **Existing DVB 2 Facility Documents** means that certain Loan Agreement, dated July 11, 2007, between Debtor Metropolitan Harbour Limited, as borrower, and DVB Bank SE (f/k/a DVB Bank AG), as lender, swap bank, agent and security trustee, relating to a US\$91,237,500 financing facility and the various documents executed in

connection with that facility, including, without limitation, the related swap agreement, guarantee, and all Finance Documents (as defined in the Loan Agreement).

~~1.55~~1.54 ***Existing Flowers Credit Agreement*** means that certain Loan and Swap Agreement relating to a US \$150,304,000 facility dated February 12, 2007, among Debtors Findhorn Osprey Limited, Earlstown Limited, Floral Peninsula Limited, and Resplendent Spirit Limited, as borrowers; Nautilus Shipholdings No. 1 Limited, as guarantor, and HSH Nordbank AG, as lender, swap bank, agent and security trustee.

~~1.56~~1.55 ***Existing HSH-YM Credit Agreement*** means that certain Loan and Swap Agreement dated April 12, 2007 relating to a facility for the lower of (i) US\$237,728,000 and (ii) the aggregate of a percentage of certain vessel construction prices among Debtors Able Challenger Limited, Magic Peninsula Limited, Metropolitan Vitality Limited, and Superior Integrity Limited, as borrowers; Nautilus Shipholdings No. 1 Limited, Findhorn Osprey Limited, Earlstown Limited, Floral Peninsula Limited, Resplendent Spirit Limited, as guarantors; and HSH Nordbank AG, Unicredit Bank AG, and Commerzbank AG and any successors thereto, as lenders.

1.56 ***F-C Consideration*** means (a) \$2.1 million to be paid on the Effective Date by HSH Nordbank AG, as Holder of all of the Columbia Facility Claims and Flowers Facility Claims, to Resplendent Spirit Limited (for the benefit of all of the borrowers under the F-C Credit Agreements) plus (b) the F-C Escrow.

1.57 ***F-C Credit Agreements*** means the Existing Columbia Credit Agreement and the Existing Flowers Credit Agreement.

1.58 ***F-C Escrow*** means \$200,000 to be placed into escrow by HSH Nordbank AG, as Holder of all of the Columbia Facility Claims and Flowers Facility Claims, for the benefit of the borrowers under the F-C Credit Agreements to cover any F-C Termination Payments. Any amounts remaining from the \$200,000 F-C Escrow after paying all of the F-C Termination Payments shall be returned to HSH Nordbank AG.

1.59 ***F-C Technical Manager Costs*** means any amounts (1) owed to Univan Ship Management International Limited for post-Effective Date operations pursuant to the technical management agreements relating to the vessels securing the F-C Credit Agreements and (2) any termination, rejection, breakage or similar costs owed to Univan Ship Management International Limited pursuant to the technical management agreements relating to the vessels securing the F-C Credit Agreements; provided, however, the F-C Technical Manager Costs shall not include any true-up payments for 2013 and 2014.

1.60 ***F-C Termination Payments*** means termination, rejection, breakage and/or similar payments to any contract counterparties relating to the operation of the vessels securing the F-C Credit Agreements other than F-C Technical Manager Costs.

~~1.57~~1.61 ***Final Order*** means an order or judgment, the operation or effect of which has not been reversed, stayed, modified, or amended, and as to which order or judgment (or any reversal, stay, modification, or amendment thereof) (a) the time to appeal,

seek certiorari, or request reargument or further review or rehearing has expired and no appeal, petition for certiorari, or request for reargument or further review or rehearing has been timely filed, or (b) any appeal that has been or may be taken or any petition for certiorari or request for reargument or further review or rehearing that has been or may be filed has been resolved by the highest court to which the order or judgment was appealed, from which certiorari was sought, or to which the request was made, and no further appeal or petition for certiorari or request for reargument or further review or rehearing has been or can be taken for granted.

~~1.58~~1.62 ***Flowers Facility Claims*** means Claims under the Flowers Facility Documents.

~~1.59~~1.63 ***Flowers Facility Documents*** means the Existing Flowers Credit Agreement and all related documents, including, but not limited to, guarantees and pledges executed in connection therewith.

~~1.60~~1.64 ***General Unsecured Claim*** means any Claim against any Debtor other than an Administrative Claim, a Priority Tax Claim, an Other Priority Claim, an Other Secured Claim, a Citi Facility Claim, a Columbia Facility Claim, a DVB 1 Facility Claim, a DVB 2 Facility Claim, a Flowers Facility Claim, an HSH-YM Facility Claim, a Subordinated 510(b) Claim, or an Intercompany Claim.

~~1.61~~1.65 ***Holder*** means a holder of a Claim or Interest, as applicable.

~~1.62~~1.66 ***HSH-YM Facility Claims*** means Claims under the HSH-YM Facility Documents.

~~1.63~~1.67 ***HSH-YM Facility Documents*** means the Existing HSH-YM Credit Agreement and all related documents, including, but not limited to, guarantees and pledges executed in connection therewith.

~~1.64~~1.68 ***Impaired*** means, when used in reference to a Claim or Interest, a Claim or Interest that is impaired within the meaning of section 1124 of the Bankruptcy Code.

~~1.65~~1.69 ***Intercompany Claim*** means any and all Claims of a Debtor against another Debtor.

~~1.66~~1.70 ***Intercompany Interest*** means an Interest in a Debtor held by another Debtor.

~~1.67~~1.71 ***Interest*** means any equity security, including a limited liability company membership interest, in a Debtor as defined in section 101(16) of the Bankruptcy Code, including all issued, unissued, authorized or outstanding shares of capital stock of the Debtors, together with any warrants, options or contractual rights to purchase or acquire such equity securities at any time and all rights arising with respect thereto.

~~1.68~~1.72 **Lien** means any lien, security interest, pledge, title retention agreement, encumbrance, charge, mortgage or hypothecation.

~~1.69~~1.73 **Missed Milestone Obligations** means the obligations of the Debtors under the DVB Term Sheet in the event the Debtors fail to achieve an Effective Date of January 31, 2015.

~~1.70~~1.74 **New Credit Facilities** means the Amended and Restated Citi Facility, the Amended and Restated DVB 1 Facility, the Amended and Restated DVB 2 Facility, and the Amended and Restated HSH-YM Facility.

~~1.71~~1.75 **NHL Management Agreement** means the vessel management agreement to be entered into by Reorganized Nautilus Holdings Limited and Synergy Management Services Limited, effective as of the Effective Date, for management of the vessels securing the Existing DVB 1 Facility Documents and the Existing DVB 2 Facility Documents on terms consistent with the DVB Term Sheet, a form of which will be filed with the Plan Supplement.

~~1.72~~1.76 **NH2L Management Agreement** means the vessel management agreement to be entered into by Reorganized Nautilus Holdings No. 2 Limited and Synergy Management Services Limited, effective as of the Effective Date and for an initial term of five (5) years, and providing for a market rate management fee to Synergy Management Services Limited for management of the vessels that are indirectly owned by Reorganized Nautilus Holdings No. 2 Limited, a form of which will be filed with the Plan Supplement.

~~1.73~~1.77 **Other Priority Claim** means any Claim accorded priority in right of payment under section 507(a) of the Bankruptcy Code, other than an Administrative Claim or Priority Tax Claim.

~~1.74~~1.78 **Other Secured Claim** means any Secured Claim, other than a Citi Facility Claim, a Columbia Facility Claim, a DVB 1 Facility Claim, a DVB 2 Facility Claim, a Flowers Facility Claim, or an HSH-YM Facility Claim.

~~1.75~~1.79 **Participating Lenders** means DVB Bank SE and HSH Nordbank AG (solely in its capacity as Holder of all of the Columbia Facility Claims and Flowers Facility Claims).

~~1.76~~1.80 **Person** means an individual, corporation, partnership, joint venture, association, joint stock company, limited liability company, limited liability partnership, trust, estate, unincorporated organization, or other entity.

~~1.77~~1.81 **Petition Date** means, with respect to a Debtor, the date on which such Debtor filed its petition for relief commencing its Chapter 11 Case.

~~1.78~~1.82 **Plan** means this Chapter 11 plan of reorganization, including the Exhibits and all supplements, appendices, and schedules hereto, either in its current form or as the same may be altered, amended, supplemented, or modified from time to time.

~~1.79~~1.83 **Plan Supplement** means the compilation of documents and forms of documents, schedules and exhibits to the Plan to be filed by the Debtors no later than ~~ten (10) days prior to the hearing at which the Bankruptcy Court considers whether to confirm the Plan, as may thereafter be altered, amended, modified or supplemented from time to time in accordance with the terms hereof and in accordance with the Bankruptcy Code and the Bankruptcy Rules.~~December 22, 2014.

~~1.80~~1.84 **Priority Tax Claim** means any Claim of a governmental unit of the kind specified in section 507(a)(8) of the Bankruptcy Code.

~~1.81~~1.85 **Professional** means (a) any professional employed in these Chapter 11 Cases pursuant to sections 327, 328, 363, or 1103 of the Bankruptcy Code or otherwise and (b) any professional or other entity seeking compensation or reimbursement of expenses in connection with the Chapter 11 Cases pursuant to section 503(b)(4) of the Bankruptcy Code.

~~1.82~~1.86 **Professional Fee Claim** means an Administrative Claim of a Professional for compensation for services rendered or reimbursement of costs, expenses, or other charges incurred on or after the Petition Date and prior to and including the Effective Date.

~~1.83~~1.87 **Professional Fee Escrow Account** means an escrow account to be funded with the Professional Fee Reserve Amount by the Debtors and Reorganized Debtors on the Effective Date solely for the purpose of paying all Allowed Professional Fee Claims.

~~1.84~~1.88 **Professional Fee Reserve Amount** means the aggregate Accrued Professional Compensation through the Effective Date as estimated by the Professionals in accordance with Article 2.3(c).

~~1.85~~1.89 **Proof of Claim** means a written proof of Claim filed against any Debtor in the Chapter 11 Cases.

~~1.86~~1.90 **Reinstated** means (a) leaving unaltered the legal, equitable, and contractual rights to which a Claim or Interest entitles the Holder of such Claim or Interest so as to leave such Claim or Interest Unimpaired in accordance with section 1124 of the Bankruptcy Code or (b) notwithstanding any contractual provision or applicable law that entitles the Holder of such Claim or Interest to demand or receive accelerated payment of such Claim or Interest after the occurrence of a default, (i) curing any such default that occurred before or after the Petition Date, other than a default of a kind specified in section 365(b)(2) of the Bankruptcy Code, (ii) reinstating the maturity of such Claim or Interest as such maturity existed before such default, (iii) compensating the Holder of such Claim or Interest for any damages incurred as a result of any reasonable reliance by such Holder on such contractual provision or such applicable law, and (iv) not otherwise altering the legal, equitable, or



contractual rights to which such Claim or Interest entitles the Holder of such Claim or Interest; *provided, however*, that any contractual right that does not pertain to the payment when due of principal and interest on the obligation on which such Claim or Interest is based, including, but not limited to, financial covenant ratios, negative pledge covenants, covenants or restrictions on merger or consolidation, and affirmative covenants regarding corporate existence, prohibiting certain transactions or actions contemplated by this Plan, or conditioning such transactions or actions on certain factors, shall not be required to be cured or reinstated to achieve reinstatement.

~~1.87~~1.91 ***Released Party*** means each of the following: (a) the Debtors; (b) the Participating Lenders; (c) the Equity-Related Entities; and (d) with respect to each of the foregoing persons in clauses (a) through (d), such Person's current and former subsidiaries, Affiliates, members, directors, officers, principals, agents, financial advisors, restructuring advisors, accountants, investment bankers, consultants, attorneys, employees, partners, equity holders, representatives, and other professionals, in each case, only in their capacity as such.

~~1.88~~1.92 ***Reorganized Debtors*** means the Debtors, or any successor thereto, by merger, consolidation, or otherwise, on or after the Effective Date.

~~1.89~~1.93 ***Retained Actions*** means all claims, Causes of Action, rights of action, suits and proceedings, whether in law or in equity, whether known or unknown, which any Debtor or any Debtor's Estate may hold against any Person, including, without limitation, (a) claims and Causes of Action brought prior to the Effective Date, (b) claims and Causes of Action against any Persons for failure to pay for products or services provided or rendered by any of the Debtors, (c) claims and Causes of Action seeking the recovery of any of the Debtors' or the Reorganized Debtors' accounts receivable or other receivables or rights to payment created or arising in the ordinary course of any of the Debtors' or the Reorganized Debtors' businesses, including, without limitation, claim overpayments and tax refunds, (d) all Avoidance Actions, and (e) any such claims, Causes of Action, rights of action, suits or proceedings listed in the Disclosure Statement or any schedules filed by the Debtors in this cases, if any; *provided, however*, that Retained Actions shall not include those claims, Causes of Action, rights of action, suits and proceedings, whether in law or in equity, whether known or unknown, released under Article IX herein.

~~1.90~~1.94 ***Schedules*** means the Debtors' schedules of assets and liabilities and statements of financial affairs, filed under section 521 of the Bankruptcy Code and the Bankruptcy Rules, as amended, supplemented, or modified.

~~1.91~~1.95 ***Secured Claim*** means a Claim that is secured by a Lien on property in which a Debtor's Estate has an interest or that is subject to setoff under section 553 of the Bankruptcy Code, to the extent of the value of the Claim Holder's interest in the applicable Estate's interest in such property or to the extent of the amount subject to setoff, as applicable, as determined pursuant to section 506(a) of the Bankruptcy Code or, in the case of setoff, pursuant to section 553 of the Bankruptcy Code.

~~1.92~~1.96 ***Subordinated 510(b) Claim*** means any Claim subordinated pursuant to Bankruptcy Code section 510(b), which shall include (a) any Claim arising from the rescission of a purchase or sale of (i) Interests in any of the Debtors or (ii) debt securities of any of the Debtors, (b) any Claim for damages arising from the purchase or sale of (i) any Interests in any of the Debtors or (ii) debt securities of any of the Debtors, or (c) any Claim for reimbursement, contribution or indemnification on account of any such Claim.

~~1.93~~1.97 ***Unexpired Lease*** means a lease to which one or more of the Debtors is a party that is subject to assumption or rejection under section 365 of the Bankruptcy Code.

~~1.94~~1.98 ***Unimpaired*** means a Claim or Interest that is not impaired within the meaning of section 1124 of the Bankruptcy Code.

***Rules Of Interpretation And Computation Of Time.*** For purposes of this Plan, unless otherwise provided herein: (a) whenever from the context it is appropriate, each term, whether stated in the singular or the plural, shall include both the singular and the plural; (b) unless otherwise provided in this Plan, any reference in this 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; (c) any reference in this Plan to an existing document or schedule filed or to be filed means such document or schedule, as it may have been or may be amended, modified, or supplemented pursuant to this Plan; (d) any reference to an entity as a Holder of a Claim or Interest includes that entity's successors and assigns; (e) all references in this Plan to Sections and Articles are references to Sections and Articles of or to this Plan; (f) the words "herein," "hereunder," and "hereto" refer to this Plan in its entirety rather than to a particular portion of this Plan; (g) captions and headings to Articles and Sections are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation of this Plan; (h) subject to the provisions of any contract, certificates of incorporation, by-laws, instrument, release, or other agreement or document entered into in connection with this Plan, the rights and obligations arising under this Plan shall be governed by, and construed and enforced in accordance with, federal law, including the Bankruptcy Code and Bankruptcy Rules; (i) the rules of construction set forth in section 102 of the Bankruptcy Code shall apply; (j) in computing any period of time prescribed or allowed by this Plan, the provisions of Bankruptcy Rule 9006(a) shall apply; (k) "including" means "including without limitation;" and (l) with reference to any distribution under this Plan, "on" a date means on or as soon as reasonably practicable after that date.

***Exhibits.*** All Exhibits are incorporated into and are a part of this Plan as if set forth in full herein, and, to the extent not annexed hereto, such Exhibits shall be filed with the Bankruptcy Court on or after the Petition Date, but in any event, no later than ten (10) Business Days prior to the hearing at which the Bankruptcy Court considers whether to confirm the Plan. Holders of Claims and Interests may obtain a copy of the Exhibits upon written request to the Debtors. Upon their filing, the Exhibits may be inspected (a) in the office of the clerk of the Bankruptcy Court or its designee during normal business hours; (b) on the Bankruptcy Court's website at <http://nysb.uscourts.gov> (registration required) or (c) at



our noticing agent's website at <http://dm.epiq11.com/NTH>. The documents contained in the Exhibits shall be approved by the Bankruptcy Court pursuant to the Confirmation Order.

## ARTICLE II

### TREATMENT OF UNCLASSIFIED CLAIMS

In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims and Priority Tax Claims are not classified and are not entitled to vote on this Plan.

2.1 ***Administrative Claims.*** On, or as soon as reasonably practicable after, the later of (a) the Effective Date, (b) the date on which an Administrative Claim becomes an Allowed Administrative Claim, or (c) the date on which an Allowed Administrative Claim becomes payable under any agreement relating thereto, each Holder of such Allowed Administrative Claim shall receive, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such Allowed Administrative Claim, Cash equal to the unpaid portion of such Allowed Administrative Claim. Notwithstanding the foregoing, (x) any Professional Fee Claim shall not be paid except in accordance with an order of the Bankruptcy Court permitting such payment and in accordance with the DVB Term Sheet, (y) any Allowed Administrative Claim based on a liability incurred by a Debtor in the ordinary course of business during the Chapter 11 Cases may be paid in the ordinary course of business in accordance with the terms and conditions of any agreement relating thereto and (z) any Allowed Administrative Claim may be paid on such other terms as may be agreed to between the Holder of such Allowed Administrative Claim and the Debtors or the Reorganized Debtors.

2.2 ***Priority Tax Claims.*** The legal and equitable rights of the Holders of Priority Tax Claims are Unimpaired by the Plan. Unless the Holder of an Allowed Priority Tax Claim and the Debtors agree to a different treatment, on the Effective Date, each Holder of an Allowed Priority Tax Claim shall have such Claim Reinstated.

2.3 ***Professional Fee Claims.***

(a) Professionals shall submit final fee applications seeking approval of all Professional Fee Claims no later than thirty (30) days after the Effective Date. These applications remain subject to Court approval under the standards established by the Bankruptcy Code, including the requirements of sections 327, 328, 330, 331, 363, 503(b) and 1103 of the Bankruptcy Code, as applicable. Payments to Professionals shall be made upon entry of an order approving such Professional Fee Claims. Allowed Professional Fee Claims shall be apportioned among the Debtors first based upon the ratio between the relevant Debtor's gross revenue for the year ended December 31, 2013 and the aggregate gross revenue for all of the Debtors for the year ended December 31, 2013 (the "2013 Revenue Allocation"); *provided, however*, Professional Fee Claims shall in all events constitute the joint and several liability of all Debtors to the extent provided for in any particular Professional's engagement letter. Notwithstanding anything herein to the contrary, that all payment and apportionment of Professional Fee Claims shall be subject to the DVB Term Sheet.

(b) On the Effective Date, the Debtors will establish and fund the Professional Fee Escrow Account with Cash equal to the Professional Fee Reserve Amount. The Professional Fee Escrow Account will be maintained in trust for the Professionals. The funds in such account will not be property of the Reorganized Debtors except that the Reorganized Debtors shall retain a residual interest to the extent the funds are not used for Allowed Professional Fee Claims. The amount of Professional Fee Claims owing to the Professionals will be paid in Cash to such Professionals by the Reorganized Debtors, or at the Reorganized Debtors' direction, from the Professional Fee Escrow Account, without interest or other earnings therefrom, when such Claims are Allowed by Final Order; provided, that the Reorganized Debtors' liability for Professional Fee Claims shall not be limited nor be deemed to be limited to the funds available from the Professional Fee Escrow Account. After all Professional Fee Claims have been paid in full, amounts remaining in the Professional Fee Escrow Account, if any, will be transferred to the applicable Reorganized Debtor that provided such excess amounts and subject to the liens of applicable lenders.

(c) Professionals shall estimate their Accrued Professional Compensation prior to and as of the Effective Date and deliver such estimate to the Debtors and the Participating Lenders at least five (5) days prior to the anticipated Effective Date. If a Professional does not provide such estimate, the Debtors may estimate the unbilled fees and expenses of such Professional. The total amount so estimated will constitute the Professional Fee Reserve Amount; provided that such estimate will not be considered an admission or limitation with respect to the fees and expenses of such Professional. The Professional Fee Reserve Amount and the estimated Accrued Professional Compensation amounts submitted by the Professionals will be subject to review by the Debtors and the Participating Lenders, and any objections to the Professional Fee Reserve Amount must be served on the Debtors prior to the Effective Date.

### **ARTICLE III**

#### **CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS**

3.1 ***Classification And Settlement.*** Pursuant to section 1122 of the Bankruptcy Code, set forth below is a designation of Classes of Claims against and Interests in the Debtors. A Claim or Interest is placed in a particular Class only to the extent that the Claim or Interest falls within the description of that Class and is classified in other Classes to the extent that any portion of the Claim or Interest falls within the description of such other Classes. A Claim is also placed in a particular Class for the purpose of receiving distributions pursuant to this Plan only to the extent that such Claim is an Allowed Claim in that Class and such Claim has not been paid, released, or otherwise settled prior to the Effective Date. Each reference to "Class" or "Classes" shall include all sub-Classes of the respective Class or Classes, as applicable. Subject to the payment of Professional Fees set forth in Section 2.3 and any other joint and several obligations of the Debtors, each Debtor shall be responsible for satisfying the Claims and Administrative Claims against and Interests in such Debtor from such Debtor's assets.

In accordance with section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the distributions and other benefits provided pursuant to the Plan, the provisions of the Plan shall constitute a good faith compromise of all Claims, Interests and controversies relating to the contractual, legal and subordination rights that a holder of a Claim may have with respect to any Allowed Claim or Interest, or any distribution to be made on account of such Allowed Claim or Interest. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise or settlement of all such Claims, Interests and controversies, as well as a finding by the Bankruptcy Court that such compromise or settlement is in the best interests of the Debtors, their Estates and holders of Claims and Interests and is fair, equitable and reasonable.

<b>Class</b>	<b>Designation</b>	<b>Impairment</b>	<b>Entitled to Vote</b>
Class 1	Other Priority Claims	Unimpaired	No (deemed to accept)
Class 2	Other Secured Claims	Unimpaired	No (deemed to accept)
Class 3	Citi Facility Claims	Impaired	Yes
Class 4	Columbia Facility Claims	Impaired	Yes
Class 5	DVB 1 Facility Claims	Impaired	Yes
Class 6	DVB 2 Facility Claims	Impaired	Yes
Class 7	Flowers Facility Claims	Impaired	Yes
Class 8	HSH-YM Facility Claims	Impaired	Yes
Class 9	General Unsecured Claims	Impaired	Yes
Class 10	Interests in Nautilus Holdings Limited and Nautilus Holdings No. 2 Limited	Unimpaired	No (deemed to accept)
Class 11	Intercompany Claims	Unimpaired	No (deemed to accept)
Class 12	Intercompany Interests in Other Debtors	Unimpaired	No (deemed to accept)
Class 13	Intercompany Interests in C-F Debtors	Impaired	Yes
Class 14	Intercompany Interests in Nautilus Shipholdings No. 3 Limited	Impaired	Yes

### 3.2 *Treatment Of Classes.*

#### (a) *Class 1 – Other Priority Claims*

(i) *Claims In Class:* Class 1 consists of all Other Priority Claims that may exist against the Debtors.

(ii) *Treatment:* On, or as soon as reasonably practicable after, (a) the Effective Date if such Other Priority Claim is an Allowed Other Priority Claim on the Effective Date or (b) the date on which such Other Priority Claim becomes an Allowed Other Priority Claim, each Holder of an Allowed Class 1 Other Priority Claim shall receive, in full

and final satisfaction, settlement, release, and discharge of, and in exchange for, such Allowed Other Priority Claim, Cash equal to the unpaid portion of such Allowed Other Priority Claim.

(iii) *Voting:* Claims in Class 1 are Unimpaired, and the Holders of Allowed Class 1 Other Priority Claims are conclusively deemed to have accepted this Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, the Holders of Class 1 Other Priority Claims are not entitled to vote to accept or reject this Plan.

(b) *Class 2 – Other Secured Claims*

(i) *Claims In Class:* Class 2 consists of all Other Secured Claims that may exist against the Debtors.

(ii) *Treatment:* On, or as soon as reasonably practicable after, the Effective Date, each Holder of an Allowed Class 2 Other Secured Claim shall have such claim Reinstated, subject to the terms of the DVB Term Sheet.

(iii) *Voting:* Claims in Class 2 are Unimpaired, and the Holders of Allowed Class 2 Other Secured Claims are conclusively deemed to have accepted this Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, the Holders of Class 2 Other Secured Claims are not entitled to vote to accept or reject this Plan.

(c) *Classes 3A and 3B – Citi Facility Claims*

(i) *Claims In Class:* Class 3 consists of all Citi Facility Claims. Class 3A consists of Citi Facility Claims to the extent such Claims are Secured. Class 3B consists of Citi Facility Claims to the extent such Claims are not Secured, if any.

(ii) *Treatment:* On, or as soon as reasonably practicable after, the Effective Date, each Holder of an Allowed Class 3A Citi Facility Claim shall receive, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such Claims, its pro rata share of the Amended and Restated Citi Facility, and each Holder of an Allowed Class 3B Citi Facility Claim, if any, shall receive, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such Claims, its pro rata share of 100% of the stock (subject to dilution by warrants) of Reorganized Nautilus Shipholdings No. 3 Limited. Notwithstanding anything herein to the contrary, no distribution shall be made to Holders of Allowed Citi Facility Tranche B Claims until the Holders of Citi Facility Tranche A Claims have been paid in full, and no distribution to Holders of Allowed Citi Facility Swap Claims shall be made until Holders of Allowed Citi Facility Tranche A Claims and Allowed Citi Facility Tranche B Claims have been paid in full.

For the avoidance of doubt, the treatment provided to Holders of Citi Facility Claims shall be in full and final satisfaction, settlement, release, and discharge of, and in exchange for, all Claims arising under the Existing Citi Credit Agreement, and all guarantees relating to the Existing Citi Credit Agreement, including from Nautilus Shipholdings No. 3 Limited, shall be fully released as of the Effective Date.

(iii) *Voting:* Claims in Classes 3A and 3B are Impaired.

Pursuant to section 1126 of the Bankruptcy Code, each Holder of an Allowed Class 3A Citi Facility Claim and each Holder of an Allowed Class 3B Citi Facility Claim is entitled to vote to accept or reject this Plan.

(d) *Classes 4A and 4B – Columbia Facility Claims*

(i) *Claims In Class:* Class 4 consists of all Columbia Facility

Claims. Class 4A consists of Columbia Facility Claims to the extent such Claims are Secured Claims. Class 4B consists of Columbia Facility Claims to the extent such Claims are not Secured Claims, if any.

(ii) *Treatment:* On, or as soon as reasonably practicable after,

the Effective Date, ~~each~~the Holder of ~~an~~-Allowed Class 4A and 4B Columbia Facility ~~Claim~~Claims shall (1) receive, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such Claims, the return of the vessel securing such Claims, ~~subject to the C-F ROFR, and each Holder of an Allowed Class 4B Columbia Facility Claim, if any, shall receive, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such Claims, its pro rata share of the stock of Reorganized Debtor Miltons Way Limited free~~ and clear of any liens, claims, or encumbrances, (2) pay the F-C Consideration, and (3) assume the F-C Technical Manager Costs. The Debtors shall use the F-C Consideration to satisfy (i) all claims against the vessels securing the F-C Credit Agreements other than F-C Technical Manager Costs and (ii) amounts advanced to the Debtors obligated under the F-C Credit Agreements pursuant to the Bankruptcy Court's DIP Financing Orders (less the portion of the Synergy management fee paid by Metropolitan Harbour Limited and Golden Knighthead Limited and pooled at NHL, as set forth in the DVB Term Sheet). For the avoidance of doubt, (1) all guarantees relating to the Existing Columbia Credit Agreement, including from Nautilus Shipholdings No. 1 Limited, shall be fully released as of the Effective Date, and (2) the return of the vessel shall include the transfer of all, to the extent that these items relate to the relevant vessel, (i) receivables, (ii) credits, and (iii) prepayments. The Debtors shall not accelerate any receivables or the use of any credits or prepayments.

(iii) *Voting:* Claims in Classes 4A and 4B are Impaired.

Pursuant to section 1126 of the Bankruptcy Code, each Holder of an Allowed Class 4A Columbia Facility Claim and each Holder of an Allowed Class 4B Columbia Facility Claim is entitled to vote to accept or reject this Plan.

(e) *Class 5 – DVB 1 Facility Claims*

(i) *Claims In Class:* Class 5 consists of all DVB 1 Facility

Claims. Class 5 Claims are Allowed pursuant to the terms of the DVB RSA.

(ii) *Treatment:* On, or as soon as reasonably practicable after,

the Effective Date, each Holder of an Allowed Class 5 DVB 1 Facility Claim shall receive, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such Claim, (1) its pro rata share of the Amended and Restated DVB 1 Facility, (2) the other treatment described in the DVB Term Sheet, and (3) payment of all interest accrued and

unpaid as of the Effective Date. Swap agreement obligations arising under the Existing DVB 1 Facility Documents that accrued as of the Effective Date shall be paid in the ordinary course consistent with the terms of the existing swap agreement.

(iii) *Voting:* Claims in Class 5 are Impaired. Pursuant to section 1126 of the Bankruptcy Code, each Holder of an Allowed Class 5 DVB 1 Facility Claim is entitled to vote to accept or reject this Plan.

(f) *Class 6 – DVB 2 Facility Claims*

(i) *Claims In Class:* Class 6 consists of all DVB 2 Facility Claims. Class 6 Claims are Allowed pursuant to the terms of the DVB RSA.

(ii) *Treatment:* On, or as soon as reasonably practicable after, the Effective Date, each Holder of an Allowed Class 6 DVB 2 Facility Claim shall receive, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such Claim, (1) its pro rata share of the Amended and Restated DVB 2 Facility, (2) the other treatment described in the DVB Term Sheet, and (3) payment of all interest accrued and unpaid as of the Effective Date. Swap agreement obligations arising under the Existing DVB 2 Facility Documents that accrued as of the Effective Date shall be paid in the ordinary course consistent with the terms of the existing swap agreement.

(g) *Voting:* Claims in Class 6 are Impaired. Pursuant to section 1126 of the Bankruptcy Code, each Holder of an Allowed Class 6 DVB 2 Facility Claim is entitled to vote to accept or reject this Plan.

(h) *Classes 7A and 7B – Flowers Facility Claims*

(i) *Claims In Class:* Class 7 consists of all Flowers Facility Claims. Class 7A consists of Flowers Facility Claims to the extent such ~~claims~~ Claims are Secured Claims. Class 7B consists of Flowers Facility Claims to the extent such ~~claims~~ Claims are not Secured Claims, if any.

(ii) *Treatment:* On, or as soon as reasonably practicable after, the Effective Date, ~~each~~ the Holder of ~~an~~ Allowed Class 7A and 7B Flowers Facility ~~Claim~~ Claims shall (1) receive, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such Claims, the return of the vessels securing such Claims, subject to the C-F ROFR, and each Holder of an Allowed Class 7B Flowers Facility Claim, if any, shall receive, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such Claims, 100% of the stock of Reorganized Debtors Findhorn Osprey Limited, Earlstown Limited, Floral Peninsula Limited, and Resplendent Spirit Limited, free and clear of any liens, claims, or encumbrances, (2) pay the F-C Consideration, and (3) assume the F-C Technical Manager Costs. The Debtors shall use the F-C Consideration to satisfy (i) all claims against the vessels securing the F-C Credit Agreements other than F-C Technical Manager Costs and (ii) amounts advanced to the Debtors obligated under the F-C Credit Agreements pursuant to the Bankruptcy Court's DIP Financing Orders (less the portion of the Synergy management fee paid by Metropolitan Harbour Limited and Golden Knighthead Limited and pooled at NHL, as

set forth in the DVB Term Sheet). For the avoidance of doubt, (1) all guarantees relating to the Existing Flowers Credit Agreement, including from Nautilus Shipholdings No. 1 Limited, shall be fully released as of the Effective Date, and (2) the return of the vessels shall include the transfer of all, to the extent that these items relate to the relevant vessels, (i) receivables, (ii) credits, and (iii) prepayments. The Debtors shall not accelerate any receivables or the use of any credits or prepayments.

(iii) *Voting:* Claims in Classes 7A and 7B are Impaired. Pursuant to section 1126 of the Bankruptcy Code, each Holder of an Allowed Class 7A Flowers Facility Claim and each Holder of an Allowed Class 7B Flowers Facility Claim is entitled to vote to accept or reject this Plan.

(i) ~~Classes~~Class ~~8A and 8B~~ – HSH-YM Facility Claims

(i) *Claims In Class:* Class 8 consists of all HSH-YM Facility Claims. ~~Class 8A consists of HSH-YM Facility Claims to the extent such claims are Secured. Class 8B consists of HSH-YM Facility Claims to the extent such claims are not Secured, if any.~~

(ii) *Treatment:* On, or as soon as reasonably practicable after, the Effective Date, each Holder of an Allowed Class ~~8A~~ HSH-YM Facility Claim shall receive, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such ~~Claims~~Claim, its pro rata share of ~~the tranche A loans under the Amended and Restated HSH-YM Facility, and each Holder of an Allowed Class 8B HSH-YM Facility Claim, if any, shall receive, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such Claims, its pro rata share of the tranche B~~ loans under the Amended and Restated HSH-YM Facility. If 60% or greater of Class 8 votes to accept this Plan, the Amended and Restated HSH-YM Facility shall have the terms set forth in Option A on Exhibit A. If less than 60% of Class 8 votes to accept this Plan, the Amended and Restated HSH-YM Facility shall have the terms set forth in Option B on Exhibit A.

For the avoidance of doubt, the treatment provided to Holders of Class 8 HSH-YM Facility Claim shall be in full and final satisfaction, settlement, release, and discharge of, and in exchange for, all Claims arising under the Existing HSH-YM Credit Agreement, including any Claims arising from or related to any second-priority liens on the vessels securing the Existing Flowers Credit Agreement, which liens shall be terminated and released. All guarantees relating to the Existing HSH-YM Credit Agreement, including from Nautilus Shipholdings No. 1 Limited, shall be fully released as of the Effective Date.

(iii) *Voting:* Claims in ~~Classes~~Class ~~8A and 8B~~ are Impaired. Pursuant to section 1126 of the Bankruptcy Code, each Holder of an Allowed Class ~~8A HSH-YM Facility Claim and each Holder of an Allowed Class 8B~~ HSH-YM Facility Claim is entitled to vote to accept or reject this Plan.



(j) *Class 9 – General Unsecured Claims*

(i) *Claims In Class:* Class 9 consists of all General Unsecured Claims that may exist against the Debtors. Class 9 consists of 21 subclasses, with each subclass consisting of Claims against a particular Debtor.

(ii) *Treatment:* Within ninety (90) days after the Effective Date or, if such General Unsecured Claim becomes Allowed after the Effective Date, as soon as reasonably practicable after the date at which such General Unsecured Claim becomes Allowed, each Holder of an Allowed Class 9 General Unsecured Claim shall receive, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such Claim, the amount of such Allowed General Unsecured Claim, excluding interest accrued after the Petition Date.

(iii) *Voting:* Claims in Class 9 are Impaired. Pursuant to section 1126 of the Bankruptcy Code, each Holder of an Allowed Class 9 General Unsecured Claim is entitled to vote to accept or reject this Plan.

(k) *Class 10 – Interests in Nautilus Holdings Limited and Nautilus Holdings No. 2 Limited*

(i) *Interests In Class:* Class 10 consists of all Interests in Nautilus Holdings Limited and Nautilus Holdings No. 2 Limited.

(ii) *Treatment:* On the Effective Date, all Class 10 Interests in Nautilus Holdings Limited and Nautilus Holdings No. 2 Limited shall be Reinstated.

(iii) *Voting:* Interests in Class 10 are Unimpaired, and the Holders of Allowed Class 10 Interests in Nautilus Holdings Limited and Nautilus Holdings No. 2 Limited are conclusively deemed to have accepted this Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, the Holders of Allowed Class 10 Interests in Nautilus Holdings Limited and Nautilus Holdings No. 2 Limited are not entitled to vote to accept or reject this Plan.

(l) *Class 11– Intercompany Claims*

(i) *Claims In Class:* Class 11 consists of all Intercompany Claims.

(ii) *Treatment:* On or prior to the Effective Date, all Class 11 Intercompany Claims may be Reinstated subject to the terms of the DVB Term Sheet or, at the Debtors' or Reorganized Debtors' option, be cancelled or compromised. A chart of the Intercompany Claims to be cancelled will be filed as part of the Plan Supplement. No distribution shall be made on account of Class 11 Intercompany Claims.

(iii) *Voting:* ~~Interests~~Claims in Class 11 are Unimpaired, and the Holders of Allowed Class 11 Intercompany Claims are conclusively deemed to have



accepted this Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, the Holders of Allowed Class 11 Intercompany Claims are not entitled to vote to accept or reject this Plan.

(m) *Class 12 – Intercompany Interests in Other Debtors*

(i) *Interests In Class:* Class 12 consists of all Intercompany Interests for each Debtor except Nautilus Holdings Limited, Nautilus Holdings No. 2 Limited, Nautilus Shipholdings No. 3 Limited, Miltons Way Limited, Findhorn Osprey Limited, Earlstown Limited, Floral Peninsula Limited, and Resplendent Spirit Limited.

(ii) *Treatment:* Except as otherwise provided herein, on or prior to the Effective Date, all Class 12 Other Intercompany Interests shall be Reinstated.

(iii) *Voting:* Interests in Class 12 are Unimpaired, and the Holders of Allowed Class 12 Other Intercompany Interests are conclusively deemed to have accepted this Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, the Holders of Allowed Class 12 Other Intercompany Interests are not entitled to vote to accept or reject this Plan.

(n) *Class 13 – Intercompany Interests in C-F ~~Silo~~ Debtors*

(i) *Interests In Class:* Class 13 consists of all Intercompany Interests in Miltons Way Limited, Findhorn Osprey Limited, Earlstown Limited, Floral Peninsula Limited, and Resplendent Spirit Limited.

(ii) *Treatment:* ~~Except as otherwise provided herein, on or prior to~~On the Effective Date, ~~each Holder of a Class 13 Intercompany Interest in C-F Silo Debtors shall receive the C-F ROFR.~~all Intercompany Interests in Miltons Way Limited, Findhorn Osprey Limited, Earlstown Limited, Floral Peninsula Limited, and Resplendent Spirit Limited shall be deemed to be cancelled without further action by the Debtors or Reorganized Debtors. Notwithstanding the foregoing, the Holder of such cancelled interests shall receive distribution(s) from the estates of Miltons Way Limited, Findhorn Osprey Limited, Earlstown Limited, Floral Peninsula Limited, and Resplendent Spirit Limited, to the extent there is any cash or assets remaining after the payment of the respective claims of such debtors.

(iii) *Voting:* Interests in Class 13 are Impaired. Pursuant to section 1126 of the Bankruptcy Code, each Holder of an Allowed Class 13 Intercompany Interest in C-F ~~Silo~~ Debtors is entitled to vote to accept or reject this Plan

(o) *Class 14 – Intercompany Interests in Nautilus Shipholdings No. 3 Limited*

(i) *Interests In Class:* Class 14 consists of all Intercompany Interests in Nautilus Shipholdings No. 3 Limited.

(ii) *Treatment:* Except as otherwise provided herein, on or prior to the Effective Date, each Holder of a Class 14 Intercompany Interest in Nautilus

Shipholdings No. 3 Limited shall receive its pro rata share of the warrants described in Exhibit C. A form of warrant agreement shall be filed with the Plan Supplement.

(iii) *Voting*: Interests in Class 14 are Impaired. Pursuant to section 1126 of the Bankruptcy Code, each Holder of an Allowed Class 14 Intercompany Interest in Nautilus Shipholdings No. 3 Limited is entitled to vote to accept or reject this Plan

3.3 ***Alternative Treatment***. Notwithstanding any provision herein to the contrary, any Holder of an Allowed Claim may receive, instead of the distribution or treatment to which it is entitled hereunder, any other distribution or treatment to which it and the Debtors or the Reorganized Debtors may agree in writing.

3.4 ***Special Provision Regarding Unimpaired Claims***. Except as otherwise provided in this Plan, nothing shall affect the Debtors' or the Reorganized Debtors' rights and defenses, both legal and equitable, with respect to any Unimpaired Claims, including but not limited to all rights with respect to legal and equitable defenses to setoffs against or recoupments of Unimpaired Claims.

## ARTICLE IV

### ACCEPTANCE OR REJECTION OF THIS PLAN

4.1 ***Acceptance By Class Entitled To Vote***. Classes 3, 4, 5, 6, 7, 8, 9, 13 and 14 are the Classes of Claims of the Debtors that are entitled to vote to accept or reject this Plan. Classes 3, 4, 5, 6, 7, 8, 9, 13 and 14 shall have accepted this Plan if (a) the Holders of at least two-thirds in amount of the Allowed Claims actually voting in each Class have voted to accept this Plan and (b) the Holders of more than one-half in number of the Allowed Claims actually voting in each Class have voted to accept this Plan, not counting the vote of any Holder designated under section 1126(e) of the Bankruptcy Code. If there are no votes cast in a particular Class that is entitled to vote on the Plan, then the Plan shall be deemed accepted by such Class.

4.2 ***Presumed Acceptance Of The Plan***.~~—~~ Classes 1, 2, 10, 11, and 12 are Unimpaired. Therefore, such Classes are deemed to have accepted this Plan by operation of law and are not entitled to vote to accept or reject the Plan.

4.3 ***Elimination Of Classes***. To the extent applicable, any Class (including, for the avoidance of doubt, any sub-Class) that does not contain any Allowed Claims or any Claims temporarily allowed for voting purposes under Bankruptcy Rule 3018, as of the date of the commencement of the Confirmation Hearing, shall be deemed to have been deleted from this Plan for purposes of (a) voting to accept or reject this Plan and (b) determining whether it has accepted or rejected this Plan under section 1129(a)(8) of the Bankruptcy Code.

4.4 ***Cramdown***. The Debtors request Confirmation of this Plan, as it may be modified from time to time, under section 1129(b) of the Bankruptcy Code. The Debtors

reserve the right to modify this Plan to the extent, if any, that Confirmation pursuant to section 1129(b) of the Bankruptcy Code requires modification.

## ARTICLE V

### MEANS FOR IMPLEMENTATION OF THIS PLAN

5.1 ***Continued Legal Existence.*** Except as otherwise provided in this Plan, each of the Debtors will continue to exist after the Effective Date as a separate legal entity, with all the powers of such an entity (whether a corporation, limited liability company or other entity, as appropriate) under applicable law in the jurisdiction in which each applicable Debtor is incorporated or otherwise formed and pursuant to such Debtor's certificate or articles of incorporation and by-laws or other organizational documents in effect prior to the Effective Date, without prejudice to any right to terminate such existence (whether by merger or otherwise) under applicable law after the Effective Date.

5.2 ***Winding Up Certain Debtors.*** On the Effective Date, Miltons Way Limited, Findhorn Osprey Limited, Earlstown Limited, Floral Peninsula Limited, and Resplendent Spirit Limited shall be deemed dissolved under applicable law for all purposes without the necessity for any other or further actions to be taken by or on behalf of such debtors.

~~5.2~~5.3 ***Sources Of Cash For Distribution.*** All Cash necessary for the Reorganized Debtors to make payments required by this Plan shall be obtained from (a) existing Cash balances, including balances in the Debtors' accounts~~and~~, (b) the operations of the Debtors or Reorganized Debtors, and (c) the F-C Consideration.

~~5.3~~5.4 ***Approval And Authorization For The New Credit Facilities.*** Confirmation shall be deemed approval of each of the New Credit Facilities and authorization for the Reorganized Debtors to enter into each of the New Credit Facilities and execute such documents as may be required to effectuate the treatment afforded to the applicable lenders pursuant to each of the New Credit Facilities.

~~5.4~~5.5 ***New Boards Of Reorganized Debtors.*** The members of the Boards of the Reorganized Debtors shall be identified in the Plan Supplement~~or in a filing with the Bankruptcy Court at or prior to the Confirmation Hearing.~~

~~5.5~~5.6 ***Corporate Action.*** Each of the matters provided for under this Plan involving the corporate structure of any Debtor or Reorganized Debtor or any corporate action to be taken by or required of any Debtor or Reorganized Debtor shall be deemed to have occurred and be effective as provided herein, and shall be authorized, approved and, to the extent taken prior to the Effective Date, ratified in all respects without any requirement of further action by stockholders, members, creditors, directors, or managers of the Debtors or the Reorganized Debtors.

~~5.6~~5.7 ***Preservation Of Retained Actions.*** In accordance with section 1123(b)(3) of the Bankruptcy Code, the Reorganized Debtors will retain and may (but are not

required to) enforce all Retained Actions. After the Effective Date, the Reorganized Debtors, in their sole and absolute discretion, shall have the right to bring, settle, release, compromise, or enforce such Retained Actions (or decline to do any of the foregoing), without further approval of the Bankruptcy Court. The Reorganized Debtors or any successors, in the exercise of their sole discretion, may pursue such Retained Actions so long as it is in the best interests of the Reorganized Debtors or any successors holding such rights of action. The failure of the Debtors to specifically list any claim, right of action, suit, proceeding or other Retained Action in this Plan does not, and will not be deemed to, constitute a waiver or release by the Debtors or the Reorganized Debtors of such claim, right of action, suit, proceeding or other Retained Action, and the Reorganized Debtors will retain the right to pursue such claims, rights of action, suits, proceedings and other Retained Actions in their sole discretion and, therefore, no preclusion doctrine, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable, or otherwise) or laches will apply to such claim, right of action, suit, proceeding, or other Retained Action upon or after the Confirmation or consummation of this Plan.

**5.75.8 *Effectuating Documents; Further Transactions.*** Each of the Debtors and Reorganized Debtors, and their respective officers and designees, is authorized to execute, deliver, file, or record such contracts, instruments, releases, indentures, and other agreements or documents, and take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of this Plan, or to otherwise comply with applicable law.

**5.85.9 *Exemption From Certain Transfer Taxes And Recording Fees.*** Pursuant to section 1146(a) of the Bankruptcy Code, any transfers from a Debtor to a Reorganized Debtor or to any other Person or entity pursuant to this Plan, or any agreement regarding the transfer of title to or ownership of any of the Debtors' real or personal property will not be subject to any document recording tax, stamp tax, conveyance fee, sales tax, intangibles or similar tax, mortgage tax, stamp act, real estate transfer tax, mortgage recording tax, Uniform Commercial Code filing or recording fee, or other similar tax or governmental assessment, and the Confirmation Order will direct the appropriate state or local governmental officials or agents to forego the collection of any such tax or governmental assessment and to accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment.

**5.95.10 *Further Authorization.*** The Debtors and the Reorganized Debtors shall be entitled to seek such orders, judgments, injunctions, and rulings as they deem necessary to carry out the intentions and purposes, and to give full effect to the provisions, of this Plan.

**5.105.11 *Cancellation Of Existing Securities And Agreements.*** Except as provided in this Plan or in the Confirmation Order (including, without limitation, the amendment and restatement of the Existing DVB 1 Facility Documents and the Existing DVB 2 Facility Documents), on the Effective Date, all notes, stock, instruments, certificates, agreements, side letters, fee letters and other documents evidencing or giving rise to Claims and Interests in the Debtors shall be cancelled, and the obligations of the Debtors thereunder or

in any way related thereto shall be fully released, terminated, extinguished and discharged, in each case without further notice to or order of the Bankruptcy Court, act or action under applicable law, regulation, order, or rule or any requirement of further action, vote, or other approval or authorization by any Person. The Holders of or parties to such notes, stock, instruments, certificates, agreements, side letters, fee letters, and other documents shall have no rights arising from or relating to such notes, stock, instruments, certificates, agreements, side letters, fee letters, and other documents or the cancellation thereof, except the rights provided pursuant to this Plan and the Confirmation Order.

## ARTICLE VI

### PROVISIONS GOVERNING DISTRIBUTIONS

6.1 ***Allowed Claims.*** Notwithstanding any provision herein to the contrary, the Debtors or the Reorganized Debtors shall make distributions only to Holders of Allowed Claims. A Holder of a Disputed Claim shall receive a distribution on account thereof only when and to the extent that such Holder's Disputed Claim becomes an Allowed Claim.

6.2 ***Distributions For Claims Allowed As Of The Effective Date.*** Except as otherwise provided under this Plan or as ordered by the Bankruptcy Court, distributions to be made on account of Claims that are Allowed Claims as of the Effective Date shall be made on the Effective Date or as soon thereafter as is practicable. Any distribution to be made on the Effective Date pursuant to this Plan shall be deemed as having been made on the Effective Date if such distribution is made on the Effective Date or as soon thereafter as is practicable. Any payment or distribution required to be made under this Plan on a day other than a Business Day shall be made on the next succeeding Business Day.

6.3 ***Interest And Penalties On Claims.*** Unless otherwise specifically provided for in this Plan or the Confirmation Order, or required by applicable bankruptcy law, postpetition interest and penalties shall not accrue or be paid on any Claim, and no Holder of a Claim shall be entitled to interest and penalties accruing on or after the Petition Date through the date such Claim is satisfied in accordance with the terms of this Plan.

6.4 ***Means Of Cash Payment.*** Payments of Cash made pursuant to this Plan shall be made, at the option and in the sole discretion of the applicable Reorganized Debtor, by (a) checks drawn on or wire transfer from a domestic bank selected by the Reorganized Debtor, (b) in accordance with the terms of the New Credit Facilities, or (c) by such means as are necessary or customary in a particular foreign jurisdiction.

6.5 ***Withholding And Reporting Requirements/Allocations.*** In connection with this Plan and all distributions hereunder, the Reorganized Debtors shall comply with all withholding and reporting requirements imposed by any taxing authority, and all distributions hereunder shall be subject to any such withholding and reporting requirements. The Reorganized Debtors shall be authorized to take any and all actions that may be necessary or appropriate to comply with such withholding and reporting requirements. Distributions in respect of Allowed Claims shall be allocated first to the principal amount of such Claims (as

determined for U.S. federal income tax purposes) and then, to the extent the consideration exceeds the principal amount of the Claims, to any portion of such Claims for accrued but unpaid interest.

6.6 ***Preservation Of Rights.*** Except as otherwise provided in this Plan, the Reorganized Debtors shall retain all rights arising under section 558 of the Bankruptcy Code or applicable nonbankruptcy laws, including, but not limited to, the right to set off against any Claim, the payments or other distributions to be made pursuant to this Plan in respect of such Claim, or claims of any nature whatsoever that the Debtors or the Reorganized Debtors may have against the Holder of such Claim; *provided, however*, that neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by the Reorganized Debtors of any such claim that the Debtors or the Reorganized Debtors may have against such Holder; *provided, further*, that the Holder of any Claim must assert any right to setoff prior to the Effective Date or such right shall be deemed waived on the Effective Date. Notwithstanding any other provision of the Plan, the United States' rights to setoff and recoupment are preserved.

## ARTICLE VII

### TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

7.1 ***Assumption Of Executory Contracts And Unexpired Leases.*** Except as otherwise provided in the Plan, on the Effective Date, all Executory Contracts and Unexpired Leases of the Debtors shall be deemed assumed in accordance with the provisions and requirements of sections 365 and 1123 of the Bankruptcy Code, unless such Executory Contract or Unexpired Lease (a) has previously been rejected by order of the Bankruptcy Court in effect as of the Effective Date (which order may be the Confirmation Order); (b) is the subject of a motion to reject filed on or before the Effective Date; (c) is identified as an Executory Contract or Unexpired Lease to be rejected pursuant to the Plan Supplement before the Effective Date; or (d) expired or terminated pursuant to its own terms. An Executory Contract or Unexpired Lease that is deemed to be assumed pursuant to the foregoing sentence shall be referred to as an "Assumed Contract."

Entry of the Confirmation Order by the Bankruptcy Court shall constitute findings by the Bankruptcy Court that (a) the Reorganized Debtors have properly provided for the cure of any defaults that might have existed, (b) each assumption is in the best interest of the Reorganized Debtors, their Estates, and all parties in interest in the Chapter 11 Cases and (c) the requirements for assumption of any Executory Contract or Unexpired Lease to be assumed have been satisfied. Except as otherwise provided in the following sentence, all cure payments under any Assumed Contract shall be made by the Reorganized Debtors on the Effective Date or as soon as practicable thereafter. In the event of a dispute, cure payments required by section 365(b)(1) of the Bankruptcy Code shall be paid upon entry of a Final Order resolving such dispute.

In connection with the treatment of the Flowers Facility Claims and the Columbia Facility Claims, the Debtors shall (i) assume and assign to the lenders under the F-C Credit Agreements such contracts related to the vessels securing the F-C Credit Agreements that such lenders reasonably request the Debtors assume and assign; provided, that the contracts to be assumed and assigned are properly assumable and assignable, under section 365 of the Bankruptcy Code and (ii) reject such contracts that are (1) related to the vessels securing the F-C Credit Agreements; (2) capable of rejection; (3) are solely between one or more borrower(s) under the F-C Credit Agreements and a non-debtor contract counterparty; and (4) that such lenders reasonably request the Debtors to reject under section 365 of the Bankruptcy Code.

**7.2 D&O Liability Insurance Policies.** As of the Effective Date, the D&O Liability Insurance Policies shall be treated as if they were Executory Contracts that are assumed under this Plan. Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the Debtors' foregoing assumption of each of the D&O Liability Insurance Policies. Notwithstanding anything to the contrary contained in the Plan, Confirmation of the Plan shall not discharge, impair or otherwise modify any indemnity obligations assumed by the foregoing assumption of the D&O Liability Insurance Policies, and each such indemnity obligation shall be deemed and treated as an Executory Contract that has been assumed by the Debtors under the Plan as to which no Proof of Claim need be filed.

**7.3 Indemnification.** Except as otherwise specifically limited in this Plan, any obligations or rights of the Debtors or Reorganized Debtors to defend, indemnify, reimburse, or limit the liability of the Debtors' present and former directors, officers, employees, agents, representatives, attorneys, accountants, financial advisors, restructuring advisors, investment bankers and consultants (the "Covered Persons") pursuant to the Debtors' or Reorganized Debtors' certificates of incorporation, by-laws, policy of providing employee indemnification, applicable law, or specific agreement in respect of any claims, demands, suits, Causes of Action, or proceedings against such Covered Persons based upon any act or omission related to such Covered Persons' service with, for, or on behalf of the Debtors prior to the Effective Date, shall be treated as if they were Executory Contracts that are assumed under this Plan and shall survive the Effective Date and remain unaffected thereby, and shall not be discharged, irrespective of whether such defense, indemnification, reimbursement, or limitation of liability is owed in connection with an occurrence before or after the Petition Date.

**7.4 Cure of Defaults Under Assumed Contracts.** The Reorganized Debtors shall cure any monetary defaults under any Executory Contract and Unexpired Lease to be assumed pursuant to the Plan by paying to the non-Debtor counterparty the full amount of any monetary default in the ordinary course of business. Accordingly, no party to an Assumed Contract need file any cure claim, and the Debtors need not file any lists of any proposed cure claims, with the Bankruptcy Court. Notwithstanding the foregoing, the Reorganized Debtors and counter-parties to Assumed Contracts reserve all their rights in the event of a dispute over the amount of a cure claim. If there is any such dispute that cannot be resolved consensually, then either party must file with the Bankruptcy Court a request for allowance and payment of such cure claim within seventy-five (75) days from the Effective Date. Moreover, the



Reorganized Debtors shall be authorized to reject any Executory Contract or Unexpired Lease to the extent the Reorganized Debtors, in the exercise of their sound business judgment, conclude that the amount of the cure claim as determined by the Bankruptcy Court, renders assumption of such Executory Contract or Unexpired Lease unfavorable to the Reorganized Debtors.

## ARTICLE VIII

### CONFIRMATION AND CONSUMMATION OF THE PLAN

8.1 ***Condition To Confirmation.*** Confirmation of the Plan is conditioned upon the Confirmation Order being reasonably acceptable in form and substance to the Debtors and the Participating Lenders, *provided, however*, that the Confirmation Order must only be reasonably acceptable to a particular Participating Lender to the extent the Participating Lender's rights or interests are materially affected by the terms thereof.

8.2 ***Conditions To Effective Date.*** The Debtors shall request that the Confirmation Order include a finding by the Bankruptcy Court that, notwithstanding Bankruptcy Rule 3020(e), the Confirmation Order shall take effect immediately upon its entry. The following are conditions precedent to the occurrence of the Effective Date, each of which must be satisfied or waived by the Debtors and the Participating Lenders in accordance with the terms hereof:

(a) The Confirmation Order, in form and substance reasonably satisfactory to the Debtors and the Participating Lenders, shall have become a Final Order and shall, among other things, provide that the Debtors and the Reorganized Debtors are authorized to take all actions necessary or appropriate to enter into, implement, and consummate the agreements and documents created in connection with this Plan, *provided, however*, that the Confirmation Order must only be reasonably satisfactory to the Participating Lenders to the extent each Participating Lender's rights or interests are materially affected by the terms thereof.

(b) All documents related to, provided for therein, or contemplated by the New Credit Facilities shall have been executed and delivered, and all conditions precedent thereto shall have been satisfied (other than the occurrence of the Effective Date).

(c) Each of ~~the C-F Management Agreement, the C-F ROFR,~~ the Citi Silo Management Agreement, the NHL Management Agreement, and the NH2L Management Agreement shall have become effective.

(d) Debtors Golden Knighthead Limited and Metropolitan Harbour Limited shall hold sufficient cash in their accounts to satisfy each of the terms and conditions contained in the DVB Term Sheet.

(e) On the Effective Date, after giving effect to the payments required by the DVB Term Sheet and all accrued and unpaid professional fees, Debtors Golden Knighthead Limited and Metropolitan Harbour Limited shall have a minimum liquidity position



of \$5,000,000 in aggregate; *provided, however*, this condition may be waived by DVB Bank, SE in its sole discretion.

(f) Debtors Nautilus Shipholdings No. 2 Limited, Golden Knighthead Limited, and Metropolitan Harbour Limited shall be in full compliance with the terms of the Amended and Restated DVB 1 Facility and the Amended and Restated DVB 2 Facility, as applicable; *provided, however*, the applicable Debtor shall not be required to (i) satisfy any historic nonpayment defaults or (ii) satisfy any overdue principal amounts, whether coming due by acceleration or otherwise, to be deemed in full compliance as of the Effective Date.

(g) Debtors Golden Knighthead Limited and Metropolitan Harbour Limited shall have satisfied all Claims entitled to administrative expense priority other than trade Claims incurred in the ordinary course of business that are not yet due and payable.

(h) The Professional Fee Escrow Account shall have been funded.

(i) All authorizations, consents, and regulatory approvals required, if any, in connection with the consummation of this Plan shall have been obtained.

(j) All other actions, documents, and agreements necessary to implement this Plan shall have been effected or executed.

8.3 ***Waiver Of Conditions.*** Except as expressly provided herein, each of the conditions to the Effective Date set forth herein may be waived in whole or in part by the mutual agreement of the Debtors and the Participating Lenders, without any notice to parties in interest or the Bankruptcy Court and without a hearing. The failure to satisfy or waive any condition to the Effective Date may be asserted by the Debtors regardless of the circumstances giving rise to the failure of such condition to be satisfied, including any action or inaction by the Debtors. The failure of the Debtors to exercise any of the foregoing rights shall not be deemed a waiver of any other rights, and each such right shall be deemed an ongoing right that may be asserted at any time.

## ARTICLE IX

### EFFECT OF PLAN CONFIRMATION

9.1 ***Binding Effect.*** This Plan shall be binding upon and inure to the benefit of the Debtors, their Estates, all present and former Holders of Claims and Interests, and their respective successors and assigns, including but not limited to the Reorganized Debtors.

9.2 ***Revesting Of Assets.*** Except as otherwise explicitly provided in this Plan, on the Effective Date, all property comprising the Estates (including Retained Actions, but excluding property that has been abandoned pursuant to an order of the Bankruptcy Court) shall revert in the Reorganized Debtors, free and clear of all Claims, Liens, charges, encumbrances, rights and Interests of creditors and equity security holders. As of the Effective Date, the Reorganized Debtors may operate their businesses and use, acquire, and dispose of their property without supervision of the Bankruptcy Court, and free of any restrictions of the

Bankruptcy Code or Bankruptcy Rules, other than those restrictions expressly imposed by this Plan or the Confirmation Order.

**9.3 *Compromise And Settlement Of Claims, Interests And Controversies.***

Pursuant to section 363 of the Bankruptcy Code and Bankruptcy Rule 9019 and in consideration for the distributions and other benefits provided pursuant to the Plan, the provisions of the Plan shall constitute a good faith compromise of all Claims, Interests and controversies relating to the contractual, legal and subordination rights that a Holder of a Claim or Interest may have with respect to any Allowed Claim or Interest, or any distribution to be made on account of such Allowed Claim or Interest. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise or settlement of all such Claims, Interests and controversies, as well as a finding by the Bankruptcy Court that such compromise or settlement is in the best interests of the Debtors, their Estates and Holders of Claims and Interests and is fair, equitable and reasonable. In accordance with the provisions of the Plan, pursuant to section 363 of the Bankruptcy Code and Bankruptcy Rule 9019(a), without any further notice to or action, order or approval of the Bankruptcy Court, after the Effective Date, the Reorganized Debtors may compromise and settle Claims against or Interests in them and Causes of Action against other Persons.

**9.4 *Releases And Related Matters***

**(a) *Releases by the Debtors***

**Pursuant to section 1123(b) of the Bankruptcy Code and to the extent allowed by applicable law, and except as otherwise specifically provided in the Plan or the Plan Supplement, for good and valuable consideration, including the service of the Released Parties to facilitate the expeditious reorganization of the Debtors and the implementation of the restructuring contemplated by the Plan, on and after the Effective Date, the Released Parties are deemed released and discharged by the Debtors, the Reorganized Debtors, the Estates and the Equity-Related Entities from any and all Claims, Interests, obligations, rights, suits, damages, Causes of Action, remedies and liabilities whatsoever, including any derivative claims asserted or assertable on behalf of the Debtors, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, in law, equity or otherwise, that the Debtors, the Reorganized Debtors, the Estates or the Equity-Related Entities would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the Holder of any Claim or Interest or other Person, based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the Debtors' restructuring, the Chapter 11 Cases, the purchase, sale or rescission of the purchase or sale of any security of the Debtors or the Reorganized Debtors, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the Plan Supplement, the business or contractual arrangements between any Debtor, Reorganized Debtor, Estate or non-Debtor Affiliate and any Released Party, the restructuring of Claims and Interests before or during the Chapter 11 Cases, the negotiation, formulation or preparation of the Plan, the Disclosure Statement, the Plan Supplement, or related agreements, instruments or other documents, or any other act or omission, transaction, agreement, event or other occurrence taking place on or before the Effective Date; *provided, however that nothing***

in this Section 9.4(a) shall be construed to release any party or entity from gross negligence, intentional fraud, willful misconduct, or criminal conduct, as determined by a Final Order.

(b) **Third-Party Releases by Holders of Claims or Equity Interests**

Except as otherwise provided in the Plan or the Plan Supplement, as of the Effective Date, each Holder of a Claim against or Interest in a Debtor, to the fullest extent permissible under applicable law, as such law may be extended or interpreted subsequent to the Effective Date, shall be deemed to have conclusively, absolutely, unconditionally, irrevocably, and forever released and discharged the Debtors, the Reorganized Debtors, the Estates, the Equity-Related Entities, and the Released Parties from any and all Claims, Interests, obligations, rights, suits, damages, Causes of Action, remedies and liabilities whatsoever, including any derivative Claims assertable on behalf of a Debtor, whether known or unknown, foreseen or unforeseen, existing or hereafter arising, in law, equity, or otherwise, that such Person would have been legally entitled to assert (whether individually or collectively), based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the Debtors' restructuring, the Chapter 11 Cases, the purchase, sale, or rescission of the purchase or sale of any security of the Debtors or the Reorganized Debtors, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan or the Plan Supplement, the business or contractual arrangements between any Debtor, Reorganized Debtor, Estate or non-Debtor Affiliate and any Released Party, the restructuring of Claims and Interests before or during the Chapter 11 Cases, the negotiation, formulation, or preparation of the Plan, the Disclosure Statement, the Plan Supplement, or related agreements, instruments, or other documents, or any other act or omission, transaction, agreement, event or other occurrence including or pertaining to the Debtors and taking place on or before the Effective Date, *provided, however* that nothing in this Section 9.4(b) shall be construed to release any party or entity from gross negligence, intentional fraud, willful misconduct, or criminal conduct, as determined by a Final Order; *provided further*, however, that this Section 9.4(b) shall not release the Debtors, the Reorganized Debtors, the Estates, the Equity-Related Entities or the Released Parties from any Cause of Action held by a governmental entity existing as of the Effective Date based on (i) the Internal Revenue Code or other domestic state, city, or municipal tax code, (ii) the environmental laws of the United States or any domestic state, city, or municipality, (iii) any criminal laws of the United States or any domestic state, city, or municipality, (iv) the Securities and Exchange Act of 1934 (as now in effect or hereafter amended), the Securities Act, or other securities laws of the United States or any domestic state, city or municipality, (v) the Employee Retirement Income Security Act of 1974, as amended, or (vi) the laws and regulations of the Bureau of Customs and Border Protection of the United States Department of Homeland Security. Notwithstanding anything to the contrary in this Section 9.4(b), a Holder of a Claim shall be deemed not to provide the releases set forth in this section if such Holder (i) votes to reject the Plan and (ii) "opts out" of the releases provided in this Section 9.4(b) of the Plan in a timely submitted, valid Ballot, *provided, however*, that nothing in this sentence shall limit the discharge

**contained in Section 9.5 of this Plan. For the avoidance of doubt, nothing in this Section 9.4(b) shall release any Claims relating to actions or conduct occurring after the Effective Date and arising under or relating to the New Credit Facilities.**

**9.5 *Discharge Of The Debtors***

(a) Upon the Effective Date, the Debtors, and each of them, shall be deemed discharged and released under section 1141(d)(1)(A) of the Bankruptcy Code from any and all Claims, including, but not limited to, demands and liabilities that arose before the Effective Date, and all debts of the kind specified in section 502 of the Bankruptcy Code, whether or not (i) a Proof of Claim based upon such debt is filed or deemed filed under section 501 of the Bankruptcy Code, (ii) a Claim based upon such debt is Allowed under section 502 of the Bankruptcy Code, (iii) a Claim based upon such debt is or has been disallowed by order of the Bankruptcy Court, or (iv) the Holder of a Claim based upon such debt accepted this Plan.

(b) As of the Effective Date, except as provided in this Plan or the Confirmation Order, all Persons shall be precluded from asserting against the Debtors or the Reorganized Debtors, any other or further Claims, debts, rights, Causes of Action, claims for relief, liabilities, or equity interests relating to the Debtors based upon any act, omission, transaction, occurrence, or other activity of any nature that occurred prior to the Effective Date. In accordance with the foregoing, except as provided in this Plan or the Confirmation Order, the Confirmation Order shall be a judicial determination of discharge of all such Claims and other debts and liabilities against the Debtors, pursuant to sections 524 and 1141 of the Bankruptcy Code, and such discharge shall void any judgment obtained against the Debtors at any time, to the extent that such judgment relates to a discharged Claim.

**9.6 *Injunction***

**Except as provided in this Plan or the Confirmation Order, as of the Effective Date, all Persons that have held, currently hold, may hold, or allege that they hold, a Claim, obligation, suit, judgment, damage, demand, debt, right, Cause of Action, or liability that is released or discharged under this Article IX are permanently enjoined from taking any of the following actions against the Debtors, the Reorganized Debtors, and their respective Affiliates or their property on account of any such released or discharged Claim, obligation, suit, judgment, damage, demand, debt, right, Cause of Action, or liability: (a) commencing or continuing, in any manner or in any place, any action or other proceeding; (b) enforcing, attaching, collecting, or recovering in any manner any judgment, award, decree, or order; (c) creating, perfecting, or enforcing any Lien or encumbrance; (d) asserting a setoff, right of subrogation, or recoupment of any kind against any debt, liability, or obligation due to any released Person; or (e) commencing or continuing any action, in each such case in any manner, in any place, or against any Person that does not comply with or is inconsistent with the provisions of this Plan or the Confirmation Order.**

**9.7 *Exculpation And Limitation Of Liability***

None of the Released Parties shall have or incur any liability to any Entity, for any act or omission in connection with, relating to, or arising out of, the Chapter 11 Cases, the Disclosure Statement, the formulation, negotiation, or implementation of this Plan, the solicitation of acceptances of this Plan, the pursuit of Confirmation of this Plan, the Confirmation of this Plan, the consummation of this Plan, or the administration of this Plan or the property to be distributed under this Plan, or any other prepetition or postpetition act taken or omitted to be taken in connection with or in contemplation of the restructuring of the Debtors; *provided, however*, that the foregoing provisions of this exculpation shall have no effect on the liability of any Released Party that results from any such act or omission that is determined in a Final Order to have constituted gross negligence or willful misconduct. Nothing in this Plan shall affect the ability of the United States to pursue any non-Debtors to the extent allowed by non-bankruptcy law for any liabilities that may be related to any federal tax liabilities owed by the Debtors or the Debtors' Estates. Additionally, the United States may pursue police and regulatory actions or proceedings with respect to the Released Parties in the manner, and by the administrative or judicial tribunals, in which the United States could have pursued such actions or proceedings as if this bankruptcy had never been commenced.

**9.8 *Term Of Bankruptcy Injunction Or Stays.*** Except as provided otherwise in this Plan, from and after the Effective Date, the automatic stay of section 362(a) of the Bankruptcy Code shall terminate.

**9.9 *Post-Confirmation Date Retention Of Professionals.*** Upon the Confirmation 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 and the Reorganized Debtors will employ and pay professionals in the ordinary course of business.

**ARTICLE X**

**PROCEDURES FOR RESOLVING AND TREATING DISPUTED CLAIMS**

**10.1 *Disputed Claims.*** All Disputed Claims against the Debtors shall be subject to the provisions of this Article X.

**10.2 *Objection Deadline.*** Unless otherwise ordered by the Bankruptcy Court, objections to Claims shall be filed with the Bankruptcy Court and served upon the Holders of each such Claim to which objections are made on or before the Claims Objection Deadline. If an objection to a Claim is timely filed, a subsequent amendment to the objection shall also be deemed timely, even if filed subsequent to the deadline for filing the original Claim objection, and even if the amendment raises facts or legal theories not raised in the original Claim objection.

10.3 ***Prosecution of Objections.*** After the Confirmation Date, the Debtors or the Reorganized Debtors, as the case may be, shall have the authority to file, litigate to final judgment, settle, or withdraw objections to Disputed Claims.

10.4 ***No Distributions Pending Allowance.*** No payments or distributions shall be made with respect to any Claim to the extent it is a Disputed Claim unless and until all objections to such Disputed Claim are resolved and such Disputed Claim becomes an Allowed Claim in whole or in part.

## ARTICLE XI

### RETENTION OF JURISDICTION

Pursuant to sections 105(c) and 1142 of the Bankruptcy Code and notwithstanding entry of the Confirmation Order and the occurrence of the Effective Date, the Bankruptcy Court shall retain jurisdiction (unless otherwise indicated) over all matters arising in, arising out of, and/or related to, the Chapter 11 Cases and this Plan to the fullest extent permitted by law, including, among other things, jurisdiction to:

(a) Resolve any matters related 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 Debtor or Reorganized Debtor may be liable and to hear, determine, and, if necessary, liquidate any Claims arising therefrom;

(b) Decide or resolve any motions, adversary proceedings, contested or litigated matters, and any other matters and grant or deny any applications involving the Debtors that may be pending on the Effective Date (which jurisdiction shall be non-exclusive as to any such non-core matters);

(c) Enter such orders as may be necessary or appropriate to implement or consummate the provisions of this Plan and all contracts, instruments, releases, and other agreements or documents created in connection with this Plan, the Disclosure Statement, or the Confirmation Order;

(d) Resolve any cases, controversies, suits, or disputes that may arise in connection with the consummation, interpretation, or enforcement of this Plan or any contract, instrument, release, or other agreement or document that is executed or created pursuant to this Plan, or any entity's rights arising from or obligations incurred in connection with this Plan or such documents;

(e) Modify this Plan before or after the Effective Date pursuant to section 1127 of the Bankruptcy Code or modify the Confirmation Order, or any contract, instrument, release, or other agreement or document created in connection with this Plan or the Confirmation Order, or remedy any defect or omission or reconcile any inconsistency in any Bankruptcy Court order, this Plan, the Confirmation Order, or any contract, instrument, release, or other agreement or document created in connection with this Plan or the

Confirmation Order, in such manner as may be necessary or appropriate to consummate this Plan;

(f) Hear and determine all applications for compensation and reimbursement of expenses of Professionals under this Plan or under sections 330, 331, 503(b), and 1129(a)(4) of the Bankruptcy Code; *provided, however*, that from and after the Confirmation Date the payment of fees and expenses by the Reorganized Debtors, including professional fees, shall be made in the ordinary course of business and shall not be subject to the approval of the Bankruptcy Court;

(g) 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 this Plan or the Confirmation Order;

(h) Adjudicate controversies arising out of the administration of the Estates or the implementation of this Plan;

(i) Resolve any cases, controversies, suits, or disputes that may arise in connection with General Unsecured Claims, including without limitation, the Bar Date, related notice, claim objections, allowance, disallowance, estimation and distribution;

(j) Hear and determine Causes of Action by or on behalf of the Debtors or the Reorganized Debtors;

(k) Enter and implement such orders as are necessary or appropriate if the Confirmation Order is for any reason or in any respect modified, stayed, reversed, revoked, or vacated, or distributions pursuant to this Plan are enjoined or stayed;

(l) Determine any other matters that may arise in connection with or relate to this Plan, the Disclosure Statement, the Confirmation Order, or any contract, instrument, release, or other agreement or document created in connection with this Plan, the Disclosure Statement, or the Confirmation Order;

(m) Enforce all orders, judgments, injunctions, releases, exculpations, indemnifications, and rulings entered in connection with the Chapter 11 Cases;

(n) Hear and determine such other matters as may be provided in the Confirmation Order or as may be authorized under the Bankruptcy Code; and

(o) Enter an order closing the Chapter 11 Cases.

For the avoidance of doubt, the Court shall not retain jurisdiction with respect to the following documents entered into by a Reorganized Debtor on or after the Effective Date: (i) the New Credit Facilities, (ii) the Citi Silo Management Agreement, (iii) the NHL Management Agreement, or (iv) the NH2L Management Agreement.

## ARTICLE XII

### MISCELLANEOUS PROVISIONS

12.1 ***Payment Of Statutory Fees.*** All fees payable pursuant to section 1930 of title 28 of the United States Code shall be paid on the earlier of when due or the Effective Date.

12.2 ***Amendment Or Modification Of This Plan.*** Subject to section 1127 of the Bankruptcy Code and, to the extent applicable, sections 1122, 1123, and 1125 of the Bankruptcy Code, the Debtors reserve the right to alter, amend, or modify this Plan at any time prior to or after the Confirmation Date but prior to the substantial consummation of this Plan, *provided, however*, that the Participating Lenders must approve of such alteration, amendment or modification if it materially affects the respective Participating Lender's interests, which approval shall not be unreasonably withheld. A Holder of a Claim that has accepted this Plan shall be deemed to have accepted this Plan, as altered, amended or modified, if the proposed alteration, amendment or modification does not materially and adversely change the treatment of the Claim of such Holder.

12.3 ***Severability Of Plan Provisions.*** If, prior to the Confirmation Date, any term or provision of this Plan is determined 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 this 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 this Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

12.4 ***Successors And Assigns.*** This Plan shall be binding upon and inure to the benefit of the Debtors, and their respective successors and assigns, including, without limitation, the Reorganized Debtors. The rights, benefits, and obligations of any entity named or referred to in this Plan shall be binding on, and shall inure to the benefit of, any heir, executor, administrator, successor, or assign of such entity.



12.5 ***Revocation, Withdrawal, Or Non-Consummation.*** The Debtors reserve the right to revoke or withdraw this Plan at any time prior to the Confirmation Date and to file other plans of reorganization. If the Debtors revoke or withdraw this Plan, or if Confirmation or consummation of this Plan does not occur, then (a) this Plan shall be null and void in all respects, (b) any settlement or compromise embodied in this Plan (including the fixing or limiting to an amount any Claim or Class of Claims), assumption of Executory Contracts or Unexpired Leases effected by this Plan, and any document or agreement executed pursuant to this Plan shall be deemed null and void, *provided, however*, that the Debtors' Missed Milestone Obligations shall survive pursuant to the terms of the DVB Term Sheet, and (c) nothing contained in this Plan, and no acts taken in preparation for consummation of this Plan, shall (i) constitute or be deemed to constitute a waiver or release of any Claims by or against, or any Interests in, the Debtors or any other Person, (ii) prejudice in any manner the rights of the Debtors or any Person in any further proceedings involving the Debtors, or (iii) constitute an admission of any sort by the Debtors or any other Person.

12.6 ***Notice.*** All notices, requests, and demands to or upon the Reorganized Debtors to be effective shall be in writing and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when actually delivered or, in the case of notice by facsimile transmission, when received and telephonically confirmed, addressed as follows:

NAUTILUS HOLDINGS LIMITED  
Attn: Andreas Maroulletis  
Lapithion Tower, 5  
Deligiorgi Street, 1066  
Nicosia, Cyprus  
Facsimile: +357-22666173

and

SKADDEN, ARPS, SLATE, MEAGHER  
& FLOM LLP  
Jay M. Goffman  
Mark A. McDermott  
Shana A. Elberg  
Suzanne D.T. Lovett  
Four Times Square  
New York, New York 10036-6522  
Facsimile: (212) 735-2000

Counsel for Debtors and Debtors in Possession

12.7 ***Governing Law.*** Except to the extent that the Bankruptcy Code, the Bankruptcy Rules or other federal law is applicable, or to the extent that an Exhibit or schedule to this Plan or document contained in the Plan Supplement provides otherwise, the rights and obligations arising under this Plan shall be governed by, and construed and enforced

in accordance with, the laws of New York without giving effect to the principles of conflicts of law of such jurisdiction.

12.8 ***Exhibits.*** All Exhibits to this Plan are incorporated and are a part of this Plan as if set forth in full herein.

12.9 ***Filing Of Additional Documents.*** On or before substantial consummation of this Plan, the Debtors shall file such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of this Plan.

12.10 ***Conflicts.*** In the event that provisions of the Disclosure Statement and provisions of this Plan conflict, the terms of this Plan shall govern.

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Dated: ~~October 15~~November 19, 2014  
New York, New York

NAUTILUS HOLDINGS LIMITED  
NAUTILUS HOLDINGS NO. 2 LIMITED  
(for themselves and on behalf of each of the  
other Debtors)

By: /s/ James A. Mesterharm  
Name: James A. Mesterharm  
Title: Chief Restructuring Officer

**Exhibit A**

**Amended and Restated HSH-YM Facility Material Terms<sup>1</sup>**

<b>Provision</b>	<b>Terms – Option A</b>	<b>Terms – Option B</b>
Facility Size <sup>2</sup>	Total: \$191,194,322 After Initial Paydown: \$176,194,322	Total: \$191,194,322
Initial Paydown	\$15,000,000	N/A
Maturity Date	December 31, 2022	December 31, 2022
Amortization	\$2,930,000 quarterly	\$2,930,000 quarterly
Interest Rate	Libor plus 225 basis points	Libor plus 200 basis points
Cash Sweeps	75% cash flow sweep	N/A

<sup>1</sup> If 60% or greater of Class 8 votes to accept this Plan, the Amended and Restated HSH-YM Facility shall have the terms set forth in Option A. If less than 60% of Class 8 votes to accept this Plan, the Amended and Restated HSH-YM Facility shall have the terms set forth in Option B.

<sup>2</sup> ~~To the extent any Claims exist in Class 8B, the gross amount of the Amended and Restated HSH-YM Facility shall be divided into two tranches—one tranche of secured loans ("Tranche A"), and one tranche of unsecured loans ("Tranche B"). Holders of Claims in Class 8A shall receive secured loans in Tranche A and Holders of Claims in Class 8B shall receive unsecured loans in Tranche B.~~

<b>Summary report:</b> <b>Litéra® Change-Pro TDC 7.5.0.110 Document comparison done on</b> <b>11/19/2014 6:44:43 PM</b>	
<b>Style name:</b> Option 3a Strikethrough Double Score No Moves	
<b>Intelligent Table Comparison:</b> Active	
<b>Original DMS:</b> dm://CHISR02A/998757/20	
<b>Modified DMS:</b> dm://NYCSR07A/1893678/8	
<b>Changes:</b>	
<u>Add</u>	294
<del>Delete</del>	281
<u>Move From</u>	0
<u>Move To</u>	0
<u>Table Insert</u>	0
<u>Table Delete</u>	0
Table moves to	0
Table moves from	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	3
<b>Total Changes:</b>	<b>578</b>

**Exhibit D-3**

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

-----	x
	:
In re:	:
	:
NAUTILUS HOLDINGS LIMITED, <u>et al.</u> ,	::
	:
Debtors. <sup>1</sup>	:
	:
-----	x

Chapter 11  
Case No. 14-22885 (RDD)  
(Jointly Administered)

**AMENDED DISCLOSURE STATEMENT FOR THE JOINT PLAN OF REORGANIZATION OF  
NAUTILUS HOLDINGS LIMITED AND CERTAIN OF ITS AFFILIATES  
PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE**

Jay M. Goffman  
Mark A. McDermott  
Shana A. Elberg  
Suzanne D.T. Lovett  
SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP  
Four Times Square  
New York, New York 10036  
Telephone: (212) 735-3000  
Facsimile: (212) 735-2000

Counsel for the Debtors and Debtors in Possession

Dated: November 19, 2014  
New York, NY

**THIS PROPOSED DISCLOSURE STATEMENT HAS NOT BEEN APPROVED BY THE BANKRUPTCY COURT AS CONTAINING ADEQUATE INFORMATION WITHIN THE MEANING OF BANKRUPTCY CODE SECTION 1125(a). THIS IS NOT A SOLICITATION OF ACCEPTANCE OR REJECTION OF THE PLAN. ACCEPTANCES OR REJECTIONS WILL NOT BE SOLICITED UNTIL THE BANKRUPTCY COURT HAS APPROVED THIS PROPOSED DISCLOSURE STATEMENT. THE DEBTORS RESERVE THE RIGHT TO AMEND OR SUPPLEMENT THIS PROPOSED DISCLOSURE STATEMENT AT OR BEFORE THE HEARING TO CONSIDER THIS PROPOSED DISCLOSURE STATEMENT.**

<sup>1</sup> The Debtors and, where applicable, the last four digits of their Hong Kong taxpayer identification codes are as follows: Nautilus Holdings Limited, Nautilus Holdings No. 2 Limited, Nautilus Shipholdings No. 1 Limited, Nautilus Shipholdings No. 2 Limited, Nautilus Shipholdings No. 3 Limited, Able Challenger Limited (8877), Charming Energetic Limited (0936), Dynamic Continental Limited (0928), Earlstown Limited (1898), Findhorn Osprey Limited (8075), Floral Peninsula Limited (4549), Golden Knighthood Limited (6376), Magic Peninsula Limited (0950), Metropolitan Harbour Limited (7969), Metropolitan Vitality Limited (9019), Miltons Way Limited (6180), Perpetual Joy Limited (0897), Regal Stone Limited (3636), Resplendent Spirit Limited (8114), Superior Integrity Limited (0934), and Vivid Mind Limited (7935). The Debtors maintain offices at 445 Hamilton Avenue, 11th Floor, White Plains, New York, 10601; 35th FL, Citicorp Centre, 18 Whitfield Road, North Point, Hong Kong; 23rd FL, 248 Queen's Road East, Wanchai, Hong Kong; and Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda.

## INTRODUCTION AND DISCLAIMER

Nautilus Holdings Limited ("NHL") and certain of its affiliates (collectively, the "Debtors") submit this Disclosure Statement to holders of claims entitled to vote on the Amended Joint Plan of Reorganization of Nautilus Holdings Limited and Certain of its Affiliates, dated as of November 19, 2014, a copy of which is annexed hereto as Appendix A (the "Plan").<sup>2</sup> The Disclosure Statement is to be used by each such person solely in connection with its evaluation of the Plan. Use of this Disclosure Statement for any other purpose is not authorized. No assertion of fact or conclusion of law contained herein shall be binding on any party other than the Debtors.

THE TABLE SET FORTH BELOW SUMMARIZES THE CLASSIFICATION AND TREATMENT OF ALL CLAIMS AGAINST AND INTERESTS IN THE DEBTORS. FOR A COMPLETE UNDERSTANDING OF THE PLAN, YOU SHOULD READ THIS DISCLOSURE STATEMENT, THE PLAN, AND THE APPENDICES AND EXHIBITS THERETO IN THEIR ENTIRETY. IN THE EVENT OF ANY INCONSISTENCY BETWEEN THE PLAN AND THIS DISCLOSURE STATEMENT, THE TERMS OF THE PLAN ARE CONTROLLING.

Description And Amount Of Claims Or Interests	Summary Of Treatment
<b>Administrative Claims</b>	An Administrative Claim is a claim for costs and expenses of administration of the Chapter 11 Cases, including Professional Fee Claims (as defined in the Plan) and amounts advanced pursuant to the DIP Financing Orders (as defined in the Plan). Except as otherwise expressly provided for in the Plan, all Allowed Administrative Claims will be paid in full in cash on the Effective Date of the Plan. However, any Allowed Administrative Claim based on a liability incurred by a Debtor in the ordinary course of business during the Chapter 11 Cases may be paid in the ordinary course of business in accordance with the terms and conditions of any agreement or customary payment terms, and Professional Fee Claims will be paid in accordance with an order of the Bankruptcy Court permitting such payment and the DVB Term Sheet (as defined below).
<b>Priority Tax Claims</b>	A Priority Tax Claim is a claim of a governmental unit for taxes accorded priority in right of payment under section 507(a)(8) of the Bankruptcy Code. The Debtors have received authority to pay all such Claims in the ordinary course, without interruption. To the extent any such Claim is not so paid, then on the Effective Date, each holder of an Allowed Priority Tax Claim shall have its claim reinstated, which means that such holder's legal, equitable and contractual rights with respect to its Priority Tax Claim will be left unaltered and paid in the ordinary course, unless such holder and the Debtors agree to different treatment.

<sup>2</sup> All capitalized terms not otherwise defined in this Disclosure Statement have the meanings ascribed to such terms in the Plan.



Description And Amount Of Claims Or Interests	Summary Of Treatment
<b>Class 1 – Other Priority Claims</b> <b>(Estimated Amount of Other Priority Claims: \$0)</b>	<p>An Other Priority Claim is a claim accorded priority in right of payment under section 507(a) of the Bankruptcy Code, such as claims for wages and related matters. The Debtors do not believe they have any such claims. To the extent any such claim is not paid in the ordinary course, without interruption, then as soon as reasonably practicable after the Effective Date, each holder of an Allowed Other Priority Claim will be paid in full in cash.</p>
<b>Class 2 – Other Secured Claims</b> <b>(Estimated Amount of Other Secured Claims: \$0)</b>	<p>An Other Secured Claim is any claim that is secured by a lien on the Debtors' property, or that is subject to setoff, other than a Citi Facility Claim, Columbia Facility Claim, DVB 1 Facility Claim, DVB 2 Facility Claim, Flowers Facility Claim, or HSH-YM Facility Claim. The Debtors do not believe that they have any such claims. On, or as soon as reasonably practicable after, the Effective Date, each Allowed Other Secured Claim will be reinstated, subject to the terms of the DVB Term Sheet (defined below).</p>
<b>Classes 3A and 3B – Citi Facility Claims (Estimated Amount of Citi Facility Claims: \$273,757,991)</b>	<p>A Citi Facility Claim is a claim outstanding under the Citi Facility Documents (as defined below), including for the avoidance of doubt, claims arising under any swap agreements related to the Citi Facility, on a pari passu basis. Class 3A consists of Citi Facility Claims to the extent such Claims are Secured. Class 3B consists of Citi Facility Claims to the extent such Claims are not Secured, if any.</p> <p>On, or as soon as reasonably practicable after, the Effective Date, each Holder of an Allowed Class 3A Citi Facility Claim shall receive, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such Claims, its pro rata share of the Amended and Restated Citi Facility, as described in the term sheet attached as "Exhibit B" to the Plan, and each Holder of an Allowed Class 3B Citi Facility Claim, if any, shall receive, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such Claims, its pro rata share of 100% of the stock (subject to dilution by warrants) of Reorganized Nautilus Shipholdings No. 3 Limited. However, no distribution will be made to Holders of Allowed Citi Facility Tranche B Claims until the Holders of Citi Facility Tranche A Claims have been paid in full, and no distribution to Holders of Allowed Citi Facility Swap Claims shall be made until Holders of Allowed Citi Facility Tranche A Claims and Allowed Citi Facility Tranche B Claims have been paid in full.</p> <p>For the avoidance of doubt, the treatment provided to Holders of Citi Facility Claims shall be in full and final satisfaction, settlement, release, and discharge of, and in exchange for, all Claims arising under the Existing Citi Credit Agreement, and all guarantees relating to the Existing Citi Credit Agreement, including from Nautilus Shipholdings No. 3 Limited, shall be fully released as of the Effective Date.</p>

Description And Amount Of Claims Or Interests	Summary Of Treatment
<p><b>Classes 4A and 4B – Columbia Facility Claims (Estimated Amount of Columbia Facility Claims: \$41,841,734)</b></p>	<p>A Columbia Facility Claim is a claim outstanding under the Columbia Facility Documents (as defined below). Class 4A consists of Columbia Facility Claims to the extent such claims are secured. Class 4B consists of Columbia Facility Claims to the extent such claims are not secured.</p> <p>On, or as soon as reasonably practicable after, the Effective Date, each Holder of Allowed Class 4A and 4B Columbia Facility Claims shall (1) receive, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such Claims, the return of the vessel securing such Claims, free and clear of any liens, claims, or encumbrances, (2) pay the F-C Consideration (as defined in the Plan), and (3) assume the F-C Technical Manager Costs (as defined in the Plan). The Debtors shall use the F-C Consideration to satisfy (i) all claims against the vessels securing the F-C Credit Agreements other than F-C Technical Manager Costs and (ii) amounts advanced to the Debtors obligated under the F-C Credit Agreements pursuant to the Bankruptcy Court’s DIP Financing Orders (less the portion of the Synergy management fee paid by the MH Debtor and GK Debtor and pooled at NHL, as set forth in the DVB Term Sheet). For the avoidance of doubt,</p> <p>(1) all guarantees relating to the Existing Columbia Credit Agreement, including from Nautilus Shipholdings No. 1 Limited, shall be fully released as of the Effective Date, and (2) the return of the vessel shall include the transfer of all, to the extent that these items relate to the relevant vessel, (i) receivables, (ii) credits, and (iii) prepayments. The Debtors shall not accelerate any receivables or the use of any credits or prepayments.</p>
<p><b>Classes 5 – DVB 1 Facility Claims (Estimated Amount of DVB 1 Facility Claims: \$73,191,500)</b></p>	<p>A DVB 1 Facility Claim is a claim outstanding under the DVB 1 Facility Documents (as defined below), including for the avoidance of doubt, any claims arising under any swap agreements related to the DVB 1 Facility, on a pari passu basis.</p> <p>On, or as soon as reasonably practicable after, the Effective Date, each Holder of an Allowed Class 5 DVB 1 Facility Claim shall receive, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such Claim, (1) its pro rata share of the Amended and Restated DVB 1 Facility, (2) the other treatment described in the DVB Term Sheet attached as “Exhibit E” to the Plan, and (3) payment of all interest accrued and unpaid as of the Effective Date. Swap agreement obligations arising under the Existing DVB 1 Facility Documents that accrued as of the Effective Date shall be paid in the ordinary course consistent with the terms of the existing swap agreement.</p>
<p><b>Classes 6 – DVB 2 Facility Claims (Estimated Amount of DVB 2 Facility Claims: \$73,191,500)</b></p>	<p>A DVB 2 Facility Claim is a claim outstanding under the DVB 2 Facility Documents (as defined below), including for the avoidance of doubt, any claims arising under any swap agreements related to the DVB 2 Facility, on a pari passu basis.</p>

Description And Amount Of Claims Or Interests	Summary Of Treatment
	<p>On, or as soon as reasonably practicable after, the Effective Date, each Holder of an Allowed Class 6 DVB 2 Facility Claim shall receive, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such Claim, (1) its pro rata share of the Amended and Restated DVB 2 Facility, (2) the other treatment described in the DVB Term Sheet attached as “Exhibit E” to the Plan, and (3) payment of all interest accrued and unpaid as of the Effective Date. Swap agreement obligations arising under the Existing DVB 2 Facility Documents that accrued as of the Effective Date shall be paid in the ordinary course consistent with the terms of the existing swap agreement.</p>

Description And Amount Of Claims Or Interests	Summary Of Treatment
<p><b>Classes 7A and 7B – Flowers Facility Claims (Estimated Amount of Flowers Facility Claims: \$119,394,468)</b></p>	<p>A Flowers Facility Claim is a claim outstanding under the Flowers Facility Documents (as defined below). Class 7A consists of Flowers Facility Claims to the extent such claims are secured. Class 7B consists of Flowers Facility Claims to the extent such claims are not secured.</p> <p>On, or as soon as reasonably practicable after, the Effective Date, the Holder of Allowed Class 7A and 7B Flowers Facility Claims shall (1) receive, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such Claims, the return of the vessels securing such Claims, free and clear of any liens, claims, or encumbrances, (2) pay the F-C Consideration (as defined in the Plan), and (3) assume the F-C Technical Manager Costs (as defined in the Plan). The Debtors shall use the F-C Consideration to satisfy (i) all claims against the vessels securing the F-C Credit Agreements other than F-C Technical Manager Costs and (ii) amounts advanced to the Debtors obligated under the F-C Credit Agreements pursuant to the Bankruptcy Court’s DIP Financing Orders (less the portion of the Synergy management fee paid by the MH Debtor and GK Debtor and pooled at NHL, as set forth in the DVB Term Sheet). For the avoidance of doubt, (1) all guarantees relating to the Existing Flowers Credit Agreement, including from Nautilus Shipholdings No. 1 Limited, shall be fully released as of the Effective Date, and (2) the return of the vessels shall include the transfer of all, to the extent that these items relate to the relevant vessels, (i) receivables, (ii) credits, and (iii) prepayments. The Debtors shall not accelerate any receivables or the use of any credits or prepayments.</p>
<p><b>Classes 8 – HSH-YM Facility Claims (Estimated Amount of HSH-YM Facility Claims: \$191,194,322)</b></p>	<p>An HSH-YM Facility Claim is a claim outstanding under the HSH-YM Facility (as defined below).</p> <p>On, or as soon as reasonably practicable after, the Effective Date, each Holder of an Allowed Class 8 HSH-YM Facility Claim shall receive, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such Claim, its pro rata share of loans under the Amended and Restated HSH-YM Facility. If 60% or greater of Class 8 votes to accept the Plan, the Amended and Restated HSH-YM Facility shall have the terms set forth in Option A on “Exhibit A” of the Plan. If less than 60% of Class 8 votes to accept the Plan, the Amended and Restated HSH-YM Facility shall have the terms set forth in Option B on “Exhibit A” of the Plan.</p> <p>For the avoidance of doubt, the treatment provided to Holders of Class 8 HSH-YM Facility Claim shall be in full and final satisfaction, settlement, release, and discharge of, and in exchange for, all Claims arising under the Existing HSH-YM Credit Agreement, including any Claims arising from or related to any second-priority liens on the vessels securing the Existing Flowers Credit Agreement, which liens shall be terminated and released. All guarantees relating to the Existing HSH-YM Credit Agreement, including from Nautilus</p>

Description And Amount Of Claims Or Interests	Summary Of Treatment
	Shipholdings No. 1 Limited, shall be fully released as of the Effective Date.

Description And Amount Of Claims Or Interests	Summary Of Treatment
<b>Class 9 – General Unsecured Claims</b>	<p>A General Unsecured Claim means any claim other than an Administrative Claim, a Priority Tax Claim, an Other Priority Claim, an Other Secured Claim, a Citi Facility Claim, a Columbia Facility Claim, a DVB 1 Facility Claim, a DVB 2 Facility Claim, a Flowers Facility Claim, an HSH-YM Facility Claim, or an Intercompany Claim. Class 9 consists of 21 subclasses, with each subclass consisting of General Unsecured Claims against a particular Debtor.</p> <p>Within ninety (90) days after the Effective Date or, if such General Unsecured Claim becomes Allowed after the Effective Date, as soon as reasonably practicable after the date on which such General Unsecured Claim becomes Allowed, each Holder of an Allowed Class 9 General Unsecured Claim shall receive, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such Claim, the amount of such Allowed General Unsecured Claim, excluding interest accrued after the Petition Date.</p>
<b>Class 10 – Interests in Nautilus Holdings Limited and Nautilus Holdings No. 2 Limited</b>	All Interests in NHL or Nautilus Holdings No. 2 Limited (" <u>NH2L</u> ") will, on the Effective Date, be reinstated. <sup>3</sup>
<b>Class 11 – Intercompany Claims</b>	An Intercompany Claim is a claim of a Debtor against another Debtor. On or prior to the Effective Date, all Class 11 Intercompany Claims may be Reinstated subject to the terms of the DVB Term Sheet, or, at the Debtors' or Reorganized Debtors' option, be cancelled or compromised, and no distribution shall be made on account of such Claims.
<b>Class 12 – Intercompany Interests in Other Debtors</b>	An Intercompany Interest is an Interest in a Debtor held by another Debtor. Class 12 consists of all Intercompany Interests for each Debtor except Nautilus Holdings Limited, Nautilus Holdings No. 2 Limited, Nautilus Shipholdings No. 3 Limited, Miltons Way Limited, Findhorn Osprey Limited, Earlstown Limited, Floral Peninsula Limited, and Resplendent Spirit Limited. On the Effective Date, all Allowed Intercompany Interests in Other Debtors will be reinstated.

<sup>3</sup> The Holders of such Interests are Reminiscent and Elektra. Andreas Papathomas is the ultimate beneficiary owner of Reminiscent and Elektra and the chief executive officer and director of each of NHL, NH2L and each Intermediate HoldCo.

Description And Amount Of Claims Or Interests	Summary Of Treatment
<b>Class 13 – Intercompany Interests in C-F Debtors</b>	An Intercompany Interest in a C-F Debtor is an Intercompany Interest in Miltons Way Limited, Findhorn Osprey Limited, Earlstown Limited, Floral Peninsula Limited, and Resplendent Spirit Limited. On the Effective Date, all Intercompany Interests in C-F Debtors will be deemed to be cancelled without further action by the Debtors or Reorganized Debtors. The Holder of such cancelled interests shall receive distribution(s) from the estates of Miltons Way Limited, Findhorn Osprey Limited, Earlstown Limited, Floral Peninsula Limited, and Resplendent Spirit Limited, to the extent there is any cash or assets remaining after the payment of the respective claims of such debtors.
<b>Class 14 – Intercompany Interests in Citi Silo Debtors</b>	An Intercompany Interest in a Citi Silo Debtor is an Intercompany Interests in Nautilus Shipholdings No. 3 Limited. On or prior to the Effective Date, each Holder of a Class 13 Intercompany Interest in Citi Silo Debtors shall receive its pro rata share of the warrants exercisable for up to 15% of the equity of each of Reorganized Debtors Nautilus Shipholdings No. 3 Limited, Vivid Mind Limited, Perpetual Joy Limited, Regal Stone Limited, Charming Energetic Limited, and Dynamic Continental Limited, on fully diluted basis, as described in the term sheet attached to the Plan as "Exhibit C." <sup>4</sup> A form of the warrant agreement will be filed with the Plan Supplement.

THE DEBTORS HAVE PREPARED THIS PROPOSED DISCLOSURE STATEMENT PURSUANT TO BANKRUPTCY CODE SECTION 1125 FOR USE IN THE SOLICITATION OF VOTES ON THE PLAN. FOR A COMPLETE UNDERSTANDING OF THE PLAN, YOU SHOULD READ THIS DISCLOSURE STATEMENT, INCLUDING **SECTION V — "RISK FACTORS TO BE CONSIDERED,"** THE PLAN, AND THE APPENDICES AND EXHIBITS HERETO AND THERETO IN THEIR ENTIRETY. IN THE EVENT OF ANY INCONSISTENCY BETWEEN THE PLAN AND THIS DISCLOSURE STATEMENT, THE TERMS OF THE PLAN ARE CONTROLLING.

THE CONFIRMATION AND EFFECTIVENESS OF THE PLAN ARE SUBJECT TO THE SATISFACTION OR WAIVER OF MATERIAL CONDITIONS PRECEDENT. THERE CAN BE NO ASSURANCE THAT THOSE CONDITIONS PRECEDENT WILL BE SATISFIED. THE DEBTORS CURRENTLY INTEND TO SEEK TO EFFECTUATE THE PLAN PROMPTLY AFTER CONFIRMATION OF THE PLAN. THERE CAN BE NO ASSURANCE, HOWEVER, AS TO WHEN AND WHETHER CONFIRMATION OF THE PLAN AND THE EFFECTIVE DATE ACTUALLY WILL OCCUR. PROCEDURES FOR DISTRIBUTIONS UNDER THE PLAN, INCLUDING MATTERS THAT ARE EXPECTED TO AFFECT (A) THE TIMING OF THE RECEIPT OF DISTRIBUTIONS BY HOLDERS OF CLAIMS IN CERTAIN CLASSES AND (B) THE AMOUNT OF DISTRIBUTIONS ULTIMATELY RECEIVED BY SUCH HOLDERS ARE DESCRIBED IN **SECTION IV — "SUMMARY OF THE PLAN OF REORGANIZATION."** IF THE PLAN IS NOT CONFIRMED AND/OR EFFECTUATED, THEN THE DEBTORS WILL HAVE TO CONSIDER ALL OF THEIR OPTIONS AS DEBTORS IN BANKRUPTCY.

<sup>4</sup> The Holder of such Interests is NHL, which is wholly owned by Elektra. Andreas Papathomas is the ultimate beneficiary owner of Elektra and the chief executive officer and director of each of NHL and Nautilus Shipholdings No. 3 Limited.

NO PERSON IS AUTHORIZED BY THE DEBTORS IN CONNECTION WITH THE PLAN OR THE SOLICITATION TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION REGARDING THIS DISCLOSURE STATEMENT OR THE PLAN OTHER THAN AS CONTAINED IN THIS DISCLOSURE STATEMENT AND THE APPENDICES ATTACHED HERETO OR INCORPORATED HEREIN BY REFERENCE OR REFERRED TO HEREIN. IF SUCH INFORMATION OR REPRESENTATION IS GIVEN OR MADE, IT MAY NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE DEBTORS.

THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE LEGAL, BUSINESS, FINANCIAL, OR TAX ADVICE. ANY CREDITOR OR INTEREST HOLDER DESIRING ANY SUCH ADVICE OR ANY OTHER ADVICE SHOULD CONSULT WITH ITS OWN ADVISORS.

THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT, INCLUDING THE INFORMATION REGARDING THE DEBTORS' HISTORY, BUSINESS, AND OPERATIONS, IS INCLUDED FOR PURPOSES OF SOLICITING ACCEPTANCES OF THE PLAN BUT, AS TO CONTESTED MATTERS AND ADVERSARY PROCEEDINGS THAT MAY BE PENDING AS OF THE FILING OF THE DEBTORS' CHAPTER 11 CASES OR COMMENCED AFTER THE FILING OF THE DEBTORS' CHAPTER 11 CASES, IS NOT TO BE CONSTRUED AS AN ADMISSION OR A STIPULATION BUT RATHER AS A STATEMENT MADE IN SETTLEMENT NEGOTIATIONS.

THIS DISCLOSURE STATEMENT MAY NOT BE RELIED ON FOR ANY PURPOSE OTHER THAN TO DETERMINE WHETHER TO VOTE TO ACCEPT OR REJECT THE PLAN, AND NOTHING STATED HEREIN CONSTITUTES AN ADMISSION OF ANY FACT OR LIABILITY BY ANY PARTY, OR SHALL BE ADMISSIBLE IN ANY PROCEEDING INVOLVING THE DEBTORS OR ANY OTHER PARTY, OR BE DEEMED A REPRESENTATION OF THE TAX OR OTHER LEGAL EFFECTS OF THE PLAN ON THE DEBTORS OR HOLDERS OF CLAIMS OR INTERESTS. CERTAIN OF THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT, BY THEIR NATURE, ARE FORWARD-LOOKING AND CONTAIN ESTIMATES AND ASSUMPTIONS. THERE CAN BE NO ASSURANCE THAT SUCH STATEMENTS WILL BE REFLECTIVE OF ACTUAL OUTCOMES. ALL HOLDERS OF IMPAIRED CLAIMS SHOULD CAREFULLY READ AND CONSIDER THIS DISCLOSURE STATEMENT AND THE PLAN IN THEIR ENTIRETY, INCLUDING **SECTION V — "RISK FACTORS TO BE CONSIDERED,"** BEFORE VOTING TO ACCEPT OR REJECT THE PLAN.

THIS DISCLOSURE STATEMENT CONTAINS SUMMARIES OF CERTAIN PROVISIONS OF THE PLAN, CERTAIN DOCUMENTS RELATED TO THE PLAN, CERTAIN EVENTS IN THE DEBTORS' CHAPTER 11 CASES AND CERTAIN FINANCIAL INFORMATION. ALTHOUGH THE DEBTORS BELIEVE THAT SUCH SUMMARIES ARE FAIR AND ACCURATE, SUCH SUMMARIES ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE FULL TEXT OF SUCH DOCUMENTS. FACTUAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS BEEN PROVIDED BY THE DEBTORS' MANAGEMENT, EXCEPT WHERE OTHERWISE SPECIFICALLY NOTED. UNLESS SPECIFICALLY NOTED, THE FINANCIAL INFORMATION CONTAINED HEREIN HAS NOT BEEN AUDITED BY A CERTIFIED PUBLIC ACCOUNTING FIRM. THE DEBTORS DO NOT WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED HEREIN, INCLUDING FINANCIAL INFORMATION, IS WITHOUT ANY INACCURACY OR OMISSION.

THE DEBTORS BELIEVE THAT CONFIRMATION AND IMPLEMENTATION OF THE PLAN IS IN THE BEST INTERESTS OF THE DEBTORS' ESTATES, CREDITORS AND EQUITY INTEREST HOLDERS. ACCORDINGLY, THE DEBTORS URGE HOLDERS OF CLAIMS TO VOTE TO ACCEPT THE PLAN. FOR FURTHER INFORMATION AND INSTRUCTIONS ON VOTING TO ACCEPT OR REJECT THE PLAN, SEE SECTION I OF THIS DISCLOSURE STATEMENT, ENTITLED "PLAN VOTING INSTRUCTIONS AND PROCEDURES."



EXCEPT WITH RESPECT TO THE "FINANCIAL PROJECTIONS" ATTACHED HERETO AS APPENDIX C AND EXCEPT AS OTHERWISE SPECIFICALLY AND EXPRESSLY STATED HEREIN, THIS DISCLOSURE STATEMENT DOES NOT REFLECT ANY EVENTS THAT MAY OCCUR SUBSEQUENT TO THE DATE HEREOF AND THAT MAY HAVE A MATERIAL IMPACT ON THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT. ACCORDINGLY, THE DELIVERY OF THIS DISCLOSURE STATEMENT WILL NOT, UNDER ANY CIRCUMSTANCE, IMPLY THAT THE INFORMATION HEREIN IS CORRECT OR COMPLETE AS OF ANY TIME SUBSEQUENT TO THE DATE HEREOF.

**SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS:** This Disclosure Statement contains certain forward-looking statements, all of which are based on various estimates and assumptions. Such forward-looking statements are subject to inherent uncertainties and to a wide variety of significant business, economic, and competitive risks, including, among others, those summarized herein. *See Section V — "Risk Factors To Be Considered."* When used in this Disclosure Statement, the words "anticipate," "believe," "estimate," "will," "may," "intend," and "expect" and similar expressions generally identify forward-looking statements. Although the Debtors believe that their plans, intentions, and expectations reflected in the forward-looking statements are reasonable, they cannot be sure that they will be achieved. These statements are only predictions and are not guarantees of future performance or results. Forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated by a forward-looking statement. All forward-looking statements attributable to the Debtors or persons acting on their behalf are expressly qualified in their entirety by the cautionary statements set forth in this Disclosure Statement. Forward-looking statements speak only as of the date on which they are made. Except as required by law, the Debtors expressly disclaim any obligation to update any forward-looking statement, whether as a result of new information, future events, or otherwise.

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## **I. PLAN VOTING INSTRUCTIONS AND PROCEDURES**

### **A. Notice to the Lenders**

This Disclosure Statement is being transmitted to holders of claims and interests that are entitled under the Bankruptcy Code to vote on the Plan. The only classes that are entitled to vote on the Plan are: 3A, 3B, 4A, 4B, 5, 6, 7A, 7B, 8, 9, 13, and 14. The purpose of this Disclosure Statement is to provide adequate information to enable such holders to make a reasonably informed decision with respect to the Plan prior to exercising their right to vote to accept or reject the Plan. All other classes are either unimpaired under the Plan, in which case the holders of claims and interests in such classes are deemed to have accepted the Plan, or are receiving no distribution under the Plan, in which case the holders of claims and interests in such classes are deemed to have rejected the Plan.

ALL HOLDERS OF IMPAIRED CLAIMS AND INTERESTS ENTITLED TO VOTE ON THE PLAN ARE ENCOURAGED TO READ THIS DISCLOSURE STATEMENT AND ITS APPENDICES CAREFULLY AND IN THEIR ENTIRETY BEFORE DECIDING TO VOTE TO ACCEPT OR REJECT THE PLAN. THIS DISCLOSURE STATEMENT CONTAINS IMPORTANT INFORMATION ABOUT THE PLAN AND IMPORTANT CONSIDERATIONS PERTINENT TO ACCEPTANCE OR REJECTION OF THE PLAN. THIS DISCLOSURE STATEMENT, THE PLAN, AND BALLOTS ARE THE ONLY DOCUMENTS TO BE USED IN CONNECTION WITH THE SOLICITATION OF VOTES ON THE PLAN. NO PERSON HAS BEEN AUTHORIZED TO DISTRIBUTE ANY INFORMATION CONCERNING THE DEBTORS RELATING TO THE SOLICITATION OTHER THAN THE INFORMATION CONTAINED HEREIN.

### **B. Solicitation Procedures and Solicitation Package**

The Debtors are causing "Solicitation Packages" to be distributed to holders of Claims and Interests. With respect to holders of Claims and Interests entitled to vote on the Plan, each Solicitation Package shall include: (1) a copy of the order approving the form and contents of the Disclosure Statement (the "Disclosure Statement Approval Order"), (2) a notice of the hearing to consider confirmation of the Plan (the "Confirmation Hearing Notice"), (3) this Disclosure Statement with the Plan annexed thereto, and (4) an appropriate form of ballot(s) and appropriate return envelope with postage pre-paid. With respect to holders of Claims and Interests not entitled to vote on the Plan, each Solicitation Package shall include (1) the Confirmation Hearing Notice, (2) a notice of such holder's non-voting status – unimpaired classes, and (3) such other materials as may be ordered or permitted by the Bankruptcy Court.

The Disclosure Statement Approval Order sets forth, among other things (1) solicitation procedures with respect to holders of Claims and Interests in voting classes, (2) the deadline for submitting ballots to accept or reject the Plan, (3) the date, time and place of hearing to consider confirmation of the Plan and the time for filing objections to the Plan, (4) the voting record date, and (5) procedures for tabulation of the ballots cast on the Plan, including assumptions and procedures for tabulating ballots that are not completed fully or correctly. Holders of claims and interests should read the Disclosure Statement Approval Order and, if applicable, the instructions attached to your ballot received in the Solicitation Package in connection with this section of the Disclosure Statement.

### **C. Voting Procedures and Voting Deadline**

After carefully reviewing the Plan, this Disclosure Statement, and the detailed instructions accompanying your ballot, please indicate your acceptance or rejection of the Plan by voting in favor of or against the Plan on the enclosed ballot. Please complete and sign your ballot and return your ballot to Epiq Bankruptcy Solutions, LLC (the "Voting Agent") either by fax to the fax number set forth below; email, to the email address set

forth below; or by hand delivery during customary business hours, or overnight courier to the address set forth below, so that it is received by the Voting Deadline.

THE VOTING DEADLINE IS 5:00 P.M. PREVAILING EASTERN TIME ON DECEMBER 26, 2014 UNLESS EXTENDED BY THE DEBTORS (THE "VOTING DEADLINE"). THE VOTING RECORD DATE FOR DETERMINING WHETHER A HOLDER OF A CLAIM IS ENTITLED TO VOTE ON THE PLAN IS NOVEMBER 14, 2014. FOR YOUR VOTE TO BE COUNTED, YOUR BALLOT MUST BE PROPERLY COMPLETED AS SET FORTH ABOVE AND IN ACCORDANCE WITH THE VOTING INSTRUCTIONS ON THE BALLOT AND RECEIVED NO LATER THAN THE VOTING DEADLINE BY THE VOTING AGENT AT THE ADDRESS, FAX NUMBER OR EMAIL ADDRESS SET FORTH BELOW.

**If by First-Class Mail:**

**Nautilus Holdings Limited Ballot Processing Center  
c/o Epiq Bankruptcy Solutions, LLC  
FDR Station, P.O. Box 5071  
New York, NY 10150-5071**

**If by Hand Delivery or Overnight mail:**

**Nautilus Holdings Limited Ballot Processing Center  
c/o Epiq Bankruptcy Solutions, LLC  
757 Third Avenue, 3rd Floor  
New York, NY 10017**

If you have any questions about the procedure for voting your Claim, the packet of materials that you have received or the amount of your Claim, or if you wish to obtain an additional copy of the Plan, this Disclosure Statement, or any appendices or exhibits to such documents, please contact the Voting Agent as follows:

**By Email: [tabulation@epiqsystems.com](mailto:tabulation@epiqsystems.com)  
By Phone: (646) 282-2500**

Except as provided below, unless the ballot is timely submitted to the Voting Agent before the Voting Deadline or the Bankruptcy Court orders otherwise, the Debtors may, in their sole discretion, reject such ballot as invalid, and therefore decline to utilize it in connection with seeking confirmation of the Plan ("Confirmation"). In the event that any Claim is the subject of an objection or contested matter, any vote to accept or reject the Plan cast with respect to such Claim will not be counted for purposes of determining whether the Plan has been accepted or rejected, unless the Bankruptcy Court orders otherwise.

**D. Revocation; Waivers of Defects; Irregularities**

Unless otherwise directed by the Bankruptcy Court, all questions as to the validity, form, eligibility (including time of receipt), acceptance, revocation, or withdrawal of ballots will be determined by the Voting Agent and the Debtors in their sole discretion, which determination will be final and binding. Once a party delivers a valid ballot for the acceptance or rejection of the Plan, such party may not withdraw or revoke such acceptance or rejection without the Debtors' written consent or an order of the Bankruptcy Court; *provided, however*, that DVB Bank SE, as the Holder of an Allowed Class 5 Claim, shall be entitled to withdraw its vote pursuant to the terms of the Restructuring Support Agreement (as defined below). The Debtors also reserve the right to reject any and all ballots not in proper form.

The Debtors further reserve the right to waive any defects or irregularities or conditions of delivery as to any particular ballot. The interpretation (including the ballot and the respective instructions therein) by the Debtors, unless otherwise directed by the Bankruptcy Court, will be final and binding on all parties. Unless waived, any defects or irregularities in connection with deliveries of ballots must be cured within such time as the Debtors (or the Bankruptcy Court) determine. Neither the Debtors nor any other person will be under any duty to provide notification of defects or irregularities with respect to deliveries of ballots nor will any of them incur any liabilities for failure to provide such notification. Unless otherwise directed by the Bankruptcy Court, delivery of such ballots will not be deemed to have been made until such irregularities have been cured or waived. Ballots previously furnished (and as to which any irregularities have not theretofore been cured or waived) will be invalidated.

#### **E. Confirmation Hearing and Deadline for Objections to Confirmation**

THE BANKRUPTCY COURT HAS SCHEDULED A HEARING TO CONSIDER CONFIRMATION OF THE PLAN ON JANUARY 9, 2015. PURSUANT TO THE NOTICE OF CONFIRMATION HEARING PROVIDED TO HOLDERS OF CLAIMS AND INTERESTS OR THEIR REPRESENTATIVES, OBJECTIONS TO CONFIRMATION MUST BE FILED WITH THE BANKRUPTCY COURT BY DECEMBER 29, 2014 AT 5:00 P.M. PREVAILING EASTERN TIME AND ARE GOVERNED BY BANKRUPTCY RULES 3020(B) AND 9014 AND THE LOCAL RULES OF THE BANKRUPTCY COURT. UNLESS AN OBJECTION TO CONFIRMATION IS TIMELY SERVED AND FILED, SUCH OBJECTION TO CONFIRMATION MAY NOT BE CONSIDERED BY THE BANKRUPTCY COURT AT THE CONFIRMATION HEARING.

### **II. OVERVIEW OF THE DEBTORS**

This Disclosure Statement contains, among other things, descriptions and summaries of provisions of the Plan. Unless otherwise defined herein, all capitalized terms contained herein have the meanings ascribed to them in the Plan.

#### **A. Corporate Structure**

Nautilus Holdings Limited ("NHL") and Nautilus Holdings No. 2 Limited ("NH2L") are holding companies and ultimate parents of each of the other Debtors in these chapter 11 cases (the "Chapter 11 Cases"). A list of the Debtors and a corporate organization chart is attached as Appendix B hereto. NHL is wholly owned by equity holder Elektra Limited ("Elektra") and NH2L is wholly owned by equity holder Reminiscent Ventures S.A. ("Reminiscent"). NHL and NH2L together own three intermediate holding companies: Nautilus Shipholdings No. 1 Limited, Nautilus Shipholdings No. 2 Limited, and Nautilus Shipholdings No. 3 Limited (each, an "Intermediate HoldCo"). The Intermediate HoldCos in turn own 16 separate Debtors, each of which wholly-owns one of the Debtors' 16 vessels (each such Debtor, a "Vessel Owner"). NHL, NH2L and each of the Intermediate HoldCos maintains registered addresses at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda. The Vessel Owners maintain offices at 35th FL, Citicorp Centre, 18 Whitfield Road, North Point, Hong Kong and 23rd FL, 248 Queen's Road East, Wanchai, Hong Kong. All of the Debtors also maintain an office in White Plains, New York.

#### **B. Business Operations**

The Debtors are a leading owner of containerships engaged in the seaborne transportation of containers worldwide. The Debtors' enterprise currently includes a fleet of 16 vessels, each of which is wholly-owned by one of the Vessel Owners (each an indirect subsidiary of NHL or NH2L). The Debtors' fleet consists of containerships ranging in size from approximately 2,500 TEU to 7,000 TEU (together, the "Vessels") with a total carrying capacity of approximately 70,000 TEU, making the Debtors one of the world's top 25 independent



containership owners. The term "TEU" stands for "twenty-foot equivalent unit," which is the standard unit for measuring a containership's cargo carrying capacity.

Synergy Management Services Limited ("Synergy"), a non-Debtor entity affiliated with Reminiscent and Elektra (Synergy, Reminiscent, and Elektra, collectively, the "Equity-Related Entities"), provides management services to the Debtors. The chairman of Synergy, Andreas Papathomas, is also the ultimate beneficiary owner of Reminiscent and Elektra, and is the chief executive officer and director of each of NHL, NH2L and each Intermediate HoldCo. Synergy manages the business and affairs of the Debtors pursuant to management agreements with NHL and NH2L. Synergy provides commercial management to source and negotiate charters, manages customer relationships, and oversees the management of charter contracts. Synergy also provides general administrative and strategic management services to the Debtors, including financial and corporate management, business development, and relationship management with banks and lenders on behalf of the Debtors. Additionally, Synergy makes payment to certain vendors as agent for the Debtors, and in general, arranges for the purchase of certain services and supplies, such as obtaining insurance coverage and lubrication oils for the Vessels, on a consolidated basis to all the Debtors. Synergy also provides oversight to the Vessels by closely monitoring and managing Technical Managers (as defined below). Synergy's management of all of the Debtors as a unified enterprise provides the Debtors with a competitive advantage in sourcing charter contracts and controlling both the cost and quality of the Vessels' operations.

Technical ship management and crewing services for the Vessels are provided through ship management companies ("Technical Managers"). Currently, these services are provided by two Technical Managers unaffiliated with Synergy or the Debtors – Anglo-Eastern Ship Management Limited and Univan Ship Management Limited. The Technical Managers provide operational management services for all of the Vessels pursuant to discrete technical management agreements with each Vessel. These services are provided under agreements substantially in the form of shipping industry standard "Shipman 98" contracts and include, among other things, arranging for and managing crews, vessel maintenance, repairs, and maintaining regulatory and classification society compliance. Synergy disburses monthly payments to the Technical Managers based upon an annual budget for each Vessel. The Technical Managers, in turn, pay certain of the Vessel Owners' vendors as agent for the Vessel Owners.

The Debtors generate revenues by deploying their fleet on fixed-rate period charters. The Debtors' Vessels are currently employed under fixed-rate period charters to a diverse group of container liner companies, including many of the largest such companies globally. Customers have included A P Moller – Maersk A/S, CMA CGM S.A., Evergreen Marine Corp. (Taiwan) Ltd., Yang Ming Marine Transport Corp., Hapag-Lloyd AG, United Arab Shipping Company (S.A.G.), and Compañía Chilena de Navegación Interoceánica S.A. The Vessels operate globally for the Debtors' customers on regularly scheduled routes between large commercial ports. From inception, the Debtors have employed a strategy to deploy their Vessels on long-term charters to take advantage of the associated stable cash flow and high utilization rates. The Debtors deploy their Vessels according to their assessment of market conditions. In the current market, shorter-term charter contracts may be preferred to avoid locking in fixed rates at low levels. As of October 15, 2014, all 16 of the Vessels in the Debtors' fleet were employed under fixed-rate period charters. With the Vessels owned by the Citi Silo Debtors, the Columbia Debtor, and the Flowers Debtors, for fiscal year 2015, the Debtors estimate that they will generate total revenue of approximately \$107 million and EBITDA, adjusted for non-recurring items and costs associated with its balance sheet restructuring, of approximately \$64 million. Without the Vessels owned by the Citi Silo Debtors, the Columbia Debtor, and the Flowers Debtors, for fiscal year 2015, the Debtors estimate that they will generate total revenue of approximately \$53 million and EBITDA, adjusted for non-recurring items and costs associated with its balance sheet restructuring, of approximately \$36 million.

### **C. Capital Structure**

As illustrated on the corporate organization chart attached as Appendix B hereto, the Vessel Owners are organized into four separate groups or "silos" that reflect obligations to separate lenders under six

separate loan facilities (each a "Secured Credit Facility," and collectively, the "Secured Credit Facilities"). Each of these four silos and the related Secured Credit Facilities is described below.

1. *Silo 1 – "HSH Silo"*

(a) The Columbia Facility. Debtor Miltons Way Limited (the "Columbia Debtor") is a borrower under that certain senior secured credit facility, dated as of July 6, 2007, utilized to partially finance the acquisition of one container vessel named *MV Columbia* (the "Columbia Facility"). The loan agreement and various documents executed in connection with the Columbia Facility, including, without limitation, any related swap agreement, guarantees, or pledges, are referred to herein as the "Columbia Facility Documents." The unpaid principal balance of the Columbia Facility is approximately \$41,400,000. The Columbia Debtor's obligations under the Columbia Facility are secured by liens on substantially all of the Columbia Debtor's hard assets, including the vessel and the Columbia Debtor's cash. HSH Nordbank AG ("HSH Nordbank") is the swap bank, agent, security trustee, and lender under the Columbia Facility. Nautilus Shipholdings No. 1 Limited is a party to a Guarantee dated as of July 6, 2007 pursuant to which it undertook to guarantee the Columbia Debtor's obligations in connection with the Columbia Facility (the "Columbia Facility Guarantee").

(b) The Flowers Facility. Debtors Resplendent Spirit Limited, Earlstown Limited, Findhorn Osprey Limited and Floral Peninsula Limited (collectively known as the "Flowers Debtors") are borrowers under that certain senior secured credit facility, dated as of February 12, 2007, utilized to partially finance the acquisition of four container vessels named *MV Camellia*, *MV Dahlia*, *MV ANL Kardinia*, and *MV Violet* (the "Flowers Facility"). The loan agreement and various documents executed in connection with the Flowers Facility, including, without limitation, any related swap agreement, guarantees, or pledges, are referred to herein as the "Flowers Facility Documents." The unpaid principal balance of the Flowers Facility is approximately \$118,175,000. The Flowers Debtors' obligations under the Flowers Facility are secured by liens on substantially all of the Flowers Debtors' hard assets, including the vessels and the Flowers Debtors' cash. HSH Nordbank is the swap bank, agent, security trustee, and lender under the Flowers Facility. Nautilus Shipholdings No. 1 Limited is a party to a Guarantee dated as of February 12, 2007 pursuant to which it undertook to guarantee the Flowers Debtors' obligations in connection with the Flowers Facility (the "Flowers Facility Guarantee").

2. *Silo 2 – "HSH Syndicate Silo"*

(a) The HSH-YM Facility. Debtors Metropolitan Vitality Limited, Magic Peninsula Limited, Able Challenger Limited and Superior Integrity Limited (collectively known as the "HSH-YM Debtors") are borrowers under that certain senior secured credit facility, dated as of April 12, 2007, utilized to partially finance four container vessels named the *MV YM Oakland*, *MV YM Busan*, *MV YM Antwerp*, and *MV YM Keelung* (the "HSH-YM Facility"). The loan agreement and various documents executed in connection with the HSH-YM Facility, including, without limitation, any related swap agreement, guarantees, or pledges, are referred to herein as the "HSH-YM Facility Documents." The unpaid principal balance of the HSH-YM Facility is approximately \$190,957,589. The HSH-YM Debtors' obligations under the HSH-YM Facility are secured by first priority liens on substantially all of the HSH-YM Debtors' hard assets, including the vessels and the HSH-YM Debtors' cash, and second priority liens over the vessels owned by the Flowers Debtors. HSH Nordbank is the swap bank, agent, security trustee, and one of the lenders under the HSH-YM Facility. Nautilus Shipholdings No. 1 Limited is a party to a Guarantee dated as of April 12, 2007 pursuant to which it undertook to guarantee the HSH-YM Debtors' HSH-YM Facility' obligations in connection with the HSH-YM Facility (the "HSH-YM Facility Guarantee").

3. *Silo 3 – "DVB Silo"*

(a) Golden Knighthead (GK) – DVB Facility 1. Debtor Golden Knighthead Limited (the "GK Debtor") is party to that certain Loan Agreement, dated as of July 11, 2007, between the GK Debtor, as borrower, and DVB Bank SE (f/k/a DVB Bank AG), as lender, swap bank, agent, and security trustee, relating to a

\$91,237,500 facility utilized to finance, in part, the purchase of the container vessel currently named M/V Texas (the "DVB 1 Facility"). The Loan Agreement and various documents executed in connection with the DVB 1 Facility, including, without limitation, the related swap agreement, guarantee, and Finance Documents (as defined in the Loan Agreement) are referred to herein as the "DVB 1 Facility Documents." The unpaid principal balance of the DVB 1 Facility is approximately \$73,191,500 (exclusive of swap obligations). To secure the payment and performance of all obligations under the DVB 1 Facility Documents, the GK Debtor granted DVB Bank SE, among other things, a first priority mortgage over the M/V Texas and a continuing security interest in the GK Debtor's cash. In addition, Debtor Nautilus Shipholdings No. 2 Limited granted DVB Bank SE, among other things, a continuing security interest in all shares of the GK Debtor, and Debtor Nautilus Shipholdings No. 2 Limited is a party to that certain Nautilus Guarantee, dated as of July 11, 2007, pursuant to which it guaranteed the obligations of the GK Debtor with respect to the DVB 1 Facility (the "DVB 1 Facility Guarantee").

(b) Metropolitan Harbour (MH) – DVB Facility 2. Debtor Metropolitan Harbour Limited (the "MH Debtor") is party to that certain Loan Agreement, dated as of July 11, 2007, between the MH Debtor, as borrower, and DVB Bank SE (f/k/a DVB Bank AG), as lender, swap bank, agent, and security trustee, relating to a \$91,237,500 facility utilized to finance, in part, the purchase of the container vessel currently named M/V Washington (the "DVB 2 Facility"). The Loan Agreement and various documents executed in connection with the DVB 2 Facility, including, without limitation, the related swap agreement, guarantee, and Finance Documents (as defined in the Loan Agreement) are referred to herein as the "DVB 2 Facility Documents." The unpaid principal balance of the DVB 2 Facility is approximately \$73,191,500 (exclusive of swap obligations). To secure the payment and performance of all obligations under the DVB 2 Facility Documents, the GK Debtor granted DVB Bank SE, among other things, a first priority mortgage over the M/V Washington and a continuing security interest in the MH Debtor's cash. In addition, Debtor Nautilus Shipholdings No. 2 Limited granted DVB Bank SE, among other things, a continuing security interest in all shares of the MH Debtor, and Debtor Nautilus Shipholdings No. 2 Limited is a party to that certain Nautilus Guarantee, dated as of July 11, 2007, pursuant to which it guaranteed the obligations of the MH Debtor with respect to the DVB 2 Facility (the "DVB 2 Facility Guarantee").

4. *Silo 4 – "Citi Silo"*

(a) Citi Facility. Debtors Charming Energetic Limited, Dynamic Continental Limited, Perpetual Joy Limited, Regal Stone Limited and Vivid Mind Limited (collectively known as the "Citi Silo Debtors") are borrowers under that certain senior secured credit facility, dated as of September 25, 2007, as amended by that certain Supplemental Agreement dated September 7, 2012, utilized to partially finance the purchase of five container vessels named *MV Rotterdam*, *MV Hamburg*, *MV Venezia*, *MV Corcovado* and *MV Ital Onesta* (the "Citi Facility"). The loan agreement and various documents executed in connection with the Citi Facility, including, without limitation, any related swap agreement, guarantees, or pledges, are referred to herein as the "Citi Facility Documents." The unpaid principal balance on the Citi Facility is approximately \$272,553,501. The Citi Facility is composed of two tranches, with tranche B fully subordinated to tranche A. The Citi Silo Debtors' obligations under the Citi Facility are secured by liens on substantially all of the Citi Silo Debtors' hard assets, including the vessels and the Citi Silo Debtors' cash. The counterparties to the Citi Facility are Citibank, N.A. and Bank of Scotland plc, in their capacity as swap banks, Citibank International plc as agent, Citibank, N.A. as security trustee, Citigroup Global Markets Limited as arranger and Citibank, N.A., Bank of Scotland plc, Lloyds TSB Bank plc, UniCredit Bank AG, Goldman Sachs Bank (Europe) Plc, Goldman Sachs International Bank and Sculptor Investments S.a.r.l. as lenders. Nautilus Shipholdings No. 3 Limited is a party to a Guarantee dated as of September 25, 2007 pursuant to which it undertook to guarantee the Citi Silo Debtors' obligations in connection with the Citi Facility (the "Citi Facility Guarantee").

The Secured Credit Facilities and swap agreements are summarized in the following chart:

<b>Silo</b>	<b>Debt Instrument</b>	<b>Borrowers</b>	<b>Secured Parties</b>	<b>Guarantors</b>	<b>Number of Vessels Securing Debt</b>	<b>Approximate Swap Liability<sup>5</sup></b>	<b>Approximate Amount Outstanding<sup>6</sup></b>
1	Flowers Facility (dated February 12, 2007)	Findhorn Osprey Limited; Earlstown Limited; Floral Peninsula Limited and Resplendent Spirit Limited	HSH Nordbank AG (Lender)	Nautilus Shipholdings No. 1 Limited	4	N/A	\$118.2 million
	Columbia Facility (dated July 6, 2007)	Miltons Way Limited	HSH Nordbank AG (Lender)	Nautilus Shipholdings No. 1 Limited	1	N/A	\$41.4 million
2	HSH-YM Facility (dated April 12, 2007)	Able Challenger Limited; Magic Peninsula Limited; Metropolitan Vitality Limited; and Superior Integrity Limited	HSH Nordbank AG and certain other lenders party thereto (Lenders)  HSH Nordbank AG (Swap Bank)	Nautilus Shipholdings No. 1 Limited	4 (as well as second-priority liens on the Flowers Facility vessels)	N/A	\$191.0 million
3	DVB 1 Facility (dated July 11, 2007)	Golden Knighthead Limited	DVB Bank SE (Lenders)  DVB Bank SE (Swap Bank)	Nautilus Shipholdings No. 2 Limited	1	\$8.6 million	\$73.2 million
	DVB 2 Facility (dated July 11, 2007)	Metropolitan Harbour Limited	DVB Bank SE (Lenders)  DVB Bank SE (Swap Bank)	Nautilus Shipholdings No. 2 Limited	1	\$8.5 million	\$73.2 million

<sup>5</sup> The amounts listed are non-discounted future cash flow estimates based on current LIBOR rates as of June 23, 2014, and do not reflect postpetition payments of swap liabilities. As such, the amounts remain subject to reconciliation.

<sup>6</sup> The amounts listed as owing under the Debtors' various debt instruments represent the estimated outstanding principal balances as of June 23, 2014, are approximate, and remain subject to reconciliation.

Silo	Debt Instrument	Borrowers	Secured Parties	Guarantors	Number of Vessels Securing Debt	Approximate Swap Liability <sup>5</sup>	Approximate Amount Outstanding <sup>6</sup>
4	Citi Facility (dated September 25, 2007)	Vivid Mind Limited; Perpetual Joy Limited; Regal Stone Limited; Charming Energetic Limited; Dynamic Continental Limited	Citibank, N.A., Bank of Scotland plc and certain other lenders party thereto (Lenders)  Citibank, N.A. and Bank of Scotland plc (Swap Banks)	Nautilus Shipholdings No. 3 Limited	5	\$0.9 million (\$0.4 million with Citibank N.A.; \$0.4 million with Bank of Scotland plc)	\$272.6 million

#### D. Events Leading to the Debtors' Need to Restructure

The Debtors' profitability depends on the charter rates and duration of existing charter contracts for the Vessels and on the rates they are able to charge for new charters as existing contracts expire. Short term hire rates are inherently volatile, as imbalances between the supply and demand for vessel capacity and for containers carried by sea internationally fluctuate. The international container shipping industry has suffered a severe downturn in recent years. The industry is affected by numerous factors, including, but not limited to, global and regional economic conditions, the state of international trade, changes in transportation patterns and structural changes in the container shipping industry. Since 2008, a combination of these factors has influenced overall supply and demand, bringing container vessel charter rates towards historic lows. The Debtors' business has experienced significant pressure as a result of the expiration of several existing long-term charter contracts with rates higher than current charter rates which reflect a depressed market for container vessels.

The downturn in the container shipping industry has in part been driven by an oversupply of newbuildings, with approximately 1.4 and 1.5 million new TEU of capacity entering the market in 2013 and 2014, respectively, meeting relatively soft demand growth during this period. Reduced cash flows as existing long-term, higher rate charters expire, combined with the Debtors' highly-leveraged capital structure, have left some of the Debtors struggling to service their debt. As a result, some of the Debtors were not able to comply with certain covenants and payment obligations under their loan agreements.

Despite well-publicized challenges in the container shipping industry, the Debtors believe they are uniquely positioned to perform relatively well due to a combination of (i) a number of Vessels currently operating under long term charters with favorable rates and do not mature until 2018/2019, giving more time for market rates to recover and (ii) the Debtors' relationships with the top performing liner operators who are leading market consolidation efforts. Further confidence in the Debtors' long term prospects is reflected by Reminiscent's acquisition from previous equity interest holders of their equity stakes in each of NHL and NH2L preceding and during the Chapter 11 Cases, as well as Elektra's postpetition acquisition of the entire equity stake in NHL. Moreover, respected industry forecasters such as Marsoft are predicting that rates should begin to rebound over the next couple of years as economic conditions improve.

Moreover, each silo generally generates sufficient revenue to cover its operating expenses. Although on a per Vessel basis, certain Debtors have tighter cash constraints than others, overall immediately prior to filing the Chapter 11 Cases, the Debtors had accumulated very significant amounts of cash, and held approximately \$64 million in the aggregate in their accounts. As of October 4, 2014, the Debtors held approximately \$76 million in the aggregate in their accounts.

For many months prior to the filing of these Chapter 11 Cases, the Debtors attempted to explore various restructuring alternatives with their lenders and shareholders. The process was challenging on account of the different interests of the lenders and shareholders, in some instances, with respect to their respective silos. The Debtors therefore commenced these Chapter 11 Cases to afford a centralized forum for the collective restructuring of the Debtors' various loan obligations. They also did so in order to avoid possible precipitous action by certain lenders, which could have resulted in an ad hoc, piecemeal exercise of remedies that the Debtors believe would have jeopardized enterprise value, including a potential loss of the Debtors' significant cash reserves. The Debtors also appointed an independent director with significant experience with restructuring and the chapter 11 process for each of the Debtors (except NHL) to improve the restructuring process and further all constituents' efforts in achieving a successful outcome to these cases.

### **III. THE CHAPTER 11 CASES**

#### **A. First Day Motions**

To ease their transition into chapter 11 and to expedite their emergence from chapter 11, on the Petition Date, the Debtors filed various "first day" motions. In particular, the Debtors filed motions requesting permission for administrative relief, including motions directing joint administration, authorizing the filing of a consolidated creditor list and establishing certain notice procedures, and authorizing an extension to file schedules and statements. The Debtors also sought an order enforcing the automatic stay and declaring invalid ipso facto provisions. The Debtors sought this relief in order to protect their assets on a worldwide basis against parties in foreign jurisdictions and to preserve value for the estates. The Bankruptcy Court entered final orders approving these motions on June 25, 2014.

Additionally, the Debtors filed motions to continue operating their business, including, among others, motions to continue using their existing cash management system and to pay certain prepetition vendors and taxes. On June 25, 2014, the Bankruptcy Court granted each of these motions on an interim basis. Subsequently, the Bankruptcy Court entered final orders granting the Debtors authority to pay certain prepetition vendors and taxes on July 11 and July 14, 2014, respectively. The Bankruptcy Court also entered a subsequent interim order authorizing the Debtors to continue using their existing cash management systems on August 7, 2014.

#### **B. Retention of Restructuring and Other Professionals**

To assist the Debtors in carrying out their duties as debtors-in-possession and to represent their interests in the Chapter 11 Cases, the Debtors obtained Bankruptcy Court approval to retain (i) Skadden, Arps, Slate, Meagher & Flom LLP as their counsel ("Skadden"), (ii) AP Services, LLC, an affiliate of AlixPartners, LLP to provide interim management and restructuring services ("APS"), and designating James A. Mesterharm as Chief Restructuring Officer, (iii) Blackstone Advisory Partners L.P. as financial advisor and investment bankers ("Blackstone"), and (iv) Marsoft, Inc. as maritime consultant ("Marsoft"). In addition, the Bankruptcy Court granted the Debtors the authority to utilize the services of various additional professionals as "ordinary course professionals" to assist the Debtors.

#### **C. Use of Cash Collateral and Postpetition Financing**

As of the Petition Date, without access to "cash collateral" as that term is defined in section 363 of the Bankruptcy Code (which includes, but is not limited to, any and all cash of any kind, whether in reserved accounts, blocked accounts or otherwise) (the "Cash Collateral"), the Debtors would have insufficient liquidity to continue to operate their businesses and pay restructuring costs associated with the Chapter 11 Cases. The Debtors determined that access to the Cash Collateral was necessary to ensure sufficient working capital and liquidity to operate the Debtors' businesses and thus preserve and maintain going concern value of the Debtors' estates.

Accordingly, on the Petition Date, the Debtors filed a motion seeking authority to use the Cash Collateral (the "Cash Collateral Motion"). The relief sought in the Cash Collateral Motion advanced the Debtors' efforts in obtaining post-petition liquidity, which was essential for the Debtors in order for them to continue operating their business in the ordinary course during the Chapter 11 Cases. The Bankruptcy Court approved the approved the Cash Collateral Motion on an interim basis on June 25, 2014, July 15, 2014, August 6, 2014, and August 20, 2014, and on a final basis on September 25, 2014.

#### **D. Claims Process and Bar Date**

##### *1. Schedules and Statements*

On August 6, 2014, the Debtors filed their schedules of assets and liabilities, statements of financial affairs, and schedules of executory contracts and unexpired leases (the "Schedules"). On October 1, 2014, the Debtors filed amendments to the Schedules of the Flowers Debtors. On November 14, 2014, the Debtors filed amendments to the Schedules of Debtor Regal Stone Limited.

##### *2. Bar Date*

On September 17, the Bankruptcy Court entered an order establishing the following deadlines for filing proofs of Claim against the Debtors and prescribing the form and manner thereof: (i) October 31, 2014 at 5:00 p.m. (prevailing Eastern time) (the "General Bar Date") for all creditors unless they fall within one of the exceptions; (ii) the later of (a) the General Bar Date and (b) 5:00 p.m. (prevailing Eastern time) on the date that is 30 days after entry of a Court order pursuant to which executory contracts or unexpired leases are rejected for claims arising from such rejected agreements; (iii) the later of (a) the General Bar Date and (b) 5:00 p.m. (prevailing Eastern time) on the date that is 30 days after the date that notice of any applicable amendment or supplement to the Schedules is served on a claimant for those claims affected by any such amendment or supplement to the Schedules; and December 22, 2014 at 5:00 p.m. (prevailing Eastern time) for governmental units (Docket No. 126) (collectively, the "Bar Date").

#### **E. Plan Exclusivity**

Upon commencement of these Chapter 11 Cases, Section 1121(d) of the Bankruptcy Code provided the Debtors with the exclusive right to file and solicit a Chapter 11 plan through and including October 22, 2014 and December 23, 2014, respectively. On October 17, 2014, the Bankruptcy Court granted an extension of the Debtors' exclusive solicitation period, and the Debtors were granted the exclusive right to solicit votes through and including January 15, 2015 [Docket No. 194]. The Debtors requested this extension to give them sufficient time to, among other things, reach accord with the Prepetition Secured Lenders on the consensual terms of a plan.

#### **F. Plan Negotiations With Prepetition Secured Lenders**

Since the outset of these Chapter 11 Cases, the Debtors and their advisors from Skadden, APS, and Blackstone have engaged in extensive discussions with the Debtors' prepetition secured lenders, as well as their principals, financial advisors, and attorneys, as applicable, in an effort to reach a global resolution with respect to the Chapter 11 Cases. Additionally, where the Debtors thought it would be helpful to ongoing discussions, the Debtors scheduled in-person meetings with certain of their prepetition secured lenders. In particular, the Debtors and their advisors from Skadden, APS, and Blackstone traveled to various in-person meetings at several locations to meet with the Debtors' prepetition secured lenders and their advisors. The Debtors traded multiple restructuring proposals with each of their main creditor constituencies. As described in additional detail below, as a result of their efforts,

the Debtors reached an agreement with DVB with respect to the terms of a Restructuring Support Agreement, dated September 19, 2014 (the "Restructuring Support Agreement").

#### **G. Restructuring Support Agreement and Rule 9019 Settlement**

After extensive dialogue and negotiations with DVB, the Debtors negotiated the terms of the Restructuring Support Agreement and term sheet annexed thereto (the "DVB Term Sheet"). The Restructuring Support Agreement represents a settlement of DVB's issues related to the Debtors' use of cash collateral and the debtor in possession financing facility, and reflects the terms and conditions on which DVB agreed to support a restructuring of the DVB 1 Facility and the DVB 2 Facility. Among other things, the DVB Term Sheet provides for the amendment and restatement of the DVB 1 Facility and DVB 2 Facility, both with interest rates of LIBOR plus 2.25% per annum and maturities of June 30, 2023, and both as described in more detail in the Restructuring Support Agreement annexed to the Plan as Exhibit D. The DVB Term Sheet provides that, upon the Bankruptcy Court's approval of the Restructuring Support Agreement, the Debtors will, among other things: (i) pay overdue swap payments and to continue to make swap payments to the DVB lenders in accordance with the applicable loan documents and the DVB Term Sheet; (ii) pay overdue interest and to continue to make interest payments in accordance with the applicable loan documents and the DVB Term Sheet; and (iii) Synergy will accept reduced payment terms on its management fee of \$25,000 per vessel per month. The Debtors commenced making the overdue interest payments as of October 10, 2014 and Synergy is expected to accept the reduced management fee payment for October. Subject to the satisfaction of all terms in the Restructuring Support Agreement, the Debtors will, on the Effective Date, (x) pay not less than \$13 million to reduce the outstanding principal of the DVB Facilities; (y) be required to be in compliance with certain provisions related to, among other things, minimum liquidity on the Effective Date, loan-to-value ratio, minimum cash per Vessel, and the establishment of reserve accounts; and (z) enter into the Amended and Restated DVB 1 Facility and the Amended and Restated DVB 2 Facility.

In exchange for, inter alia, treatment of the equity interests in NHL under the Plan, the Equity-Related Entities agreed to make the following contributions, among others, to the terms of the restructuring of the DVB 1 Facility and the DVB 2 Facility: (i) provision of a revolving shortfall guaranty up to \$2.5 million; (ii) a reduction of the Synergy management fee to \$25,000 per vessel per month (subject to annual adjustment for inflation); and (iii) relinquishment of that portion of the Synergy management fee paid by the MH Debtor and GK Debtor and pooled at NHL (i.e., 40% of amounts upstreamed by those Debtors for payment of the Synergy management fee since commencement of these Chapter 11 Cases) to those Debtors, except to the extent such amounts may be used to repay the debtor-in-possession financing facility, as set forth in the DVB Term Sheet. The Bankruptcy Court entered an order approving the Restructuring Support Agreement on October 3, 2014 [Docket No. 165].

#### **H. Agreement to Pay Certain Fees**

In the event that the vessels securing the F-C Credit Agreements are not turned over to the respective lenders thereunder by January 31, 2015, the Debtors shall pay the fees and expenses of Seward & Kissel LLP and Lazard beginning on February 1, 2015, provided, however, that such fees and expenses shall be reasonable and documented and the Debtors' responsibility therefore shall not be for any fees and expenses incurred beyond the date of a transfer of the vessels.

### **IV. SUMMARY OF THE PLAN OF REORGANIZATION**

The statements contained in this Disclosure Statement include summaries of the provisions contained in the Plan and in the documents referred to therein. The statements contained in this Disclosure Statement do not purport to be precise or complete statements of all the terms and provisions of the Plan or the documents referred to therein, and reference is made to the Plan and to such documents for the full and complete



statements of such terms and provisions. The Plan itself and the documents referred to therein control the actual treatment of Claims against and Interests in the Debtors under the Plan and will, upon the Effective Date, be binding upon all holders of Claims against and Interests in the Debtors and their estates, the Reorganized Debtors, and other parties in interest. In the event of any conflict between this Disclosure Statement, on the one hand, and the Plan or any other operative document, on the other hand, the terms of the Plan and such other operative document are controlling.

#### **A. Overview of Chapter 11**

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. Under chapter 11 of the Bankruptcy Code, a debtor is authorized to reorganize or liquidate its business for the benefit of itself, its creditors, and its interest holders. Another goal of chapter 11 is to promote equality of treatment for similarly situated creditors and similarly situated interest holders with respect to the distribution of a debtor's assets. The commencement of a chapter 11 case creates an estate that is comprised of all of the legal and equitable interests of the debtor as of the filing date. The Bankruptcy Code provides that the debtor may continue to operate its business and remain in possession of its property as a "debtor in possession."

The consummation of a plan of reorganization or liquidation is the principal objective of a chapter 11 case. The plan sets forth the means for satisfying claims against and interests in a debtor. Confirmation of a plan by the Bankruptcy Court makes that plan binding upon the debtor and any creditor of or equity security holder in the debtor, whether or not such creditor or equity security holder (i) holds a claim or interest that is impaired under the plan; (ii) has voted to accept or reject the plan; or (iii) receives or retains any property under the plan.

#### **B. Contribution of Equity-Related Entities**

The Plan provides for the release of claims against Mr. Andreas Papathomas and the Equity-Related Entities in exchange for certain consideration described in the Plan. In addition, certain interests of the Equity-Related Entities are reinstated under the Plan, in particular, the Class 12 – Intercompany Interests in Other Debtors. In exchange for, inter alia, the releases and the treatment of the equity interests in NHL under the Plan, the Equity-Related Entities have made the following contributions, among others, to the Plan and to the overall restructuring process: (A) agreeing to provide a subordinated debtor in possession facility at a low interest rate in an amount up to \$5 million for the to provide the Debtors with immediate access to cash to use in connection with their restructuring efforts; (B) acquiring the shares of NHL and NH2L from the Class B and Class C shareholders, thereby enabling the Debtors to streamline their restructuring efforts and focus their attention on their prepetition secured obligations; (C) in general supporting and participating in the restructuring process while providing unfettered access for the Debtors' professionals to the books and records maintained by Synergy for the benefit of the Debtors to enable the Debtors to fulfill their obligations as debtors in possession without any corresponding remuneration to their employees; (D) agreeing to support a consensual plan without challenging valuation issues; (E) with respect to the restructuring of the DVB 1 Facility and the DVB 2 Facility: (i) a shortfall guaranty of up to \$2.5 million on a revolving basis; (ii) a reduction of the management fee payable to Synergy by DVB borrowers to \$25,000 per vessel per month (subject to annual adjustment for inflation); and (iii) a return of that portion of the Synergy management fee paid by the MH Debtor and GK Debtor and pooled at NHL (i.e., 40% of amounts upstreamed by those Debtors for payment of the Synergy management fee since commencement of these Chapter 11 Cases) to those Debtors (subject to amounts used to repay the debtor-in-possession financing facility, as set forth in the DVB Term Sheet) and (F) with respect to the restructuring of the other Secured Credit Facilities, a reduction of the management fee payable to Synergy by each of the borrowers and/or reorganized Vessel-owning entities (as applicable). As a consequence, the means for implementation of the Plan include the entry into vessel management agreements (i) between the Reorganized Citi Debtors and Synergy, (ii) between NHL, the MH Debtor and GK Debtor on the one hand and Synergy on the other and (iii) between NH2L (with respect to the HSH-YM Debtors) and Synergy, each as will be set forth in the Plan Supplement. The Debtors believe that the Debtors and their stakeholders benefit from the contribution of the Equity-Related Entities because the agreements and concessions that are the basis for the

contribution were a material component of the Plan negotiations and led to the ultimate agreement with the Participating Lenders on the overall terms of the restructuring.

**C. Plan Supplement**

On or prior to December 22, 2014, the Debtors will file the Plan Supplement, which consists of the compilation of documents and forms of documents, schedules and exhibits to the Plan. The Plan Supplement may be altered, amended, modified or supplemented from time to time in accordance with the terms of the Plan and in accordance with the Bankruptcy Code and the Bankruptcy Rules.

**D. Classification and Settlement and Treatment of Claims and Interests**

The Plan classifies Claims and Interests separately and provides different treatment for different Classes of Claims and Interests in accordance with the Bankruptcy Code. The Debtors are not presently seeking to substantively consolidate the Chapter 11 Cases for any purpose and nothing in the Plan shall substantively consolidate or be deemed or substantively consolidate the Debtors' estates. As described more fully below, the Plan provides, separately for each Class, that holders of Claims and Interests will receive types of consideration based on the different rights of the holders of Claims or Interests in each Class. A Claim or Interest is placed in a particular Class only to the extent that the Claim or Interest falls within the description of that Class and is classified in other Classes to the extent that any portion of the Claim or Interest falls within the description of such other Classes. A Claim is also placed in a particular Class for the purpose of receiving distributions pursuant to the Plan only to the extent that such Claim is an Allowed Claim in that Class and such Claim has not been paid, released, or otherwise settled prior to the Effective Date. Each reference to "Class" or "Classes" shall include all sub-Classes of the respective Class or Classes, as applicable.

In accordance with section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration of the distributions and other benefits provided pursuant to the Plan, the provisions of the Plan shall constitute a good faith compromise of all Claims, Interests, and controversies relating to the contractual, legal, and subordination rights that a holder of a Claim may have with respect to any Allowed Claim or Interest, or any distribution to be made on account of such Allowed Claim or Interest. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise or settlement and all such Claims, Interests, and controversies, as well as a finding by the Bankruptcy Court that such compromise or settlement is in the best interests of the Debtors, their estates, and holders of Claims and Interests and is fair, equitable, and reasonable.

**1. *Treatment Of Unclassified Claims***

In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims and Priority Tax Claims are not classified and are not entitled to vote on the Plan.

(a) **Administrative Claims.** On, or as soon as reasonably practicable after, the later of (a) the Effective Date, (b) the date on which an Administrative Claim becomes an Allowed Administrative Claim, or (c) the date on which an Allowed Administrative Claim becomes payable under any agreement relating thereto, each Holder of such Allowed Administrative Claim shall receive, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such Allowed Administrative Claim, Cash equal to the unpaid portion of such Allowed Administrative Claim. Notwithstanding the foregoing, (x) any Professional Fee Claim shall not be paid except in accordance with an order of the Bankruptcy Court permitting such payment and in accordance with the DVB Term Sheet, (y) any Allowed Administrative Claim based on a liability incurred by a Debtor in the ordinary course of business during the Chapter 11 Cases may be paid in the ordinary course of business in accordance with the terms and conditions of any agreement relating thereto and (z) any Allowed Administrative Claim may be paid

on such other terms as may be agreed to between the Holder of such Allowed Administrative Claim and the Debtors or the Reorganized Debtors.

(b) **Priority Tax Claims.** The legal and equitable rights of the Holders of Priority Tax Claims are Unimpaired by the Plan. Unless the Holder of an Allowed Priority Tax Claim and the Debtors agree to a different treatment, on the Effective Date, each Holder of an Allowed Priority Tax Claim shall have such Claim Reinstated.

(c) **Professional Fee Claims.**

(i) Professionals shall submit final fee applications seeking approval of all Professional Fee Claims no later than thirty (30) days after the Effective Date. These applications remain subject to Court approval under the standards established by the Bankruptcy Code, including the requirements of sections 327, 328, 330, 331, 363, 503(b) and 1103 of the Bankruptcy Code, as applicable. Payments to Professionals shall be made upon entry of an order approving such Professional Fee Claims. Allowed Professional Fee Claims shall be apportioned among the Debtors first based upon the ratio between the relevant Debtor's gross revenue for the year ended December 31, 2013 and the aggregate gross revenue for all of the Debtors for the year ended December 31, 2013 (the "2013 Revenue Allocation"); provided, however, Professional Fee Claims shall in all events constitute the joint and several liability of all Debtors to the extent provided for in any particular Professional's engagement letter. Notwithstanding anything in the Plan to the contrary, that all payment and apportionment of Professional Fee Claims shall be subject to the DVB Term Sheet.

(ii) On the Effective Date, the Debtors will establish and fund the Professional Fee Escrow Account with Cash equal to the Professional Fee Reserve Amount. The Professional Fee Escrow Account will be maintained in trust for the Professionals. The funds in such account will not be property of the Reorganized Debtors except that the Reorganized Debtors shall retain a residual interest to the extent the funds are not used for Allowed Professional Fee Claims. The amount of Professional Fee Claims owing to the Professionals will be paid in Cash to such Professionals by the Reorganized Debtors, or at the Reorganized Debtors' direction, from the Professional Fee Escrow Account, without interest or other earnings therefrom, when such Claims are Allowed by Final Order; provided, that the Reorganized Debtors' liability for Professional Fee Claims shall not be limited nor be deemed to be limited to the funds available from the Professional Fee Escrow Account. After all Professional Fee Claims have been paid in full, amounts remaining in the Professional Fee Escrow Account, if any, will be transferred to the applicable Reorganized Debtor that provided such excess amounts and subject to the liens of applicable lenders.

(iii) Professionals shall estimate their Accrued Professional Compensation prior to and as of the Effective Date and deliver such estimate to the Debtors and the Participating Lenders at least five (5) days prior to the anticipated Effective Date. If a Professional does not provide such estimate, the Debtors may estimate the unbilled fees and expenses of such Professional. The total amount so estimated will constitute the Professional Fee Reserve Amount; provided that such estimate will not be considered an admission or limitation with respect to the fees and expenses of such Professional. The Professional Fee Reserve Amount and the estimated Accrued Professional Compensation amounts submitted by the Professionals will be subject to review by the Debtors and the Participating Lenders, and any objections to the Professional Fee Reserve Amount must be served on the Debtors prior to the Effective Date.

2. *Classification And Treatment Of Claims And Interests*

(a) Summary Of Classes

<b>Class</b>	<b>Designation</b>	<b>Impairment</b>	<b>Entitled to Vote</b>
Class 1 .....	Other Priority Claims	Unimpaired	No (deemed to accept)
Class 2 .....	Other Secured Claims	Unimpaired	No (deemed to accept)
Class 3 .....	Citi Facility Claims	Impaired	Yes
Class 4 .....	Columbia Facility Claims	Impaired	Yes
Class 5 .....	DVB 1 Facility Claims	Impaired	Yes
Class 6 .....	DVB 2 Facility Claims	Impaired	Yes
Class 7 .....	Flowers Facility Claims	Impaired	Yes
Class 8 .....	HSH-YM Facility Claims	Impaired	Yes
Class 9 .....	General Unsecured Claims	Impaired	Yes
Class 10 .....	Interests in Nautilus Holdings Limited and Nautilus Holdings No. 2 Limited	Unimpaired	No (deemed to accept)
Class 11 .....	Intercompany Claims	Unimpaired	No (deemed to accept)
Class 12 .....	Intercompany Interests in Other Debtors	Unimpaired	No (deemed to accept)
Class 13 .....	Intercompany Interests in C-F Debtors	Impaired	Yes
Class 14 .....	Intercompany Interests in Nautilus Shipholdings No. 3 Limited	Impaired	Yes

(b) Treatment Of Classes

(i) Class 1 – Other Priority Claims. Class 1 consists of all Other Priority Claims that may exist against the Debtors. On, or as soon as reasonably practicable after, (a) the Effective Date if such Other Priority Claim is an Allowed Other Priority Claim on the Effective Date or (b) the date on which such Other Priority Claim becomes an Allowed Other Priority Claim, each Holder of an Allowed Class 1 Other Priority Claim shall receive, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such Allowed Other Priority Claim, Cash equal to the unpaid portion of such Allowed Other Priority Claim.

(ii) Class 2 – Other Secured Claims. Class 2 consists of all Other Secured Claims that may exist against the Debtors. On, or as soon as reasonably practicable after, the Effective Date, each Holder of an Allowed Class 2 Other Secured Claim shall have such claim Reinstated, subject to the terms of the DVB Term Sheet.

(iii) Classes 3A and 3B – Citi Facility Claims. Class 3 consists of all Citi Facility Claims. Class 3A consists of Citi Facility Claims to the extent such Claims are Secured. Class 3B consists of Citi Facility Claims to the extent such Claims are not Secured, if any. On, or as soon as reasonably practicable after, the Effective Date, each Holder of an Allowed Class 3A Citi Facility Claim shall receive, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such Claims, its pro rata share of the Amended and Restated Citi Facility, and each Holder of an Allowed Class 3B Citi Facility Claim, if any, shall receive, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such Claims, its pro rata share of 100% of the stock (subject to dilution by warrants) of Reorganized Nautilus Shipholdings No. 3 Limited. Notwithstanding anything in the Plan to the contrary, no distribution shall be made to Holders of Allowed Citi Facility Tranche B Claims until the Holders of Citi Facility Tranche A Claims have been paid in full, and no distribution to Holders of Allowed Citi Facility Swap Claims shall be made until Holders of Allowed Citi Facility Tranche A Claims and Allowed Citi Facility Tranche B Claims have been paid in full.

For the avoidance of doubt, the treatment provided to Holders of Citi Facility Claims shall be in full and final satisfaction, settlement, release, and discharge of, and in exchange for, all Claims arising under the Existing Citi

Credit Agreement, and all guarantees relating to the Existing Citi Credit Agreement, including from Nautilus Shipholdings No. 3 Limited, shall be fully released as of the Effective Date.

(iv) Classes 4A and 4B – Columbia Facility Claims. Class 4 consists of all Columbia Facility Claims. Class 4A consists of Columbia Facility Claims to the extent such Claims are Secured Claims. Class 4B consists of Columbia Facility Claims to the extent such Claims are not Secured Claims, if any. On, or as soon as reasonably practicable after, the Effective Date, the Holder of Allowed Class 4A and 4B Columbia Facility Claims shall (1) receive, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such Claims, the return of the vessel securing such Claims, free and clear of any liens, claims, or encumbrances, (2) pay the F-C Consideration, and (3) assume the F-C Technical Manager Costs. The Debtors shall use the F-C Consideration to satisfy (i) all claims against the vessels securing the F-C Credit Agreements other than F-C Technical Manager Costs and (ii) amounts advanced to the Debtors obligated under the F-C Credit Agreements pursuant to the Bankruptcy Court's DIP Financing Orders (less the portion of the Synergy management fee paid by the MH Debtor and GK Debtor and pooled at NHL, as set forth in the DVB Term Sheet). For the avoidance of doubt, (1) all guarantees relating to the Existing Columbia Credit Agreement, including from Nautilus Shipholdings No. 1 Limited, shall be fully released as of the Effective Date, and (2) the return of the vessel shall include the transfer of all, to the extent that these items relate to the relevant vessel, (i) receivables, (ii) credits, and (iii) prepayments. The Debtors shall not accelerate any receivables or the use of any credits or prepayments.

(v) Class 5 – DVB 1 Facility Claims. Class 5 consists of all DVB 1 Facility Claims. Class 5 Claims are Allowed pursuant to the terms of the DVB RSA. On, or as soon as reasonably practicable after, the Effective Date, each Holder of an Allowed Class 5 DVB 1 Facility Claim shall receive, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such Claim, (1) its pro rata share of the Amended and Restated DVB 1 Facility, (2) the other treatment described in the DVB Term Sheet, and (3) payment of all interest accrued and unpaid as of the Effective Date. Swap agreement obligations arising under the Existing DVB 1 Facility Documents that accrued as of the Effective Date shall be paid in the ordinary course consistent with the terms of the existing swap agreement.

(vi) Class 6 – DVB 2 Facility Claims. Class 6 consists of all DVB 2 Facility Claims. Class 6 Claims are Allowed pursuant to the terms of the DVB RSA. On, or as soon as reasonably practicable after, the Effective Date, each Holder of an Allowed Class 6 DVB 2 Facility Claim shall receive, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such Claim, (1) its pro rata share of the Amended and Restated DVB 2 Facility, (2) the other treatment described in the DVB Term Sheet, and (3) payment of all interest accrued and unpaid as of the Effective Date. Swap agreement obligations arising under the Existing DVB 2 Facility Documents that accrued as of the Effective Date shall be paid in the ordinary course consistent with the terms of the existing swap agreement.

(vii) Classes 7A and 7B – Flowers Facility Claims. Class 7 consists of all Flowers Facility Claims. Class 7A consists of Flowers Facility Claims to the extent such Claims are Secured Claims. Class 7B consists of Flowers Facility Claims to the extent such Claims are not Secured Claims, if any. On, or as soon as reasonably practicable after, the Effective Date, the Holder of Allowed Class 7A and 7B Flowers Facility Claims shall (1) receive, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such Claims, the return of the vessels securing such Claims, free and clear of any liens, claims, or encumbrances, (2) pay the F-C Consideration, and (3) assume the F-C Technical Manager Costs. The Debtors shall use the F-C Consideration to satisfy (i) all claims against the vessels securing the F-C Credit Agreements other than F-C Technical Manager Costs and (ii) amounts advanced to the Debtors obligated under the F-C Credit Agreements pursuant to the Bankruptcy Court's DIP Financing Orders (less the portion of the Synergy management fee paid by the MH Debtor and GK Debtor and pooled at NHL, as set forth in the DVB Term Sheet). For the avoidance of doubt, (1) all guarantees relating to the Existing Columbia Credit Agreement, including from Nautilus Shipholdings No. 1 Limited, shall be fully released as of the Effective Date, and (2) the return of the vessels shall include the transfer of all, to the extent that these items relate to the relevant vessels, (i) receivables, (ii) credits, and (iii) prepayments. The Debtors shall not accelerate any receivables or the use of any credits or prepayments.

(viii) Class 8 – HSH-YM Facility Claims. Class 8 consists of all HSH-YM Facility Claims. On, or as soon as reasonably practicable after, the Effective Date, each Holder of an Allowed Class 8 HSH-YM Facility Claim shall receive, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such Claim, its pro rata share of loans under the Amended and Restated HSH-YM Facility. If 60% or greater of Class 8 votes to accept the plan, the Amended and Restated HSH-YM Facility shall have the terms set forth in Option A on Exhibit A. If less than 60% of Class 8 votes to accept the Plan, the Amended and Restated HSH-YM Facility shall have the terms set forth in Option B on Exhibit A.

For the avoidance of doubt, the treatment provided to Holders of Class 8 HSH-YM Facility Claim shall be in full and final satisfaction, settlement, release, and discharge of, and in exchange for, all Claims arising under the Existing HSH-YM Credit Agreement, including any Claims arising from or related to any second-priority liens on the vessels securing the Existing Flowers Credit Agreement, which liens shall be terminated and released. All guarantees relating to the Existing HSH-YM Credit Agreement, including from Nautilus Shipholdings No. 1 Limited, shall be fully released as of the Effective Date.

(ix) Class 9 – General Unsecured Claims. Class 9 consists of all General Unsecured Claims that may exist against the Debtors. Class 9 consists of 21 subclasses, with each subclass consisting of Claims against a particular Debtor. Within ninety (90) days after the Effective Date or, if such General Unsecured Claim becomes Allowed after the Effective Date, as soon as reasonably practicable after the date at which such General Unsecured Claim becomes Allowed, each Holder of an Allowed Class 9 General Unsecured Claim shall receive, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such Claim, the amount of such Allowed General Unsecured Claim, excluding interest accrued after the Petition Date.

(x) Class 10 – Interests in Nautilus Holdings Limited and Nautilus Holdings No. 2 Limited. Class 10 consists of all Interests in Nautilus Holdings Limited and Nautilus Holdings No. 2 Limited. On the Effective Date, all Class 10 Interests in Nautilus Holdings Limited and Nautilus Holdings No. 2 Limited shall be Reinstated.

(xi) Class 11– Intercompany Claims. Class 11 consists of all Intercompany Claims. On or prior to the Effective Date, all Class 11 Intercompany Claims may be Reinstated subject to the terms of the DVB Term Sheet or, at the Debtors' or Reorganized Debtors' option, be cancelled or compromised. A chart of the Intercompany Claims to be cancelled will be filed as part of the Plan Supplement. No distribution shall be made on account of Class 11 Intercompany Claims.

(xii) Class 12 – Intercompany Interests in Other Debtors. Class 12 consists of all Intercompany Interests for each Debtor except Nautilus Holdings Limited, Nautilus Holdings No. 2 Limited, Nautilus Shipholdings No. 3 Limited, Miltons Way Limited, Findhorn Osprey Limited, Earlstown Limited, Floral Peninsula Limited, and Resplendent Spirit Limited. Except as otherwise provided in the Plan, on or prior to the Effective Date, all Class 12 Other Intercompany Interests shall be Reinstated.

(xiii) Class 13 – Intercompany Interests in C-F Debtors. Class 13 consists of all Intercompany Interests in Miltons Way Limited, Findhorn Osprey Limited, Earlstown Limited, Floral Peninsula Limited, and Resplendent Spirit Limited. On the Effective Date, all Intercompany Interests in Miltons Way Limited, Findhorn Osprey Limited, Earlstown Limited, Floral Peninsula Limited, and Resplendent Spirit Limited shall be deemed to be cancelled without further action by the Debtors or Reorganized Debtors. Notwithstanding the foregoing, the Holder of such cancelled interests shall receive distribution(s) from the estates of Miltons Way Limited, Findhorn Osprey Limited, Earlstown Limited, Floral Peninsula Limited, and Resplendent Spirit Limited, to the extent there is any cash or assets remaining after the payment of the respective claims of such debtors.

(xiv) Class 14 – Intercompany Interests in Nautilus Shipholdings No. 3 Limited. Class 14 consists of all Intercompany Interests in Nautilus Shipholdings No. 3 Limited. Except as

otherwise provided in the Plan, on or prior to the Effective Date, each Holder of a Class 14 Intercompany Interest in Nautilus Shipholdings No. 3 Limited shall receive its pro rata share of the warrants described in "Exhibit C" of the Plan. A form of warrant agreement shall be filed with the Plan Supplement.

(c) **Alternative Treatment.** Notwithstanding any provision in the Plan to the contrary, any Holder of an Allowed Claim may receive, instead of the distribution or treatment to which it is entitled hereunder, any other distribution or treatment to which it and the Debtors or the Reorganized Debtors may agree in writing.

(d) **Special Provision Regarding Unimpaired Claims.** Except as otherwise provided in the Plan, nothing shall affect the Debtors' or the Reorganized Debtors' rights and defenses, both legal and equitable, with respect to any Unimpaired Claims, including but not limited to all rights with respect to legal and equitable defenses to setoffs against or recoupments of Unimpaired Claims.

### 3. *Acceptance Or Rejection Of The Plan*

(a) **Acceptance By Class Entitled To Vote.** Classes 3, 4, 5, 6, 7, 8, 9, 13 and 14 are the Classes of Claims of the Debtors that are entitled to vote to accept or reject the Plan. Classes 3, 4, 5, 6, 7, 8, 9, 13 and 14 shall have accepted the Plan if (a) the Holders of at least two-thirds in amount of the Allowed Claims actually voting in each Class have voted to accept the Plan and (b) the Holders of more than one-half in number of the Allowed Claims actually voting in each Class have voted to accept the Plan, not counting the vote of any Holder designated under section 1126(e) of the Bankruptcy Code. If there are no votes cast in a particular Class that is entitled to vote on the Plan, then the Plan shall be deemed accepted by such Class.

(b) **Presumed Acceptance Of The Plan.** Classes 1, 2, 10, 11, and 12 are Unimpaired. Therefore, such Classes are deemed to have accepted the Plan by operation of law and are not entitled to vote to accept or reject the Plan.

(c) **Elimination Of Classes.** To the extent applicable, any Class (including, for the avoidance of doubt, any sub-Class) that does not contain any Allowed Claims or any Claims temporarily allowed for voting purposes under Bankruptcy Rule 3018, as of the date of the commencement of the Confirmation Hearing, shall be deemed to have been deleted from the Plan for purposes of (a) voting to accept or reject the Plan and (b) determining whether it has accepted or rejected the Plan under section 1129(a)(8) of the Bankruptcy Code.

(d) **Cramdown.** The Debtors request Confirmation of the Plan, as it may be modified from time to time, under section 1129(b) of the Bankruptcy Code. The Debtors reserve the right to modify the Plan to the extent, if any, that Confirmation pursuant to section 1129(b) of the Bankruptcy Code requires modification.

### 4. *Means For Implementation Of The Plan*

(a) **Continued Legal Existence.** Except as otherwise provided in the Plan, each of the Debtors will continue to exist after the Effective Date as a separate legal entity, with all the powers of such an entity (whether a corporation, limited liability company or other entity, as appropriate) under applicable law in the jurisdiction in which each applicable Debtor is incorporated or otherwise formed and pursuant to such Debtor's certificate or articles of incorporation and by-laws or other organizational documents in effect prior to the Effective Date, without prejudice to any right to terminate such existence (whether by merger or otherwise) under applicable law after the Effective Date.

(b) Winding Up Certain Debtors. On the Effective Date, Miltons Way Limited, Findhorn Osprey Limited, Earlstown Limited, Floral Peninsula Limited, and Resplendent Spirit Limited shall be deemed dissolved under applicable law for all purposes without the necessity for any other or further actions to be taken by or on behalf of such debtors.

(c) Sources Of Cash For Distribution. All Cash necessary for the Reorganized Debtors to make payments required by the Plan shall be obtained from (a) existing Cash balances, including balances in the Debtors' accounts, (b) the operations of the Debtors or Reorganized Debtors, and (c) the F-C Consideration.

(d) Approval And Authorization For The New Credit Facilities. Confirmation shall be deemed approval of each of the New Credit Facilities and authorization for the Reorganized Debtors to enter into each of the New Credit Facilities and execute such documents as may be required to effectuate the treatment afforded to the applicable lenders pursuant to each of the New Credit Facilities.

(e) New Boards Of Reorganized Debtors. The members of the Boards of the Reorganized Debtors shall be identified in the Plan Supplement.

(f) Corporate Action. Each of the matters provided for under the Plan involving the corporate structure of any Debtor or Reorganized Debtor or any corporate action to be taken by or required of any Debtor or Reorganized Debtor shall be deemed to have occurred and be effective as provided in the Plan, and shall be authorized, approved and, to the extent taken prior to the Effective Date, ratified in all respects without any requirement of further action by stockholders, members, creditors, directors, or managers of the Debtors or the Reorganized Debtors.

(g) Preservation Of Retained Actions. In accordance with section 1123(b)(3) of the Bankruptcy Code, the Reorganized Debtors will retain and may (but are not required to) enforce all Retained Actions. After the Effective Date, the Reorganized Debtors, in their sole and absolute discretion, shall have the right to bring, settle, release, compromise, or enforce such Retained Actions (or decline to do any of the foregoing), without further approval of the Bankruptcy Court. The Reorganized Debtors or any successors, in the exercise of their sole discretion, may pursue such Retained Actions so long as it is in the best interests of the Reorganized Debtors or any successors holding such rights of action. The failure of the Debtors to specifically list any claim, right of action, suit, proceeding or other Retained Action in the Plan does not, and will not be deemed to, constitute a waiver or release by the Debtors or the Reorganized Debtors of such claim, right of action, suit, proceeding or other Retained Action, and the Reorganized Debtors will retain the right to pursue such claims, rights of action, suits, proceedings and other Retained Actions in their sole discretion and, therefore, no preclusion doctrine, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable, or otherwise) or laches will apply to such claim, right of action, suit, proceeding, or other Retained Action upon or after the Confirmation or consummation of the Plan.

(h) Effectuating Documents; Further Transactions. Each of the Debtors and Reorganized Debtors, and their respective officers and designees, is authorized to execute, deliver, file, or record such contracts, instruments, releases, indentures, and other agreements or documents, and take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan, or to otherwise comply with applicable law.

(i) Exemption From Certain Transfer Taxes And Recording Fees. Pursuant to section 1146(a) of the Bankruptcy Code, any transfers from a Debtor to a Reorganized Debtor or to any other Person or entity pursuant to the Plan, or any agreement regarding the transfer of title to or ownership of any of the Debtors' real or personal property will not be subject to any document recording tax, stamp tax, conveyance fee, sales tax, intangibles or similar tax, mortgage tax, stamp act, real estate transfer tax, mortgage recording tax, Uniform



Commercial Code filing or recording fee, or other similar tax or governmental assessment, and the Confirmation Order will direct the appropriate state or local governmental officials or agents to forego the collection of any such tax or governmental assessment and to accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment.

(j) Further Authorization. The Debtors and the Reorganized Debtors shall be entitled to seek such orders, judgments, injunctions, and rulings as they deem necessary to carry out the intentions and purposes, and to give full effect to the provisions, of the Plan.

(k) Cancellation Of Existing Securities And Agreements. Except as provided in the Plan or in the Confirmation Order (including, without limitation, the amendment and restatement of the Existing DVB 1 Facility Documents and the Existing DVB 2 Facility Documents), on the Effective Date, all notes, stock, instruments, certificates, agreements, side letters, fee letters and other documents evidencing or giving rise to Claims and Interests in the Debtors shall be cancelled, and the obligations of the Debtors thereunder or in any way related thereto shall be fully released, terminated, extinguished and discharged, in each case without further notice to or order of the Bankruptcy Court, act or action under applicable law, regulation, order, or rule or any requirement of further action, vote, or other approval or authorization by any Person. The Holders of or parties to such notes, stock, instruments, certificates, agreements, side letters, fee letters, and other documents shall have no rights arising from or relating to such notes, stock, instruments, certificates, agreements, side letters, fee letters, and other documents or the cancellation thereof, except the rights provided pursuant to the Plan and the Confirmation Order.

#### **E. Provisions Governing Distributions**

##### **1. *Allowed Claims.***

Notwithstanding any provision in the Plan to the contrary, the Debtors or the Reorganized Debtors shall make distributions only to Holders of Allowed Claims. A Holder of a Disputed Claim shall receive a distribution on account thereof only when and to the extent that such Holder's Disputed Claim becomes an Allowed Claim.

##### **2. *Distributions For Claims Allowed As Of The Effective Date.***

Except as otherwise provided under the Plan or as ordered by the Bankruptcy Court, distributions to be made on account of Claims that are Allowed Claims as of the Effective Date shall be made on the Effective Date or as soon thereafter as is practicable. Any distribution to be made on the Effective Date pursuant to the Plan shall be deemed as having been made on the Effective Date if such distribution is made on the Effective Date or as soon thereafter as is practicable. Any payment or distribution required to be made under the Plan on a day other than a Business Day shall be made on the next succeeding Business Day.

##### **3. *Interest And Penalties On Claims.***

Unless otherwise specifically provided for in the Plan or the Confirmation Order, or required by applicable bankruptcy law, postpetition interest and penalties shall not accrue or be paid on any Claim, and no Holder of a Claim shall be entitled to interest and penalties accruing on or after the Petition Date through the date such Claim is satisfied in accordance with the terms of the Plan.

4. *Means Of Cash Payment.*

Payments of Cash made pursuant to the Plan shall be made, at the option and in the sole discretion of the applicable Reorganized Debtor, by (a) checks drawn on or wire transfer from a domestic bank selected by the Reorganized Debtor, (b) in accordance with the terms of the New Credit Facilities, or (c) by such means as are necessary or customary in a particular foreign jurisdiction.

5. *Withholding And Reporting Requirements/Allocations.*

In connection with the Plan and all distributions hereunder, the Reorganized Debtors shall comply with all withholding and reporting requirements imposed by any taxing authority, and all distributions hereunder shall be subject to any such withholding and reporting requirements. The Reorganized Debtors shall be authorized to take any and all actions that may be necessary or appropriate to comply with such withholding and reporting requirements. Distributions in respect of Allowed Claims shall be allocated first to the principal amount of such Claims (as determined for U.S. federal income tax purposes) and then, to the extent the consideration exceeds the principal amount of the Claims, to any portion of such Claims for accrued but unpaid interest.

6. *Preservation Of Rights.*

Except as otherwise provided in the Plan, the Reorganized Debtors shall retain all rights arising under section 558 of the Bankruptcy Code or applicable nonbankruptcy laws, including, but not limited to, the right to set off against any Claim, the payments or other distributions to be made pursuant to the Plan in respect of such Claim, or claims of any nature whatsoever that the Debtors or the Reorganized Debtors may have against the Holder of such Claim; *provided, however*, that neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by the Reorganized Debtors of any such claim that the Debtors or the Reorganized Debtors may have against such Holder; *provided, further*, that the Holder of any Claim must assert any right to setoff prior to the Effective Date or such right shall be deemed waived on the Effective Date. Notwithstanding any other provision of the Plan, the United States' rights to setoff and recoupment are preserved.

**F. Treatment Of Executory Contracts And Unexpired Leases**

1. *Assumption Of Executory Contracts And Unexpired Leases.*

Except as otherwise provided in the Plan, on the Effective Date, all Executory Contracts and Unexpired Leases of the Debtors shall be deemed assumed in accordance with the provisions and requirements of sections 365 and 1123 of the Bankruptcy Code, unless such Executory Contract or Unexpired Lease (a) has previously been rejected by order of the Bankruptcy Court in effect as of the Effective Date (which order may be the Confirmation Order); (b) is the subject of a motion to reject filed on or before the Effective Date; (c) is identified as an Executory Contract or Unexpired Lease to be rejected pursuant to the Plan Supplement before the Effective Date; or (d) expired or terminated pursuant to its own terms. An Executory Contract or Unexpired Lease that is deemed to be assumed pursuant to the foregoing sentence shall be referred to as an "Assumed Contract."

Entry of the Confirmation Order by the Bankruptcy Court shall constitute findings by the Bankruptcy Court that (a) the Reorganized Debtors have properly provided for the cure of any defaults that might have existed, (b) each assumption is in the best interest of the Reorganized Debtors, their Estates, and all parties in interest in the Chapter 11 Cases and (c) the requirements for assumption of any Executory Contract or Unexpired Lease to be assumed have been satisfied. Except as otherwise provided in the following sentence, all cure payments under any Assumed Contract shall be made by the Reorganized Debtors on the Effective Date or as soon as

practicable thereafter. In the event of a dispute, cure payments required by section 365(b)(1) of the Bankruptcy Code shall be paid upon entry of a Final Order resolving such dispute.

In connection with the treatment of the Flowers Facility Claims and the Columbia Facility Claims, the Debtors shall (i) assume and assign to the lenders under the F-C Credit Agreements such contracts related to the vessels securing the F-C Credit Agreements that such lenders reasonably request the Debtors assume and assign; provided, that the contracts to be assumed and assigned are properly assumable and assignable, under section 365 of the Bankruptcy Code and (ii) reject such contracts that are (1) related to the vessels securing the F-C Credit Agreements; (2) capable of rejection; (3) are solely between one or more borrower(s) under the F-C Credit Agreements and a non-debtor contract counterparty; and (4) that such lenders reasonably request the Debtors to reject under section 365 of the Bankruptcy Code.

2. *D&O Liability Insurance Policies.*

As of the Effective Date, the D&O Liability Insurance Policies shall be treated as if they were Executory Contracts that are assumed under the Plan. Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the Debtors' foregoing assumption of each of the D&O Liability Insurance Policies. Notwithstanding anything to the contrary contained in the Plan, Confirmation of the Plan shall not discharge, impair or otherwise modify any indemnity obligations assumed by the foregoing assumption of the D&O Liability Insurance Policies, and each such indemnity obligation shall be deemed and treated as an Executory Contract that has been assumed by the Debtors under the Plan as to which no Proof of Claim need be filed.

3. *Indemnification.*

Except as otherwise specifically limited in the Plan, any obligations or rights of the Debtors or Reorganized Debtors to defend, indemnify, reimburse, or limit the liability of the Debtors' present and former directors, officers, employees, agents, representatives, attorneys, accountants, financial advisors, restructuring advisors, investment bankers and consultants (the "Covered Persons") pursuant to the Debtors' or Reorganized Debtors' certificates of incorporation, by-laws, policy of providing employee indemnification, applicable law, or specific agreement in respect of any claims, demands, suits, Causes of Action, or proceedings against such Covered Persons based upon any act or omission related to such Covered Persons' service with, for, or on behalf of the Debtors prior to the Effective Date, shall be treated as if they were Executory Contracts that are assumed under the Plan and shall survive the Effective Date and remain unaffected thereby, and shall not be discharged, irrespective of whether such defense, indemnification, reimbursement, or limitation of liability is owed in connection with an occurrence before or after the Petition Date.

4. *Cure of Defaults Under Assumed Contracts.*

The Reorganized Debtors shall cure any monetary defaults under any Executory Contract and Unexpired Lease to be assumed pursuant to the Plan by paying to the non-Debtor counterparty the full amount of any monetary default in the ordinary course of business. Accordingly, no party to an Assumed Contract need file any cure claim, and the Debtors need not file any lists of any proposed cure claims, with the Bankruptcy Court. Notwithstanding the foregoing, the Reorganized Debtors and counter-parties to Assumed Contracts reserve all their rights in the event of a dispute over the amount of a cure claim. If there is any such dispute that cannot be resolved consensually, then either party must file with the Bankruptcy Court a request for allowance and payment of such cure claim within seventy-five (75) days from the Effective Date. Moreover, the Reorganized Debtors shall be authorized to reject any Executory Contract or Unexpired Lease to the extent the Reorganized Debtors, in the exercise of their sound business judgment, conclude that the amount of the cure claim as determined by the Bankruptcy Court, renders assumption of such Executory Contract or Unexpired Lease unfavorable to the Reorganized Debtors.

**G. Confirmation And Consummation Of The Plan**

1. *Condition To Confirmation.*

Confirmation of the Plan is conditioned upon the Confirmation Order being reasonably acceptable in form and substance to the Debtors and the Participating Lenders, *provided, however*, that the Confirmation Order must only be reasonably acceptable to a particular Participating Lender to the extent the Participating Lender's rights or interests are materially affected by the terms thereof.

2. *Conditions To Effective Date.*

The Debtors shall request that the Confirmation Order include a finding by the Bankruptcy Court that, notwithstanding Bankruptcy Rule 3020(e), the Confirmation Order shall take effect immediately upon its entry. The following are conditions precedent to the occurrence of the Effective Date, each of which must be satisfied or waived by the Debtors and the Participating Lenders in accordance with the terms hereof:

(a) The Confirmation Order, in form and substance reasonably satisfactory to the Debtors and the Participating Lenders, shall have become a Final Order and shall, among other things, provide that the Debtors and the Reorganized Debtors are authorized to take all actions necessary or appropriate to enter into, implement, and consummate the agreements and documents created in connection with the Plan, *provided, however*, that the Confirmation Order must only be reasonably satisfactory to the Participating Lenders to the extent each Participating Lender's rights or interests are materially affected by the terms thereof.

(b) All documents related to, provided for therein, or contemplated by the New Credit Facilities shall have been executed and delivered, and all conditions precedent thereto shall have been satisfied (other than the occurrence of the Effective Date).

(c) Each of the Citi Silo Management Agreement, the NHL Management Agreement, and the NH2L Management Agreement shall have become effective.

(d) Debtors Golden Knighthood Limited and Metropolitan Harbour Limited shall hold sufficient cash in their accounts to satisfy each of the terms and conditions contained in the DVB Term Sheet.

(e) On the Effective Date, after giving effect to the payments required by the DVB Term Sheet and all accrued and unpaid professional fees, Debtors Golden Knighthood Limited and Metropolitan Harbour Limited shall have a minimum liquidity position of \$5,000,000 in aggregate; *provided, however*, this condition may be waived by DVB Bank, SE in its sole discretion.

(f) Debtors Nautilus Shipholdings No. 2 Limited, Golden Knighthood Limited, and Metropolitan Harbour Limited shall be in full compliance with the terms of the Amended and Restated DVB 1 Facility and the Amended and Restated DVB 2 Facility, as applicable; *provided, however*, the applicable Debtor shall not be required to (i) satisfy any historic nonpayment defaults or (ii) satisfy any overdue principal amounts, whether coming due by acceleration or otherwise, to be deemed in full compliance as of the Effective Date.

(g) Debtors Golden Knighthood Limited and Metropolitan Harbour Limited shall have satisfied all Claims entitled to administrative expense priority other than trade Claims incurred in the ordinary course of business that are not yet due and payable.

(h) The Professional Fee Escrow Account shall have been funded.

(i) All authorizations, consents, and regulatory approvals required, if any, in connection with the consummation of the Plan shall have been obtained.

(j) All other actions, documents, and agreements necessary to implement the Plan shall have been effected or executed.

3. *Waiver Of Conditions.*

Except as expressly provided in the Plan, each of the conditions to the Effective Date set forth in the Plan may be waived in whole or in part by the mutual agreement of the Debtors and the Participating Lenders, without any notice to parties in interest or the Bankruptcy Court and without a hearing. The failure to satisfy or waive any condition to the Effective Date may be asserted by the Debtors regardless of the circumstances giving rise to the failure of such condition to be satisfied, including any action or inaction by the Debtors. The failure of the Debtors to exercise any of the foregoing rights shall not be deemed a waiver of any other rights, and each such right shall be deemed an ongoing right that may be asserted at any time.

**H. Effect Of Plan Confirmation**

1. *Binding Effect.*

The Plan shall be binding upon and inure to the benefit of the Debtors, their Estates, all present and former Holders of Claims and Interests, and their respective successors and assigns, including but not limited to the Reorganized Debtors.

2. *Revesting Of Assets.*

Except as otherwise explicitly provided in the Plan, on the Effective Date, all property comprising the Estates (including Retained Actions, but excluding property that has been abandoned pursuant to an order of the Bankruptcy Court) shall revert in the Reorganized Debtors, free and clear of all Claims, Liens, charges, encumbrances, rights and Interests of creditors and equity security holders. As of the Effective Date, the Reorganized Debtors may operate their businesses and use, acquire, and dispose of their property without supervision of the Bankruptcy Court, and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules, other than those restrictions expressly imposed by the Plan or the Confirmation Order.

3. *Compromise And Settlement Of Claims, Interests And Controversies.*

Pursuant to section 363 of the Bankruptcy Code and Bankruptcy Rule 9019 and in consideration for the distributions and other benefits provided pursuant to the Plan, the provisions of the Plan shall constitute a good faith compromise of all Claims, Interests and controversies relating to the contractual, legal and subordination rights that a Holder of a Claim or Interest may have with respect to any Allowed Claim or Interest, or any distribution to be made on account of such Allowed Claim or Interest. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise or settlement of all such Claims, Interests and controversies, as well as a finding by the Bankruptcy Court that such compromise or settlement is in the best interests of the Debtors, their Estates and Holders of Claims and Interests and is fair, equitable and reasonable. In accordance with the provisions of the Plan, pursuant to section 363 of the Bankruptcy Code and Bankruptcy Rule 9019(a), without any further notice to or action, order or approval of the Bankruptcy Court, after the Effective Date,

the Reorganized Debtors may compromise and settle Claims against or Interests in them and Causes of Action against other Persons.

4. *Releases And Related Matters*

(a) **Releases by the Debtors**

Pursuant to section 1123(b) of the Bankruptcy Code and to the extent allowed by applicable law, and except as otherwise specifically provided in the Plan or the Plan Supplement, for good and valuable consideration, including the service of the Released Parties to facilitate the expeditious reorganization of the Debtors and the implementation of the restructuring contemplated by the Plan, on and after the Effective Date, the Released Parties are deemed released and discharged by the Debtors, the Reorganized Debtors, the Estates and the Equity-Related Entities from any and all Claims, Interests, obligations, rights, suits, damages, Causes of Action, remedies and liabilities whatsoever, including any derivative claims asserted or assertable on behalf of the Debtors, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, in law, equity or otherwise, that the Debtors, the Reorganized Debtors, the Estates or the Equity-Related Entities would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the Holder of any Claim or Interest or other Person, based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the Debtors' restructuring, the Chapter 11 Cases, the purchase, sale or rescission of the purchase or sale of any security of the Debtors or the Reorganized Debtors, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the Plan Supplement, the business or contractual arrangements between any Debtor, Reorganized Debtor, Estate or non-Debtor Affiliate and any Released Party, the restructuring of Claims and Interests before or during the Chapter 11 Cases, the negotiation, formulation or preparation of the Plan, the Disclosure Statement, the Plan Supplement, or related agreements, instruments or other documents, or any other act or omission, transaction, agreement, event or other occurrence taking place on or before the Effective Date; *provided, however* that nothing in this Section 9.4(a) shall be construed to release any party or entity from gross negligence, intentional fraud, willful misconduct, or criminal conduct, as determined by a Final Order.

(b) **Third-Party Releases by Holders of Claims or Equity Interests**

Except as otherwise provided in the Plan or the Plan Supplement, as of the Effective Date, each Holder of a Claim against or Interest in a Debtor, to the fullest extent permissible under applicable law, as such law may be extended or interpreted subsequent to the Effective Date, shall be deemed to have conclusively, absolutely, unconditionally, irrevocably, and forever released and discharged the Debtors, the Reorganized Debtors, the Estates, the Equity-Related Entities, and the Released Parties from any and all Claims, Interests, obligations, rights, suits, damages, Causes of Action, remedies and liabilities whatsoever, including any derivative Claims assertable on behalf of a Debtor, whether known or unknown, foreseen or unforeseen, existing or hereafter arising, in law, equity, or otherwise, that such Person would have been legally entitled to assert (whether individually or collectively), based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the Debtors' restructuring, the Chapter 11 Cases, the purchase, sale, or rescission of the purchase or sale of any security of the Debtors or the Reorganized Debtors, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan or the Plan Supplement, the business or contractual arrangements between any Debtor, Reorganized Debtor, Estate or non-Debtor Affiliate and any Released Party, the restructuring of Claims and Interests before or during the Chapter 11 Cases, the negotiation, formulation, or preparation of the Plan, the Disclosure Statement, the Plan Supplement, or related agreements, instruments, or other documents, or any other act or omission, transaction, agreement, event or other occurrence including or pertaining to the Debtors and taking place on or before the Effective Date, *provided, however* that nothing in this Section 9.4(b) shall be construed to release any party or entity from gross negligence, intentional fraud, willful misconduct, or criminal conduct, as determined by a Final Order; *provided further, however*, that this Section 9.4(b) shall not release the Debtors, the Reorganized Debtors, the Estates, the Equity-Related Entities or the Released Parties

from any Cause of Action held by a governmental entity existing as of the Effective Date based on (i) the Internal Revenue Code or other domestic state, city, or municipal tax code, (ii) the environmental laws of the United States or any domestic state, city, or municipality, (iii) any criminal laws of the United States or any domestic state, city, or municipality, (iv) the Securities and Exchange Act of 1934 (as now in effect or hereafter amended), the Securities Act, or other securities laws of the United States or any domestic state, city or municipality, (v) the Employee Retirement Income Security Act of 1974, as amended, or (vi) the laws and regulations of the Bureau of Customs and Border Protection of the United States Department of Homeland Security. Notwithstanding anything to the contrary in this Section 9.4(b), a Holder of a Claim shall be deemed not to provide the releases set forth in this section if such Holder (i) votes to reject the Plan and (ii) "opts out" of the releases provided in this Section 9.4(b) of the Plan in a timely submitted, valid Ballot, *provided, however*, that nothing in this sentence shall limit the discharge contained in Section 9.5 of the Plan. For the avoidance of doubt, nothing in this Section 9.4(b) shall release any Claims relating to actions or conduct occurring after the Effective Date and arising under or relating to the New Credit Facilities.

5. *Discharge Of The Debtors*

(a) Upon the Effective Date, the Debtors, and each of them, shall be deemed discharged and released under section 1141(d)(1)(A) of the Bankruptcy Code from any and all Claims, including, but not limited to, demands and liabilities that arose before the Effective Date, and all debts of the kind specified in section 502 of the Bankruptcy Code, whether or not (i) a Proof of Claim based upon such debt is filed or deemed filed under section 501 of the Bankruptcy Code, (ii) a Claim based upon such debt is Allowed under section 502 of the Bankruptcy Code, (iii) a Claim based upon such debt is or has been disallowed by order of the Bankruptcy Court, or (iv) the Holder of a Claim based upon such debt accepted the Plan.

(b) As of the Effective Date, except as provided in the Plan or the Confirmation Order, all Persons shall be precluded from asserting against the Debtors or the Reorganized Debtors, any other or further Claims, debts, rights, Causes of Action, claims for relief, liabilities, or equity interests relating to the Debtors based upon any act, omission, transaction, occurrence, or other activity of any nature that occurred prior to the Effective Date. In accordance with the foregoing, except as provided in the Plan or the Confirmation Order, the Confirmation Order shall be a judicial determination of discharge of all such Claims and other debts and liabilities against the Debtors, pursuant to sections 524 and 1141 of the Bankruptcy Code, and such discharge shall void any judgment obtained against the Debtors at any time, to the extent that such judgment relates to a discharged Claim.

6. *Injunction*

Except as provided in the Plan or the Confirmation Order, as of the Effective Date, all Persons that have held, currently hold, may hold, or allege that they hold, a Claim, obligation, suit, judgment, damage, demand, debt, right, Cause of Action, or liability that is released or discharged under this Article IX are permanently enjoined from taking any of the following actions against the Debtors, the Reorganized Debtors, and their respective Affiliates or their property on account of any such released or discharged Claim, obligation, suit, judgment, damage, demand, debt, right, Cause of Action, or liability: (a) commencing or continuing, in any manner or in any place, any action or other proceeding; (b) enforcing, attaching, collecting, or recovering in any manner any judgment, award, decree, or order; (c) creating, perfecting, or enforcing any Lien or encumbrance; (d) asserting a setoff, right of subrogation, or recoupment of any kind against any debt, liability, or obligation due to any released Person; or (e) commencing or continuing any action, in each such case in any manner, in any place, or against any Person that does not comply with or is inconsistent with the provisions of the Plan or the Confirmation Order.

7. *Exculpation And Limitation Of Liability*

None of the Released Parties shall have or incur any liability to any Entity, for any act or omission in connection with, relating to, or arising out of, the Chapter 11 Cases, the Disclosure Statement, the formulation,

negotiation, or implementation of the Plan, the solicitation of acceptances of the Plan, the pursuit of Confirmation of the Plan, the Confirmation of the Plan, the consummation of the Plan, or the administration of the Plan or the property to be distributed under the Plan, or any other prepetition or postpetition act taken or omitted to be taken in connection with or in contemplation of the restructuring of the Debtors; *provided, however*, that the foregoing provisions of this exculpation shall have no effect on the liability of any Released Party that results from any such act or omission that is determined in a Final Order to have constituted gross negligence or willful misconduct. Nothing in the Plan shall affect the ability of the United States to pursue any non-Debtors to the extent allowed by non-bankruptcy law for any liabilities that may be related to any federal tax liabilities owed by the Debtors or the Debtors' Estates. Additionally, the United States may pursue police and regulatory actions or proceedings with respect to the Released Parties in the manner, and by the administrative or judicial tribunals, in which the United States could have pursued such actions or proceedings as if this bankruptcy had never been commenced.

8. *Term Of Bankruptcy Injunction Or Stays.*

Except as provided otherwise in the Plan, from and after the Effective Date, the automatic stay of section 362(a) of the Bankruptcy Code shall terminate.

9. *Post-Confirmation Date Retention Of Professionals.*

Upon the Confirmation 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 and the Reorganized Debtors will employ and pay professionals in the ordinary course of business.

**I. Procedures For Resolving and Treating Disputed Claims**

1. *Disputed Claims.*

All Disputed Claims against the Debtors shall be subject to the provisions of this Article X.

2. *Objection Deadline.*

Unless otherwise ordered by the Bankruptcy Court, objections to Claims shall be filed with the Bankruptcy Court and served upon the Holders of each such Claim to which objections are made on or before the Claims Objection Deadline. If an objection to a Claim is timely filed, a subsequent amendment to the objection shall also be deemed timely, even if filed subsequent to the deadline for filing the original Claim objection, and even if the amendment raises facts or legal theories not raised in the original Claim objection.

3. *Prosecution of Objections.*

After the Confirmation Date, the Debtors or the Reorganized Debtors, as the case may be, shall have the authority to file, litigate to final judgment, settle, or withdraw objections to Disputed Claims.



4. *No Distributions Pending Allowance*

No payments or distributions shall be made with respect to any Claim to the extent it is a Disputed Claim unless and until all objections to such Disputed Claim are resolved and such Disputed Claim becomes an Allowed Claim in whole or in part.

**J. Miscellaneous Provisions**

1. *Payment Of Statutory Fees.*

All fees payable pursuant to section 1930 of title 28 of the United States Code shall be paid on the earlier of when due or the Effective Date.

2. *Amendment Or Modification Of The Plan.*

Subject to section 1127 of the Bankruptcy Code and, to the extent applicable, sections 1122, 1123, and 1125 of the Bankruptcy Code, the Debtors reserve the right to alter, amend, or modify the Plan at any time prior to or after the Confirmation Date but prior to the substantial consummation of the Plan, *provided, however*, that the Participating Lenders must approve of such alteration, amendment or modification if it materially affects the respective Participating Lender's interests, which approval shall not be unreasonably withheld. A Holder of a Claim that has accepted the Plan shall be deemed to have accepted the Plan, as altered, amended or modified, if the proposed alteration, amendment or modification does not materially and adversely change the treatment of the Claim of such Holder.

3. *Severability Of Plan Provisions.*

If, prior to the Confirmation Date, any term or provision of the Plan is determined 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.

4. *Successors And Assigns.*

The Plan shall be binding upon and inure to the benefit of the Debtors, and their respective successors and assigns, including, without limitation, the Reorganized Debtors. 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.

5. *Revocation, Withdrawal, Or Non-Consummation.*

The Debtors reserve the right to revoke or withdraw the Plan at any time prior to the Confirmation Date and to file other plans of reorganization. If the Debtors revoke or withdraw the Plan, or if Confirmation or consummation of the Plan does not occur, then (a) the Plan shall be null and void in all respects, (b) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount any Claim or Class of Claims), assumption of Executory Contracts or Unexpired Leases effected by the Plan, and any document or agreement executed pursuant to the Plan shall be deemed null and void, *provided, however*, that the Debtors' Missed Milestone Obligations shall survive pursuant to the terms of the DVB Term Sheet, and (c) nothing contained in the Plan, and no acts taken in preparation for consummation of the Plan, shall (i) constitute or be deemed to constitute a waiver or release of any Claims by or against, or any Interests in, the Debtors or any other Person, (ii) prejudice in any manner the rights of the Debtors or any Person in any further proceedings involving the Debtors, or (iii) constitute an admission of any sort by the Debtors or any other Person.

6. *Governing Law.*

Except to the extent that the Bankruptcy Code, the Bankruptcy Rules or other federal law is applicable, or to the extent that an Exhibit or schedule to the Plan or document contained in the Plan Supplement provides otherwise, the rights and obligations arising under the Plan shall be governed by, and construed and enforced in accordance with, the laws of New York without giving effect to the principles of conflicts of law of such jurisdiction.

**V. RISK FACTORS TO BE CONSIDERED**

Parties in interest should read and carefully consider the following factors, as well as the other information set forth in this Disclosure Statement (and the documents delivered together herewith and/or incorporated by reference herein), before deciding whether to vote to accept or to reject the Plan. This information, however, does not describe the only risks involved in connection with the Plan and its implementation.

**A. Failure to Confirm the Plan**

If the Plan is not confirmed and consummated, there can be no assurance that the Chapter 11 Cases will continue rather than be converted to chapter 7 liquidations. The Bankruptcy Court, which sits as a court of equity, may exercise substantial discretion with respect to the affairs of the Debtors during the Chapter 11 Cases. Section 1129 of the Bankruptcy Code sets forth the requirements for confirmation of a plan and requires, among other things, that the value of distributions to dissenting creditors and shareholders not be less than the value of distributions such creditors and shareholders would receive if the Debtors were liquidated under chapter 7 of the Bankruptcy Code. Although the Debtors believe that the Plan will meet such tests, there can be no assurance that the Bankruptcy Court will reach the same conclusion. Failure to confirm a plan of reorganization by January 31, 2015 would result in termination of the Restructuring Support Agreement, pursuant to the terms thereof. Furthermore, although the Debtors believe that the Effective Date will occur shortly after the Confirmation Date, there can be no assurance as to such timing. In addition, the Debtors could experience material adverse changes in their liquidity as a result of such delay.

**B. Uncertainty of Extraterritorial Recognition of Plan Confirmation**

NHL, NH2L and the Intermediate HoldCo Debtors are incorporated pursuant to, and the rights attaching to their shares are governed by, the laws of Bermuda. The remaining Debtors are incorporated pursuant to,

and their Interests are governed by, the laws of Hong Kong. Although the Debtors will make every effort to ensure that any Confirmation Order entered by the Bankruptcy Court and the steps taken pursuant to the Confirmation Order to implement the restructuring are recognized and are effective as a matter of Bermuda and Hong Kong law, as applicable, it is possible that if a creditor or stakeholder were to challenge the restructuring and a Bermuda or Hong Kong court, as applicable, were required to adjudicate on the effectiveness of the restructuring, a Bermuda or Hong Kong court, as applicable, may refuse to recognize the effect of the Confirmation Order.

**C. Potential Adverse Effects of Chapter 11**

Although the Debtors have sought to make their stay in chapter 11 as brief as possible and to obtain relief from the Bankruptcy Court so as to minimize any potential disruption to their business operations, it is possible that the commencement of the Chapter 11 Cases could materially adversely affect the relationship among the Debtors and their customers, employees, vendors and service providers. Moreover, because the Debtors' business operations implicate maritime law, various foreign creditors could assert maritime liens against the Debtors' assets. The determination of what claim constitutes a maritime lien is determined by local law on a case by case basis. Thus, various interested parties may attempt to seize assets located outside of the United States to the detriment of the Debtors, their estates and creditors, or take other actions in contravention of the automatic stay of section 362 of the Bankruptcy Code.

**D. No Assurance of Ultimate Recoveries; Uncertainty of Financial Projections**

1. *No Assurance of Ultimate Recoveries*

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

2. *Inherent Uncertainty of Debtors' Financial Projections*

The Financial Projections attached hereto as Appendix C include projections covering the Reorganized Debtors' operations through 2019. These projections are based on assumptions that are an integral part of the projections, including confirmation and consummation of the Plan in accordance with its terms, the anticipated future performance of the Debtors, industry performance, general business and economic conditions and other matters, many of which are beyond the control of the Reorganized Debtors and some or all of which may not materialize.

In addition, unanticipated events and circumstances occurring after the date hereof may affect the actual financial results of the Reorganized Debtors' operations. These variations may be material and may adversely affect the ability of the Reorganized Debtors to make payments with respect to their indebtedness. Because the actual results achieved may vary from projected results, perhaps significantly, the projections should not be relied upon as a guaranty or other assurance of the actual results that will occur.

The business plan was developed by the Debtors with the assistance of their advisors. There can be no assurances that the Debtors' business plan will not change, perhaps materially, as a result of decisions management and the new board of directors make after fully evaluating the strategic direction of the Debtors and their business plan. Any deviations from the Debtors' existing business plan would necessarily cause a deviation from the attached projections, and could result in materially different outcomes from those projected.

3. *Recent Financial Reports*

Attached to this Disclosure Statement as Appendix E are the Debtors' unaudited financial statements for the fiscal year ended December 31, 2013. This is the last period for which financial information is available. The information contained in the unaudited statements for fiscal year 2013 has not been finalized due to the ongoing restructuring. As of the date hereof, the Debtors have not prepared audited or unaudited financial statements for fiscal years after December 31, 2013. The information to be contained in these reports is not available at this time and there can be no assurance that such information would not have been material to your decision whether to vote to accept or reject the Plan.

**E. Business and Operational Risks**

1. *Dependence on Manager*

The Debtors rely on the efforts and abilities of their manager, Synergy, to, among other things, source and negotiate charters, manage customer relationships, oversee management of charter contracts, monitor and manage third-party technical ship management companies, and provide general administrative and strategic management services, including financial and corporate management, business development, and relationship management with the Debtors' banks and lenders. Synergy's management provides the Debtors with a competitive advantage in sourcing charter contracts and controlling both the cost and quality of the Vessels' operations. The Debtors may not be able to retain another management company to manage and operate their business effectively, and to oversee and coordinate with the technical managers of each of the Vessels. The loss of the services of Synergy for any significant period of time could adversely affect the Debtors' business prospects and financial conditions or Synergy's inability to attract and retain qualified personnel could have a material adverse effect on the Debtors' or Synergy's capacity to manage their business.

Additionally, the Debtors' ability to compete for and enter into new time charters and to expand the Debtors' relationships with existing charterers will depend largely on Synergy's reputation and relationships in the shipping industry. If Synergy suffers material damage to its reputation or relationships, it may harm the Debtors' ability to renew existing time charters upon their expiration, obtain new time charters, successfully interact with shipyards, obtain contractual arrangements with third parties on commercially acceptable terms, or maintain satisfactory relationships with the Debtors' charterers and suppliers, which may have a materially adverse effect on the Debtors' operations and cash flows.

2. *Debt Agreements and Instruments Contain Restrictive Covenants*

The Debtors' new secured credit facilities, including the Amended and Restated Citi Facility, the Amended and Restated DVB 1 Facility, the Amended and Restated DVB 2 Facility, and the Amended and Restated HSH-YM Facility, may impose, certain restrictions on them. These restrictions may limit the Debtors. The Debtors may need to seek permission from their lenders in order to engage in certain corporate actions. The interests of the Debtors' lenders may be different from their own and the Debtors cannot guarantee that they will be able to obtain the permission of the Debtors' lenders when needed. Restrictions on the Debtors ability to engage in such corporate actions may have an adverse effect on the Debtors' liquidity, operations and financial performance.

3. *Volatility of Container Shipping Market*

The international container shipping industry has suffered a severe downturn in recent years due to a number of factors, including, but not limited to, global and regional economic conditions, the state of international trade, changes in transportation patterns, and structural changes in the container shipping industry. Since 2008, a

combination of these factors has influenced the overall supply and demand, bringing container vessel charter rates toward historic lows. Moreover, the downturn in the container shipping industry has in part been driven by an oversupply of newbuildings. The decline and volatility in charter rates in the container shipping industry and increased supply of container shipping vessels affected the value of the Debtors' Vessels and negatively affected the Debtors' cash flows and liquidity. The Debtors can offer no assurance that the container shipping market will improve, and if the weak container shipping market persists, it will continue to negatively affect the Debtors' results of operations and financial condition.

#### 4. *Volatility of Charter Hire Rates*

As described above, the Debtors' profitability is highly dependent on the charter rates the Debtors are able to charge. The international container shipping industry is cyclical with attendant volatility in terms of charter hire rates and profitability. Fluctuations in charter rates result from changes in the supply and demand for vessel capacity, which are driven by global fleet capacity and utilization and changes in the supply and demand for major products internationally transported by containerships. In particular, lower demand for shipping container cargos, as well as diminished trade credit available for the delivery of such cargos, may lead to decreased demand for container shipping vessels, creating downward pressure on charter rates and vessel values.

Because the Debtors charter some of their Vessels pursuant to short-term charter hires and certain of the Debtors' longer-term charters may expire, the Debtors are exposed to changes in charter hire rates in the container shipping industry, and such changes may affect the Debtors' earnings and the value of their Vessels at any given time. Moreover, while the longer-term charters generally provide stable revenues, they also limit the portion of the Debtors' fleet available for charters during an upswing in charter rates, when short-term time charters may generate higher revenues.

#### 5. *Replacement of Expiring Charters*

When the Debtors' charters expire, the Debtors will generally attempt to re-charter their Vessels at favorable rates with reputable charterers, but there can be no guarantee that they will succeed. The charterers under the existing charters have no obligation to renew or extend the charters. If the Debtors cannot enter into longer-term time charters on acceptable terms, they may have to secure shorter-term charters, where charter rates are more volatile and revenues are, therefore, less predictable. If the current low charter rate environment persists, or a further reduction occurs, upon the expiration or termination of the Debtors' Vessels' current charters, the Debtors may only be able to re-charter their Vessels at reduced or unprofitable rates or they may not be able to charter these Vessels at all.

Failure to obtain replacement charters will reduce or eliminate the Debtors' revenue and ability to service their debt. In addition, the Debtors may have to reposition their Vessels without cargo or compensation to deliver them to future charterers or to move Vessels to areas where they believe that future employment may be more likely or advantageous. Repositioning the Debtors' Vessels would increase their Vessel operating costs which could have an adverse effect on the Debtors' results of operations and financial condition.

#### 6. *Charter Defaults*

When the Debtors enter into a charter, charter rates under that charter are fixed for the term of the charter. The ability of each of the Debtors' charterers to perform its obligations under the charter depends on a number of factors that are beyond the Debtors' control and may include, among other things, general economic conditions, the condition of the maritime industries generally, the overall financial condition of the charterer, charter rates received for specific types of vessels and various expenses. In addition, if the short-term charter rates in the container shipping industry become significantly lower than the longer-term charter rates that some of the Debtors'

charterers are obligated to pay the Debtors under their existing time charters, the charterers may have incentives to default under that charter or attempt to renegotiate the charter. Alternatively, it may also be the case that the financial condition of a long-term charterer deteriorates. If the Debtors' charterers default on their charters, the Debtors will seek the remedies available to them, which may include arbitration or litigation to enforce the contracts, although such efforts may not be successful. If their charterers fail to pay their obligations, the Debtors would have to attempt to re-charter their Vessels, likely at lower charter rates, which would affect the Debtors' results of operations. Additionally, the Debtors will not receive any revenues from such a Vessel while it is un-chartered, but would still be required to pay expenses necessary to maintain and insure the vessel and service any indebtedness on it. The combination of any surplus of containership capacity and the expected increase in the size of the world containership fleet over the next few years may make it difficult to secure substitute employment for any of our containerships if our counterparties fail to perform their obligations under the currently arranged time charters, and any new charter arrangements we are able to secure may be at lower rates. The loss of any of our charterers, time charters or vessels, or a decline in payments under our time charters, could have a material adverse effect on our business, results of operations and financial condition, and revenues and cash flow.

#### 7. *Risks Related to Foreign Ports*

The Debtors currently employ all of their Vessels under charter contracts with unaffiliated parties. Under the terms of these charters, and consistent with shipping industry practice, the charterer of each Vessel pays the Debtors a daily charter rate and directs the Vessel's route, loading and discharge ports and cargoes carried. While the Debtors do not control the routes or ports of call made by their Vessels, all of the charter contracts under which their Vessels operate contain express prohibitions proscribing trades of their Vessels in countries or areas that are subject to sanctions or blacklists by the United Nations or major trading nations as well as certain ice bound areas. The value of the Debtors may be adversely affected by the consequences of war, the effects of terrorism, civil unrest and governmental actions in these and surrounding countries.

Although the Debtors believe that they are in compliance with all applicable sanctions and embargo laws and regulations, and intend to maintain such compliance, there can be no assurance that the Debtors will be in compliance in the future, particularly as the scope of certain laws may be unclear and may be subject to changing interpretations. Any such violation could result in fines or other penalties. Moreover, the Debtors' charterers may violate applicable sanctions and embargo laws and regulations as a result of actions that do not involve the Debtors or their Vessels, and those violations could in turn negatively affect the Debtors' reputation.

#### 8. *World Events*

Terrorist attacks like those in New York in 2001, London in 2005, Mumbai in 2008 and other countries and the continuing response of the world community to these attacks, as well as the threat of future terrorist attacks around the world, continue to cause uncertainty in the world financial markets and may affect the Debtors' business, results of operations and financial condition. Continuing conflicts in North Africa and the Middle East and the presence of U.S. and other armed forces in various regions around the world may lead to additional acts of terrorism and armed conflict, which may contribute to further economic instability in the global financial markets. Political conflicts may result in attacks on vessels, mining of waterways and other efforts to disrupt international shipping. Political conflicts, acts of terrorism and piracy could also cause partial or complete closure of ports and sea passages, potentially resulting in higher costs, Vessel delays or cancellations on some of the Debtors' lines. Future terrorist attacks could also result in increased volatility of the financial markets in the United States and globally and could result in an economic recession in the United States or the world. Any of these occurrences could have a material adverse impact on the Debtors' operating results, revenue, and costs.

In addition, because the Debtors' operations are primarily conducted outside of the United States, they may be affected by economic, political and governmental conditions in the countries where the Debtors are engaged in business or where their Vessels are registered. Future hostilities or political instability in regions where

the Debtors operate or may operate could have a material adverse effect on the Debtors' business, results of operations and ability to service their debt. In addition, tariffs, trade embargoes and other economic sanctions by the United States or other countries against countries where their Vessels trade may limit trading activities with those countries, which could also harm the Debtors' business, financial condition and results of operations.

9. *Smuggling*

The Debtors' Vessels may call in areas where smugglers attempt to hide drugs, weapons and other contraband on Vessels, with or without the knowledge of crew members. To the extent their Vessels are found with contraband, whether with or without the knowledge of any crew member, the Debtors may face governmental or other regulatory claims which could have an adverse effect on the Debtors' business, results of operations, cash flows and financial condition.

10. *Requisition of Vessels*

A government could requisition one or more of the Debtors' Vessels for title or hire, or seize one or more of their Vessels. Requisition for title occurs when a government takes control of a vessel and becomes her owner. Requisition for hire occurs when a government takes control of a vessel and effectively becomes her charterer at dictated charter rates. Generally, requisitions occur during a period of war or emergency, although governments may elect to requisition vessels in other circumstances. Government requisition of one or more of the Debtors' Vessels would negatively impact their revenues.

11. *Arrest of Vessels*

Crew members, suppliers of goods and services to a vessel, shippers of cargo, vessel financing participants, charter parties, and other parties may be entitled to a maritime lien against a vessel for unsatisfied debts, claims or damages. In many jurisdictions, a maritime lien holder may enforce its lien by arresting a vessel through foreclosure proceedings. The arrest or attachment of one or more of the Debtors' Vessels could interrupt their cash flow and require them to make significant payments to have the arrest lifted.

In addition, in some jurisdictions, such as South Africa, under the "sister ship" or "associated ship" theory of liability, a claimant may arrest either the vessel which is subject to the claimant's maritime lien or any "associated" vessel, which is any vessel owned or controlled, at the time that the action is commenced, by the same owner or ultimate controller of the vessel concerned when the maritime claim arose. Claimants could try to assert "sister ship" or "associated ship" liability against one Vessel in the Debtors' fleet for claims relating to another of their ships.

12. *Marine Risks; Vessel Damage*

The operation of the Debtors' ocean-going Vessels entails the possibility of certain inherent risks, such as marine disasters, including damage or destruction of the Vessel due to accident, the loss of a Vessel due to piracy or terrorism, loss of life, damage or destruction of cargo and similar events that may cause a loss of revenue from affected Vessels and could damage the Debtors' business reputation, which may in turn lead to loss of business.

If the Debtors' Vessels suffer damage, they may need to be repaired at a drydocking facility. The costs of drydock repairs are unpredictable and can be substantial. In addition, space at drydocking facilities is sometimes limited and not all drydocking facilities are conveniently located. The Debtors may be unable to find space at a suitable drydocking facility or the Vessel in issue may be forced to travel to a drydocking facility that is

distant from its current position. The loss of earnings while their Vessels are being repaired and repositioned, as well as the actual cost of these repairs, would decrease the Debtors' earnings. The Debtors may not have insurance that is sufficient to cover all or any of these costs or losses and may have to pay drydocking costs not covered by their insurance. Further, the involvement of the Debtors' Vessels in a disaster or delays in delivery or loss of cargo may harm their reputation as a safe and reliable vessel operator and could cause them to lose business.

13. *Vessel Maintenance*

The operation of shipping container vessels may create operational risks, such as damage to the vessel. Vessels damaged due to treatment during operation may be more susceptible to breach while at sea. Breaches of a vessel's hull may lead to the flooding, which in turn may lead to loss of a vessel. If the Debtors do not adequately maintain their Vessels, they may be unable to prevent these events. The occurrence of such an event could have a material adverse effect on the Debtors' business, financial condition and results of operations.

14. *Insurance*

The Debtors carry insurance to protect against most of the accident-related risks involved in the conduct of their business and maintain environmental damage and pollution insurance coverage. The Debtors do not carry insurance covering the loss of revenue resulting from vessel off-hire time. The Debtors believe that their insurance coverage is adequate to protect them against most accident-related risks involved in the conduct of their business and that they maintain appropriate levels of environmental damage and pollution insurance coverage. However, there can be no assurance that all risks are adequately insured against, that any particular claim will be paid or that the Debtors will be able to procure adequate insurance coverage at commercially reasonable rates in the future. More stringent environmental regulations in the past have resulted in increased costs for insurance against the risk of environmental damage or pollution. In the future, the Debtors may be unable to procure adequate insurance coverage to protect them against environmental damage or pollution. Moreover, in certain jurisdictions, pollution may result in criminal liability. Criminal liability for a pollution incident could not only result in the Debtors incurring substantial penalties or fines, but may also, in some jurisdictions, facilitate civil liability claims for greater compensation than would otherwise have been payable.

Additionally, the Debtors are indemnified for legal liabilities incurred while operating their Vessels through membership in protection and indemnity associations. The Debtors cannot guarantee that the protection and indemnity associations to which they belong will remain viable or that they will not become subject to additional funding calls which could adversely affect the Debtors.

15. *Piracy*

Acts of piracy have historically affected ocean-going vessels trading in regions of the world such as the South China Sea, the Indian Ocean, and the Arabian Sea, and in the Gulf of Aden off the coast of Somalia. If piracy attacks result in regions in which the Debtors' Vessels are deployed being characterized as "war risk" zones by insurers or as "war and strikes" listed areas by the Joint War Committee, premiums payable for such coverage could increase significantly and such insurance coverage may be more difficult to obtain. Accordingly, the Debtors may not be adequately insured to cover losses from these incidents, which could have a material adverse effect on them. Although the Debtors usually obtain war risk insurance for certain of their Vessels making port calls in designated war zone areas, they cannot provide assurance that such insurance will be obtained prior to one of the Debtors' Vessels entering into an actual war zone, which could result in that Vessel not being insured. Even if their insurance coverage is adequate to cover their losses, the Debtors may not be able to timely obtain a replacement vessel in the event of a loss. In addition, detention of any of the Debtors' Vessels, hijacking as a result of an act of piracy against their Vessels, or an increase in cost, or unavailability, or insufficiency of insurance for their Vessels, could have a material adverse impact on the Debtors' business, financial condition, results of operations and ability to service their debt.



16. *Fuel Prices*

The price of bunker fuel is correlated with crude oil prices, which in turn have historically exhibited significant volatility in short periods of time and have recently been at, or close to, historic highs. Furthermore, crude oil prices are influenced by a host of economic and geopolitical factors. While the Debtors generally will not bear the cost of fuel, or bunkers for Vessels operating on charters, fuel is a significant factor in negotiating charter rates. In addition, upon redelivery of Vessels at the end of a period time or trip time charter, the Debtors may be obligated to repurchase bunkers on board at prevailing market prices, which could be materially higher than fuel prices at the inception of the charter period. Changes in the price of fuel may adversely affect the Debtors' profitability. The price and supply of fuel is unpredictable and fluctuates based on events outside the Debtors' control. Further, fuel may become much more expensive in the future, which may reduce the profitability and competitiveness of the Debtors' business versus other forms of transportation.

17. *Crew Costs*

Crew costs are a significant expense for the Debtors under their charters. Limited supply of, and increased demand for, well-qualified crew, due to the increase in the size of the global shipping fleet, may create upward pressure on crewing costs, which the Debtors bear under their charters. Increases in crew costs may adversely affect the Debtors' profitability.

18. *Aging Fleet; Vessel Replacement*

In general, expenditures necessary for maintaining a vessel in good operating condition increase as a vessel ages. Older vessels are typically less fuel efficient and more costly to maintain than more recently constructed vessels due to improvements in engine technology, increased cargo insurance rates, and less fuel-efficiency. In addition, governmental regulations, including environmental regulations, safety or other equipment standards related to the age of vessels may require expenditures for alterations to existing equipment or the addition of new equipment to the Debtors' Vessels and may restrict the type of activities in which their Vessels may engage. The Debtors cannot give assurances that, as their Vessels age, market conditions will justify those expenditures or enable the Debtors to operate their Vessels profitably during the remainder of their useful lives. Additionally, the Debtors' inability to dispose of the containership at a reasonable price could result in a loss on its sale.

Additionally, the Debtors do not expect to set aside any reserves for vessel replacement. Therefore, the Debtors may be unable to replace the Vessels upon the expiration of their useful lives in the event the Debtors have insufficient credit at the time of such expiration to borrow funds for vessel replacement. If the Debtors are unable to replace the Vessels upon the expiration of their useful lives, their business, results of operations, financial condition and ability to service their debt will be adversely affected.

19. *Technological Innovation*

The charter hire rates and the value and operational life of a vessel are determined by a number of factors including the vessel's efficiency, operational flexibility and physical life. Efficiency includes speed, fuel economy and the ability to load and discharge cargo quickly. Flexibility includes the ability to enter harbors, utilize related docking facilities and pass through canals and straits. The length of a vessel's physical life is related to its original design and construction, its maintenance and the impact of the stress of operations. If new container shipping vessels are built that are more efficient or more flexible or have longer physical lives than the Debtors' Vessels, competition from these more technologically advanced vessels could adversely affect the amount of charter hire payments the Debtors receive for their Vessels once charters expire, and the resale value of their Vessels could significantly decrease. As a result, the Debtors' business, results of operations, cash flows and financial condition could be adversely affected.

## **F. Financial and Taxation Risks**

### *1. Cash Management Credit Risk*

The Debtors currently maintain almost all of their cash and cash equivalents with a limited number of financial institutions located in the London, Hamburg, and Geneva. The Debtors do not expect any of their balances to be covered by insurance in the event of default by any of these financial institutions. The occurrence of such a default could therefore have a material adverse effect on the Debtors' business, financial condition, results of operations and cash flows, and they may lose part or all of their cash that they have deposited with such financial institutions.

### *2. Taxation Risks*

U.S. tax authorities could treat Reorganized Nautilus Shipholdings No. 3 Limited as a "passive foreign investment company" which could have adverse U.S. federal income tax consequences to U.S. holders. A foreign corporation will be treated as a "passive foreign investment company" or PFIC, for U.S. federal income tax purposes if either (i) at least 75% of its gross income for any taxable year consists of certain types of "passive income" or (ii) at least 50% of the average value of the corporation's assets produce or are held for the production of those types of "passive income." For purposes of these tests, "passive income" includes dividends, interest, and gains from the sale or exchange of investment property and rents and royalties other than rents and royalties which are received from unrelated parties in connection with the active conduct of a trade or business. For purposes of these tests, income derived from the performance of services does not constitute "passive income." U.S. shareholders of a PFIC are subject to a disadvantageous U.S. federal income tax regime with respect to the income derived by the PFIC, the distributions they receive from the PFIC and the gain, if any, they derive from the sale or other disposition of their shares in the PFIC.

Based on its projected operations and assets, Reorganized Nautilus Shipholdings No. 3 Limited does not expect to be or to become a PFIC with respect to any taxable year. In this regard, Reorganized Nautilus Shipholdings No. 3 Limited intends to treat the gross income it derives or is deemed to derive from its time chartering activities as services income, rather than rental income. Accordingly, Reorganized Nautilus Shipholdings No. 3 Limited believes that its income from its time chartering activities does not constitute "passive income," and the assets that it will own and operate in connection with the production of that income will not constitute passive assets.

There is substantial legal authority supporting this position consisting of case law and other authorities concerning the characterization of income derived from time charters and voyage charters as services income for other tax purposes. However, it should be noted that there is also authority which characterizes time charter income as rental income rather than services income for other tax purposes. Accordingly, no assurance can be given that the IRS or a court of law will accept this position, and there is a risk that the IRS or a court of law could determine that Reorganized Nautilus Shipholdings No. 3 Limited is a PFIC. Moreover, no assurance can be given that Reorganized Nautilus Shipholdings No. 3 Limited would not constitute a PFIC for any future taxable year if the nature and extent of its operations changed.

If Reorganized Nautilus Shipholdings No. 3 Limited were to be treated as a PFIC for any taxable year, U.S. holders of Reorganized Nautilus Shipholdings No. 3 Limited stock may face adverse U.S. tax consequences. Under the PFIC rules, unless those stockholders make an election available under the Tax Code (which election could itself have adverse consequences for such stockholders), such stockholders would be liable to pay U.S. federal income tax at the then prevailing income tax rates on ordinary income plus interest upon "excess distributions" and upon any gain from the disposition of Reorganized Nautilus Shipholdings No. 3 Limited stock, as if the excess distribution or gain had been recognized ratably over the stockholders' holding period of such Reorganized Nautilus Shipholdings No. 3 Limited stock.

**G. Legal and Regulatory Risks**

1. *Litigation*

The Debtors are, from time to time, subject to various asserted or unasserted legal proceedings and claims. Any such claims, regardless of merit, could be time-consuming and expensive to defend and could divert management's attention and resources. While management believes the Debtors have adequate insurance coverage and accrue loss contingencies for all known matters that are probable and can be reasonably estimated, the Debtors cannot ensure that the outcome of all current or future litigation will not have a material adverse effect on the Debtors and their results of operations.

2. *Global Protectionist Policies and Regulatory Regimes*

There is a risk that countries could, in the wake of the global financial and economic crisis or in response to real or perceived currency manipulations or trade imbalances, resort to protectionist measures or make changes to the regulatory regimes in which the Debtors operate in order to protect and preserve domestic industries. Such measures could have a material adverse effect on the Debtors' business, financial condition and results of operations.

Additionally, the Debtors' operations are subject to numerous laws and regulations in the form of international conventions and treaties, national, state and local laws and national and international regulations in force in the jurisdictions in which the Debtors' Vessels operate or will be registered, which could significantly affect the ownership and operation of the Vessels. Compliance with such laws, regulations and standards, where applicable, may require installation of costly equipment or operational changes and may affect the resale value or useful lives of the Debtors' Vessels. The Debtors may also incur additional costs in order to comply with other existing and future regulatory obligations, which could have a material adverse effect on the Debtors' business, results of operations, cash flows and financial condition. Failure to comply with applicable laws and regulations may result in administrative and civil penalties, criminal sanctions or the suspension or termination of the Debtors' operations.

3. *Anticorruption Laws*

Applicable worldwide anti-corruption laws generally prohibit companies and their intermediaries from making improper payments to government officials for the purpose of obtaining or retaining business. The Debtors' activities create the risk of unauthorized payments or offers of payments by one of their employees or agents that could be in violation of the applicable anti-corruption laws. The Debtors maintain policies that prohibit bribery including restrictions on giving or receiving items or services of value to influence business decisions. Although the Debtors have these policies in place, there can be no assurance that these policies will protect the Debtors from governmental investigations or inquiries surrounding actions of their employees or agents. If the Debtors are found to be liable for violations of applicable anti-corruption laws (either due to their own acts or inadvertence, or due to the acts or inadvertence of others), the Debtors could suffer from civil and criminal penalties or other sanctions.

4. *Tighter Import/Export Controls*

International shipping is subject to various security and customs inspection and related procedures in countries of origin and destination and transshipment points. Increased inspection procedures and tighter import and export controls could impose additional financial and legal obligations on the Debtors or require significant capital expenditures. Increased inspection procedures and tighter import and export controls could also impose additional costs and obligations on the Debtors' customers and may, in certain cases, render the shipment of certain

types of cargo uneconomical or impractical. Any such changes or developments may have a material adverse effect on the Debtors' business, financial condition and results of operations.

#### 5. *Inspections and Surveys*

A variety of governmental and private entities subject the Vessels to both scheduled and unscheduled inspections. These entities include the local port authorities, (applicable national authorities such as the United States Coast Guard and harbor masters), classification societies, flag state administrations (countries of registry) and charterers. Some of these entities require the Debtors to obtain permits, licenses, certificates and other authorizations for the operation of their Vessels. Moreover, the Debtors' new secured credit facilities documents will require the Vessel owners to submit the Vessels to the surveys required for ship classification purposes. Their failure to maintain necessary permits, licenses, certificates or authorizations could require them to incur substantial costs or temporarily suspend the operation of one or more of its Vessels. Additionally, failure to submit to surveys, as may be required by the Debtors' new secured credit facilities, could cause the Debtors to be in default thereunder.

In recent periods, heightened levels of environmental and operational safety concerns among insurance underwriters, regulators and charterers have led to greater inspection and safety requirements on all vessels and may accelerate the scrapping of older vessels throughout the container shipping industry. Increasing environmental concerns have created a demand for vessels that conform to the stricter environmental standards. The Debtors believe that the operation of their Vessels is in substantial compliance with applicable environmental laws and regulations and that its Vessels have all material permits, licenses, certificates or other authorizations necessary for the conduct of their operations. However, because such laws and regulations are frequently changed and may impose increasingly stricter requirements, the Debtors cannot predict the ultimate cost of complying with these requirements, or the impact of these requirements on the resale value or useful lives of their Vessels. In addition, a future serious marine incident that results in significant oil pollution or otherwise causes significant adverse environmental impact, could result in additional legislation or regulation that could negatively affect their profitability.

The hull and machinery of every commercial vessel must be classed by a classification society authorized by its country of registry. Additionally, the Debtors' Vessels undergo annual surveys, intermediate surveys and special surveys. Every Vessel is also required to be drydocked for inspection of the underwater parts of such Vessel. If any Vessel does not maintain its class or fails any annual, intermediate or special survey, the Vessel will be unable to trade between ports and, therefore, would be unemployable, potentially causing a negative impact on the Debtors' revenues due to the loss of revenues from such Vessel until it is able to trade again.

#### **H. Classification and Treatment of Claims and Interests**

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

To the extent that the Bankruptcy Court finds that a different classification is required for the Plan to be confirmed, the Debtors currently anticipate that they would seek to (i) modify the Plan to provide for whatever classification might be required for confirmation and (ii) use the acceptances received from any creditor pursuant to the solicitation for the purpose of obtaining the approval of the Class or Classes of which such creditor ultimately is deemed to be a member. Any such reclassification of creditors, although subject to the notice and hearing requirements of the Bankruptcy Code, could adversely affect the Class in which such creditor was initially a member, or any other Class under the Plan, by changing the composition of such Class and the vote required for approval of the Plan.

There can be no assurance that the Bankruptcy Court, after finding that a classification was inappropriate and requiring a reclassification, would approve the Plan based upon such reclassification without requiring the Debtors to resolicit votes.

The Bankruptcy Code also requires that the Plan provide the same treatment for each Claim or Interest of a particular Class unless the holder of a particular Claim or Interest agrees to a less favorable treatment of its Claim or Interest. The Debtors believe that they have complied with this requirement. To the extent that the Bankruptcy Court finds that the Plan does not satisfy such requirement, the Bankruptcy Court could deny confirmation of the Plan or the Debtors could be required to modify the Plan.

## **VI. CERTAIN INCOME TAX CONSEQUENCES OF THE PLAN**

The following is a summary of certain U.S. federal income tax consequences of the Plan to U.S. Holders and Non-U.S. Holders (as defined below) of certain Allowed Claims that are entitled to vote to accept or reject the Plan. This summary is for informational purposes only and is based on the Internal Revenue Code of 1986, as amended (the "Tax Code"), U.S. Treasury regulations promulgated thereunder, and administrative and judicial interpretations and practice, all as in effect on the date of this Disclosure Statement and all of which are subject to change or differing interpretations, with possible retroactive effect. Due to the lack of definitive judicial and administrative authority in a number of areas, substantial uncertainty may exist with respect to some of the tax consequences described herein. No opinion of counsel has been obtained as to any of the tax consequences of the Plan and no ruling will be sought from the Internal Revenue Service ("IRS") with respect to any statement or conclusion in this summary. No representations are being made regarding the particular tax consequences of the confirmation or implementation of the Plan as to any creditor or equity interest-holder and there can be no assurance that the IRS would not assert, or that a court would not sustain, positions different from those discussed herein.

The following discussion does not address foreign, state, or local tax consequences of the Plan, nor does it purport to address all aspects of U.S. federal income taxation applicable to special classes of taxpayers (including, without limitation, banks and certain other financial institutions, insurance companies, tax-exempt organizations, governmental entities, partnerships or other pass-through entities, real estate investment trusts, regulated investment companies, controlled foreign corporations, passive foreign investment companies, persons whose functional currency is not the U.S. dollar, dealers subject to the mark-to-market rules of Section 475 of the Tax Code, employees of the Debtors, and persons who received their Allowed Claims pursuant to the exercise of an employee stock option or otherwise as compensation). This summary assumes that the Allowed Claims are held as capital assets for U.S. federal income tax purposes and that the interests in the Amended and Restated Citi Facility, Amended and Restated DVB 1 Facility, Amended and Restated DVB 2 Facility, and Amended and Restated HSH-YM Facility (each, an "Amended and Restated Facility," and collectively, the "Amended and Restated Facilities"), the stock of each of Reorganized Nautilus Shipholdings No. 3 Limited, Reorganized Debtor Miltons Way Limited, Reorganized Debtors Findhorn Osprey Limited, Earlstown Limited, Floral Peninsula Limited, and Resplendent Spirit Limited will each be held as a capital asset for U.S. federal income tax purposes. Furthermore, the following discussion does not address U.S. federal taxes other than income taxes (including, without limitation, estate and gift taxes). U.S. Holders and Non-U.S. Holders should consult their tax advisors regarding the tax consequences to them of the transactions contemplated by the Plan, including U.S. federal, state, local and foreign tax consequences.

For purposes of this discussion, a "U.S. Holder" is a beneficial holder of Allowed Claims that is, for U.S. federal income tax purposes (1) an individual that is a citizen or resident of the United States, (2) a corporation, or other entity treated as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States, any state thereof or the District of Columbia, (3) an estate, the income of which is subject to U.S. federal income taxation regardless of its source, or (4) a trust if (i) a court within the United States is able to exercise primary supervision over its administration and one or more U.S. persons have the authority to control all of the substantial decisions of such trust or (ii) such trust has a valid election in effect under applicable Treasury regulations to be treated as a U.S. person. A "Non-U.S. Holder" is a beneficial holder (other than any entity treated as a partnership for U.S. federal income tax purposes) of Allowed Claims that is not a U.S. Holder.

If a partnership (including any entity treated as a partnership for U.S. federal income tax purposes) holds Allowed Claims, as the case may be, the U.S. federal income tax consequences to the partners of such partnership will depend on the activities of the partnership and the status of the partners. A partnership considering participating in the Plan should consult its tax advisor regarding the consequences to the partnership and its partners of the Plan.

**A. Certain U.S. Federal Income Tax Consequences to U.S. Holders**

The discussion below describes certain U.S. federal income tax consequences of the transactions contemplated by the Plan to U.S. Holders; however, no assurance can be given as to the treatment of such transactions by the IRS or as to whether such treatment will be sustained by a court. Each U.S. Holder should consult its tax advisor regarding the tax consequences to it of the transactions contemplated by the Plan and information that may be relevant to its particular situation and circumstances.

1. *U.S. Holders of Class 3A Citi Facility Claims, Class 5 DVB 1 Facility Claims, Class 6 DVB 2 Facility Claims, and Classes 8A and 8B HSH-YM Facility Claims*

(a) General

Pursuant to the Plan, in full satisfaction and discharge of its Claim, each U.S. Holder of Class 3A Citi Facility Claims, Class 5 DVB 1 Facility Claims, Class 6 DVB 2 Facility Claims, and Classes 8A and 8B HSH-YM Facility Claims (collectively, the "Facility Claims") will receive its pro rata share an Amended and Restated Facility, as applicable (collectively, the "Facility Exchanges"). The Reorganized Debtors intend to follow, for U.S. federal income tax purposes, the treatment of the Facility Exchanges as described in the Plan. The IRS could take the position, however, that the Facility Exchanges, the U.S. Holders, and/or the Debtors should be treated for U.S. federal income tax purposes in some manner other than that set forth in the Plan.

(b) The Facility Exchanges

The U.S. federal income tax consequences of the Facility Exchanges will depend, in part, on whether the U.S. Holders' allowed Facility Claims constitute "securities" for U.S. federal income tax purposes. Whether a debt instrument constitutes a "security" is determined based on all the facts and circumstances. Most authorities have held that the length of the term of a debt instrument at initial issuance is an important factor in determining whether such instrument is a security for U.S. federal income tax purposes. These authorities have indicated that a term of less than five years is evidence that the instrument is not a security, whereas a term of ten years or more is evidence that it is a security. There are other factors that may be relevant to the determination, including the security for payment, the creditworthiness of the obligor, the subordination or lack thereof with respect to other creditors, the right to vote or otherwise participate in the management of the obligor, convertibility of the instrument into equity of the obligor, whether payments of interest are fixed, variable or contingent and whether such payments are made on a current basis or accrued. The allowed Facility Claims each have a term of more than ten years. It is unclear whether U.S. Holders' allowed Facility Claims constitute "securities" for U.S. federal income tax purposes and each U.S. Holder should consult its tax advisor regarding the treatment of such obligations as "securities."

The Debtors intend to take the position that each of the allowed Facility Claims and the Amended and Restated Facilities should constitute "securities" for U.S. federal income tax purposes.

(i) Treatment as a Recapitalization

Subject to the discussion below regarding accrued interest, to the extent that a U.S. Holder's allowed Facility Claim is characterized as a "security" for U.S. federal income tax purposes, the Facility Exchanges should be treated as a "recapitalization" for U.S. federal income tax purposes and the Amended and Restated Facility should also be characterized as a "security" for U.S. federal income tax purposes. If the Facility Exchanges is treated as a recapitalization, a U.S. Holder of an allowed Facility Claim generally should not recognize capital gain or loss pursuant to the Facility Exchanges. A U.S. Holder's aggregate tax basis in the Amended and Restated Facility it receives in the Facility Exchanges should be equal to the tax basis of such U.S. Holder's allowed Facility Claim surrendered in exchange therefor. Such U.S. Holder's holding period for such Amended and Restated Facility should include its holding period for the allowed Facility Claim surrendered in exchange therefor.

(ii) Treatment as a Taxable Exchange

Subject to the discussion below regarding accrued interest, if the allowed Facility Claims are not characterized as "securities," and as a result the Facility Exchanges are not treated as a "recapitalization," and the transactions contemplated by the Plan are otherwise taxable to a U.S. Holder, such U.S. Holder should recognize gain or loss equal to the difference between (a) the issue price of such U.S. Holder's *pro rata* share of the Amended and Restated Facility received pursuant to the Plan (which generally should be deemed to equal the stated principal amount if neither the Amended and Restated Facility nor the allowed Facility Claim surrendered in exchange therefor is considered "publicly traded" under applicable Treasury regulations) over (b) such U.S. Holder's tax basis in its allowed Facility Claim surrendered pursuant to the Plan. Such gain or loss should be capital gain or loss (subject to the "market discount" rules described below) and should be long-term capital gain or loss if the U.S. Holder's holding period for its surrendered allowed Facility Claim exceeded one year. A U.S. Holder's tax basis in its *pro rata* share of the Amended and Restated Facility received pursuant to the Plan should equal the fair market value of such interests on the Effective Date. A U.S. Holder's holding period for its *pro rata* share of the Amended and Restated Facility received pursuant to the Plan should begin on the day following the Effective Date.

(c) Accrued Interest

To the extent that any consideration is allocated to accrued but unpaid interest, a U.S. Holder of allowed Facility Claims that has not previously included such accrued interest in taxable income for U.S. federal income tax purposes should recognize ordinary income equal to the fair market value of any property received (including the U.S. Holder's *pro rata* share of the Amended and Restated Facility) with respect to such Claims for accrued interest. Pursuant to the Plan, the Reorganized Debtors will allocate for U.S. federal income tax purposes all distributions in respect of any Claim first to the principal amount of such Claim, and thereafter to accrued but unpaid interest. No assurance can be given that the IRS will not challenge such allocation. If a distribution with respect to a Claim is entirely allocated to the principal amount of such Claim, a holder may be entitled to claim a loss to the extent of any accrued but unpaid interest on the Claim that was previously included in the holder's gross income. U.S. Holders should consult their tax advisors regarding the particular U.S. federal income tax consequences applicable to them under the Plan in respect of allowed Facility Claims for accrued interest, including the character of any loss claimed with respect to accrued but unpaid interest previously included in gross income.

(d) Market Discount

A U.S. Holder that purchased its allowed Facility Claim from a prior holder at a discount to the then-adjusted issue price of such allowed Facility Claim may be subject to the market discount rules of the Tax Code. Under those rules, assuming such U.S. Holder has not made an election to amortize the market discount into income on a current basis, any gain recognized on the exchange of such allowed Facility Claim (subject to a de minimis rule and exceptions for certain nonrecognition transactions) generally would be characterized as ordinary income to the extent of the accrued market discount on such allowed Facility Claim as of the Effective Date. U.S. Holders of

allowed Facility Claims should consult their tax advisors as to the tax consequences of the market discount rules, including, without limitation, the possible application of such rules on the Facility Exchanges.

2. *U.S. Holders of Class 3B Citi Facility Claims*

(a) General

Pursuant to the Plan, in full satisfaction and discharge of its Claim, each U.S. Holder of Class 3B Citi Facility Claims (the "Class 3B Citi Facility Claims") will receive its pro rata share of 100% of the stock of Reorganized Nautilus Shipholdings No. 3 Limited (subject to dilution by the warrants) (the "Class 3B Exchange"). The Reorganized Debtors intend to follow, for U.S. federal income tax purposes, the treatment of the Class 3B Exchange as described in the Plan. The IRS could take the position, however, that the Class 3B Exchange, the U.S. Holders, and/or the Debtors should be treated for U.S. federal income tax purposes in some manner other than that set forth in the Plan.

(b) The Class 3B Exchange

Subject to the market discount rules described below, the Class 3B Exchange should be treated as a tax-free transaction in which no gain or loss is recognized for U.S. federal income tax purposes. A U.S. Holder's aggregate basis in the stock of Reorganized Nautilus Shipholdings No. 3 Limited it receives in the Class 3B Exchange should be equal to the tax basis of such U.S. Holder's allowed Class 3B Citi Facility Claim surrendered in exchange therefor. Such U.S. Holder's holding period for such stock of Reorganized Nautilus Shipholdings No. 3 Limited generally should include its holding period for the allowed Class 3B Citi Facility Claim surrendered in exchange therefor.

(c) Accrued Interest

To the extent that any consideration is allocated to accrued but unpaid interest, a U.S. Holder of allowed Class 3B Citi Facility Claims that has not previously included such accrued interest in taxable income for U.S. federal income tax purposes should recognize ordinary income equal to the fair market value of any property received (including the U.S. Holder's *pro rata* share of the stock of Reorganized Nautilus Shipholdings No. 3 Limited) with respect to such Claims for accrued interest. Pursuant to the Plan, the Reorganized Debtors will allocate for U.S. federal income tax purposes all distributions in respect of any Claim first to the principal amount of such Claim, and thereafter to accrued but unpaid interest. No assurance can be given that the IRS will not challenge such allocation. If a distribution with respect to a Claim is entirely allocated to the principal amount of such Claim, a holder may be entitled to claim a loss to the extent of any accrued but unpaid interest on the Claim that was previously included in the holder's gross income. U.S. Holders should consult their tax advisors regarding the particular U.S. federal income tax consequences applicable to them under the Plan in respect of allowed Class 3B Citi Facility Claims for accrued interest, including the character of any loss claimed with respect to accrued but unpaid interest previously included in gross income.

(d) Market Discount

A U.S. Holder that purchased its allowed Class 3B Citi Facility Claim from a prior holder at a discount to the then-adjusted issue price of such allowed Class 3B Citi Facility Claim may be subject to the market discount rules of the Tax Code. Under those rules, assuming such U.S. Holder has not made an election to amortize the market discount into income on a current basis, any gain recognized on the exchange of such allowed Class 3B Citi Facility Claim (subject to a de minimis rule and exceptions for certain nonrecognition transactions) generally would be characterized as ordinary income to the extent of the accrued market discount on such allowed Class 3B Citi Facility Claim as of the Effective Date. U.S. Holders of allowed Class 3B Citi Facility Claims should consult



their tax advisors as to the tax consequences of the market discount rules, including, without limitation, the possible application of such rules on the Class 3B Exchange.

3. *U.S. Holders of Class 4 Columbia Facility Claims*

(a) General

Pursuant to the Plan, in full satisfaction and discharge of its Claim, each U.S. Holder of Class 4A Columbia Facility Claims and Class 4B Columbia Facility Claims (the "Class 4 Columbia Facility Claims") will receive the return of the vessel securing such Claims (the "Class 4 Exchange"). The Reorganized Debtors intend to follow, for U.S. federal income tax purposes, the treatment of the Class 4 Exchange as described in the Plan. The IRS could take the position, however, that the Class 4 Exchange, the U.S. Holders, and/or the Debtors should be treated for U.S. federal income tax purposes in some manner other than that set forth in the Plan.

(b) The Class 4 Exchange

(i) Treatment as a Taxable Exchange

Subject to the discussion below regarding accrued interest, a U.S. Holder should recognize gain or loss equal to the difference between (a) the fair market value as of the Effective Date of the vessel securing such Claims received pursuant to the Plan over (b) such U.S. Holder's tax basis in its allowed Class 4 Columbia Facility Claim surrendered pursuant to the Plan. Such gain or loss should be capital gain or loss (subject to the "market discount" rules described below) and should be long-term capital gain or loss if the U.S. Holder's holding period for its surrendered allowed Class 4 Columbia Facility Claim exceeded one year. A U.S. Holder's tax basis in the vessel received pursuant to the Plan, should equal the fair market value of such vessel on the Effective Date. A U.S. Holder's holding period for the vessel received pursuant to the Plan should begin on the day following the Effective Date.

(c) Accrued Interest

To the extent that any consideration is allocated to accrued but unpaid interest, a U.S. Holder of allowed Class 4 Columbia Facility Claims that has not previously included such accrued interest in taxable income for U.S. federal income tax purposes should recognize ordinary income equal to the fair market value of any property received (including the vessel received) with respect to such Claims for accrued interest. Pursuant to the Plan, the Reorganized Debtors will allocate for U.S. federal income tax purposes all distributions in respect of any Claim first to the principal amount of such Claim, and thereafter to accrued but unpaid interest. No assurance can be given that the IRS will not challenge such allocation. If a distribution with respect to a Claim is entirely allocated to the principal amount of such Claim, a holder may be entitled to claim a loss to the extent of any accrued but unpaid interest on the Claim that was previously included in the holder's gross income. U.S. Holders should consult their tax advisors regarding the particular U.S. federal income tax consequences applicable to them under the Plan in respect of allowed Class 4 Columbia Facility Claims for accrued interest, including the character of any loss claimed with respect to accrued but unpaid interest previously included in gross income.

(d) Market Discount

A U.S. Holder that purchased its allowed Class 4 Columbia Facility Claim from a prior holder at a discount to the then-adjusted issue price of such allowed Class 4 Columbia Facility Claim may be subject to the market discount rules of the Tax Code. Under those rules, assuming such U.S. Holder has not made an election to

amortize the market discount into income on a current basis, any gain recognized on the exchange of such allowed Class 4 Columbia Facility Claim (subject to a de minimis rule and exceptions for certain nonrecognition transactions) generally would be characterized as ordinary income to the extent of the accrued market discount on such allowed Class 4 Columbia Facility Claim as of the Effective Date. U.S. Holders of allowed Class 4 Columbia Facility Claims should consult their tax advisors as to the tax consequences of the market discount rules, including, without limitation, the possible application of such rules on the Class 4 Exchange.

4. *U.S. Holders of Class 7 Flowers Facility Claims*

(a) General

Pursuant to the Plan, in full satisfaction and discharge of its Claim, each U.S. Holder of Class 7A Flowers Facility Claims and Class 7B Flowers Facility Claims (the "Class 7 Flowers Facility Claims") will receive the return of the vessels securing such Claims (the "Class 7 Exchange"). The Reorganized Debtors intend to follow, for U.S. federal income tax purposes, the treatment of the Class 7 Exchange as described in the Plan. The IRS could take the position, however, that the Class 7 Exchange, the U.S. Holders, and/or the Debtors should be treated for U.S. federal income tax purposes in some manner other than that set forth in the Plan.

(b) The Class 7 Exchange

(i) Treatment as a Taxable Exchange

Subject to the discussion below regarding accrued interest, a U.S. Holder should recognize gain or loss equal to the difference between (a) the fair market value as of the Effective Date of the vessels securing such Claims received pursuant to the Plan over (b) such U.S. Holder's tax basis in its allowed Class 7 Flowers Facility Claim surrendered pursuant to the Plan. Such gain or loss should be capital gain or loss (subject to the "market discount" rules described below) and should be long-term capital gain or loss if the U.S. Holder's holding period for its surrendered allowed Class 7 Flowers Facility Claim exceeded one year. A U.S. Holder's tax basis in the vessels received pursuant to the Plan, should equal the fair market value of such vessels on the Effective Date. A U.S. Holder's holding period for the vessels received pursuant to the Plan should begin on the day following the Effective Date.

(c) Accrued Interest

To the extent that any consideration is allocated to accrued but unpaid interest, a U.S. Holder of allowed Class 7 Flowers Facility Claims that has not previously included such accrued interest in taxable income for U.S. federal income tax purposes should recognize ordinary income equal to the fair market value of any property received (including the vessels received) with respect to such Claims for accrued interest. Pursuant to the Plan, the Reorganized Debtors will allocate for U.S. federal income tax purposes all distributions in respect of any Claim first to the principal amount of such Claim, and thereafter to accrued but unpaid interest. No assurance can be given that the IRS will not challenge such allocation. If a distribution with respect to a Claim is entirely allocated to the principal amount of such Claim, a holder may be entitled to claim a loss to the extent of any accrued but unpaid interest on the Claim that was previously included in the holder's gross income. U.S. Holders should consult their tax advisors regarding the particular U.S. federal income tax consequences applicable to them under the Plan in respect of allowed Class 7 Flowers Facility Claims for accrued interest, including the character of any loss claimed with respect to accrued but unpaid interest previously included in gross income.

(d) Market Discount

A U.S. Holder that purchased its allowed Class 7 Flowers Facility Claim from a prior holder at a discount to the then-adjusted issue price of such allowed Class 7 Flowers Facility Claim may be subject to the market discount rules of the Tax Code. Under those rules, assuming such U.S. Holder has not made an election to amortize the market discount into income on a current basis, any gain recognized on the exchange of such allowed Class 7 Flowers Facility Claim (subject to a de minimis rule and exceptions for certain nonrecognition transactions) generally would be characterized as ordinary income to the extent of the accrued market discount on such allowed Class 7 Flowers Facility Claim as of the Effective Date. U.S. Holders of allowed Class 7 Flowers Facility Claims should consult their tax advisors as to the tax consequences of the market discount rules, including, without limitation, the possible application of such rules on the Class 7 Exchange.

**B. Certain U.S. Federal Income Tax Consequences to Non-U.S. Holders**

A Non-U.S. Holder generally should not be subject to U.S. federal income tax on any gain, accrued interest or accrued market discount recognized in the Facility Exchanges, the Class 3B Exchange, the Class 4 Exchange, and/or the Class 7 Exchange, as applicable, unless the gain, accrued interest or accrued market discount, as the case may be, is effectively connected with the Non-U.S. Holder's conduct of a trade or business in the United States (and, if a tax treaty applies, the Non-U.S. Holder maintains a U.S. permanent establishment to which the gain is attributable).

To the extent that such gain, accrued interest or accrued market discount, as the case may be, is effectively connected with the Non-U.S. Holder's conduct of a U.S. trade or business (and, if a tax treaty applies, the Non-U.S. Holder maintains a U.S. permanent establishment to which the gain is attributable), the Non-U.S. Holder generally will be subject to U.S. federal income tax on a net basis in the same manner as if the Non-U.S. Holder were a U.S. Holder. Such gain, accrued interest or accrued market discount, as the case may be, by a corporate Non-U.S. Holder may also be subject to an additional U.S. federal branch profits tax at a 30% rate (or, if applicable, a lower treaty rate).

Non-U.S. Holders should consult their tax advisors regarding the tax consequences to them of the transactions contemplated by the Plan and information that may be relevant to their particular situation and circumstances.

**C. Importance of Obtaining Professional Tax Assistance**

**THE FOREGOING DISCUSSION IS INTENDED ONLY AS A SUMMARY OF CERTAIN INCOME TAX CONSEQUENCES OF THE PLAN AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING WITH A TAX PROFESSIONAL. THE ABOVE DISCUSSION IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT TAX ADVICE. THE TAX CONSEQUENCES ARE IN MANY CASES UNCERTAIN AND MAY VARY DEPENDING ON A CLAIM OR U.S. HOLDER'S PARTICULAR CIRCUMSTANCES. ACCORDINGLY, U.S. HOLDERS OF CLAIMS SHOULD CONSULT THEIR TAX ADVISORS ABOUT THE UNITED STATES FEDERAL, STATE, AND LOCAL, AND APPLICABLE FOREIGN INCOME AND OTHER TAX CONSEQUENCES OF THE PLAN.**

**VII. FEASIBILITY, VALUATION, BEST INTERESTS OF CREDITORS AND CONFIRMATION WITHOUT ACCEPTANCE OF ALL IMPAIRED CLASSES**

**A. Feasibility of the Plan**

The Bankruptcy Code requires that the Bankruptcy Court determine that confirmation of the Plan is not likely to be followed by liquidation or the need for further financial reorganization of the Debtors. For

purposes of showing that the Plan meets this "feasibility" standard, the Debtors have analyzed the ability of the Reorganized Debtors to meet their obligations under the Plan and retain sufficient liquidity and capital resources to conduct their business. To support their belief in the feasibility of the Plan, the Debtors prepared the financial projections (the "Financial Projections") set forth as Appendix C of the Disclosure Statement. The Financial Projections show that the Reorganized Debtors should have sufficient cash to make payments required under the Plan. Accordingly, the Debtors believe the Plan is feasible and meets the requirements of section 1129(a)(11) of the Bankruptcy Code.

THE FINANCIAL PROJECTIONS ARE BY THEIR NATURE FORWARD LOOKING, AND ACTUAL RESULTS MAY DIFFER MATERIALLY FROM THE INFORMATION SET FORTH THEREIN. ACCORDINGLY, READERS OF THIS DISCLOSURE STATEMENT ARE CAUTIONED NOT TO PLACE UNDUE RELIANCE ON THE FINANCIAL PROJECTIONS, AND SHOULD CAREFULLY REVIEW **SECTION V — "RISK FACTORS TO BE CONSIDERED"** HEREIN. THE FINANCIAL PROJECTIONS SHOULD NOT BE RELIED UPON AS NECESSARILY INDICATIVE OF FUTURE, ACTUAL RECOVERIES.

Holders of Claims against and Interests in the Debtors are advised that the Financial Projections were not prepared with a view toward compliance with the published guidelines of the American Institute of Certified Public Accountants or any other regulatory or professional agency or body or generally accepted accounting principles. Furthermore, the Debtors' independent certified public accountants have not compiled or examined the Financial Projections and accordingly do not express any opinion or any other form of assurance with respect thereto and assume no responsibility for the Financial Projections.

In addition to the assumptions footnoted in the Financial Projections themselves, the Financial Projections also assume that (i) the Plan will be confirmed and consummated in accordance with its terms, (ii) there will be no material change in legislation or regulations, or the administration thereof, that will have an unexpected effect on the operations of the Reorganized Debtors, and (iii) there will be no material contingent or unliquidated litigation or indemnity claims applicable to the Reorganized Debtors. Although considered reasonable by the Debtors as of the date hereof, unanticipated events and circumstances occurring after the preparation of the Financial Projections may affect actual recoveries under the Plan.

The Debtors do not intend to update or otherwise revise the Financial Projections, including any revisions to reflect events or circumstances existing or arising after the date of this Disclosure Statement or to reflect the occurrence of unanticipated events, even if any or all of the underlying assumptions do not come to fruition. Furthermore, the Debtors do not intend to update or revise the Financial Projections to reflect changes in general economic or industry conditions.

## **B. Best Interests Test**

Under the Bankruptcy Code, confirmation of a plan also requires a finding that, with respect to each impaired class of Claims and Interests, that each holder of an Allowed Claim or Interest in such impaired class has accepted the Plan, or will receive or retain under the Plan property of a value, as of the Effective Date, that is not less than the amount that such holder would receive or retain if the Debtors were liquidated under chapter 7 of the Bankruptcy Code ("Chapter 7"). This requirement is known as the "best interests of creditors" test (referred to herein as the "Best Interests Test").

In determining whether the Best Interests Test has been met, the first step is to determine the dollar amount that would be generated from a hypothetical liquidation of the Debtors' assets under Chapter 7. The Debtors, with assistance of their financial advisor, have prepared a liquidation analysis attached hereto as Appendix D (the "Liquidation Analysis"). The Liquidation Analysis reflects the estimated cash proceeds, net of liquidation-related costs that would be available to the Debtors' creditors if the Debtors were to be liquidated under Chapter 7 as an alternative to continued operation of the Debtors businesses under the Plan. Accordingly, asset values discussed

in the Liquidation Analysis may be different than amounts referred to in the Plan. The Liquidation Analysis is based upon the assumptions discussed therein.

The Debtors believe that the Plan meets the Best Interests Test. After analyzing the effect that a Chapter 7 liquidation would have on the ultimate proceeds available for distribution, the Debtors, in consultation with their advisors, believe that the distributions under the Plan will be at least as much as under a Chapter 7 liquidation. The Debtors believe that any liquidation analysis in these cases is highly speculative given the nature of the Debtors' assets. However, based on the Liquidation Analysis, the Debtors believe that in a Chapter 7 liquidation the net proceeds of any sale would be less than the value provided under the Plan.

As described more fully in the Liquidation Analysis, the conclusion that the going concern value would be higher than a liquidation value can be attributed to the following factors, among others: (i) the increased costs and expenses of liquidation under chapter 7, including the fees payable to the chapter 7 trustee and the attorneys and advisors to such trustee, (ii) the sudden increase in supply being introduced into the containership sale and purchase market that may temporarily push down asset prices, (iii) the potential inability to operate the vessels optimally during the liquidation process, (iv) the likelihood that vessel sale prices achieved in the "forced sale" atmosphere of a chapter 7 liquidation, particularly given current market constraints, would be significantly lower than the value which may be realized through the operation or sale of the vessels as going concerns, (v) the likelihood of increased opportunistic litigation and claims by counterparties to the Debtors' various agreements, and (vi) the potential loss of existing charters and charter counterparties.

Although the Debtors believe that the Plan meets the Best Interests Test, there can be no assurance that the Bankruptcy Court will determine that the Plan meets this test.

### **C. Confirmation Without Acceptance of All Impaired Classes**

Classes 3A, 3B, 4A, 4B, 5, 6, 7A, 7B, 8, 9, 13, and 14 are impaired and entitled to vote on the Plan. To the extent any of these Classes vote to reject the Plan, the Debtors will seek confirmation of the Plan pursuant to the "cramdown" provisions of section 1129(b) of the Bankruptcy Code. Under section 1129(b) of the Bankruptcy Code, the Bankruptcy Court may confirm a plan over the objection of an impaired rejecting class, if, among other things, at least one impaired class of Claims has accepted the plan (not counting the votes of any "insiders" as defined in the Bankruptcy Code) and if the plan does not "discriminate unfairly" against and is "fair and equitable" to each impaired rejecting class.

In general, a plan does not discriminate unfairly within the meaning of the Bankruptcy Code if a dissenting class is treated substantially equivalent with respect to other classes of equal rank. Courts will take into account a number of factors in determining whether a plan discriminates unfairly, including whether the discrimination has a reasonable basis, whether the debtor can carry out a plan without such discrimination, whether such discrimination is proposed in good faith, and the treatment of the class discriminated against. Courts have also held that it is appropriate to classify unsecured creditors separately if the differences in classification are in the best interest of the creditors, foster reorganization efforts, do not violate the absolute priority rule, and do not needlessly increase the number of classes.

A plan is fair and equitable as to a class of secured claims that rejects a plan if the plan provides that (i) the claimants in such class of secured claims retain their liens and receive deferred cash payments totaling their allowed claims; (ii) the collateral of claimants in such class of secured claims be sold with liens attaching to the proceeds of the sale; or (iii) the claimants in such class of secured claims receive the indubitable equivalent of their secured claim. A plan is fair and equitable as to a class of unsecured claims that rejects a plan if the plan provides (a) for each holder of a claim included in the rejecting class to receive or retain on account of that claim property that has a value, as of the effective date of the plan, equal to the allowed amount of such claim; or (b) that the holder of any claim or interest that is junior to the claims of such class will not receive or retain on account of such junior

claim or interest any property at all. A plan is fair and equitable as to a class of equity interests that rejects a plan if the plan provides (a) that each holder of an interest included in the rejecting class receive or retain on account of that interest property that has a value, as of the effective date of the plan, equal to the greatest of the allowed amount of any fixed liquidation preference to which such holder is entitled, any fixed redemption price to which such holder is entitled, or the value of such interest; or (b) that the holder of any interest that is junior to the interests of such class will not receive or retain any property at all on account of such junior interest under the plan. The Debtors submit that the Plan is structured such that it does not "discriminate unfairly" and is "fair and equitable" to each impaired rejecting class.

#### **VIII. ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN**

If the requisite acceptances are not received or if the Plan is not confirmed, the Debtors could attempt to formulate and propose a different plan or plans of reorganization. Such a plan or plan(s) might involve either a reorganization and continuation of the Debtors' businesses or an orderly liquidation of assets. If by January 31, 2015 the vessels securing the F-C Credit Agreements have not been turned over to the lenders under the F-C Credit Agreements pursuant to the Plan, the Debtors shall, if requested by the lenders under the F-C Credit Agreements, promptly as is reasonably practicable file a motion for sale of the vessels securing the F-C Credit Agreements pursuant to section 363 of the Bankruptcy Code with the lenders under the F-C Credit Agreements serving as the stalking horse bidder with a credit bid; provided, that the stalking horse bid shall contain the same economics set forth in the Plan, including, without limitation, with respect to the F-C Consideration, the F-C Escrow, and the F-C Technical Manager Costs; provided, further, such lenders under the F-C Credit Agreements agree to vote in favor of any subsequent plan of reorganization of the Debtors, so long as the treatment with respect to such lenders' claims is consistent with the Plan, such lenders are granted releases under such plan and such lenders reasonably agree with any material modifications in the subsequent plan in comparison to the Plan.

#### **IX. CONCLUSION AND RECOMMENDATION**

The Debtors believe that confirmation and implementation of the Plan is preferable to any other alternative under the circumstances. Other alternatives would involve significant delay, uncertainty, substantial additional administrative costs, and lower recovery to the holders of impaired claims and interests. Consequently, the Debtors urge all holders of impaired claims and interests entitled to vote under the Bankruptcy Code to vote to accept the Plan and to evidence their acceptance by duly completing and returning their ballots so that they will be received on or before 5:00 P.M. (prevailing Eastern time) on December 26, 2014 by the Voting Agent.

Dated: November 19, 2014

NAUTILUS HOLDINGS LIMITED.  
NAUTILUS HOLDINGS NO. 2 LIMITED  
NAUTILUS SHIPHOLDINGS NO. 1 LIMITED  
NAUTILUS SHIPHOLDINGS NO. 2 LIMITED  
NAUTILUS SHIPHOLDINGS NO. 3 LIMITED  
ABLE CHALLENGER LIMITED  
CHARMING ENERGETIC LIMITED  
DYNAMIC CONTINENTAL LIMITED  
EARLSTOWN LIMITED  
FINDHORN OSPREY LIMITED  
FLORAL PENINSULA LIMITED  
GOLDEN KNIGHTHEAD LIMITED  
MAGIC PENINSULA LIMITED  
METROPOLITAN HARBOUR LIMITED  
METROPOLITAN VITALITY LIMITED  
MILTONS WAY LIMITED  
PERPETUAL JOY LIMITED  
REGAL STONE LIMITED  
RESPLENDENT SPIRIT LIMITED  
SUPERIOR INTEGRITY LIMITED  
VIVID MIND LIMITED

By: /s/ James A. Mesterharm

Name: James A. Mesterharm

Title: Chief Restructuring Officer

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Counsel for Nautilus Holdings Limited and Certain  
of Its Affiliates

APPENDIX A

AMENDED JOINT PLAN OF REORGANIZATION  
OF NAUTILUS HOLDINGS LIMITED AND CERTAIN OF ITS AFFILIATES



UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

-----	x
	:
In re:	: Chapter 11
	:
NAUTILUS HOLDINGS LIMITED, <u>et al.</u> ,	: Case No. 14-22885 (RDD)
	:
Debtors.	: (Jointly Administered)
	:
-----	x

**AMENDED JOINT PLAN OF REORGANIZATION OF  
NAUTILUS HOLDINGS LIMITED AND CERTAIN OF ITS AFFILIATES  
PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE**

Jay M. Goffman  
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New York, New York 10036  
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Counsel for the Debtors and Debtors-in-Possession

Dated: November 19, 2014

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## INTRODUCTION

Nautilus Holdings Limited and certain of its affiliates, as debtors and debtors in possession, propose the following joint plan of reorganization for the resolution of the outstanding Claims against and Interests in the Debtors. Reference is made to the Disclosure Statement, distributed contemporaneously herewith, for a discussion of (i) the Debtors' history, business and operations, (ii) a summary and analysis of this Plan, and (iii) certain related matters, including risk factors relating to the consummation of this Plan. Subject to certain restrictions and requirements set forth in section 1127 of the Bankruptcy Code, Bankruptcy Rule 3019, and the DVB RSA, the Debtors reserve the right to alter, amend, modify, revoke, or withdraw this Plan prior to its substantial consummation.

## ARTICLE I

### DEFINED TERMS AND RULES OF INTERPRETATION

*Defined Terms.* As used herein, capitalized terms shall have the meanings set forth below. Any term that is not otherwise defined herein, but that is used in the Bankruptcy Code or the Bankruptcy Rules, shall have the meaning given to that term in the Bankruptcy Code or the Bankruptcy Rules, as applicable.

1.1 ***Accrued Professional Compensation*** means, at any date, and regardless of whether such amounts are billed or unbilled, all of a Professional's accrued and unpaid fees (including success fees) and reimbursable expenses for services rendered in the Chapter 11 Cases through and including such date, whether or not such Professional has filed a fee application for payment of such fees and expenses, (i) all to the extent that any such fees and expenses have not been previously paid (regardless of whether a fee application has been filed for any such amount) and (ii) after applying any retainer that has been provided by the Debtors to such Professional and not previously applied. No amount of a Professional's fees and expenses denied under a Final Order shall constitute Accrued Professional Compensation.

1.2 ***Administrative Claim*** means a Claim for costs and expenses of administration of the Chapter 11 Cases under sections 503(b), 507(b) or 1114(e)(2) of the Bankruptcy Code, including, but not limited to: (a) any actual and necessary costs and expenses, incurred on or after the Petition Date and through the Effective Date, of preserving the Estates and operating the businesses of the Debtors (b) Professional Fee Claims; (c) all fees and charges assessed against the Estates under Chapter 123 of Title 28 of the United States Code; (d) all amounts advanced pursuant to the Bankruptcy Court's DIP Financing Orders; and (e) all other claims entitled to administrative claim status pursuant to an order of the Bankruptcy Court.

1.3 ***Affiliate*** means, with respect to any Person, "affiliate" as defined in section 101(2) of the Bankruptcy Code as if such Person were a Debtor.

1.4 ***Allowed*** means, with respect to a Claim against any Debtor, except as otherwise provided herein, (a) a Claim that is (i) listed in the Schedules as of the Effective Date as neither disputed, contingent nor unliquidated, and for which no Proof of Claim has been timely filed, or (ii) evidenced by a valid Proof of Claim or request for payment of Administrative



Claim, as applicable, filed by the applicable Bar Date, and as to which the Debtors or other parties-in-interest have not filed an objection to the allowance thereof by the Claims Objection Deadline, or (b) a Claim that is Allowed under the Plan or any stipulation or settlement approved by, or Final Order of, the Bankruptcy Court; *provided, however*, that any Claims allowed solely for the purpose of voting to accept or reject the Plan pursuant to an order of the Bankruptcy Court will not be considered "Allowed Claims" under the Plan. Notwithstanding the foregoing, a Claim shall not be Allowed and shall not be entitled to a distribution under the Plan to the extent it has been satisfied prior to the Effective Date. If a Claim is Allowed only in part, references to Allowed Claims include and are limited to the Allowed portion of such Claim. Notwithstanding anything to the contrary herein, no Claim that is disallowed in accordance with Bankruptcy Rule 3003 or section 502(d) of the Bankruptcy Code is Allowed and each such Claim shall be expunged without further action by the Debtors and without further notice to any party or action, approval, or order of the Bankruptcy Court.

1.5 ***Allowed ... Claim*** means an Allowed Claim of the particular type or Class described.

1.6 ***Amended and Restated Citi Facility*** means that certain amended and restated financing facility in a principal amount of \$131,330,000 to be entered into between Reorganized Debtors Vivid Mind Limited, Perpetual Joy Limited, Regal Stone Limited, Charming Energetic Limited, and Dynamic Continental Limited and the Holders of Allowed Citi Facility Claims on the Effective Date, with the material terms set forth on Exhibit B, a form of which will be filed as part of the Plan Supplement.

1.7 ***Amended and Restated DVB 1 Facility*** means that certain amended and restated financing facility in a principal amount not to exceed \$73,191,500 (exclusive of swap obligations) among the Reorganized Debtors Golden Knighthead Limited, as borrower, Nautilus Shipholdings No. 2 Limited, as guarantor, and the lenders party thereto as reflected in amended and restated forms of the Existing DVB 1 Facility Documents, which shall be filed as part of the Plan Supplement and entered into on the Effective Date.

1.8 ***Amended and Restated DVB 2 Facility*** means that certain amended and restated financing facility in a principal amount not to exceed \$73,191,500 (exclusive of swap obligations) among the Reorganized Debtors Metropolitan Harbour Limited, as borrower, Nautilus Shipholdings No. 2 Limited, as guarantor, and the lenders party thereto as reflected in amended and restated forms of the Existing DVB 2 Facility Documents, which shall be filed as part of the Plan Supplement and entered into on the Effective Date.

1.9 ***Amended and Restated HSH-YM Facility*** means that certain amended and restated financing facility to be entered into between Reorganized Debtors Able Challenger Limited, Magic Peninsula Limited, Metropolitan Vitality Limited, and Superior Integrity Limited and the Holders of Allowed HSH-YM Facility Claims on the Effective Date, with the material terms set forth on Exhibit A, a form of which will be filed as part of the Plan Supplement.

1.10 ***Avoidance Action*** means any claim or Cause of Action of an Estate arising out of or maintainable pursuant to sections 510, 541, 542, 543, 544, 545, 547, 548, 549,

550, 551, or 553 of the Bankruptcy Code or under any other similar applicable law, regardless of whether or not such action has been commenced prior to the Effective Date.

1.11 **Ballot** means each of the ballot forms distributed to each Holder of a Claim that is entitled to vote to accept or reject this Plan and on which the Holder is to indicate, among other things, acceptance or rejection of this Plan.

1.12 **Bankruptcy Code** means Title 11 of the United States Code, as now in effect or hereafter amended, to the extent such amendments apply to the Chapter 11 Cases.

1.13 **Bankruptcy Court** means the United States Bankruptcy Court for the Southern District of New York, or any other court with jurisdiction over the Chapter 11 Cases.

1.14 **Bankruptcy Rules** means the Federal Rules of Bankruptcy Procedure and the local rules of the Bankruptcy Court, as now in effect or hereafter amended.

1.15 **Bar Date** means (i) October 31, 2014 at 5:00 p.m. (Eastern Time), the date by which each Holder of a Claim against any of the Debtors, unless such Claim falls within one of the exceptions, must have filed a Proof of Claim against such Debtor(s); (ii) the later of (a) October 31, 2014 at 5:00 p.m. (Eastern Time) and (b) 5:00 p.m. (Eastern Time) on the date that is 30 days after entry of a Court order pursuant to which executory contracts or unexpired leases are rejected, the date by which any Holder of a Claim arising on account of any such rejected agreement must have filed a Proof of Claim against the Debtor(s); (iii) the later of (a) October 31, 2014 at 5:00 p.m. (Eastern Time) and (b) 5:00 p.m. (Eastern Time) on the date that is 30 days after the date that notice of any applicable amendment or supplement to the Schedules is served on a claimant, the date by which each Holder of a Claim affected by any such amendment or supplement to the Schedules must have filed a Proof of Claim against such Debtor(s); and (iv) December 22, 2014 at 5:00 p.m. (Eastern Time), the date by which each governmental unit with a Claim against any of the Debtors must have filed a Proof of Claim against such Debtor(s), as applicable in each case.

1.16 **Business Day** means any day, other than a Saturday, Sunday, or "legal holiday" (as defined in Bankruptcy Rule 9006(a)).

1.17 **Cash** means legal tender of the United States of America and equivalents thereof.

1.18 **Cause of Action** means any action, proceeding, agreement, Claim, cause of action, controversy, demand, debt, right, action, Avoidance Action, Lien, indemnity, guaranty, suit, obligation, liability, damage, judgment, account, defense, offset, power, privilege, recoupment, crossclaim, counterclaim, third-party claim, indemnity claim, contribution claim or any other claim known or unknown, contingent or non-contingent, matured or unmatured, suspected or unsuspected, liquidated or unliquidated, disputed or undisputed, secured or unsecured, assertable directly or derivatively, whether pending in litigation or otherwise, in contract or in tort, in law or in equity or pursuant to any other theory of law, based in whole or in part upon any act or omission or other event occurring prior to the Effective Date.

1.19 **Chapter 11 Case(s)** means (a) when used with reference to a particular Debtor, the case under Chapter 11 of the Bankruptcy Code commenced by such Debtor in the Bankruptcy Court and (b) when used with reference to all Debtors, the cases under Chapter 11 of the Bankruptcy Code commenced by the Debtors in the Bankruptcy Court.

1.20 **Citi Facility Claims** means Claims under the Citi Facility Documents. For the avoidance of doubt, Citi Facility Claims include Claims arising under any swap agreements related to the Existing Citi Credit Agreement, on a pari passu basis.

1.21 **Citi Facility Documents** means the Existing Citi Credit Agreement and all related documents, including, but not limited to, guarantees and pledges executed in connection therewith.

1.22 **Citi Facility Swap Claims** means all Claims arising from swap obligations under the Existing Citi Credit Agreement.

1.23 **Citi Facility Tranche A Claims** means Citi Facility Claims to the extent such Claims are senior tranche A claims under the Existing Citi Credit Agreement.

1.24 **Citi Facility Tranche B Claims** means Citi Facility Claims to the extent such Claims are subordinated tranche B claims under the Existing Citi Credit Agreement.

1.25 **Citi Silo Management Agreement** means the vessel management agreement, a form of which will be filed with the Plan Supplement, to be entered into by Reorganized Debtors Vivid Mind Limited, Perpetual Joy Limited, Regal Stone Limited, Charming Energetic Limited, and Dynamic Continental Limited, and Synergy Management Services Limited, effective as of the Effective Date and for an initial term of (5) years, and providing for a market rate management fee to Synergy Management Services Limited for the vessels securing the Existing Citi Credit Agreement.

1.26 **Claim** means a "claim" as defined in section 101(5) of the Bankruptcy Code.

1.27 **Claims Objection Deadline** means (i) ninety (90) days following the Effective Date or (ii) such other later date that the Bankruptcy Court may establish upon a motion by the Debtors or Reorganized Debtors, which motion may be approved without a hearing and without notice to any party.

1.28 **Class** means a category of Claims or Interests, as described in Article III hereof.

1.29 **Columbia Facility Claims** means Claims under the Columbia Facility Documents.

1.30 **Columbia Facility Documents** means the Existing Columbia Credit Agreement and all related documents, including, but not limited to, guarantees and pledges executed in connection therewith.

1.31 **Confirmation** means the confirmation of this Plan by the Bankruptcy Court under section 1129 of the Bankruptcy Code.

1.32 **Confirmation Date** means the date on which the Bankruptcy Court enters the Confirmation Order on the docket of the Bankruptcy Court.

1.33 **Confirmation Hearing** means the hearing held by the Bankruptcy Court pursuant to section 1128 of the Bankruptcy Code to consider confirmation of this Plan, as such hearing may be adjourned or continued from time to time.

1.34 **Confirmation Order** means the order of the Bankruptcy Court confirming this Plan pursuant to section 1129 of the Bankruptcy Code.

1.35 **D&O Liability Insurance Policies** means all insurance policies for directors' and officers' liability maintained by the Debtors, including any directors' and officers' "tail policy."

1.36 **Debtors** means Nautilus Holdings Limited, Nautilus Holdings No. 2 Limited, Nautilus Shipholdings No. 1 Limited, Nautilus Shipholdings No. 2 Limited, Nautilus Shipholdings No. 3 Limited, Able Challenger Limited, Charming Energetic Limited, Dynamic Continental Limited, Earlstown Limited, Findhorn Osprey Limited, Floral Peninsula Limited, Golden Knighthead Limited, Magic Peninsula Limited, Metropolitan Harbour Limited, Metropolitan Vitality Limited, Miltons Way Limited, Perpetual Joy Limited, Regal Stone Limited, Resplendent Spirit Limited, Superior Integrity Limited, and Vivid Mind Limited.

1.37 **DIP Financing Orders** means the Order (I) Scheduling a Final Hearing Pursuant to Bankruptcy Rules 4001 and 9014 and (II) Authorizing Debtors to Obtain Postpetition Financing Pursuant to Section 364(c) of the Bankruptcy Code, dated June 25, 2014 [Docket No. 25] and the Second Interim Order (I) Scheduling a Final Hearing Pursuant to Bankruptcy Rules 4001 and 9014 and (II) Authorizing Debtors to Obtain Postpetition Financing Pursuant to Section 364(c) of the Bankruptcy Code, dated July 15, 2014 [Docket No. 60].

1.38 **Disclosure Statement** means the disclosure statement (including all exhibits and schedules thereto) relating to this Plan, as amended, modified or supplemented from time to time, and distributed contemporaneously herewith.

1.39 **Disputed Claim** means (a) any Claim as to which the Debtors have interposed an objection or request for estimation in accordance with the Bankruptcy Code and the Bankruptcy Rules, or any Claim otherwise disputed by the Debtors, the Reorganized Debtors, or other party in interest in accordance with applicable law, which objection has not been withdrawn or determined by a Final Order, (b) any Claim scheduled by the Debtors as contingent, unliquidated, or disputed, (c) any Claim which amends a claim scheduled by the Debtors as contingent, unliquidated, or disputed, or (d) any Claim prior to it having become an Allowed Claim.

1.40 **DVB 1 Facility Claims** means Claims under the Existing DVB 1 Facility Documents, including, without limitation, obligations under the related swap agreement.

1.41 ***DVB 2 Facility Claims*** means Claims under the Existing DVB 2 Facility Documents, including, without limitation, obligations under the related swap agreement.

1.42 ***DVB RSA*** means that certain restructuring support agreement and exhibits thereto entered into among the Debtors, Reminiscent Ventures S.A., Synergy Management Services Limited, and DVB Bank SE (f/k/a DVB Bank AG), dated September 19, 2014, and approved by order of the Bankruptcy Court dated October 3, 2014.

1.43 ***DVB Term Sheet*** means the term sheet between the Debtors and DVB Bank SE (f/k/a DVB Bank AG) attached to the DVB RSA and attached hereto as Exhibit D.

1.44 ***Effective Date*** means the Business Day this Plan becomes effective as provided in Article VIII hereof.

1.45 ***Entity*** means "entity" as defined in section 101(15) of the Bankruptcy Code.

1.46 ***Equity-Related Entities*** means Elektra Limited, Reminiscent Ventures S.A., and Synergy Management Services Limited.

1.47 ***Estate(s)*** means, individually, the estate of any of the Debtors and, collectively, the estates of all of the Debtors created under section 541 of the Bankruptcy Code.

1.48 ***Executory Contract*** means a contract to which one or more of the Debtors is a party that is subject to assumption or rejection under section 365 of the Bankruptcy Code.

1.49 ***Exhibit*** means an exhibit annexed to either this Plan or as an appendix to the Disclosure Statement, as amended, modified or supplemented from time to time.

1.50 ***Existing Citi Credit Agreement*** means that certain Loan and Swap Agreement relating to a US\$375,007,950 facility dated September 25, 2007, as amended by that certain Supplemental Agreement dated September 7, 2012, among Debtors Vivid Mind Limited, Perpetual Joy Limited, Regal Stone Limited, Charming Energetic Limited, and Dynamic Continental Limited, as borrowers; Nautilus Shipholdings No. 3 Limited, as guarantor; and Citibank, N.A. and Bank of Scotland plc, as swap banks, Citibank International plc, as agent, Citibank, N.A., as security trustee, Citigroup Global Markets Limited, as arranger, and Citibank, N.A., Bank of Scotland plc, Lloyds TSB Bank plc, UniCredit Bank AG, Goldman Sachs Bank (Europe) Plc, Goldman Sachs International Bank and Sculptor Investments S.a.r.l. as lenders.

1.51 ***Existing Columbia Credit Agreement*** means that certain Loan and Swap Agreement relating to a US\$61,200,000 facility dated July 6, 2007, among Debtor Miltons Way Limited, as borrower, Nautilus Shipholdings No. 1 Limited, as guarantor, and HSH Nordbank AG, as lender, swap bank, agent and security trustee.

1.52 ***Existing DVB 1 Facility Documents*** means that certain Loan Agreement, dated July 11, 2007, between Debtor Golden Knighthead Limited, as borrower, and DVB Bank SE (f/k/a DVB Bank AG), as lender, swap bank, agent and security trustee, relating to a US\$91,237,500 financing facility and the various documents executed in connection with that

facility, including, without limitation, the related swap agreement, guarantee, and all Finance Documents (as defined in the Loan Agreement).

1.53 ***Existing DVB 2 Facility Documents*** means that certain Loan Agreement, dated July 11, 2007, between Debtor Metropolitan Harbour Limited, as borrower, and DVB Bank SE (f/k/a DVB Bank AG), as lender, swap bank, agent and security trustee, relating to a US\$91,237,500 financing facility and the various documents executed in connection with that facility, including, without limitation, the related swap agreement, guarantee, and all Finance Documents (as defined in the Loan Agreement).

1.54 ***Existing Flowers Credit Agreement*** means that certain Loan and Swap Agreement relating to a US \$150,304,000 facility dated February 12, 2007, among Debtors Findhorn Osprey Limited, Earlstown Limited, Floral Peninsula Limited, and Resplendent Spirit Limited, as borrowers; Nautilus Shipholdings No. 1 Limited, as guarantor, and HSH Nordbank AG, as lender, swap bank, agent and security trustee.

1.55 ***Existing HSH-YM Credit Agreement*** means that certain Loan and Swap Agreement dated April 12, 2007 relating to a facility for the lower of (i) US\$237,728,000 and (ii) the aggregate of a percentage of certain vessel construction prices among Debtors Able Challenger Limited, Magic Peninsula Limited, Metropolitan Vitality Limited, and Superior Integrity Limited, as borrowers; Nautilus Shipholdings No. 1 Limited, Findhorn Osprey Limited, Earlstown Limited, Floral Peninsula Limited, Resplendent Spirit Limited, as guarantors; and HSH Nordbank AG, Unicredit Bank AG, and Commerzbank AG and any successors thereto, as lenders.

1.56 ***F-C Consideration*** means (a) \$2.1 million to be paid on the Effective Date by HSH Nordbank AG, as Holder of all of the Columbia Facility Claims and Flowers Facility Claims, to Resplendent Spirit Limited (for the benefit of all of the borrowers under the F-C Credit Agreements) plus (b) the F-C Escrow.

1.57 ***F-C Credit Agreements*** means the Existing Columbia Credit Agreement and the Existing Flowers Credit Agreement.

1.58 ***F-C Escrow*** means \$200,000 to be placed into escrow by HSH Nordbank AG, as Holder of all of the Columbia Facility Claims and Flowers Facility Claims, for the benefit of the borrowers under the F-C Credit Agreements to cover any F-C Termination Payments. Any amounts remaining from the \$200,000 F-C Escrow after paying all of the F-C Termination Payments shall be returned to HSH Nordbank AG.

1.59 ***F-C Technical Manager Costs*** means any amounts (1) owed to Univan Ship Management International Limited for post-Effective Date operations pursuant to the technical management agreements relating to the vessels securing the F-C Credit Agreements and (2) any termination, rejection, breakage or similar costs owed to Univan Ship Management International Limited pursuant to the technical management agreements relating to the vessels securing the F-C Credit Agreements; provided, however, the F-C Technical Manager Costs shall not include any true-up payments for 2013 and 2014.

1.60 ***F-C Termination Payments*** means termination, rejection, breakage and/or similar payments to any contract counterparties relating to the operation of the vessels securing the F-C Credit Agreements other than F-C Technical Manager Costs.

1.61 ***Final Order*** means an order or judgment, the operation or effect of which has not been reversed, stayed, modified, or amended, and as to which order or judgment (or any reversal, stay, modification, or amendment thereof) (a) the time to appeal, seek certiorari, or request reargument or further review or rehearing has expired and no appeal, petition for certiorari, or request for reargument or further review or rehearing has been timely filed, or (b) any appeal that has been or may be taken or any petition for certiorari or request for reargument or further review or rehearing that has been or may be filed has been resolved by the highest court to which the order or judgment was appealed, from which certiorari was sought, or to which the request was made, and no further appeal or petition for certiorari or request for reargument or further review or rehearing has been or can be taken for granted.

1.62 ***Flowers Facility Claims*** means Claims under the Flowers Facility Documents.

1.63 ***Flowers Facility Documents*** means the Existing Flowers Credit Agreement and all related documents, including, but not limited to, guarantees and pledges executed in connection therewith.

1.64 ***General Unsecured Claim*** means any Claim against any Debtor other than an Administrative Claim, a Priority Tax Claim, an Other Priority Claim, an Other Secured Claim, a Citi Facility Claim, a Columbia Facility Claim, a DVB 1 Facility Claim, a DVB 2 Facility Claim, a Flowers Facility Claim, an HSH-YM Facility Claim, a Subordinated 510(b) Claim, or an Intercompany Claim.

1.65 ***Holder*** means a holder of a Claim or Interest, as applicable.

1.66 ***HSH-YM Facility Claims*** means Claims under the HSH-YM Facility Documents.

1.67 ***HSH-YM Facility Documents*** means the Existing HSH-YM Credit Agreement and all related documents, including, but not limited to, guarantees and pledges executed in connection therewith.

1.68 ***Impaired*** means, when used in reference to a Claim or Interest, a Claim or Interest that is impaired within the meaning of section 1124 of the Bankruptcy Code.

1.69 ***Intercompany Claim*** means any and all Claims of a Debtor against another Debtor.

1.70 ***Intercompany Interest*** means an Interest in a Debtor held by another Debtor.

1.71 ***Interest*** means any equity security, including a limited liability company membership interest, in a Debtor as defined in section 101(16) of the Bankruptcy Code,

including all issued, unissued, authorized or outstanding shares of capital stock of the Debtors, together with any warrants, options or contractual rights to purchase or acquire such equity securities at any time and all rights arising with respect thereto.

1.72 **Lien** means any lien, security interest, pledge, title retention agreement, encumbrance, charge, mortgage or hypothecation.

1.73 **Missed Milestone Obligations** means the obligations of the Debtors under the DVB Term Sheet in the event the Debtors fail to achieve an Effective Date of January 31, 2015.

1.74 **New Credit Facilities** means the Amended and Restated Citi Facility, the Amended and Restated DVB 1 Facility, the Amended and Restated DVB 2 Facility, and the Amended and Restated HSH-YM Facility.

1.75 **NHL Management Agreement** means the vessel management agreement to be entered into by Reorganized Nautilus Holdings Limited and Synergy Management Services Limited, effective as of the Effective Date, for management of the vessels securing the Existing DVB 1 Facility Documents and the Existing DVB 2 Facility Documents on terms consistent with the DVB Term Sheet, a form of which will be filed with the Plan Supplement.

1.76 **NH2L Management Agreement** means the vessel management agreement to be entered into by Reorganized Nautilus Holdings No. 2 Limited and Synergy Management Services Limited, effective as of the Effective Date and for an initial term of five (5) years, and providing for a market rate management fee to Synergy Management Services Limited for management of the vessels that are indirectly owned by Reorganized Nautilus Holdings No. 2 Limited, a form of which will be filed with the Plan Supplement.

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

1.78 **Other Secured Claim** means any Secured Claim, other than a Citi Facility Claim, a Columbia Facility Claim, a DVB 1 Facility Claim, a DVB 2 Facility Claim, a Flowers Facility Claim, or an HSH-YM Facility Claim.

1.79 **Participating Lenders** means DVB Bank SE and HSH Nordbank AG (solely in its capacity as Holder of all of the Columbia Facility Claims and Flowers Facility Claims).

1.80 **Person** means an individual, corporation, partnership, joint venture, association, joint stock company, limited liability company, limited liability partnership, trust, estate, unincorporated organization, or other entity.

1.81 **Petition Date** means, with respect to a Debtor, the date on which such Debtor filed its petition for relief commencing its Chapter 11 Case.



1.82 **Plan** means this Chapter 11 plan of reorganization, including the Exhibits and all supplements, appendices, and schedules hereto, either in its current form or as the same may be altered, amended, supplemented, or modified from time to time.

1.83 **Plan Supplement** means the compilation of documents and forms of documents, schedules and exhibits to the Plan to be filed by the Debtors no later than December 22, 2014.

1.84 **Priority Tax Claim** means any Claim of a governmental unit of the kind specified in section 507(a)(8) of the Bankruptcy Code.

1.85 **Professional** means (a) any professional employed in these Chapter 11 Cases pursuant to sections 327, 328, 363, or 1103 of the Bankruptcy Code or otherwise and (b) any professional or other entity seeking compensation or reimbursement of expenses in connection with the Chapter 11 Cases pursuant to section 503(b)(4) of the Bankruptcy Code.

1.86 **Professional Fee Claim** means an Administrative Claim of a Professional for compensation for services rendered or reimbursement of costs, expenses, or other charges incurred on or after the Petition Date and prior to and including the Effective Date.

1.87 **Professional Fee Escrow Account** means an escrow account to be funded with the Professional Fee Reserve Amount by the Debtors and Reorganized Debtors on the Effective Date solely for the purpose of paying all Allowed Professional Fee Claims.

1.88 **Professional Fee Reserve Amount** means the aggregate Accrued Professional Compensation through the Effective Date as estimated by the Professionals in accordance with Article 2.3(c).

1.89 **Proof of Claim** means a written proof of Claim filed against any Debtor in the Chapter 11 Cases.

1.90 **Reinstated** means (a) leaving unaltered the legal, equitable, and contractual rights to which a Claim or Interest entitles the Holder of such Claim or Interest so as to leave such Claim or Interest Unimpaired in accordance with section 1124 of the Bankruptcy Code or (b) notwithstanding any contractual provision or applicable law that entitles the Holder of such Claim or Interest to demand or receive accelerated payment of such Claim or Interest after the occurrence of a default, (i) curing any such default that occurred before or after the Petition Date, other than a default of a kind specified in section 365(b)(2) of the Bankruptcy Code, (ii) reinstating the maturity of such Claim or Interest as such maturity existed before such default, (iii) compensating the Holder of such Claim or Interest for any damages incurred as a result of any reasonable reliance by such Holder on such contractual provision or such applicable law, and (iv) not otherwise altering the legal, equitable, or contractual rights to which such Claim or Interest entitles the Holder of such Claim or Interest; *provided, however*, that any contractual right that does not pertain to the payment when due of principal and interest on the obligation on which such Claim or Interest is based, including, but not limited to, financial covenant ratios, negative pledge covenants, covenants or restrictions on merger or consolidation, and affirmative covenants regarding corporate existence, prohibiting certain transactions or actions contemplated

by this Plan, or conditioning such transactions or actions on certain factors, shall not be required to be cured or reinstated to achieve reinstatement.

1.91 ***Released Party*** means each of the following: (a) the Debtors; (b) the Participating Lenders; (c) the Equity-Related Entities; and (d) with respect to each of the foregoing persons in clauses (a) through (d), such Person's current and former subsidiaries, Affiliates, members, directors, officers, principals, agents, financial advisors, restructuring advisors, accountants, investment bankers, consultants, attorneys, employees, partners, equity holders, representatives, and other professionals, in each case, only in their capacity as such.

1.92 ***Reorganized Debtors*** means the Debtors, or any successor thereto, by merger, consolidation, or otherwise, on or after the Effective Date.

1.93 ***Retained Actions*** means all claims, Causes of Action, rights of action, suits and proceedings, whether in law or in equity, whether known or unknown, which any Debtor or any Debtor's Estate may hold against any Person, including, without limitation, (a) claims and Causes of Action brought prior to the Effective Date, (b) claims and Causes of Action against any Persons for failure to pay for products or services provided or rendered by any of the Debtors, (c) claims and Causes of Action seeking the recovery of any of the Debtors' or the Reorganized Debtors' accounts receivable or other receivables or rights to payment created or arising in the ordinary course of any of the Debtors' or the Reorganized Debtors' businesses, including, without limitation, claim overpayments and tax refunds, (d) all Avoidance Actions, and (e) any such claims, Causes of Action, rights of action, suits or proceedings listed in the Disclosure Statement or any schedules filed by the Debtors in this cases, if any; *provided, however*, that Retained Actions shall not include those claims, Causes of Action, rights of action, suits and proceedings, whether in law or in equity, whether known or unknown, released under Article IX herein.

1.94 ***Schedules*** means the Debtors' schedules of assets and liabilities and statements of financial affairs, filed under section 521 of the Bankruptcy Code and the Bankruptcy Rules, as amended, supplemented, or modified.

1.95 ***Secured Claim*** means a Claim that is secured by a Lien on property in which a Debtor's Estate has an interest or that is subject to setoff under section 553 of the Bankruptcy Code, to the extent of the value of the Claim Holder's interest in the applicable Estate's interest in such property or to the extent of the amount subject to setoff, as applicable, as determined pursuant to section 506(a) of the Bankruptcy Code or, in the case of setoff, pursuant to section 553 of the Bankruptcy Code.

1.96 ***Subordinated 510(b) Claim*** means any Claim subordinated pursuant to Bankruptcy Code section 510(b), which shall include (a) any Claim arising from the rescission of a purchase or sale of (i) Interests in any of the Debtors or (ii) debt securities of any of the Debtors, (b) any Claim for damages arising from the purchase or sale of (i) any Interests in any of the Debtors or (ii) debt securities of any of the Debtors, or (c) any Claim for reimbursement, contribution or indemnification on account of any such Claim.

1.97 ***Unexpired Lease*** means a lease to which one or more of the Debtors is a party that is subject to assumption or rejection under section 365 of the Bankruptcy Code.

1.98 ***Unimpaired*** means a Claim or Interest that is not impaired within the meaning of section 1124 of the Bankruptcy Code.

***Rules Of Interpretation And Computation Of Time.*** For purposes of this Plan, unless otherwise provided herein: (a) whenever from the context it is appropriate, each term, whether stated in the singular or the plural, shall include both the singular and the plural; (b) unless otherwise provided in this Plan, any reference in this 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; (c) any reference in this Plan to an existing document or schedule filed or to be filed means such document or schedule, as it may have been or may be amended, modified, or supplemented pursuant to this Plan; (d) any reference to an entity as a Holder of a Claim or Interest includes that entity's successors and assigns; (e) all references in this Plan to Sections and Articles are references to Sections and Articles of or to this Plan; (f) the words "herein," "hereunder," and "hereto" refer to this Plan in its entirety rather than to a particular portion of this Plan; (g) captions and headings to Articles and Sections are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation of this Plan; (h) subject to the provisions of any contract, certificates of incorporation, by-laws, instrument, release, or other agreement or document entered into in connection with this Plan, the rights and obligations arising under this Plan shall be governed by, and construed and enforced in accordance with, federal law, including the Bankruptcy Code and Bankruptcy Rules; (i) the rules of construction set forth in section 102 of the Bankruptcy Code shall apply; (j) in computing any period of time prescribed or allowed by this Plan, the provisions of Bankruptcy Rule 9006(a) shall apply; (k) "including" means "including without limitation;" and (l) with reference to any distribution under this Plan, "on" a date means on or as soon as reasonably practicable after that date.

***Exhibits.*** All Exhibits are incorporated into and are a part of this Plan as if set forth in full herein, and, to the extent not annexed hereto, such Exhibits shall be filed with the Bankruptcy Court on or after the Petition Date, but in any event, no later than ten (10) Business Days prior to the hearing at which the Bankruptcy Court considers whether to confirm the Plan. Holders of Claims and Interests may obtain a copy of the Exhibits upon written request to the Debtors. Upon their filing, the Exhibits may be inspected (a) in the office of the clerk of the Bankruptcy Court or its designee during normal business hours; (b) on the Bankruptcy Court's website at <http://nysb.uscourts.gov> (registration required) or (c) at our noticing agent's website at <http://dm.epiq11.com/NTH>. The documents contained in the Exhibits shall be approved by the Bankruptcy Court pursuant to the Confirmation Order.

## **ARTICLE II**

### **TREATMENT OF UNCLASSIFIED CLAIMS**

In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims and Priority Tax Claims are not classified and are not entitled to vote on this Plan.

2.1 ***Administrative Claims.*** On, or as soon as reasonably practicable after, the later of (a) the Effective Date, (b) the date on which an Administrative Claim becomes an Allowed Administrative Claim, or (c) the date on which an Allowed Administrative Claim becomes payable under any agreement relating thereto, each Holder of such Allowed Administrative Claim shall receive, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such Allowed Administrative Claim, Cash equal to the unpaid portion of such Allowed Administrative Claim. Notwithstanding the foregoing, (x) any Professional Fee Claim shall not be paid except in accordance with an order of the Bankruptcy Court permitting such payment and in accordance with the DVB Term Sheet, (y) any Allowed Administrative Claim based on a liability incurred by a Debtor in the ordinary course of business during the Chapter 11 Cases may be paid in the ordinary course of business in accordance with the terms and conditions of any agreement relating thereto and (z) any Allowed Administrative Claim may be paid on such other terms as may be agreed to between the Holder of such Allowed Administrative Claim and the Debtors or the Reorganized Debtors.

2.2 ***Priority Tax Claims.*** The legal and equitable rights of the Holders of Priority Tax Claims are Unimpaired by the Plan. Unless the Holder of an Allowed Priority Tax Claim and the Debtors agree to a different treatment, on the Effective Date, each Holder of an Allowed Priority Tax Claim shall have such Claim Reinstated.

2.3 ***Professional Fee Claims.***

(a) Professionals shall submit final fee applications seeking approval of all Professional Fee Claims no later than thirty (30) days after the Effective Date. These applications remain subject to Court approval under the standards established by the Bankruptcy Code, including the requirements of sections 327, 328, 330, 331, 363, 503(b) and 1103 of the Bankruptcy Code, as applicable. Payments to Professionals shall be made upon entry of an order approving such Professional Fee Claims. Allowed Professional Fee Claims shall be apportioned among the Debtors first based upon the ratio between the relevant Debtor's gross revenue for the year ended December 31, 2013 and the aggregate gross revenue for all of the Debtors for the year ended December 31, 2013 (the "2013 Revenue Allocation"); *provided, however*, Professional Fee Claims shall in all events constitute the joint and several liability of all Debtors to the extent provided for in any particular Professional's engagement letter. Notwithstanding anything herein to the contrary, that all payment and apportionment of Professional Fee Claims shall be subject to the DVB Term Sheet.

(b) On the Effective Date, the Debtors will establish and fund the Professional Fee Escrow Account with Cash equal to the Professional Fee Reserve Amount. The Professional Fee Escrow Account will be maintained in trust for the Professionals. The funds in such account will not be property of the Reorganized Debtors except that the Reorganized Debtors shall retain a residual interest to the extent the funds are not used for Allowed Professional Fee Claims. The amount of Professional Fee Claims owing to the Professionals will be paid in Cash to such Professionals by the Reorganized Debtors, or at the Reorganized Debtors' direction, from the Professional Fee Escrow Account, without interest or other earnings therefrom, when such Claims are Allowed by Final Order; *provided*, that the Reorganized Debtors' liability for Professional Fee Claims shall not be limited nor be deemed to be limited to the funds available from the Professional Fee Escrow Account. After all Professional Fee Claims

have been paid in full, amounts remaining in the Professional Fee Escrow Account, if any, will be transferred to the applicable Reorganized Debtor that provided such excess amounts and subject to the liens of applicable lenders.

(c) Professionals shall estimate their Accrued Professional Compensation prior to and as of the Effective Date and deliver such estimate to the Debtors and the Participating Lenders at least five (5) days prior to the anticipated Effective Date. If a Professional does not provide such estimate, the Debtors may estimate the unbilled fees and expenses of such Professional. The total amount so estimated will constitute the Professional Fee Reserve Amount; provided that such estimate will not be considered an admission or limitation with respect to the fees and expenses of such Professional. The Professional Fee Reserve Amount and the estimated Accrued Professional Compensation amounts submitted by the Professionals will be subject to review by the Debtors and the Participating Lenders, and any objections to the Professional Fee Reserve Amount must be served on the Debtors prior to the Effective Date.

### **ARTICLE III**

#### **CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS**

3.1 *Classification And Settlement.* Pursuant to section 1122 of the Bankruptcy Code, set forth below is a designation of Classes of Claims against and Interests in the Debtors. A Claim or Interest is placed in a particular Class only to the extent that the Claim or Interest falls within the description of that Class and is classified in other Classes to the extent that any portion of the Claim or Interest falls within the description of such other Classes. A Claim is also placed in a particular Class for the purpose of receiving distributions pursuant to this Plan only to the extent that such Claim is an Allowed Claim in that Class and such Claim has not been paid, released, or otherwise settled prior to the Effective Date. Each reference to "Class" or "Classes" shall include all sub-Classes of the respective Class or Classes, as applicable. Subject to the payment of Professional Fees set forth in Section 2.3 and any other joint and several obligations of the Debtors, each Debtor shall be responsible for satisfying the Claims and Administrative Claims against and Interests in such Debtor from such Debtor's assets.

In accordance with section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the distributions and other benefits provided pursuant to the Plan, the provisions of the Plan shall constitute a good faith compromise of all Claims, Interests and controversies relating to the contractual, legal and subordination rights that a holder of a Claim may have with respect to any Allowed Claim or Interest, or any distribution to be made on account of such Allowed Claim or Interest. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise or settlement of all such Claims, Interests and controversies, as well as a finding by the Bankruptcy Court that such compromise or settlement is in the best interests of the Debtors, their Estates and holders of Claims and Interests and is fair, equitable and reasonable.

<b>Class</b>	<b>Designation</b>	<b>Impairment</b>	<b>Entitled to Vote</b>
Class 1 .....	Other Priority Claims	Unimpaired	No (deemed to accept)
Class 2 .....	Other Secured Claims	Unimpaired	No (deemed to accept)
Class 3 .....	Citi Facility Claims	Impaired	Yes
Class 4 .....	Columbia Facility Claims	Impaired	Yes
Class 5 .....	DVB 1 Facility Claims	Impaired	Yes
Class 6 .....	DVB 2 Facility Claims	Impaired	Yes
Class 7 .....	Flowers Facility Claims	Impaired	Yes
Class 8 .....	HSH-YM Facility Claims	Impaired	Yes
Class 9 .....	General Unsecured Claims	Impaired	Yes
Class 10 .....	Interests in Nautilus Holdings Limited and Nautilus Holdings No. 2 Limited	Unimpaired	No (deemed to accept)
Class 11 .....	Intercompany Claims	Unimpaired	No (deemed to accept)
Class 12 .....	Intercompany Interests in Other Debtors	Unimpaired	No (deemed to accept)
Class 13 .....	Intercompany Interests in C-F Debtors	Impaired	Yes
Class 14 .....	Intercompany Interests in Nautilus Shipholdings No. 3 Limited	Impaired	Yes

### 3.2 ***Treatment Of Classes.***

#### (a) *Class 1 – Other Priority Claims*

(i) *Claims In Class:* Class 1 consists of all Other Priority Claims that may exist against the Debtors.

(ii) *Treatment:* On, or as soon as reasonably practicable after, (a) the Effective Date if such Other Priority Claim is an Allowed Other Priority Claim on the Effective Date or (b) the date on which such Other Priority Claim becomes an Allowed Other Priority Claim, each Holder of an Allowed Class 1 Other Priority Claim shall receive, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such Allowed Other Priority Claim, Cash equal to the unpaid portion of such Allowed Other Priority Claim.

(iii) *Voting:* Claims in Class 1 are Unimpaired, and the Holders of Allowed Class 1 Other Priority Claims are conclusively deemed to have accepted this Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, the Holders of Class 1 Other Priority Claims are not entitled to vote to accept or reject this Plan.

#### (b) *Class 2 – Other Secured Claims*

(i) *Claims In Class:* Class 2 consists of all Other Secured Claims that may exist against the Debtors.

(ii) *Treatment:* On, or as soon as reasonably practicable after, the Effective Date, each Holder of an Allowed Class 2 Other Secured Claim shall have such claim Reinstated, subject to the terms of the DVB Term Sheet.

(iii) *Voting:* Claims in Class 2 are Unimpaired, and the Holders of Allowed Class 2 Other Secured Claims are conclusively deemed to have accepted this Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, the Holders of Class 2 Other Secured Claims are not entitled to vote to accept or reject this Plan.

(c) *Classes 3A and 3B – Citi Facility Claims*

(i) *Claims In Class:* Class 3 consists of all Citi Facility Claims. Class 3A consists of Citi Facility Claims to the extent such Claims are Secured. Class 3B consists of Citi Facility Claims to the extent such Claims are not Secured, if any.

(ii) *Treatment:* On, or as soon as reasonably practicable after, the Effective Date, each Holder of an Allowed Class 3A Citi Facility Claim shall receive, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such Claims, its pro rata share of the Amended and Restated Citi Facility, and each Holder of an Allowed Class 3B Citi Facility Claim, if any, shall receive, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such Claims, its pro rata share of 100% of the stock (subject to dilution by warrants) of Reorganized Nautilus Shipholdings No. 3 Limited. Notwithstanding anything herein to the contrary, no distribution shall be made to Holders of Allowed Citi Facility Tranche B Claims until the Holders of Citi Facility Tranche A Claims have been paid in full, and no distribution to Holders of Allowed Citi Facility Swap Claims shall be made until Holders of Allowed Citi Facility Tranche A Claims and Allowed Citi Facility Tranche B Claims have been paid in full.

For the avoidance of doubt, the treatment provided to Holders of Citi Facility Claims shall be in full and final satisfaction, settlement, release, and discharge of, and in exchange for, all Claims arising under the Existing Citi Credit Agreement, and all guarantees relating to the Existing Citi Credit Agreement, including from Nautilus Shipholdings No. 3 Limited, shall be fully released as of the Effective Date.

(iii) *Voting:* Claims in Classes 3A and 3B are Impaired. Pursuant to section 1126 of the Bankruptcy Code, each Holder of an Allowed Class 3A Citi Facility Claim and each Holder of an Allowed Class 3B Citi Facility Claim is entitled to vote to accept or reject this Plan.

(d) *Classes 4A and 4B – Columbia Facility Claims*

(i) *Claims In Class:* Class 4 consists of all Columbia Facility Claims. Class 4A consists of Columbia Facility Claims to the extent such Claims are Secured Claims. Class 4B consists of Columbia Facility Claims to the extent such Claims are not Secured Claims, if any.

(ii) *Treatment:* On, or as soon as reasonably practicable after, the Effective Date, the Holder of Allowed Class 4A and 4B Columbia Facility Claims shall (1)

receive, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such Claims, the return of the vessel securing such Claims, free and clear of any liens, claims, or encumbrances, (2) pay the F-C Consideration, and (3) assume the F-C Technical Manager Costs. The Debtors shall use the F-C Consideration to satisfy (i) all claims against the vessels securing the F-C Credit Agreements other than F-C Technical Manager Costs and (ii) amounts advanced to the Debtors obligated under the F-C Credit Agreements pursuant to the Bankruptcy Court's DIP Financing Orders (less the portion of the Synergy management fee paid by Metropolitan Harbour Limited and Golden Knighthead Limited and pooled at NHL, as set forth in the DVB Term Sheet). For the avoidance of doubt, (1) all guarantees relating to the Existing Columbia Credit Agreement, including from Nautilus Shipholdings No. 1 Limited, shall be fully released as of the Effective Date, and (2) the return of the vessel shall include the transfer of all, to the extent that these items relate to the relevant vessel, (i) receivables, (ii) credits, and (iii) prepayments. The Debtors shall not accelerate any receivables or the use of any credits or prepayments.

(iii) *Voting:* Claims in Classes 4A and 4B are Impaired. Pursuant to section 1126 of the Bankruptcy Code, each Holder of an Allowed Class 4A Columbia Facility Claim and each Holder of an Allowed Class 4B Columbia Facility Claim is entitled to vote to accept or reject this Plan.

(e) *Class 5 – DVB 1 Facility Claims*

(i) *Claims In Class:* Class 5 consists of all DVB 1 Facility Claims. Class 5 Claims are Allowed pursuant to the terms of the DVB RSA.

(ii) *Treatment:* On, or as soon as reasonably practicable after, the Effective Date, each Holder of an Allowed Class 5 DVB 1 Facility Claim shall receive, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such Claim, (1) its pro rata share of the Amended and Restated DVB 1 Facility, (2) the other treatment described in the DVB Term Sheet, and (3) payment of all interest accrued and unpaid as of the Effective Date. Swap agreement obligations arising under the Existing DVB 1 Facility Documents that accrued as of the Effective Date shall be paid in the ordinary course consistent with the terms of the existing swap agreement.

(iii) *Voting:* Claims in Class 5 are Impaired. Pursuant to section 1126 of the Bankruptcy Code, each Holder of an Allowed Class 5 DVB 1 Facility Claim is entitled to vote to accept or reject this Plan.

(f) *Class 6 – DVB 2 Facility Claims*

(i) *Claims In Class:* Class 6 consists of all DVB 2 Facility Claims. Class 6 Claims are Allowed pursuant to the terms of the DVB RSA.

(ii) *Treatment:* On, or as soon as reasonably practicable after, the Effective Date, each Holder of an Allowed Class 6 DVB 2 Facility Claim shall receive, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such Claim, (1) its pro rata share of the Amended and Restated DVB 2 Facility, (2) the other treatment described in the DVB Term Sheet, and (3) payment of all interest accrued and unpaid as of the



Effective Date. Swap agreement obligations arising under the Existing DVB 2 Facility Documents that accrued as of the Effective Date shall be paid in the ordinary course consistent with the terms of the existing swap agreement.

(g) *Voting:* Claims in Class 6 are Impaired. Pursuant to section 1126 of the Bankruptcy Code, each Holder of an Allowed Class 6 DVB 2 Facility Claim is entitled to vote to accept or reject this Plan.

(h) *Classes 7A and 7B – Flowers Facility Claims*

(i) *Claims In Class:* Class 7 consists of all Flowers Facility Claims. Class 7A consists of Flowers Facility Claims to the extent such Claims are Secured Claims. Class 7B consists of Flowers Facility Claims to the extent such Claims are not Secured Claims, if any.

(ii) *Treatment:* On, or as soon as reasonably practicable after, the Effective Date, the Holder of Allowed Class 7A and 7B Flowers Facility Claims shall (1) receive, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such Claims, the return of the vessels securing such Claims, free and clear of any liens, claims, or encumbrances, (2) pay the F-C Consideration, and (3) assume the F-C Technical Manager Costs. The Debtors shall use the F-C Consideration to satisfy (i) all claims against the vessels securing the F-C Credit Agreements other than F-C Technical Manager Costs and (ii) amounts advanced to the Debtors obligated under the F-C Credit Agreements pursuant to the Bankruptcy Court's DIP Financing Orders (less the portion of the Synergy management fee paid by Metropolitan Harbour Limited and Golden Knighthead Limited and pooled at NHL, as set forth in the DVB Term Sheet). For the avoidance of doubt, (1) all guarantees relating to the Existing Flowers Credit Agreement, including from Nautilus Shipholdings No. 1 Limited, shall be fully released as of the Effective Date, and (2) the return of the vessels shall include the transfer of all, to the extent that these items relate to the relevant vessels, (i) receivables, (ii) credits, and (iii) prepayments. The Debtors shall not accelerate any receivables or the use of any credits or prepayments.

(iii) *Voting:* Claims in Classes 7A and 7B are Impaired. Pursuant to section 1126 of the Bankruptcy Code, each Holder of an Allowed Class 7A Flowers Facility Claim and each Holder of an Allowed Class 7B Flowers Facility Claim is entitled to vote to accept or reject this Plan.

(i) *Class 8 – HSH-YM Facility Claims*

(i) *Claims In Class:* Class 8 consists of all HSH-YM Facility Claims.

(ii) *Treatment:* On, or as soon as reasonably practicable after, the Effective Date, each Holder of an Allowed Class 8 HSH-YM Facility Claim shall receive, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such Claim, its pro rata share of loans under the Amended and Restated HSH-YM Facility. If 60% or greater of Class 8 votes to accept this Plan, the Amended and Restated HSH-YM Facility shall have the terms set forth in Option A on Exhibit A. If less than 60% of Class 8 votes to accept this Plan,

the Amended and Restated HSH-YM Facility shall have the terms set forth in Option B on Exhibit A.

For the avoidance of doubt, the treatment provided to Holders of Class 8 HSH-YM Facility Claim shall be in full and final satisfaction, settlement, release, and discharge of, and in exchange for, all Claims arising under the Existing HSH-YM Credit Agreement, including any Claims arising from or related to any second-priority liens on the vessels securing the Existing Flowers Credit Agreement, which liens shall be terminated and released. All guarantees relating to the Existing HSH-YM Credit Agreement, including from Nautilus Shipholdings No. 1 Limited, shall be fully released as of the Effective Date.

(iii) *Voting:* Claims in Class 8 are Impaired. Pursuant to section 1126 of the Bankruptcy Code, each Holder of an Allowed Class 8 HSH-YM Facility Claim is entitled to vote to accept or reject this Plan.

(j) *Class 9 – General Unsecured Claims*

(i) *Claims In Class:* Class 9 consists of all General Unsecured Claims that may exist against the Debtors. Class 9 consists of 21 subclasses, with each subclass consisting of Claims against a particular Debtor.

(ii) *Treatment:* Within ninety (90) days after the Effective Date or, if such General Unsecured Claim becomes Allowed after the Effective Date, as soon as reasonably practicable after the date at which such General Unsecured Claim becomes Allowed, each Holder of an Allowed Class 9 General Unsecured Claim shall receive, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such Claim, the amount of such Allowed General Unsecured Claim, excluding interest accrued after the Petition Date.

(iii) *Voting:* Claims in Class 9 are Impaired. Pursuant to section 1126 of the Bankruptcy Code, each Holder of an Allowed Class 9 General Unsecured Claim is entitled to vote to accept or reject this Plan.

(k) *Class 10 – Interests in Nautilus Holdings Limited and Nautilus Holdings No. 2 Limited*

(i) *Interests In Class:* Class 10 consists of all Interests in Nautilus Holdings Limited and Nautilus Holdings No. 2 Limited.

(ii) *Treatment:* On the Effective Date, all Class 10 Interests in Nautilus Holdings Limited and Nautilus Holdings No. 2 Limited shall be Reinstated.

(iii) *Voting:* Interests in Class 10 are Unimpaired, and the Holders of Allowed Class 10 Interests in Nautilus Holdings Limited and Nautilus Holdings No. 2 Limited are conclusively deemed to have accepted this Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, the Holders of Allowed Class 10 Interests in Nautilus Holdings Limited and Nautilus Holdings No. 2 Limited are not entitled to vote to accept or reject this Plan.

(l) *Class 11– Intercompany Claims*

(i) *Claims In Class:* Class 11 consists of all Intercompany Claims.

(ii) *Treatment:* On or prior to the Effective Date, all Class 11 Intercompany Claims may be Reinstated subject to the terms of the DVB Term Sheet or, at the Debtors' or Reorganized Debtors' option, be cancelled or compromised. A chart of the Intercompany Claims to be cancelled will be filed as part of the Plan Supplement. No distribution shall be made on account of Class 11 Intercompany Claims.

(iii) *Voting:* Claims in Class 11 are Unimpaired, and the Holders of Allowed Class 11 Intercompany Claims are conclusively deemed to have accepted this Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, the Holders of Allowed Class 11 Intercompany Claims are not entitled to vote to accept or reject this Plan.

(m) *Class 12 – Intercompany Interests in Other Debtors*

(i) *Interests In Class:* Class 12 consists of all Intercompany Interests for each Debtor except Nautilus Holdings Limited, Nautilus Holdings No. 2 Limited, Nautilus Shipholdings No. 3 Limited, Miltons Way Limited, Findhorn Osprey Limited, Earlstown Limited, Floral Peninsula Limited, and Resplendent Spirit Limited.

(ii) *Treatment:* Except as otherwise provided herein, on or prior to the Effective Date, all Class 12 Other Intercompany Interests shall be Reinstated.

(iii) *Voting:* Interests in Class 12 are Unimpaired, and the Holders of Allowed Class 12 Other Intercompany Interests are conclusively deemed to have accepted this Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, the Holders of Allowed Class 12 Other Intercompany Interests are not entitled to vote to accept or reject this Plan.

(n) *Class 13 – Intercompany Interests in C-F Debtors*

(i) *Interests In Class:* Class 13 consists of all Intercompany Interests in Miltons Way Limited, Findhorn Osprey Limited, Earlstown Limited, Floral Peninsula Limited, and Resplendent Spirit Limited.

(ii) *Treatment:* On the Effective Date, all Intercompany Interests in Miltons Way Limited, Findhorn Osprey Limited, Earlstown Limited, Floral Peninsula Limited, and Resplendent Spirit Limited shall be deemed to be cancelled without further action by the Debtors or Reorganized Debtors. Notwithstanding the foregoing, the Holder of such cancelled interests shall receive distribution(s) from the estates of Miltons Way Limited, Findhorn Osprey Limited, Earlstown Limited, Floral Peninsula Limited, and Resplendent Spirit Limited, to the extent there is any cash or assets remaining after the payment of the respective claims of such debtors.

(iii) *Voting:* Interests in Class 13 are Impaired. Pursuant to section 1126 of the Bankruptcy Code, each Holder of an Allowed Class 13 Intercompany Interest in C-F Debtors is entitled to vote to accept or reject this Plan

(o) *Class 14 – Intercompany Interests in Nautilus Shipholdings No. 3 Limited*

(i) *Interests In Class:* Class 14 consists of all Intercompany Interests in Nautilus Shipholdings No. 3 Limited.

(ii) *Treatment:* Except as otherwise provided herein, on or prior to the Effective Date, each Holder of a Class 14 Intercompany Interest in Nautilus Shipholdings No. 3 Limited shall receive its pro rata share of the warrants described in Exhibit C. A form of warrant agreement shall be filed with the Plan Supplement.

(iii) *Voting:* Interests in Class 14 are Impaired. Pursuant to section 1126 of the Bankruptcy Code, each Holder of an Allowed Class 14 Intercompany Interest in Nautilus Shipholdings No. 3 Limited is entitled to vote to accept or reject this Plan

3.3 *Alternative Treatment.* Notwithstanding any provision herein to the contrary, any Holder of an Allowed Claim may receive, instead of the distribution or treatment to which it is entitled hereunder, any other distribution or treatment to which it and the Debtors or the Reorganized Debtors may agree in writing.

3.4 *Special Provision Regarding Unimpaired Claims.* Except as otherwise provided in this Plan, nothing shall affect the Debtors' or the Reorganized Debtors' rights and defenses, both legal and equitable, with respect to any Unimpaired Claims, including but not limited to all rights with respect to legal and equitable defenses to setoffs against or recoupments of Unimpaired Claims.

## ARTICLE IV

### ACCEPTANCE OR REJECTION OF THIS PLAN

4.1 *Acceptance By Class Entitled To Vote.* Classes 3, 4, 5, 6, 7, 8, 9, 13 and 14 are the Classes of Claims of the Debtors that are entitled to vote to accept or reject this Plan. Classes 3, 4, 5, 6, 7, 8, 9, 13 and 14 shall have accepted this Plan if (a) the Holders of at least two-thirds in amount of the Allowed Claims actually voting in each Class have voted to accept this Plan and (b) the Holders of more than one-half in number of the Allowed Claims actually voting in each Class have voted to accept this Plan, not counting the vote of any Holder designated under section 1126(e) of the Bankruptcy Code. If there are no votes cast in a particular Class that is entitled to vote on the Plan, then the Plan shall be deemed accepted by such Class.

4.2 *Presumed Acceptance Of The Plan.* Classes 1, 2, 10, 11, and 12 are Unimpaired. Therefore, such Classes are deemed to have accepted this Plan by operation of law and are not entitled to vote to accept or reject the Plan.

4.3 ***Elimination Of Classes.*** To the extent applicable, any Class (including, for the avoidance of doubt, any sub-Class) that does not contain any Allowed Claims or any Claims temporarily allowed for voting purposes under Bankruptcy Rule 3018, as of the date of the commencement of the Confirmation Hearing, shall be deemed to have been deleted from this Plan for purposes of (a) voting to accept or reject this Plan and (b) determining whether it has accepted or rejected this Plan under section 1129(a)(8) of the Bankruptcy Code.

4.4 ***Cramdown.*** The Debtors request Confirmation of this Plan, as it may be modified from time to time, under section 1129(b) of the Bankruptcy Code. The Debtors reserve the right to modify this Plan to the extent, if any, that Confirmation pursuant to section 1129(b) of the Bankruptcy Code requires modification.

## ARTICLE V

### MEANS FOR IMPLEMENTATION OF THIS PLAN

5.1 ***Continued Legal Existence.*** Except as otherwise provided in this Plan, each of the Debtors will continue to exist after the Effective Date as a separate legal entity, with all the powers of such an entity (whether a corporation, limited liability company or other entity, as appropriate) under applicable law in the jurisdiction in which each applicable Debtor is incorporated or otherwise formed and pursuant to such Debtor's certificate or articles of incorporation and by-laws or other organizational documents in effect prior to the Effective Date, without prejudice to any right to terminate such existence (whether by merger or otherwise) under applicable law after the Effective Date.

5.2 ***Winding Up Certain Debtors.*** On the Effective Date, Miltons Way Limited, Findhorn Osprey Limited, Earlstown Limited, Floral Peninsula Limited, and Resplendent Spirit Limited shall be deemed dissolved under applicable law for all purposes without the necessity for any other or further actions to be taken by or on behalf of such debtors.

5.3 ***Sources Of Cash For Distribution.*** All Cash necessary for the Reorganized Debtors to make payments required by this Plan shall be obtained from (a) existing Cash balances, including balances in the Debtors' accounts, (b) the operations of the Debtors or Reorganized Debtors, and (c) the F-C Consideration.

5.4 ***Approval And Authorization For The New Credit Facilities.*** Confirmation shall be deemed approval of each of the New Credit Facilities and authorization for the Reorganized Debtors to enter into each of the New Credit Facilities and execute such documents as may be required to effectuate the treatment afforded to the applicable lenders pursuant to each of the New Credit Facilities.

5.5 ***New Boards Of Reorganized Debtors.*** The members of the Boards of the Reorganized Debtors shall be identified in the Plan Supplement.

5.6 ***Corporate Action.*** Each of the matters provided for under this Plan involving the corporate structure of any Debtor or Reorganized Debtor or any corporate action to be taken by or required of any Debtor or Reorganized Debtor shall be deemed to have occurred and be effective as provided herein, and shall be authorized, approved and, to the extent taken

prior to the Effective Date, ratified in all respects without any requirement of further action by stockholders, members, creditors, directors, or managers of the Debtors or the Reorganized Debtors.

**5.7 Preservation Of Retained Actions.** In accordance with section 1123(b)(3) of the Bankruptcy Code, the Reorganized Debtors will retain and may (but are not required to) enforce all Retained Actions. After the Effective Date, the Reorganized Debtors, in their sole and absolute discretion, shall have the right to bring, settle, release, compromise, or enforce such Retained Actions (or decline to do any of the foregoing), without further approval of the Bankruptcy Court. The Reorganized Debtors or any successors, in the exercise of their sole discretion, may pursue such Retained Actions so long as it is in the best interests of the Reorganized Debtors or any successors holding such rights of action. The failure of the Debtors to specifically list any claim, right of action, suit, proceeding or other Retained Action in this Plan does not, and will not be deemed to, constitute a waiver or release by the Debtors or the Reorganized Debtors of such claim, right of action, suit, proceeding or other Retained Action, and the Reorganized Debtors will retain the right to pursue such claims, rights of action, suits, proceedings and other Retained Actions in their sole discretion and, therefore, no preclusion doctrine, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable, or otherwise) or laches will apply to such claim, right of action, suit, proceeding, or other Retained Action upon or after the Confirmation or consummation of this Plan.

**5.8 Effectuating Documents; Further Transactions.** Each of the Debtors and Reorganized Debtors, and their respective officers and designees, is authorized to execute, deliver, file, or record such contracts, instruments, releases, indentures, and other agreements or documents, and take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of this Plan, or to otherwise comply with applicable law.

**5.9 Exemption From Certain Transfer Taxes And Recording Fees.** Pursuant to section 1146(a) of the Bankruptcy Code, any transfers from a Debtor to a Reorganized Debtor or to any other Person or entity pursuant to this Plan, or any agreement regarding the transfer of title to or ownership of any of the Debtors' real or personal property will not be subject to any document recording tax, stamp tax, conveyance fee, sales tax, intangibles or similar tax, mortgage tax, stamp act, real estate transfer tax, mortgage recording tax, Uniform Commercial Code filing or recording fee, or other similar tax or governmental assessment, and the Confirmation Order will direct the appropriate state or local governmental officials or agents to forego the collection of any such tax or governmental assessment and to accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment.

**5.10 Further Authorization.** The Debtors and the Reorganized Debtors shall be entitled to seek such orders, judgments, injunctions, and rulings as they deem necessary to carry out the intentions and purposes, and to give full effect to the provisions, of this Plan.

**5.11 Cancellation Of Existing Securities And Agreements.** Except as provided in this Plan or in the Confirmation Order (including, without limitation, the amendment and restatement of the Existing DVB 1 Facility Documents and the Existing DVB 2 Facility Documents), on the Effective Date, all notes, stock, instruments, certificates, agreements, side

letters, fee letters and other documents evidencing or giving rise to Claims and Interests in the Debtors shall be cancelled, and the obligations of the Debtors thereunder or in any way related thereto shall be fully released, terminated, extinguished and discharged, in each case without further notice to or order of the Bankruptcy Court, act or action under applicable law, regulation, order, or rule or any requirement of further action, vote, or other approval or authorization by any Person. The Holders of or parties to such notes, stock, instruments, certificates, agreements, side letters, fee letters, and other documents shall have no rights arising from or relating to such notes, stock, instruments, certificates, agreements, side letters, fee letters, and other documents or the cancellation thereof, except the rights provided pursuant to this Plan and the Confirmation Order.

## ARTICLE VI

### PROVISIONS GOVERNING DISTRIBUTIONS

6.1 ***Allowed Claims.*** Notwithstanding any provision herein to the contrary, the Debtors or the Reorganized Debtors shall make distributions only to Holders of Allowed Claims. A Holder of a Disputed Claim shall receive a distribution on account thereof only when and to the extent that such Holder's Disputed Claim becomes an Allowed Claim.

6.2 ***Distributions For Claims Allowed As Of The Effective Date.*** Except as otherwise provided under this Plan or as ordered by the Bankruptcy Court, distributions to be made on account of Claims that are Allowed Claims as of the Effective Date shall be made on the Effective Date or as soon thereafter as is practicable. Any distribution to be made on the Effective Date pursuant to this Plan shall be deemed as having been made on the Effective Date if such distribution is made on the Effective Date or as soon thereafter as is practicable. Any payment or distribution required to be made under this Plan on a day other than a Business Day shall be made on the next succeeding Business Day.

6.3 ***Interest And Penalties On Claims.*** Unless otherwise specifically provided for in this Plan or the Confirmation Order, or required by applicable bankruptcy law, postpetition interest and penalties shall not accrue or be paid on any Claim, and no Holder of a Claim shall be entitled to interest and penalties accruing on or after the Petition Date through the date such Claim is satisfied in accordance with the terms of this Plan.

6.4 ***Means Of Cash Payment.*** Payments of Cash made pursuant to this Plan shall be made, at the option and in the sole discretion of the applicable Reorganized Debtor, by (a) checks drawn on or wire transfer from a domestic bank selected by the Reorganized Debtor, (b) in accordance with the terms of the New Credit Facilities, or (c) by such means as are necessary or customary in a particular foreign jurisdiction.

6.5 ***Withholding And Reporting Requirements/Allocations.*** In connection with this Plan and all distributions hereunder, the Reorganized Debtors shall comply with all withholding and reporting requirements imposed by any taxing authority, and all distributions hereunder shall be subject to any such withholding and reporting requirements. The Reorganized Debtors shall be authorized to take any and all actions that may be necessary or appropriate to comply with such withholding and reporting requirements. Distributions in respect of Allowed

Claims shall be allocated first to the principal amount of such Claims (as determined for U.S. federal income tax purposes) and then, to the extent the consideration exceeds the principal amount of the Claims, to any portion of such Claims for accrued but unpaid interest.

6.6 ***Preservation Of Rights.*** Except as otherwise provided in this Plan, the Reorganized Debtors shall retain all rights arising under section 558 of the Bankruptcy Code or applicable nonbankruptcy laws, including, but not limited to, the right to set off against any Claim, the payments or other distributions to be made pursuant to this Plan in respect of such Claim, or claims of any nature whatsoever that the Debtors or the Reorganized Debtors may have against the Holder of such Claim; *provided, however*, that neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by the Reorganized Debtors of any such claim that the Debtors or the Reorganized Debtors may have against such Holder; *provided, further*, that the Holder of any Claim must assert any right to setoff prior to the Effective Date or such right shall be deemed waived on the Effective Date. Notwithstanding any other provision of the Plan, the United States' rights to setoff and recoupment are preserved.

## ARTICLE VII

### TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

7.1 ***Assumption Of Executory Contracts And Unexpired Leases.*** Except as otherwise provided in the Plan, on the Effective Date, all Executory Contracts and Unexpired Leases of the Debtors shall be deemed assumed in accordance with the provisions and requirements of sections 365 and 1123 of the Bankruptcy Code, unless such Executory Contract or Unexpired Lease (a) has previously been rejected by order of the Bankruptcy Court in effect as of the Effective Date (which order may be the Confirmation Order); (b) is the subject of a motion to reject filed on or before the Effective Date; (c) is identified as an Executory Contract or Unexpired Lease to be rejected pursuant to the Plan Supplement before the Effective Date; or (d) expired or terminated pursuant to its own terms. An Executory Contract or Unexpired Lease that is deemed to be assumed pursuant to the foregoing sentence shall be referred to as an "Assumed Contract."

Entry of the Confirmation Order by the Bankruptcy Court shall constitute findings by the Bankruptcy Court that (a) the Reorganized Debtors have properly provided for the cure of any defaults that might have existed, (b) each assumption is in the best interest of the Reorganized Debtors, their Estates, and all parties in interest in the Chapter 11 Cases and (c) the requirements for assumption of any Executory Contract or Unexpired Lease to be assumed have been satisfied. Except as otherwise provided in the following sentence, all cure payments under any Assumed Contract shall be made by the Reorganized Debtors on the Effective Date or as soon as practicable thereafter. In the event of a dispute, cure payments required by section 365(b)(1) of the Bankruptcy Code shall be paid upon entry of a Final Order resolving such dispute.

In connection with the treatment of the Flowers Facility Claims and the Columbia Facility Claims, the Debtors shall (i) assume and assign to the lenders under the F-C Credit Agreements such contracts related to the vessels securing the F-C Credit Agreements that such



lenders reasonably request the Debtors assume and assign; provided, that the contracts to be assumed and assigned are properly assumable and assignable, under section 365 of the Bankruptcy Code and (ii) reject such contracts that are (1) related to the vessels securing the F-C Credit Agreements; (2) capable of rejection; (3) are solely between one or more borrower(s) under the F-C Credit Agreements and a non-debtor contract counterparty; and (4) that such lenders reasonably request the Debtors to reject under section 365 of the Bankruptcy Code.

**7.2 D&O Liability Insurance Policies.** As of the Effective Date, the D&O Liability Insurance Policies shall be treated as if they were Executory Contracts that are assumed under this Plan. Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the Debtors' foregoing assumption of each of the D&O Liability Insurance Policies. Notwithstanding anything to the contrary contained in the Plan, Confirmation of the Plan shall not discharge, impair or otherwise modify any indemnity obligations assumed by the foregoing assumption of the D&O Liability Insurance Policies, and each such indemnity obligation shall be deemed and treated as an Executory Contract that has been assumed by the Debtors under the Plan as to which no Proof of Claim need be filed.

**7.3 Indemnification.** Except as otherwise specifically limited in this Plan, any obligations or rights of the Debtors or Reorganized Debtors to defend, indemnify, reimburse, or limit the liability of the Debtors' present and former directors, officers, employees, agents, representatives, attorneys, accountants, financial advisors, restructuring advisors, investment bankers and consultants (the "Covered Persons") pursuant to the Debtors' or Reorganized Debtors' certificates of incorporation, by-laws, policy of providing employee indemnification, applicable law, or specific agreement in respect of any claims, demands, suits, Causes of Action, or proceedings against such Covered Persons based upon any act or omission related to such Covered Persons' service with, for, or on behalf of the Debtors prior to the Effective Date, shall be treated as if they were Executory Contracts that are assumed under this Plan and shall survive the Effective Date and remain unaffected thereby, and shall not be discharged, irrespective of whether such defense, indemnification, reimbursement, or limitation of liability is owed in connection with an occurrence before or after the Petition Date.

**7.4 Cure of Defaults Under Assumed Contracts.** The Reorganized Debtors shall cure any monetary defaults under any Executory Contract and Unexpired Lease to be assumed pursuant to the Plan by paying to the non-Debtor counterparty the full amount of any monetary default in the ordinary course of business. Accordingly, no party to an Assumed Contract need file any cure claim, and the Debtors need not file any lists of any proposed cure claims, with the Bankruptcy Court. Notwithstanding the foregoing, the Reorganized Debtors and counter-parties to Assumed Contracts reserve all their rights in the event of a dispute over the amount of a cure claim. If there is any such dispute that cannot be resolved consensually, then either party must file with the Bankruptcy Court a request for allowance and payment of such cure claim within seventy-five (75) days from the Effective Date. Moreover, the Reorganized Debtors shall be authorized to reject any Executory Contract or Unexpired Lease to the extent the Reorganized Debtors, in the exercise of their sound business judgment, conclude that the amount of the cure claim as determined by the Bankruptcy Court, renders assumption of such Executory Contract or Unexpired Lease unfavorable to the Reorganized Debtors.

## ARTICLE VIII

### CONFIRMATION AND CONSUMMATION OF THE PLAN

8.1 **Condition To Confirmation.** Confirmation of the Plan is conditioned upon the Confirmation Order being reasonably acceptable in form and substance to the Debtors and the Participating Lenders, *provided, however*, that the Confirmation Order must only be reasonably acceptable to a particular Participating Lender to the extent the Participating Lender's rights or interests are materially affected by the terms thereof.

8.2 **Conditions To Effective Date.** The Debtors shall request that the Confirmation Order include a finding by the Bankruptcy Court that, notwithstanding Bankruptcy Rule 3020(e), the Confirmation Order shall take effect immediately upon its entry. The following are conditions precedent to the occurrence of the Effective Date, each of which must be satisfied or waived by the Debtors and the Participating Lenders in accordance with the terms hereof:

(a) The Confirmation Order, in form and substance reasonably satisfactory to the Debtors and the Participating Lenders, shall have become a Final Order and shall, among other things, provide that the Debtors and the Reorganized Debtors are authorized to take all actions necessary or appropriate to enter into, implement, and consummate the agreements and documents created in connection with this Plan, *provided, however*, that the Confirmation Order must only be reasonably satisfactory to the Participating Lenders to the extent each Participating Lender's rights or interests are materially affected by the terms thereof.

(b) All documents related to, provided for therein, or contemplated by the New Credit Facilities shall have been executed and delivered, and all conditions precedent thereto shall have been satisfied (other than the occurrence of the Effective Date).

(c) Each of the Citi Silo Management Agreement, the NHL Management Agreement, and the NH2L Management Agreement shall have become effective.

(d) Debtors Golden Knighthead Limited and Metropolitan Harbour Limited shall hold sufficient cash in their accounts to satisfy each of the terms and conditions contained in the DVB Term Sheet.

(e) On the Effective Date, after giving effect to the payments required by the DVB Term Sheet and all accrued and unpaid professional fees, Debtors Golden Knighthead Limited and Metropolitan Harbour Limited shall have a minimum liquidity position of \$5,000,000 in aggregate; *provided, however*, this condition may be waived by DVB Bank, SE in its sole discretion.

(f) Debtors Nautilus Shipholdings No. 2 Limited, Golden Knighthead Limited, and Metropolitan Harbour Limited shall be in full compliance with the terms of the Amended and Restated DVB 1 Facility and the Amended and Restated DVB 2 Facility, as applicable; *provided, however*, the applicable Debtor shall not be required to (i) satisfy any historic nonpayment defaults or (ii) satisfy any overdue principal amounts, whether coming due by acceleration or otherwise, to be deemed in full compliance as of the Effective Date.

(g) Debtors Golden Knighthead Limited and Metropolitan Harbour Limited shall have satisfied all Claims entitled to administrative expense priority other than trade Claims incurred in the ordinary course of business that are not yet due and payable.

(h) The Professional Fee Escrow Account shall have been funded.

(i) All authorizations, consents, and regulatory approvals required, if any, in connection with the consummation of this Plan shall have been obtained.

(j) All other actions, documents, and agreements necessary to implement this Plan shall have been effected or executed.

8.3 ***Waiver Of Conditions.*** Except as expressly provided herein, each of the conditions to the Effective Date set forth herein may be waived in whole or in part by the mutual agreement of the Debtors and the Participating Lenders, without any notice to parties in interest or the Bankruptcy Court and without a hearing. The failure to satisfy or waive any condition to the Effective Date may be asserted by the Debtors regardless of the circumstances giving rise to the failure of such condition to be satisfied, including any action or inaction by the Debtors. The failure of the Debtors to exercise any of the foregoing rights shall not be deemed a waiver of any other rights, and each such right shall be deemed an ongoing right that may be asserted at any time.

## ARTICLE IX

### EFFECT OF PLAN CONFIRMATION

9.1 ***Binding Effect.*** This Plan shall be binding upon and inure to the benefit of the Debtors, their Estates, all present and former Holders of Claims and Interests, and their respective successors and assigns, including but not limited to the Reorganized Debtors.

9.2 ***Revesting Of Assets.*** Except as otherwise explicitly provided in this Plan, on the Effective Date, all property comprising the Estates (including Retained Actions, but excluding property that has been abandoned pursuant to an order of the Bankruptcy Court) shall revert in the Reorganized Debtors, free and clear of all Claims, Liens, charges, encumbrances, rights and Interests of creditors and equity security holders. As of the Effective Date, the Reorganized Debtors may operate their businesses and use, acquire, and dispose of their property without supervision of the Bankruptcy Court, and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules, other than those restrictions expressly imposed by this Plan or the Confirmation Order.

9.3 ***Compromise And Settlement Of Claims, Interests And Controversies.*** Pursuant to section 363 of the Bankruptcy Code and Bankruptcy Rule 9019 and in consideration for the distributions and other benefits provided pursuant to the Plan, the provisions of the Plan shall constitute a good faith compromise of all Claims, Interests and controversies relating to the contractual, legal and subordination rights that a Holder of a Claim or Interest may have with respect to any Allowed Claim or Interest, or any distribution to be made on account of such Allowed Claim or Interest. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise or settlement of all such Claims, Interests and controversies,

as well as a finding by the Bankruptcy Court that such compromise or settlement is in the best interests of the Debtors, their Estates and Holders of Claims and Interests and is fair, equitable and reasonable. In accordance with the provisions of the Plan, pursuant to section 363 of the Bankruptcy Code and Bankruptcy Rule 9019(a), without any further notice to or action, order or approval of the Bankruptcy Court, after the Effective Date, the Reorganized Debtors may compromise and settle Claims against or Interests in them and Causes of Action against other Persons.

#### **9.4 Releases And Related Matters**

##### **(a) Releases by the Debtors**

**Pursuant to section 1123(b) of the Bankruptcy Code and to the extent allowed by applicable law, and except as otherwise specifically provided in the Plan or the Plan Supplement, for good and valuable consideration, including the service of the Released Parties to facilitate the expeditious reorganization of the Debtors and the implementation of the restructuring contemplated by the Plan, on and after the Effective Date, the Released Parties are deemed released and discharged by the Debtors, the Reorganized Debtors, the Estates and the Equity-Related Entities from any and all Claims, Interests, obligations, rights, suits, damages, Causes of Action, remedies and liabilities whatsoever, including any derivative claims asserted or assertable on behalf of the Debtors, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, in law, equity or otherwise, that the Debtors, the Reorganized Debtors, the Estates or the Equity-Related Entities would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the Holder of any Claim or Interest or other Person, based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the Debtors' restructuring, the Chapter 11 Cases, the purchase, sale or rescission of the purchase or sale of any security of the Debtors or the Reorganized Debtors, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the Plan Supplement, the business or contractual arrangements between any Debtor, Reorganized Debtor, Estate or non-Debtor Affiliate and any Released Party, the restructuring of Claims and Interests before or during the Chapter 11 Cases, the negotiation, formulation or preparation of the Plan, the Disclosure Statement, the Plan Supplement, or related agreements, instruments or other documents, or any other act or omission, transaction, agreement, event or other occurrence taking place on or before the Effective Date; *provided, however* that nothing in this Section 9.4(a) shall be construed to release any party or entity from gross negligence, intentional fraud, willful misconduct, or criminal conduct, as determined by a Final Order.**

##### **(b) Third-Party Releases by Holders of Claims or Equity Interests**

**Except as otherwise provided in the Plan or the Plan Supplement, as of the Effective Date, each Holder of a Claim against or Interest in a Debtor, to the fullest extent permissible under applicable law, as such law may be extended or interpreted subsequent to the Effective Date, shall be deemed to have conclusively, absolutely, unconditionally, irrevocably, and forever released and discharged the Debtors, the Reorganized Debtors, the Estates, the Equity-Related Entities, and the Released Parties from any and all Claims, Interests, obligations, rights, suits, damages, Causes of Action, remedies and liabilities**

whatsoever, including any derivative Claims assertable on behalf of a Debtor, whether known or unknown, foreseen or unforeseen, existing or hereafter arising, in law, equity, or otherwise, that such Person would have been legally entitled to assert (whether individually or collectively), based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the Debtors' restructuring, the Chapter 11 Cases, the purchase, sale, or rescission of the purchase or sale of any security of the Debtors or the Reorganized Debtors, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan or the Plan Supplement, the business or contractual arrangements between any Debtor, Reorganized Debtor, Estate or non-Debtor Affiliate and any Released Party, the restructuring of Claims and Interests before or during the Chapter 11 Cases, the negotiation, formulation, or preparation of the Plan, the Disclosure Statement, the Plan Supplement, or related agreements, instruments, or other documents, or any other act or omission, transaction, agreement, event or other occurrence including or pertaining to the Debtors and taking place on or before the Effective Date, *provided, however* that nothing in this Section 9.4(b) shall be construed to release any party or entity from gross negligence, intentional fraud, willful misconduct, or criminal conduct, as determined by a Final Order; *provided further*, however, that this Section 9.4(b) shall not release the Debtors, the Reorganized Debtors, the Estates, the Equity-Related Entities or the Released Parties from any Cause of Action held by a governmental entity existing as of the Effective Date based on (i) the Internal Revenue Code or other domestic state, city, or municipal tax code, (ii) the environmental laws of the United States or any domestic state, city, or municipality, (iii) any criminal laws of the United States or any domestic state, city, or municipality, (iv) the Securities and Exchange Act of 1934 (as now in effect or hereafter amended), the Securities Act, or other securities laws of the United States or any domestic state, city or municipality, (v) the Employee Retirement Income Security Act of 1974, as amended, or (vi) the laws and regulations of the Bureau of Customs and Border Protection of the United States Department of Homeland Security. Notwithstanding anything to the contrary in this Section 9.4(b), a Holder of a Claim shall be deemed not to provide the releases set forth in this section if such Holder (i) votes to reject the Plan and (ii) "opts out" of the releases provided in this Section 9.4(b) of the Plan in a timely submitted, valid Ballot, *provided, however*, that nothing in this sentence shall limit the discharge contained in Section 9.5 of this Plan. For the avoidance of doubt, nothing in this Section 9.4(b) shall release any Claims relating to actions or conduct occurring after the Effective Date and arising under or relating to the New Credit Facilities.

### 9.5 *Discharge Of The Debtors*

(a) Upon the Effective Date, the Debtors, and each of them, shall be deemed discharged and released under section 1141(d)(1)(A) of the Bankruptcy Code from any and all Claims, including, but not limited to, demands and liabilities that arose before the Effective Date, and all debts of the kind specified in section 502 of the Bankruptcy Code, whether or not (i) a Proof of Claim based upon such debt is filed or deemed filed under section 501 of the Bankruptcy Code, (ii) a Claim based upon such debt is Allowed under section 502 of the Bankruptcy Code, (iii) a Claim based upon such debt is or has been disallowed by order of the Bankruptcy Court, or (iv) the Holder of a Claim based upon such debt accepted this Plan.

(b) As of the Effective Date, except as provided in this Plan or the Confirmation Order, all Persons shall be precluded from asserting against the Debtors or the Reorganized Debtors, any other or further Claims, debts, rights, Causes of Action, claims for relief, liabilities, or equity interests relating to the Debtors based upon any act, omission, transaction, occurrence, or other activity of any nature that occurred prior to the Effective Date. In accordance with the foregoing, except as provided in this Plan or the Confirmation Order, the Confirmation Order shall be a judicial determination of discharge of all such Claims and other debts and liabilities against the Debtors, pursuant to sections 524 and 1141 of the Bankruptcy Code, and such discharge shall void any judgment obtained against the Debtors at any time, to the extent that such judgment relates to a discharged Claim.

### 9.6 *Injunction*

**Except as provided in this Plan or the Confirmation Order, as of the Effective Date, all Persons that have held, currently hold, may hold, or allege that they hold, a Claim, obligation, suit, judgment, damage, demand, debt, right, Cause of Action, or liability that is released or discharged under this Article IX are permanently enjoined from taking any of the following actions against the Debtors, the Reorganized Debtors, and their respective Affiliates or their property on account of any such released or discharged Claim, obligation, suit, judgment, damage, demand, debt, right, Cause of Action, or liability: (a) commencing or continuing, in any manner or in any place, any action or other proceeding; (b) enforcing, attaching, collecting, or recovering in any manner any judgment, award, decree, or order; (c) creating, perfecting, or enforcing any Lien or encumbrance; (d) asserting a setoff, right of subrogation, or recoupment of any kind against any debt, liability, or obligation due to any released Person; or (e) commencing or continuing any action, in each such case in any manner, in any place, or against any Person that does not comply with or is inconsistent with the provisions of this Plan or the Confirmation Order.**

### 9.7 *Exculpation And Limitation Of Liability*

**None of the Released Parties shall have or incur any liability to any Entity, for any act or omission in connection with, relating to, or arising out of, the Chapter 11 Cases, the Disclosure Statement, the formulation, negotiation, or implementation of this Plan, the solicitation of acceptances of this Plan, the pursuit of Confirmation of this Plan, the Confirmation of this Plan, the consummation of this Plan, or the administration of this Plan or the property to be distributed under this Plan, or any other prepetition or**

postpetition act taken or omitted to be taken in connection with or in contemplation of the restructuring of the Debtors; *provided, however*, that the foregoing provisions of this exculpation shall have no effect on the liability of any Released Party that results from any such act or omission that is determined in a Final Order to have constituted gross negligence or willful misconduct. Nothing in this Plan shall affect the ability of the United States to pursue any non-Debtors to the extent allowed by non-bankruptcy law for any liabilities that may be related to any federal tax liabilities owed by the Debtors or the Debtors' Estates. Additionally, the United States may pursue police and regulatory actions or proceedings with respect to the Released Parties in the manner, and by the administrative or judicial tribunals, in which the United States could have pursued such actions or proceedings as if this bankruptcy had never been commenced.

9.8 ***Term Of Bankruptcy Injunction Or Stays.*** Except as provided otherwise in this Plan, from and after the Effective Date, the automatic stay of section 362(a) of the Bankruptcy Code shall terminate.

9.9 ***Post-Confirmation Date Retention Of Professionals.*** Upon the Confirmation 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 and the Reorganized Debtors will employ and pay professionals in the ordinary course of business.

## ARTICLE X

### PROCEDURES FOR RESOLVING AND TREATING DISPUTED CLAIMS

10.1 ***Disputed Claims.*** All Disputed Claims against the Debtors shall be subject to the provisions of this Article X.

10.2 ***Objection Deadline.*** Unless otherwise ordered by the Bankruptcy Court, objections to Claims shall be filed with the Bankruptcy Court and served upon the Holders of each such Claim to which objections are made on or before the Claims Objection Deadline. If an objection to a Claim is timely filed, a subsequent amendment to the objection shall also be deemed timely, even if filed subsequent to the deadline for filing the original Claim objection, and even if the amendment raises facts or legal theories not raised in the original Claim objection.

10.3 ***Prosecution of Objections.*** After the Confirmation Date, the Debtors or the Reorganized Debtors, as the case may be, shall have the authority to file, litigate to final judgment, settle, or withdraw objections to Disputed Claims.

10.4 ***No Distributions Pending Allowance.*** No payments or distributions shall be made with respect to any Claim to the extent it is a Disputed Claim unless and until all objections to such Disputed Claim are resolved and such Disputed Claim becomes an Allowed Claim in whole or in part.

## ARTICLE XI

### RETENTION OF JURISDICTION

Pursuant to sections 105(c) and 1142 of the Bankruptcy Code and notwithstanding entry of the Confirmation Order and the occurrence of the Effective Date, the Bankruptcy Court shall retain jurisdiction (unless otherwise indicated) over all matters arising in, arising out of, and/or related to, the Chapter 11 Cases and this Plan to the fullest extent permitted by law, including, among other things, jurisdiction to:

(a) Resolve any matters related 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 Debtor or Reorganized Debtor may be liable and to hear, determine, and, if necessary, liquidate any Claims arising therefrom;

(b) Decide or resolve any motions, adversary proceedings, contested or litigated matters, and any other matters and grant or deny any applications involving the Debtors that may be pending on the Effective Date (which jurisdiction shall be non-exclusive as to any such non-core matters);

(c) Enter such orders as may be necessary or appropriate to implement or consummate the provisions of this Plan and all contracts, instruments, releases, and other agreements or documents created in connection with this Plan, the Disclosure Statement, or the Confirmation Order;

(d) Resolve any cases, controversies, suits, or disputes that may arise in connection with the consummation, interpretation, or enforcement of this Plan or any contract, instrument, release, or other agreement or document that is executed or created pursuant to this Plan, or any entity's rights arising from or obligations incurred in connection with this Plan or such documents;

(e) Modify this Plan before or after the Effective Date pursuant to section 1127 of the Bankruptcy Code or modify the Confirmation Order, or any contract, instrument, release, or other agreement or document created in connection with this Plan or the Confirmation Order, or remedy any defect or omission or reconcile any inconsistency in any Bankruptcy Court order, this Plan, the Confirmation Order, or any contract, instrument, release, or other agreement or document created in connection with this Plan or the Confirmation Order, in such manner as may be necessary or appropriate to consummate this Plan;

(f) Hear and determine all applications for compensation and reimbursement of expenses of Professionals under this Plan or under sections 330, 331, 503(b), and 1129(a)(4) of the Bankruptcy Code; *provided, however*, that from and after the Confirmation Date the payment of fees and expenses by the Reorganized Debtors, including professional fees, shall be made in the ordinary course of business and shall not be subject to the approval of the Bankruptcy Court;



(g) 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 this Plan or the Confirmation Order;

(h) Adjudicate controversies arising out of the administration of the Estates or the implementation of this Plan;

(i) Resolve any cases, controversies, suits, or disputes that may arise in connection with General Unsecured Claims, including without limitation, the Bar Date, related notice, claim objections, allowance, disallowance, estimation and distribution;

(j) Hear and determine Causes of Action by or on behalf of the Debtors or the Reorganized Debtors;

(k) Enter and implement such orders as are necessary or appropriate if the Confirmation Order is for any reason or in any respect modified, stayed, reversed, revoked, or vacated, or distributions pursuant to this Plan are enjoined or stayed;

(l) Determine any other matters that may arise in connection with or relate to this Plan, the Disclosure Statement, the Confirmation Order, or any contract, instrument, release, or other agreement or document created in connection with this Plan, the Disclosure Statement, or the Confirmation Order;

(m) Enforce all orders, judgments, injunctions, releases, exculpations, indemnifications, and rulings entered in connection with the Chapter 11 Cases;

(n) Hear and determine such other matters as may be provided in the Confirmation Order or as may be authorized under the Bankruptcy Code; and

(o) Enter an order closing the Chapter 11 Cases.

For the avoidance of doubt, the Court shall not retain jurisdiction with respect to the following documents entered into by a Reorganized Debtor on or after the Effective Date: (i) the New Credit Facilities, (ii) the Citi Silo Management Agreement, (iii) the NHL Management Agreement, or (iv) the NH2L Management Agreement.

## **ARTICLE XII**

### **MISCELLANEOUS PROVISIONS**

12.1 ***Payment Of Statutory Fees.*** All fees payable pursuant to section 1930 of title 28 of the United States Code shall be paid on the earlier of when due or the Effective Date.

12.2 ***Amendment Or Modification Of This Plan.*** Subject to section 1127 of the Bankruptcy Code and, to the extent applicable, sections 1122, 1123, and 1125 of the Bankruptcy Code, the Debtors reserve the right to alter, amend, or modify this Plan at any time prior to or after the Confirmation Date but prior to the substantial consummation of this Plan, *provided, however*, that the Participating Lenders must approve of such alteration, amendment or

modification if it materially affects the respective Participating Lender's interests, which approval shall not be unreasonably withheld. A Holder of a Claim that has accepted this Plan shall be deemed to have accepted this Plan, as altered, amended or modified, if the proposed alteration, amendment or modification does not materially and adversely change the treatment of the Claim of such Holder.

**12.3 Severability Of Plan Provisions.** If, prior to the Confirmation Date, any term or provision of this Plan is determined 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 this 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 this Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

**12.4 Successors And Assigns.** This Plan shall be binding upon and inure to the benefit of the Debtors, and their respective successors and assigns, including, without limitation, the Reorganized Debtors. The rights, benefits, and obligations of any entity named or referred to in this Plan shall be binding on, and shall inure to the benefit of, any heir, executor, administrator, successor, or assign of such entity.

**12.5 Revocation, Withdrawal, Or Non-Consummation.** The Debtors reserve the right to revoke or withdraw this Plan at any time prior to the Confirmation Date and to file other plans of reorganization. If the Debtors revoke or withdraw this Plan, or if Confirmation or consummation of this Plan does not occur, then (a) this Plan shall be null and void in all respects, (b) any settlement or compromise embodied in this Plan (including the fixing or limiting to an amount any Claim or Class of Claims), assumption of Executory Contracts or Unexpired Leases effected by this Plan, and any document or agreement executed pursuant to this Plan shall be deemed null and void, *provided, however*, that the Debtors' Missed Milestone Obligations shall survive pursuant to the terms of the DVB Term Sheet, and (c) nothing contained in this Plan, and no acts taken in preparation for consummation of this Plan, shall (i) constitute or be deemed to constitute a waiver or release of any Claims by or against, or any Interests in, the Debtors or any other Person, (ii) prejudice in any manner the rights of the Debtors or any Person in any further proceedings involving the Debtors, or (iii) constitute an admission of any sort by the Debtors or any other Person.

**12.6 Notice.** All notices, requests, and demands to or upon the Reorganized Debtors to be effective shall be in writing and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when actually delivered or, in the case of notice by facsimile transmission, when received and telephonically confirmed, addressed as follows:

NAUTILUS HOLDINGS LIMITED

Attn: Andreas Maroulletis  
Lapithion Tower, 5  
Deligiorgi Street, 1066  
Nicosia, Cyprus  
Facsimile: +357-22666173

and

SKADDEN, ARPS, SLATE, MEAGHER  
& FLOM LLP

Jay M. Goffman  
Mark A. McDermott  
Shana A. Elberg  
Suzanne D.T. Lovett  
Four Times Square  
New York, New York 10036-6522  
Facsimile: (212) 735-2000

Counsel for Debtors and Debtors in Possession

12.7 ***Governing Law.*** Except to the extent that the Bankruptcy Code, the Bankruptcy Rules or other federal law is applicable, or to the extent that an Exhibit or schedule to this Plan or document contained in the Plan Supplement provides otherwise, the rights and obligations arising under this Plan shall be governed by, and construed and enforced in accordance with, the laws of New York without giving effect to the principles of conflicts of law of such jurisdiction.

12.8 ***Exhibits.*** All Exhibits to this Plan are incorporated and are a part of this Plan as if set forth in full herein.

12.9 ***Filing Of Additional Documents.*** On or before substantial consummation of this Plan, the Debtors shall file such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of this Plan.

12.10 ***Conflicts.*** In the event that provisions of the Disclosure Statement and provisions of this Plan conflict, the terms of this Plan shall govern.

*Remainder of Page Left Intentionally Blank*

Dated: November 19, 2014  
New York, New York

NAUTILUS HOLDINGS LIMITED  
NAUTILUS HOLDINGS NO. 2 LIMITED  
(for themselves and on behalf of each of the other  
Debtors)

By: /s/ James A. Mesterharm  
Name: James A. Mesterharm  
Title: Chief Restructuring Officer

**Exhibit A**

**Amended and Restated HSH-YM Facility Material Terms<sup>1</sup>**

<b>Provision</b>	<b>Terms – Option A</b>	<b>Terms – Option B</b>
Facility Size	Total: \$191,194,322 After Initial Paydown: \$176,194,322	Total: \$191,194,322
Initial Paydown	\$15,000,000	N/A
Maturity Date	December 31, 2022	December 31, 2022
Amortization	\$2,930,000 quarterly	\$2,930,000 quarterly
Interest Rate	Libor plus 225 basis points	Libor plus 200 basis points
Cash Sweeps	75% cash flow sweep	N/A

<sup>1</sup> If 60% or greater of Class 8 votes to accept this Plan, the Amended and Restated HSH-YM Facility shall have the terms set forth in Option A. If less than 60% of Class 8 votes to accept this Plan, the Amended and Restated HSH-YM Facility shall have the terms set forth in Option B.

**Exhibit B**

**Amended and Restated Citi Facility Material Terms**

<b>Provision</b>	<b>Terms</b>
Facility Size	Equal to the amount of Allowed Class 3A Citi Facility Claims
Maturity Date	December 31, 2022
Amortization	An amount consistent with a 20 year financing life
Interest Rate	Libor plus 225 basis points

**Exhibit C**

**Citi Silo Warrants Material Terms**

<b>Provision</b>	<b>Terms</b>
Amount	Exercisable to 15% of equity of each of Reorganized Debtors Nautilus Shipholdings No. 3 Limited, Vivid Mind Limited, Perpetual Joy Limited, Regal Stone Limited, Charming Energetic Limited, and Dynamic Continental Limited on fully diluted basis
Strike Price	A strike price that equates to an enterprise value that is equal to Allowed Class 3 Citi Facility Claims plus interest through the term of the warrant
Tenor	5 Years

**Exhibit D**

**DVB Term Sheet**



**EXECUTION VERSION**

This term sheet (the “Term Sheet”) and all annexes hereto reference a restructuring transaction (the “Restructuring”) pursuant to which DVB Bank SE (“DVB”) agrees to support, and Nautilus Holdings Limited (“NHL”), Nautilus Holdings No. 2 Limited (“NH2L”) and their debtor subsidiaries and affiliates (collectively, the “Debtors”) agree to the terms of (1) a restructuring of certain obligations owed to DVB by Metropolitan Harbour Limited, Golden Knighthead Limited, and / or Nautilus Shipholdings No. 2 Limited with respect to the DVB Facilities (defined below), to be contained within a plan of reorganization proposed by the Debtors and filed in connection with their cases commenced under chapter 11 of title 11 of the United States Code in the United States Bankruptcy Court for the Southern District of New York (the “Bankruptcy Court”), (2) the use of DVB’s cash collateral (“DVB Cash Collateral”) by Metropolitan Harbour Limited, Golden Knighthead Limited, and / or Nautilus Shipholdings No. 2 Limited, and (3) the debtor in possession facility (the “DIP Facility”) proposed by the Debtors. To the extent that the agreement of Synergy Management Services Limited (“Synergy”), Reminiscent Ventures S.A. (“Reminiscent”) and Elektra Limited (“Elektra”) to the terms of the Restructuring set forth herein is required, Synergy, Reminiscent and Elektra shall be parties to this Term Sheet solely to such extent.

Agreement to the terms and conditions in this Term Sheet and in negotiations between DVB and the Borrowers (as defined herein) remains subject to approval by the Bankruptcy Court for the Debtors to enter into this Term Sheet. This Term Sheet does not include a description of all of the terms, conditions, and other provisions that are to be contained in the definitive documentation governing the Restructuring, such as terms that do not impact the DVB Facilities or the Borrowers’ obligations with respect thereto, all of which remain subject to further discussion and negotiation between the Debtors on the one hand and their respective lender or lender group on the other.

**EXECUTION VERSION**

<b>Term Sheet</b>	
<b>DVB Facilities</b>	<p>The “<u>DVB Facilities</u>” shall mean:</p> <p>i. That certain Loan Agreement, dated as of July 11, 2007, between Golden Knighthead Limited, as borrower, and DVB, as lender, agent, swap bank, and security trustee, and relating to a \$91,237,500 facility to finance, in part, the borrower’s purchase of the container vessel currently named <i>M/V Texas</i> (the “<u>Golden Knighthead Facility</u>”) and the various documents executed in connection therewith, including, without limitation, related swap agreement, guaranty, and security documents (together with the Golden Knighthead Facility and, as amended, modified, or supplemented, the “<u>Golden Knighthead Facility Documents</u>”); and</p> <p>ii. That certain Loan Agreement, dated as of July 11, 2007, between Metropolitan Harbour Limited, as borrower, and DVB, as lender, agent, swap bank, and security trustee, and relating to a \$91,237,500 facility to finance, in part, the borrower’s purchase of the container vessel currently named <i>M/V Washington</i> (the “<u>Metropolitan Harbour Facility</u>”), and the various documents executed in connection therewith, including, without limitation, related swap agreement, guaranty, and security documents (together with the Metropolitan Harbour Facility and, as amended, modified, or supplemented, the “<u>Metropolitan Harbour Facility Documents</u>”).</p>
<b>Borrowers</b>	“ <u>Borrowers</u> ” shall mean the borrowers under the DVB Facilities (each a “ <u>Borrower</u> ”).
<b>Acceptable Plan</b>	“ <u>Acceptable Plan</u> ” shall mean a plan of reorganization consistent with the terms hereof and otherwise reasonably acceptable to DVB with respect to the terms that materially affect DVB and the restructuring of the DVB Facilities.
<b>Effective Date</b>	“ <u>Effective Date</u> ” shall be the date on which an Acceptable Plan shall become effective.

**EXECUTION VERSION**

<b>Term Sheet</b>	
<b>Loan Documents</b>	The Golden Knighthead Facility Documents and Metropolitan Harbour Facility Documents will be amended and restated to reflect their current terms, except as modified in accordance with the terms hereof and as necessary to conform such loan documents to DVB's current form of agreements; <i>provided, however</i> , that such modifications shall not materially impact the terms of the Restructuring and shall be in a form reasonably acceptable to the Debtors.
<b>Loan Amount</b>	<ul style="list-style-type: none"> <li>• Golden Knighthead Facility: \$73,191,500.</li> <li>• Metropolitan Harbour Facility: \$73,191,500.</li> <li>• Notwithstanding any other provision of this Term Sheet, upon the Effective Date, the principal amount of each of the Golden Knighthead Facility and the Metropolitan Harbour Facility shall be \$73,191,500, prior to giving effect to the Initial Pay-Down and Supplemental Pay-Down as set forth herein.</li> </ul>
<b>Interest Rate Swap</b>	The current interest rate swap agreements will continue, subject to the following terms: Within five (5) days after Bankruptcy Court approval of (a) the use of DVB Cash Collateral, and (b) the RSA (as defined herein) (the last date of such approvals being the " <u>RSA Approval Date</u> "), the Debtors shall pay all overdue swap payments and shall make swap payments in accordance with the applicable loan documents thereafter; <i>provided, however</i> , that, at the sole option of the Borrowers, the timing of such payments (other than payments of overdue amounts) shall be aligned with the timing of the Interest Rate Payments described below; and, <i>provided, further</i> , that the Debtors shall reimburse DVB for any costs it may incur as a result of the foregoing alignment of payment dates ( <i>e.g.</i> , breakage costs).

**EXECUTION VERSION**

<b>Term Sheet</b>	
<b>Interest Rate Payment</b>	<p>Within five (5) days after the RSA Approval Date, the Debtors shall pay all overdue interest payments and shall make interest payments in accordance with the applicable loan documents thereafter; <i>provided, however</i>, that the timing of such interest payments (other than payments of overdue amounts) shall be modified to occur on the final day of each calendar quarter (<i>i.e.</i>, March 31, June 30, September 30, and December 31); and, <i>provided, further</i>, that the first payment of interest following such modification shall include any “stub” portion of the prior interest period such that the Debtors shall pay all interest that has accrued since the prior payment of interest without any duplication of any portion of any interest payment.</p> <p>Notwithstanding the foregoing, the Debtors reserve all rights with respect to the application of any Interest Rate Payments made to the extent that the Restructuring is not consummated on the terms set forth herein.</p>
<b>Maturity Date</b>	<ul style="list-style-type: none"> <li>• Golden Knighthead Facility: June 30, 2023.</li> <li>• Metropolitan Harbour Facility: June 30, 2023.</li> </ul>
<b>Interest Rate</b>	Rate increased to LIBOR + 2.25% per annum for both facilities.
<b>Cash Sweep and Amortization</b>	<p>From the Effective Date until December 31, 2017, the DVB Facilities shall be repaid via a Cash Sweep calculation as follows:</p> <ul style="list-style-type: none"> <li>• “<u>Excess Cash</u>” shall be calculated quarterly in arrears and based upon the unaudited management accounts for the preceding financial quarter, commencing from the Effective Date and quarterly (the first such calculation being performed 45 days after the end of the first full quarterly accounting period following the Effective Date) thereafter as follows: <ul style="list-style-type: none"> <li>• Cash at the end of the applicable quarter;</li> <li>• <i>Plus or minus</i> changes in trade payables/receivables in the applicable quarter;</li> <li>• <i>Minus</i> debt service obligations scheduled to be paid in the quarter following the quarter for which the Excess Cash calculation is being performed (including principal, interest, swap payments, and fees);</li> </ul> </li> </ul>

**EXECUTION VERSION**

<b>Term Sheet</b>	
	<ul style="list-style-type: none"> <li>• <i>Minus</i> amounts deposited into the applicable Dry Dock Reserve Account and any restricted cash (<i>i.e.</i>, Reserve Account balance, Retention Account balance, and any cash collateralized obligations);</li> <li>• <i>Minus</i> \$2,000,000 per vessel.</li> </ul> <ul style="list-style-type: none"> <li>• Each Borrower shall provide a provisional calculation of Excess Cash within three (3) business days after the final day of the three (3) month period to which the notice relates. Each Borrower shall provide DVB with confirmation of the amount of Excess Cash within 45 days after the provisional calculation. Within three (3) days of the applicable Borrower's sending its confirmation, DVB shall be authorized to transfer 100% of the Excess Cash, per the confirmed calculation, from the applicable vessel's Operating Account into the Retention Account where it will be held until the date of the next quarterly repayment / loan rollover when it will be applied in reduction of the amount outstanding under the applicable facility documents. A Borrower's failure to provide a confirmed calculation as set forth in this paragraph shall be a default under the loan documents.</li> <li>• All applications as a result of the Cash Sweep will be in the inverse order of maturity.</li> <li>• For the avoidance of doubt, after giving effect to the cash sweep, Borrowers' cash position in their operating accounts will not be less than \$2,000,000 per vessel.</li> </ul> <p><u>Commencing at the quarter end following the second anniversary of the Effective Date (<i>i.e.</i>, March 31, 2017) onwards, the DVB Facilities shall be repaid as follows:</u></p> <ul style="list-style-type: none"> <li>• For 2017, quarterly repayments of \$500,000 per vessel, per quarter shall be made.</li> <li>• For 2018 and beyond, quarterly repayments of \$1,000,000 per vessel, per quarter, shall be made.</li> <li>• The first of such repayments shall fall due on the first quarter end following the second anniversary of the Effective Date (<i>i.e.</i>, March 31, 2017) for each of the Metropolitan Harbour and the Golden Knighthead Facilities.</li> </ul>

**EXECUTION VERSION**

<b>Term Sheet</b>	
	<ul style="list-style-type: none"> <li>• Additionally, the Cash Sweep shall continue under the methodology outlined above until LTV drops below 80%, at which time the Cash Sweep shall be suspended and the Borrowers shall continue with scheduled amortization payments.</li> <li>• A balloon payment equal to the remaining principal and interest outstanding on each vessel loan shall be paid on the Maturity Date.</li> </ul>
<b>Pay-Down of Principal</b>	<ul style="list-style-type: none"> <li>• All amounts currently held in the Reserve Accounts (currently approx. \$27,066,127 in aggregate) shall at all times be held by the Borrowers in the Reserve Accounts unless expended in accordance with (a) this Term Sheet, (b) the order authorizing use of the DVB Cash Collateral on a final basis, or (c) the current and future 13 week cash flow reporting provided by the Borrowers.</li> <li>• On the Effective Date, the Borrowers shall pay not less than \$13,000,000 in aggregate to reduce the outstanding principal of the DVB Facilities (the “<u>Initial Pay-Down</u>”). The Initial Pay-Down shall be applied in an equal amount for each Borrower and in the inverse order of maturity.</li> <li>• On the Effective Date, the Borrowers shall have a minimum liquidity position of \$5,000,000 in aggregate, after giving effect to all accrued and unpaid professional fees (“<u>Initial Free Liquidity Requirement</u>”).</li> <li>• If, after giving effect to the Initial Pay-Down and taking into account the accrued and unpaid fees and expenses of the Debtors’ and DVB’s professionals, the Borrowers’ Operating Accounts and Reserve Accounts hold cash in excess of the Initial Free Liquidity Requirement, then all such amounts shall be immediately transferred to the appropriate Retention Account and applied to reduce the outstanding principal of the DVB Facilities in an equal amount for each Borrower and in the inverse order of maturity (the “<u>Supplemental Pay-Down</u>”).</li> </ul>

**EXECUTION VERSION**

<b>Term Sheet</b>	
<b>Shortfall Guarantee</b>	<ul style="list-style-type: none"> <li>• After the Effective Date, Synergy will ensure that the Borrowers continue to have sufficient liquidity to meet operating costs and meet the debt service obligations as detailed herein, subject always to a maximum liability of \$2,500,000 in the aggregate. This commitment will be in the form of a shortfall guarantee (the “<u>Shortfall Guarantee</u>”) for up to \$2,500,000 in aggregate, and shall be used as necessary to cover such costs and expenses.</li> <li>• Any drawings under the Shortfall Guarantee shall be evidenced to the Lender and an account shall be maintained of drawings under this arrangement. Such account shall be notified to DVB on a quarterly basis and verified on an annual basis. Any amount advanced under this arrangement shall be non-interest bearing. Monies drawn by the Borrowers pursuant to the Shortfall Guarantee shall be repaid to Synergy if, in DVB’s reasonable discretion, the applicable Borrower will be in compliance with all covenants immediately after giving effect to such repayment. Any such repayment shall be made from Excess Cash on a 50/50 basis with amounts to be repaid under the applicable loan, subject to a minimum threshold of \$100,000. Any such repayment shall reinstate the availability of such amount under the Shortfall Guarantee.</li> <li>• In the event that the Shortfall Guarantee is fully drawn at any time after the end of the first quarter following the second year anniversary of the Effective Date (<i>i.e.</i>, March 31, 2017), the Borrowers may elect in writing, and DVB shall so consent, to cause the waiver of the obligation to make one or more of the subsequent scheduled quarterly amortization installments for the calendar year January 1, 2017 through December 31, 2017; <i>provided, however</i>, that any such waiver shall not in any way alter the Debtors’ obligation during any waiver period to comply with the Cash Sweep of Excess Cash.</li> </ul>
<b>LTV Covenant</b>	<ul style="list-style-type: none"> <li>• LTV covenant waiver until December 31, 2017.</li> <li>• From January 2018 onwards, the ratio of the total amount outstanding under the applicable facility documents (excluding the mark to market value of any hedging instruments on a quarterly basis as of quarter end) compared to the combined FMV of the applicable vessel must not exceed the following percentages:</li> </ul>

**EXECUTION VERSION**

<b>Term Sheet</b>	
	<ul style="list-style-type: none"> <li>• Until December 31, 2018: 115%</li> <li>• Until December 31, 2019: 110%</li> <li>• Until December 31, 2020: 95%</li> <li>• Thereafter: 80%</li> </ul> <ul style="list-style-type: none"> <li>• Should the FMV of the vessel fail to meet the minimum level, DVB shall have the right to require the Borrower and / or the Guarantor to prepay a portion of the applicable facility, sufficient to restore compliance, within 30 days, or to provide additional security, such additional security to be of a form and substance reasonably acceptable to DVB. Any additional security will remain in place for a minimum six (6) months following the date upon which the FMV of the vessel is sufficient to once again comply with the LTV covenant.</li> </ul>
<b>Minimum Cash Covenant</b>	The current minimum cash covenant shall be modified to require each Borrower to maintain a minimum cash balance of \$500,000 per vessel. This amount shall be measured on an aggregate basis (excluding monies held in any Reserve, Retention, and Dry Dock Reserve Account) and shall be retained in the Operating Accounts.
<b>Dry-Dock Reserve Account</b>	<ul style="list-style-type: none"> <li>• Withhold 20% of dry-docking budget per annum per vessel in a special reserve account to finance dry-docking costs.</li> <li>• Special reserve account to be pledged as security for applicable facility.</li> </ul>



**EXECUTION VERSION**

<b>Term Sheet</b>	
<b>Operating / Retention and Dry-Dock Reserve Accounts</b>	<ul style="list-style-type: none"><li>• The Borrowers shall open new Operating Accounts on or before the Effective Date, which shall be used for the collection of revenue for each vessel.</li><li>• The Borrower shall also open Retention Accounts and Dry-Dock Reserve Accounts on or before the Effective Date. On the last business day of each month following the Effective Date, each Borrower shall make monthly deposits into the applicable Retention Account equal to one-third (1/3) of the next due interest and principal payment, if any such principal payment is scheduled to be paid in the following quarter.</li><li>• All accounts of the Borrowers shall be pledged to DVB as security for the DVB Facilities and, at the sole option of DVB, all accounts of the Borrowers shall be maintained with DVB; <i>provided, however</i>, that all banking-related fees charged to the Borrowers in connection with such accounts shall be no greater than the fees charged to the Borrowers in connection with the Borrowers' existing banking facilities.</li></ul>

**EXECUTION VERSION**

<b>Term Sheet</b>	
<b>Management Fee</b>	<ul style="list-style-type: none"> <li>Commencing with the first management fee payment to come due after the RSA Approval Date, the portion of the monthly management fee (the “<u>Synergy Management Fee</u>”) payable by the Borrowers towards the payment made to Synergy shall be reduced to \$25,000 per vessel per month (subject to annual adjustment of 3% for inflation) for the remainder of the term of the Synergy management agreement and for any future extensions or renewals thereof or replacements thereto (any increase in fees for subsequent terms to be subject to DVB’s consent, not to be unreasonably withheld).</li> <li>If all of the obligations under the Golden Knighthead Loan Documents and Metropolitan Harbour Loan Documents have been satisfied, DVB shall have no objection to the payment of 1% of gross proceeds received from the disposition of any vessel being paid to Synergy.</li> <li>Debtors to return the portion of the Synergy Management Fee paid by the Borrowers and currently pooled at NHL (<i>i.e.</i>, 40% of amounts upstreamed by the Borrowers for payment of the Synergy Management Fee since commencement of bankruptcy cases) upon the Effective Date, except to the extent such amounts may be used to repay the DIP Facility as set forth in this Term Sheet.</li> </ul>
<b>Dividends / Shareholders Loans</b>	The prior written consent of DVB shall be required for any dividend, repayment of existing shareholder loans, or grant of new shareholder loans.
<b>Reporting Requirements</b>	<p>In addition to existing reporting requirements, each Borrower shall provide:</p> <ul style="list-style-type: none"> <li>i. <u>Evidence Supporting the Cash Sweep Payment</u> – Borrower shall deliver to DVB, not more than 45 days after the relevant quarter end date, the documentary evidence satisfactory to DVB, acting in its reasonable discretion, which demonstrates with regard to the relevant quarter the following: <ul style="list-style-type: none"> <li>Status of the vessel, including any changes in class certificates / class status;</li> <li>The unaudited management accounts which show the results of the operation of the vessel during the preceding financial quarter and the daily operating costs of the vessel,</li> </ul> </li> </ul>

**EXECUTION VERSION**

<b>Term Sheet</b>	
	<p>its balance sheet and its profit and loss accounts and which are certified as to their correctness by a duly authorized signatory of the Borrowers.</p> <p>ii. <u>Operating Costs</u> – Annual budgets of the operational expenses of each of the Vessels to be presented by the Borrower to DVB not more than 70 days after the end of each calendar year and agreed to by DVB within five (5) business days thereafter (quarterly variance reports to be provided not more than 45 days after the relevant quarter end date). If, in the reasonable opinion of DVB, there is a material degradation in the performance with respect to the operational expenses of the vessel, the Borrower will (i) obtain a detailed explanation from the technical manager and (ii) provide an action plan satisfactory to DVB setting out how to deal with the underperformance.</p>
<b>Cross-collateralization and Treatment of Shareholder Loans</b>	<ul style="list-style-type: none"> <li>• The Metropolitan Harbour Facility shall be further secured on a junior basis by the collateral securing the Golden Knighthead Facility and <i>vice versa</i>.</li> <li>• On the Effective Date, all existing shareholders loans shall be extinguished or converted into equity, which shall be subject to existing share pledges in favor of DVB.</li> </ul>

**EXECUTION VERSION**

<b>Term Sheet</b>	
<b>Management Agreement</b>	Synergy management agreement to remain in effect for the duration of its term, subject to the Debtors' rights to terminate contained within such agreement. DVB hereby consents to any subsequent management agreement with Synergy; provided, that (i) with respect to the Borrowers, Synergy shall be entitled to compensation under such subsequent management agreement solely in accordance with the Management Fee provision set forth herein, and (ii) any other material provisions shall be subject to the mutual consent of the parties, such consent not to be unreasonably withheld
<b>Technical Management</b>	Technical Management of <i>M/V Washington</i> and <i>M/V Texas</i> to be performed by third-party technical manager mutually acceptable to DVB and the Borrowers chosen from industry-recognized Technical Managers, including, without limitation, those technical managers set forth on Schedule A hereto (the " <u>Technical Manager List</u> "), each of which shall be deemed mutually acceptable to DVB and the Borrowers; <i>provided, however</i> , that, upon mutual agreement, the parties may remove any entity from the Technical Manager List and, upon mutual agreement, the parties may add any entity to the Technical Manager List. Such removals or additions to the Technical Manager List shall be deemed to occur on December 31st of the year in which notice was given or mutual agreement was made.
<b>Operation in the Ordinary Course</b>	The Debtors shall continue to operate the Borrowers' vessels in the ordinary course of business consistent with past practices.
<b>Lender's Fees &amp; Expenses</b>	To the extent not already paid, the Debtors shall pay DVB's properly incurred fees and expenses on DVB's demand on a reasonably prompt basis.
<b>Releases</b>	As of and conditioned upon the occurrence of the Effective Date: <ul style="list-style-type: none"> <li>• Standard / customary mutual release between DVB, on the one side, and the Debtors on the other (to the extent claims are not otherwise released pursuant to an order of the bankruptcy court); and</li> <li>• Standard / customary mutual release between DVB, on the one side, and Synergy, Reminiscent and Elektra on the other.</li> <li>• The Debtors and Reminiscent shall release any claims they may hold against DVB arising from or related to any fee</li> </ul>

**EXECUTION VERSION**

<b>Term Sheet</b>	
	<p>or charge or the application of an alternative rate of interest to the DVB Facilities, including, without limitation, breakage fees or market disruption interest.</p> <ul style="list-style-type: none"> <li>• For the avoidance of doubt, neither the Debtors, Synergy, Reminiscent, Elektra nor DVB shall be released from any obligations under this Term Sheet, the Restructuring Support Agreement (“<u>RSA</u>”) (described below), or any claims of any of the parties hereto arising out of actions or inactions in connection with the restructured DVB Facilities, but solely to the extent that such claims arise after the Effective Date and are not pre-petition claims or otherwise discharged and released in the Restructuring.</li> <li>• For the further avoidance of doubt, the release of Elektra by DVB shall be conditioned upon receipt of a representation from Andreas Papathomas that he owns or controls Elektra</li> <li>• Reminiscent, Elektra and Synergy agree to be parties to a Restructuring Support Agreement as set forth below and to support the Debtors’ motion for Bankruptcy Court approval of this Term Sheet and an Acceptable Plan.</li> </ul>
<b>DIP Financing and Use of Cash Collateral</b>	<p>The Debtors acknowledge that the agreement of DVB to consent to the Debtors’ request to use the DVB Cash Collateral and DIP financing (as modified herein) is in consideration of the Debtors’ adherence to the terms and milestones set forth herein unless otherwise mutually agreed upon by the parties.</p>

**EXECUTION VERSION**

<b>Term Sheet</b>	
<b>Limits on Use of Cash Collateral</b>	<ul style="list-style-type: none"> <li>• Use of the DVB Cash Collateral and any final order authorizing same shall terminate on January 31, 2015 (the “<u>Effective Date Deadline</u>”), subject to the Borrowers’ right to seek an extension of time from the Bankruptcy Court to use the DVB Cash Collateral.</li> <li>• The Debtors shall not modify the current allocation of restructuring professional fees among the prepetition lenders in any way that would increase the percentage of such fees currently allocated to DVB. For the avoidance of doubt, nothing herein shall affect DVB’s rights to object to any request for payment or allowance of fees or expenses submitted to the Bankruptcy Court.</li> <li>• For the duration of the chapter 11 cases, the Debtors shall provide DVB with a rolling 13-week budget for the Borrowers on not less than seven (7) days’ notice. DVB may request an explanation for any item in the Debtors’ budget for the Borrowers within three (3) days after receipt of same. Notwithstanding the foregoing, the prior written consent of DVB, not to be unreasonably withheld, shall be required for the expenditure of amounts in excess of the greater of \$50,000 and 15% more than the sum of the line items titled Total Disbursements and Total Management Fees of the Debtors’ weekly budget for the Borrowers.</li> </ul>
<b>Conditions to use of DIP Facility</b>	<ul style="list-style-type: none"> <li>• Notwithstanding anything to the contrary in any DIP Facility document, including, without limitation, the interim and final orders authorizing the DIP Facility (the “<u>DIP Orders</u>”), the existing encumbrances on the assets of the Borrowers and / or Nautilus Shipholdings No. 2 Limited in favor of DVB and any lien on such assets securing any obligation under the Golden Knighthead Loan Documents or Metropolitan Harbour Loan Documents now or hereafter held by DVB, regardless of how acquired, shall be senior in all respects and prior to the any claim, lien, or interest granted in connection with the DIP Facility; <i>provided, however</i>, that the preceding sentence does not include any claims for payment of fees and expenses of the DIP Lender, to the extent allowed as set forth in the DIP Facility, or for any amounts payable under the Carve-Out (as defined in the DIP Orders).</li> <li>• Except as set forth herein, obligations under the DIP Facility shall not be satisfied before the full and complete satisfaction</li> </ul>

**EXECUTION VERSION**

<b>Term Sheet</b>	
	<p>of all obligations under the Golden Knighthead Loan Documents or Metropolitan Harbour Loan Documents; <i>provided, however</i>, that DVB shall consent to the use of up to \$250,000 from the portion of the Synergy Management Fee paid by the Borrowers and currently pooled at NHL (<i>i.e.</i>, 40% of amounts upstreamed by the Borrowers for payment of the Synergy Management Fee since commencement of bankruptcy cases) to satisfy obligations under the DIP Facility (whether arising under an interim or final order); and, <i>provided, further</i>, that the Borrowers shall have no further liability for DIP Facility obligations until the full and complete satisfaction of all obligations under the Golden Knighthead Loan Documents and Metropolitan Harbour Loan Documents.</p> <ul style="list-style-type: none"> <li>• In addition, DVB shall have the exclusive right to enforce rights, exercise remedies and make determinations regarding the release, disposition, or restrictions with respect to any assets securing any obligation under the Golden Knighthead Loan Documents or Metropolitan Harbour Loan Documents, without any consultation with, or consent of, Synergy in its capacity as lender under the DIP Facility; <i>provided, however</i>, that nothing herein shall be deemed a modification of the automatic stay and all parties rights with respect thereto are expressly reserved.</li> </ul>
<b>Milestones</b>	<ul style="list-style-type: none"> <li>• The Debtors agree to pursue an Acceptable Plan consistent with this Term Sheet, in good faith. DVB agrees to support an Acceptable Plan and the Debtors' continued use of the DVB Cash Collateral consistent with the terms hereof; <i>provided</i>, that:</li> <li>• The Bankruptcy Court shall enter an order authorizing the Debtors' entry into this Term Sheet, in connection with approval of the RSA or otherwise;</li> <li>• The Motion seeking approval of the RSA shall be filed with the Bankruptcy Court contemporaneously with or prior to the entry of an order approving the Debtors' use of the DVB Cash Collateral; <i>provided, however</i>, that the RSA shall be in a form mutually agreeable to the parties at the time of filing;</li> <li>• The Debtors shall file an Acceptable Plan and related</li> </ul>

**EXECUTION VERSION**

<b>Term Sheet</b>	
	<p>disclosure statement on or before October 15, 2014;</p> <ul style="list-style-type: none"><li>• The Bankruptcy Court shall enter an order approving the disclosure statement for an Acceptable Plan on or before December 1, 2014;</li><li>• The Bankruptcy Court shall enter an order confirming an Acceptable Plan on or before January 15, 2015; and</li><li>• The Effective Date shall occur on or before January 31, 2015.</li></ul> <li>• If the Debtors fail to achieve any of the foregoing milestones or fail to comply with the terms and conditions of this Term Sheet, including, without limitation, DVB's consent to the Debtors' use of the DVB Cash Collateral, then the Term Sheet shall terminate and this Term Sheet shall become unenforceable against all parties hereto; <i>provided, however</i>, that, if the Debtors fail to achieve any of the foregoing milestones after Bankruptcy Court approval of the RSA, then the parties' termination rights shall be governed by those set forth in the RSA, which rights shall expressly preserve DVB's rights to seek termination of the Debtors' rights to use the DVB Cash Collateral, notwithstanding any provision to the contrary in any order previously approved by the Bankruptcy Court. For the avoidance of doubt, the foregoing milestones shall be incorporated into the RSA and the Debtors' failure to achieve any such milestone shall permit DVB to terminate the RSA.</li> <li>• In the event the Debtors fail to achieve an Effective Date of January 31, 2015 (the "<u>Effective Date Milestone</u>"): <ul style="list-style-type: none"><li>• The Debtors shall waive any objection to a motion by DVB to shorten the notice period to ten (10) days for a motion to obtain relief from the stay or to terminate exclusivity;</li><li>• DVB shall waive any objection to a motion by the Debtors to shorten the notice period to ten (10) days for a motion to seek approval to use the DVB Cash Collateral (the "<u>DVB Cash Collateral Hearing</u>") and hereby consent to the Debtors' use of DVB Cash Collateral during the interim period between the Effective Date Milestone and</li></ul></li>



**EXECUTION VERSION**

<b>Term Sheet</b>	
	<p>the DVB Cash Collateral Hearing;</p> <ul style="list-style-type: none"><li>• The Debtors shall make a one-time, non-refundable payment (the “<u>Missed Milestone Payment</u>”) in the amount of \$1,500,000, which Missed Milestone Payment shall be applied in its entirety to the Pay-Down of Principal; and</li><li>• From the Effective Date Milestone onward, any professional fees expended in the Chapter 11 Cases shall be borne by the Borrowers under the DVB Facilities only to the extent that such professional fees are incurred in connection with the DVB Facilities.</li><li>• For the avoidance of doubt, the foregoing provisions relating to Effective Date Milestones shall survive termination of the Term Sheet and / or the RSA.</li></ul>

**EXECUTION VERSION**

<b>Term Sheet</b>	
<b>Conditions Precedent to Effective Date</b>	<p>The Effective Date shall not occur, and an Acceptable Plan shall not become effective, unless and until the following conditions are satisfied in full, or waived by DVB (except as set forth below):</p> <ul style="list-style-type: none"> <li>• The Borrowers shall hold sufficient cash in their accounts to satisfy each of the terms and conditions contained in this Term Sheet;</li> <li>• On the Effective Date, after giving effect to the Initial Pay-Down and all accrued and unpaid professional fees, shall have a minimum liquidity position of \$5,000,000 in aggregate; <i>provided, however</i>, this condition may be waived by DVB in its sole discretion;</li> <li>• The Borrowers and Nautilus Shipholdings No. 2 Limited shall be in full compliance with the Golden Knighthead Facility Documents and the Metropolitan Harbour Facility Documents, as applicable; <i>provided, however</i>, that the Borrowers and Nautilus Shipholdings No. 2 Limited shall not be required to (i) satisfy any historic nonpayment defaults or (ii) satisfy any overdue principal amounts, whether coming due by acceleration or otherwise, to be deemed in full compliance as of the Effective Date;</li> <li>• The Borrowers shall have satisfied all general unsecured claims entitled to administrative expense priority other than trade claims incurred in the ordinary course of business that are not yet due and payable; and</li> <li>• DVB and the Borrowers shall have executed amended and restated Golden Knighthead Facility Documents and Metropolitan Harbour Facility Documents;</li> <li>• Additional and mutually reasonable acceptable conditions precedent customary for transactions of this type.</li> </ul>
<b>Bankruptcy Filings</b>	<ul style="list-style-type: none"> <li>• The RSA, the Acceptable Plan, and any documents to be filed with respect to such documents shall be consistent in all material respects with the parties' agreement as reflected in this Term Sheet and shall be subject to the prior reasonable approval of DVB.</li> </ul>

**EXECUTION VERSION**

<b>Term Sheet</b>	
<b>Bankruptcy Court Approval</b>	<ul style="list-style-type: none"><li>• DVB, Synergy, Reminiscent, Elektra and the Debtors shall enter into the RSA, which shall contain reasonable and customary terms, and shall jointly seek Bankruptcy Court approval of the RSA and the Debtors' entry into this Term Sheet at a hearing to be held on the date set for approval of the use of the DVB Cash Collateral (such date that the order is entered, the "<u>RSA Approval Date</u>").</li><li>• This Term Sheet may be annexed, in whole or in redacted form (in the Debtors' discretion), as an exhibit to the motion seeking approval of the RSA.</li></ul>

This Term Sheet does not contain all terms, conditions, and other provisions relating to the Restructuring and the transactions contemplated by this Term Sheet are subject to conditions to be set forth in definitive documents. Drafts of this Term Sheet constitute a settlement proposal in furtherance of settlement discussions and are entitled to protection from any use or disclosure to any party or person pursuant to Federal Rule of Evidence 408 and any other similar rule or statute. This Term Sheet contains material non-public information and the information contained herein is strictly confidential. Disclosure of this Term Sheet or the information contained herein in a manner inconsistent with the manner expressly set forth above is prohibited without the express written consent of all parties hereto.

**EXECUTION VERSION**

AGREED TO THIS \_\_\_\_ DAY OF SEPTEMBER, 2014

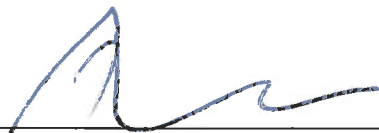
DVB BANK SE

By: \_\_\_\_\_  
Name:  
Title:

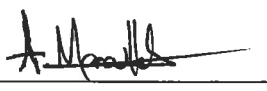
DVB BANK SE

By: \_\_\_\_\_  
Name:  
Title:

NAUTILUS HOLDINGS LIMITED  
NAUTILUS HOLDINGS NO. 2 LIMITED (ON BEHALF  
OF THEMSELVES AND THEIR DEBTOR  
SUBSIDIARIES)

By:  \_\_\_\_\_  
Name: Andreas Papathomas  
Title: Director

GOLDEN KNIGHTHEAD LIMITED  
METROPOLITAN HARBOUR LIMITED

By:  \_\_\_\_\_  
Name: Andreas Savvas Maroulletis  
Title: Director

AGREED TO THIS \_\_\_\_ DAY OF SEPTEMBER, 2014

DVB BANK SE

By: 

Name: KEITH MCRAG

Title: SENIOR VICE PRESIDENT

DVB BANK SE

By: 

Name: J. GASCOIGNE

Title: VICE PRESIDENT

NAUTILUS HOLDINGS LIMITED  
NAUTILUS HOLDINGS NO. 2 LIMITED (ON BEHALF  
OF THEMSELVES AND THEIR DEBTOR  
SUBSIDIARIES)

By: \_\_\_\_\_

Name: Andreas Papathomas

Title: Director

GOLDEN KNIGHTHEAD LIMITED  
METROPOLITAN HARBOUR LIMITED

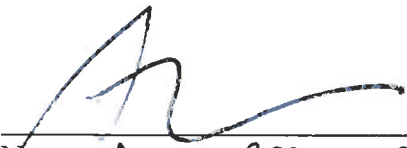
By: \_\_\_\_\_

Name: Andreas Savvas Maroulletis

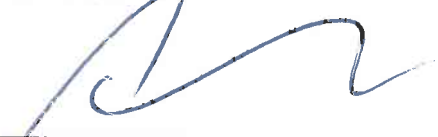
Title: Director

**EXECUTION VERSION**

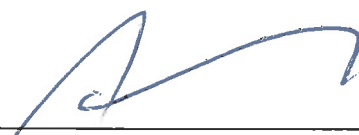
SYNERGY MANAGEMENT SERVICES LIMITED,

By:   
Name: ANDREAS PAPATHOMAS  
Title: DIRECTOR

REMINISCENT VENTURES S.A.

By:   
Name: ANDREAS PAPATHOMAS  
Title: DIRECTOR

ELEKTRA LIMITED,

By:   
Name: ANDREAS PAPATHOMAS  
Title: DIRECTOR

SCHEDULE A

(PRE-APPROVED TECHNICAL MANAGER LIST)

1. [REDACTED]
2. [REDACTED]
3. [REDACTED]
4. [REDACTED]
5. [REDACTED]

APPENDIX B

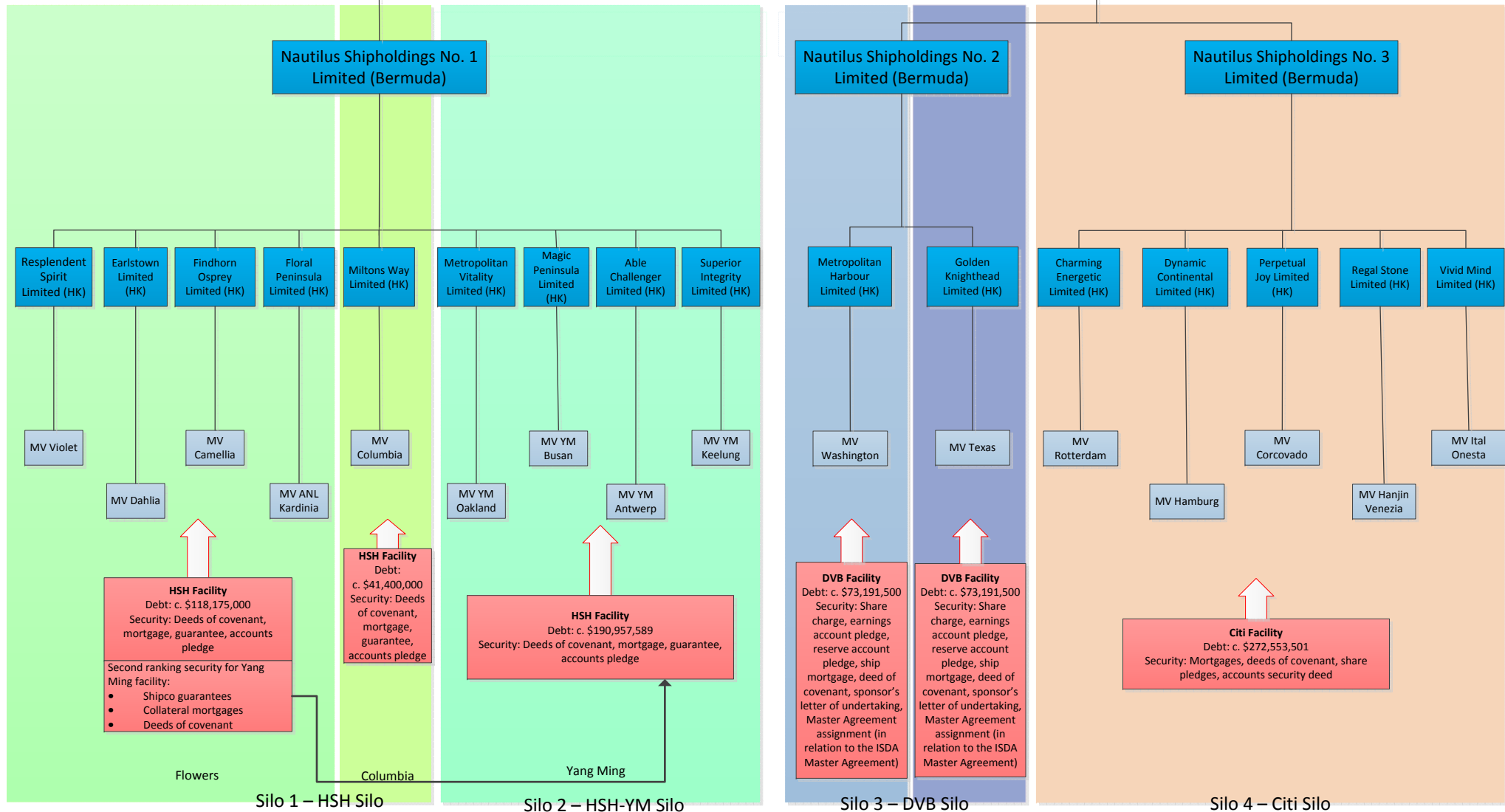
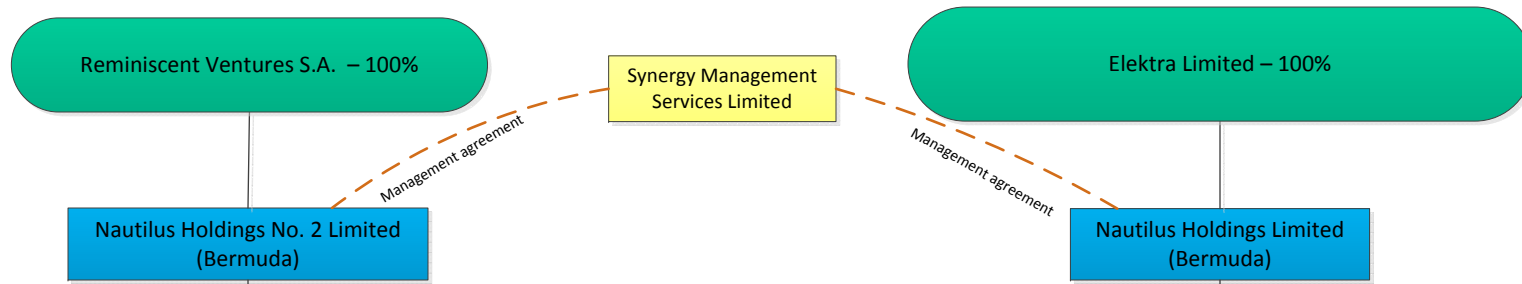
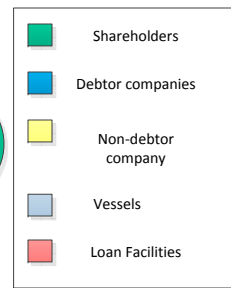
LIST OF DEBTORS AND CORPORATE ORGANIZATION CHART



**List of Debtors**

1. Nautilus Holdings Limited
2. Nautilus Holdings No. 2 Limited
3. Nautilus Shipholdings No. 1 Limited
4. Nautilus Shipholdings No. 2 Limited
5. Nautilus Shipholdings No. 3 Limited
6. Able Challenger Limited
7. Charming Energetic Limited
8. Dynamic Continental Limited
9. Earlstown Limited
10. Findhorn Osprey Limited
11. Floral Peninsula Limited
12. Golden Knighthead Limited
13. Magic Peninsula Limited
14. Metropolitan Harbour Limited
15. Metropolitan Vitality Limited
16. Miltons Way Limited
17. Perpetual Joy Limited
18. Regal Stone Limited
19. Resplendent Spirit Limited
20. Superior Integrity Limited
21. Vivid Mind Limited

# Nautilus Organizational Chart



APPENDIX C

FINANCIAL PROJECTIONS

APPENDIX C

FINANCIAL PROJECTIONS

***Projected Financial Information***

The Debtors believe that the Plan meets the Bankruptcy Code's requirements that Plan confirmation is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtors or any successor under the Plan beyond what is contemplated by the Plan. In connection with the development of the Plan, and for the purposes of determining whether the Plan satisfies this feasibility standard, the Debtors analyzed their ability to satisfy their financial obligations while maintaining sufficient liquidity and capital resources. In this regard, the management of the Debtors and their advisors developed and refined their business plan and prepared consolidated financial projections (the "*Financial Projections*") for the years ending December 31, 2015 through December 31, 2018 (the "*Projection Period*"). The Financial Projections assume an Effective Date of January 31, 2015. The beginning post-Effective Date cash balance is projected based on actual cash as of October 18, 2014 and short-term internal cash projections through the assumed Effective Date. The Financial Projections include all operating Debtor entities in the HSH Syndicate Silo and the DVB Silo. The operating Debtor entities in the HSH Silo and Citi Silo are not included in the Financial Projections. NHL, NH2L and the Intermediate Holdco's are projected to be pass through entities and any costs they are projected to incur are allocated to the operating Debtor entities and are included in the Financial Projections.

The Debtors do not, as a matter of course, make public projections of their anticipated financial position or results of operations. Accordingly, the Debtors do not anticipate that they will, and disclaim any obligation to, furnish updated business plans or projections to holders of Claims or Interests after the Confirmation Date, or to include such information in documents required to be filed with any governing bodies or otherwise make such information public.

ALTHOUGH EVERY EFFORT WAS MADE TO BE ACCURATE, THE PROJECTIONS WERE NOT PREPARED WITH A VIEW TOWARD COMPLIANCE WITH THE GUIDELINES ESTABLISHED BY THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS ("*AICPA*") OR IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPALS IN THE UNITED STATES ("*U.S. GAAP*"), THE FINANCIAL ACCOUNTING STANDARDS BOARD ("*FASB*"), THE INTERNATIONAL FINANCIAL REPORTING STANDARDS ("*IFRS*"), THE RULES AND REGULATIONS OF THE SECURITIES AND EXCHANGE COMMISSION OR ANY FOREIGN REGULATORY AUTHORITY REGARDING PROJECTIONS. FURTHERMORE, NEITHER THE DEBTORS INDEPENDENT AUDITORS, NOR ANY OTHER INDEPENDENT ACCOUNTANTS, HAVE COMPILED, EXAMINED, OR PERFORMED ANY PROCEDURES WITH RESPECT TO THE PROJECTIONS CONTAINED HEREIN, NOR HAVE THEY EXPRESSED ANY OPINION OR ANY OTHER FORM OF ASSURANCE ON SUCH INFORMATION OR ITS ACHIEVABILITY, AND ASSUME NO RESPONSIBILITY FOR, AND DISCLAIM ANY ASSOCIATION WITH, THE PROSPECTIVE FINANCIAL INFORMATION. WHILE PRESENTED WITH NUMERICAL SPECIFICITY, THE PROJECTIONS ARE BASED ON A VARIETY OF ASSUMPTIONS, WHICH MAY NOT BE REALIZED, AND ARE SUBJECT TO SIGNIFICANT BUSINESS, ECONOMIC AND COMPETITIVE UNCERTAINTIES AND CONTINGENCIES, WHICH ARE BEYOND THE CONTROL OF THE DEBTORS. CONSEQUENTLY, THE PROJECTIONS SHOULD NOT BE REGARDED AS A REPRESENTATION OR WARRANTY BY ANY OF THE DEBTORS, OR ANY OTHER PERSON, THAT THE PROJECTIONS WILL BE REALIZED. ACTUAL RESULTS MAY VARY MATERIALLY FROM THOSE PRESENTED IN THE PROJECTIONS. HOLDERS OF CLAIMS MUST MAKE THEIR OWN DETERMINATION AS TO THE REASONABLENESS OF SUCH ASSUMPTIONS AND THE RELIABILITY OF THE PROJECTIONS IN REACHING THEIR DETERMINATIONS OF WHETHER TO ACCEPT OR REJECT THE PLAN. NEITHER THE DEBTORS' INDEPENDENT AUDITORS NOR THEIR FINANCIAL OR RESTRUCTURING ADVISORS HAVE EXPRESSED AN OPINION ON OR MADE A REPRESENTATION REGARDING THE ACHIEVABILITY OF THE FINANCIAL PROJECTIONS.

**SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995:** These Projected Financial Statements contain statements which constitute "forward-looking statements" within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934, as amended by the Private Securities Litigation Reform Act of 1995. "Forward looking statements" in the Projected Financial Statements include the intent, belief or current expectations of the Debtors and members of their management team with respect to the timing of, completion of, and scope of the current restructuring, reorganization plan, strategic business plan, lender financing, and the Debtors future liquidity, as well as the assumptions upon which such statements are based. While management believes that its expectations are based on reasonable assumptions within the bounds of its knowledge of its business and operations, holders of claims and prospective investors are cautioned that any such forward-looking statements are not guarantees of future performance, and involve risks and uncertainties, and that actual results may differ materially from those contemplated by such forward-looking statements. Important factors that could cause actual results to differ materially from those contemplated by the forward-looking statements in the Projected Financial Statements include, but are not limited to, adverse developments with respect to the Debtors' liquidity position or operation of the various businesses of the Reorganized Debtors, adverse developments in the bank financing market or public or private markets for debt or equity securities, or adverse developments in the timing or results of the Debtors' current strategic business plan (including the current timeline to emerge from chapter 11).

### *Summary of Significant Assumptions*

The Financial Projections were developed by management and their advisors and are based upon: a) current and projected market conditions in the Debtors' container shipping market; b) no material acquisitions or divestitures; and c) emergence from chapter 11 at or around January 31, 2015 under the terms contemplated in the Plan. Intercompany claims, as allowed under the Plan, are assumed to be Reinstated upon the Effective Date. Consistent with the Debtors financial reporting, the Financial Projections are presented in U.S. dollars.

The projected financial statements of the Debtors set forth below have been prepared based on an assumed Effective Date of January 31, 2015. Although the Debtors presently intend to seek to cause the Effective Date to occur as soon as practicable, there can be no assurances as to when the Effective Date will occur.

### *Industry Overview*

Container ships are among the largest oceangoing vessels, and they play an important role in the global economy. Almost 80 percent of global merchandise trade is carried by sea with container shipping contributing the largest share to seaborne trade. The global container shipping fleet consists of nearly 6,000 vessels with a combined capacity of approximately 19 million TEU<sup>1</sup>. Container ships are categorized based on vessel carrying capacity: small feeder (1,000 TEU and under), feeder (1,001 – 2,000 TEU), feedermax (2,001 – 3,000 TEU), panamax (3,001 – 5,100 TEU), post-panamax (5,101 – 10,000 TEU), new panamax (10,001 – 14,500 TEU) and ultra-large (over 14,500 TEU).

The container shipping industry is both cyclical and volatile in terms of time charter hire rates and profitability. Fluctuations in containership time charter rates result from changes in the supply and demand for vessel capacity which are driven by global fleet capacity and utilization and changes in the supply and demand for the major products internationally transported by containerships. The factors that influence demand for containership capacity include, among others: supply and demand for products suitable for shipping in containers; changes in global production of products transported by containerships; seaborne and other transportation patterns, including the distances over which container cargoes are transported and changes in such patterns and distances; the globalization of manufacturing; global and regional economic and political conditions; developments in international trade; environmental and other regulatory developments; currency exchange rates; and weather. Factors that influence the supply of containership capacity include, among others: the number of newbuilding orders and deliveries; the extent of newbuilding vessel deferrals; the scrapping rate of older containerships; newbuilding prices and containership owner access to capital to finance the construction of newbuildings; charter rates and the price of

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<sup>1</sup> <http://www.alphaliner.com/top100/index.php>

steel and other raw materials; changes in environmental and other regulations that may limit the useful life of containerships; the number of containerships that are slow-steaming or extra slow-steaming to conserve fuel; the number of containerships that are idle; port congestion and canal closures; and demand for fleet renewal.

### *Significant Assumptions*

### **Methodology**

The Financial Projections represent summarized income statement, balance sheet and cash flows for the Projection Period. The Financial Projections were developed on a vessel-by-vessel, bottom-up basis and evidence multiple sources of information including general business and economic conditions as well as industry and competitive trends. After completion of the vessel-by-vessel build-up and combined with projected corporate general and administrative expenses, the financials were aggregated to form the financials.

The Financial Projections project revenue from time charter contracts entered into by the Debtors and represent the income associated with providing container shipping services to the Debtors' customers. The Debtors deploy their vessels principally under time charters with leading liner companies that operate on regularly scheduled routes between large commercial ports. A time charter is a contract to charter a vessel for a fixed period of time at a set daily rate and can last from a few days up to several years. Under a typical time charter the charterer pays for most voyage expenses, such as port, canal and fuel costs, agents' fees, extra war risks insurance and any other expenses related to the cargoes, and the vessel owner pays for vessel operating expenses, which include, among other costs, costs for crewing, provisions, stores, lubricants, insurance, maintenance and repairs, dry-docking and intermediate and special surveys.

**Revenue:** Revenue is projected by multiplying the projected daily time charter rate, net of 4.5% commissions, by the estimated number of on-hire days in each period. Where existing charters are in place the projected daily time charter rate is equivalent to the current contracted rate (see Time Charter Profile chart below), and after existing charters reach expiration the projected daily time charter rate is equivalent to the base level time charter rate projections for each vessel provided by Marsoft in August 2014 (see Average Annual Projected Daily Time Charter Rates chart below). Existing charters are projected to expire at the mid-point of each contract's early termination date and final termination date.

The assumed number of on-hire days in each year is equal to the total calendar days net of off-hire days associated with unplanned repairs, drydockings and special surveys. The number of off-hire days assumed each year for unplanned repairs is five days. Days associated with drydocking and special surveys, which is an out-of service period during which planned repairs, maintenance and inspections are carried out, are estimated to be between 10-15 days once every five years and are based on the Debtors' schedule for special surveys (see additional information regarding the timing of the special surveys below).

**Time Charter Profile**

<b>Vessel</b>	<b>TEUs</b>	<b>Projected Expiration Date</b>	<b>Daily Rate (Gross)</b>
ABLE CHALLENGER-YM ANTWERP	4,250	December 9, 2018	\$24,850
MAGIC PENINSULA-YM BUSAN	4,250	January 20, 2019	\$24,850
METR. VITALITY-YM OAKLAND	4,250	February 22, 2019	\$24,850
SUPERIOR INTEGRITY-YM KEELUNG	4,250	June 8, 2019	\$24,850
METR. HARBOUR-APL WASHINGTON	7,000	April 11, 2015	\$14,950
GOLDEN KNIGHTHEAD-APL TEXAS	7,000	May 8, 2015	\$14,950

(\*) Charter date refers to the midpoint between the earliest and latest redelivery date as per the respective charter contract

**Average Annual Projected Daily Time Charter Rates**

<b>Silo</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
HSH Syndicate Silo	N/A	N/A	N/A	\$18,921
DVB Silo	\$28,801	\$36,917	\$36,935	\$35,766

(\*) N/A for vessels with an existing fixed charter for the full year

**Vessel Operating Expenses:** In the Financial Projections, vessel operating expenses are calculated by multiplying the number of calendar days in a relevant period by a daily budget for each vessel. The daily budget is based on the Debtors' 2014 calendar year budget for each vessel plus an assumed 3.0% annual inflation. The 2014 calendar year budget includes an estimate of the operating costs for each vessel which includes crew wages and related costs, the cost of insurance, expenses for repairs and maintenance, the cost of spares and consumable stores, lubricant costs, third party technical manager fees, statutory and classification expenses and other miscellaneous expenses. The table below summarizes the projected daily Vessel Operating Expenses over the Projection Period.

**Projected Daily Vessel Opex**

<b>Silo</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
HSH Syndicate Silo	\$5,882	\$6,059	\$6,240	\$6,427
DVB Silo	\$6,544	\$6,741	\$6,943	\$7,151

**General and Administrative Expenses:** In the Financial Projections, general and administrative expenses are projected based on historical general and administrative costs adjusted for non-recurring expenses and planned changes. General and administrative expenses include management fees paid to Synergy, audit and legal fees, other outsourced professional services, corporate payroll and benefits and office expenses. Management fees paid to Synergy are assumed to be \$650 per day plus 1% of gross charter revenue for each vessel in the HSH Syndicate Silo and \$25,000 per month for each vessel in the DVB Silo. Other general and administrative expenses are projected to be approximately \$349,000 annually per vessel in 2015 plus an assumed 3.0% annual inflation for future periods.

**Vessel Depreciation:** In the Financial Projections, vessel depreciation includes the depreciation of the vessel as well as the depreciation of periodic drydocking expenses. Vessels are depreciated on a straight-line basis over their remaining estimated useful lives (assumed to be 30 years from original delivery), after considering the estimated residual value. The cost of periodic maintenance or drydockings, whereby actual costs incurred improve the efficiency or safety of a vessel, is capitalized and depreciated on a straight line basis over the period until the next scheduled drydocking.

**Interest Expense:** Interest expense is based upon projected debt levels and applicable interest rates, as outlined under Debt Structure below.

**Debt Structure:** The Financial Projections assume new secured credit facilities are issued; specifically the Amended and Restated HSH-YM Facility in the HSH Syndicate Silo, and the Amended and Restated DVB 1 Facility and the Amended and Restated DVB 2 Facility in the DVB Silo. The material terms of the new secured credit facilities are outlined in Exhibit A (for the Amended and Restated HSH-YM Facility) and Exhibit D (for the Amended and Restated DVB 1 Facility and the Amended and Restated DVB 2 Facility) of the Reorganized Debtors' Plan. Exhibit A reflects two options of the material terms that will apply to the Amended and Restated HSH-YM Facility, depending on whether 60% or greater of Class 8 votes to accept the Plan or not. The Financial Projections were prepared under both Option A and Option B and both are summarized below.

**Changes to Working Capital:** Working Capital changes include changes to trade and other receivables, inventory, accrued expenses and accounts payable. The Financial Projections reflect no material changes to working capital over the Projection Period.

**Capital Expenditures:** Capital expenditures represent the cash costs associated with periodic drydocking and special surveys. The Debtors' vessels are subject to dry docking when special surveys are conducted every five years. During drydock vessels incur significant "one time" expenses associated with dry docking and surveys, including shipyard expenses, paints, spares, and engineer services. The Debtors prepare drydock cost estimates

based on historical costs of previous drydockings for each vessel. Drydock cost estimates in 2015 range between \$750,000 and \$1.5 million per vessel for those vessels scheduled to drydock, depending on the age and size of the vessel, plus an assumed 3.0% annual inflation for future periods. In addition, the Financial Projections assume an additional \$1.0 million expense for each vessel in its next scheduled drydocking to install ballast water treatment equipment.

<b>Projected Dry-Docking Dates</b>	
<b>Vessel</b>	<b>Next Scheduled Date</b>
ABLE CHALLENGER-YM ANTWERP	31-Dec-18
MAGIC PENINSULA-YM BUSAN	31-Dec-18
METR. VITALITY-YM OAKLAND	28-Feb-19
SUPERIOR INTEGRITY-YM KEELUNG	30-Jun-19
METR. HARBOUR-APL WASHINGTON	30-Apr-19
GOLDEN KNIGHTHEAD-APL TEXAS	31-May-19

## **FINANCIAL PROJECTIONS**



**HSH SYNDICATE SILO – OPTION A**

**HSH SYNDICATE SILO - OPTION A**

**INCOME STATEMENT**

(\$ in thousands)	Fiscal Year Ended December 31,			
	FY 2015 <sup>(1)</sup>	FY 2016	FY 2017	FY 2018
<b>Revenues</b>	31,927	34,985	34,890	34,564
Vessel Operating Expenses	(7,858)	(8,870)	(9,111)	(9,384)
Other Operating and Administrative Expenses	(2,514)	(2,820)	(2,890)	(2,963)
<b>EBITDA</b>	<b>21,554</b>	<b>23,296</b>	<b>22,889</b>	<b>22,218</b>
Vessel Depreciation	(8,950)	(9,764)	(9,764)	(9,811)
<b>EBIT</b>	<b>12,604</b>	<b>13,532</b>	<b>13,125</b>	<b>12,407</b>
Interest Expense, Net	(4,210)	(5,495)	(6,074)	(6,157)
Gain/(Loss) on Disposal of Vessels	-	-	-	-
Other Income/(Expenses)	-	-	-	-
Income Taxes	-	-	-	-
<b>Net Income</b>	<b>8,394</b>	<b>8,037</b>	<b>7,052</b>	<b>6,251</b>

<sup>(1)</sup> 11 months from February to December

**HSH SYNDICATE SILO - OPTION A**

**CASH FLOW STATEMENT**

(\$ in thousands)	Fiscal Year Ended December 31,			
	FY 2015 <sup>(1)</sup>	FY 2016	FY 2017	FY 2018
<b>Operating Activities</b>				
Net Profit (Loss)	8,394	8,037	7,052	6,251
Non-Cash Adjustments				
Depreciation and Amortization	8,950	9,764	9,764	9,811
Other Non-Cash Items	-	-	-	-
Interest Expense, Net	4,210	5,495	6,074	6,157
Income Taxes	-	-	-	-
Changes in Working Capital	-	(20)	(21)	(22)
<b>Cash from Operating Activities</b>	<b>21,554</b>	<b>23,276</b>	<b>22,868</b>	<b>22,196</b>
<b>Investing Activities</b>				
Capital Expenditures, Net	-	-	-	(4,751)
<b>Cash from Investing Activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,751)</b>
<b>Financing Activities</b>				
Loan Repayments	(15,938)	(16,281)	(14,563)	(12,588)
Interest Expense, Net	(4,210)	(5,495)	(6,074)	(6,157)
<b>Cash from Financing Activities</b>	<b>(20,148)</b>	<b>(21,776)</b>	<b>(20,636)</b>	<b>(18,745)</b>
<b>Beginning Cash and Cash Equivalents</b>	<b>9,209</b>	<b>10,615</b>	<b>12,115</b>	<b>14,347</b>
<b>Net Change in Cash</b>	<b>1,406</b>	<b>1,500</b>	<b>2,232</b>	<b>(1,300)</b>
<b>Ending Cash and Cash Equivalents</b>	<b>10,615</b>	<b>12,115</b>	<b>14,347</b>	<b>13,047</b>

<sup>(1)</sup> 11 months from February to December

**HSH SYNDICATE SILO - OPTION A**

**BALANCE SHEET**

(\$ in thousands)	Projected 31/01/15	Adjustments	Proforma 31/01/15	Fiscal Year Ended December 31,			
				FY 2015	FY 2016	FY 2017	FY 2018
Cash and Cash Equivalents	28,671	(19,462)	9,209	10,615	12,115	14,347	13,047
Inventories	835		835	835	860	886	912
Trade and Other Receivables	1,217		1,217	1,217	1,217	1,217	1,217
<b>Total Current Assets</b>	<b>30,723</b>	<b>(19,462)</b>	<b>11,260</b>	<b>12,667</b>	<b>14,192</b>	<b>16,449</b>	<b>15,176</b>
Vessels, Net	239,668		239,668	230,718	220,954	211,191	206,131
Deferred Arrangement Fees	216	(216)	-	-	-	-	-
Amounts Due from Related Parties	7,892		7,892	7,892	7,892	7,892	7,892
<b>Total Non-Current Assets</b>	<b>247,776</b>	<b>(216)</b>	<b>247,560</b>	<b>238,610</b>	<b>228,846</b>	<b>219,082</b>	<b>214,023</b>
<b>TOTAL ASSETS</b>	<b>278,499</b>	<b>(19,678)</b>	<b>258,821</b>	<b>251,277</b>	<b>243,038</b>	<b>235,531</b>	<b>229,199</b>
Accrued Liabilities	237	(237)	-	-	-	-	-
Deferred Revenue	871		871	871	871	871	871
Trade Payables and Other Current Liabilities	4,618	(4,462)	156	156	161	166	171
Amounts Due to Related Parties	593		593	593	593	593	593
Loans from Related Parties	64,062		64,062	64,062	64,062	64,062	64,062
Interest Rate Swaps at Fair Value	-		-	-	-	-	-
<b>Long-Term Debt</b>							
HSH Syndicate Secured Term Loan	190,958	(14,763)	176,194	160,256	143,975	129,413	116,824
<b>Total Debt</b>	<b>190,958</b>	<b>(14,763)</b>	<b>176,194</b>	<b>160,256</b>	<b>143,975</b>	<b>129,413</b>	<b>116,824</b>
Shareholder's Equity	17,160	(216)	16,944	25,338	33,375	40,427	46,677
<b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>	<b>278,499</b>	<b>(19,678)</b>	<b>258,821</b>	<b>251,277</b>	<b>243,038</b>	<b>235,531</b>	<b>229,199</b>

**HSH SYNDICATE SILO – OPTION B**

**HSH SYNDICATE SILO - OPTION B  
INCOME STATEMENT**

(\$ in thousands)	Fiscal Year Ended December 31,			
	FY 2015 <sup>(1)</sup>	FY 2016	FY 2017	FY 2018
<b>Revenues</b>	31,927	34,985	34,890	34,564
Vessel Operating Expenses	(7,858)	(8,870)	(9,111)	(9,384)
Other Operating and Administrative Expenses	(2,514)	(2,820)	(2,890)	(2,963)
<b>EBITDA</b>	<b>21,554</b>	<b>23,296</b>	<b>22,889</b>	<b>22,218</b>
Vessel Depreciation	(8,950)	(9,764)	(9,764)	(9,811)
<b>EBIT</b>	<b>12,604</b>	<b>13,532</b>	<b>13,125</b>	<b>12,407</b>
Interest Expense, Net	(4,181)	(5,803)	(6,771)	(7,097)
Gain/(Loss) on Disposal of Vessels	-	-	-	-
Other Income/(Expenses)	-	-	-	-
Income Taxes	-	-	-	-
<b>Net Income</b>	<b>8,423</b>	<b>7,729</b>	<b>6,355</b>	<b>5,310</b>

<sup>(1)</sup> 11 months from February to December

**HSH SYNDICATE SILO - OPTION B  
CASH FLOW STATEMENT**

(\$ in thousands)	Fiscal Year Ended December 31,			
	FY 2015 <sup>(1)</sup>	FY 2016	FY 2017	FY 2018
<b>Operating Activities</b>				
Net Profit (Loss)	8,423	7,729	6,355	5,310
Non-Cash Adjustments				
Depreciation and Amortization	8,950	9,764	9,764	9,811
Other Non-Cash Items	-	-	-	-
Interest Expense, Net	4,181	5,803	6,771	7,097
Income Taxes	-	-	-	-
Changes in Working Capital	-	(20)	(21)	(22)
<b>Cash from Operating Activities</b>	<b>21,554</b>	<b>23,276</b>	<b>22,868</b>	<b>22,196</b>
<b>Investing Activities</b>				
Capital Expenditures, Net	-	-	-	(4,751)
<b>Cash from Investing Activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,751)</b>
<b>Financing Activities</b>				
Loan Repayments	(11,720)	(11,720)	(11,720)	(11,720)
Interest Expense, Net	(4,181)	(5,803)	(6,771)	(7,097)
<b>Cash from Financing Activities</b>	<b>(15,901)</b>	<b>(17,523)</b>	<b>(18,491)</b>	<b>(18,817)</b>
<b>Beginning Cash and Cash Equivalents</b>	<b>24,209</b>	<b>29,863</b>	<b>35,615</b>	<b>39,993</b>
<b>Net Change in Cash</b>	<b>5,654</b>	<b>5,753</b>	<b>4,378</b>	<b>(1,372)</b>
<b>Ending Cash and Cash Equivalents</b>	<b>29,863</b>	<b>35,615</b>	<b>39,993</b>	<b>38,621</b>

<sup>(1)</sup> 11 months from February to December

**HSH SYNDICATE SILO - OPTION B  
BALANCE SHEET**

(\$ in thousands)	Projected		Proforma	Fiscal Year Ended December 31,			
	31/01/15	Adjustments		FY 2015 <sup>(1)</sup>	FY 2016	FY 2017	FY 2018
Cash and Cash Equivalents	28,671	(4,462)	24,209	29,863	35,615	39,993	38,621
Inventories	835		835	835	860	886	912
Trade and Other Receivables	1,217		1,217	1,217	1,217	1,217	1,217
<b>Total Current Assets</b>	<b>30,723</b>	<b>(4,462)</b>	<b>26,260</b>	<b>31,914</b>	<b>37,692</b>	<b>42,095</b>	<b>40,750</b>
Vessels, Net	239,668		239,668	230,718	220,954	211,191	206,131
Deferred Arrangement Fees	216	(216)	-	-	-	-	-
Amounts Due from Related Parties	7,892		7,892	7,892	7,892	7,892	7,892
<b>Total Non-Current Assets</b>	<b>247,776</b>	<b>(216)</b>	<b>247,560</b>	<b>238,610</b>	<b>228,846</b>	<b>219,082</b>	<b>214,023</b>
<b>TOTAL ASSETS</b>	<b>278,499</b>	<b>(4,678)</b>	<b>273,821</b>	<b>270,524</b>	<b>266,538</b>	<b>261,178</b>	<b>254,773</b>
Accrued Liabilities	237	(237)	-	-	-	-	-
Deferred Revenue	871		871	871	871	871	871
Trade Payables and Other Current Liabilities	4,618	(4,462)	156	156	161	166	171
Amounts Due to Related Parties	593		593	593	593	593	593
Loans from Related Parties	64,062		64,062	64,062	64,062	64,062	64,062
Interest Rate Swaps at Fair Value	-		-	-	-	-	-
<b>Long-Term Debt</b>							
HSH Syndicate Secured Term Loan	190,958	237	191,194	179,474	167,755	156,035	144,315
<b>Total Debt</b>	<b>190,958</b>	<b>237</b>	<b>191,194</b>	<b>179,474</b>	<b>167,755</b>	<b>156,035</b>	<b>144,315</b>
Shareholder's Equity	17,160	(216)	16,944	25,367	33,096	39,451	44,761
<b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>	<b>278,499</b>	<b>(4,678)</b>	<b>273,821</b>	<b>270,524</b>	<b>266,538</b>	<b>261,178</b>	<b>254,773</b>

**DVB SILO**

**DVB SYNDICATE SILO  
INCOME STATEMENT**

(\$ in thousands)	Fiscal Year Ended December 31,			
	FY 2015 <sup>(1)</sup>	FY 2016	FY 2017	FY 2018
<b>Revenues</b>	17,266	25,452	25,395	24,586
Vessel Operating Expenses	(4,372)	(4,934)	(5,068)	(5,220)
Other Operating and Administrative Expenses	(1,225)	(1,377)	(1,418)	(1,461)
<b>EBITDA</b>	<b>11,669</b>	<b>19,141</b>	<b>18,909</b>	<b>17,905</b>
Vessel Depreciation	(7,088)	(7,732)	(7,732)	(7,732)
<b>EBIT</b>	<b>4,581</b>	<b>11,409</b>	<b>11,177</b>	<b>10,173</b>
Interest Expense, Net	(5,824)	(6,535)	(5,936)	(5,319)
Gain/(Loss) on Disposal of Vessels	-	-	-	-
Other Income/(Expenses)	1,726	1,883	1,883	1,883
Income Taxes	-	-	-	-
<b>Net Income</b>	<b>483</b>	<b>6,757</b>	<b>7,123</b>	<b>6,737</b>

<sup>(1)</sup> 11 months from February to December

**DVB SYNDICATE SILO  
CASH FLOW STATEMENT**

(\$ in thousands)	Fiscal Year Ended December 31,			
	FY 2015 <sup>(1)</sup>	FY 2016	FY 2017	FY 2018
<b>Operating Activities</b>				
Net Profit (Loss)	483	6,757	7,123	6,737
Non-Cash Adjustments				
Depreciation and Amortization	7,088	7,732	7,732	7,732
Other Non-Cash Items	(1,726)	(1,883)	(1,883)	(1,883)
Interest Expense, Net	5,824	6,535	5,936	5,319
Income Taxes	-	-	-	-
Changes in Working Capital	1,000	(6)	(6)	(6)
<b>Cash from Operating Activities</b>	<b>12,669</b>	<b>19,135</b>	<b>18,903</b>	<b>17,899</b>
<b>Investing Activities</b>				
Capital Expenditures, Net	-	-	-	-
<b>Cash from Investing Activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financing Activities</b>				
Loan Repayments	(6,727)	(8,954)	(9,187)	(11,523)
Interest Expense, Net	(5,824)	(6,535)	(5,936)	(5,319)
<b>Cash from Financing Activities</b>	<b>(12,551)</b>	<b>(15,490)</b>	<b>(15,123)</b>	<b>(16,842)</b>
<b>Beginning Cash and Cash Equivalents</b>	<b>5,000</b>	<b>5,118</b>	<b>8,764</b>	<b>12,544</b>
<b>Net Change in Cash</b>	<b>118</b>	<b>3,646</b>	<b>3,780</b>	<b>1,058</b>
<b>Ending Cash and Cash Equivalents</b>	<b>5,118</b>	<b>8,764</b>	<b>12,544</b>	<b>13,601</b>

<sup>(1)</sup> 11 months from February to December

**DVB SYNDICATE SILO  
BALANCE SHEET**

(\$ in thousands)	Projected 31/01/15	Adjustments	Proforma 31/01/15	Fiscal Year Ended December 31,			
				FY 2015	FY 2016	FY 2017	FY 2018
Cash and Cash Equivalents	21,306	(16,306)	5,000	5,118	8,764	12,544	13,601
Inventories	650	-	650	650	669	690	710
Trade and Other Receivables	1,883	-	1,883	883	883	883	883
<b>Total Current Assets</b>	<b>23,839</b>	<b>(16,306)</b>	<b>7,533</b>	<b>6,651</b>	<b>10,317</b>	<b>14,116</b>	<b>15,195</b>
Vessels, Net	187,282	-	187,282	180,194	172,461	164,729	156,997
Deferred Arrangement Fees	-	-	-	-	-	-	-
Amounts Due from Related Parties	747	(289)	458	458	458	458	458
<b>Total Non-Current Assets</b>	<b>188,029</b>	<b>(289)</b>	<b>187,740</b>	<b>180,652</b>	<b>172,920</b>	<b>165,187</b>	<b>157,455</b>
<b>TOTAL ASSETS</b>	<b>211,868</b>	<b>(16,595)</b>	<b>195,273</b>	<b>187,303</b>	<b>183,236</b>	<b>179,304</b>	<b>172,650</b>
Accrued Liabilities	-	-	-	-	-	-	-
Deferred Revenue	(74)	-	(74)	(74)	(74)	(74)	(74)
Trade Payables and Other Current Liabilities	2,711	(2,248)	463	463	477	491	506
Amounts Due to Related Parties	789	-	789	789	789	789	789
Loans from Related Parties	44,661	-	44,661	44,661	44,661	44,661	44,661
Interest Rate Swaps at Fair Value	7,689	-	7,689	5,963	4,080	2,197	314
<b>Long-Term Debt</b>							
DVB Syndicate Secured Term Loan	146,383	(14,347)	132,036	125,309	116,355	107,168	95,645
<b>Total Debt</b>	<b>146,383</b>	<b>(14,347)</b>	<b>132,036</b>	<b>125,309</b>	<b>116,355</b>	<b>107,168</b>	<b>95,645</b>
Shareholder's Equity	9,708	-	9,708	10,191	16,948	24,071	30,808
<b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>	<b>211,868</b>	<b>(16,595)</b>	<b>195,273</b>	<b>187,303</b>	<b>183,236</b>	<b>179,304</b>	<b>172,650</b>

The "SOURCES" AND USES", set forth below, presents the estimated sources and uses of funds for the restructuring transactions (the "Restructuring Transactions"). The actual amounts are subject to adjustment and may differ at the time of the consummation of the Restructuring Transactions, depending on several factors, including differences from our estimated transaction fees and expenses, differences between actual and projected operating results and any differences in the contemplated debt financings when consummated.

### DVB SILO AND HSH SYNDICATE SILO SOURCES AND USES

<b>HSH Syndicate Silo - Option A</b>	
<i>Projected Sources and Uses of Cash</i>	
<b>Beginning Cash</b>	<b>\$ 28,671</b>
<u><b>Sources of Cash:</b></u>	
<u><b>Uses of Cash:</b></u>	
HSH-YM Facility Claim - Principal Pay-down	(15,000)
Professional Fee Escrow Account funding	(2,733)
Payment of lender's professional fees	(795)
Settlement of General Unsecured Claims and Assumed Contract Cure Costs	(935)
Net Change in Cash	\$ (19,462)
<b>Ending Cash</b>	<b>\$ 9,209</b>

<b>HSH Syndicate Silo - Option B</b>	
<i>Projected Sources and Uses of Cash</i>	
<b>Beginning Cash</b>	<b>\$ 28,671</b>
<u><b>Sources of Cash:</b></u>	
<u><b>Uses of Cash:</b></u>	
HSH-YM Facility Claim - Principal Pay-down	-
Professional Fee Escrow Account funding	(2,733)
Payment of lender's professional fees	(795)
Settlement of General Unsecured Claims and Assumed Contract Cure Costs	(935)
Net Change in Cash	\$ (4,462)
<b>Ending Cash</b>	<b>\$ 24,209</b>

<b>DVB Silo</b>	
<i>Projected Sources and Uses of Cash</i>	
<b>Beginning Cash</b>	<b>\$ 21,306</b>
<u><b>Sources of Cash:</b></u>	
Return of 40% Management Fees from NHL	289
<u><b>Uses of Cash:</b></u>	
DVB 1 Facility Claim - Principal Pay-down	(7,351)
DVB 2 Facility Claim - Principal Pay-down	(6,996)
Professional Fee Escrow Account funding	(2,129)
Payment of lender's professional fees	(50)
Settlement of General Unsecured Claims and Assumed Contract Cure Costs	(69)
Net Change in Cash	\$ (16,306)
<b>Ending Cash</b>	<b>\$ 5,000</b>

APPENDIX D

LIQUIDATION ANALYSIS

### **Liquidation Analysis**<sup>1</sup>

Pursuant to Section 1129(a)(7) of the Bankruptcy Code (often called the “Best Interests Test”), holders of Allowed Claims and Interests must either (a) accept the Plan or (b) receive or retain under the Plan property of a value, as of the Plan’s assumed Effective Date, that is not less than the value such non-accepting holder would receive or retain if the Debtors were liquidated under chapter 7 of the Bankruptcy Code (“Chapter 7”).

In determining whether the Best Interests Test has been met, the first step is to determine the dollar amount that would be generated from a hypothetical liquidation of the Debtors’ assets under Chapter 7. The Debtors, with assistance of their financial advisor, have prepared this hypothetical Liquidation Analysis (the “Liquidation Analysis”) in connection with the Disclosure Statement. The Liquidation Analysis reflects the estimated cash proceeds net of liquidation-related costs that would be available to the Debtors’ creditors if the Debtors were to be liquidated under Chapter 7 as an alternative to continued operation of the Debtors businesses under the Plan. Accordingly, asset values discussed herein may be different than amounts referred to in the Plan. The Liquidation Analysis is based upon the assumptions discussed herein and in the Disclosure Statement.

UNDERLYING THE LIQUIDATION ANALYSIS ARE NUMEROUS ESTIMATES AND ASSUMPTIONS REGARDING LIQUIDATION PROCEEDS THAT, ALTHOUGH DEVELOPED AND CONSIDERED REASONABLE BY THE DEBTORS’ MANAGEMENT AND ITS ADVISORS, ARE INHERENTLY SUBJECT TO SIGNIFICANT BUSINESS, ECONOMIC, REGULATORY AND COMPETITIVE UNCERTAINTIES AND CONTINGENCIES BEYOND THE CONTROL OF THE DEBTOR AND ITS MANAGEMENT. ACCORDINGLY, THERE CAN BE NO ASSURANCE THAT THE VALUES REFLECTED IN THE LIQUIDATION ANALYSIS WOULD BE REALIZED IF THE DEBTORS WERE, IN FACT, LIQUIDATED, AND ACTUAL RESULTS COULD MATERIALLY DIFFER FROM THE RESULTS SET FORTH HEREIN.

### **GENERAL ASSUMPTIONS**

#### ***Overview of the Liquidation Process***

The Debtors prepared this Liquidation Analysis in connection with its solicitation of votes to accept or reject its Plan, which contemplates a reorganization of Nautilus Holdings Limited and Nautilus Holdings No. 2 Limited (collectively, “Nautilus”), along with 19 of their direct and indirect subsidiaries (the “Debtor Subsidiaries”). Under the hypothetical Chapter 7 scenario in this Liquidation Analysis, Nautilus and its Debtor Subsidiaries are collectively referred to as the “Chapter 7 Debtors.”

In a hypothetical Chapter 7, a trustee (the “Chapter 7 Trustee”) would be appointed to manage the Chapter 7 Debtors’ affairs and to conduct a liquidation of the Chapter 7 Debtors’ assets. The Chapter 7 Debtors’ assets would be liquidated, rather than liquidating Nautilus’ equity interests in the Debtor Subsidiaries, in order to provide for a sale “free and clear” to purchasers. The Liquidation Analysis assumes that the Chapter 7 Debtors would be forced to cease substantially all operations in an orderly manner and use their cash position to liquidate their assets and pay claims in accordance with the priority scheme set forth in the Bankruptcy Code. Given the international nature of the Debtors’ businesses, it is possible that in a liquidation scenario multiple international insolvency proceedings would need to be commenced to protect the Debtors’ assets physically located outside of the United States (like the Vessels) which would increase the cost of the liquidation. This Liquidation Analysis does not account for any such international proceedings.

#### ***Hypothetical Liquidation Period***

The Liquidation Analysis assumes an expedited, but orderly wind-down of the Debtors’ operations to maximize recovery values. The hypothetical Chapter 7 liquidation is assumed to commence following the conversion to a Chapter 7. The Chapter 7 Debtors assume the majority of the wind-down would be accomplished in approximately 90 days and the liquidation may take up to five months to be completed fully. The estimated length of the liquidation is based on the following:

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<sup>1</sup> All capitalized terms not defined in this Liquidation Analysis have the meanings ascribed to them in the Disclosure Statement or the Plan, as applicable.

- The Chapter 7 Debtors' revenues are primarily derived by employing their Vessels on fixed-rate time charters. Commencement of a Chapter 7 liquidation is likely to cause customers to prefer different counterparties, making it unlikely that a Chapter 7 Trustee could maintain many of the existing customers for any significant period of time following the end of the already existing time charters. Lost customers are unlikely to be replaced by new customers.
- A Chapter 7 liquidation would likely cause the Chapter 7 Debtors' vendors to be keenly aware of any unpaid claims and would significantly increase the risk of ship arrests in foreign jurisdictions where enforcement of the automatic stay is uncertain, thereby complicating the process associated with an orderly liquidation of those assets in a reasonable timeframe. Arrested Vessels could result in breach of contract or damage claims by charterers impacted by such arrests. In the event a Vessel is arrested, the arresting party may force a sale of such Vessel under the law of a foreign jurisdiction and outside of the supervision and control of the Chapter 7 Trustee and the Court.

#### ***Estimate of Net Proceeds***

The estimated cash proceeds that could be realized in a liquidation are approximated by evaluating the Chapter 7 Debtors' assets. The Chapter 7 Debtors' assets primarily consist of (i) their fleet of containerships, (ii) cash and cash equivalents, (iii) interim free cash flows generated from vessels under charter during the course of the liquidation, and (iv) any additional operating assets such as customer receivables and other current assets. The net proceeds estimated in the Liquidation Analysis are based on estimated, unaudited asset and liability account balances for the Debtors as of January 31, 2015.<sup>2</sup>

#### ***Estimate of Costs***

The estimated liquidation costs include fees payable to a Chapter 7 Trustee as well as those to attorneys and other professionals that the Chapter 7 Trustee may engage. Further, priority expenses would include any obligations and unpaid expenses the Debtors incurred both during the chapter 11 case and from the start and until the conclusion of the Chapter 7 case. In a Chapter 7 case, the wind-down expenses may be greater or less than the estimated amount. Such expenses are in part dependent on the length of time of the liquidation. In addition, the proceeds from the sale of these assets are assumed to be consistent across jurisdictions.

#### ***Distribution of Net Proceeds***

The proceeds available represent the sum of the disposition of the Chapter 7 Debtors' assets and cash on the balance sheet at the commencement of the hypothetical Chapter 7 liquidation.

Available proceeds from the liquidation of assets and cash would be first applied to the payment of postpetition Administrative Claims (first claims arising from the wind-down of the Chapter 7 Debtors' business during the Chapter 7 liquidation process and thereafter to any postpetition expenses associated with the chapter 11 reorganization process). Following the payment of Administrative Claims, net proceeds attributable to the liquidation of the Chapter 7 Debtors' Vessels would first be applied to satisfaction of any claims secured by maritime liens and then the satisfaction of debt obligations secured by the Chapter 7 Debtors' various assets. Any remaining liquidated proceeds and cash would be available for the satisfaction of unsecured claims "Unsecured Claims", which shall consist of General Unsecured Claims and any additional unsecured claims that arise in a Chapter 7 liquidation "Additional Unsecured Claims."

The holders of the HSH-YM Facility Claims have first priority liens or mortgages on, security interests in, and assignments, charges, or pledges on certain property, including, without limitation, (i) four (4) Vessels owned by four (4) Debtor Subsidiaries, (ii) deeds of covenant assigning certain agreements related thereto, including, without limitation, charters, management agreements, earnings, and insurance, and (iii) \$28.7 million of Cash Collateral, as well as second priority liens or mortgages on, security interests in, and assignments, charges, or pledges on certain property, including, without limitation, (iv) four (4) Vessels owned by four (4) Debtor Subsidiaries, and (v) deeds of covenant assigning certain agreements related thereto, including charters, management agreements, earnings, and insurance, that will partially fund the chapter 11 and Chapter 7 processes.

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<sup>2</sup> For the purposes of the Liquidation Analysis, the Company's Vessels are valued using Marsoft estimates as of January 31, 2015.

The holders of the Columbia Facility Claims have first priority liens or mortgages on, security interests in, and assignments, charges, or pledges on certain property, including, without limitation, (i) one (1) Vessel owned by one (1) Debtor Subsidiary, (ii) deeds of covenant assigning certain agreements related thereto, including, without limitation, charters, management agreements, earnings, and insurance, and (iii) \$0.2 million of Cash Collateral that will partially fund the chapter 11 and Chapter 7 processes.

The holders of the Flowers Facility Claims have first priority liens or mortgages on, security interests in, and assignments, charges, or pledges on certain property, including, without limitation, (i) four (4) Vessels owned by four (4) Debtor Subsidiaries, (ii) deeds of covenant assigning certain agreements related thereto, including, without limitation, charters, management agreements, earnings, and insurance, and (iii) \$1.3 million of Cash Collateral that will partially fund the chapter 11 and Chapter 7 processes.

The holders of the DVB 1 Facility Claims have first priority liens or mortgages on, security interests in, and assignments, charges, or pledges on certain property, including, without limitation, (i) one (1) Vessel owned by one (1) Debtor Subsidiary, (ii) deeds of covenant assigning certain agreements related thereto, including, without limitation, charters, management agreements, earnings, and insurance, (iii) share pledges in certain borrower Debtor Subsidiaries, and (iv) and \$10.9 million of Cash Collateral that will partially fund the chapter 11 and Chapter 7 processes.

The holders of the DVB 2 Facility Claims have first priority liens or mortgages on, security interests in, and assignments, charges, or pledges on certain property, including, without limitation, (i) one (1) Vessel owned by one (1) Debtor Subsidiary, (ii) deeds of covenant assigning certain agreements related thereto, including, without limitation, charters, management agreements, earnings, and insurance, (iii) share pledges in certain borrower Debtor Subsidiaries, and (iv) \$10.4 million of Cash Collateral that will partially fund the chapter 11 and Chapter 7 processes.

The holders of the Citi Facility Claims have first priority liens or mortgages on, security interests in, and assignments, charges, or pledges on certain property, including, without limitation, five (5) Vessels owned by five (5) Debtor Subsidiaries, (ii) deeds of covenant assigning certain agreements related thereto, including, without limitation, charters, management agreements, earnings, and insurance, (iii) share pledges in certain borrower Debtor Subsidiaries, and (iv) and \$7.9 million of Cash Collateral that will partially fund the chapter 11 and Chapter 7 processes.

Any secured claims that are not satisfied by the liquidation of the underlying collateral securing the claims would represent an unsecured deficiency claim.

The table below summarizes the estimated proceeds that would be available for distribution to the Chapter 7 Debtors' creditors and equity interest holders in a hypothetical liquidation of the estates under Chapter 7 of the Bankruptcy Code. The estimated recoveries do not reflect any potential negative impact on the distributable value available to the Chapter 7 Debtors' creditors on account of any potential unknown and contingent liabilities. Additional assumptions with respect to the Liquidation Analysis are provided below.



Liquidation Analysis of Nautilus Shipholdings No. 1 Limited								
	Amount	% Recovery			Liquidation Proceeds			See Note
		Low	Mid	High	Low	Mid	High	
<b><u>HSH-YM Borrowers</u></b>								
Cash & Cash Equivalents	\$28.7	100.0%	100.0%	100.0%	\$28.7	\$28.7	\$28.7	1
Accounts Receivable	1.2	60.0%	70.0%	80.0%	0.7	0.9	1.0	2
Inventory and Other Assets	0.8	60.0%	70.0%	80.0%	0.5	0.6	0.7	3
Value of Vessels	81.1	70.0%	80.0%	90.0%	56.8	64.9	73.0	4
Interim Free Cash Flows	5.9	0 Months	1 Month	3 Months	—	2.0	5.9	5
<b>Proceeds Available for Post-Petition Administrative Claims</b>					<b>\$86.7</b>	<b>\$97.0</b>	<b>\$109.2</b>	
Less: Chapter 7 Trustee Fees (3% of Gross Proceeds)					(2.6)	(2.9)	(3.3)	6
Less: Corporate Wind-Down Costs & Other Professional Fees					(2.3)	(2.5)	(2.6)	7
<b>Estimated Proceeds Available for Allocation After Administrative Claims</b>					<b>\$81.8</b>	<b>\$91.6</b>	<b>\$103.3</b>	
<b><u>HSH-YM Credit Facility</u></b>								
Estimated Collateral Proceeds Available to HSH-YM Credit Facility Holders					\$81.8	\$91.6	\$103.3	
Less: Maritime Payables					(0.8)	(0.8)	(0.8)	8
Estimated Net Proceeds Available to HSH-YM Credit Facility Holders					\$80.9	\$90.7	\$102.5	
Less: HSH-YM Credit Facility					(189.7)	(189.7)	(189.7)	9
<b>Estimated Net Proceeds After Distribution to HSH-YM Credit Facility</b>					\$—	\$—	\$—	
Unencumbered Assets					—	—	—	10
Less: HSH-YM Credit Facility Deficiency Claim					(108.8)	(98.9)	(87.2)	
Less: General Unsecured Claims					(0.3)	(0.3)	(0.3)	
<i>HSH-YM Credit Facility Recovery from Collateral</i>					42.7%	47.8%	54.0%	
<i>HSH-YM Credit Facility Recovery from Unencumbered Assets</i>					—	—	—	
<b>HSH-YM Credit Facility Total Recovery</b>					<b>42.7%</b>	<b>47.8%</b>	<b>54.0%</b>	
<b><u>Miltos Way Limited (Columbia)</u></b>								
Cash & Cash Equivalents	\$0.2	100.0%	100.0%	100.0%	\$0.2	\$0.2	\$0.2	1
Accounts Receivable	0.2	60.0%	70.0%	80.0%	0.1	0.2	0.2	2
Inventory and Other Assets	0.3	60.0%	70.0%	80.0%	0.2	0.2	0.2	3
Value of Vessels	14.7	70.0%	80.0%	90.0%	10.3	11.8	13.2	4
Interim Free Cash Flows	(0.1)	0 Months	1 Month	3 Months	—	(0.0)	(0.1)	5
<b>Proceeds Available for Post-Petition Administrative Claims</b>					<b>\$10.8</b>	<b>\$12.3</b>	<b>\$13.8</b>	
Less: Chapter 7 Trustee Fees (3% of Gross Proceeds)					(0.3)	(0.4)	(0.4)	6
Less: Corporate Wind-Down Costs & Other Professional Fees					(0.7)	(0.7)	(0.7)	7
<b>Estimated Proceeds Available for Allocation After Administrative Claims</b>					<b>\$9.8</b>	<b>\$11.2</b>	<b>\$12.6</b>	
<b><u>Columbia Credit Facility</u></b>								
Estimated Collateral Proceeds Available to Columbia Credit Facility Holders					\$9.8	\$11.2	\$12.6	
Less: Maritime Payables					(0.2)	(0.2)	(0.2)	8
Estimated Net Proceeds Available to Columbia Credit Facility Holders					\$9.6	\$11.0	\$12.4	
Less: Columbia Credit Facility					(41.5)	(41.5)	(41.5)	9
<b>Estimated Net Proceeds After Distribution to Columbia Credit Facility</b>					\$—	\$—	\$—	
Unencumbered Assets					—	—	—	10
Less: Columbia Credit Facility Deficiency Claim					(31.9)	(30.5)	(29.1)	
Less: General Unsecured Claims					(0.1)	(0.1)	(0.1)	
<i>Columbia Credit Facility Recovery from Collateral</i>					23.1%	26.5%	29.8%	
<i>Columbia Credit Facility Recovery from Unencumbered Assets</i>					—	—	—	
<b>Columbia Credit Facility Total Recovery</b>					<b>23.1%</b>	<b>26.5%</b>	<b>29.8%</b>	
<b><u>Flowers Borrowers</u></b>								
Cash & Cash Equivalents	\$1.3	100.0%	100.0%	100.0%	\$1.3	\$1.3	\$1.3	1
Accounts Receivable	1.2	60.0%	70.0%	80.0%	0.7	0.9	1.0	2
Inventory and Other Assets	0.7	60.0%	70.0%	80.0%	0.4	0.5	0.6	3
Value of Vessels	60.2	70.0%	80.0%	90.0%	42.2	48.2	54.2	4
Interim Free Cash Flows	(0.7)	0 Months	1 Month	3 Months	—	(0.2)	(0.7)	5
<b>Proceeds Available for Post-Petition Administrative Claims</b>					<b>\$44.7</b>	<b>\$50.6</b>	<b>\$56.4</b>	
Less: Chapter 7 Trustee Fees (3% of Gross Proceeds)					(1.3)	(1.5)	(1.7)	6
Less: Corporate Wind-Down Costs & Other Professional Fees					(2.2)	(2.3)	(2.4)	7
<b>Estimated Proceeds Available for Allocation After Administrative Claims</b>					<b>\$41.1</b>	<b>\$46.8</b>	<b>\$52.3</b>	
<b><u>Flowers Credit Facility</u></b>								
Estimated Collateral Proceeds Available to Flowers Credit Facility Holders					\$41.1	\$46.8	\$52.3	
Less: Maritime Payables					(0.1)	(0.1)	(0.1)	8
Estimated Net Proceeds Available to Flowers Credit Facility Holders					\$41.1	\$46.8	\$52.2	
Less: Flowers Credit Facility					(118.5)	(118.5)	(118.5)	9
<b>Estimated Net Proceeds After Distribution to Flowers Credit Facility</b>					\$—	\$—	\$—	
Unencumbered Assets					—	—	—	10
Less: Flowers Credit Facility Deficiency Claim					(77.4)	(71.7)	(66.3)	
Less: General Unsecured Claims					(0.0)	(0.0)	(0.0)	
<i>Flowers Credit Facility Recovery from Collateral</i>					34.7%	39.5%	44.1%	
<i>Flowers Credit Facility Recovery from Unencumbered Assets</i>					—	—	—	
<b>Flowers Credit Facility Total Recovery</b>					<b>34.7%</b>	<b>39.5%</b>	<b>44.1%</b>	
<b><u>Unsecured Claims - Nautilus Shipholdings No. 1 Limited</u></b>								
Unencumbered Assets					\$—	\$—	\$—	10
Plus: Estimated Excess Value from Secured Collateral					—	—	—	
Estimated Proceeds Available for Unsecured Claims					\$—	\$—	\$—	
Less: HSH-YM Credit Facility Guarantor Claim					(189.7)	(189.7)	(189.7)	
Less: Columbia Credit Facility Guarantor Claim					(41.5)	(41.5)	(41.5)	
Less: Flowers Credit Facility Guarantor Claim					(118.5)	(118.5)	(118.5)	
Less: General Unsecured Claims					—	—	—	
<b>Estimated Net Proceeds After Distribution to Unsecured Claims</b>					\$—	\$—	\$—	
<i>General Unsecured Claims Recovery from Unencumbered Assets</i>					—	—	—	

Liquidation Analysis of Nautilus Shipholdings No. 2 Limited								
		% Recovery			Liquidation Proceeds			See
	Amount	Low	Mid	High	Low	Mid	High	Note
<b><u>Metropolitan Harbour Limited (Washington)</u></b>								
Cash & Cash Equivalents	\$10.4	100.0%	100.0%	100.0%	\$10.4	\$10.4	\$10.4	1
Accounts Receivable	0.6	60.0%	70.0%	80.0%	0.4	0.4	0.5	2
Inventory and Other Assets	0.3	60.0%	70.0%	80.0%	0.2	0.2	0.3	3
Value of Vessels	49.5	70.0%	80.0%	90.0%	34.7	39.6	44.6	4
Interim Free Cash Flows	0.3	0 Months	1 Month	3 Months	—	0.1	0.3	5
<b>Proceeds Available for Post-Petition Administrative Claims</b>					<b>\$45.7</b>	<b>\$50.9</b>	<b>\$56.1</b>	
Less: Chapter 7 Trustee Fees (3% of Gross Proceeds)					(1.4)	(1.5)	(1.7)	6
Less: Corporate Wind-Down Costs & Other Professional Fees					(1.1)	(1.2)	(1.3)	7
<b>Estimated Proceeds Available for Allocation After Administrative Claims</b>					<b>\$43.2</b>	<b>\$48.1</b>	<b>\$53.1</b>	
<b><u>DVB 2 Credit Facility</u></b>								
Estimated Collateral Proceeds Available to DVB 2 Credit Facility Holders					\$43.2	\$48.1	\$53.1	
Less: Maritime Payables					(0.2)	(0.2)	(0.2)	8
Estimated Net Proceeds Available to DVB 2 Credit Facility Holders					\$43.0	\$47.9	\$52.9	
Less: DVB 2 Credit Facility					(71.4)	(71.4)	(71.4)	9
<b>Estimated Net Proceeds After Distribution to DVB 2 Credit Facility</b>					<b>\$—</b>	<b>\$—</b>	<b>\$—</b>	
Unencumbered Assets					—	—	—	10
Less: DVB 2 Credit Facility Deficiency Claim					(28.4)	(23.5)	(18.5)	
Less: General Unsecured Claims					(0.1)	(0.1)	(0.1)	
<i>DVB 2 Credit Facility Recovery from Collateral</i>					60.3%	67.1%	74.1%	
<i>DVB 2 Credit Facility Recovery from Unencumbered Assets</i>					—	—	—	
<b><i>DVB 2 Credit Facility Total Recovery</i></b>					<b>60.3%</b>	<b>67.1%</b>	<b>74.1%</b>	
<b><u>Golden Knighthead Limited (Texas)</u></b>								
Cash & Cash Equivalents	\$10.9	100.0%	100.0%	100.0%	\$10.9	\$10.9	\$10.9	1
Accounts Receivable	1.3	60.0%	70.0%	80.0%	0.8	0.9	1.0	2
Inventory and Other Assets	0.3	60.0%	70.0%	80.0%	0.2	0.2	0.2	3
Value of Vessels	49.5	70.0%	80.0%	90.0%	34.7	39.6	44.6	4
Interim Free Cash Flows	0.6	0 Months	1 Month	3 Months	—	0.2	0.6	5
<b>Proceeds Available for Post-Petition Administrative Claims</b>					<b>\$46.5</b>	<b>\$51.8</b>	<b>\$57.3</b>	
Less: Chapter 7 Trustee Fees (3% of Gross Proceeds)					(1.4)	(1.6)	(1.7)	6
Less: Corporate Wind-Down Costs & Other Professional Fees					(1.1)	(1.2)	(1.3)	7
<b>Estimated Proceeds Available for Allocation After Administrative Claims</b>					<b>\$44.0</b>	<b>\$49.0</b>	<b>\$54.3</b>	
<b><u>DVB 1 Credit Facility</u></b>								
Estimated Collateral Proceeds Available to DVB 1 Credit Facility Holders					\$44.0	\$49.0	\$54.3	
Less: Maritime Payables					(0.1)	(0.1)	(0.1)	8
Estimated Net Proceeds Available to DVB 1 Credit Facility Holders					\$43.9	\$48.9	\$54.1	
Less: DVB 1 Credit Facility					(71.4)	(71.4)	(71.4)	9
<b>Estimated Net Proceeds After Distribution to DVB 1 Credit Facility</b>					<b>\$—</b>	<b>\$—</b>	<b>\$—</b>	
Unencumbered Assets					—	—	—	10
Less: DVB 1 Credit Facility Deficiency Claim					(27.6)	(22.5)	(17.3)	
Less: General Unsecured Claims					(0.0)	(0.0)	(0.0)	
<i>DVB 1 Credit Facility Recovery from Collateral</i>					61.4%	68.5%	75.8%	
<i>DVB 1 Credit Facility Recovery from Unencumbered Assets</i>					—	—	—	
<b><i>DVB 1 Credit Facility Total Recovery</i></b>					<b>61.4%</b>	<b>68.5%</b>	<b>75.8%</b>	
<b><u>Unsecured Claims - Nautilus Shipholdings No. 2 Limited</u></b>								
Unencumbered Assets					\$—	\$—	\$—	10
Plus: Estimated Excess Value from Secured Collateral					—	—	—	
Estimated Proceeds Available for Unsecured Claims					\$—	\$—	\$—	
Less: DVB 2 Credit Facility Guarantor Claim					(71.4)	(71.4)	(71.4)	
Less: DVB 1 Credit Facility Guarantor Claim					(71.4)	(71.4)	(71.4)	
Less: General Unsecured Claims					—	—	—	
<b>Estimated Net Proceeds After Distribution to Unsecured Claims</b>					<b>\$—</b>	<b>\$—</b>	<b>\$—</b>	
<i>General Unsecured Claims Recovery from Unencumbered Assets</i>					—	—	—	

Liquidation Analysis of Nautilus Shipholdings No. 3 Limited								
		% Recovery			Liquidation Proceeds			See
	Amount	Low	Mid	High	Low	Mid	High	Note
<b><u>Citi Facility Borrowers</u></b>								
Cash & Cash Equivalents	\$7.9	100.0%	100.0%	100.0%	\$7.9	\$7.9	\$7.9	1
Accounts Receivable	2.4	60.0%	70.0%	80.0%	1.4	1.7	1.9	2
Inventory and Other Assets	1.7	60.0%	70.0%	80.0%	1.0	1.2	1.4	3
Value of Vessels	127.0	70.0%	80.0%	90.0%	88.9	101.6	114.3	4
Interim Free Cash Flows	0.4	0 Months	1 Month	3 Months	—	0.1	0.4	5
<b>Proceeds Available for Post-Petition Administrative Claims</b>					<b>\$99.2</b>	<b>\$112.5</b>	<b>\$125.8</b>	
Less: Chapter 7 Trustee Fees (3% of Gross Proceeds)					(3.0)	(3.4)	(3.8)	6
Less: Corporate Wind-Down Costs & Other Professional Fees					(3.1)	(3.4)	(3.6)	7
<b>Estimated Proceeds Available for Allocation After Administrative Claims</b>					<b>\$93.1</b>	<b>\$105.7</b>	<b>\$118.4</b>	
<b><u>Citi Credit Facility</u></b>								
Estimated Collateral Proceeds Available to Citi Credit Facility Holders					\$93.1	\$105.7	\$118.4	
Less: Maritime Payables					(0.2)	(0.2)	(0.2)	8
Estimated Net Proceeds Available to Citi Credit Facility Holders					\$92.9	\$105.5	\$118.2	
Less: Citi Credit Facility					(270.2)	(270.2)	(270.2)	9
<b>Estimated Net Proceeds After Distribution to Citi Credit Facility</b>					\$—	\$—	\$—	
Unencumbered Assets					—	—	—	10
Less: Citi Credit Facility Deficiency Claim					(177.3)	(164.7)	(152.0)	
Less: General Unsecured Claims					(0.1)	(0.1)	(0.1)	
<i>Citi Credit Facility Recovery from Collateral</i>					34.4%	39.0%	43.7%	
<i>Citi Credit Facility Recovery from Unencumbered Assets</i>					—	—	—	
<b><i>Citi Credit Facility Total Recovery</i></b>					<b>34.4%</b>	<b>39.0%</b>	<b>43.7%</b>	
<b><u>Unsecured Claims - Nautilus Shipholdings No. 3 Limited</u></b>								
Unencumbered Assets					\$—	\$—	\$—	10
Plus: Estimated Excess Value from Secured Collateral					—	—	—	
Estimated Proceeds Available for Unsecured Claims					\$—	\$—	\$—	
Less: Citi Credit Facility Guarantor Claim					(270.2)	(270.2)	(270.2)	
Less: General Unsecured Claims					—	—	—	
<b>Estimated Net Proceeds After Distribution to Unsecured Claims</b>					\$—	\$—	\$—	
<i>General Unsecured Claims Recovery from Unencumbered Assets</i>					—	—	—	

## **SPECIFIC ASSUMPTIONS**

### ***Note 1 – Cash and Cash Equivalents***

As of January 31, 2015, there is estimated to be approximately \$59.4 million in cash and cash equivalents at Nautilus Shipholdings No. 1 Limited, Nautilus Shipholdings No. 2 Limited, Nautilus Shipholdings No. 3 Limited and their Debtor Subsidiaries. \$28.7 million in cash is pledged to the HSH-YM Facility, \$0.2 million in cash is pledged to the Columbia Facility, \$1.3 million in cash is pledged to the Flowers Facility, \$10.9 million in cash is pledged to the DVB 1 Facility, \$10.4 million in cash is pledged to the DVB 2 Facility, and \$7.9 million in cash is pledged to the Citi Facility. None of the cash is unencumbered.

### ***Note 2 – Accounts Receivable***

Estimated proceeds realized from accounts receivable under a liquidation are based on management's estimate of collectability and the assumption that every reasonable effort will be made by the Chapter 7 Trustee to collect receivables from customers, a number of whom may be in various foreign jurisdictions. Accounts Receivable includes amounts due from charters.

### ***Note 3 – Inventory and Other Assets***

Inventory and Other Assets include lubricants inventory and prepaid insurance. Lubricants inventory, which is used to operate Vessels, is stored on-board the Vessels at the time of purchase and, depending on the flag of the Vessel, may also be pledged to the Secured Credit Facilities lenders. Prepaid insurance includes insurance premiums paid in advance which cover a period of time which has not elapsed.

### ***Notes 4 – Value of Debtors' Vessels***

The Liquidation Analysis assumes that the Chapter 7 Debtors' Vessels will be sold in the secondary market over a 90-day period. The Debtors have received appraisals from one independent shipping consultant firm, which conducted an asset-level appraisal of the fleet as of August, 2014. The appraisals forecast the estimated vessel values as of January 2015. These appraisals and indications of value are based on macroeconomic forecasts, industry conditions and recent asset transactions observed in the market and assume Vessels to be in sound condition, free of average damage, free of charter commitments, and the existence of a willing seller and willing buyer. The Liquidation Analysis applies a discount of 10% to 30% to each Vessel's appraised value to account for the forced nature of the transaction, the expedited time frame (90 days) and the magnitude of supply being sold into the market.

### ***Note 5 – Interim Free Cash Flows***

The Liquidation Analysis assumes that, upon the commencement of the Chapter 7, the Debtors will not be able to contract new time charters as potential counterparties are unlikely to contract the usage of the vessels while they are being liquidated. From February 1, 2015 through April 30, 2015, the Debtors' vessels are expected to generate unlevered free cash flows of approximately \$6.4 million. The Liquidation Analysis assumes that 0 to 3 months of these cash flows will ultimately be realized, and therefore applies a discount of 0% to 100% to the estimated interim free cash flows. The discount accounts for the potential that vessels are liquidated before they earn their contractual cash flows, disruptions to the Chapter 7 Debtors' operations associated with the sale process, and the potential for customer refusal to use of the Vessels.

### ***Note 6 – Chapter 7 Trustee and Other Liquidator Fees***

The Chapter 7 Debtors estimate that they would incur Chapter 7 Trustee fees of approximately \$10.0 million to \$12.6 million in aggregate, calculated as 3.0% of the gross proceeds available for distribution. The Liquidation Analysis assumes that one Chapter 7 Trustee is appointed for all of the Chapter 7 Debtors. However, it is possible that if all of the Debtors were to liquidate under Chapter 7, multiple Chapter 7 Trustees could be appointed, resulting in additional costs. The Liquidation Analysis does not account for possible fees by foreign administrators or liquidators in the event of a foreign insolvency proceeding.

***Note 7 – Corporate Wind-Down Costs and Other Professional Fees***

The Chapter 7 Debtors estimate that they would incur Corporate Wind-Down Costs and Other Professional Fees of approximately \$10.5 million to \$12.0 million in aggregate calculated as (i) 2.0% broker fee on the proceeds from Vessel sales, plus (ii) professional fees of \$250,000 per month, plus (iii) professional fees accrued but unpaid during the course of the chapter 11. It is assumed that the liquidation would occur over a five-month period following the conversion of the chapter 11 case to a Chapter 7. The Liquidation Analysis assumes that the \$250,000 in monthly professional fees is allocated amongst all Debtors pro rata based on the number of Vessels securing each Facility.

***Note 8 – Maritime Payables***

Maritime Payables arise from claims related to providing “necessaries” associated with vessel operations and include crew wages, vessel repairs and voyage supplies such as bunkers. These Maritime Payables are frequently secured by maritime liens. The Liquidation Analysis assumes that maritime liens, in the form of trade accounts payable at the individual Vessel-owning Debtor Subsidiaries, are senior to the secured loan claims at the Vessel-owning Debtor Subsidiaries and therefore are satisfied first through net proceeds available after the payment of Administrative Claims. In the event of a Chapter 7 liquidation, charter counterparties may assert claims for the potential cancellation of their charter and/or the bunker inventory that is stored on the vessels. While these claims may be secured by maritime liens, the Liquidation Analysis does not take into account these potential claims.

***Note 9 – Prepetition Indebtedness***

As of the commencement of the chapter 11 cases, the principal outstanding under the Debtors’ various prepetition secured Credit Facilities consisted of: (i) \$41,526,412 of funded debt and unpaid accrued interest owed under the Columbia Facility, (ii) \$118,498,038 of funded debt and unpaid accrued interest owed under the Flowers Facility, (iii) \$191,194,322 of funded debt and unpaid accrued interest owed under the HSH – YM Facility, (iv) \$73,466,521 of funded debt and unpaid accrued interest and swap payments owed under the DVB 1 Facility, (v) \$73,718,527 of funded debt and unpaid accrued interest and swap payments owed under the DVB 2 Facility and (vi) \$273,757,991 of funded debt and unpaid accrued interest and swap payments owed under the Citi Facility. The Liquidation Analysis assumes the aforementioned balances are reduced by postpetition interest paid during the pendency of the bankruptcy, if any. The Liquidation Analysis assumes that the secured debt claims are satisfied following the payment of Administrative Claims and any Maritime Payables secured by maritime liens.

Prepetition, non-priority, general unsecured claims include (i) General Unsecured Claims, (ii) Additional Unsecured Claims (iii) intercompany claims and (iv) any deficiency claims related to the prepetition secured debt obligations. Additional Unsecured Claims may consist of, among other claims, prepetition accrued liabilities and contract rejection claims. The prepetition secured lenders are assumed to assert guarantee claims in the full amount of their claim at the guaranteeing entities, with 100% cap on recovery.

***Note 10 – Unencumbered Assets***

As of January 31, 2015 there is estimated to be no unencumbered assets at Nautilus Shipholdings No. 1 Limited, Nautilus Shipholdings No. 2 Limited, Nautilus Shipholdings No. 3 Limited and their Debtor Subsidiaries.

APPENDIX E

UNAUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR 2013

**Nautilus Holdings Limited**

*Income Statement for the year ended December 31, 2013*

(USD)	NAUTILUS HOLDINGS LTD	NAUTILUS SHIPHOLDINGS NO.2 LTD	GOLDEN KNIGHTHEAD LTD	METROPOLITAN HARBOUR LTD	NAUTILUS SHIPHOLDINGS NO.3 LTD	PERPETUAL JOY LTD	REGAL STONE LTD	VIVID MIND LTD	CHARMING ENERGETIC LTD	DYNAMIC CONTINENTAL LTD	TOTAL BEFORE CONSOL. ADJUSTMENTS	CONSOL. ADJUSTMENTS	TOTAL AFTER CONSOL. ADJUSTMENTS
Revenue	3,283,189		13,619,683	13,617,379		2,603,209	9,907,816	7,000,245	9,346,938	13,644,652	73,023,110	(3,283,189)	69,739,921
<b>Operating Expenses:</b>													
Vessel expenses			2,182,397	2,236,579		1,944,016	2,823,510	1,795,614	2,995,864	2,244,359	16,222,340		16,222,340
Vessel depreciation and drydocking amortisation			3,476,172	3,488,988		1,924,612	3,300,684	1,876,992	3,406,464	3,408,456	20,882,368		20,882,368
General and administrative	2,596,975	28,135	1,012,758	1,015,345	30,220	327,511	427,111	357,993	707,083	745,877	7,249,007	(3,283,189)	3,965,818
<b>Total operating and administrative expenses</b>	<b>2,596,975</b>	<b>28,135</b>	<b>6,671,327</b>	<b>6,740,912</b>	<b>30,220</b>	<b>4,196,139</b>	<b>6,551,305</b>	<b>4,030,599</b>	<b>7,109,411</b>	<b>6,398,693</b>	<b>44,353,716</b>	<b>(3,283,189)</b>	<b>41,070,527</b>
<b>Operating profit/ (loss)</b>	<b>686,214</b>	<b>(28,135)</b>	<b>6,948,356</b>	<b>6,876,467</b>	<b>(30,220)</b>	<b>(1,592,931)</b>	<b>3,356,511</b>	<b>2,969,646</b>	<b>2,237,527</b>	<b>7,245,959</b>	<b>28,669,394</b>	<b>0</b>	<b>28,669,394</b>
<b>Financial (income)/ expenses:</b>													
Interest expense			3,139,696	3,119,776		609,754	2,014,426	1,960,976	2,052,552	4,321,212	17,218,392		17,218,392
Interest income	(817)		(39,509)	(38,351)		(1,094)	(1,882)	(18,428)	(1,647)	(1,883)	(103,611)		(103,611)
Bank commitment fees, loss on exch. and bank charges	3,740		28,241	30,538		23,257	23,622	22,965	23,164	23,176	178,701		178,701
Amortisation of financing costs			59,606	60,827		45,218	70,898	48,959	96,254	96,487	478,249		478,249
Unrealised loss on interest rate swaps			220,538	235,599			(63,407)	4,733	(12,915)	(82,043)	302,506		302,506
Hedge ineffectiveness on cash flow hedges			(6,699)	(7,009)			(62,708)	(47,463)		(115,326)	(239,205)		(239,205)
Interest rate caps						93	184	24	303	190	795		795
Change in fair value of Cornerstone Investor Fee Rights	(1,200)										(1,200)		(1,200)
Difference in Group Restructuring	115,542,544										115,542,544		115,542,544
<b>Total financial (income)/ expenses</b>	<b>115,544,266</b>	<b>0</b>	<b>3,401,874</b>	<b>3,401,379</b>	<b>0</b>	<b>677,228</b>	<b>1,981,134</b>	<b>1,971,766</b>	<b>2,157,711</b>	<b>4,241,812</b>	<b>133,377,171</b>	<b>0</b>	<b>133,377,171</b>
Profit/ (loss) before income taxes	(114,858,052)	(28,135)	3,546,482	3,475,088	(30,220)	(2,270,159)	1,375,377	997,880	79,816	3,004,147	(104,707,777)	0	(104,707,777)
Income taxes													
<b>Net profit/ (loss)</b>	<b>(114,858,052)</b>	<b>(28,135)</b>	<b>3,546,482</b>	<b>3,475,088</b>	<b>(30,220)</b>	<b>(2,270,159)</b>	<b>1,375,377</b>	<b>997,880</b>	<b>79,816</b>	<b>3,004,147</b>	<b>(104,707,777)</b>	<b>0</b>	<b>(104,707,777)</b>

**Nautilus Holdings Limited**

Balance Sheet for the year ended December 31, 2013

(USD)	NAUTILUS HOLDINGS LTD	NAUTILUS SHIPHOLDINGS NO.2 LTD	GOLDEN KNIGHTHEAD LTD	METROPOLITAN HARBOUR LTD	NAUTILUS SHIPHOLDINGS NO.3 LTD	PERPETUAL JOY LTD	REGAL STONE LTD	VIVID MIND LTD	CHARMING ENERGETIC LTD	DYNAMIC CONTINENTAL LTD	TOTAL BEFORE CONSOL. ADJUSTMENTS	CONSOL. ADJUSTMENTS	TOTAL AFTER CONSOL. ADJUSTMENTS
<b>ASSETS</b>													
<b>Current Assets</b>													
Cash and Bank Balances	1,150,811	25,000	17,308,315	17,684,127	25,000	971,011	1,525,472	12,604,705	696,762	1,525,102	53,516,305		53,516,305
Inventories			213,006	180,424		152,199	283,118	213,035	577,166	701,127	2,320,077		2,320,077
Trade and other Receivables	937,637	15,644	76,840	74,241	2,515	314,690	229,541	259,209	521,768	11,466	2,443,551		2,443,551
Interest rate caps - S/T						3	16	0	29	6	55		55
	2,088,448	40,644	17,598,161	17,938,793	27,515	1,437,903	2,038,148	13,076,950	1,795,725	2,237,701	58,279,988	0	58,279,988
<b>Non-current assets</b>													
Investments in subsidiaries	24,000	260			650						24,910	(24,910)	0
Vessels net			96,403,155	96,161,696		39,389,233	61,718,157	45,676,656	91,656,287	94,163,590	525,168,774		525,168,774
Deferred Arrangement Fees			234,981	227,413		145,944	266,039	163,335	353,340	395,435	1,786,489		1,786,489
Amounts due from related parties	8,539,615		13,302	162,695		550,173	328	3,111,989	4,674,818	7,595,871	24,648,791	(24,648,791)	0
Interest rate caps											0		0
Loans to related parties	85,340,000	44,661,751			41,090,000						171,091,751	(171,091,751)	0
	93,903,615	44,662,011	96,651,437	96,551,805	41,090,650	40,085,350	61,984,525	48,951,980	96,684,444	102,154,897	722,720,715	(195,765,452)	526,955,263
<b>Total Assets</b>	<b>95,992,063</b>	<b>44,702,655</b>	<b>114,249,598</b>	<b>114,490,598</b>	<b>41,118,165</b>	<b>41,523,253</b>	<b>64,022,672</b>	<b>62,028,930</b>	<b>98,480,170</b>	<b>104,392,598</b>	<b>781,000,702</b>	<b>(195,765,452)</b>	<b>585,235,250</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>													
<b>Current Liabilities</b>													
Accrued liabilities	11,545	12,902	421,278	669,675	9,505	110,649	31,022	138,312	29,682	30,075	1,464,645		1,464,645
Current Portion of Borrowings			3,828,822	3,828,822		1,135,736	3,562,724	2,552,196	4,388,332	4,263,332	23,559,964		23,559,964
Deferred Revenue			337,828	337,864		97,000		182,716			566,733		1,522,141
Other Liabilities	305,998		(8,872)	47,706		228,195	150,283	83,618	158,984	352,819	1,318,731		1,318,731
Cornerstone Investor Fee Rights	1,057,329										1,057,329		1,057,329
Interest rate Swaps - S/T			1,671,088	1,486,826				1,059,297			4,903,998		4,903,998
	1,374,872	12,902	6,250,144	6,370,893	9,505	1,571,580	3,744,028	4,016,139	4,576,999	5,899,746	33,826,808	0	33,826,808
<b>Non-current Liabilities</b>													
Borrowings			71,229,656	71,229,656		32,246,799	45,752,126	35,255,082	72,126,368	74,923,201	402,762,887		402,762,887
Amounts due to related parties	161,354	517,195	474,542	4,751	97,311	3,587,302	4,451,488	12,512,251	1,410,782	1,432,839	24,649,814	(24,648,791)	1,023
Loans from related parties		44,250,000	22,366,435	22,295,017	41,415,407	5,150,000	8,040,000	5,650,000	11,125,000	11,125,000	171,416,858	(171,091,751)	325,107
Deferred Revenue from Vessel Valuation													
Interest rate Swaps			2,020,801	2,165,251			(0)	259,841	0		4,445,892		4,445,892
Cornerstone Investor Fee Rights LT											0		0
	161,354	44,767,195	96,091,433	95,694,674	41,512,718	40,984,101	58,243,614	53,677,174	84,662,150	87,481,040	603,275,451	(195,740,542)	407,534,909
<b>Total Liabilities</b>	<b>1,536,226</b>	<b>44,780,097</b>	<b>102,341,577</b>	<b>102,065,566</b>	<b>41,522,223</b>	<b>42,555,681</b>	<b>61,987,642</b>	<b>57,693,312</b>	<b>89,239,149</b>	<b>93,380,785</b>	<b>637,102,259</b>	<b>(195,740,542)</b>	<b>441,361,717</b>
<b>Capital and Reserves</b>													
Share Capital	238,146,926	12,000	130	130	12,000	130	130	130	130	130	238,171,836	(24,910)	238,146,926
Additional Paid In Capital													0
Retained Earnings/(Accumulated Losses)	(25,546,749)	(61,306)	14,058,751	14,626,324	(385,838)	1,237,601	659,523	4,714,374	9,161,075	8,671,665	27,135,421		27,135,421
Profit/ (Loss) for the year	(114,858,052)	(28,135)	3,546,482	3,475,088	(30,220)	(2,270,159)	1,375,377	997,880	79,816	3,004,147	(104,707,777)		(104,707,777)
Other Comprehensive Income			(5,697,342)	(5,676,511)			0	(1,376,766)	(0)	(664,129)	(13,414,748)		(13,414,748)
Other reserves	(3,286,288)										(3,286,288)		(3,286,288)
<b>Total Shareholders' Equity</b>	<b>94,455,837</b>	<b>(77,441)</b>	<b>11,908,021</b>	<b>12,425,031</b>	<b>(404,058)</b>	<b>(1,032,428)</b>	<b>2,035,030</b>	<b>4,335,618</b>	<b>9,241,021</b>	<b>11,011,813</b>	<b>143,898,443</b>	<b>(24,910)</b>	<b>143,873,533</b>
<b>Total Equity and Liabilities</b>	<b>95,992,063</b>	<b>44,702,655</b>	<b>114,249,598</b>	<b>114,490,598</b>	<b>41,118,165</b>	<b>41,523,253</b>	<b>64,022,672</b>	<b>62,028,930</b>	<b>98,480,170</b>	<b>104,392,598</b>	<b>781,000,702</b>	<b>(195,765,452)</b>	<b>585,235,250</b>



**Nautilus Holdings No. 2 Ltd**

*Income Statement for the year ended December 31, 2013*

(USD)	NAUTILUS HOLDINGS NO.2 LTD	NAUTILUS SHIPHOLDINGS NO.1 LTD	FLORAL PENINSULA LTD	FINDHORN OSPREY LTD	RESPLENDENT SPIRIT LTD	EARLSTOWN LTD	MILTONS WAY LTD	ABLE CHALLENGER LTD	MAGIC PENINSULA LTD	METROPOLITAN VITALITY LTD	SUPERIOR INTEGRITY LTD	TOTAL BEFORE CONSOL ADJUSTMENTS	CONSOL ADJUSTMENTS	TOTAL AFTER CONSOL ADJUSTMENTS
Revenue	3,445,618		2,348,345	2,384,261	2,096,348	2,373,360	3,373,818	8,756,711	8,742,752	8,759,517	8,753,319	51,034,049	(3,445,618)	47,588,431
<b>Operating Expenses:</b>														
Vessel expenses			1,986,272	1,792,715	2,068,316	1,872,714	2,953,633	2,197,403	2,084,301	1,875,913	1,858,731	18,689,998		18,689,998
Vessel depreciation and drydocking amortisation			1,696,632	1,528,452	1,670,472	1,659,936	2,747,983	2,273,442	2,251,620	2,243,256	2,272,932	18,344,725		18,344,725
General and administrative	2,379,121	123,460	655,495	516,432	635,483	702,532	572,901	636,587	622,903	723,237	616,898	8,185,048	(3,445,618)	4,739,430
<b>Total operating and administrative expenses</b>	<b>2,379,121</b>	<b>123,460</b>	<b>4,338,399</b>	<b>3,837,599</b>	<b>4,374,271</b>	<b>4,235,182</b>	<b>6,274,517</b>	<b>5,107,431</b>	<b>4,958,824</b>	<b>4,842,405</b>	<b>4,748,561</b>	<b>45,219,772</b>	<b>(3,445,618)</b>	<b>41,774,154</b>
<b>Operating profit/ (loss)</b>	<b>1,066,497</b>	<b>(123,460)</b>	<b>(1,990,053)</b>	<b>(1,453,338)</b>	<b>(2,277,923)</b>	<b>(1,861,822)</b>	<b>(2,900,699)</b>	<b>3,649,280</b>	<b>3,783,927</b>	<b>3,917,112</b>	<b>4,004,758</b>	<b>5,814,278</b>	<b>0</b>	<b>5,814,278</b>
<b>Financial (income)/ expenses:</b>														
Interest expense			445,560	445,474	445,474	445,474	1,033,863	1,990,739	1,983,785	2,006,805	2,032,056	10,829,230		10,829,230
Interest income	(219)		(365)	(365)	(365)	(399)	(7,100)	(9,091)	(10,465)	(11,474)	(9,950)	(49,794)		(49,794)
Bank commitment fees, loss on exch. and bank charges	265		14,292	12,755	13,376	14,924	16,297	14,401	14,888	15,080	15,426	131,705		131,705
Amortisation of financing costs			13,614	13,614	13,614	13,614	24,425	22,199	22,343	22,456	22,523	168,402		168,402
Unrealised loss on interest rate swaps							(24,530)	(93,427)	(93,431)	(94,499)	(94,504)	(400,392)		(400,392)
Hedge ineffectiveness on cash flow hedges							(23,836)	(81,134)	(80,019)	(76,065)	(75,851)	(336,905)		(336,905)
Interest rate caps			76	76	76	76	99	87	158	226	272	1,147		1,147
Change in fair value of Cornerstone Investor Fee Rights	156,639											156,639		156,639
Difference in Group Restructuring												0		0
<b>Total financial (income)/ expenses</b>	<b>156,685</b>	<b>0</b>	<b>473,177</b>	<b>471,554</b>	<b>472,176</b>	<b>473,690</b>	<b>1,019,217</b>	<b>1,843,773</b>	<b>1,837,259</b>	<b>1,862,529</b>	<b>1,889,972</b>	<b>10,500,031</b>	<b>0</b>	<b>10,500,031</b>
Profit/ (loss) before income taxes	909,812	(123,460)	(2,463,230)	(1,924,892)	(2,750,099)	(2,335,512)	(3,919,916)	1,805,506	1,946,668	2,054,583	2,114,785	(4,685,753)	0	(4,685,753)
Income taxes														
<b>Net profit/ (loss)</b>	<b>909,812</b>	<b>(123,460)</b>	<b>(2,463,230)</b>	<b>(1,924,892)</b>	<b>(2,750,099)</b>	<b>(2,335,512)</b>	<b>(3,919,916)</b>	<b>1,805,506</b>	<b>1,946,668</b>	<b>2,054,583</b>	<b>2,114,785</b>	<b>(4,685,753)</b>	<b>0</b>	<b>(4,685,753)</b>

**Nautilus Holdings No. 2 Ltd**

Balance Sheet for the year ended December 31, 2013

(USD)	NAUTILUS HOLDINGS NO.2 LTD	NAUTILUS SHIPHOLDINGS NO.1 LTD	FLORAL PENINSULA LTD	FINDHORN OSPREY LTD	RESPLENDENT SPIRIT LTD	EARLSTOWN LTD	MILTONS WAY LTD	ABLE CHALLENGER LTD	MAGIC PENINSULA LTD	METROPOLITAN VITALITY LTD	SUPERIOR INTEGRITY LTD	TOTAL BEFORE CONSOL ADJUSTMENTS	CONSOL ADJUSTMENTS	TOTAL AFTER CONSOL ADJUSTMENTS
<b>ASSETS</b>														
<b>Current Assets</b>														
Cash and Bank Balances	1,174,883	25,000	704,283	357,392	1,010,200	593,307	1,264,723	4,467,105	6,268,674	6,340,448	5,575,095	27,781,109		27,781,109
Inventories			188,611	391,726	184,979	183,395	281,294	268,802	148,847	179,338	159,232	1,986,225		1,986,225
Trade and other Receivables	51,276		309,735	204,769	(17,010)	38,792	(343,742)	317,250	(99,988)	128,188	59,448	648,718		648,718
Interest rate caps - S/T			4	4	4	4	3	1	12	39	76	146		146
	1,226,159	25,000	1,202,633	953,890	1,178,173	815,497	1,202,279	5,053,159	6,317,545	6,648,013	5,793,851	30,416,197	0	30,416,197
<b>Non-current assets</b>														
Investments in subsidiaries	12,000	1,170										13,170	(13,170)	0
Vessels net			37,145,829	35,167,910	37,013,351	37,527,876	55,009,528	61,784,459	62,418,190	61,423,115	62,728,222	450,218,481		450,218,481
Deferred Arrangement Fees			36,467	36,467	36,467	41,750	79,420		87,383		86,239	533,134		533,134
Amounts due from related parties	1,995,950	5,785,197	1,414,068	278,809	69,507	59,045	29,347	1,354,073	1,503,129	1,319,362	1,276,122	15,084,607	(15,084,607)	0
Interest rate caps												0		0
Loans to related parties	112,536,958	112,435,877										224,972,835	(224,972,835)	0
	114,544,908	118,222,244	38,596,364	35,483,186	37,119,325	37,623,388	55,080,625	63,217,953	64,008,702	62,828,715	64,096,818	690,822,228	(240,070,613)	450,751,616
<b>Total Assets</b>	<b>115,771,067</b>	<b>118,247,244</b>	<b>39,798,997</b>	<b>36,437,076</b>	<b>38,297,498</b>	<b>38,438,885</b>	<b>56,282,903</b>	<b>68,271,111</b>	<b>70,326,247</b>	<b>69,476,728</b>	<b>69,890,669</b>	<b>721,238,426</b>	<b>(240,070,613)</b>	<b>481,167,813</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>														
<b>Current Liabilities</b>														
Accrued liabilities	23,833	(1,597)	126,819	125,927	123,423	129,404	32,779	71,118	376,779	101,844	294,887	1,405,216		1,405,216
Current Portion of Borrowings			4,650,250	4,650,250	4,650,250	4,650,250		2,675,499	2,563,711	2,563,711	2,451,923	28,855,844		28,855,844
Deferred Revenue			78,570	78,570	78,570	43,250	(0)	248,500		225,264	224,270	819,853		819,853
Other Liabilities			118,752	44,147	144,582	32,171	178,453	731,821	785,264	199,214	176,590	2,410,994		2,410,994
Cornerstone Investor Fee Rights	1,107,235											1,107,235		1,107,235
Interest rate Swaps - S/T							423,603	1,312,282	103,089	298,781	397,428	2,535,183		2,535,183
	1,131,068	(1,597)	4,895,820	4,820,324	4,996,824	4,855,075	634,834	5,039,220	3,828,843	3,388,814	3,545,098	37,134,324	0	37,134,324
<b>Non-current Liabilities</b>														
Borrowings			24,893,500	24,893,500	24,893,500	24,893,530	41,400,000	45,732,773	46,401,648	46,401,648	47,070,523	326,580,621		326,580,621
Amounts due to related parties	395,597	5,930,877	1,115,430	1,356,996	1,729,517	1,833,187	1,934,011		611,534		94,074	15,080,520	(15,084,607)	(4,088)
Loans from related parties		115,043,068	9,394,001	9,394,019	9,394,020	9,394,019	10,800,000	15,896,015	16,028,945	15,884,583	16,251,990	227,480,659	(224,972,835)	2,507,824
Deferred Revenue from Vessel Valuation												0		0
Interest rate Swaps							(423,603)	(1,312,282)	5	(0)	0	(1,735,879)		(1,735,879)
Cornerstone Investor Fee Rights LT												0		0
	395,597	120,973,945	35,402,931	35,644,515	36,017,037	36,120,736	53,710,408	60,316,506	63,042,131	62,365,528	63,416,587	567,405,920	(240,057,443)	327,348,478
<b>Total Liabilities</b>	<b>1,526,665</b>	<b>120,972,348</b>	<b>40,298,751</b>	<b>40,464,839</b>	<b>41,013,861</b>	<b>40,975,811</b>	<b>54,345,242</b>	<b>65,355,726</b>	<b>66,870,974</b>	<b>65,754,343</b>	<b>66,961,684</b>	<b>604,540,244</b>	<b>(240,057,443)</b>	<b>364,482,802</b>
<b>Capital and Reserves</b>														
Share Capital	100,200	12,000	130	130	130	130	130	130	130	130	130	113,370	(13,170)	100,200
Additional Paid In Capital												0		0
Retained Earnings/(Accumulated Losses)		(2,613,644)	1,963,346	(2,103,002)	33,605	(201,545)	5,857,448	1,109,749	1,600,275	1,935,070	1,170,859	8,752,162		8,752,162
Profit/ (Loss) for the year	909,812	(123,460)	(2,463,230)	(1,924,892)	(2,750,099)	(2,335,512)	(3,919,916)	1,805,506	1,946,668	2,054,583	2,114,785	(4,685,753)		(4,685,753)
Other Comprehensive Income							(0)	0	(91,801)	(267,398)	(356,790)	(715,988)		(715,988)
Other reserves	113,234,391											113,234,391		113,234,391
<b>Total Shareholders' Equity</b>	<b>114,244,403</b>	<b>(2,725,104)</b>	<b>(499,754)</b>	<b>(4,027,764)</b>	<b>(2,716,363)</b>	<b>(2,536,926)</b>	<b>1,937,662</b>	<b>2,915,385</b>	<b>3,455,273</b>	<b>3,722,385</b>	<b>2,928,985</b>	<b>116,698,181</b>	<b>(13,170)</b>	<b>116,685,011</b>
<b>Total Equity and Liabilities</b>	<b>115,771,067</b>	<b>118,247,244</b>	<b>39,798,997</b>	<b>36,437,076</b>	<b>38,297,498</b>	<b>38,438,885</b>	<b>56,282,903</b>	<b>68,271,111</b>	<b>70,326,247</b>	<b>69,476,728</b>	<b>69,890,669</b>	<b>721,238,426</b>	<b>(240,070,613)</b>	<b>481,167,813</b>

**Exhibit D-4**

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

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	:
In re:	: Chapter 11
	:
NAUTILUS HOLDINGS LIMITED, <u>et al.</u> ,	:: Case No. 14-22885 (RDD)
	:
Debtors. <sup>1</sup>	: (Jointly Administered)
	:
-----	x

**AMENDED DISCLOSURE STATEMENT FOR THE JOINT PLAN OF REORGANIZATION OF  
NAUTILUS HOLDINGS LIMITED AND CERTAIN OF ITS AFFILIATES  
PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE**

Jay M. Goffman  
Mark A. McDermott  
Shana A. Elberg  
Suzanne D.T. Lovett  
SKADDEN, ARPS, SLATE, MEAGHER & FLOM  
LLP  
Four Times Square  
New York, New York 10036  
Telephone: (212) 735-3000  
Facsimile: (212) 735-2000

Counsel for the Debtors and Debtors in Possession

Dated: ~~October~~ 15 November 19, 2014  
New York, NY

**THIS PROPOSED DISCLOSURE STATEMENT HAS NOT BEEN APPROVED BY THE BANKRUPTCY COURT AS CONTAINING ADEQUATE INFORMATION WITHIN THE MEANING OF BANKRUPTCY CODE SECTION 1125(a). THIS IS NOT A SOLICITATION OF ACCEPTANCE OR REJECTION OF THE PLAN. ACCEPTANCES OR REJECTIONS WILL NOT BE SOLICITED UNTIL THE BANKRUPTCY COURT HAS APPROVED THIS PROPOSED DISCLOSURE STATEMENT. THE DEBTORS RESERVE THE RIGHT TO AMEND OR SUPPLEMENT THIS PROPOSED DISCLOSURE STATEMENT AT OR BEFORE THE HEARING TO CONSIDER THIS PROPOSED DISCLOSURE STATEMENT.**

<sup>1</sup> The Debtors and, where applicable, the last four digits of their Hong Kong taxpayer identification codes are as follows: Nautilus Holdings Limited, Nautilus Holdings No. 2 Limited, Nautilus Shipholdings No. 1 Limited, Nautilus Shipholdings No. 2 Limited, Nautilus Shipholdings No. 3 Limited, Able Challenger Limited (8877), Charming Energetic Limited (0936), Dynamic Continental Limited (0928), Earlstown Limited (1898), Findhorn Osprey Limited (8075), Floral Peninsula Limited (4549), Golden Knighthead Limited (6376), Magic Peninsula Limited (0950), Metropolitan Harbour Limited (7969), Metropolitan Vitality Limited (9019), Miltons Way Limited (6180), Perpetual Joy Limited (0897), Regal Stone Limited (3636), Resplendent Spirit Limited (8114), Superior Integrity Limited (0934), and Vivid Mind Limited (7935). The Debtors maintain offices at 445 Hamilton Avenue, 11th Floor, White Plains, New York, 10601; 35th FL, Citicorp Centre, 18 Whitfield Road, North Point, Hong Kong; 23rd FL, 248 Queen's Road East, Wanchai, Hong Kong; and Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda.

## INTRODUCTION AND DISCLAIMER

Nautilus Holdings Limited ("NHL") and certain of its affiliates (collectively, the "Debtors") submit this Disclosure Statement to holders of claims entitled to vote on the Amended Joint Plan of Reorganization of Nautilus Holdings Limited and Certain of its Affiliates, dated as of ~~October 15~~ November 19, 2014, a copy of which is annexed hereto as Appendix A (the "Plan").<sup>2</sup> The Disclosure Statement is to be used by each such person solely in connection with its evaluation of the Plan. Use of this Disclosure Statement for any other purpose is not authorized. No assertion of fact or conclusion of law contained herein shall be binding on any party other than the Debtors.

THE TABLE SET FORTH BELOW SUMMARIZES THE CLASSIFICATION AND TREATMENT OF ALL CLAIMS AGAINST AND INTERESTS IN THE DEBTORS. FOR A COMPLETE UNDERSTANDING OF THE PLAN, YOU SHOULD READ THIS DISCLOSURE STATEMENT, THE PLAN, AND THE APPENDICES AND EXHIBITS THERETO IN THEIR ENTIRETY. IN THE EVENT OF ANY INCONSISTENCY BETWEEN THE PLAN AND THIS DISCLOSURE STATEMENT, THE TERMS OF THE PLAN ARE CONTROLLING.

Description And Amount Of Claims Or Interests	Summary Of Treatment
<b>Administrative Claims</b>	An Administrative Claim is a claim for costs and expenses of administration of the Chapter 11 Cases, including Professional Fee Claims (as defined in the Plan) and amounts advanced pursuant to the DIP Financing Orders (as defined in the Plan). Except as otherwise expressly provided for in the Plan, all Allowed Administrative Claims will be paid in full in cash on the Effective Date of the Plan. However, any Allowed Administrative Claim based on a liability incurred by a Debtor in the ordinary course of business during the Chapter 11 Cases may be paid in the ordinary course of business in accordance with the terms and conditions of any agreement or customary payment terms, and Professional Fee Claims will be paid in accordance with an order of the Bankruptcy Court permitting such payment and the DVB Term Sheet (as defined below).

<sup>2</sup> All capitalized terms not otherwise defined in this Disclosure Statement have the meanings ascribed to such terms in the Plan.

Description And Amount Of Claims Or Interests	Summary Of Treatment
<b>Priority Tax Claims</b>	A Priority Tax Claim is a claim of a governmental unit for taxes accorded priority in right of payment under section 507(a)(8) of the Bankruptcy Code. The Debtors have received authority to pay all such Claims in the ordinary course, without interruption. To the extent any such Claim is not so paid, then on the Effective Date, each holder of an Allowed Priority Tax Claim shall have its claim reinstated, which means that such holder's legal, equitable and contractual rights with respect to its Priority Tax Claim will be left unaltered and paid in the ordinary course, unless such holder and the Debtors agree to different treatment.
<b>Class 1 – Other Priority Claims (Estimated Amount of Other Priority Claims: \$0)</b>	An Other Priority Claim is a claim accorded priority in right of payment under section 507(a) of the Bankruptcy Code, such as claims for wages and related matters. The Debtors do not believe they have any such claims. To the extent any such claim is not paid in the ordinary course, without interruption, then as soon as reasonably practicable after the Effective Date, each holder of an Allowed Other Priority Claim will be paid in full in cash.
<b>Class 2 – Other Secured Claims (Estimated Amount of Other Secured Claims: \$0)</b>	An Other Secured Claim is any claim that is secured by a lien on the Debtors' property, or that is subject to setoff, other than a Citi Facility Claim, Columbia Facility Claim, DVB 1 Facility Claim, DVB 2 Facility Claim, Flowers Facility Claim, or HSH-YM Facility Claim. The Debtors do not believe that they have any such claims. On, or as soon as reasonably practicable after, the Effective Date, each Allowed Other Secured Claim will be reinstated, subject to the terms of the DVB Term Sheet (defined below).
<b>Classes 3A and 3B – Citi Facility Claims (Estimated Amount of Citi Facility Claims: \$273,757,991)</b>	<p>A Citi Facility Claim is a claim outstanding under the Citi Facility Documents (as defined below), including for the avoidance of doubt, claims arising under any swap agreements related to the Citi Facility, on a pari passu basis. Class 3A consists of Citi Facility Claims to the extent such <del>claims</del> <u>Claims</u> are <del>secured</del> <u>Secured</u>. Class 3B consists of Citi Facility Claims to the extent such <del>claims</del> <u>Claims</u> are not <del>secured</del> <u>Secured, if any</u>.</p> <p>On, or as soon as reasonably practicable after, the Effective Date, each <del>holder</del> <u>Holder</u> of an Allowed Class 3A Citi Facility Claim shall receive, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such Claims, its pro rata share of the Amended and Restated Citi Facility, as described in the term sheet attached as "Exhibit B" to the Plan, and each <del>holder</del> <u>Holder</u> of an Allowed Class 3B Citi Facility Claim, if any, shall receive, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such Claims, its pro rata share of 100% of the stock (subject to dilution by warrants) of Reorganized Nautilus</p>

Description And Amount Of Claims Or Interests	Summary Of Treatment
	<p>Shipholdings No. 3 Limited. However, no distribution will be made to <del>holders</del><u>Holders</u> of Allowed Citi Facility Tranche B Claims until the <del>holders</del><u>Holders</u> of Citi Facility Tranche A Claims have been paid in full, <del>and no distribution to Holders of Allowed Citi Facility Swap Claims shall be made until Holders of Allowed Citi Facility Tranche A Claims and Allowed Citi Facility Tranche B Claims have been paid in full.</del></p> <p><u>For the avoidance of doubt, the treatment provided to Holders of Citi Facility Claims shall be in full and final satisfaction, settlement, release, and discharge of, and in exchange for, all Claims arising under the Existing Citi Credit Agreement, and all guarantees relating to the Existing Citi Credit Agreement, including from Nautilus Shipholdings No. 3 Limited, shall be fully released as of the Effective Date.</u></p>
<p><b>Classes 4A and 4B – Columbia Facility Claims (Estimated Amount of Columbia Facility Claims: \$41,841,734)</b></p>	<p>A Columbia Facility Claim is a claim outstanding under the Columbia Facility Documents (as defined below). Class 4A consists of Columbia Facility Claims to the extent such claims are secured. Class 4B consists of Columbia Facility Claims to the extent such claims are not secured.</p> <p>On, or as soon as reasonably practicable after, the Effective Date, each Holder of <del>an</del> Allowed Class 4A <u>and 4B</u> Columbia Facility <del>Claim</del><u>Claims</u> shall <u>(1)</u> receive, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such Claims, the return of the vessel securing such Claims, <del>subject to the C-F ROFR</del><u>free and clear of any liens, claims, or encumbrances, (2)</u> <u>pay the F-C Consideration</u> (as defined in the Plan), and <del>each holder of an Allowed Class 4B Columbia Facility Claim, if any, shall receive, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such Claims, its pro rata share of the stock of Reorganized Debtor Miltons Way Limited.</del><u>(3) assume the F-C Technical Manager Costs (as defined in the Plan). The Debtors shall use the F-C Consideration to satisfy (i) all claims against the vessels securing the F-C Credit Agreements other than F-C Technical Manager Costs and (ii) amounts advanced to the Debtors obligated under the F-C Credit Agreements pursuant to the Bankruptcy Court's DIP Financing Orders (less the portion of the Synergy management fee paid by the MH Debtor and GK Debtor and pooled at NHL, as set forth in the DVB Term Sheet). For the avoidance of doubt,</u></p> <p><u>(1) all guarantees relating to the Existing Columbia Credit Agreement, including from Nautilus Shipholdings No. 1 Limited, shall be fully released as of the Effective Date, and (2) the return of the vessel shall include the transfer of all, to the extent that these items relate to the relevant vessel, (i) receivables, (ii) credits, and (iii) prepayments. The Debtors shall not accelerate any receivables or the use of any credits or prepayments.</u></p>
<p><b>Classes 5 – DVB 1 Facility Claims</b></p>	<p>A DVB 1 Facility Claim is a claim outstanding under the DVB 1</p>

Description And Amount Of Claims Or Interests	Summary Of Treatment
<b>(Estimated Amount of DVB 1 Facility Claims: \$73,191,500)</b>	<p>Facility Documents (as defined below), including for the avoidance of doubt, any claims arising under any swap agreements related to the DVB 1 Facility, on a pari passu basis.</p> <p>On, or as soon as reasonably practicable after, the Effective Date, each Holder of an Allowed Class 5 DVB 1 Facility Claim shall receive, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such Claim, <u>(1) its pro rata share of the Amended and Restated DVB 1 Facility</u><del>and, (2) the other treatment described in the DVB Term Sheet (defined below)</del> attached as “Exhibit <del>DE</del>” to the Plan<del>-, and (3) payment of all interest accrued and unpaid as of the Effective Date. Swap agreement obligations arising under the Existing DVB 1 Facility Documents that accrued as of the Effective Date shall be paid in the ordinary course consistent with the terms of the existing swap agreement.</del></p>
<b>Classes 6 – DVB 2 Facility Claims (Estimated Amount of DVB 2 Facility Claims: \$73,191,500)</b>	<p>A DVB 2 Facility Claim is a claim outstanding under the DVB 2 Facility Documents (as defined below), including for the avoidance of doubt, any claims arising under any swap agreements related to the DVB 2 Facility, on a pari passu basis.</p> <p>On, or as soon as reasonably practicable after, the Effective Date, each Holder of an Allowed Class 6 DVB 2 Facility Claim shall receive, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such Claim, <u>(1) its pro rata share of the Amended and Restated DVB 2 Facility</u><del>and, (2) the other treatment described in the DVB Term Sheet (defined below)</del> attached as “Exhibit <del>DE</del>” to the Plan<del>-, and (3) payment of all interest accrued and unpaid as of the Effective Date. Swap agreement obligations arising under the Existing DVB 2 Facility Documents that accrued as of the Effective Date shall be paid in the ordinary course consistent with the terms of the existing swap agreement.</del></p>



Description And Amount Of Claims Or Interests	Summary Of Treatment
<p><b>Classes 7A and 7B – Flowers Facility Claims (Estimated Amount of Flowers Facility Claims: \$119,394,468)</b></p>	<p>A Flowers Facility Claim is a claim outstanding under the Flowers Facility Documents (as defined below). Class 7A consists of Flowers Facility Claims to the extent such claims are secured. Class 7B consists of Flowers Facility Claims to the extent such claims are not secured.</p> <p>On, or as soon as reasonably practicable after, the Effective Date, <del>each</del>the Holder of an Allowed Class 7A <del>and 7B</del> Flowers Facility <del>Claim</del>Claims shall (1) receive, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such Claims, the return of the vessels securing such Claims, <del>subject to the C-F ROFR</del>free and clear of any liens, claims, or encumbrances, (2) pay the F-C Consideration (as defined in the Plan), and <del>each holder of an Allowed Class 7B Flowers Facility Claim, if any, shall receive, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such Claims, 100% of the stock of Reorganized Debtors Findhorn Osprey Limited, Earlstown Limited, Floral Peninsula Limited, and Resplendent Spirit Limited.</del>(3) assume the F-C Technical Manager Costs (as defined in the Plan). The Debtors shall use the F-C Consideration to satisfy (i) all claims against the vessels securing the F-C Credit Agreements other than F-C Technical Manager Costs and (ii) amounts advanced to the Debtors obligated under the F-C Credit Agreements pursuant to the Bankruptcy Court's DIP Financing Orders (less the portion of the Synergy management fee paid by the MH Debtor and GK Debtor and pooled at NHL, as set forth in the DVB Term Sheet). For the avoidance of doubt, (1) all guarantees relating to the Existing Flowers Credit Agreement, including from Nautilus Shipholdings No. 1 Limited, shall be fully released as of the Effective Date, and (2) the return of the vessels shall include the transfer of all, to the extent that these items relate to the relevant vessels, (i) receivables, (ii) credits, and (iii) prepayments. The Debtors shall not accelerate any receivables or the use of any credits or prepayments.</p>
<p><b>Classes <del>8A and 8B</del> – HSH-YM Facility Claims (Estimated Amount of HSH-YM Facility Claims: \$191,194,322)</b></p>	<p>An HSH-YM Facility Claim is a claim outstanding under the HSH-YM Facility (as defined below).<del>Class 8A consists of HSH-YM Facility Claims to the extent such claims are secured. Class 8B consists of HSH-YM Facility Claims to the extent such claims are not secured.</del></p> <p>On, or as soon as reasonably practicable after, the Effective Date, each Holder of an Allowed Class <del>8A</del> HSH-YM Facility Claim shall receive, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such <del>Claims</del>Claim, its pro rata share of <del>the tranche A loans under the Amended and Restated HSH-YM Facility, and each holder of an Allowed Class 8B HSH-YM Facility Claim, if any, shall receive, in full and final satisfaction, settlement, release, and discharge of, and in exchange</del></p>

Description And Amount Of Claims Or Interests	Summary Of Treatment
	<p><del>for, such Claims, its pro rata share of the tranche B</del> loans under the Amended and Restated HSH-YM Facility. If 60% <u>or greater</u> of Class 8 votes to accept the Plan, the Amended and Restated HSH-YM Facility shall have the terms set forth in Option A on “Exhibit A” <del>to</del><u>of</u> the Plan. If less than 60% of Class 8 votes to accept the Plan, the Amended and Restated HSH-YM Facility shall have the terms set forth in Option B on “Exhibit A” <del>to</del><u>of</u> the Plan.</p> <p><u>For the avoidance of doubt, the treatment provided to Holders of Class 8 HSH-YM Facility Claim shall be in full and final satisfaction, settlement, release, and discharge of, and in exchange for, all Claims arising under the Existing HSH-YM Credit Agreement, including any Claims arising from or related to any second-priority liens on the vessels securing the Existing Flowers Credit Agreement, which liens shall be terminated and released. All guarantees relating to the Existing HSH-YM Credit Agreement, including from Nautilus Shipholdings No. 1 Limited, shall be fully released as of the Effective Date.</u></p>

Description And Amount Of Claims Or Interests	Summary Of Treatment
<b>Class 9 – General Unsecured Claims</b>	<p>A General Unsecured Claim means any claim other than an Administrative Claim, a Priority Tax Claim, an Other Priority Claim, an Other Secured Claim, a Citi Facility Claim, a Columbia Facility Claim, a DVB 1 Facility Claim, a DVB 2 Facility Claim, a Flowers Facility Claim, an HSH-YM Facility Claim, or an Intercompany Claim. <u>Class 9 consists of 21 subclasses, with each subclass consisting of General Unsecured Claims against a particular Debtor.</u></p> <p>Within ninety (90) days after the Effective Date or, if such General Unsecured <del>Claims</del><u>Claim</u> becomes Allowed after the Effective Date, as soon as reasonably practicable after the date on which such General Unsecured Claim becomes Allowed, each <del>holder of a</del><u>Holder of an Allowed Class 9</u> General Unsecured Claim shall receive, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such Claim, the amount of such Allowed General Unsecured Claim, excluding interest accrued after the Petition Date.</p>
<b>Class 10 – Interests in Nautilus Holdings Limited and Nautilus Holdings No. 2 Limited</b>	All Interests in NHL or Nautilus Holdings No. 2 Limited (" <u>NH2L</u> ") <del>;</del> will, on the Effective Date, be reinstated. <sup>3</sup>
<b>Class 11 – Intercompany Claims</b>	An Intercompany Claim is a claim of a Debtor against another Debtor. On or prior to the Effective Date, all Class 11 Intercompany Claims may be Reinstated subject to the terms of the DVB Term Sheet, or, at the Debtors' or Reorganized Debtors' option, be cancelled or compromised, and no distribution shall be made on account of such Claims.
<b>Class 12 – Intercompany Interests in Other Debtors</b>	An Intercompany Interest is an Interest in a Debtor held by another Debtor. Class 12 consists of all Intercompany Interests for each Debtor except Nautilus Holdings Limited, Nautilus Holdings No. 2 Limited, Nautilus Shipholdings No. 3 Limited, Miltons Way Limited, Findhorn Osprey Limited, Earlstown Limited, Floral Peninsula Limited, and Resplendent Spirit Limited. On the Effective Date, all Allowed Intercompany Interests in Other Debtors will be reinstated.

<sup>3</sup> The Holders of such Interests are Reminiscent and Elektra. Andreas Papathomas is the ultimate beneficiary owner of Reminiscent and Elektra and the chief executive officer and director of each of NHL, NH2L and each Intermediate HoldCo.

Description And Amount Of Claims Or Interests	Summary Of Treatment
<b>Class 13 – Intercompany Interests in C-F <del>Silo</del> Debtors</b>	An Intercompany Interest in a C-F <del>Silo</del> Debtor is an Intercompany Interest in Miltons Way Limited, Findhorn Osprey Limited, Earlstown Limited, Floral Peninsula Limited, and Resplendent Spirit Limited. On <del>or prior to</del> the Effective Date, <del>each holder of a Class 13 all Intercompany Interest in Citi Silo Debtors shall receive the C-F ROFR (as defined in the Plan).</del> <u>Interests in C-F Debtors will be deemed to be cancelled without further action by the Debtors or Reorganized Debtors. The Holder of such cancelled interests shall receive distribution(s) from the estates of Miltons Way Limited, Findhorn Osprey Limited, Earlstown Limited, Floral Peninsula Limited, and Resplendent Spirit Limited, to the extent there is any cash or assets remaining after the payment of the respective claims of such debtors.</u>
<b>Class 14 – Intercompany Interests in Citi Silo Debtors</b>	An Intercompany Interest in a Citi Silo Debtor is an Intercompany Interests in Nautilus Shipholdings No. 3 Limited. On or prior to the Effective Date, each Holder of a Class 13 Intercompany Interest in Citi Silo Debtors shall receive its pro rata share of the warrants exercisable for up to 15% of the equity of each of Reorganized Debtors Nautilus Shipholdings No. 3 Limited, Vivid Mind Limited, Perpetual Joy Limited, Regal Stone Limited, Charming Energetic Limited, and Dynamic Continental Limited, on fully diluted basis, as described in the term sheet attached to the Plan as "Exhibit C." <sup>4</sup> A form of the warrant agreement will be filed with the Plan Supplement.

THE DEBTORS HAVE PREPARED THIS PROPOSED DISCLOSURE STATEMENT PURSUANT TO BANKRUPTCY CODE SECTION 1125 FOR USE IN THE SOLICITATION OF VOTES ON THE PLAN. FOR A COMPLETE UNDERSTANDING OF THE PLAN, YOU SHOULD READ THIS DISCLOSURE STATEMENT, INCLUDING **SECTION V — "RISK FACTORS TO BE CONSIDERED,"** THE PLAN, AND THE APPENDICES AND EXHIBITS HERETO AND THERETO IN THEIR ENTIRETY. IN THE EVENT OF ANY INCONSISTENCY BETWEEN THE PLAN AND THIS DISCLOSURE STATEMENT, THE TERMS OF THE PLAN ARE CONTROLLING.

THE CONFIRMATION AND EFFECTIVENESS OF THE PLAN ARE SUBJECT TO THE SATISFACTION OR WAIVER OF MATERIAL CONDITIONS PRECEDENT. THERE CAN BE NO ASSURANCE THAT THOSE CONDITIONS PRECEDENT WILL BE SATISFIED. THE DEBTORS CURRENTLY INTEND TO SEEK TO EFFECTUATE THE PLAN PROMPTLY AFTER CONFIRMATION OF THE PLAN. THERE CAN BE NO ASSURANCE, HOWEVER, AS TO WHEN AND WHETHER CONFIRMATION OF THE PLAN AND THE EFFECTIVE DATE ACTUALLY WILL OCCUR. PROCEDURES FOR DISTRIBUTIONS UNDER THE PLAN, INCLUDING MATTERS THAT ARE

<sup>4</sup> The Holder of such Interests is NHL, which is wholly owned by Elektra. Andreas Papatthomas is the ultimate beneficiary owner of Elektra and the chief executive officer and director of each of NHL and Nautilus Shipholdings No. 3 Limited.

EXPECTED TO AFFECT (A) THE TIMING OF THE RECEIPT OF DISTRIBUTIONS BY HOLDERS OF CLAIMS IN CERTAIN CLASSES AND (B) THE AMOUNT OF DISTRIBUTIONS ULTIMATELY RECEIVED BY SUCH HOLDERS ARE DESCRIBED IN **SECTION IV — "SUMMARY OF THE PLAN OF REORGANIZATION."** IF THE PLAN IS NOT CONFIRMED AND/OR EFFECTUATED, THEN THE DEBTORS WILL HAVE TO CONSIDER ALL OF THEIR OPTIONS AS DEBTORS IN BANKRUPTCY.

NO PERSON IS AUTHORIZED BY THE DEBTORS IN CONNECTION WITH THE PLAN OR THE SOLICITATION TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION REGARDING THIS DISCLOSURE STATEMENT OR THE PLAN OTHER THAN AS CONTAINED IN THIS DISCLOSURE STATEMENT AND THE APPENDICES ATTACHED HERETO OR INCORPORATED HEREIN BY REFERENCE OR REFERRED TO HEREIN. IF SUCH INFORMATION OR REPRESENTATION IS GIVEN OR MADE, IT MAY NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE DEBTORS.

THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE LEGAL, BUSINESS, FINANCIAL, OR TAX ADVICE. ANY CREDITOR OR INTEREST HOLDER DESIRING ANY SUCH ADVICE OR ANY OTHER ADVICE SHOULD CONSULT WITH ITS OWN ADVISORS.

THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT, INCLUDING THE INFORMATION REGARDING THE DEBTORS' HISTORY, BUSINESS, AND OPERATIONS, IS INCLUDED FOR PURPOSES OF SOLICITING ACCEPTANCES OF THE PLAN BUT, AS TO CONTESTED MATTERS AND ADVERSARY PROCEEDINGS THAT MAY BE PENDING AS OF THE FILING OF THE DEBTORS' CHAPTER 11 CASES OR COMMENCED AFTER THE FILING OF THE DEBTORS' CHAPTER 11 CASES, IS NOT TO BE CONSTRUED AS AN ADMISSION OR A STIPULATION BUT RATHER AS A STATEMENT MADE IN SETTLEMENT NEGOTIATIONS.

THIS DISCLOSURE STATEMENT MAY NOT BE RELIED ON FOR ANY PURPOSE OTHER THAN TO DETERMINE WHETHER TO VOTE TO ACCEPT OR REJECT THE PLAN, AND NOTHING STATED HEREIN CONSTITUTES AN ADMISSION OF ANY FACT OR LIABILITY BY ANY PARTY, OR SHALL BE ADMISSIBLE IN ANY PROCEEDING INVOLVING THE DEBTORS OR ANY OTHER PARTY, OR BE DEEMED A REPRESENTATION OF THE TAX OR OTHER LEGAL EFFECTS OF THE PLAN ON THE DEBTORS OR HOLDERS OF CLAIMS OR INTERESTS. CERTAIN OF THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT, BY THEIR NATURE, ARE FORWARD-LOOKING AND CONTAIN ESTIMATES AND ASSUMPTIONS. THERE CAN BE NO ASSURANCE THAT SUCH STATEMENTS WILL BE REFLECTIVE OF ACTUAL OUTCOMES. ALL HOLDERS OF IMPAIRED CLAIMS SHOULD CAREFULLY READ AND CONSIDER THIS DISCLOSURE STATEMENT AND THE PLAN IN THEIR ENTIRETY, INCLUDING **SECTION V — "RISK FACTORS TO BE CONSIDERED,"** BEFORE VOTING TO ACCEPT OR REJECT THE PLAN.

THIS DISCLOSURE STATEMENT CONTAINS SUMMARIES OF CERTAIN PROVISIONS OF THE PLAN, CERTAIN DOCUMENTS RELATED TO THE PLAN, CERTAIN EVENTS IN THE DEBTORS' CHAPTER 11 CASES AND CERTAIN FINANCIAL INFORMATION. ALTHOUGH THE DEBTORS BELIEVE THAT SUCH SUMMARIES ARE FAIR AND ACCURATE, SUCH SUMMARIES ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE FULL TEXT OF SUCH DOCUMENTS. FACTUAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS BEEN PROVIDED BY THE DEBTORS' MANAGEMENT, EXCEPT WHERE OTHERWISE SPECIFICALLY NOTED. UNLESS SPECIFICALLY NOTED, THE FINANCIAL INFORMATION CONTAINED HEREIN HAS NOT BEEN AUDITED BY A CERTIFIED PUBLIC ACCOUNTING FIRM. THE DEBTORS DO NOT WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED HEREIN, INCLUDING FINANCIAL INFORMATION, IS WITHOUT ANY INACCURACY OR OMISSION.

THE DEBTORS BELIEVE THAT CONFIRMATION AND IMPLEMENTATION OF THE PLAN IS IN THE BEST INTERESTS OF THE DEBTORS' ESTATES, CREDITORS AND EQUITY INTEREST HOLDERS. ACCORDINGLY, THE DEBTORS URGE HOLDERS OF CLAIMS TO VOTE TO ACCEPT THE PLAN. FOR FURTHER INFORMATION AND INSTRUCTIONS ON VOTING TO ACCEPT

OR REJECT THE PLAN, SEE SECTION I OF THIS DISCLOSURE STATEMENT, ENTITLED "PLAN VOTING INSTRUCTIONS AND PROCEDURES."

EXCEPT WITH RESPECT TO THE "FINANCIAL PROJECTIONS" ATTACHED HERETO AS APPENDIX C AND EXCEPT AS OTHERWISE SPECIFICALLY AND EXPRESSLY STATED HEREIN, THIS DISCLOSURE STATEMENT DOES NOT REFLECT ANY EVENTS THAT MAY OCCUR SUBSEQUENT TO THE DATE HEREOF AND THAT MAY HAVE A MATERIAL IMPACT ON THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT. ACCORDINGLY, THE DELIVERY OF THIS DISCLOSURE STATEMENT WILL NOT, UNDER ANY CIRCUMSTANCE, IMPLY THAT THE INFORMATION HEREIN IS CORRECT OR COMPLETE AS OF ANY TIME SUBSEQUENT TO THE DATE HEREOF.

**SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS:** This Disclosure Statement contains certain forward-looking statements, all of which are based on various estimates and assumptions. Such forward-looking statements are subject to inherent uncertainties and to a wide variety of significant business, economic, and competitive risks, including, among others, those summarized herein. *See Section V — "Risk Factors To Be Considered."* When used in this Disclosure Statement, the words "anticipate," "believe," "estimate," "will," "may," "intend," and "expect" and similar expressions generally identify forward-looking statements. Although the Debtors believe that their plans, intentions, and expectations reflected in the forward-looking statements are reasonable, they cannot be sure that they will be achieved. These statements are only predictions and are not guarantees of future performance or results. Forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated by a forward-looking statement. All forward-looking statements attributable to the Debtors or persons acting on their behalf are expressly qualified in their entirety by the cautionary statements set forth in this Disclosure Statement. Forward-looking statements speak only as of the date on which they are made. Except as required by law, the Debtors expressly disclaim any obligation to update any forward-looking statement, whether as a result of new information, future events, or otherwise.

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## **I. PLAN VOTING INSTRUCTIONS AND PROCEDURES**

### **A. Notice to the Lenders**

This Disclosure Statement is being transmitted to holders of claims and interests that are entitled under the Bankruptcy Code to vote on the Plan. The only classes that are entitled to vote on the Plan are: 3A, 3B, 4A, 4B, 5, 6, 7A, 7B, ~~8A, 8B~~, 9, 13, and 14. The purpose of this Disclosure Statement is to provide adequate information to enable such holders to make a reasonably informed decision with respect to the Plan prior to exercising their right to vote to accept or reject the Plan. All other classes are either unimpaired under the Plan, in which case the holders of claims and interests in such classes are deemed to have accepted the Plan, or are receiving no distribution under the Plan, in which case the holders of claims and interests in such classes are deemed to have rejected the Plan.

ALL HOLDERS OF IMPAIRED CLAIMS AND INTERESTS ENTITLED TO VOTE ON THE PLAN ARE ENCOURAGED TO READ THIS DISCLOSURE STATEMENT AND ITS APPENDICES CAREFULLY AND IN THEIR ENTIRETY BEFORE DECIDING TO VOTE TO ACCEPT OR REJECT THE PLAN. THIS DISCLOSURE STATEMENT CONTAINS IMPORTANT INFORMATION ABOUT THE PLAN AND IMPORTANT CONSIDERATIONS PERTINENT TO ACCEPTANCE OR REJECTION OF THE PLAN. THIS DISCLOSURE STATEMENT, THE PLAN, AND BALLOTS ARE THE ONLY DOCUMENTS TO BE USED IN CONNECTION WITH THE SOLICITATION OF VOTES ON THE PLAN. NO PERSON HAS BEEN AUTHORIZED TO DISTRIBUTE ANY INFORMATION CONCERNING THE DEBTORS RELATING TO THE SOLICITATION OTHER THAN THE INFORMATION CONTAINED HEREIN.

### **B. Solicitation Procedures and Solicitation Package**

The Debtors are causing "Solicitation Packages" to be distributed to holders of Claims and Interests. With respect to holders of Claims and Interests entitled to vote on the Plan, each Solicitation Package shall include: (1) a copy of the order approving the form and contents of the Disclosure Statement (the "Disclosure Statement Approval Order"), (2) a notice of the hearing to consider confirmation of the Plan (the "Confirmation Hearing Notice"), (3) this Disclosure Statement with the Plan annexed thereto, and (4) an appropriate form of ballot(s) and appropriate return envelope with postage pre-paid. With respect to holders of Claims and Interests not entitled to vote on the Plan, each Solicitation Package shall include (1) the Confirmation Hearing Notice, (2) a notice of such holder's non-voting status – unimpaired classes, and (3) such other materials as may be ordered or permitted by the Bankruptcy Court.

The Disclosure Statement Approval Order sets forth, among other things (1) solicitation procedures with respect to holders of Claims and Interests in voting classes, (2) the deadline for submitting ballots to accept or reject the Plan, (3) the date, time and place of hearing to consider confirmation of the Plan and the time for filing objections to the Plan, (4) the voting record date, and (5) procedures for tabulation of the ballots cast on the Plan, including assumptions and procedures for tabulating ballots that are not completed fully or correctly. Holders of claims and interests should read the Disclosure Statement Approval Order and, if applicable, the instructions attached to your ballot received in the Solicitation Package in connection with this section of the Disclosure Statement.

### **C. Voting Procedures and Voting Deadline**

After carefully reviewing the Plan, this Disclosure Statement, and the detailed instructions accompanying your ballot, please indicate your acceptance or rejection of the Plan by voting in favor of or against the Plan on the enclosed ballot. Please complete and sign your ballot and return your ballot to Epiq Bankruptcy Solutions, LLC (the "Voting Agent") either by fax to the fax number set forth below; email, to the email address set forth below; or by hand delivery during customary business hours, or overnight courier to the address set forth below, so that it is received by the Voting Deadline.

THE VOTING DEADLINE IS 5:00 P.M. PREVAILING EASTERN TIME ON DECEMBER 26, 2014 UNLESS EXTENDED BY THE DEBTORS (THE "VOTING DEADLINE"). THE VOTING RECORD

DATE FOR DETERMINING WHETHER A HOLDER OF A CLAIM IS ENTITLED TO VOTE ON THE PLAN IS NOVEMBER 14, 2014. FOR YOUR VOTE TO BE COUNTED, YOUR BALLOT MUST BE PROPERLY COMPLETED AS SET FORTH ABOVE AND IN ACCORDANCE WITH THE VOTING INSTRUCTIONS ON THE BALLOT AND RECEIVED NO LATER THAN THE VOTING DEADLINE BY THE VOTING AGENT AT THE ADDRESS, FAX NUMBER OR EMAIL ADDRESS SET FORTH BELOW.

**If by First-Class Mail:**

**Nautilus Holdings Limited Ballot Processing Center  
c/o Epiq Bankruptcy Solutions, LLC  
FDR Station, P.O. Box 5071  
New York, NY 10150-5071**

**If by Hand Delivery or Overnight mail:**

**Nautilus Holdings Limited Ballot Processing Center  
c/o Epiq Bankruptcy Solutions, LLC  
757 Third Avenue, 3rd Floor  
New York, NY 10017**

If you have any questions about the procedure for voting your Claim, the packet of materials that you have received or the amount of your Claim, or if you wish to obtain an additional copy of the Plan, this Disclosure Statement, or any appendices or exhibits to such documents, please contact the Voting Agent as follows:

**By Email: [tabulation@epiqsystems.com](mailto:tabulation@epiqsystems.com)  
By Phone: (646) 282-2500**

Except as provided below, unless the ballot is timely submitted to the Voting Agent before the Voting Deadline or the Bankruptcy Court orders otherwise, the Debtors may, in their sole discretion, reject such ballot as invalid, and therefore decline to utilize it in connection with seeking confirmation of the Plan ("Confirmation"). In the event that any Claim is the subject of an objection or contested matter, any vote to accept or reject the Plan cast with respect to such Claim will not be counted for purposes of determining whether the Plan has been accepted or rejected, unless the Bankruptcy Court orders otherwise.

**D. Revocation; Waivers of Defects; Irregularities**

Unless otherwise directed by the Bankruptcy Court, all questions as to the validity, form, eligibility (including time of receipt), acceptance, revocation, or withdrawal of ballots will be determined by the Voting Agent and the Debtors in their sole discretion, which determination will be final and binding. Once a party delivers a valid ballot for the acceptance or rejection of the Plan, such party may not withdraw or revoke such acceptance or rejection without the Debtors' written consent or an order of the Bankruptcy Court; *provided, however*, that DVB Bank SE, as the Holder of an Allowed Class 5 Claim, shall be entitled to withdraw its vote pursuant to the terms of the Restructuring Support Agreement (as defined below). The Debtors also reserve the right to reject any and all ballots not in proper form.

The Debtors further reserve the right to waive any defects or irregularities or conditions of delivery as to any particular ballot. The interpretation (including the ballot and the respective instructions therein) by the Debtors, unless otherwise directed by the Bankruptcy Court, will be final and binding on all parties. Unless waived, any defects or irregularities in connection with deliveries of ballots must be cured within such time as the Debtors (or the Bankruptcy Court) determine. Neither the Debtors nor any other person will be under any duty to provide notification of defects or irregularities with respect to deliveries of ballots nor will any of them incur any liabilities for failure to provide such notification. Unless otherwise directed by the Bankruptcy Court, delivery of such ballots will not be deemed to have been made until such irregularities have been cured or waived. Ballots previously furnished (and as to which any irregularities have not theretofore been cured or waived) will be invalidated.

**E. Confirmation Hearing and Deadline for Objections to Confirmation**

THE BANKRUPTCY COURT HAS SCHEDULED A HEARING TO CONSIDER CONFIRMATION OF THE PLAN ON JANUARY 9, 2015. PURSUANT TO THE NOTICE OF CONFIRMATION HEARING PROVIDED TO HOLDERS OF CLAIMS AND INTERESTS OR THEIR REPRESENTATIVES, OBJECTIONS TO CONFIRMATION MUST BE FILED WITH THE BANKRUPTCY COURT BY DECEMBER 29, 2014 AT 5:00 P.M. PREVAILING EASTERN TIME AND ARE GOVERNED BY BANKRUPTCY RULES 3020(B) AND 9014 AND THE LOCAL RULES OF THE BANKRUPTCY COURT. UNLESS AN OBJECTION TO CONFIRMATION IS TIMELY SERVED AND FILED, SUCH OBJECTION TO CONFIRMATION MAY NOT BE CONSIDERED BY THE BANKRUPTCY COURT AT THE CONFIRMATION HEARING.

**II. OVERVIEW OF THE DEBTORS**

This Disclosure Statement contains, among other things, descriptions and summaries of provisions of the Plan. Unless otherwise defined herein, all capitalized terms contained herein have the meanings ascribed to them in the Plan.

**A. Corporate Structure**

Nautilus Holdings Limited ("NHL") and Nautilus Holdings No. 2 Limited ("NH2L") are holding companies and ultimate parents of each of the other Debtors in these chapter 11 cases (the "Chapter 11 Cases"). A list of the Debtors and a corporate organization chart is attached as Appendix B hereto. NHL is wholly owned by equity holder Elektra Limited ("Elektra") and NH2L is wholly owned by equity holder Reminiscent Ventures S.A. ("Reminiscent"). NHL and NH2L together own three intermediate holding companies: Nautilus Shipholdings No. 1 Limited, Nautilus Shipholdings No. 2 Limited, and Nautilus Shipholdings No. 3 Limited (each, an "Intermediate HoldCo"). The Intermediate HoldCos in turn own 16 separate Debtors, each of which wholly-owns one of the Debtors' 16 vessels (each such Debtor, a "Vessel Owner"). NHL, NH2L and each of the Intermediate HoldCos maintains registered addresses at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda. The Vessel Owners maintain offices at 35th FL, Citicorp Centre, 18 Whitfield Road, North Point, Hong Kong and 23rd FL, 248 Queen's Road East, Wanchai, Hong Kong. All of the Debtors also maintain an office in White Plains, New York.

**B. Business Operations**

The Debtors are a leading owner of containerships engaged in the seaborne transportation of containers worldwide. The Debtors' enterprise currently includes a fleet of 16 vessels, each of which is wholly-owned by one of the Vessel Owners (each an indirect subsidiary of NHL or NH2L). The Debtors' fleet consists of containerships ranging in size from approximately 2,500 TEU to 7,000 TEU (together, the "Vessels") with a total carrying capacity of approximately 70,000 TEU, making the Debtors one of the world's top 25 independent containership owners. The term "TEU" stands for "twenty-foot equivalent unit," which is the standard unit for measuring a containership's cargo carrying capacity.

Synergy Management Services Limited ("Synergy"), a non-Debtor entity affiliated with Reminiscent and Elektra (Synergy, Reminiscent, and Elektra, collectively, the "Equity-Related Entities"), provides management services to the Debtors. The chairman of Synergy, Andreas Papatthomas, is also the ultimate beneficiary owner of Reminiscent and Elektra, and is the chief executive officer and director of each of NHL, NH2L and each Intermediate HoldCo. Synergy manages the business and affairs of the Debtors pursuant to management agreements with NHL and NH2L. Synergy provides commercial management to source and negotiate charters, manages customer relationships, and oversees the management of charter contracts. Synergy also provides general administrative and strategic management services to the Debtors, including financial and corporate management, business development, and relationship management with banks and lenders on behalf of the Debtors. Additionally, Synergy makes payment to certain vendors as agent for the Debtors, and in general, arranges for the purchase of certain services and supplies, such as obtaining insurance coverage and lubrication oils for the Vessels, on a consolidated basis to all the Debtors. Synergy also provides oversight to the Vessels by closely monitoring and managing Technical Managers (as defined below). Synergy's management of

all of the Debtors as a unified enterprise provides the Debtors with a competitive advantage in sourcing charter contracts and controlling both the cost and quality of the Vessels' operations.

Technical ship management and crewing services for the Vessels are provided through ship management companies ("Technical Managers"). Currently, these services are provided by two Technical Managers unaffiliated with Synergy or the Debtors – Anglo-Eastern Ship Management Limited and Univan Ship Management Limited. The Technical Managers provide operational management services for all of the Vessels pursuant to discrete technical management agreements with each Vessel. These services are provided under agreements substantially in the form of shipping industry standard "Shipman 98" contracts and include, among other things, arranging for and managing crews, vessel maintenance, repairs, and maintaining regulatory and classification society compliance. Synergy disburses monthly payments to the Technical Managers based upon an annual budget for each Vessel. The Technical Managers, in turn, pay certain of the Vessel Owners' vendors as agent for the Vessel Owners.

The Debtors generate revenues by deploying their fleet on fixed-rate period charters. The Debtors' Vessels are currently employed under fixed-rate period charters to a diverse group of container liner companies, including many of the largest such companies globally. Customers have included A P Moller – Maersk A/S, CMA CGM S.A., Evergreen Marine Corp. (Taiwan) Ltd., Yang Ming Marine Transport Corp., Hapag-Lloyd AG, United Arab Shipping Company (S.A.G.), and Compañía Chilena de Navegación Interoceánica S.A. The Vessels operate globally for the Debtors' customers on regularly scheduled routes between large commercial ports. From inception, the Debtors have employed a strategy to deploy their Vessels on long-term charters to take advantage of the associated stable cash flow and high utilization rates. The Debtors deploy their Vessels according to their assessment of market conditions. In the current market, shorter-term charter contracts may be preferred to avoid locking in fixed rates at low levels. As of October 15, 2014, all 16 of the Vessels in the Debtors' fleet were employed under fixed-rate period charters. With the Vessels owned by the Citi Silo Debtors, the Columbia Debtor, and the Flowers Debtors, for fiscal year 2015, the Debtors estimate that they will generate total revenue of approximately \$107 million and EBITDA, adjusted for non-recurring items and costs associated with its balance sheet restructuring, of approximately \$64 million. Without the Vessels owned by the Citi Silo Debtors, the Columbia Debtor, and the Flowers Debtors, for fiscal year 2015, the Debtors estimate that they will generate total revenue of approximately \$53 million and EBITDA, adjusted for non-recurring items and costs associated with its balance sheet restructuring, of approximately \$36 million.

### C. Capital Structure

As illustrated on the corporate organization chart attached as Appendix B hereto, the Vessel Owners are organized into four separate groups or "silos" that reflect obligations to separate lenders under six separate loan facilities (each a "Secured Credit Facility," and collectively, the "Secured Credit Facilities"). Each of these four silos and the related Secured Credit Facilities is described below.

#### 1. Silo 1 – "HSH Silo"

(a) The Columbia Facility. Debtor Miltons Way Limited (the "Columbia Debtor") is a borrower under that certain senior secured credit facility, dated as of July 6, 2007, utilized to partially finance the acquisition of one container vessel named *MV Columbia* (the "Columbia Facility"). The loan agreement and various documents executed in connection with the Columbia Facility, including, without limitation, any related swap agreement, guarantees, or pledges, are referred to herein as the "Columbia Facility Documents." The unpaid principal balance of the Columbia Facility is approximately \$41,400,000. The Columbia Debtor's obligations under the Columbia Facility are secured by liens on substantially all of the Columbia Debtor's hard assets, including the vessel and the Columbia Debtor's cash. HSH Nordbank AG ("HSH Nordbank") is the swap bank, agent, security trustee, and lender under the Columbia Facility. Nautilus Shipholdings No. 1 Limited is a party to a Guarantee dated as of July 6, 2007 pursuant to which it undertook to guarantee the Columbia Debtor's obligations in connection with the Columbia Facility (the "Columbia Facility Guarantee").

(b) The Flowers Facility. Debtors Resplendent Spirit Limited, Earlstown Limited, Findhorn Osprey Limited and Floral Peninsula Limited (collectively known as the "Flowers Debtors") are

borrowers under that certain senior secured credit facility, dated as of February 12, 2007, utilized to partially finance the acquisition of four container vessels named *MV Camellia*, *MV Dahlia*, *MV ANL Kardinia*, and *MV Violet* (the "Flowers Facility"). The loan agreement and various documents executed in connection with the Flowers Facility, including, without limitation, any related swap agreement, guarantees, or pledges, are referred to herein as the "Flowers Facility Documents." The unpaid principal balance of the Flowers Facility is approximately \$118,175,000. The Flowers Debtors' obligations under the Flowers Facility are secured by liens on substantially all of the Flowers Debtors' hard assets, including the vessels and the Flowers Debtors' cash. HSH Nordbank is the swap bank, agent, security trustee, and lender under the Flowers Facility. Nautilus Shipholdings No. 1 Limited is a party to a Guarantee dated as of February 12, 2007 pursuant to which it undertook to guarantee the Flowers Debtors' obligations in connection with the Flowers Facility (the "Flowers Facility Guarantee").

2. *Silo 2 – "HSH Syndicate Silo"*

(a) The HSH-YM Facility. Debtors Metropolitan Vitality Limited, Magic Peninsula Limited, Able Challenger Limited and Superior Integrity Limited (collectively known as the "HSH-YM Debtors") are borrowers under that certain senior secured credit facility, dated as of April 12, 2007, utilized to partially finance four container vessels named the *MV YM Oakland*, *MV YM Busan*, *MV YM Antwerp*, and *MV YM Keelung* (the "HSH-YM Facility"). The loan agreement and various documents executed in connection with the HSH-YM Facility, including, without limitation, any related swap agreement, guarantees, or pledges, are referred to herein as the "HSH-YM Facility Documents." The unpaid principal balance of the HSH-YM Facility is approximately \$190,957,589. The HSH-YM Debtors' obligations under the HSH-YM Facility are secured by first priority liens on substantially all of the HSH-YM Debtors' hard assets, including the vessels and the HSH-YM Debtors' cash, and second priority liens over the vessels owned by the Flowers Debtors. HSH Nordbank is the swap bank, agent, security trustee, and one of the lenders under the HSH-YM Facility. Nautilus Shipholdings No. 1 Limited is a party to a Guarantee dated as of April 12, 2007 pursuant to which it undertook to guarantee the HSH-YM Debtors' HSH-YM Facility' obligations in connection with the HSH-YM Facility (the "HSH-YM Facility Guarantee").

3. *Silo 3 – "DVB Silo"*

(a) Golden Knighthead (GK) – DVB Facility 1. Debtor Golden Knighthead Limited (the "GK Debtor") is party to that certain Loan Agreement, dated as of July 11, 2007, between the GK Debtor, as borrower, and DVB Bank SE (f/k/a DVB Bank AG), as lender, swap bank, agent, and security trustee, relating to a \$91,237,500 facility utilized to finance, in part, the purchase of the container vessel currently named M/V Texas (the "DVB 1 Facility"). The Loan Agreement and various documents executed in connection with the DVB 1 Facility, including, without limitation, the related swap agreement, guarantee, and Finance Documents (as defined in the Loan Agreement) are referred to herein as the "DVB 1 Facility Documents." The unpaid principal balance of the DVB 1 Facility is approximately \$73,191,500 (exclusive of swap obligations). To secure the payment and performance of all obligations under the DVB 1 Facility Documents, the GK Debtor granted DVB Bank SE, among other things, a first priority mortgage over the M/V Texas and a continuing security interest in the GK Debtor's cash. In addition, Debtor Nautilus Shipholdings No. 2 Limited granted DVB Bank SE, among other things, a continuing security interest in all shares of the GK Debtor, and Debtor Nautilus Shipholdings No. 2 Limited is a party to that certain Nautilus Guarantee, dated as of July 11, 2007, pursuant to which it guaranteed the obligations of the GK Debtor with respect to the DVB 1 Facility (the "DVB 1 Facility Guarantee").

(b) Metropolitan Harbour (MH) – DVB Facility 2. Debtor Metropolitan Harbour Limited (the "MH Debtor") is party to that certain Loan Agreement, dated as of July 11, 2007, between the MH Debtor, as borrower, and DVB Bank SE (f/k/a DVB Bank AG), as lender, swap bank, agent, and security trustee, relating to a \$91,237,500 facility utilized to finance, in part, the purchase of the container vessel currently named M/V Washington (the "DVB 2 Facility"). The Loan Agreement and various documents executed in connection with the DVB 2 Facility, including, without limitation, the related swap agreement, guarantee, and Finance Documents (as defined in the Loan Agreement) are referred to herein as the "DVB 2 Facility Documents." The unpaid principal balance of the DVB 2 Facility is approximately \$73,191,500 (exclusive of swap obligations). To secure the payment and performance of all obligations under the DVB 2

Facility Documents, the GK Debtor granted DVB Bank SE, among other things, a first priority mortgage over the M/V Washington and a continuing security interest in the MH Debtor's cash. In addition, Debtor Nautilus Shipholdings No. 2 Limited granted DVB Bank SE, among other things, a continuing security interest in all shares of the MH Debtor, and Debtor Nautilus Shipholdings No. 2 Limited is a party to that certain Nautilus Guarantee, dated as of July 11, 2007, pursuant to which it guaranteed the obligations of the MH Debtor with respect to the DVB 2 Facility (the "DVB 2 Facility Guarantee").

4. *Silo 4 – "Citi Silo"*

(a) Citi Facility. Debtors Charming Energetic Limited, Dynamic Continental Limited, Perpetual Joy Limited, Regal Stone Limited and Vivid Mind Limited (collectively known as the "Citi Silo Debtors") are borrowers under that certain senior secured credit facility, dated as of September 25, 2007, as amended by that certain Supplemental Agreement dated September 7, 2012, utilized to partially finance the purchase of five container vessels named *MV Rotterdam*, *MV Hamburg*, *MV Venezia*, *MV Corcovado* and *MV Ital Onesta* (the "Citi Facility"). The loan agreement and various documents executed in connection with the Citi Facility, including, without limitation, any related swap agreement, guarantees, or pledges, are referred to herein as the "Citi Facility Documents." The unpaid principal balance on the Citi Facility is approximately \$272,553,501. The Citi Facility is composed of two tranches, with tranche B fully subordinated to tranche A. The Citi Silo Debtors' obligations under the Citi Facility are secured by liens on substantially all of the Citi Silo Debtors' hard assets, including the vessels and the Citi Silo Debtors' cash. The counterparties to the Citi Facility are Citibank, N.A. and Bank of Scotland plc, in their capacity as swap banks, Citibank International plc as agent, Citibank, N.A. as security trustee, Citigroup Global Markets Limited as arranger and Citibank, N.A., Bank of Scotland plc, Lloyds TSB Bank plc, UniCredit Bank AG, Goldman Sachs Bank (Europe) Plc, Goldman Sachs International Bank and Sculptor Investments S.a.r.l. as lenders. Nautilus Shipholdings No. 3 Limited is a party to a Guarantee dated as of September 25, 2007 pursuant to which it undertook to guarantee the Citi Silo Debtors' obligations in connection with the Citi Facility (the "Citi Facility Guarantee").

The Secured Credit Facilities and swap agreements are summarized in the following chart:

Silo	Debt Instrument	Borrowers	Secured Parties	Guarantors	Number of Vessels Securing Debt	Approximate Swap Liability <sup>35</sup>	Approximate Amount Outstanding <sup>46</sup>
1	Flowers Facility (dated February 12, 2007)	Findhorn Osprey Limited; Earlstown Limited; Floral Peninsula Limited and Resplendent Spirit Limited	HSH Nordbank AG (Lender)	Nautilus Shipholdings No. 1 Limited	4	N/A	\$118.2 million
	Columbia Facility	Miltons Way	HSH Nordbank AG (Lender)	Nautilus Shipholding	1	N/A	\$41.4 million

<sup>35</sup> The amounts listed are non-discounted future cash flow estimates based on current LIBOR rates as of June 23, 2014, and do not reflect postpetition payments of swap liabilities. As such, the amounts remain subject to reconciliation.

<sup>46</sup> The amounts listed as owing under the Debtors' various debt instruments represent the estimated outstanding principal balances as of June 23, 2014, are approximate, and remain subject to reconciliation.



Silo	Debt Instrument	Borrowers	Secured Parties	Guarantors	Number of Vessels Securing Debt	Approximate Swap Liability <sup>35</sup>	Approximate Amount Outstanding <sup>4</sup>
	(dated July 6, 2007)	Limited		s No. 1 Limited			
2	HSH-YM Facility (dated April 12, 2007)	Able Challenger Limited; Magic Peninsula Limited; Metropolitan Vitality Limited; and Superior Integrity Limited	HSH Nordbank AG and certain other lenders party thereto (Lenders)  HSH Nordbank AG (Swap Bank)	Nautilus Shipholdings No. 1 Limited	4 (as well as second-priority liens on the Flowers Facility vessels)	N/A	\$191.0 million
3	DVB 1 Facility (dated July 11, 2007)	Golden Knighthead Limited	DVB Bank SE (Lenders)  DVB Bank SE (Swap Bank)	Nautilus Shipholdings No. 2 Limited	1	\$8.6 million	\$73.2 million
	DVB 2 Facility (dated July 11, 2007 )	Metropolitan Harbour Limited	DVB Bank SE (Lenders)  DVB Bank SE (Swap Bank)	Nautilus Shipholdings No. 2 Limited	1	\$8.5 million	\$73.2 million
4	Citi Facility (dated September 25, 2007)	Vivid Mind Limited; Perpetual Joy Limited; Regal Stone Limited; Charming Energetic Limited; Dynamic Continental Limited	Citibank, N.A., Bank of Scotland plc and certain other lenders party thereto (Lenders)  Citibank, N.A. and Bank of Scotland plc (Swap Banks)	Nautilus Shipholdings No. 3 Limited	5	\$0.9 million (\$0.4 million with Citibank N.A.; \$0.4 million with Bank of Scotland plc)	\$272.6 million

#### D. Events Leading to the Debtors' Need to Restructure

The Debtors' profitability depends on the charter rates and duration of existing charter contracts for the Vessels and on the rates they are able to charge for new charters as existing contracts expire. Short term hire rates are inherently volatile, as imbalances between the supply and demand for vessel capacity and for containers carried by sea internationally fluctuate. The international container shipping industry has suffered a severe downturn in recent years. The industry is affected by numerous factors, including, but not limited to, global and regional economic conditions, the state of international trade, changes in transportation patterns and structural changes in the container shipping industry. Since 2008, a combination of these factors has influenced overall supply and demand, bringing container vessel charter rates towards historic lows. The

Debtors' business has experienced significant pressure as a result of the expiration of several existing long-term charter contracts with rates higher than current charter rates which reflect a depressed market for container vessels.

The downturn in the container shipping industry has in part been driven by an oversupply of newbuildings, with approximately 1.4 and 1.5 million new TEU of capacity entering the market in 2013 and 2014, respectively, meeting relatively soft demand growth during this period. Reduced cash flows as existing long-term, higher rate charters expire, combined with the Debtors' highly-leveraged capital structure, have left some of the Debtors struggling to service their debt. As a result, some of the Debtors were not able to comply with certain covenants and payment obligations under their loan agreements.

Despite well-publicized challenges in the container shipping industry, the Debtors believe they are uniquely positioned to perform relatively well due to a combination of (i) a number of Vessels currently operating under long term charters with favorable rates and do not mature until 2018/2019, giving more time for market rates to recover and (ii) the Debtors' relationships with the top performing liner operators who are leading market consolidation efforts. Further confidence in the Debtors' long term prospects is reflected by Reminiscent's acquisition from previous equity interest holders of their equity stakes in each of NHL and NH2L preceding and during the Chapter 11 Cases, as well as Elektra's postpetition acquisition of the entire equity stake in NHL. Moreover, respected industry forecasters such as Marsoft are predicting that rates should begin to rebound over the next couple of years as economic conditions improve.

Moreover, each silo generally generates sufficient revenue to cover its operating expenses. Although on a per Vessel basis, certain Debtors have tighter cash constraints than others, overall immediately prior to filing the Chapter 11 Cases, the Debtors had accumulated very significant amounts of cash, and held approximately \$64 million in the aggregate in their accounts. As of October 4, 2014, the Debtors held approximately \$76 million in the aggregate in their accounts.

For many months prior to the filing of these Chapter 11 Cases, the Debtors attempted to explore various restructuring alternatives with their lenders and shareholders. The process was challenging on account of the different interests of the lenders and shareholders, in some instances, with respect to their respective silos. The Debtors therefore commenced these Chapter 11 Cases to afford a centralized forum for the collective restructuring of the Debtors' various loan obligations. They also did so in order to avoid possible precipitous action by certain lenders, which could have resulted in an ad hoc, piecemeal exercise of remedies that the Debtors believe would have jeopardized enterprise value, including a potential loss of the Debtors' significant cash reserves. The Debtors also appointed an independent director with significant experience with restructuring and the chapter 11 process for each of the Debtors (except NHL) to improve the restructuring process and further all constituents' efforts in achieving a successful outcome to these cases.

### **III. THE CHAPTER 11 CASES**

#### **A. First Day Motions**

To ease their transition into chapter 11 and to expedite their emergence from chapter 11, on the Petition Date, the Debtors filed various "first day" motions. In particular, the Debtors filed motions requesting permission for administrative relief, including motions directing joint administration, authorizing the filing of a consolidated creditor list and establishing certain notice procedures, and authorizing an extension to file schedules and statements. The Debtors also sought an order enforcing the automatic stay and declaring invalid ipso facto provisions. The Debtors sought this relief in order to protect their assets on a worldwide basis against parties in foreign jurisdictions and to preserve value for the estates. The Bankruptcy Court entered final orders approving these motions on June 25, 2014.

Additionally, the Debtors filed motions to continue operating their business, including, among others, motions to continue using their existing cash management system and to pay certain prepetition vendors and taxes. On June 25, 2014, the Bankruptcy Court granted each of these motions on an interim basis. Subsequently, the Bankruptcy Court entered final orders granting the Debtors authority to pay certain prepetition vendors and taxes on July 11 and July 14, 2014, respectively. The Bankruptcy Court also entered a subsequent

interim order authorizing the Debtors to continue using their existing cash management systems on August 7, 2014.

**B. Retention of Restructuring and Other Professionals**

To assist the Debtors in carrying out their duties as debtors-in-possession and to represent their interests in the Chapter 11 Cases, the Debtors obtained Bankruptcy Court approval to retain (i) Skadden, Arps, Slate, Meagher & Flom LLP as their counsel ("Skadden"), (ii) AP Services, LLC, an affiliate of AlixPartners, LLP to provide interim management and restructuring services ("APS"), and designating James A. Mesterharm as Chief Restructuring Officer, (iii) Blackstone Advisory Partners L.P. as financial advisor and investment bankers ("Blackstone"), and (iv) Marsoft, Inc. as maritime consultant ("Marsoft"). In addition, the Bankruptcy Court granted the Debtors the authority to utilize the services of various additional professionals as "ordinary course professionals" to assist the Debtors.

**C. Use of Cash Collateral and Postpetition Financing**

As of the Petition Date, without access to "cash collateral" as that term is defined in section 363 of the Bankruptcy Code (which includes, but is not limited to, any and all cash of any kind, whether in reserved accounts, blocked accounts or otherwise) (the "Cash Collateral"), the Debtors would have insufficient liquidity to continue to operate their businesses and pay restructuring costs associated with the Chapter 11 Cases. The Debtors determined that access to the Cash Collateral was necessary to ensure sufficient working capital and liquidity to operate the Debtors' businesses and thus preserve and maintain going concern value of the Debtors' estates.

Accordingly, on the Petition Date, the Debtors filed a motion seeking authority to use the Cash Collateral (the "Cash Collateral Motion"). The relief sought in the Cash Collateral Motion advanced the Debtors' efforts in obtaining post-petition liquidity, which was essential for the Debtors in order for them to continue operating their business in the ordinary course during the Chapter 11 Cases. The Bankruptcy Court approved the approved the Cash Collateral Motion on an interim basis on June 25, 2014, July 15, 2014, August 6, 2014, and August 20, 2014, and on a final basis on September 25, 2014.

**D. Claims Process and Bar Date**

*1. Schedules and Statements*

On August 6, 2014, the Debtors filed their schedules of assets and liabilities, statements of financial affairs, and schedules of executory contracts and unexpired leases (the "Schedules"). On October 1, 2014, the Debtors filed amendments to the Schedules of the Flowers Debtors. [On November 14, 2014, the Debtors filed amendments to the Schedules of Debtor Regal Stone Limited.](#)

*2. Bar Date*

On September 17, the Bankruptcy Court entered an order establishing the following deadlines for filing proofs of Claim against the Debtors and prescribing the form and manner thereof: (i) October 31, 2014 at 5:00 p.m. (prevailing Eastern time) (the "General Bar Date") for all creditors unless they fall within one of the exceptions; (ii) the later of (a) the General Bar Date and (b) 5:00 p.m. (prevailing Eastern time) on the date that is 30 days after entry of a Court order pursuant to which executory contracts or unexpired leases are rejected for claims arising from such rejected agreements; (iii) the later of (a) the General Bar Date and (b) 5:00 p.m. (prevailing Eastern time) on the date that is 30 days after the date that notice of any applicable amendment or supplement to the Schedules is served on a claimant for those claims affected by any such amendment or supplement to the Schedules; and December 22, 2014 at 5:00 p.m. (prevailing Eastern time) for governmental units (Docket No. 126) (collectively, the "Bar Date").

**E. Plan Exclusivity**

[Upon commencement of these Chapter 11 Cases, Section 1121\(d\) of the Bankruptcy Code provided the Debtors with the exclusive right to file and solicit a Chapter 11 plan through and including](#)

October 22, 2014 and December 23, 2014, respectively. On October 17, 2014, the Bankruptcy Court granted an extension of the Debtors' exclusive solicitation period, and the Debtors were granted the exclusive right to solicit votes through and including January 15, 2015 [Docket No. 194]. The Debtors requested this extension to give them sufficient time to, among other things, reach accord with the Prepetition Secured Lenders on the consensual terms of a plan.

**EF. Plan Negotiations With Prepetition Secured Lenders**

Since the outset of these Chapter 11 Cases, the Debtors and their advisors from Skadden, APS, and Blackstone have engaged in extensive discussions with the Debtors' prepetition secured lenders, as well as their principals, financial advisors, and attorneys, as applicable, in an effort to reach a global resolution with respect to the Chapter 11 Cases. Additionally, where the Debtors thought it would be helpful to ongoing discussions, the Debtors scheduled in-person meetings with certain of their prepetition secured lenders. In particular, the Debtors and their advisors from Skadden, APS, and Blackstone traveled to various in-person meetings at several locations to meet with the Debtors' prepetition secured lenders and their advisors. The Debtors traded multiple restructuring proposals with each of their main creditor constituencies. As described in additional detail below, as a result of their efforts, the Debtors reached an agreement with DVB with respect to the terms of a Restructuring Support Agreement, dated September 19, 2014 (the "Restructuring Support Agreement").

**FG. Restructuring Support Agreement and Rule 9019 Settlement**

After extensive dialogue and negotiations with DVB, the Debtors negotiated the terms of the Restructuring Support Agreement and term sheet annexed thereto (the "DVB Term Sheet"). The Restructuring Support Agreement represents a settlement of DVB's issues related to the Debtors' use of cash collateral and the debtor in possession financing facility, and reflects the terms and conditions on which DVB agreed to support a restructuring of the DVB 1 Facility and the DVB 2 Facility. Among other things, the DVB Term Sheet provides for the amendment and restatement of the DVB 1 Facility and DVB 2 Facility, both with interest rates of LIBOR plus 2.25% per annum and maturities of June 30, 2023, and both as described in more detail in the Restructuring Support Agreement annexed to the Plan as Exhibit D. The DVB Term Sheet provides that, upon the Bankruptcy Court's approval of the Restructuring Support Agreement, the Debtors will, among other things: (i) pay overdue swap payments and to continue to make swap payments to the DVB lenders in accordance with the applicable loan documents and the DVB Term Sheet; (ii) pay overdue interest and to continue to make interest payments in accordance with the applicable loan documents and the DVB Term Sheet; and (iii) Synergy will accept reduced payment terms on its management fee of \$25,000 per vessel per month. The Debtors commenced making the overdue interest payments as of October 10, 2014 and Synergy is expected to accept the reduced management fee payment for October. Subject to the satisfaction of all terms in the Restructuring Support Agreement, the Debtors will, on the Effective Date, (x) pay not less than \$13 million to reduce the outstanding principal of the DVB Facilities; (y) be required to be in compliance with certain provisions related to, among other things, minimum liquidity on the Effective Date, loan-to-value ratio, minimum cash per Vessel, and the establishment of reserve accounts; and (z) enter into the Amended and Restated DVB 1 Facility and the Amended and Restated DVB 2 Facility.

In exchange for, inter alia, treatment of the equity interests in NHL under the Plan, the Equity-Related Entities agreed to make the following contributions, among others, to the terms of the restructuring of the DVB 1 Facility and the DVB 2 Facility: (i) provision of a revolving shortfall guaranty up to \$2.5 million; (ii) a reduction of the Synergy management fee to \$25,000 per vessel per month (subject to annual adjustment for inflation); and (iii) relinquishment of that portion of the Synergy management fee paid by the MH Debtor and GK Debtor and pooled at NHL (i.e., 40% of amounts upstreamed by those Debtors for payment of the Synergy management fee since commencement of these Chapter 11 Cases) to those Debtors, except to the extent such amounts may be used to repay the debtor-in-possession financing facility, as set forth in the DVB Term Sheet. The Bankruptcy Court entered an order approving the Restructuring Support Agreement on October 3, 2014 [Docket No. 165].

**H. Agreement to Pay Certain Fees**

In the event that the vessels securing the F-C Credit Agreements are not turned over to the respective lenders thereunder by January 31, 2015, the Debtors shall pay the fees and expenses of Seward & Kissel LLP and Lazard beginning on February 1, 2015, provided, however, that such fees and expenses shall be reasonable and documented and the Debtors' responsibility therefore shall not be for any fees and expenses incurred beyond the date of a transfer of the vessels.

**IV. SUMMARY OF THE PLAN OF REORGANIZATION**

The statements contained in this Disclosure Statement include summaries of the provisions contained in the Plan and in the documents referred to therein. The statements contained in this Disclosure Statement do not purport to be precise or complete statements of all the terms and provisions of the Plan or the documents referred to therein, and reference is made to the Plan and to such documents for the full and complete statements of such terms and provisions. The Plan itself and the documents referred to therein control the actual treatment of Claims against and Interests in the Debtors under the Plan and will, upon the Effective Date, be binding upon all holders of Claims against and Interests in the Debtors and their estates, the Reorganized Debtors, and other parties in interest. In the event of any conflict between this Disclosure Statement, on the one hand, and the Plan or any other operative document, on the other hand, the terms of the Plan and such other operative document are controlling.

**A. Overview of Chapter 11**

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. Under chapter 11 of the Bankruptcy Code, a debtor is authorized to reorganize or liquidate its business for the benefit of itself, its creditors, and its interest holders. Another goal of chapter 11 is to promote equality of treatment for similarly situated creditors and similarly situated interest holders with respect to the distribution of a debtor's assets. The commencement of a chapter 11 case creates an estate that is comprised of all of the legal and equitable interests of the debtor as of the filing date. The Bankruptcy Code provides that the debtor may continue to operate its business and remain in possession of its property as a "debtor in possession."

The consummation of a plan of reorganization or liquidation is the principal objective of a chapter 11 case. The plan sets forth the means for satisfying claims against and interests in a debtor. Confirmation of a plan by the Bankruptcy Court makes that plan binding upon the debtor and any creditor or equity security holder in the debtor, whether or not such creditor or equity security holder (i) holds a claim or interest that is impaired under the plan; (ii) has voted to accept or reject the plan; or (iii) receives or retains any property under the plan.

**B. Contribution of Equity-Related Entities**

The Plan provides for the release of claims against Mr. Andreas Papathomas and the Equity-Related Entities in exchange for certain consideration described in the Plan. In addition, certain interests of the Equity-Related ~~Interests~~ Entities are reinstated under the Plan, in particular, the Class 12 – Intercompany Interests in Other Debtors. In exchange for, *inter alia*, the releases and the treatment of the equity interests in NHL under the Plan, the Equity-Related Entities ~~agreed to make~~ have made the following contributions, among others, to the Plan: ~~(A) and to the overall restructuring process: (A) agreeing to provide a subordinated debtor in possession facility at a low interest rate in an amount up to \$5 million for the to provide the Debtors with immediate access to cash to use in connection with their restructuring efforts; (B) acquiring the shares of NHL and NH2L from the Class B and Class C shareholders, thereby enabling the Debtors to streamline their restructuring efforts and focus their attention on their prepetition secured obligations; (C) in general supporting and participating in the restructuring process while providing unfettered access for the Debtors' professionals to the books and records maintained by Synergy for the benefit of the Debtors to enable the Debtors to fulfill their obligations as debtors in possession without any corresponding remuneration to their employees; (D) agreeing to support a consensual plan without challenging valuation issues; (E) with respect to the restructuring of the DVB 1 Facility and the DVB 2 Facility: (i) a shortfall guaranty of up to \$2.5 million on a revolving basis; (ii) a reduction of the management fee payable to Synergy by DVB borrowers to \$25,000 per vessel per month~~

(subject to annual adjustment for inflation); and (iii) a return of that portion of the Synergy management fee paid by the MH Debtor and GK Debtor and pooled at NHL (i.e., 40% of amounts upstreamed by those Debtors for payment of the Synergy management fee since commencement of these Chapter 11 Cases) to those Debtors (subject to amounts used to repay the debtor-in-possession financing facility, as set forth in the DVB Term Sheet) and ~~(B)E~~ with respect to the restructuring of the other Secured Credit Facilities, a reduction of the management fee payable to Synergy by each of the borrowers and/or reorganized Vessel-owning entities (as applicable). As a consequence, the means for implementation of the Plan include the entry into vessel management agreements (i) between the Reorganized ~~Columbia Debtor and the Reorganized Flowers Debtors on the one hand and Synergy on the other;~~ (ii) ~~between the Reorganized~~ Citi Debtors and Synergy, ~~(iii)~~ between NHL, the MH Debtor and GK Debtor on the one hand and Synergy on the other and ~~(iv)~~ between NH2L (with respect to the HSH-YM Debtors) and Synergy, each as will be set forth in the Plan Supplement. The Debtors believe that the Debtors and their stakeholders benefit from the contribution of the Equity-Related Entities because the agreements and concessions that are the basis for the contribution were a material component of the Plan negotiations and led to the ultimate agreement with the Participating Lenders on the overall terms of the restructuring.

### C. Plan Supplement

On or prior to December 22, 2014, the Debtors will file the Plan Supplement, which consists of the compilation of documents and forms of documents, schedules and exhibits to the Plan. The Plan Supplement may be altered, amended, modified or supplemented from time to time in accordance with the terms of the Plan and in accordance with the Bankruptcy Code and the Bankruptcy Rules.

### D. Classification and Settlement and Treatment of Claims and Interests

The Plan classifies Claims and Interests separately and provides different treatment for different Classes of Claims and Interests in accordance with the Bankruptcy Code. The Debtors are not presently seeking to substantively consolidate the Chapter 11 Cases for any purpose and nothing in the Plan shall substantively consolidate or be deemed or substantively consolidate the Debtors' estates. As described more fully below, the Plan provides, separately for each Class, that holders of Claims and Interests will receive types of consideration based on the different rights of the holders of Claims or Interests in each Class. A Claim or Interest is placed in a particular Class only to the extent that the Claim or Interest falls within the description of that Class and is classified in other Classes to the extent that any portion of the Claim or Interest falls within the description of such other Classes. A Claim is also placed in a particular Class for the purpose of receiving distributions pursuant to the Plan only to the extent that such Claim is an Allowed Claim in that Class and such Claim has not been paid, released, or otherwise settled prior to the Effective Date. Each reference to "Class" or "Classes" shall include all sub-Classes of the respective Class or Classes, as applicable.

In accordance with section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration of the distributions and other benefits provided pursuant to the Plan, the provisions of the Plan shall constitute a good faith compromise of all Claims, Interests, and controversies relating to the contractual, legal, and subordination rights that a holder of a Claim may have with respect to any Allowed Claim or Interest, or any distribution to be made on account of such Allowed Claim or Interest. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise or settlement and all such Claims, Interests, and controversies, as well as a finding by the Bankruptcy Court that such compromise or settlement is in the best interests of the Debtors, their estates, and holders of Claims and Interests and is fair, equitable, and reasonable.

#### *1. Treatment Of Unclassified Claims*

In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims and Priority Tax Claims are not classified and are not entitled to vote on the Plan.

(a) Administrative Claims. On, or as soon as reasonably practicable after, the later of (a) the Effective Date, (b) the date on which an Administrative Claim becomes an Allowed Administrative Claim, or (c) the date on which an Allowed Administrative Claim becomes payable under any



agreement relating thereto, each Holder of such Allowed Administrative Claim shall receive, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such Allowed Administrative Claim, Cash equal to the unpaid portion of such Allowed Administrative Claim. Notwithstanding the foregoing, (x) any Professional Fee Claim shall not be paid except in accordance with an order of the Bankruptcy Court permitting such payment and in accordance with the DVB Term Sheet, (y) any Allowed Administrative Claim based on a liability incurred by a Debtor in the ordinary course of business during the Chapter 11 Cases may be paid in the ordinary course of business in accordance with the terms and conditions of any agreement relating thereto and (z) any Allowed Administrative Claim may be paid on such other terms as may be agreed to between the Holder of such Allowed Administrative Claim and the Debtors or the Reorganized Debtors.

(b) **Priority Tax Claims.** The legal and equitable rights of the Holders of Priority Tax Claims are Unimpaired by the Plan. Unless the Holder of an Allowed Priority Tax Claim and the Debtors agree to a different treatment, on the Effective Date, each Holder of an Allowed Priority Tax Claim shall have such Claim Reinstated.

(c) **Professional Fee Claims.**

(i) Professionals shall submit final fee applications seeking approval of all Professional Fee Claims no later than thirty (30) days after the Effective Date. These applications remain subject to Court approval under the standards established by the Bankruptcy Code, including the requirements of sections 327, 328, 330, 331, 363, 503(b) and 1103 of the Bankruptcy Code, as applicable. Payments to Professionals shall be made upon entry of an order approving such Professional Fee Claims. Allowed Professional Fee Claims shall be apportioned among the Debtors first based upon the ratio between the relevant Debtor's gross revenue for the year ended December 31, 2013 and the aggregate gross revenue for all of the Debtors for the year ended December 31, 2013 (the "2013 Revenue Allocation"); **provided, however,** Professional Fee Claims shall in all events constitute the joint and several liability of all Debtors to the extent provided for in any particular Professional's engagement letter. Notwithstanding anything in the Plan to the contrary, that all payment and apportionment of Professional Fee Claims shall be subject to the DVB Term Sheet.

(ii) On the Effective Date, the Debtors will establish and fund the Professional Fee Escrow Account with Cash equal to the Professional Fee Reserve Amount. The Professional Fee Escrow Account will be maintained in trust for the Professionals. The funds in such account will not be property of the Reorganized Debtors except that the Reorganized Debtors shall retain a residual interest to the extent the funds are not used for Allowed Professional Fee Claims. The amount of Professional Fee Claims owing to the Professionals will be paid in Cash to such Professionals by the Reorganized Debtors, or at the Reorganized Debtors' direction, from the Professional Fee Escrow Account, without interest or other earnings therefrom, when such Claims are Allowed by Final Order; provided, that the Reorganized Debtors' liability for Professional Fee Claims shall not be limited nor be deemed to be limited to the funds available from the Professional Fee Escrow Account. After all Professional Fee Claims have been paid in full, amounts remaining in the Professional Fee Escrow Account, if any, will be transferred to the applicable Reorganized Debtor that provided such excess amounts and subject to the liens of applicable lenders.

(iii) Professionals shall estimate their Accrued Professional Compensation prior to and as of the Effective Date and deliver such estimate to the Debtors and the Participating Lenders at least five (5) days prior to the anticipated Effective Date. If a Professional does not provide such estimate, the Debtors may estimate the unbilled fees and expenses of such Professional. The total amount so estimated will constitute the Professional Fee Reserve Amount; provided that such estimate will not be considered an admission or limitation with respect to the fees and expenses of such Professional. The Professional Fee Reserve Amount and the estimated Accrued Professional Compensation amounts submitted by the Professionals will be subject to review by the Debtors and the Participating Lenders, and any objections to the Professional Fee Reserve Amount must be served on the Debtors prior to the Effective Date.

2. *Classification And Treatment Of Claims And Interests*

(a) Summary Of Classes

<b>Class</b>	<b>Designation</b>	<b>Impairment</b>	<b>Entitled to Vote</b>
Class 1	Other Priority Claims	Unimpaired	No (deemed to accept)
Class 2	Other Secured Claims	Unimpaired	No (deemed to accept)
Class 3	Citi Facility Claims	Impaired	Yes
Class 4	Columbia Facility Claims	Impaired	Yes
Class 5	DVB 1 Facility Claims	Impaired	Yes
Class 6	DVB 2 Facility Claims	Impaired	Yes
Class 7	Flowers Facility Claims	Impaired	Yes
Class 8	HSH-YM Facility Claims	Impaired	Yes
Class 9	General Unsecured Claims	Impaired	Yes
Class 10	Interests in Nautilus Holdings Limited and Nautilus Holdings No. 2 Limited	Unimpaired	No (deemed to accept)
Class 11	Intercompany Claims	Unimpaired	No (deemed to accept)
Class 12	Intercompany Interests in Other Debtors	Unimpaired	No (deemed to accept)
Class 13	Intercompany Interests in C-F Debtors	Impaired	Yes
Class 14	Intercompany Interests in Nautilus Shipholdings No. 3 Limited	Impaired	Yes

(b) Treatment Of Classes

(i) Class 1 – Other Priority Claims. Class 1 consists of all Other Priority Claims that may exist against the Debtors. On, or as soon as reasonably practicable after, (a) the Effective Date if such Other Priority Claim is an Allowed Other Priority Claim on the Effective Date or (b) the date on which such Other Priority Claim becomes an Allowed Other Priority Claim, each Holder of an Allowed Class 1 Other Priority Claim shall receive, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such Allowed Other Priority Claim, Cash equal to the unpaid portion of such Allowed Other Priority Claim.

(ii) Class 2 – Other Secured Claims. Class 2 consists of all Other Secured Claims that may exist against the Debtors. On, or as soon as reasonably practicable after, the Effective Date, each Holder of an Allowed Class 2 Other Secured Claim shall have such claim Reinstated, subject to the terms of the DVB Term Sheet.



(iii) Classes 3A and 3B – Citi Facility Claims. Class 3 consists of all Citi Facility Claims. Class 3A consists of Citi Facility Claims to the extent such Claims are Secured. Class 3B consists of Citi Facility Claims to the extent such Claims are not Secured, if any. On, or as soon as reasonably practicable after, the Effective Date, each Holder of an Allowed Class 3A Citi Facility Claim shall receive, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such Claims, its pro rata share of the Amended and Restated Citi Facility, and each Holder of an Allowed Class 3B Citi Facility Claim, if any, shall receive, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such Claims, its pro rata share of 100% of the stock (subject to dilution by warrants) of Reorganized Nautilus Shipholdings No. 3 Limited. Notwithstanding anything in the Plan to the contrary, no distribution shall be made to Holders of Allowed Citi Facility Tranche B Claims until the Holders of Citi Facility Tranche A Claims have been paid in full, and no distribution to Holders of Allowed Citi Facility Swap Claims shall be made until Holders of Allowed Citi Facility Tranche A Claims and Allowed Citi Facility Tranche B Claims have been paid in full.

For the avoidance of doubt, the treatment provided to Holders of Citi Facility Claims shall be in full and final satisfaction, settlement, release, and discharge of, and in exchange for, all Claims arising under the Existing Citi Credit Agreement, and all guarantees relating to the Existing Citi Credit Agreement, including from Nautilus Shipholdings No. 3 Limited, shall be fully released as of the Effective Date.

(iv) Classes 4A and 4B – Columbia Facility Claims. Class 4 consists of all Columbia Facility Claims. Class 4A consists of Columbia Facility Claims to the extent such Claims are Secured Claims. Class 4B consists of Columbia Facility Claims to the extent such Claims are not Secured Claims, if any. On, or as soon as reasonably practicable after, the Effective Date, ~~each the~~ Holder of ~~an~~ Allowed Class 4A and 4B Columbia Facility ~~Claim~~ Claims shall (1) receive, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such Claims, the return of the vessel securing such Claims, ~~subject to the C-F ROFR, and each Holder of an Allowed Class 4B Columbia Facility Claim, if any, shall receive, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such Claims, its pro rata share of the stock of Reorganized Debtor Miltons Way Limited, free and clear of any liens, claims, or encumbrances, (2) pay the F-C Consideration, and (3) assume the F-C Technical Manager Costs. The Debtors shall use the F-C Consideration to satisfy (i) all claims against the vessels securing the F-C Credit Agreements other than F-C Technical Manager Costs and (ii) amounts advanced to the Debtors obligated under the F-C Credit Agreements pursuant to the Bankruptcy Court's DIP Financing Orders (less the portion of the Synergy management fee paid by the MH Debtor and GK Debtor and pooled at NHL, as set forth in the DVB Term Sheet). For the avoidance of doubt, (1) all guarantees relating to the Existing Columbia Credit Agreement, including from Nautilus Shipholdings No. 1 Limited, shall be fully released as of the Effective Date, and (2) the return of the vessel shall include the transfer of all, to the extent that these items relate to the relevant vessel, (i) receivables, (ii) credits, and (iii) prepayments. The Debtors shall not accelerate any receivables or the use of any credits or prepayments.~~

(v) Class 5 – DVB 1 Facility Claims. Class 5 consists of all DVB 1 Facility Claims. Class 5 Claims are Allowed pursuant to the terms of the DVB RSA. On, or as soon as reasonably practicable after, the Effective Date, each Holder of an Allowed Class 5 DVB 1 Facility Claim shall receive, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such Claim, (1) its pro rata share of the Amended and Restated DVB 1 Facility, (2) the other treatment described in the DVB Term Sheet, and (3) payment of all interest accrued and unpaid as of the Effective Date. Swap agreement obligations arising under the Existing DVB 1 Facility Documents that accrued as of the Effective Date shall be paid in the ordinary course consistent with the terms of the existing swap agreement.

(vi) Class 6 – DVB 2 Facility Claims. Class 6 consists of all DVB 2 Facility Claims. Class 6 Claims are Allowed pursuant to the terms of the DVB RSA. On, or as soon as reasonably practicable after, the Effective Date, each Holder of an Allowed Class 6 DVB 2 Facility Claim shall receive, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such Claim, (1) its pro rata share of the Amended and Restated DVB 2 Facility, (2) the other treatment described in the DVB Term Sheet, and (3) payment of all interest accrued and unpaid as of the Effective Date. Swap agreement obligations arising under the Existing DVB 2 Facility Documents that accrued as of the Effective Date shall be paid in the ordinary course consistent with the terms of the existing swap agreement.

(vii) Classes 7A and 7B – Flowers Facility Claims. Class 7 consists of all Flowers Facility Claims. Class 7A consists of Flowers Facility Claims to the extent such ~~claims~~ Claims are Secured Claims. Class 7B consists of Flowers Facility Claims to the extent such ~~claims~~ Claims are not Secured Claims, if any. On, or as soon as reasonably practicable after, the Effective Date, ~~each the~~ Holder of an Allowed Class 7A and 7B Flowers Facility ~~Claim~~ Claims shall (1) receive, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such Claims, the return of the vessels securing such Claims, ~~subject to the C-F ROFR, and each Holder of an Allowed Class 7B Flowers Facility Claim, if any, shall receive, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such Claims, 100% of the stock of Reorganized Debtors Findhorn Osprey Limited, Earlstown Limited, Floral Peninsula Limited, and Resplendent Spirit Limited free and clear of any liens, claims, or encumbrances,~~ (2) pay the F-C Consideration, and (3) assume the F-C Technical Manager Costs. The Debtors shall use the F-C Consideration to satisfy (i) all claims against the vessels securing the F-C Credit Agreements other than F-C Technical Manager Costs and (ii) amounts advanced to the Debtors obligated under the F-C Credit Agreements pursuant to the Bankruptcy Court's DIP Financing Orders (less the portion of the Synergy management fee paid by the MH Debtor and GK Debtor and pooled at NHL, as set forth in the DVB Term Sheet). For the avoidance of doubt, (1) all guarantees relating to the Existing Columbia Credit Agreement, including from Nautilus Shipholdings No. 1 Limited, shall be fully released as of the Effective Date, and (2) the return of the vessels shall include the transfer of all, to the extent that these items relate to the relevant vessels, (i) receivables, (ii) credits, and (iii) prepayments. The Debtors shall not accelerate any receivables or the use of any credits or prepayments.

(viii) ~~Classes Class 8A and 8B~~ – HSH-YM Facility Claims. Class 8 consists of all HSH-YM Facility Claims. ~~Class 8A consists of HSH-YM Facility Claims to the extent such claims are Secured. Class 8B consists of HSH-YM Facility Claims to the extent such claims are not Secured, if any.~~ On, or as soon as reasonably practicable after, the Effective Date, each Holder of an Allowed Class 8A HSH-YM Facility Claim shall receive, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such ~~Claims~~ Claim, its pro rata share of ~~the tranche A loans under the Amended and Restated HSH-YM Facility, and each Holder of an Allowed Class 8B HSH-YM Facility Claim, if any, shall receive, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such Claims, its pro rata share of the tranche B loans under the Amended and Restated HSH-YM Facility.~~ If 60% or greater of Class 8 votes to accept the ~~Plan~~ plan, the Amended and Restated HSH-YM Facility shall have the terms set forth in Option A on Exhibit A. If less than 60% of Class 8 votes to accept the Plan, the Amended and Restated HSH-YM Facility shall have the terms set forth in Option B on Exhibit A.

For the avoidance of doubt, the treatment provided to Holders of Class 8 HSH-YM Facility Claim shall be in full and final satisfaction, settlement, release, and discharge of, and in exchange for, all Claims arising under the Existing HSH-YM Credit Agreement, including any Claims arising from or related to any second-priority liens on the vessels securing the Existing Flowers Credit Agreement, which liens shall be terminated and released. All guarantees relating to the Existing HSH-YM Credit Agreement, including from Nautilus Shipholdings No. 1 Limited, shall be fully released as of the Effective Date.

(ix) Class 9 – General Unsecured Claims. Class 9 consists of all General Unsecured Claims that may exist against the Debtors. Class 9 consists of 21 subclasses, with each subclass consisting of Claims against a particular Debtor. Within ninety (90) days after the Effective Date or, if such General Unsecured Claim becomes Allowed after the Effective Date, as soon as reasonably practicable after the date at which such General Unsecured Claim becomes Allowed, each Holder of an Allowed Class 9 General Unsecured Claim shall receive, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such Claim, the amount of such Allowed General Unsecured Claim, excluding interest accrued after the Petition Date.

(x) Class 10 – Interests in Nautilus Holdings Limited and Nautilus Holdings No. 2 Limited. Class 10 consists of all Interests in Nautilus Holdings Limited and Nautilus Holdings No. 2 Limited. On the Effective Date, all Class 10 Interests in Nautilus Holdings Limited and Nautilus Holdings No. 2 Limited shall be Reinstated.

(xi) Class 11– Intercompany Claims. Class 11 consists of all Intercompany Claims. On or prior to the Effective Date, all Class 11 Intercompany Claims may be Reinstated subject to the terms of the DVB Term Sheet or, at the Debtors' or Reorganized Debtors' option, be cancelled or compromised. A chart of the Intercompany Claims to be cancelled will be filed as part of the Plan Supplement. No distribution shall be made on account of Class 11 Intercompany Claims.

(xii) Class 12 – Intercompany Interests in Other Debtors. Class 12 consists of all Intercompany Interests for each Debtor except Nautilus Holdings Limited, Nautilus Holdings No. 2 Limited, Nautilus Shipholdings No. 3 Limited, Miltons Way Limited, Findhorn Osprey Limited, Earlstown Limited, Floral Peninsula Limited, and Resplendent Spirit Limited. Except as otherwise provided in the Plan, on or prior to the Effective Date, all Class 12 Other Intercompany Interests shall be Reinstated.

(xiii) Class 13 – Intercompany Interests in C-F ~~Silo~~ Debtors. Class 13 consists of all Intercompany Interests in Miltons Way Limited, Findhorn Osprey Limited, Earlstown Limited, Floral Peninsula Limited, and Resplendent Spirit Limited. ~~Except as otherwise provided in the Plan, on or prior to~~ On the Effective Date, ~~each Holder of a Class 13 Intercompany Interest in C-F Silo Debtors shall receive the C-F ROFR.~~ all Intercompany Interests in Miltons Way Limited, Findhorn Osprey Limited, Earlstown Limited, Floral Peninsula Limited, and Resplendent Spirit Limited shall be deemed to be cancelled without further action by the Debtors or Reorganized Debtors. Notwithstanding the foregoing, the Holder of such cancelled interests shall receive distribution(s) from the estates of Miltons Way Limited, Findhorn Osprey Limited, Earlstown Limited, Floral Peninsula Limited, and Resplendent Spirit Limited, to the extent there is any cash or assets remaining after the payment of the respective claims of such debtors.

(xiv) Class 14 – Intercompany Interests in Nautilus Shipholdings No. 3 Limited. Class 14 consists of all Intercompany Interests in Nautilus Shipholdings No. 3 Limited. Except as otherwise provided in the Plan, on or prior to the Effective Date, each Holder of a Class 14 Intercompany Interest in Nautilus Shipholdings No. 3 Limited shall receive its pro rata share of the warrants described in “Exhibit C” of the Plan. A form of warrant agreement shall be filed with the Plan Supplement.

(c) Alternative Treatment. Notwithstanding any provision in the Plan to the contrary, any Holder of an Allowed Claim may receive, instead of the distribution or treatment to which it is entitled hereunder, any other distribution or treatment to which it and the Debtors or the Reorganized Debtors may agree in writing.

(d) Special Provision Regarding Unimpaired Claims. Except as otherwise provided in the Plan, nothing shall affect the Debtors' or the Reorganized Debtors' rights and defenses, both legal and equitable, with respect to any Unimpaired Claims, including but not limited to all rights with respect to legal and equitable defenses to setoffs against or recoupments of Unimpaired Claims.

3. *Acceptance Or Rejection Of The Plan*

(a) Acceptance By Class Entitled To Vote. Classes 3, 4, 5, 6, 7, 8, 9, 13 and 14 are the Classes of Claims of the Debtors that are entitled to vote to accept or reject the Plan. Classes 3, 4, 5, 6, 7, 8, 9, 13 and 14 shall have accepted the Plan if (a) the Holders of at least two-thirds in amount of the Allowed Claims actually voting in each Class have voted to accept the Plan and (b) the Holders of more than one-half in number of the Allowed Claims actually voting in each Class have voted to accept the Plan, not counting the vote of any Holder designated under section 1126(e) of the Bankruptcy Code. If there are no votes cast in a particular Class that is entitled to vote on the Plan, then the Plan shall be deemed accepted by such Class.

(b) Presumed Acceptance Of The Plan. Classes 1, 2, 10, 11, and 12 are Unimpaired. Therefore, such Classes are deemed to have accepted the Plan by operation of law and are not entitled to vote to accept or reject the Plan.

(c) Elimination Of Classes. To the extent applicable, any Class (including, for the avoidance of doubt, any sub-Class) that does not contain any Allowed Claims or any Claims temporarily allowed for voting purposes under Bankruptcy Rule 3018, as of the date of the commencement of the Confirmation Hearing, shall be deemed to have been deleted from the Plan for purposes of (a) voting to accept or reject the Plan and (b) determining whether it has accepted or rejected the Plan under section 1129(a)(8) of the Bankruptcy Code.

(d) Cramdown. The Debtors request Confirmation of the Plan, as it may be modified from time to time, under section 1129(b) of the Bankruptcy Code. The Debtors reserve the right to modify the Plan to the extent, if any, that Confirmation pursuant to section 1129(b) of the Bankruptcy Code requires modification.

4. *Means For Implementation Of The Plan*

(a) Continued Legal Existence. Except as otherwise provided in the Plan, each of the Debtors will continue to exist after the Effective Date as a separate legal entity, with all the powers of such an entity (whether a corporation, limited liability company or other entity, as appropriate) under applicable law in the jurisdiction in which each applicable Debtor is incorporated or otherwise formed and pursuant to such Debtor's certificate or articles of incorporation and by-laws or other organizational documents in effect prior to the Effective Date, without prejudice to any right to terminate such existence (whether by merger or otherwise) under applicable law after the Effective Date.

(b) Winding Up Certain Debtors. On the Effective Date, Miltons Way Limited, Findhorn Osprey Limited, Earlstown Limited, Floral Peninsula Limited, and Resplendent Spirit Limited shall be deemed dissolved under applicable law for all purposes without the necessity for any other or further actions to be taken by or on behalf of such debtors.

(bc) Sources Of Cash For Distribution. All Cash necessary for the Reorganized Debtors to make payments required by the Plan shall be obtained from (a) existing Cash balances, including balances in the Debtors' accounts ~~and~~, (b) the operations of the Debtors or Reorganized Debtors, and (c) the F-C Consideration.

(ed) Approval And Authorization For The New Credit Facilities. Confirmation shall be deemed approval of each of the New Credit Facilities and authorization for the Reorganized Debtors to enter into each of the New Credit Facilities and execute such documents as may be required to effectuate the treatment afforded to the applicable lenders pursuant to each of the New Credit Facilities.

(ec) New Boards Of Reorganized Debtors. The members of the Boards of the Reorganized Debtors shall be identified in the Plan Supplement ~~or in a filing with the Bankruptcy Court at or prior to the Confirmation Hearing.~~

(ef) Corporate Action. Each of the matters provided for under the Plan involving the corporate structure of any Debtor or Reorganized Debtor or any corporate action to be taken by or required of any Debtor or Reorganized Debtor shall be deemed to have occurred and be effective as provided in the Plan, and shall be authorized, approved and, to the extent taken prior to the Effective Date, ratified in all respects without any requirement of further action by stockholders, members, creditors, directors, or managers of the Debtors or the Reorganized Debtors.

(fg) Preservation Of Retained Actions. In accordance with section 1123(b)(3) of the Bankruptcy Code, the Reorganized Debtors will retain and may (but are not required to) enforce all Retained Actions. After the Effective Date, the Reorganized Debtors, in their sole and absolute discretion, shall have the right to bring, settle, release, compromise, or enforce such Retained Actions (or decline to do any of the foregoing), without further approval of the Bankruptcy Court. The Reorganized Debtors or any successors, in the exercise of their sole discretion, may pursue such Retained Actions so long as it is in the best interests of the Reorganized Debtors or any successors holding such rights of action. The failure of the Debtors to specifically list any claim, right of action, suit, proceeding or other Retained Action in the Plan does not, and will not be deemed to, constitute a waiver or release by the Debtors or the Reorganized Debtors of such claim, right of action, suit, proceeding or other Retained Action, and the Reorganized Debtors will retain the right to pursue such claims, rights of action, suits, proceedings and other Retained Actions in their sole discretion and, therefore, no preclusion doctrine, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable, or otherwise) or laches will apply to such claim, right of action, suit, proceeding, or other Retained Action upon or after the Confirmation or consummation of the Plan.

(gh) Effectuating Documents; Further Transactions. Each of the Debtors and Reorganized Debtors, and their respective officers and designees, is authorized to execute, deliver, file, or record such contracts, instruments, releases, indentures, and other agreements or documents, and take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan, or to otherwise comply with applicable law.

(hi) Exemption From Certain Transfer Taxes And Recording Fees. Pursuant to section 1146(a) of the Bankruptcy Code, any transfers from a Debtor to a Reorganized Debtor or to any other Person or entity pursuant to the Plan, or any agreement regarding the transfer of title to or ownership of any of the Debtors' real or personal property will not be subject to any document recording tax, stamp tax, conveyance fee, sales tax, intangibles or similar tax, mortgage tax, stamp act, real estate transfer tax, mortgage recording tax, Uniform Commercial Code filing or recording fee, or other similar tax or governmental assessment, and the Confirmation Order will direct the appropriate state or local governmental officials or agents to forego the collection of any such tax or governmental assessment and to accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment.

(ij) Further Authorization. The Debtors and the Reorganized Debtors shall be entitled to seek such orders, judgments, injunctions, and rulings as they deem necessary to carry out the intentions and purposes, and to give full effect to the provisions, of the Plan.

(jk) Cancellation Of Existing Securities And Agreements. Except as provided in the Plan or in the Confirmation Order (including, without limitation, the amendment and restatement of the Existing DVB 1 Facility Documents and the Existing DVB 2 Facility Documents), on the Effective Date, all notes, stock, instruments, certificates, agreements, side letters, fee letters and other documents evidencing or giving rise to Claims and Interests in the Debtors shall be cancelled, and the obligations of the Debtors thereunder or in any way related thereto shall be fully released, terminated, extinguished and discharged, in each case without further notice to or order of the Bankruptcy Court, act or action under applicable law, regulation, order, or rule or any requirement of further action, vote, or other approval or authorization by any Person. The Holders of or parties to such notes, stock, instruments, certificates, agreements, side letters, fee letters, and other documents shall have no rights arising from or relating to such notes, stock, instruments, certificates, agreements, side letters, fee letters, and other documents or the cancellation thereof, except the rights provided pursuant to the Plan and the Confirmation Order.



**DE. Provisions Governing Distributions**

1. *Allowed Claims.*

Notwithstanding any provision in the Plan to the contrary, the Debtors or the Reorganized Debtors shall make distributions only to Holders of Allowed Claims. A Holder of a Disputed Claim shall receive a distribution on account thereof only when and to the extent that such Holder's Disputed Claim becomes an Allowed Claim.

2. *Distributions For Claims Allowed As Of The Effective Date.*

Except as otherwise provided under the Plan or as ordered by the Bankruptcy Court, distributions to be made on account of Claims that are Allowed Claims as of the Effective Date shall be made on the Effective Date or as soon thereafter as is practicable. Any distribution to be made on the Effective Date pursuant to the Plan shall be deemed as having been made on the Effective Date if such distribution is made on the Effective Date or as soon thereafter as is practicable. Any payment or distribution required to be made under the Plan on a day other than a Business Day shall be made on the next succeeding Business Day.

3. *Interest And Penalties On Claims.*

Unless otherwise specifically provided for in the Plan or the Confirmation Order, or required by applicable bankruptcy law, postpetition interest and penalties shall not accrue or be paid on any Claim, and no Holder of a Claim shall be entitled to interest and penalties accruing on or after the Petition Date through the date such Claim is satisfied in accordance with the terms of the Plan.

4. *Means Of Cash Payment.*

Payments of Cash made pursuant to the Plan shall be made, at the option and in the sole discretion of the applicable Reorganized Debtor, by (a) checks drawn on or wire transfer from a domestic bank selected by the Reorganized Debtor, (b) in accordance with the terms of the New Credit Facilities, or (c) by such means as are necessary or customary in a particular foreign jurisdiction.

5. *Withholding And Reporting Requirements/Allocations.*

In connection with the Plan and all distributions hereunder, the Reorganized Debtors shall comply with all withholding and reporting requirements imposed by any taxing authority, and all distributions hereunder shall be subject to any such withholding and reporting requirements. The Reorganized Debtors shall be authorized to take any and all actions that may be necessary or appropriate to comply with such withholding and reporting requirements. Distributions in respect of Allowed Claims shall be allocated first to the principal amount of such Claims (as determined for U.S. federal income tax purposes) and then, to the extent the consideration exceeds the principal amount of the Claims, to any portion of such Claims for accrued but unpaid interest.

6. *Preservation Of Rights.*

Except as otherwise provided in the Plan, the Reorganized Debtors shall retain all rights arising under section 558 of the Bankruptcy Code or applicable nonbankruptcy laws, including, but not limited to, the right to set off against any Claim, the payments or other distributions to be made pursuant to the Plan in respect of such Claim, or claims of any nature whatsoever that the Debtors or the Reorganized Debtors may have against the Holder of such Claim; *provided, however*, that neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by the Reorganized Debtors of any such claim that the Debtors or the Reorganized Debtors may have against such Holder; *provided, further*, that the Holder of any Claim must assert any right to setoff prior to the Effective Date or such right shall be deemed waived on the Effective Date. Notwithstanding any other provision of the Plan, the United States' rights to setoff and recoupment are preserved.

## **EE. Treatment Of Executory Contracts And Unexpired Leases**

### *1. Assumption Of Executory Contracts And Unexpired Leases.*

Except as otherwise provided in the Plan, on the Effective Date, all Executory Contracts and Unexpired Leases of the Debtors shall be deemed assumed in accordance with the provisions and requirements of sections 365 and 1123 of the Bankruptcy Code, unless such Executory Contract or Unexpired Lease (a) has previously been rejected by order of the Bankruptcy Court in effect as of the Effective Date (which order may be the Confirmation Order); (b) is the subject of a motion to reject filed on or before the Effective Date; (c) is identified as an Executory Contract or Unexpired Lease to be rejected pursuant to the Plan Supplement before the Effective Date; or (d) expired or terminated pursuant to its own terms. An Executory Contract or Unexpired Lease that is deemed to be assumed pursuant to the foregoing sentence shall be referred to as an "Assumed Contract."

Entry of the Confirmation Order by the Bankruptcy Court shall constitute findings by the Bankruptcy Court that (a) the Reorganized Debtors have properly provided for the cure of any defaults that might have existed, (b) each assumption is in the best interest of the Reorganized Debtors, their Estates, and all parties in interest in the Chapter 11 Cases and (c) the requirements for assumption of any Executory Contract or Unexpired Lease to be assumed have been satisfied. Except as otherwise provided in the following sentence, all cure payments under any Assumed Contract shall be made by the Reorganized Debtors on the Effective Date or as soon as practicable thereafter. In the event of a dispute, cure payments required by section 365(b)(1) of the Bankruptcy Code shall be paid upon entry of a Final Order resolving such dispute.

In connection with the treatment of the Flowers Facility Claims and the Columbia Facility Claims, the Debtors shall (i) assume and assign to the lenders under the F-C Credit Agreements such contracts related to the vessels securing the F-C Credit Agreements that such lenders reasonably request the Debtors assume and assign; provided, that the contracts to be assumed and assigned are properly assumable and assignable, under section 365 of the Bankruptcy Code and (ii) reject such contracts that are (1) related to the vessels securing the F-C Credit Agreements; (2) capable of rejection; (3) are solely between one or more borrower(s) under the F-C Credit Agreements and a non-debtor contract counterparty; and (4) that such lenders reasonably request the Debtors to reject under section 365 of the Bankruptcy Code.

### *2. D&O Liability Insurance Policies.*

As of the Effective Date, the D&O Liability Insurance Policies shall be treated as if they were Executory Contracts that are assumed under the Plan. Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the Debtors' foregoing assumption of each of the D&O Liability Insurance Policies. Notwithstanding anything to the contrary contained in the Plan, Confirmation of the Plan shall not discharge, impair or otherwise modify any indemnity obligations assumed by the foregoing assumption of the D&O Liability Insurance Policies, and each such indemnity obligation shall be deemed and treated as an Executory Contract that has been assumed by the Debtors under the Plan as to which no Proof of Claim need be filed.

### *3. Indemnification.*

Except as otherwise specifically limited in the Plan, any obligations or rights of the Debtors or Reorganized Debtors to defend, indemnify, reimburse, or limit the liability of the Debtors' present and former directors, officers, employees, agents, representatives, attorneys, accountants, financial advisors, restructuring advisors, investment bankers and consultants (the "Covered Persons") pursuant to the Debtors' or Reorganized Debtors' certificates of incorporation, by-laws, policy of providing employee indemnification, applicable law, or specific agreement in respect of any claims, demands, suits, Causes of Action, or proceedings against such Covered Persons based upon any act or omission related to such Covered Persons' service with, for, or on behalf of the Debtors prior to the Effective Date, shall be treated as if they were Executory Contracts that are assumed under the Plan and shall survive the Effective Date and remain unaffected thereby, and shall not be discharged, irrespective of whether such defense, indemnification, reimbursement, or limitation of liability is owed in connection with an occurrence before or after the Petition Date.

4. *Cure of Defaults Under Assumed Contracts.*

The Reorganized Debtors shall cure any monetary defaults under any Executory Contract and Unexpired Lease to be assumed pursuant to the Plan by paying to the non-Debtor counterparty the full amount of any monetary default in the ordinary course of business. Accordingly, no party to an Assumed Contract need file any cure claim, and the Debtors need not file any lists of any proposed cure claims, with the Bankruptcy Court. Notwithstanding the foregoing, the Reorganized Debtors and counter-parties to Assumed Contracts reserve all their rights in the event of a dispute over the amount of a cure claim. If there is any such dispute that cannot be resolved consensually, then either party must file with the Bankruptcy Court a request for allowance and payment of such cure claim within seventy-five (75) days from the Effective Date. Moreover, the Reorganized Debtors shall be authorized to reject any Executory Contract or Unexpired Lease to the extent the Reorganized Debtors, in the exercise of their sound business judgment, conclude that the amount of the cure claim as determined by the Bankruptcy Court, renders assumption of such Executory Contract or Unexpired Lease unfavorable to the Reorganized Debtors.

**FG. Confirmation And Consummation Of The Plan**

1. *Condition To Confirmation.*

Confirmation of the Plan is conditioned upon the Confirmation Order being reasonably acceptable in form and substance to the Debtors and the Participating Lenders, *provided, however*, that the Confirmation Order must only be reasonably acceptable to a particular Participating Lender to the extent the Participating Lender's rights or interests are materially affected by the terms thereof.

2. *Conditions To Effective Date.*

The Debtors shall request that the Confirmation Order include a finding by the Bankruptcy Court that, notwithstanding Bankruptcy Rule 3020(e), the Confirmation Order shall take effect immediately upon its entry. The following are conditions precedent to the occurrence of the Effective Date, each of which must be satisfied or waived by the Debtors and the Participating Lenders in accordance with the terms hereof:

(a) The Confirmation Order, in form and substance reasonably satisfactory to the Debtors and the Participating Lenders, shall have become a Final Order and shall, among other things, provide that the Debtors and the Reorganized Debtors are authorized to take all actions necessary or appropriate to enter into, implement, and consummate the agreements and documents created in connection with the Plan, *provided, however*, that the Confirmation Order must only be reasonably satisfactory to the Participating Lenders to the extent each Participating Lender's rights or interests are materially affected by the terms thereof.

(b) All documents related to, provided for therein, or contemplated by the New Credit Facilities shall have been executed and delivered, and all conditions precedent thereto shall have been satisfied (other than the occurrence of the Effective Date).

(c) Each of ~~the C-F Management Agreement, the C-F ROFR,~~ the Citi Silo Management Agreement, the NHL Management Agreement, and the NH2L Management Agreement shall have become effective.

(d) Debtors Golden Knighthead Limited and Metropolitan Harbour Limited shall hold sufficient cash in their accounts to satisfy each of the terms and conditions contained in the DVB Term Sheet.

(e) On the Effective Date, after giving effect to the payments required by the DVB Term Sheet and all accrued and unpaid professional fees, Debtors Golden Knighthead Limited and Metropolitan Harbour Limited shall have a minimum liquidity position of \$5,000,000 in aggregate; *provided, however*, this condition may be waived by DVB Bank, SE in its sole discretion.



(f) Debtors Nautilus Shipholdings No. 2 Limited, Golden Knighthead Limited, and Metropolitan Harbour Limited shall be in full compliance with the terms of the Amended and Restated DVB 1 Facility and the Amended and Restated DVB 2 Facility, as applicable; *provided, however*, the applicable Debtor shall not be required to (i) satisfy any historic nonpayment defaults or (ii) satisfy any overdue principal amounts, whether coming due by acceleration or otherwise, to be deemed in full compliance as of the Effective Date.

(g) Debtors Golden Knighthead Limited and Metropolitan Harbour Limited shall have satisfied all Claims entitled to administrative expense priority other than trade Claims incurred in the ordinary course of business that are not yet due and payable.

(h) The Professional Fee Escrow Account shall have been funded.

(i) All authorizations, consents, and regulatory approvals required, if any, in connection with the consummation of the Plan shall have been obtained.

(j) All other actions, documents, and agreements necessary to implement the Plan shall have been effected or executed.

3. *Waiver Of Conditions.*

Except as expressly provided in the Plan, each of the conditions to the Effective Date set forth in the Plan may be waived in whole or in part by the mutual agreement of the Debtors and the Participating Lenders, without any notice to parties in interest or the Bankruptcy Court and without a hearing. The failure to satisfy or waive any condition to the Effective Date may be asserted by the Debtors regardless of the circumstances giving rise to the failure of such condition to be satisfied, including any action or inaction by the Debtors. The failure of the Debtors to exercise any of the foregoing rights shall not be deemed a waiver of any other rights, and each such right shall be deemed an ongoing right that may be asserted at any time.

**GH. Effect Of Plan Confirmation**

1. *Binding Effect.*

The Plan shall be binding upon and inure to the benefit of the Debtors, their Estates, all present and former Holders of Claims and Interests, and their respective successors and assigns, including but not limited to the Reorganized Debtors.

2. *Revesting Of Assets.*

Except as otherwise explicitly provided in the Plan, on the Effective Date, all property comprising the Estates (including Retained Actions, but excluding property that has been abandoned pursuant to an order of the Bankruptcy Court) shall revert in the Reorganized Debtors, free and clear of all Claims, Liens, charges, encumbrances, rights and Interests of creditors and equity security holders. As of the Effective Date, the Reorganized Debtors may operate their businesses and use, acquire, and dispose of their property without supervision of the Bankruptcy Court, and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules, other than those restrictions expressly imposed by the Plan or the Confirmation Order.

3. *Compromise And Settlement Of Claims, Interests And Controversies.*

Pursuant to section 363 of the Bankruptcy Code and Bankruptcy Rule 9019 and in consideration for the distributions and other benefits provided pursuant to the Plan, the provisions of the Plan shall constitute a good faith compromise of all Claims, Interests and controversies relating to the contractual, legal and subordination rights that a Holder of a Claim or Interest may have with respect to any Allowed Claim or Interest, or any distribution to be made on account of such Allowed Claim or Interest. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise or settlement of all such Claims, Interests and controversies, as well as a finding by the Bankruptcy Court that such compromise or

settlement is in the best interests of the Debtors, their Estates and Holders of Claims and Interests and is fair, equitable and reasonable. In accordance with the provisions of the Plan, pursuant to section 363 of the Bankruptcy Code and Bankruptcy Rule 9019(a), without any further notice to or action, order or approval of the Bankruptcy Court, after the Effective Date, the Reorganized Debtors may compromise and settle Claims against or Interests in them and Causes of Action against other Persons.

4. *Releases And Related Matters*

(a) **Releases by the Debtors**

Pursuant to section 1123(b) of the Bankruptcy Code and to the extent allowed by applicable law, and except as otherwise specifically provided in the Plan or the Plan Supplement, for good and valuable consideration, including the service of the Released Parties to facilitate the expeditious reorganization of the Debtors and the implementation of the restructuring contemplated by the Plan, on and after the Effective Date, the Released Parties are deemed released and discharged by the Debtors, the Reorganized Debtors, the Estates and the Equity-Related Entities from any and all Claims, Interests, obligations, rights, suits, damages, Causes of Action, remedies and liabilities whatsoever, including any derivative claims asserted or assertable on behalf of the Debtors, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, in law, equity or otherwise, that the Debtors, the Reorganized Debtors, the Estates or the Equity-Related Entities would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the Holder of any Claim or Interest or other Person, based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the Debtors' restructuring, the Chapter 11 Cases, the purchase, sale or rescission of the purchase or sale of any security of the Debtors or the Reorganized Debtors, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the Plan Supplement, the business or contractual arrangements between any Debtor, Reorganized Debtor, Estate or non-Debtor Affiliate and any Released Party, the restructuring of Claims and Interests before or during the Chapter 11 Cases, the negotiation, formulation or preparation of the Plan, the Disclosure Statement, the Plan Supplement, or related agreements, instruments or other documents, or any other act or omission, transaction, agreement, event or other occurrence taking place on or before the Effective Date; *provided, however* that nothing in this Section 9.4(a) shall be construed to release any party or entity from gross negligence, intentional fraud, willful misconduct, or criminal conduct, as determined by a Final Order.

(b) **Third-Party Releases by Holders of Claims or Equity Interests**

Except as otherwise provided in the Plan or the Plan Supplement, as of the Effective Date, each Holder of a Claim against or Interest in a Debtor, to the fullest extent permissible under applicable law, as such law may be extended or interpreted subsequent to the Effective Date, shall be deemed to have conclusively, absolutely, unconditionally, irrevocably, and forever released and discharged the Debtors, the Reorganized Debtors, the Estates, the Equity-Related Entities, and the Released Parties from any and all Claims, Interests, obligations, rights, suits, damages, Causes of Action, remedies and liabilities whatsoever, including any derivative Claims assertable on behalf of a Debtor, whether known or unknown, foreseen or unforeseen, existing or hereafter arising, in law, equity, or otherwise, that such Person would have been legally entitled to assert (whether individually or collectively), based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the Debtors' restructuring, the Chapter 11 Cases, the purchase, sale, or rescission of the purchase or sale of any security of the Debtors or the Reorganized Debtors, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan or the Plan Supplement, the business or contractual arrangements between any Debtor, Reorganized Debtor, Estate or non-Debtor Affiliate and any Released Party, the restructuring of Claims and Interests before or during the Chapter 11 Cases, the negotiation, formulation, or preparation of the Plan, the Disclosure Statement, the Plan Supplement, or related agreements, instruments, or other documents, or any other act or omission, transaction, agreement, event or other occurrence including or pertaining to the Debtors and taking place on or before the Effective Date, *provided, however* that nothing in this Section 9.4(b) shall be construed to release any party or entity from gross negligence, intentional fraud, willful misconduct, or criminal conduct, as determined by a Final Order; *provided further, however*, that this Section 9.4(b) shall not release the Debtors, the Reorganized

Debtors, the Estates, the Equity-Related Entities or the Released Parties from any Cause of Action held by a governmental entity existing as of the Effective Date based on (i) the Internal Revenue Code or other domestic state, city, or municipal tax code, (ii) the environmental laws of the United States or any domestic state, city, or municipality, (iii) any criminal laws of the United States or any domestic state, city, or municipality, (iv) the Securities and Exchange Act of 1934 (as now in effect or hereafter amended), the Securities Act, or other securities laws of the United States or any domestic state, city or municipality, (v) the Employee Retirement Income Security Act of 1974, as amended, or (vi) the laws and regulations of the Bureau of Customs and Border Protection of the United States Department of Homeland Security. Notwithstanding anything to the contrary in this Section 9.4(b), a Holder of a Claim shall be deemed not to provide the releases set forth in this section if such Holder (i) votes to reject the Plan and (ii) "opts out" of the releases provided in this Section 9.4(b) of the Plan in a timely submitted, valid Ballot, *provided, however*, that nothing in this sentence shall limit the discharge contained in Section 9.5 of the Plan. For the avoidance of doubt, nothing in this Section 9.4(b) shall release any Claims relating to actions or conduct occurring after the Effective Date and arising under or relating to the New Credit Facilities.

5. *Discharge Of The Debtors*

(a) Upon the Effective Date, the Debtors, and each of them, shall be deemed discharged and released under section 1141(d)(1)(A) of the Bankruptcy Code from any and all Claims, including, but not limited to, demands and liabilities that arose before the Effective Date, and all debts of the kind specified in section 502 of the Bankruptcy Code, whether or not (i) a Proof of Claim based upon such debt is filed or deemed filed under section 501 of the Bankruptcy Code, (ii) a Claim based upon such debt is Allowed under section 502 of the Bankruptcy Code, (iii) a Claim based upon such debt is or has been disallowed by order of the Bankruptcy Court, or (iv) the Holder of a Claim based upon such debt accepted the Plan.

(b) As of the Effective Date, except as provided in the Plan or the Confirmation Order, all Persons shall be precluded from asserting against the Debtors or the Reorganized Debtors, any other or further Claims, debts, rights, Causes of Action, claims for relief, liabilities, or equity interests relating to the Debtors based upon any act, omission, transaction, occurrence, or other activity of any nature that occurred prior to the Effective Date. In accordance with the foregoing, except as provided in the Plan or the Confirmation Order, the Confirmation Order shall be a judicial determination of discharge of all such Claims and other debts and liabilities against the Debtors, pursuant to sections 524 and 1141 of the Bankruptcy Code, and such discharge shall void any judgment obtained against the Debtors at any time, to the extent that such judgment relates to a discharged Claim.

6. *Injunction*

Except as provided in the Plan or the Confirmation Order, as of the Effective Date, all Persons that have held, currently hold, may hold, or allege that they hold, a Claim, obligation, suit, judgment, damage, demand, debt, right, Cause of Action, or liability that is released or discharged under this Article IX are permanently enjoined from taking any of the following actions against the Debtors, the Reorganized Debtors, and their respective Affiliates or their property on account of any such released or discharged Claim, obligation, suit, judgment, damage, demand, debt, right, Cause of Action, or liability: (a) commencing or continuing, in any manner or in any place, any action or other proceeding; (b) enforcing, attaching, collecting, or recovering in any manner any judgment, award, decree, or order; (c) creating, perfecting, or enforcing any Lien or encumbrance; (d) asserting a setoff, right of subrogation, or recoupment of any kind against any debt, liability, or obligation due to any released Person; or (e) commencing or continuing any action, in each such case in any manner, in any place, or against any Person that does not comply with or is inconsistent with the provisions of the Plan or the Confirmation Order.

7. *Exculpation And Limitation Of Liability*

None of the Released Parties shall have or incur any liability to any Entity, for any act or omission in connection with, relating to, or arising out of, the Chapter 11 Cases, the Disclosure Statement, the

formulation, negotiation, or implementation of the Plan, the solicitation of acceptances of the Plan, the pursuit of Confirmation of the Plan, the Confirmation of the Plan, the consummation of the Plan, or the administration of the Plan or the property to be distributed under the Plan, or any other prepetition or postpetition act taken or omitted to be taken in connection with or in contemplation of the restructuring of the Debtors; *provided, however*, that the foregoing provisions of this exculpation shall have no effect on the liability of any Released Party that results from any such act or omission that is determined in a Final Order to have constituted gross negligence or willful misconduct. Nothing in the Plan shall affect the ability of the United States to pursue any non-Debtors to the extent allowed by non-bankruptcy law for any liabilities that may be related to any federal tax liabilities owed by the Debtors or the Debtors' Estates. Additionally, the United States may pursue police and regulatory actions or proceedings with respect to the Released Parties in the manner, and by the administrative or judicial tribunals, in which the United States could have pursued such actions or proceedings as if this bankruptcy had never been commenced.

8. *Term Of Bankruptcy Injunction Or Stays.*

Except as provided otherwise in the Plan, from and after the Effective Date, the automatic stay of section 362(a) of the Bankruptcy Code shall terminate.

9. *Post-Confirmation Date Retention Of Professionals.*

Upon the Confirmation 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 and the Reorganized Debtors will employ and pay professionals in the ordinary course of business.

**H. Procedures For Resolving and Treating Disputed Claims**

1. *Disputed Claims.*

All Disputed Claims against the Debtors shall be subject to the provisions of this Article X.

2. *Objection Deadline.*

Unless otherwise ordered by the Bankruptcy Court, objections to Claims shall be filed with the Bankruptcy Court and served upon the Holders of each such Claim to which objections are made on or before the Claims Objection Deadline. If an objection to a Claim is timely filed, a subsequent amendment to the objection shall also be deemed timely, even if filed subsequent to the deadline for filing the original Claim objection, and even if the amendment raises facts or legal theories not raised in the original Claim objection.

3. *Prosecution of Objections.*

After the Confirmation Date, the Debtors or the Reorganized Debtors, as the case may be, shall have the authority to file, litigate to final judgment, settle, or withdraw objections to Disputed Claims.

4. *No Distributions Pending Allowance*

No payments or distributions shall be made with respect to any Claim to the extent it is a Disputed Claim unless and until all objections to such Disputed Claim are resolved and such Disputed Claim becomes an Allowed Claim in whole or in part.

**H. Miscellaneous Provisions**

1. *Payment Of Statutory Fees.*

All fees payable pursuant to section 1930 of title 28 of the United States Code shall be paid on the earlier of when due or the Effective Date.

2. *Amendment Or Modification Of The Plan.*

Subject to section 1127 of the Bankruptcy Code and, to the extent applicable, sections 1122, 1123, and 1125 of the Bankruptcy Code, the Debtors reserve the right to alter, amend, or modify the Plan at any time prior to or after the Confirmation Date but prior to the substantial consummation of the Plan, *provided, however*, that the Participating Lenders must approve of such alteration, amendment or modification if it materially affects the respective Participating Lender's interests, which approval shall not be unreasonably withheld. A Holder of a Claim that has accepted the Plan shall be deemed to have accepted the Plan, as altered, amended or modified, if the proposed alteration, amendment or modification does not materially and adversely change the treatment of the Claim of such Holder.

3. *Severability Of Plan Provisions.*

If, prior to the Confirmation Date, any term or provision of the Plan is determined 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.

4. *Successors And Assigns.*

The Plan shall be binding upon and inure to the benefit of the Debtors, and their respective successors and assigns, including, without limitation, the Reorganized Debtors. 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.

5. *Revocation, Withdrawal, Or Non-Consummation.*

The Debtors reserve the right to revoke or withdraw the Plan at any time prior to the Confirmation Date and to file other plans of reorganization. If the Debtors revoke or withdraw the Plan, or if Confirmation or consummation of the Plan does not occur, then (a) the Plan shall be null and void in all respects, (b) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount any Claim or Class of Claims), assumption of Executory Contracts or Unexpired Leases effected by the Plan, and any document or agreement executed pursuant to the Plan shall be deemed null and void, *provided, however*, that the Debtors' Missed Milestone Obligations shall survive pursuant to the terms of the DVB Term Sheet, and (c) nothing contained in the Plan, and no acts taken in preparation for consummation of the Plan, shall (i) constitute or be deemed to constitute a waiver or release of any Claims by or against, or any Interests in, the Debtors or any other Person, (ii) prejudice in any manner the rights of the Debtors or any Person in any further proceedings involving the Debtors, or (iii) constitute an admission of any sort by the Debtors or any other Person.

6. *Governing Law.*

Except to the extent that the Bankruptcy Code, the Bankruptcy Rules or other federal law is applicable, or to the extent that an Exhibit or schedule to the Plan or document contained in the Plan Supplement provides otherwise, the rights and obligations arising under the Plan shall be governed by, and construed and enforced in accordance with, the laws of New York without giving effect to the principles of conflicts of law of such jurisdiction.

## **V. RISK FACTORS TO BE CONSIDERED**

Parties in interest should read and carefully consider the following factors, as well as the other information set forth in this Disclosure Statement (and the documents delivered together herewith and/or incorporated by reference herein), before deciding whether to vote to accept or to reject the Plan. This information, however, does not describe the only risks involved in connection with the Plan and its implementation.

### **A. Failure to Confirm the Plan**

If the Plan is not confirmed and consummated, there can be no assurance that the Chapter 11 Cases will continue rather than be converted to chapter 7 liquidations. The Bankruptcy Court, which sits as a court of equity, may exercise substantial discretion with respect to the affairs of the Debtors during the Chapter 11 Cases. Section 1129 of the Bankruptcy Code sets forth the requirements for confirmation of a plan and requires, among other things, that the value of distributions to dissenting creditors and shareholders not be less than the value of distributions such creditors and shareholders would receive if the Debtors were liquidated under chapter 7 of the Bankruptcy Code. Although the Debtors believe that the Plan will meet such tests, there can be no assurance that the Bankruptcy Court will reach the same conclusion. Failure to confirm a plan of reorganization by January 31, 2015 would result in termination of the Restructuring Support Agreement, pursuant to the terms thereof. Furthermore, although the Debtors believe that the Effective Date will occur shortly after the Confirmation Date, there can be no assurance as to such timing. In addition, the Debtors could experience material adverse changes in their liquidity as a result of such delay.

### **B. Uncertainty of Extraterritorial Recognition of Plan Confirmation**

NHL, NH2L and the Intermediate HoldCo Debtors are incorporated pursuant to, and the rights attaching to their shares are governed by, the laws of Bermuda. The remaining Debtors are incorporated pursuant to, and their Interests are governed by, the laws of Hong Kong. Although the Debtors will make every effort to ensure that any Confirmation Order entered by the Bankruptcy Court and the steps taken pursuant to the Confirmation Order to implement the restructuring are recognized and are effective as a matter of Bermuda and Hong Kong law, as applicable, it is possible that if a creditor or stakeholder were to challenge the restructuring and a Bermuda or Hong Kong court, as applicable, were required to adjudicate on the effectiveness of the restructuring, a Bermuda or Hong Kong court, as applicable, may refuse to recognize the effect of the Confirmation Order.

### **C. Potential Adverse Effects of Chapter 11**

Although the Debtors have sought to make their stay in chapter 11 as brief as possible and to obtain relief from the Bankruptcy Court so as to minimize any potential disruption to their business operations, it is possible that the commencement of the Chapter 11 Cases could materially adversely affect the relationship among the Debtors and their customers, employees, vendors and service providers. Moreover, because the Debtors' business operations implicate maritime law, various foreign creditors could assert maritime liens against the Debtors' assets. The determination of what claim constitutes a maritime lien is determined by local law on a case by case basis. Thus, various interested parties may attempt to seize assets located outside of the United States to the detriment of the Debtors, their estates and creditors, or take other actions in contravention of the automatic stay of section 362 of the Bankruptcy Code.

### **D. No Assurance of Ultimate Recoveries; Uncertainty of Financial Projections**

#### *1. No Assurance of Ultimate Recoveries*

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

2. *Inherent Uncertainty of Debtors' Financial Projections*

The Financial Projections attached hereto as Appendix C include projections covering the Reorganized Debtors' operations through 2019. These projections are based on assumptions that are an integral part of the projections, including confirmation and consummation of the Plan in accordance with its terms, the anticipated future performance of the Debtors, industry performance, general business and economic conditions and other matters, many of which are beyond the control of the Reorganized Debtors and some or all of which may not materialize.

In addition, unanticipated events and circumstances occurring after the date hereof may affect the actual financial results of the Reorganized Debtors' operations. These variations may be material and may adversely affect the ability of the Reorganized Debtors to make payments with respect to their indebtedness. Because the actual results achieved may vary from projected results, perhaps significantly, the projections should not be relied upon as a guaranty or other assurance of the actual results that will occur.

The business plan was developed by the Debtors with the assistance of their advisors. There can be no assurances that the Debtors' business plan will not change, perhaps materially, as a result of decisions management and the new board of directors make after fully evaluating the strategic direction of the Debtors and their business plan. Any deviations from the Debtors' existing business plan would necessarily cause a deviation from the attached projections, and could result in materially different outcomes from those projected.

3. *Recent Financial Reports*

Attached to this Disclosure Statement as Appendix E are the Debtors' unaudited financial statements for the fiscal year ended December 31, 2013. This is the last period for which financial information is available. The information contained in the unaudited statements for fiscal year 2013 has not been finalized due to the ongoing restructuring. As of the date hereof, the Debtors have not prepared audited or unaudited financial statements for fiscal years after December 31, 2013. The information to be contained in these reports is not available at this time and there can be no assurance that such information would not have been material to your decision whether to vote to accept or reject the Plan.

**E. Business and Operational Risks**

1. *Dependence on Manager*

The Debtors rely on the efforts and abilities of their manager, Synergy, to, among other things, source and negotiate charters, manage customer relationships, oversee management of charter contracts, monitor and manage third-party technical ship management companies, and provide general administrative and strategic management services, including financial and corporate management, business development, and relationship management with the Debtors' banks and lenders. Synergy's management provides the Debtors with a competitive advantage in sourcing charter contracts and controlling both the cost and quality of the Vessels' operations. The Debtors may not be able to retain another management company to manage and operate their business effectively, and to oversee and coordinate with the technical managers of each of the Vessels. The loss of the services of Synergy for any significant period of time could adversely affect the Debtors' business prospects and financial conditions or Synergy's inability to attract and retain qualified personnel could have a material adverse effect on the Debtors' or Synergy's capacity to manage their business.

Additionally, the Debtors' ability to compete for and enter into new time charters and to expand the Debtors' relationships with existing charterers will depend largely on Synergy's reputation and relationships in the shipping industry. If Synergy suffers material damage to its reputation or relationships, it may harm the Debtors' ability to renew existing time charters upon their expiration, obtain new time charters, successfully interact with shipyards, obtain contractual arrangements with third parties on commercially acceptable terms, or maintain satisfactory relationships with the Debtors' charterers and suppliers, which may have a materially adverse effect on the Debtors' operations and cash flows.

2. *Debt Agreements and Instruments Contain Restrictive Covenants*

The Debtors' new secured credit facilities, including the Amended and Restated Citi Facility, the Amended and Restated DVB 1 Facility, the Amended and Restated DVB 2 Facility, and the Amended and Restated HSH-YM Facility, may impose, certain restrictions on them. These restrictions may limit the Debtors. The Debtors may need to seek permission from their lenders in order to engage in certain corporate actions. The interests of the Debtors' lenders may be different from their own and the Debtors cannot guarantee that they will be able to obtain the permission of the Debtors' lenders when needed. Restrictions on the Debtors ability to engage in such corporate actions may have an adverse effect on the Debtors' liquidity, operations and financial performance.

3. *Volatility of Container Shipping Market*

The international container shipping industry has suffered a severe downturn in recent years due to a number of factors, including, but not limited to, global and regional economic conditions, the state of international trade, changes in transportation patterns, and structural changes in the container shipping industry. Since 2008, a combination of these factors has influenced the overall supply and demand, bringing container vessel charter rates toward historic lows. Moreover, the downturn in the container shipping industry has in part been driven by an oversupply of newbuildings. The decline and volatility in charter rates in the container shipping industry and increased supply of container shipping vessels affected the value of the Debtors' Vessels and negatively affected the Debtors' cash flows and liquidity. The Debtors can offer no assurance that the container shipping market will improve, and if the weak container shipping market persists, it will continue to negatively affect the Debtors' results of operations and financial condition.

4. *Volatility of Charter Hire Rates*

As described above, the Debtors' profitability is highly dependent on the charter rates the Debtors are able to charge. The international container shipping industry is cyclical with attendant volatility in terms of charter hire rates and profitability. Fluctuations in charter rates result from changes in the supply and demand for vessel capacity, which are driven by global fleet capacity and utilization and changes in the supply and demand for major products internationally transported by containerships. In particular, lower demand for shipping container cargos, as well as diminished trade credit available for the delivery of such cargos, may lead to decreased demand for container shipping vessels, creating downward pressure on charter rates and vessel values.

Because the Debtors charter some of their Vessels pursuant to short-term charter hires and certain of the Debtors' longer-term charters may expire, the Debtors are exposed to changes in charter hire rates in the container shipping industry, and such changes may affect the Debtors' earnings and the value of their Vessels at any given time. Moreover, while the longer-term charters generally provide stable revenues, they also limit the portion of the Debtors' fleet available for charters during an upswing in charter rates, when short-term time charters may generate higher revenues.

5. *Replacement of Expiring Charters*

When the Debtors' charters expire, the Debtors will generally attempt to re-charter their Vessels at favorable rates with reputable charterers, but there can be no guarantee that they will succeed. The charterers under the existing charters have no obligation to renew or extend the charters. If the Debtors cannot enter into longer-term time charters on acceptable terms, they may have to secure shorter-term charters, where charters rates are more volatile and revenues are, therefore, less predictable. If the current low charter rate environment persists, or a further reduction occurs, upon the expiration or termination of the Debtors' Vessels' current charters, the Debtors may only be able to re-charter their Vessels at reduced or unprofitable rates or they may not be able to charter these Vessels at all.

Failure to obtain replacement charters will reduce or eliminate the Debtors' revenue and ability to service their debt. In addition, the Debtors may have to reposition their Vessels without cargo or compensation to deliver them to future charterers or to move Vessels to areas where they believes that future



employment may be more likely or advantageous. Repositioning the Debtors' Vessels would increase their Vessel operating costs which could have an adverse effect on the Debtors' results of operations and financial condition.

#### 6. *Charter Defaults*

When the Debtors enter into a charter, charter rates under that charter are fixed for the term of the charter. The ability of each of the Debtors' charterers to perform its obligations under the charter depends on a number of factors that are beyond the Debtors' control and may include, among other things, general economic conditions, the condition of the maritime industries generally, the overall financial condition of the charterer, charter rates received for specific types of vessels and various expenses. In addition, if the short-term charter rates in the container shipping industry become significantly lower than the longer-term charter rates that some of the Debtors' charterers are obligated to pay the Debtors under their existing time charters, the charterers may have incentives to default under that charter or attempt to renegotiate the charter. Alternatively, it may also be the case that the financial condition of a long-term charterer deteriorates. If the Debtors' charterers default on their charters, the Debtors will seek the remedies available to them, which may include arbitration or litigation to enforce the contracts, although such efforts may not be successful. If their charterers fail to pay their obligations, the Debtors would have to attempt to re-charter their Vessels, likely at lower charter rates, which would affect the Debtors' results of operations. Additionally, the Debtors will not receive any revenues from such a Vessel while it is un-chartered, but would still be required to pay expenses necessary to maintain and insure the vessel and service any ~~indebtedness~~indebtedness on it. The combination of any surplus of containership capacity and the expected increase in the size of the world containership fleet over the next few years may make it difficult to secure substitute employment for any of our containerships if our counterparties fail to perform their obligations under the currently arranged time charters, and any new charter arrangements we are able to secure may be at lower rates. The loss of any of our charterers, time charters or vessels, or a decline in payments under our time charters, could have a material adverse effect on our business, results of operations and financial condition, and revenues and cash flow.

#### 7. *Risks Related to Foreign Ports*

The Debtors currently employ all of their Vessels under charter contracts with unaffiliated parties. Under the terms of these charters, and consistent with shipping industry practice, the charterer of each Vessel pays the Debtors a daily charter rate and directs the Vessel's route, loading and discharge ports and cargoes carried. While the Debtors do not control the routes or ports of call made by their Vessels, all of the charter contracts under which their Vessels operate contain express prohibitions proscribing trades of their Vessels in countries or areas that are subject to sanctions or blacklists by the United Nations or major trading nations as well as certain ice bound areas. The value of the Debtors may be adversely affected by the consequences of war, the effects of terrorism, civil unrest and governmental actions in these and surrounding countries.

Although the Debtors believe that they are in compliance with all applicable sanctions and embargo laws and regulations, and intend to maintain such compliance, there can be no assurance that the Debtors will be in compliance in the future, particularly as the scope of certain laws may be unclear and may be subject to changing interpretations. Any such violation could result in fines or other penalties. Moreover, the Debtors' charterers may violate applicable sanctions and embargo laws and regulations as a result of actions that do not involve the Debtors or their Vessels, and those violations could in turn negatively affect the Debtors' reputation.

#### 8. *World Events*

Terrorist attacks like those in New York in 2001, London in 2005, Mumbai in 2008 and other countries and the continuing response of the world community to these attacks, as well as the threat of future terrorist attacks around the world, continue to cause uncertainty in the world financial markets and may affect the Debtors' business, results of operations and financial condition. Continuing conflicts in North Africa and the Middle East and the presence of U.S. and other armed forces in various regions around the world may lead to additional acts of terrorism and armed conflict, which may contribute to further economic instability in the global financial markets. Political conflicts may result in attacks on vessels, mining of waterways and other

efforts to disrupt international shipping. Political conflicts, acts of terrorism and piracy could also cause partial or complete closure of ports and sea passages, potentially resulting in higher costs, Vessel delays or cancellations on some of the Debtors' lines. Future terrorist attacks could also result in increased volatility of the financial markets in the United States and globally and could result in an economic recession in the United States or the world. Any of these occurrences could have a material adverse impact on the Debtors' operating results, revenue, and costs.

In addition, because the Debtors' operations are primarily conducted outside of the United States, they may be affected by economic, political and governmental conditions in the countries where the Debtors are engaged in business or where their Vessels are registered. Future hostilities or political instability in regions where the Debtors operate or may operate could have a material adverse effect on the Debtors' business, results of operations and ability to service their debt. In addition, tariffs, trade embargoes and other economic sanctions by the United States or other countries against countries where their Vessels trade may limit trading activities with those countries, which could also harm the Debtors' business, financial condition and results of operations.

9. *Smuggling*

The Debtors' Vessels may call in areas where smugglers attempt to hide drugs, weapons and other contraband on Vessels, with or without the knowledge of crew members. To the extent their Vessels are found with contraband, whether with or without the knowledge of any crew member, the Debtors may face governmental or other regulatory claims which could have an adverse effect on the Debtors' business, results of operations, cash flows and financial condition.

10. *Requisition of Vessels*

A government could requisition one or more of the Debtors' Vessels for title or hire, or seize one or more of their Vessels. Requisition for title occurs when a government takes control of a vessel and becomes her owner. Requisition for hire occurs when a government takes control of a vessel and effectively becomes her charterer at dictated charter rates. Generally, requisitions occur during a period of war or emergency, although governments may elect to requisition vessels in other circumstances. Government requisition of one or more of the Debtors' Vessels would negatively impact their revenues.

11. *Arrest of Vessels*

Crew members, suppliers of goods and services to a vessel, shippers of cargo, vessel financing participants, charter parties, and other parties may be entitled to a maritime lien against a vessel for unsatisfied debts, claims or damages. In many jurisdictions, a maritime lien holder may enforce its lien by arresting a vessel through foreclosure proceedings. The arrest or attachment of one or more of the Debtors' Vessels could interrupt their cash flow and require them to make significant payments to have the arrest lifted.

In addition, in some jurisdictions, such as South Africa, under the "sister ship" or "associated ship" theory of liability, a claimant may arrest either the vessel which is subject to the claimant's maritime lien or any "associated" vessel, which is any vessel owned or controlled, at the time that the action is commenced, by the same owner or ultimate controller of the vessel concerned when the maritime claim arose. Claimants could try to assert "sister ship" or "associated ship" liability against one Vessel in the Debtors' fleet for claims relating to another of their ships.

12. *Marine Risks; Vessel Damage*

The operation of the Debtors' ocean-going Vessels entails the possibility of certain inherent risks, such as marine disasters, including damage or destruction of the Vessel due to accident, the loss of a Vessel due to piracy or terrorism, loss of life, damage or destruction of cargo and similar events that may cause a loss of revenue from affected Vessels and could damage the Debtors' business reputation, which may in turn lead to loss of business.

If the Debtors' Vessels suffer damage, they may need to be repaired at a drydocking facility. The costs of drydock repairs are unpredictable and can be substantial. In addition, space at drydocking facilities is sometimes limited and not all drydocking facilities are conveniently located. The Debtors may be unable to find space at a suitable drydocking facility or the Vessel in issue may be forced to travel to a drydocking facility that is distant from its current position. The loss of earnings while their Vessels are being repaired and repositioned, as well as the actual cost of these repairs, would decrease the Debtors' earnings. The Debtors may not have insurance that is sufficient to cover all or any of these costs or losses and may have to pay drydocking costs not covered by their insurance. Further, the involvement of the Debtors' Vessels in a disaster or delays in delivery or loss of cargo may harm their reputation as a safe and reliable vessel operator and could cause them to lose business.

13. *Vessel Maintenance*

The operation of shipping container vessels may create operational risks, such as damage to the vessel. Vessels damaged due to treatment during operation may be more susceptible to breach while at sea. Breaches of a vessel's hull may lead to the flooding, which in turn may lead to loss of a vessel. If the Debtors do not adequately maintain their Vessels, they may be unable to prevent these events. The occurrence of such an event could have a material adverse effect on the Debtors' business, financial condition and results of operations.

14. *Insurance*

The Debtors carry insurance to protect against most of the accident-related risks involved in the conduct of their business and maintain environmental damage and pollution insurance coverage. The Debtors do not carry insurance covering the loss of revenue resulting from vessel off-hire time. The Debtors believe that their insurance coverage is adequate to protect them against most accident-related risks involved in the conduct of their business and that they maintain appropriate levels of environmental damage and pollution insurance coverage. However, there can be no assurance that all risks are adequately insured against, that any particular claim will be paid or that the Debtors will be able to procure adequate insurance coverage at commercially reasonable rates in the future. More stringent environmental regulations in the past have resulted in increased costs for insurance against the risk of environmental damage or pollution. In the future, the Debtors may be unable to procure adequate insurance coverage to protect them against environmental damage or pollution. Moreover, in certain jurisdictions, pollution may result in criminal liability. Criminal liability for a pollution incident could not only result in the Debtors incurring substantial penalties or fines, but may also, in some jurisdictions, facilitate civil liability claims for greater compensation than would otherwise have been payable.

Additionally, the Debtors are indemnified for legal liabilities incurred while operating their Vessels through membership in protection and indemnity associations. The Debtors cannot guarantee that the protection and indemnity associations to which they belong will remain viable or that they will not become subject to additional funding calls which could adversely affect the Debtors.

15. *Piracy*

Acts of piracy have historically affected ocean-going vessels trading in regions of the world such as the South China Sea, the Indian Ocean, and the Arabian Sea, and in the Gulf of Aden off the coast of Somalia. If piracy attacks result in regions in which the Debtors' Vessels are deployed being characterized as "war risk" zones by insurers or as "war and strikes" listed areas by the Joint War Committee, premiums payable for such coverage could increase significantly and such insurance coverage may be more difficult to obtain. Accordingly, the Debtors may not be adequately insured to cover losses from these incidents, which could have a material adverse effect on them. Although the Debtors usually obtain war risk insurance for certain of their Vessels making port calls in designated war zone areas, they cannot provide assurance that such insurance will be obtained prior to one of the Debtors' Vessels entering into an actual war zone, which could result in that Vessel not being insured. Even if their insurance coverage is adequate to cover their losses, the Debtors may not be able to timely obtain a replacement vessel in the event of a loss. In addition, detention of any of the Debtors' Vessels, hijacking as a result of an act of piracy against their Vessels, or an increase in cost, or unavailability,

or insufficiency of insurance for their Vessels, could have a material adverse impact on the Debtors' business, financial condition, results of operations and ability to service their debt.

16. *Fuel Prices*

The price of bunker fuel is correlated with crude oil prices, which in turn have historically exhibited significant volatility in short periods of time and have recently been at, or close to, historic highs. Furthermore, crude oil prices are influenced by a host of economic and geopolitical factors. While the Debtors generally will not bear the cost of fuel, or bunkers for Vessels operating on charters, fuel is a significant factor in negotiating charter rates. In addition, upon redelivery of Vessels at the end of a period time or trip time charter, the Debtors may be obligated to repurchase bunkers on board at prevailing market prices, which could be materially higher than fuel prices at the inception of the charter period. Changes in the price of fuel may adversely affect the Debtors' profitability. The price and supply of fuel is unpredictable and fluctuates based on events outside the Debtors' control. Further, fuel may become much more expensive in the future, which may reduce the profitability and competitiveness of the Debtors' business versus other forms of transportation.

17. *Crew Costs*

Crew costs are a significant expense for the Debtors under their charters. Limited supply of, and increased demand for, well-qualified crew, due to the increase in the size of the global shipping fleet, may create upward pressure on crewing costs, which the Debtors bear under their charters. Increases in crew costs may adversely affect the Debtors' profitability.

18. *Aging Fleet; Vessel Replacement*

In general, expenditures necessary for maintaining a vessel in good operating condition increase as a vessel ages. Older vessels are typically less fuel efficient and more costly to maintain than more recently constructed vessels due to improvements in engine technology, increased cargo insurance rates, and less fuel-efficiency. In addition, governmental regulations, including environmental regulations, safety or other equipment standards related to the age of vessels may require expenditures for alterations to existing equipment or the addition of new equipment to the Debtors' Vessels and may restrict the type of activities in which their Vessels may engage. The Debtors cannot give assurances that, as their Vessels age, market conditions will justify those expenditures or enable the Debtors to operate their Vessels profitably during the remainder of their useful lives. Additionally, the ~~Debtors~~Debtors' inability to dispose of the containership at a reasonable price could result in a loss on its sale.

Additionally, the Debtors do not expect to set aside any reserves for vessel replacement. Therefore, the Debtors may be unable to replace the Vessels upon the expiration of their useful lives in the event the Debtors have insufficient credit at the time of such expiration to borrow funds for vessel replacement. If the Debtors are unable to replace the Vessels upon the expiration of their useful lives, their business, results of operations, financial condition and ability to service their debt will be adversely affected.

19. *Technological Innovation*

The charter hire rates and the value and operational life of a vessel are determined by a number of factors including the vessel's efficiency, operational flexibility and physical life. Efficiency includes speed, fuel economy and the ability to load and discharge cargo quickly. Flexibility includes the ability to enter harbors, utilize related docking facilities and pass through canals and straits. The length of a vessel's physical life is related to its original design and construction, its maintenance and the impact of the stress of operations. If new container shipping vessels are built that are more efficient or more flexible or have longer physical lives than the Debtors' Vessels, competition from these more technologically advanced vessels could adversely affect the amount of charter hire payments the Debtors receive for their Vessels once charters expire, and the resale value of their Vessels could significantly decrease. As a result, the Debtors' business, results of operations, cash flows and financial condition could be adversely affected.

## **F. Financial and Taxation Risks**

### **1. *Cash Management Credit Risk***

The Debtors currently maintain almost all of their cash and cash equivalents with a limited number of financial institutions located in the London, Hamburg, and Geneva. The Debtors do not expect any of their balances to be covered by insurance in the event of default by any of these financial institutions. The occurrence of such a default could therefore have a material adverse effect on the Debtors' business, financial condition, results of operations and cash flows, and they may lose part or all of their cash that they have deposited with such financial institutions.

### **2. *Taxation Risks***

U.S. tax authorities could treat Reorganized Nautilus Shipholdings No. 3 Limited as a "passive foreign investment company" which could have adverse U.S. federal income tax consequences to U.S. holders. A foreign corporation will be treated as a "passive foreign investment company" or PFIC, for U.S. federal income tax purposes if either (i) at least 75% of its gross income for any taxable year consists of certain types of "passive income" or (ii) at least 50% of the average value of the corporation's assets produce or are held for the production of those types of "passive income." For purposes of these tests, "passive income" includes dividends, interest, and gains from the sale or exchange of investment property and rents and royalties other than rents and royalties which are received from unrelated parties in connection with the active conduct of a trade or business. For purposes of these tests, income derived from the performance of services does not constitute "passive income." U.S. shareholders of a PFIC are subject to a disadvantageous U.S. federal income tax regime with respect to the income derived by the PFIC, the distributions they receive from the PFIC and the gain, if any, they derive from the sale or other disposition of their shares in the PFIC.

Based on its projected operations and assets, Reorganized Nautilus Shipholdings No. 3 Limited does not expect to be or to become a PFIC with respect to any taxable year. In this regard, Reorganized Nautilus Shipholdings No. 3 Limited intends to treat the gross income it derives or is deemed to derive from its time chartering activities as services income, rather than rental income. Accordingly, Reorganized Nautilus Shipholdings No. 3 Limited believes that its income from its time chartering activities does not constitute "passive income," and the assets that it will own and operate in connection with the production of that income will not constitute passive assets.

There is substantial legal authority supporting this position consisting of case law and other authorities concerning the characterization of income derived from time charters and voyage charters as services income for other tax purposes. However, it should be noted that there is also authority which characterizes time charter income as rental income rather than services income for other tax purposes. Accordingly, no assurance can be given that the IRS or a court of law will accept this position, and there is a risk that the IRS or a court of law could determine that Reorganized Nautilus Shipholdings No. 3 Limited is a PFIC. Moreover, no assurance can be given that Reorganized Nautilus Shipholdings No. 3 Limited would not constitute a PFIC for any future taxable year if the nature and extent of its operations changed.

If Reorganized Nautilus Shipholdings No. 3 Limited were to be treated as a PFIC for any taxable year, U.S. holders of Reorganized Nautilus Shipholdings No. 3 Limited stock may face adverse U.S. tax consequences. Under the PFIC rules, unless those stockholders make an election available under the Tax Code (which election could itself have adverse consequences for such stockholders), such stockholders would be liable to pay U.S. federal income tax at the then prevailing income tax rates on ordinary income plus interest upon "excess distributions" and upon any gain from the disposition of Reorganized Nautilus Shipholdings No. 3 Limited stock, as if the excess distribution or gain had been recognized ratably over the stockholders' holding period of such Reorganized Nautilus Shipholdings No. 3 Limited stock.

## **G. Legal and Regulatory Risks**

### **1. *Litigation***

The Debtors are, from time to time, subject to various asserted or unasserted legal proceedings and claims. Any such claims, regardless of merit, could be time-consuming and expensive to defend and could divert management's attention and resources. While management believes the Debtors have adequate insurance coverage and accrue loss contingencies for all known matters that are probable and can be reasonably estimated, the Debtors cannot ensure that the outcome of all current or future litigation will not have a material adverse effect on the Debtors and their results of operations.

### **2. *Global Protectionist Policies and Regulatory Regimes***

There is a risk that countries could, in the wake of the global financial and economic crisis or in response to real or perceived currency manipulations or trade imbalances, resort to protectionist measures or make changes to the regulatory regimes in which the Debtors operate in order to protect and preserve domestic industries. Such measures could have a material adverse effect on the Debtors' business, financial condition and results of operations.

Additionally, the Debtors' operations are subject to numerous laws and regulations in the form of international conventions and treaties, national, state and local laws and national and international regulations in force in the jurisdictions in which the Debtors' Vessels operate or will be registered, which could significantly affect the ownership and operation of the Vessels. Compliance with such laws, regulations and standards, where applicable, may require installation of costly equipment or operational changes and may affect the resale value or useful lives of the Debtors' Vessels. The Debtors may also incur additional costs in order to comply with other existing and future regulatory obligations, which could have a material adverse effect on the Debtors' business, results of operations, cash flows and financial condition. Failure to comply with applicable laws and regulations may result in administrative and civil penalties, criminal sanctions or the suspension or termination of the Debtors' operations.

### **3. *Anticorruption Laws***

Applicable worldwide anti-corruption laws generally prohibit companies and their intermediaries from making improper payments to government officials for the purpose of obtaining or retaining business. The Debtors' activities create the risk of unauthorized payments or offers of payments by one of their employees or agents that could be in violation of the applicable anti-corruption laws. The Debtors maintain policies that prohibit bribery including restrictions on giving or receiving items or services of value to influence business decisions. Although the Debtors have these policies in place, there can be no assurance that these policies will protect the Debtors from governmental investigations or inquiries surrounding actions of their employees or agents. If the Debtors are found to be liable for violations of applicable anti-corruption laws (either due to their own acts or inadvertence, or due to the acts or inadvertence of others), the Debtors could suffer from civil and criminal penalties or other sanctions.

### **4. *Tighter Import/Export Controls***

International shipping is subject to various security and customs inspection and related procedures in countries of origin and destination and transshipment points. Increased inspection procedures and tighter import and export controls could impose additional financial and legal obligations on the Debtors or require significant capital expenditures. Increased inspection procedures and tighter import and export controls could also impose additional costs and obligations on the Debtors' customers and may, in certain cases, render the shipment of certain types of cargo uneconomical or impractical. Any such changes or developments may have a material adverse effect on the Debtors' business, financial condition and results of operations.

5. *Inspections and Surveys*

A variety of governmental and private entities subject the Vessels to both scheduled and unscheduled inspections. These entities include the local port authorities, (applicable national authorities such as the United States Coast Guard and harbor masters), classification societies, flag state administrations (countries of registry) and charterers. Some of these entities require the Debtors to obtain permits, licenses, certificates and other authorizations for the operation of their Vessels. Moreover, the Debtors' new secured credit facilities documents will require the Vessel owners to submit the Vessels to the surveys required for ship classification purposes. Their failure to maintain necessary permits, licenses, certificates or authorizations could require them to incur substantial costs or temporarily suspend the operation of one or more of its Vessels. Additionally, failure to submit to surveys, as may be required by the Debtors' new secured credit facilities, could cause the Debtors to be in default thereunder.

In recent periods, heightened levels of environmental and operational safety concerns among insurance underwriters, regulators and charterers have led to greater inspection and safety requirements on all vessels and may accelerate the scrapping of older vessels throughout the container shipping industry. Increasing environmental concerns have created a demand for vessels that conform to the stricter environmental standards. The Debtors believe that the operation of their Vessels is in substantial compliance with applicable environmental laws and regulations and that its Vessels have all material permits, licenses, certificates or other authorizations necessary for the conduct of their operations. However, because such laws and regulations are frequently changed and may impose increasingly stricter requirements, the Debtors cannot predict the ultimate cost of complying with these requirements, or the impact of these requirements on the resale value or useful lives of their Vessels. In addition, a future serious marine incident that results in significant oil pollution or otherwise causes significant adverse environmental impact, could result in additional legislation or regulation that could negatively affect their profitability.

The hull and machinery of every commercial vessel must be classed by a classification society authorized by its country of registry. Additionally, the Debtors' Vessels undergo annual surveys, intermediate surveys and special surveys. Every Vessel is also required to be drydocked for inspection of the underwater parts of such Vessel. If any Vessel does not maintain its class or fails any annual, intermediate or special survey, the Vessel will be unable to trade between ports and, therefore, would be unemployable, potentially causing a negative impact on the Debtors' revenues due to the loss of revenues from such Vessel until it is able to trade again.

**H. Classification and Treatment of Claims and Interests**

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

To the extent that the Bankruptcy Court finds that a different classification is required for the Plan to be confirmed, the Debtors currently anticipate that they would seek to (i) modify the Plan to provide for whatever classification might be required for confirmation and (ii) use the acceptances received from any creditor pursuant to the solicitation for the purpose of obtaining the approval of the Class or Classes of which such creditor ultimately is deemed to be a member. Any such reclassification of creditors, although subject to the notice and hearing requirements of the Bankruptcy Code, could adversely affect the Class in which such creditor was initially a member, or any other Class under the Plan, by changing the composition of such Class and the vote required for approval of the Plan.

There can be no assurance that the Bankruptcy Court, after finding that a classification was inappropriate and requiring a reclassification, would approve the Plan based upon such reclassification without requiring the Debtors to resolicit votes.



The Bankruptcy Code also requires that the Plan provide the same treatment for each Claim or Interest of a particular Class unless the holder of a particular Claim or Interest agrees to a less favorable treatment of its Claim or Interest. The Debtors believe that they have complied with this requirement. To the extent that the Bankruptcy Court finds that the Plan does not satisfy such requirement, the Bankruptcy Court could deny confirmation of the Plan or the Debtors could be required to modify the Plan.

## VI. CERTAIN INCOME TAX CONSEQUENCES OF THE PLAN

The following is a summary of certain U.S. federal income tax consequences of the Plan to U.S. Holders and Non-U.S. Holders (as defined below) of certain Allowed Claims that are entitled to vote to accept or reject the Plan. This summary is for informational purposes only and is based on the Internal Revenue Code of 1986, as amended (the "**Tax Code**"), U.S. Treasury regulations promulgated thereunder, and administrative and judicial interpretations and practice, all as in effect on the date of this Disclosure Statement and all of which are subject to change or differing interpretations, with possible retroactive effect. Due to the lack of definitive judicial and administrative authority in a number of areas, substantial uncertainty may exist with respect to some of the tax consequences described herein. No opinion of counsel has been obtained as to any of the tax consequences of the Plan and no ruling will be sought from the Internal Revenue Service ("**IRS**") with respect to any statement or conclusion in this summary. No representations are being made regarding the particular tax consequences of the confirmation or implementation of the Plan as to any creditor or equity interest-holder and there can be no assurance that the IRS would not assert, or that a court would not sustain, positions different from those discussed herein.

The following discussion does not address foreign, state, or local tax consequences of the Plan, nor does it purport to address all aspects of U.S. federal income taxation applicable to special classes of taxpayers (including, without limitation, banks and certain other financial institutions, insurance companies, tax-exempt organizations, governmental entities, partnerships or other pass-through entities, real estate investment trusts, regulated investment companies, controlled foreign corporations, passive foreign investment companies, persons whose functional currency is not the U.S. dollar, dealers subject to the mark-to-market rules of Section 475 of the Tax Code, employees of the Debtors, and persons who received their Allowed Claims pursuant to the exercise of an employee stock option or otherwise as compensation). This summary assumes that the Allowed Claims are held as capital assets for U.S. federal income tax purposes and that the interests in the Amended and Restated Citi Facility, Amended and Restated DVB 1 Facility, Amended and Restated DVB 2 Facility, and Amended and Restated HSH-YM Facility (each, an "**Amended and Restated Facility**," and collectively, the "**Amended and Restated Facilities**"), the stock of each of Reorganized Nautilus Shipholdings No. 3 Limited, Reorganized Debtor Miltons Way Limited, Reorganized Debtors Findhorn Osprey Limited, Earlstown Limited, Floral Peninsula Limited, and Resplendent Spirit Limited will each be held as a capital asset for U.S. federal income tax purposes. Furthermore, the following discussion does not address U.S. federal taxes other than income taxes (including, without limitation, estate and gift taxes). U.S. Holders and Non-U.S. Holders should consult their tax advisors regarding the tax consequences to them of the transactions contemplated by the Plan, including U.S. federal, state, local and foreign tax consequences.

For purposes of this discussion, a "**U.S. Holder**" is a beneficial holder of Allowed Claims that is, for U.S. federal income tax purposes (1) an individual that is a citizen or resident of the United States, (2) a corporation, or other entity treated as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States, any state thereof or the District of Columbia, (3) an estate, the income of which is subject to U.S. federal income taxation regardless of its source, or (4) a trust if (i) a court within the United States is able to exercise primary supervision over its administration and one or more U.S. persons have the authority to control all of the substantial decisions of such trust or (ii) such trust has a valid election in effect under applicable Treasury regulations to be treated as a U.S. person. A "**Non-U.S. Holder**" is a beneficial holder (other than any entity treated as a partnership for U.S. federal income tax purposes) of Allowed Claims that is not a U.S. Holder.

If a partnership (including any entity treated as a partnership for U.S. federal income tax purposes) holds Allowed Claims, as the case may be, the U.S. federal income tax consequences to the partners of such partnership will depend on the activities of the partnership and the status of the partners. A partnership



considering participating in the Plan should consult its tax advisor regarding the consequences to the partnership and its partners of the Plan.

**A. Certain U.S. Federal Income Tax Consequences to U.S. Holders**

The discussion below describes certain U.S. federal income tax consequences of the transactions contemplated by the Plan to U.S. Holders; however, no assurance can be given as to the treatment of such transactions by the IRS or as to whether such treatment will be sustained by a court. Each U.S. Holder should consult its tax advisor regarding the tax consequences to it of the transactions contemplated by the Plan and information that may be relevant to its particular situation and circumstances.

*1. U.S. Holders of Class 3A Citi Facility Claims, Class 5 DVB 1 Facility Claims, Class 6 DVB 2 Facility Claims, and Classes 8A and 8B HSH-YM Facility Claims*

*(a) General*

Pursuant to the Plan, in full satisfaction and discharge of its Claim, each U.S. Holder of Class 3A Citi Facility Claims, Class 5 DVB 1 Facility Claims, Class 6 DVB 2 Facility Claims, and Classes 8A and 8B HSH-YM Facility Claims (collectively, the "Facility Claims") will receive its pro rata share ~~of~~ an Amended and Restated Facility, as applicable (collectively, the "Facility Exchanges"). The Reorganized Debtors intend to follow, for U.S. federal income tax purposes, the treatment of the Facility Exchanges as described in the Plan. The IRS could take the position, however, that the Facility Exchanges, the U.S. Holders, and/or the Debtors should be treated for U.S. federal income tax purposes in some manner other than that set forth in the Plan.

*(b) The Facility Exchanges*

The U.S. federal income tax consequences of the Facility Exchanges will depend, in part, on whether the U.S. Holders' allowed Facility Claims constitute "securities" for U.S. federal income tax purposes. Whether a debt instrument constitutes a "security" is determined based on all the facts and circumstances. Most authorities have held that the length of the term of a debt instrument at initial issuance is an important factor in determining whether such instrument is a security for U.S. federal income tax purposes. These authorities have indicated that a term of less than five years is evidence that the instrument is not a security, whereas a term of ten years or more is evidence that it is a security. There are other factors that may be relevant to the determination, including the security for payment, the creditworthiness of the obligor, the subordination or lack thereof with respect to other creditors, the right to vote or otherwise participate in the management of the obligor, convertibility of the instrument into equity of the obligor, whether payments of interest are fixed, variable or contingent and whether such payments are made on a current basis or accrued. The allowed Facility Claims each have a term of more than ten years. It is unclear whether U.S. Holders' allowed Facility Claims constitute "securities" for U.S. federal income tax purposes and each U.S. Holder should consult its tax advisor regarding the treatment of such obligations as "securities."

The Debtors intend to take the position that each of the allowed Facility Claims and the Amended and Restated Facilities should constitute "securities" for U.S. federal income tax purposes.

*(i) Treatment as a Recapitalization*

Subject to the discussion below regarding accrued interest, to the extent that a U.S. Holder's allowed Facility Claim is characterized as a "security" for U.S. federal income tax purposes, the Facility ~~Exchange~~Exchanges should be treated as a "recapitalization" for U.S. federal income tax purposes and the Amended and Restated Facility should also be characterized as a "security" for U.S. federal income tax purposes. If the Facility ~~Exchange~~Exchanges is treated as a recapitalization, a U.S. Holder of an allowed Facility Claim generally should not recognize capital gain or loss pursuant to the Facility ~~Exchange~~Exchanges. A U.S. Holder's aggregate tax basis in the Amended and Restated Facility it receives in the Facility ~~Exchange~~Exchanges should be equal to the tax basis of such U.S. Holder's allowed Facility Claim surrendered in exchange therefor. Such U.S. Holder's holding period for such Amended and Restated Facility should include its holding period for the allowed Facility Claim surrendered in exchange therefor.

(ii) Treatment as a Taxable Exchange

Subject to the discussion below regarding accrued interest, if the allowed Facility Claims are not characterized as "securities," and as a result the Facility Exchanges are not treated as a "recapitalization," and the transactions contemplated by the Plan are otherwise taxable to a U.S. Holder, such U.S. Holder should recognize gain or loss equal to the difference between (a) the issue price of such U.S. Holder's *pro rata* share of the Amended and Restated Facility received pursuant to the Plan (which generally should be deemed to equal the stated principal amount if neither the Amended and Restated Facility nor the allowed Facility Claim surrendered in exchange therefor is considered "publicly traded" under applicable Treasury regulations) over (b) such U.S. Holder's tax basis in its allowed Facility Claim surrendered pursuant to the Plan. Such gain or loss should be capital gain or loss (subject to the "market discount" rules described below) and should be long-term capital gain or loss if the U.S. Holder's holding period for its surrendered allowed Facility Claim exceeded one year. A U.S. Holder's tax basis in its *pro rata* share of the Amended and Restated Facility received pursuant to the Plan should equal the fair market value of such interests on the Effective Date. A U.S. Holder's holding period for its *pro rata* share of the Amended and Restated Facility received pursuant to the Plan should begin on the day following the Effective Date.

(c) Accrued Interest

To the extent that any consideration is allocated to accrued but unpaid interest, a U.S. Holder of allowed Facility Claims that has not previously included such accrued interest in taxable income for U.S. federal income tax purposes should recognize ordinary income equal to the fair market value of any property received (including the U.S. Holder's *pro rata* share of the Amended and Restated Facility) with respect to such Claims for accrued interest. Pursuant to the Plan, the Reorganized Debtors will allocate for U.S. federal income tax purposes all distributions in respect of any Claim first to the principal amount of such Claim, and thereafter to accrued but unpaid interest. No assurance can be given that the IRS will not challenge such allocation. If a distribution with respect to a Claim is entirely allocated to the principal amount of such Claim, a holder may be entitled to claim a loss to the extent of any accrued but unpaid interest on the Claim that was previously included in the holder's gross income. U.S. Holders should consult their tax advisors regarding the particular U.S. federal income tax consequences applicable to them under the Plan in respect of allowed Facility Claims for accrued interest, including the character of any loss claimed with respect to accrued but unpaid interest previously included in gross income.

(d) Market Discount

A U.S. Holder that purchased its allowed Facility Claim from a prior holder at a discount to the then-adjusted issue price of such allowed Facility Claim may be subject to the market discount rules of the Tax Code. Under those rules, assuming such U.S. Holder has not made an election to amortize the market discount into income on a current basis, any gain recognized on the exchange of such allowed Facility Claim (subject to a de minimis rule and exceptions for certain nonrecognition transactions) generally would be characterized as ordinary income to the extent of the accrued market discount on such allowed Facility Claim as of the Effective Date. U.S. Holders of allowed Facility Claims should consult their tax advisors as to the tax consequences of the market discount rules, including, without limitation, the possible application of such rules on the Facility Exchanges.

2. *U.S. Holders of Class 3B Citi Facility Claims*

(a) General

Pursuant to the Plan, in full satisfaction and discharge of its Claim, each U.S. Holder of Class 3B Citi Facility Claims ([the "Class 3B Citi Facility Claims"](#)) will receive its pro rata share of 100% of the stock of Reorganized Nautilus Shipholdings No. 3 Limited (subject to dilution by the warrants) (the "[Class 3B Exchange](#)"). The Reorganized Debtors intend to follow, for U.S. federal income tax purposes, the treatment of the Class 3B Exchange as described in the Plan. The IRS could take the position, however, that the Class 3B Exchange, the U.S. Holders, and/or the Debtors should be treated for U.S. federal income tax purposes in some manner other than that set forth in the Plan.

(b) The Class 3B Exchange

~~The U.S. federal income tax consequences of the Class 3B Exchange will depend, in part, on whether the U.S. Holders' allowed Class 3B Citi Facility Claims constitute "securities" for U.S. federal income tax purposes. Whether a debt instrument constitutes a "security" is determined based on all the facts and circumstances. Most authorities have held that the length of the term of a debt instrument at initial issuance is an important factor in determining whether such instrument is a security for U.S. federal income tax purposes. These authorities have indicated that a term of less than five years is evidence that the instrument is not a security, whereas a term of ten years or more is evidence that it is a security. There are other factors that may be relevant to the determination, including the security for payment, the creditworthiness of the obligor, the subordination or lack thereof with respect to other creditors, the right to vote or otherwise participate in the management of the obligor, convertibility of the instrument into equity of the obligor, whether payments of interest are fixed, variable or contingent and whether such payments are made on a current basis or accrued. The allowed Class 3B Citi Facility Claims have a term of more than ten years. It is unclear whether U.S. Holders' allowed Class 3B Citi Facility Claims constitute "securities" for U.S. federal income tax purposes and each U.S. Holder should consult its tax advisor regarding the treatment of such obligations as "securities."~~

~~The Debtors intend to take the position that the allowed Class 3B Citi Facility Claims should constitute "securities" for U.S. federal income tax purposes.~~

(c) Treatment as a Recapitalization

~~Subject to the discussion below regarding accrued interest, to the extent that a U.S. Holder's allowed Class 3B Citi Facility Claim is characterized as a "security" for U.S. federal income tax purposes market discount rules described below, the Class 3B Exchange should be treated as a "recapitalization" tax-free transaction in which no gain or loss is recognized for U.S. federal income tax purposes. If the Class 3B Exchange is treated as a recapitalization, a U.S. Holder of an allowed Class 3B Citi Facility Claim generally should not recognize capital gain or loss pursuant to the Class 3B Exchange. A U.S. Holder's aggregate tax basis in the stock of Reorganized Nautilus Shipholdings No. 3 Limited it receives in the Class 3B Exchange should be equal to the tax basis of such U.S. Holder's allowed Class 3B Citi Facility Claim surrendered in exchange therefor. Such U.S. Holder's holding period for such stock of Reorganized Nautilus Shipholdings No. 3 Limited generally should include its holding period for the allowed Class 3B Citi Facility Claim surrendered in exchange therefor.~~

(d) Treatment as a Taxable Exchange

~~Subject to the discussion below regarding accrued interest, if the allowed Class 3B Citi Facility Claims are not characterized as "securities," and as a result the Class 3B Exchange is not treated as a "recapitalization," and the transactions contemplated by the Plan are otherwise taxable to a U.S. Holder, such U.S. Holder should recognize gain or loss equal to the difference between (a) the fair market value as of the Effective Date of such U.S. Holder's shares of stock of Reorganized Nautilus Shipholdings No. 3 Limited received pursuant to the Plan over (b) such U.S. Holder's tax basis in its allowed Class 3B Citi Facility Claim surrendered pursuant to the Plan. Such gain or loss should be capital gain or loss (subject to the "market discount" rules described below) and should be long term capital gain or loss if the U.S. Holder's holding period for its surrendered allowed Class 3B Citi Facility Claim exceeded one year. A U.S. Holder's tax basis in its shares of stock of Reorganized Nautilus Shipholdings No. 3 Limited received pursuant to the Plan, should equal the fair market value of such shares on the Effective Date. A U.S. Holder's holding period for each of its shares of stock of Reorganized Nautilus Shipholdings No. 3 Limited received pursuant to the Plan should begin on the day following the Effective Date.~~

(e) Accrued Interest

To the extent that any consideration is allocated to accrued but unpaid interest, a U.S. Holder of allowed Class 3B Citi Facility Claims that has not previously included such accrued interest in taxable income for U.S. federal income tax purposes should recognize ordinary income equal to the fair market value of any property received (including the U.S. Holder's *pro rata* share of the stock of Reorganized Nautilus Shipholdings

No. 3 Limited) with respect to such Claims for accrued interest. Pursuant to the Plan, the Reorganized Debtors will allocate for U.S. federal income tax purposes all distributions in respect of any Claim first to the principal amount of such Claim, and thereafter to accrued but unpaid interest. No assurance can be given that the IRS will not challenge such allocation. If a distribution with respect to a Claim is entirely allocated to the principal amount of such Claim, a holder may be entitled to claim a loss to the extent of any accrued but unpaid interest on the Claim that was previously included in the holder's gross income. U.S. Holders should consult their tax advisors regarding the particular U.S. federal income tax consequences applicable to them under the Plan in respect of allowed Class 3B Citi Facility Claims for accrued interest, including the character of any loss claimed with respect to accrued but unpaid interest previously included in gross income.

(f) Market Discount

A U.S. Holder that purchased its allowed Class 3B Citi Facility Claim from a prior holder at a discount to the then-adjusted issue price of such allowed Class 3B Citi Facility Claim may be subject to the market discount rules of the Tax Code. Under those rules, assuming such U.S. Holder has not made an election to amortize the market discount into income on a current basis, any gain recognized on the exchange of such allowed Class 3B Citi Facility Claim (subject to a de minimis rule and exceptions for certain nonrecognition transactions) generally would be characterized as ordinary income to the extent of the accrued market discount on such allowed Class 3B Citi Facility Claim as of the Effective Date. U.S. Holders of allowed Class 3B Citi Facility Claims should consult their tax advisors as to the tax consequences of the market discount rules, including, without limitation, the possible application of such rules on the Class 3B Exchange.

3. *U.S. Holders of Class 4A Columbia Facility Claims*

(a) General

Pursuant to the Plan, in full satisfaction and discharge of its Claim, each U.S. Holder of Class 4A Columbia Facility Claims and Class 4B Columbia Facility Claims (the "Class 4 Columbia Facility Claims") will receive the return of the vessel securing such Claims, ~~subject to the C-F ROFR~~ (the "Class 4A Exchange"). The Reorganized Debtors intend to follow, for U.S. federal income tax purposes, the treatment of the Class 4A Exchange as described in the Plan. The IRS could take the position, however, that the Class 4A Exchange, the U.S. Holders, and/or the Debtors should be treated for U.S. federal income tax purposes in some manner other than that set forth in the Plan. ~~See Section VI.A.4(e) "Integration of Class 4A Exchange and Class 4B Exchange."~~

(b) The Class 4A Exchange

(i) Treatment as a Taxable Exchange

Subject to the discussion below regarding accrued interest, a U.S. Holder should recognize gain or loss equal to the difference between (a) the fair market value as of the Effective Date of the vessel securing such Claims received pursuant to the Plan over (b) such U.S. Holder's tax basis in its allowed Class 4A Columbia Facility Claim surrendered pursuant to the Plan. Such gain or loss should be capital gain or loss (subject to the "market discount" rules described below) and should be long-term capital gain or loss if the U.S. Holder's holding period for its surrendered allowed Class 4A Columbia Facility Claim exceeded one year. A U.S. Holder's tax basis in the vessel received pursuant to the Plan, should equal the fair market value of such vessel on the Effective Date. A U.S. Holder's holding period for the vessel received pursuant to the Plan should begin on the day following the Effective Date.

(c) Accrued Interest

To the extent that any consideration is allocated to accrued but unpaid interest, a U.S. Holder of allowed Class 4A Columbia Facility Claims that has not previously included such accrued interest in taxable income for U.S. federal income tax purposes should recognize ordinary income equal to the fair market value of any property received (including the vessel received) with respect to such Claims for accrued interest. Pursuant to the Plan, the Reorganized Debtors will allocate for U.S. federal income tax purposes all distributions in respect of any Claim first to the principal amount of such Claim, and thereafter to accrued but unpaid interest.

No assurance can be given that the IRS will not challenge such allocation. If a distribution with respect to a Claim is entirely allocated to the principal amount of such Claim, a holder may be entitled to claim a loss to the extent of any accrued but unpaid interest on the Claim that was previously included in the holder's gross income. U.S. Holders should consult their tax advisors regarding the particular U.S. federal income tax consequences applicable to them under the Plan in respect of allowed Class 4A Columbia Facility Claims for accrued interest, including the character of any loss claimed with respect to accrued but unpaid interest previously included in gross income.

(d) Market Discount

A U.S. Holder that purchased its allowed Class 4A Columbia Facility Claim from a prior holder at a discount to the then-adjusted issue price of such allowed Class 4A Columbia Facility Claim may be subject to the market discount rules of the Tax Code. Under those rules, assuming such U.S. Holder has not made an election to amortize the market discount into income on a current basis, any gain recognized on the exchange of such allowed Class 4A Columbia Facility Claim (subject to a de minimis rule and exceptions for certain nonrecognition transactions) generally would be characterized as ordinary income to the extent of the accrued market discount on such allowed Class 4A Columbia Facility Claim as of the Effective Date. U.S. Holders of allowed Class 4A Columbia Facility Claims should consult their tax advisors as to the tax consequences of the market discount rules, including, without limitation, the possible application of such rules on the Class 4A Exchange.

4. *U.S. Holders of Class 4B Columbia Flowers Facility Claims*

(a) General

~~Pursuant to the Plan, in full satisfaction and discharge of its Claim, each U.S. Holder of Class 4B Columbia Facility Claims, if any, will receive its pro rata share of the stock of Reorganized Debtor Miltons Way Limited (the "Class 4B Exchange"). The Reorganized Debtors intend to follow, for U.S. federal income tax purposes, the treatment of the Class 4B Exchange as described in the Plan. The IRS could take the position, however, that the Class 4B Exchange, the U.S. Holders, and/or the Debtors should be treated for U.S. federal income tax purposes in some manner other than that set forth in the Plan. See Section VI.A.4(e) "Integration of Class 4A Exchange and Class 4B Exchange."~~

~~(b) The Class 4B Exchange~~

~~The U.S. federal income tax consequences of the Class 4B Exchange will depend, in part, on whether the U.S. Holders' allowed Class 4B Columbia Facility Claims constitute "securities" for U.S. federal income tax purposes. Whether a debt instrument constitutes a "security" is determined based on all the facts and circumstances. Most authorities have held that the length of the term of a debt instrument at initial issuance is an important factor in determining whether such instrument is a security for U.S. federal income tax purposes. These authorities have indicated that a term of less than five years is evidence that the instrument is not a security, whereas a term of ten years or more is evidence that it is a security. There are other factors that may be relevant to the determination, including the security for payment, the creditworthiness of the obligor, the subordination or lack thereof with respect to other creditors, the right to vote or otherwise participate in the management of the obligor, convertibility of the instrument into equity of the obligor, whether payments of interest are fixed, variable or contingent and whether such payments are made on a current basis or accrued. The allowed Class 4B Columbia Facility Claims have a term of more than ten years. It is unclear whether U.S. Holders' allowed Class 4B Columbia Facility Claims constitute "securities" for U.S. federal income tax purposes and each U.S. Holder should consult its tax advisor regarding the treatment of such obligations as "securities."~~

~~The Debtors intend to take the position that the allowed Class 4B Columbia Facility Claims should constitute "securities" for U.S. federal income tax purposes.~~

~~(i) Treatment as a Recapitalization~~

~~Subject to the discussion below regarding accrued interest, to the extent that a U.S. Holder's allowed Class 4B Columbia Facility Claim is characterized as a "security" for U.S. federal income tax purposes,~~



~~the Class 4B Exchange should be treated as a "recapitalization" for U.S. federal income tax purposes. If the Class 4B Exchange is treated as a recapitalization, a U.S. Holder of an allowed Class 4B Columbia Facility Claim generally should not recognize capital gain or loss pursuant to the Class 4B Exchange. A U.S. Holder's aggregate tax basis in the stock of Reorganized Debtor Miltons Way Limited it receives in the Class 4B Exchange should be equal to the tax basis of such U.S. Holder's allowed Class 4B Columbia Facility Claim surrendered in exchange therefor. Such U.S. Holder's holding period for such stock of Reorganized Debtor Miltons Way Limited generally should include its holding period for the allowed Class 4B Columbia Facility Claim surrendered in exchange therefor.~~

~~(ii) Treatment as a Taxable Exchange~~

~~Subject to the discussion below regarding accrued interest, if the allowed Class 4B Columbia Facility Claims are not characterized as "securities," and as a result the Class 4B Exchange is not treated as a "recapitalization," and the transactions contemplated by the Plan are otherwise taxable to a U.S. Holder, such U.S. Holder should recognize gain or loss equal to the difference between (a) the fair market value as of the Effective Date of such U.S. Holder's shares of stock of Reorganized Debtor Miltons Way Limited received pursuant to the Plan over (b) such U.S. Holder's tax basis in its allowed Class 4B Columbia Facility Claim surrendered pursuant to the Plan. Such gain or loss should be capital gain or loss (subject to the "market discount" rules described below) and should be long-term capital gain or loss if the U.S. Holder's holding period for its surrendered allowed Class 4B Columbia Facility Claim exceeded one year. A U.S. Holder's tax basis in its shares of stock of Reorganized Debtor Miltons Way Limited received pursuant to the Plan, should equal the fair market value of such shares on the Effective Date. A U.S. Holder's holding period for each of its shares of stock of Reorganized Debtor Miltons Way Limited received pursuant to the Plan should begin on the day following the Effective Date.~~

~~(e) Accrued Interest~~

~~To the extent that any consideration is allocated to accrued but unpaid interest, a U.S. Holder of allowed Class 4B Columbia Facility Claims that has not previously included such accrued interest in taxable income for U.S. federal income tax purposes should recognize ordinary income equal to the fair market value of any property received (including the U.S. Holder's *pro rata* share of the stock of Reorganized Debtor Miltons Way Limited) with respect to such Claims for accrued interest. Pursuant to the Plan, the Reorganized Debtors will allocate for U.S. federal income tax purposes all distributions in respect of any Claim first to the principal amount of such Claim, and thereafter to accrued but unpaid interest. No assurance can be given that the IRS will not challenge such allocation. If a distribution with respect to a Claim is entirely allocated to the principal amount of such Claim, a holder may be entitled to claim a loss to the extent of any accrued but unpaid interest on the Claim that was previously included in the holder's gross income. U.S. Holders should consult their tax advisors regarding the particular U.S. federal income tax consequences applicable to them under the Plan in respect of allowed Class 4B Columbia Facility Claims for accrued interest, including the character of any loss claimed with respect to accrued but unpaid interest previously included in gross income.~~

~~(d) Market Discount~~

~~A U.S. Holder that purchased its allowed Class 4B Columbia Facility Claim from a prior holder at a discount to the then-adjusted issue price of such allowed Class 4B Columbia Facility Claim may be subject to the market discount rules of the Tax Code. Under those rules, assuming such U.S. Holder has not made an election to amortize the market discount into income on a current basis, any gain recognized on the exchange of such allowed Class 4B Columbia Facility Claim (subject to a de minimis rule and exceptions for certain nonrecognition transactions) generally would be characterized as ordinary income to the extent of the accrued market discount on such allowed Class 4B Columbia Facility Claim as of the Effective Date. U.S. Holders of allowed Class 4B Columbia Facility Claims should consult their tax advisors as to the tax consequences of the market discount rules, including, without limitation, the possible application of such rules on the Class 4B Exchange.~~

(e) ~~Potential Integration of Class 4A Exchange and Class 4B Exchange~~

~~Notwithstanding the discussion above with respect to the Class 4A Exchange and the Class 4B Exchange, the IRS could take the position that the Class 4A Exchange and Class 4B Exchange should be integrated and treated together as a recapitalization.~~

~~If the Class 4A Exchange and the Class 4B Exchange are together treated as a recapitalization, a U.S. Holder of an allowed Class 4A Columbia Facility Claim and Class 4B Columbia Facility Claim generally should recognize gain (but not loss) pursuant to the Class 4A Exchange and the Class 4B Exchange equal to the lesser of (i) the amount of gain realized in such exchanges (generally equal to the fair market value of all of the consideration received minus the holder's adjusted tax basis in the Class 4A Columbia Facility Claims and Class 4B Columbia Facility Claims) and (ii) the fair market value of the vessel received. A U.S. Holder's aggregate tax basis in the vessel received in the Class 4A Exchange and the stock of Reorganized Debtor Miltons Way Limited received in the Class 4B Exchange should be equal to the tax basis of such U.S. Holder's allowed Class 4A Columbia Facility Claim and Class 4B Columbia Facility Claim surrendered in exchange therefor, increased by the amount of any gain recognized and decreased by the amount of cash or other property (including the vessel) received in the exchange. This aggregate tax basis should be allocated among such vessel and stock in proportion to their respective fair market values as of the Effective Date. Such U.S. Holder's holding period for the vessel and the stock of Reorganized Debtor Miltons Way Limited generally should include its holding period for the allowed Class 4A Columbia Facility Claim and Class 4B Columbia Facility Claim surrendered in exchange therefor.~~

~~5.- U.S. Holders of Class 7A Flowers Facility Claims~~

~~(a) General~~

Pursuant to the Plan, in full satisfaction and discharge of its Claim, each U.S. Holder of Class 7A Flowers Facility Claims and Class 7B Flowers Facility Claims (the "Class 7 Flowers Facility Claims") will receive the return of the vessels securing such Claims, ~~subject to the C-F ROFR~~ (the "Class 7A Exchange"). The Reorganized Debtors intend to follow, for U.S. federal income tax purposes, the treatment of the Class 7A Exchange as described in the Plan. The IRS could take the position, however, that the Class 7A Exchange, the U.S. Holders, and/or the Debtors should be treated for U.S. federal income tax purposes in some manner other than that set forth in the Plan. ~~See Section VI.A.6(e) "Integration of Class 7A Exchange and Class 7B Exchange."~~

(b) The Class 7A Exchange

(i) Treatment as a Taxable Exchange

Subject to the discussion below regarding accrued interest, a U.S. Holder should recognize gain or loss equal to the difference between (a) the fair market value as of the Effective Date of the vessels securing such Claims received pursuant to the Plan over (b) such U.S. Holder's tax basis in its allowed Class 7A Flowers Facility Claim surrendered pursuant to the Plan. Such gain or loss should be capital gain or loss (subject to the "market discount" rules described below) and should be long-term capital gain or loss if the U.S. Holder's holding period for its surrendered allowed Class 7A Flowers Facility Claim exceeded one year. A U.S. Holder's tax basis in the vessels received pursuant to the Plan, should equal the fair market value of such vessels on the Effective Date. A U.S. Holder's holding period for the vessels received pursuant to the Plan should begin on the day following the Effective Date.

(c) Accrued Interest

To the extent that any consideration is allocated to accrued but unpaid interest, a U.S. Holder of allowed Class 7A Flowers Facility Claims that has not previously included such accrued interest in taxable income for U.S. federal income tax purposes should recognize ordinary income equal to the fair market value of any property received (including the vessels received) with respect to such Claims for accrued interest. Pursuant to the Plan, the Reorganized Debtors will allocate for U.S. federal income tax purposes all distributions in

respect of any Claim first to the principal amount of such Claim, and thereafter to accrued but unpaid interest. No assurance can be given that the IRS will not challenge such allocation. If a distribution with respect to a Claim is entirely allocated to the principal amount of such Claim, a holder may be entitled to claim a loss to the extent of any accrued but unpaid interest on the Claim that was previously included in the holder's gross income. U.S. Holders should consult their tax advisors regarding the particular U.S. federal income tax consequences applicable to them under the Plan in respect of allowed Class 7A Flowers Facility Claims for accrued interest, including the character of any loss claimed with respect to accrued but unpaid interest previously included in gross income.

(d) Market Discount

A U.S. Holder that purchased its allowed Class 7A Flowers Facility Claim from a prior holder at a discount to the then-adjusted issue price of such allowed Class 7A Flowers Facility Claim may be subject to the market discount rules of the Tax Code. Under those rules, assuming such U.S. Holder has not made an election to amortize the market discount into income on a current basis, any gain recognized on the exchange of such allowed Class 7A Flowers Facility Claim (subject to a de minimis rule and exceptions for certain nonrecognition transactions) generally would be characterized as ordinary income to the extent of the accrued market discount on such allowed Class 7A Flowers Facility Claim as of the Effective Date. U.S. Holders of allowed Class 7A Flowers Facility Claims should consult their tax advisors as to the tax consequences of the market discount rules, including, without limitation, the possible application of such rules on the Class 7A Exchange.

~~6.- U.S. Holders of Class 7B Flowers Facility Claims~~

~~(a) General~~

~~Pursuant to the Plan, in full satisfaction and discharge of its Claim, each U.S. Holder of Class 7B Flowers Facility Claims, if any, will receive its pro rata share of 100% of the stock of Reorganized Debtors Findhorn Osprey Limited, Earlstown Limited, Floral Peninsula Limited, and Resplendent Spirit Limited (the "Class 7B Exchange"). The Reorganized Debtors intend to follow, for U.S. federal income tax purposes, the treatment of the Class 7B Exchange as described in the Plan. The IRS could take the position, however, that the Class 7B Exchange, the U.S. Holders, and/or the Debtors should be treated for U.S. federal income tax purposes in some manner other than that set forth in the Plan. See Section VI.A.6(e) "Integration of Class 7A Exchange and Class 7B Exchange."~~

~~(b) The Class 7B Exchange~~

~~The U.S. federal income tax consequences of the Class 7B Exchange will depend, in part, on whether the U.S. Holders' allowed Class 7B Flowers Facility Claims constitute "securities" for U.S. federal income tax purposes. Whether a debt instrument constitutes a "security" is determined based on all the facts and circumstances. Most authorities have held that the length of the term of a debt instrument at initial issuance is an important factor in determining whether such instrument is a security for U.S. federal income tax purposes. These authorities have indicated that a term of less than five years is evidence that the instrument is not a security, whereas a term of ten years or more is evidence that it is a security. There are other factors that may be relevant to the determination, including the security for payment, the creditworthiness of the obligor, the subordination or lack thereof with respect to other creditors, the right to vote or otherwise participate in the management of the obligor, convertibility of the instrument into equity of the obligor, whether payments of interest are fixed, variable or contingent and whether such payments are made on a current basis or accrued. The allowed Class 7B Flowers Facility Claims have a term of more than ten years. It is unclear whether U.S. Holders' allowed Class 7B Flowers Facility Claims constitute "securities" for U.S. federal income tax purposes and each U.S. Holder should consult its tax advisor regarding the treatment of such obligations as "securities."~~

~~The Debtors intend to take the position that the allowed Class 7B Flowers Facility Claims should constitute "securities" for U.S. federal income tax purposes.~~



(i) Treatment as a Recapitalization

~~Subject to the discussion below regarding accrued interest, to the extent that a U.S. Holder's allowed Class 7B Flowers Facility Claim is characterized as a "security" for U.S. federal income tax purposes, the Class 7B Exchange should be treated as a "recapitalization" for U.S. federal income tax purposes. If the Class 7B Exchange is treated as a recapitalization, a U.S. Holder of an allowed Class 7B Flowers Facility Claim generally should not recognize capital gain or loss pursuant to the Class 7B Exchange. A U.S. Holder's aggregate tax basis in the stock of Reorganized Debtors Findhorn Osprey Limited, Earlstown Limited, Floral Peninsula Limited, and Resplendent Spirit Limited it receives in the Class 7B Exchange should be equal to the tax basis of such U.S. Holder's allowed Class 7B Flowers Facility Claim surrendered in exchange therefor. Such U.S. Holder's holding period for such stock of Reorganized Debtors Findhorn Osprey Limited, Earlstown Limited, Floral Peninsula Limited, and Resplendent Spirit Limited generally should include its holding period for the allowed Class 7B Flowers Facility Claim surrendered in exchange therefor.~~

(ii) Treatment as a Taxable Exchange

~~Subject to the discussion below regarding accrued interest, if the allowed Class 7B Flowers Facility Claims are not characterized as "securities," and as a result the Class 7B Exchange is not treated as a "recapitalization," and the transactions contemplated by the Plan are otherwise taxable to a U.S. Holder, such U.S. Holder should recognize gain or loss equal to the difference between (a) the fair market value as of the Effective Date of such U.S. Holder's shares of stock of Reorganized Debtors Findhorn Osprey Limited, Earlstown Limited, Floral Peninsula Limited, and Resplendent Spirit Limited received pursuant to the Plan over (b) such U.S. Holder's tax basis in its allowed Class 7B Flowers Facility Claim surrendered pursuant to the Plan. Such gain or loss should be capital gain or loss (subject to the "market discount" rules described below) and should be long term capital gain or loss if the U.S. Holder's holding period for its surrendered allowed Class 7B Flowers Facility Claim exceeded one year. A U.S. Holder's tax basis in its shares of stock of Reorganized Debtors Findhorn Osprey Limited, Earlstown Limited, Floral Peninsula Limited, and Resplendent Spirit Limited received pursuant to the Plan, should equal the fair market value of such shares on the Effective Date. A U.S. Holder's holding period for each of its shares of stock of Reorganized Debtors Findhorn Osprey Limited, Earlstown Limited, Floral Peninsula Limited, and Resplendent Spirit Limited received pursuant to the Plan should begin on the day following the Effective Date.~~

(c) Accrued Interest

~~To the extent that any consideration is allocated to accrued but unpaid interest, a U.S. Holder of allowed Class 7B Flowers Facility Claims that has not previously included such accrued interest in taxable income for U.S. federal income tax purposes should recognize ordinary income equal to the fair market value of any property received (including the U.S. Holder's *pro rata* share of the stock of Reorganized Debtors Findhorn Osprey Limited, Earlstown Limited, Floral Peninsula Limited, and Resplendent Spirit Limited) with respect to such Claims for accrued interest. Pursuant to the Plan, the Reorganized Debtors will allocate for U.S. federal income tax purposes all distributions in respect of any Claim first to the principal amount of such Claim, and thereafter to accrued but unpaid interest. No assurance can be given that the IRS will not challenge such allocation. If a distribution with respect to a Claim is entirely allocated to the principal amount of such Claim, a holder may be entitled to claim a loss to the extent of any accrued but unpaid interest on the Claim that was previously included in the holder's gross income. U.S. Holders should consult their tax advisors regarding the particular U.S. federal income tax consequences applicable to them under the Plan in respect of allowed Class 7B Flowers Facility Claims for accrued interest, including the character of any loss claimed with respect to accrued but unpaid interest previously included in gross income.~~

(d) Market Discount

~~A U.S. Holder that purchased its allowed Class 7B Flowers Facility Claim from a prior holder at a discount to the then adjusted issue price of such allowed Class 7B Flowers Facility Claim may be subject to the market discount rules of the Tax Code. Under those rules, assuming such U.S. Holder has not made an election to amortize the market discount into income on a current basis, any gain recognized on the exchange of~~

~~such allowed Class 7B Flowers Facility Claim (subject to a de minimis rule and exceptions for certain nonrecognition transactions) generally would be characterized as ordinary income to the extent of the accrued market discount on such allowed Class 7B Flowers Facility Claim as of the Effective Date. U.S. Holders of allowed Class 7B Flowers Facility Claims should consult their tax advisors as to the tax consequences of the market discount rules, including, without limitation, the possible application of such rules on the Class 7B Exchange.~~

~~(e) Potential Integration of Class 7A Exchange and Class 7B Exchange~~

~~Notwithstanding the discussion above with respect to the Class 7A Exchange and the Class 7B Exchange, the IRS could take the position that the Class 7A Exchange and Class 7B Exchange should be integrated and treated together as a recapitalization.~~

~~If the Class 7A Exchange and the Class 7B Exchange are together treated as a recapitalization, a U.S. Holder of an allowed Class 7A Flowers Facility Claim and Class 7B Flowers Facility Claim generally should recognize gain (but not loss) pursuant to the Class 7A Exchange and the Class 7B Exchange equal to the lesser of (i) the amount of gain realized in such exchanges (generally equal to the fair market value of all of the consideration received minus the holder's adjusted tax basis in the Class 7A Flowers Facility Claims and Class 7B Flowers Facility Claims) and (ii) the fair market value of the vessels received. A U.S. Holder's aggregate tax basis in the vessels received in the Class 7A Exchange and the stock of Reorganized Debtors Findhorn Osprey Limited, Earlstown Limited, Floral Peninsula Limited, and Resplendent Spirit Limited received in the Class 7B Exchange should be equal to the tax basis of such U.S. Holder's allowed Class 7A Flowers Facility Claim and Class 7B Flowers Facility Claim surrendered in exchange therefor, increased by the amount of any gain recognized and decreased by the amount of cash or other property (including the vessels) received in the exchange. This aggregate tax basis should be allocated among such vessels and stock in proportion to their respective fair market values as of the Effective Date. Such U.S. Holder's holding period for the vessels and the stock of Reorganized Debtors Findhorn Osprey Limited, Earlstown Limited, Floral Peninsula Limited, and Resplendent Spirit Limited generally should include its holding period for the allowed Class 7A Flowers Facility Claim and Class 7B Flowers Facility Claim surrendered in exchange therefor.~~

**B. Certain U.S. Federal Income Tax Consequences to Non-U.S. Holders**

A Non-U.S. Holder generally should not be subject to U.S. federal income tax on any gain, accrued interest or accrued market discount recognized in the Facility Exchanges, the Class 3B Exchange, the Class 4A Exchange, the Class 4B Exchange, the Class 7A Exchange, and/or the Class 7B Exchange, as applicable, unless the gain, accrued interest or accrued market discount, as the case may be, is effectively connected with the Non-U.S. Holder's conduct of a trade or business in the United States (and, if a tax treaty applies, the Non-U.S. Holder maintains a U.S. permanent establishment to which the gain is attributable).

To the extent that such gain, accrued interest or accrued market discount, as the case may be, is effectively connected with the Non-U.S. Holder's conduct of a U.S. trade or business (and, if a tax treaty applies, the Non-U.S. Holder maintains a U.S. permanent establishment to which the gain is attributable), the Non-U.S. Holder generally will be subject to U.S. federal income tax on a net basis in the same manner as if the Non-U.S. Holder were a U.S. Holder. Such gain, accrued interest or accrued market discount, as the case may be, by a corporate Non-U.S. Holder may also be subject to an additional U.S. federal branch profits tax at a 30% rate (or, if applicable, a lower treaty rate).

Non-U.S. Holders should consult their tax advisors regarding the tax consequences to them of the transactions contemplated by the Plan and information that may be relevant to their particular situation and circumstances.

**C. Importance of Obtaining Professional Tax Assistance**

**THE FOREGOING DISCUSSION IS INTENDED ONLY AS A SUMMARY OF CERTAIN INCOME TAX CONSEQUENCES OF THE PLAN AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING WITH A TAX PROFESSIONAL. THE ABOVE DISCUSSION IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT TAX ADVICE. THE TAX CONSEQUENCES ARE IN MANY CASES**

**UNCERTAIN AND MAY VARY DEPENDING ON A CLAIM OR U.S. HOLDER'S PARTICULAR CIRCUMSTANCES. ACCORDINGLY, U.S. HOLDERS OF CLAIMS SHOULD CONSULT THEIR TAX ADVISORS ABOUT THE UNITED STATES FEDERAL, STATE, AND LOCAL, AND APPLICABLE FOREIGN INCOME AND OTHER TAX CONSEQUENCES OF THE PLAN.**

**VII. FEASIBILITY, VALUATION, BEST INTERESTS OF CREDITORS AND CONFIRMATION WITHOUT ACCEPTANCE OF ALL IMPAIRED CLASSES**

**A. Feasibility of the Plan**

The Bankruptcy Code requires that the Bankruptcy Court determine that confirmation of the Plan is not likely to be followed by liquidation or the need for further financial reorganization of the Debtors. For purposes of showing that the Plan meets this "feasibility" standard, the Debtors have analyzed the ability of the Reorganized Debtors to meet their obligations under the Plan and retain sufficient liquidity and capital resources to conduct their business. To support their belief in the feasibility of the Plan, the Debtors prepared the financial projections (the "Financial Projections") set forth as Appendix C of the Disclosure Statement. The Financial Projections show that the Reorganized Debtors should have sufficient cash to make payments required under the Plan. Accordingly, the Debtors believe the Plan is feasible and meets the requirements of section 1129(a)(11) of the Bankruptcy Code.

THE FINANCIAL PROJECTIONS ARE BY THEIR NATURE FORWARD LOOKING, AND ACTUAL RESULTS MAY DIFFER MATERIALLY FROM THE INFORMATION SET FORTH THEREIN. ACCORDINGLY, READERS OF THIS DISCLOSURE STATEMENT ARE CAUTIONED NOT TO PLACE UNDUE RELIANCE ON THE FINANCIAL PROJECTIONS, AND SHOULD CAREFULLY REVIEW **SECTION V — "RISK FACTORS TO BE CONSIDERED"** HEREIN. THE FINANCIAL PROJECTIONS SHOULD NOT BE RELIED UPON AS NECESSARILY INDICATIVE OF FUTURE, ACTUAL RECOVERIES.

Holders of Claims against and Interests in the Debtors are advised that the Financial Projections were not prepared with a view toward compliance with the published guidelines of the American Institute of Certified Public Accountants or any other regulatory or professional agency or body or generally accepted accounting principles. Furthermore, the Debtors' independent certified public accountants have not compiled or examined the Financial Projections and accordingly do not express any opinion or any other form of assurance with respect thereto and assume no responsibility for the Financial Projections.

In addition to the assumptions footnoted in the Financial Projections themselves, the Financial Projections also assume that (i) the Plan will be confirmed and consummated in accordance with its terms, (ii) there will be no material change in legislation or regulations, or the administration thereof, that will have an unexpected effect on the operations of the Reorganized Debtors, and (iii) there will be no material contingent or unliquidated litigation or indemnity claims applicable to the Reorganized Debtors. Although considered reasonable by the Debtors as of the date hereof, unanticipated events and circumstances occurring after the preparation of the Financial Projections may affect actual recoveries under the Plan.

The Debtors do not intend to update or otherwise revise the Financial Projections, including any revisions to reflect events or circumstances existing or arising after the date of this Disclosure Statement or to reflect the occurrence of unanticipated events, even if any or all of the underlying assumptions do not come to fruition. Furthermore, the Debtors do not intend to update or revise the Financial Projections to reflect changes in general economic or industry conditions.

**B. Best Interests Test**

Under the Bankruptcy Code, confirmation of a plan also requires a finding that, with respect to each impaired class of Claims and Interests, that each holder of an Allowed Claim or Interest in such impaired class has accepted the Plan, or will receive or retain under the Plan property of a value, as of the Effective Date, that is not less than the amount that such holder would receive or retain if the Debtors were liquidated under chapter 7 of the Bankruptcy Code ("Chapter 7"). This requirement is known as the "best interests of creditors" test (referred to herein as the "Best Interests Test").

In determining whether the Best Interests Test has been met, the first step is to determine the dollar amount that would be generated from a hypothetical liquidation of the Debtors' assets under Chapter 7. The Debtors, with assistance of their financial advisor, have prepared a liquidation analysis attached hereto as Appendix D (the "Liquidation Analysis"). The Liquidation Analysis reflects the estimated cash proceeds, net of liquidation-related costs that would be available to the Debtors' creditors if the Debtors were to be liquidated under Chapter 7 as an alternative to continued operation of the Debtors businesses under the Plan. Accordingly, asset values discussed in the Liquidation Analysis may be different than amounts referred to in the Plan. The Liquidation Analysis is based upon the assumptions discussed therein.

The Debtors believe that the Plan meets the Best Interests Test. After analyzing the effect that a Chapter 7 liquidation would have on the ultimate proceeds available for distribution, the Debtors, in consultation with their advisors, believe that the distributions under the Plan will be at least as much as under a Chapter 7 liquidation. The Debtors believe that any liquidation analysis in these cases is highly speculative given the nature of the Debtors' assets. However, based on the Liquidation Analysis, the Debtors believe that in a Chapter 7 liquidation the net proceeds of any sale would be less than the value provided under the Plan.

As described more fully in the Liquidation Analysis, the conclusion that the going concern value would be higher than a liquidation value can be attributed to the following factors, among others: (i) the increased costs and expenses of liquidation under chapter 7, including the fees payable to the chapter 7 trustee and the attorneys and advisors to such trustee, (ii) the sudden increase in supply being introduced into the containership sale and purchase market that may temporarily push down asset prices, (iii) the potential inability to operate the vessels optimally during the liquidation process, (iv) the likelihood that vessel sale prices achieved in the "forced sale" atmosphere of a chapter 7 liquidation, particularly given current market constraints, would be significantly lower than the value which may be realized through the operation or sale of the vessels as going concerns, (v) the likelihood of increased opportunistic litigation and claims by counterparties to the Debtors' various agreements, and (vi) the potential loss of existing charters and charter counterparties.

Although the Debtors believe that the Plan meets the Best Interests Test, there can be no assurance that the Bankruptcy Court will determine that the Plan meets this test.

### **C. Confirmation Without Acceptance of All Impaired Classes**

Classes 3A, 3B, 4A, 4B, 5, 6, 7A, 7B, ~~8A, 8B~~, 9, 13, and 14 are impaired and entitled to vote on the Plan. To the extent any of these Classes vote to reject the Plan, the Debtors will seek confirmation of the Plan pursuant to the "cramdown" provisions of section 1129(b) of the Bankruptcy Code. Under section 1129(b) of the Bankruptcy Code, the Bankruptcy Court may confirm a plan over the objection of an impaired rejecting class, if, among other things, at least one impaired class of Claims has accepted the plan (not counting the votes of any "insiders" as defined in the Bankruptcy Code) and if the plan does not "discriminate unfairly" against and is "fair and equitable" to each impaired rejecting class.

In general, a plan does not discriminate unfairly within the meaning of the Bankruptcy Code if a dissenting class is treated substantially equivalent with respect to other classes of equal rank. Courts will take into account a number of factors in determining whether a plan discriminates unfairly, including whether the discrimination has a reasonable basis, whether the debtor can carry out a plan without such discrimination, whether such discrimination is proposed in good faith, and the treatment of the class discriminated against. Courts have also held that it is appropriate to classify unsecured creditors separately if the differences in classification are in the best interest of the creditors, foster reorganization efforts, do not violate the absolute priority rule, and do not needlessly increase the number of classes.

A plan is fair and equitable as to a class of secured claims that rejects a plan if the plan provides that (i) the claimants in such class of secured claims retain their liens and receive deferred cash payments totaling their allowed claims; (ii) the collateral of claimants in such class of secured claims be sold with liens attaching to the proceeds of the sale; or (iii) the claimants in such class of secured claims receive the indubitable equivalent of their secured claim. A plan is fair and equitable as to a class of unsecured claims that rejects a plan if the plan provides (a) for each holder of a claim included in the rejecting class to receive or

retain on account of that claim property that has a value, as of the effective date of the plan, equal to the allowed amount of such claim; or (b) that the holder of any claim or interest that is junior to the claims of such class will not receive or retain on account of such junior claim or interest any property at all. A plan is fair and equitable as to a class of equity interests that rejects a plan if the plan provides (a) that each holder of an interest included in the rejecting class receive or retain on account of that interest property that has a value, as of the effective date of the plan, equal to the greatest of the allowed amount of any fixed liquidation preference to which such holder is entitled, any fixed redemption price to which such holder is entitled, or the value of such interest; or (b) that the holder of any interest that is junior to the interests of such class will not receive or retain any property at all on account of such junior interest under the plan. The Debtors submit that the Plan is structured such that it does not "discriminate unfairly" and is "fair and equitable" to each impaired rejecting class.

#### **VIII. ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN**

If the requisite acceptances are not received or if the Plan is not confirmed, the Debtors could attempt to formulate and propose a different plan or plans of reorganization. Such a plan or plan(s) might involve either a reorganization and continuation of the Debtors' businesses or an orderly liquidation of assets. If by January 31, 2015 the vessels securing the F-C Credit Agreements have not been turned over to the lenders under the F-C Credit Agreements pursuant to the Plan, the Debtors shall, if requested by the lenders under the F-C Credit Agreements, promptly as is reasonably practicable file a motion for sale of the vessels securing the F-C Credit Agreements pursuant to section 363 of the Bankruptcy Code with the lenders under the F-C Credit Agreements serving as the stalking horse bidder with a credit bid; provided, that the stalking horse bid shall contain the same economics set forth in the Plan, including, without limitation, with respect to the F-C Consideration, the F-C Escrow, and the F-C Technical Manager Costs; provided, further, such lenders under the F-C Credit Agreements agree to vote in favor of any subsequent plan of reorganization of the Debtors, so long as the treatment with respect to such lenders' claims is consistent with the Plan, such lenders are granted releases under such plan and such lenders reasonably agree with any material modifications in the subsequent plan in comparison to the Plan.

#### **IX. CONCLUSION AND RECOMMENDATION**

The Debtors believe that confirmation and implementation of the Plan is preferable to any other alternative under the circumstances. Other alternatives would involve significant delay, uncertainty, substantial additional administrative costs, and lower recovery to the holders of impaired claims and interests. Consequently, the Debtors urge all holders of impaired claims and interests entitled to vote under the Bankruptcy Code to vote to accept the Plan and to evidence their acceptance by duly completing and returning their ballots so that they will be received on or before 5:00 P.M. (prevailing Eastern time) on December 26, 2014 by the Voting Agent.

Dated: ~~October 15~~November 19, 2014

NAUTILUS HOLDINGS LIMITED.  
NAUTILUS HOLDINGS NO. 2 LIMITED  
NAUTILUS SHIPHOLDINGS NO. 1 LIMITED  
NAUTILUS SHIPHOLDINGS NO. 2 LIMITED  
NAUTILUS SHIPHOLDINGS NO. 3 LIMITED  
ABLE CHALLENGER LIMITED  
CHARMING ENERGETIC LIMITED  
DYNAMIC CONTINENTAL LIMITED  
EARLSTOWN LIMITED  
FINDHORN OSPREY LIMITED  
FLORAL PENINSULA LIMITED  
GOLDEN KNIGHTHEAD LIMITED  
MAGIC PENINSULA LIMITED  
METROPOLITAN HARBOUR LIMITED  
METROPOLITAN VITALITY LIMITED  
MILTONS WAY LIMITED  
PERPETUAL JOY LIMITED  
REGAL STONE LIMITED  
RESPLENDENT SPIRIT LIMITED  
SUPERIOR INTEGRITY LIMITED  
VIVID MIND LIMITED

By: /s/ James A. Mesterharm  
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Counsel for Nautilus Holdings Limited and Certain  
of Its Affiliates

APPENDIX A

AMENDED JOINT PLAN OF REORGANIZATION  
OF NAUTILUS HOLDINGS LIMITED AND CERTAIN OF ITS AFFILIATES

<b>Summary report:</b> <b>Litéra® Change-Pro TDC 7.5.0.110 Document comparison done on</b> <b>11/19/2014 6:40:13 PM</b>	
<b>Style name:</b> Option 3a Strikethrough Double Score No Moves	
<b>Intelligent Table Comparison:</b> Active	
<b>Original DMS:</b> dm://CHISR02A/999175/20A	
<b>Modified DMS:</b> dm://CHISR02A/1010153/6A	
<b>Changes:</b>	
<u>Add</u>	253
<del>Delete</del>	298
<u>Move From</u>	0
<u>Move To</u>	0
<u>Table Insert</u>	0
<u>Table Delete</u>	0
Table moves to	0
Table moves from	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	15
<b>Total Changes:</b>	<b>566</b>