

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In re:	§	
	§	
OMEGA NAVIGATION ENTERPRISES, INC.;	§	Case No. 11-35927
	§	
BAYTOWN NAVIGATION INC.;	§	Case No. 11-35926
GALVESTON NAVIGATION INC.;	§	Case No. 11-35928
BEAUMONT NAVIGATION INC.;	§	Case No. 11-35930
CARROLTON NAVIGATION INC.;	§	Case No. 11-35931
DECATUR NAVIGATION INC.;	§	Case No. 11-35933
ELGIN NAVIGATION INC.;	§	Case No. 11-35934
FULTON NAVIGATION INC.;	§	Case No. 11-35936
ORANGE NAVIGATION INC.;	§	Case No. 11-35937
OMEGA NAVIGATION (USA) LLC.	§	Case No. 11-35938
	§	
Debtors.	§	Chapter 11

**FIRST AMENDED JOINT DISCLOSURE STATEMENT FOR THE DEBTORS'
JOINT PLAN OF LIQUIDATION**

**BRACEWELL & GIULIANI LLP AS COUNSEL FOR
THE DEBTORS AND DEBTORS IN POSSESSION**

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IMPORTANT DATES

- Date by which Ballots must be received: March 29, 2013 at 3:00 p.m., prevailing Central Time.
- Deadline by which objections to Confirmation of the Plan must be Filed and served: April 3, 2013 at 3:00 p.m., prevailing Central Time.
- Hearing on Confirmation of the Plan: April 15, 2013 at 2:00 p.m., prevailing Central Time.

THIS IS NOT A SOLICITATION OF ACCEPTANCE OR REJECTION OF THE PLAN. ACCEPTANCES OR REJECTIONS MAY NOT BE SOLICITED UNTIL A DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE BANKRUPTCY COURT. THIS DISCLOSURE STATEMENT HAS BEEN SUBMITTED FOR APPROVAL BUT HAS NOT YET BEEN APPROVED BY THE BANKRUPTCY COURT.

THE PLAN VOTING DEADLINE TO ACCEPT OR REJECT THE PLAN DESCRIBED HEREIN IS MARCH 29, 2013, AT 3:00 P.M., PREVAILING CENTRAL TIME, UNLESS THE DEBTORS EXTEND THIS DATE PRIOR TO THE PLAN VOTING DEADLINE. TO BE COUNTED, THE VOTING AGENT MUST RECEIVE YOUR BALLOT ON OR BEFORE THE PLAN VOTING DEADLINE.

THIS DISCLOSURE STATEMENT CONTAINS SUMMARIES OF CERTAIN PROVISIONS OF THE PLAN AND IS PROVIDED FOR THE PURPOSE OF SOLICITING ACCEPTANCES OF THE PLAN AND SHOULD NOT BE RELIED UPON FOR ANY PURPOSE OTHER THAN TO DETERMINE WHETHER AND HOW TO VOTE ON THE PLAN. THE SUMMARIES IN THIS DISCLOSURE STATEMENT ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PLAN AND, IN THE EVENT OF ANY INCONSISTENCY OR DISCREPANCY BETWEEN THIS DISCLOSURE STATEMENT AND THE PLAN, THE PLAN SHALL GOVERN FOR ALL PURPOSES.

THE STATEMENTS AND ESTIMATED DISTRIBUTIONS CONTAINED IN THIS DISCLOSURE STATEMENT HAVE BEEN MADE AS OF THE DATE OF THIS DISCLOSURE STATEMENT UNLESS OTHERWISE SPECIFIED. HOLDERS OF CLAIMS AND INTERESTS REVIEWING THIS DISCLOSURE STATEMENT SHOULD NOT INFER AT THE TIME OF SUCH REVIEW THAT THERE HAVE BEEN NO CHANGES IN THE FACTS SET FORTH IN THIS DISCLOSURE STATEMENT SINCE THE DATE OF THIS DISCLOSURE STATEMENT OR THE DATES OTHERWISE NOTED. EACH HOLDER OF A CLAIM OR INTEREST ENTITLED TO VOTE ON THE PLAN SHOULD CAREFULLY REVIEW THE PLAN AND THIS DISCLOSURE STATEMENT IN THEIR ENTIRETY BEFORE CASTING A BALLOT. THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE LEGAL, BUSINESS, FINANCIAL, OR TAX ADVICE. ENTITIES DESIRING SUCH ADVICE OR ANY OTHER ADVICE SHOULD CONSULT WITH THEIR OWN ADVISORS.

NO ONE IS AUTHORIZED TO GIVE ANY INFORMATION WITH RESPECT TO THE PLAN OTHER THAN THAT WHICH IS CONTAINED IN THIS DISCLOSURE STATEMENT. NO REPRESENTATIONS CONCERNING THE DEBTORS HAVE BEEN AUTHORIZED BY THE DEBTORS OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT. ANY INFORMATION, REPRESENTATIONS, OR INDUCEMENTS MADE TO OBTAIN AN ACCEPTANCE OF THE PLAN THAT ARE OTHER THAN AS SET FORTH, OR INCONSISTENT WITH THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT AND THE PLAN, SHOULD NOT BE RELIED UPON BY ANY HOLDER OF A CLAIM OR INTEREST.

WITH RESPECT TO EXPENSES AND CLAIMS, CONTESTED MATTERS, ADVERSARY PROCEEDINGS, AND OTHER PENDING, THREATENED, OR POTENTIAL LITIGATION OR OTHER ACTIONS, THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE, AND MAY NOT BE CONSTRUED AS, AN ADMISSION OF FACT, LIABILITY, STIPULATION, OR WAIVER, BUT RATHER AS A STATEMENT MADE IN THE CONTEXT OF SETTLEMENT NEGOTIATIONS PURSUANT TO RULE 408 OF THE FEDERAL RULES OF EVIDENCE. THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION, NOR HAS THE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT.

THE BANKRUPTCY COURT HAS SCHEDULED THE CONFIRMATION HEARING TO COMMENCE ON APRIL 15, 2013 AT 2:00 P.M. PREVAILING CENTRAL TIME BEFORE THE HONORABLE KAREN BROWN, UNITED STATES BANKRUPTCY JUDGE, IN THE UNITED STATES BANKRUPTCY COURT FOR THE SOUTHERN DISTRICT OF TEXAS, HOUSTON DIVISION, 515 RUSK STREET, HOUSTON, TEXAS 77002. THE CONFIRMATION HEARING MAY BE ADJOURNED FROM TIME TO TIME BY THE BANKRUPTCY COURT WITHOUT FURTHER NOTICE EXCEPT FOR AN ANNOUNCEMENT OF THE ADJOURNED DATE MADE AT THE CONFIRMATION HEARING OR ANY ADJOURNMENT OF THE CONFIRMATION HEARING.

TO BE COUNTED, THE BALLOT INDICATING ACCEPTANCE OR REJECTION OF THE PLAN MUST BE RECEIVED BY BRACEWELL & GIULIANI LLP, VOTING AGENT FOR THE DEBTOR IN THIS CHAPTER 11 CASE AT THE ADDRESS IDENTIFIED IN SECTION 5.02, NO LATER THAN 3:00 P.M. PREVAILING CENTRAL TIME, ON MARCH 29, 2013.

OBJECTIONS TO CONFIRMATION OF THE PLAN MUST BE FILED AND SERVED ON OR BEFORE 3:00 P.M. PREVAILING CENTRAL TIME ON APRIL 3, 2013. UNLESS OBJECTIONS TO CONFIRMATION ARE TIMELY SERVED AND FILED IN COMPLIANCE WITH THE ORDER APPROVING THIS DISCLOSURE STATEMENT, THEY MAY NOT BE CONSIDERED BY THE BANKRUPTCY COURT.

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TABLE OF EXHIBITS

<u>Exhibit</u>	<u>Name</u>
A	First Amended Plan of Reorganization
B	SL Settlement Order
C	Order Approving this Disclosure Statement

ARTICLE I SUMMARY OF PLAN

On March 1, 2013, the Debtors filed a First Amended Joint Plan of Liquidation which proposes to Distribute the Available Amounts for Distribution. A copy of the Plan is annexed hereto as **Exhibit A**. Capitalized terms used in this Disclosure Statement and not otherwise defined herein shall have the meanings ascribed to such terms in the Plan.

The purpose of this Disclosure Statement, including the Exhibits attached hereto, is to provide information of a kind, and in sufficient detail, to enable Creditors of the Debtors that are entitled to vote on the Plan to make an informed decision on whether to vote to accept or reject the Plan. This Disclosure Statement contains summaries of the Plan, certain statutory provisions, descriptions of key events in the Chapter 11 Case, and certain documents related to the Plan. References in this Disclosure Statement to an Article or a Section are references to such Article or Section in this Disclosure Statement, not the corresponding Article or Section in the Plan.

ALL HOLDERS OF CLAIMS, INTERESTS OR EXPENSES ARE PARTICULARLY URGED TO READ CAREFULLY THE RELEASE, EXCULPATION AND INJUNCTION PROVISIONS SET FORTH IN SECTIONS 13.06, 13.07 AND 13.08 OF THE PLAN BECAUSE SUCH PROVISIONS AFFECT NOT ONLY SUCH HOLDERS' RIGHTS AND CLAIMS AGAINST THE DEBTORS BUT ALSO SUCH HOLDERS' RIGHTS AND CLAIMS AGAINST CERTAIN NON-DEBTOR PERSONS IDENTIFIED IN SUCH SECTIONS.

ALL HOLDERS OF CLAIMS WHO HAVE RECEIVED POSTPETITION PAYMENTS ARE ALSO PARTICULARLY URGED TO READ CAREFULLY SECTION 8.03 OF THE PLAN, WHICH ENTITLES THE DEBTORS, UPON NOTICE AND WITHOUT NEEDING TO FILE AN OBJECTION, AUTOMATICALLY TO REDUCE SCHEDULED CLAIMS AND PROOFS OF CLAIM BY THE AMOUNT OF ALL SUCH POSTPETITION PAYMENTS. ALL HOLDERS OF CLAIMS WHO FILED THEIR CLAIMS AFTER THE BAR DATE ARE ALSO PARTICULARLY URGED TO READ CAREFULLY SECTION 8.04 OF THE PLAN, WHICH PROVIDES FOR THE AUTOMATIC DISALLOWANCE OF ANY SUCH PROOFS OF CLAIM WITHOUT THE NEED TO FILE AN OBJECTION.

ARTICLE II BACKGROUND

Section 2.01 Introduction

Omega Navigation Enterprises, Inc., a Marshall Islands corporation ("Omega"), and the other Debtors in the above-captioned Chapter 11 Case submit the following Disclosure Statement pursuant to Bankruptcy Code § 1125 for the purpose of soliciting votes to accept or reject the Debtors' Plan. A copy of the Plan is attached as **Exhibit A**. This Disclosure Statement describes certain aspects of the Plan, including the treatment of Holders of Expenses, Claims and Interests, and (either herein or by reference to the Withdrawn Disclosure Statement) also describes certain aspects of the Debtors' operations, financial projections, and other related

matters. This Disclosure Statement is informational only and the Plan, in all respects, is the only controlling document as to all Distributions and all other matters set forth therein.

On the Petition Date, the Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code in the Bankruptcy Court. By order of the Bankruptcy Court, the Chapter 11 Case is being jointly administered.

Section 2.02 Sources of Information

THE INFORMATION CONTAINED HEREIN, INCLUDING ALL INFORMATION INCORPORATED HEREIN BY REFERENCE TO THE WITHDRAWN DISCLOSURE STATEMENT, HAS NOT BEEN SUBJECTED TO A CERTIFIED AUDIT. THEREFORE, ALTHOUGH THE DEBTORS HAVE MADE EVERY REASONABLE EFFORT TO BE ACCURATE IN ALL MATERIAL MATTERS, THE DEBTORS ARE UNABLE TO WARRANT OR REPRESENT THAT ALL THE INFORMATION CONTAINED HEREIN IS COMPLETELY ACCURATE. THE DISCLOSURES AND FINANCIAL INFORMATION HEREIN HAVE BEEN PREPARED AND APPROVED BY OMEGA'S MANAGEMENT; THE DEBTORS' CURRENT AND FORMER PROFESSIONAL ADVISERS, INCLUDING JEFFERIES & COMPANY, INC., BRACEWELL & GIULIANI LLP AND SEWARD & KISSEL LLP ARE NOT RESPONSIBLE FOR, AND DO NOT CERTIFY THE ACCURACY OF, SUCH DISCLOSURE. EACH CREDITOR AND HOLDER OF AN INTEREST IS URGED TO INDEPENDENTLY INVESTIGATE ANY SUCH MATTERS PRIOR TO RELIANCE.

Section 2.03 Description of Debtors' Business and Assets

The Debtors were, collectively, an international provider of marine transportation services focusing on seaborne transportation of refined petroleum products via an integrated fleet. Currently, as a result of the SL Settlement Order and the Equity Interests Sale Order, the Debtors are "corporate shells" with no business operations. Further information regarding the Debtors' former business operations can be found in the Withdrawn Disclosure Statement (available at Dkt. No. 687 and also available upon written request of Bracewell) and the SL Settlement Order, which SL Settlement Order is attached as **Exhibit B**.

Section 2.04 Debtors' Corporate Structure

Omega is the parent company and wholly owns the eight Debtors that formerly owned the Vessels, which were transferred to the Senior Lenders pursuant to the SL Settlement Order. Omega also wholly-owns OUSA, the tenth and final Debtor. Omega also owned the Equity Interests in OMIN, Omnicrom and OMAN, which Equity Interests were sold pursuant to the Equity Interests Sale Order. Currently, as a result of the SL Settlement Order and the Equity Interests Sale Order, the Debtors are "corporate shells" with no operations and no assets other than the Available Amounts. Further information regarding the Debtors' former corporate structure can be found in the Withdrawn Disclosure Statement.

Section 2.05 The Debtors' Principal Prepetition Indebtedness

Omega was a borrower from the Senior Lenders in the approximate Petition Date

outstanding principal amount of \$242,720,000. Pursuant to the SL Settlement Order, the Senior Lenders have agreed not to receive any recoveries from the Debtors other than as to the Vessels and other property transferred to the Senior Lenders pursuant to the SL Settlement Order. Further information regarding the financing previously provided by the Senior Lenders can be found in the Withdrawn Disclosure Statement.

Omega is also a borrower pursuant to the Junior Facilities Agreement with the Junior Lenders in the approximate Petition Date outstanding principal amount of \$36,222,378. As a result of the SL Settlement Order, the Junior Lender Claims are unsecured, subject to any adequate protection liens they may have under the Cash Collateral Order. The Junior Lenders have reserved the right to assert that all or a portion of the Junior Lender Claims is entitled to priority treatment as Adequate Protection Rights. The Debtors express no view as to such assertion, if made.

Omega is also the borrower under the OII Note with OII in the original amount of \$5,250,000 and the approximate Petition Date amount of \$5,488,000. The OII Note is guaranteed by Omnicrom and it is secured by the Omnicrom Share Pledge. Kassiotis, the president and chief executive officer of Omega, is the president of OII. OII has voluntarily agreed to waive all Distributions in respect of the OII Note and the Omnicrom Share Pledge.

Section 2.06 Common Stock

As of December 31, 2009, which was the date of Omega's last 20-F filing, Omega had 16,030,079 shares of Class A common stock issued and outstanding, of which 12,000,000 shares of Class A common stock were listed on the NASDAQ Global Market exchange, \$0.01 par value per share. On October 6, 2011, Omega's shares of common stock were delisted. The Plan cancels all common stock and other Interests without compensation.

Section 2.07 Debtors' Management

- **Georgios (George) Kassiotis** has served as Omega's President, Chief Executive Officer and a director since Omega's inception in February 2005.
- **Charilaos (Harris) Loukopoulos** has served as Omega's Executive Vice President, Chief Operating Officer, General Counsel and a director since Omega's inception in February 2005.
- **Gregory A. McGrath** (Chief Financial Officer) has served as Omega's Chief Financial Officer since June 2005.

Section 2.08 Kassiotis

In addition to being the President, Chief Executive Officer and a director of Omega, Kassiotis has the following additional relationships with the Debtors, their affiliates and certain parties involved in the Plan:

- Kassiotis has filed a proof of claim for the Kassiotis Priority Claim in the amount of \$11,725.00 and for the Kassiotis Prepetition Claim in the approximate amount

of \$288,000, in each case for unpaid prepetition wages. These amounts are consistent with the Debtors' books and records.

- Kassiotis has reserved the right to assert the Kassiotis Severance Claim in the approximate amount of \$2,500,000. According to Kassiotis, the Kassiotis Severance Claim will arise upon the transfer of the final Vessel to the Senior Lenders pursuant to the SL Settlement Order. The Debtors express no view as to the quantum or validity of the Kassiotis Severance Claim. (The other members of the Debtors' management have also reserved the right to assert severance claims on the same basis.)
- Kassiotis is an indirect owner of approximately 20% of the Interests in Omega.
- Kassiotis is one of the Related Persons of the Debtors who, in his capacity as an officer and director, was released by the Senior Lenders pursuant to the "Estate Releases" (as such term is defined in the SL Settlement). (The other members of the Debtors' management, as well as the other directors of Omega, were also released pursuant to the Estate Releases.)
- Kassiotis, in his individual capacity and not as an officer or director, is one of the "Additional Persons," as such term is defined in the SL Settlement. As a result, Kassiotis, in his individual capacity, and his Related Persons, were released from non-Estate claims and causes of action pursuant to the "Non-Debtor Settlement Payment" (as such term is defined in the SL Settlement) in the amount of \$5,300,000 and pursuant to the "Additional Releases" (as such term is defined in the SL Settlement).
- Kassiotis is affiliated with the entities that acquired Equity Interests pursuant to the Equity Interests Sale Order.
- Kassiotis is a director of each of the Vessel-Owning Subsidiaries.
- Kassiotis is the President and a director in OII and, together with certain of his Related Persons, an indirect owner of equity interests in OII.
- Kassiotis is not a director, officer or equity owner (directly or indirectly) of any other entity involved in the Plan, nor are any of his Related Persons.
- The Debtors do not believe there are any Avoidance Actions or any other claims assertable by the Debtors against Kassiotis or any of his Related Persons.
- There are no insider contracts being assumed (or rejected) under the Plan, other than the termination of the employment of the Debtors' management upon the transfer of the final Vessel to the Senior Lenders pursuant to the SL Settlement Order.

Section 2.09 Non-Bankruptcy Litigation

The Debtors Carrolton Navigation Inc. and Orange Navigation Inc. initiated arbitration proceedings in London against ST Shipping and Transport Pte Ltd. (“ST Shipping”). Both disputes were based on substantial off-hire withholdings by ST Shipping surrounding the drydocking of the relevant Vessels. The amount in dispute for Carrolton Navigation Inc. was approximately \$1,000,000 and the amount in dispute for Orange Navigation Inc. was approximately \$1,200,000. Pursuant to the SL Settlement, any proceeds of such arbitration proceedings belong to the Senior Lenders. The Debtors are not currently engaged in any other litigation or arbitration other than objections to various Proofs of Claim, which objections (to the extent still pending) are currently on hold.

Section 2.10 Events Precipitating the Reorganization Cases

The global recession, which began in 2008, lessened demand for international shipping of refined petroleum products. At the same time, the global supply of oil tankers has been steadily increasing as a result of new vessel construction initiated during the strong shipping market from 2000 to 2007. Consequently, international shipping capacity has expanded as demand has fallen, and Omega’s business has suffered as a result. After unsuccessful prepetition restructuring discussions with the Senior Lenders, the Debtors commenced the Chapter 11 Case to protect their interests.

Section 2.11 Events Precipitating the Plan of Liquidation

In September 2012, the Debtors and the Senior Lenders reached agreement as to a plan of reorganization [Dkt. No. 686] that would continue the Debtors as going concern businesses. Such plan of reorganization is described in the Withdrawn Disclosure Statement. However, due to various factors, in particular the decline in the market value of vessels similar to the Vessels and the implications of such decline on the Debtors’ ability to remain in compliance with the “value to loan” covenant described in the Withdrawn Disclosure Statement, the Debtors subsequently concluded that such plan of reorganization was no longer feasible. The Senior Lenders declined to negotiate modifications to such plan and, in the absence of the Senior Lenders as a consenting class, the Debtors concluded that there was likely not a reasonable prospect to confirm a feasible plan of reorganization within a reasonable period of time. This led to the discussions that culminated in the SL Settlement. Other events precipitating the SL Settlement are described in the SL Settlement Order.

In consideration of the SL Settlement, the Debtors concluded that there was likely not a reasonable prospect to confirm a feasible plan of reorganization within a reasonable period of time as to the remainder of the Debtors’ assets, consisting primarily of the Equity Interests. As a result, the Debtors sold the Equity Interests pursuant to the Equity Interests Sale Order.

ARTICLE III THE CHAPTER 11 CASE

Section 3.01 Overview of Chapter 11

The principal objective of a chapter 11 case is to consummate a plan of reorganization. In

certain cases, however, a plan of reorganization can also provide for the liquidation of the debtors and their estates. The Plan is such a plan of liquidation. Subject to certain limited exceptions, the bankruptcy court order confirming a plan discharges a debtor from any debt that arose prior to the date of confirmation of the plan and provides for the treatment of such debt in accordance with the terms of the confirmed plan.

Prior to soliciting acceptances of a proposed plan, Bankruptcy Code § 1125 requires a debtor to prepare a disclosure statement containing information of a kind, and in sufficient detail, to enable a hypothetical reasonable investor to make an informed judgment regarding acceptance of the plan. This Disclosure Statement is submitted in accordance with Bankruptcy Code § 1125.

Section 3.02 Administration of the Chapter 11 Case

Because the Debtors' business operations have ceased and the Plan is a plan of liquidation, this Section 3.02 sets forth only a brief summary of relevant aspects of the administration of the Chapter 11 Case. Further information concerning the administration of the Chapter 11 Case is set forth in the Withdrawn Disclosure Statement.

(1) Appointment of Committee

The Official Committee of Unsecured Creditors was appointed by the United States Trustee on August 11, 2011. The Committee (as of the date of this Disclosure Statement) is composed of Ulysses Systems (UK) LTD; Moran Shipping Agencies, Inc.; COSCO (Shanghai) Shipyard Co., LTD; Chugoku Paints Ltd.; Capital Link, Inc.; and Aktina, S.A. (non-voting).

(1) Retention of Professionals

The Debtors retained (a) Bracewell & Giuliani LLP ("Bracewell") as their general bankruptcy and restructuring counsel, (b) Jefferies & Company, Inc. as their financial advisor and investment banker, and (c) Seward & Kissel LLP as special maritime and corporate counsel. The retentions of Jefferies & Company and Seward & Kissel have since been concluded. Additionally, the Committee has retained (a) Jager Smith P.C. as its lead counsel, (b) Winston & Strawn LLP as its local counsel, and (c) First International Corp. as its financial advisor.

(2) Litigation and Settlement with the Senior Lenders

The Debtors engaged in various substantial litigations with the Senior Lenders during the course of the Chapter 11 Case. The SL Settlement was the culmination and resolution of those litigations and all other disputes between the Debtors and the Senior Lenders. Pursuant to the SL Settlement, the Debtors have transferred (or are in the process of transferring) the Vessels to the Senior Lenders. In turn, the Senior Lenders have paid to the Escrow Agent subject to the Escrow Agreement and, where relevant, further order of the Bankruptcy Court, the SL Payments in the amount of (a) \$11,485,329.93, plus (b) the OpEx Payments in the amount of the OpEx. As more particularly described in Sections 2.04, 13.09 and 13.11 of the Plan, the claims, rights and obligations of the Senior Lenders and their Related Persons are solely and exclusively governed and controlled by the SL Settlement and the SL Settlement Order. Further information concerning the disputes with the Senior Lenders and the SL Settlement can be found in the SL Settlement Order, which is attached as **Exhibit B**.

(3) Litigation with the Junior Lenders

The Debtors filed an objection [Dkt. No. 883] to payment on the Junior Lender Claims. The objection was denied. Further litigation, if any, in respect of the Junior Lenders Claims, is subject to the procedures set forth in Section 8.05(2) of the Plan. The Debtors do not currently intend to commence any such further litigation, but this intention is not binding on other parties-in-interest and the Debtors express no view as to the merits, if any, of such potential litigation.

(4) Sale of Equity Interests

For the reasons discussed in Section 3.02, the Debtors sold the Equity Interests pursuant to the Equity Interests Sale Order. The Debtors had first sought [Dkt. No. 879] to consummate a “deemed sale” of the Equity Interests to OII and Kassiotis in exchange for certain consideration, but the Bankruptcy Court denied same [Dkt. No. 921] for the reasons stated at the hearing thereon (the transcript of such hearing is available upon written request of Bracewell).

(5) Exclusivity

The Debtors exclusive right to file a plan in the Chapter 11 Case expired in December 2012. As a result, any party in interest has had the right to file a plan of reorganization or liquidation; only the Debtors have done so as of the date of this Disclosure Statement.

Section 3.03 Available Amounts

There are two limitations to distributions under the Plan. First, because all assets have been reduced to Cash, there is a limitation based on the overall quantum of Cash available. Second, because the SL Settlement “earmarked” various portions of the SL Payments for various purposes, the Distribution available for any particular type of Expenses or Class of Claims depends on the relevant portion of the SL Payments earmarked for such type or Class. The various portions are referred to as the “Available Amounts”; the Available Amounts for Expenses and Claims are as follows, with the various capitalized terms in the following definition being defined in Section 1.2 of the Plan:

“Available Amounts” means the following (in all cases subject to the prior rights and interests of the Escrow Agent pursuant to Section 6.07 of the Plan):

(i) (A) with respect to the Allowed Budgeted Professional Fees of the Debtors, the Debtor Fees Payment and, in the case of Bracewell, the Wrap-Up Fees Payment and the Excess Payments (if any), and (B) with respect to the Allowed Budgeted Professional Fees of the Committee, the Committee Fees Payment;

(ii) (A) with respect to any Allowed Unbudgeted Professional Fees of the Debtors, the balance (if any) of the Debtor Fees Payment, Wrap-Up Fees Payment and Excess Payments after payment of Allowed Budgeted Professional Fees of the Debtors, and (B) with respect to any Allowed Unbudgeted Professional Fees of the Committee, the balance (if any) of the Committee Fees Payment after payment of Allowed Budgeted Professional Fees of the Committee;

- (iii) with respect to OpEx, the OpEx Payment;
- (iv) with respect to Trustee Fees, the amount described in Section 2.01(4) of the Plan; and
- (v) with respect to all other Expenses and Claims after payment of Trustee Fees, out of the Equity Interests Proceeds and the \$500,000 Payment in the following order of priority on a Pro Rata basis within each priority (to the extent there are no Expenses or Claims within a particular priority, such priority shall be omitted):
 - (a) first, any remaining Allowed Budgeted Professional Fees of the Debtors and any remaining Allowed Budgeted Professional Fees of the Committee;
 - (b) second, Junior Lender Claims entitled to payment pursuant to Section 4.03(3)(i) or Section 4.03(3)(ii) of the Plan;
 - (c) third, any remaining Allowed Unbudgeted Professional Fees of the Debtors and any remaining Allowed Unbudgeted Professional Fees of the Committee;
 - (d) fourth, Priority Claims in the order of their priority pursuant to Bankruptcy Code § 507(a)(3)-(10); and
 - (e) fifth, Claims entitled to Distribution in Class 4 (General Unsecured Claims);

provided, however, that “Excess Payments”, as such term is described in ¶ (m)(v) of the SL Settlement, shall be dealt with as set forth in such ¶ (m)(v).

Section 3.04 Summary and Estimates of Distributions; Timing of Distributions

(1) The Bankruptcy Code requires a plan to place Claims in classes, with similar Claims being in the same class unless there is a sound basis for separately classifying certain Claims. The Bankruptcy Code also requires a plan to place similar Expenses together, but on an “unclassified” basis. The remainder of this ARTICLE III provides a “plain English” summary of Plan Distributions. This summary is provided for convenience only and the actual results may vary substantially; the Plan itself is the controlling document in all respects.

(2) The three biggest variables in the Allowed Amounts for Distributions to General Unsecured Claims in Class 4 (including General Unsecured Claims in Classes 2 and 3 that are treated under Class 4 for Distribution purposes) are: (a) whether the Junior Lenders assert Adequate Protection Rights and, if so, the Allowed amount thereof; (b) the Allowed amount (if any) of Professional Fees in excess of the SL Debtor Fees Payment, the SL Committee Fees Payment and the SL Wrap-Up Fees Payment; and (c) whether and in what amount the Affiliate Guarantees are Allowed in Class 4.

(3) The gross amount potentially available for Distributions on Allowed Class 4 Claims is \$1,810,000, consisting of (a) the \$[1,250,000]¹ received from the sale of OMIN; (b) the \$50,000 received from the sale of Omnicrom; (c) the \$10,000 received from the sale of OMAN; and (d) the SL \$500,000 Payment. The Debtors are aware that incurred Professional Fees already exceed the amounts allocated therefor out of the SL Payments. Accordingly, to the extent such excess Professional Fees are Allowed, they will reduce the foregoing gross amount. Given the foregoing, the Debtors estimate the net amount available for Distribution to Holders of General Unsecured Claims will likely be between \$1,000,000 and \$1,500,000 (the "Estimated Distributions Range").

(4) If the Junior Lenders assert and are Allowed Adequate Protection Rights in excess of the Estimated Distributions Range, there will be no Distributions available for General Unsecured Claims. If such Adequate Protection Rights are not asserted or are Disallowed in their entirety, the Debtors estimate that the quantum of Allowed General Unsecured Claims (including Allowed Class 2 Claims and Allowed Class 3 Claims that are treated as Allowed Class 4 Claims for purposes of making Distributions) will be between approximately \$40,000,000 and \$121,000,000, with the primary variable being the Allowed amounts (if any) of the Affiliate Guarantees.

(5) The Affiliate Guarantees were listed in the Debtors' schedules as "unliquidated." As a result, pursuant to Bankruptcy Rule 3003(c)(2), the Affiliate Funded Debt Providers were required to file Proofs of Claim by the Bar Date. They did not do so. Accordingly, pursuant to Bankruptcy Rule 3003(c)(2), each Affiliate Funded Debt Provider "shall not not be treated as a creditor with respect to [its Affiliate Guarantee] for the purposes of voting and distribution." Therefore, the estimated recoveries for General Unsecured Claims assumes that the Affiliate Guarantees are Disallowed and, accordingly, the quantum of Allowed General Unsecured Claims (including Allowed Class 2 Claims and Allowed Class 3 Claims that are treated as Allowed Class 4 Claims for purposes of making Distributions) is approximately \$40,000,000. The actual amount of Allowed General Unsecured Claims is referred to as the "Class 4 Claims Amount".

(6) Notwithstanding anything in this Section 3.04 to the contrary, to the extent there are Indemnification Claims as a result of the disapproval of the Release Provisions as they apply to the Indemnified Persons, the Debtors are unable currently to quantify the amount of Indemnification Claims that might be Allowed. In such event, the Debtors are unable currently to quantify the Estimated Distributions Range or the Class 4 Claims Amount.

(7) All Distributions will be made on the Distribution Record Date; provided, however, if the circumstances in Section 3.04(6) apply, all Distributions on Allowed Class 4 Claims will be delayed until all Indemnification Claims are resolved by Final Order or the Bankruptcy Court orders otherwise.

¹ The closing of the sale of OMIN is scheduled to occur on March 5, 2013 (the sales of Omnicrom and OMAN have already occurred). Therefore, this amount to be confirmed before DS is sent out for voting, at which point the brackets will be removed and this footnote will be deleted.

Section 3.05 Allowed Expenses

Based on the actual quantum of Available Amounts:

(1) Allowed Administrative Expenses, Allowed OpEx and Trustee Fees will be paid in full.

(2) For the Debtors' Professionals, all of their Professional Fees have been Budgeted. Therefore, the Allowed Amount of such Professionals Fees should be paid in full, or nearly so, out of the SL Debtor Fees Payment in the amount of \$5,027,000 and the SL Wrap-Up Fees Payment in the amount of \$250,000.

(3) For the Committee's Professionals, the majority of their Professional Fees, but not all, have been Budgeted. Accordingly, while it is possible that their Professional Fees will be paid in full (or nearly so), it is also possible they will only receive a substantial percentage of such Professional Fees. It also appears likely that the amount of such Professional Fees substantially exceeds the amount of the SL Committee Fees Payment.

Section 3.06 Junior Lender Claims

The Junior Lenders have stated that the Junior Lender Claims are, in their entirety, Adequate Protection Rights (meaning they are priority claims). If the Junior Lenders are correct and have Adequate Protection Rights in an amount that exceeds the Estimate Distributions Range, the Holders of General Unsecured Claims will not receive any Distribution because the Available Amounts for them will be \$0. However, the Junior Lenders do not have currently on File a request for treatment of the Junior Lender Claims as Adequate Protection Rights. Pursuant to Section 8.05(2) of the Plan, the Junior Lenders have until the first day of the Disclosure Statement hearing to do so. **This Disclosure Statement will then be amended to reflect whether the Junior Lenders have done so.** If they do the Bankruptcy Court will decide, after a notice and a hearing on the Junior Lenders' application, whether all or any portion of the Junior Lender Claims are Adequate Protection Rights.

To the extent that the Junior Lenders do not assert they are entitled to Adequate Protection Rights, or the Bankruptcy Court rejects such assertion in whole and in part, the Junior Lenders have asserted that they are entitled to payment on their Deficiency Claims as part of Class 4. As noted in Section 1.01(3), the Debtors objected to payment on such Claims but, for the reasons stated at the hearing on the Debtors' objection, the Bankruptcy Court overruled the objection. Therefore, the Junior Lenders shall conclusively be presumed to be entitled to such payment unless, on or before the Claims Objection Deadline, any party-in-interest objects to such payment. In such event, the right of the Junior Lenders to receive payment on their Deficiency Claims shall be determined by the Bankruptcy Court. To be clear, the Debtors are not currently aware of any party-in-interest who intends to object.

If the Junior Lenders assert Adequate Protection Rights and such Adequate Protection Rights are Allowed and payable in an amount less than the low end of the Estimated Distributions Range, they will likely be paid in full (or nearly so). If the Junior Lenders' Adequate Protection Rights are not asserted or not Allowed or payable but the Junior Lenders' Deficiency Claims are Allowed and payable in the full amount thereof, then based on the

Estimated Distributions Range and the Class 4 Claims Amount, the Junior Lenders will likely receive an approximate Class 4 Distribution of between [2.5% and 4.0]%, in all cases subject to Section 3.04(4) and Section 3.04(6).

Section 3.07 Kassiotis Claims

The Kassiotis Priority Claim is behind the Junior Lenders' Adequate Protection Rights, if any, but ahead of General Unsecured Claims. Therefore, if the Junior Lenders' Adequate Protection Rights are Allowed and payable in an amount greater than Class 4 Claims Amount, there will be no payment on the Kassiotis Priority Claim. Conversely, if the Junior Lenders' Adequate Protection Rights are not asserted or are not Allowed or payable, the Kassiotis Priority Claim will likely be paid in full.

The Kassiotis Prepetition Claim and Kassiotis Severance Claim, if any, are General Unsecured Claims entitled to participate in Class 4 if Allowed. The Committee and/or the Junior Lenders have reserved the right to challenge the Allowance of the Kassiotis Prepetition Claim and/or Kassiotis Severance Claim. If such a challenge is timely pursued, the Kassiotis Prepetition Claim and/or Kassiotis Severance Claim will be treated as determined by the Bankruptcy Court. If any such challenge is unsuccessful, then based on the Estimated Distributions Range and the Class 4 Claims Amount, the Kassiotis Prepetition Claim and Kassiotis Severance Claim will likely receive an approximate Class 4 Distribution of between [2.5% and 4.0]%, in all cases subject to Section 3.04(4) and Section 3.04(6).

Section 3.08 General Unsecured Claims

Based on the Estimated Distributions Range and the Class 4 Claims Amount, General Unsecured Claims in Class 4 will likely receive an approximate Class 4 Distribution of between [2.5% and 4.0]%, in all cases subject to Section 3.04(4) and Section 3.04(6).

ALL HOLDERS OF GENERAL UNSECURED CLAIMS WHO HAVE RECEIVED POSTPETITION PAYMENTS ARE ALSO PARTICULARLY URGED TO READ CAREFULLY SECTION 8.03 OF THE PLAN, WHICH ENTITLES THE DEBTORS, UPON NOTICE AND WITHOUT NEEDING TO FILE AN OBJECTION, AUTOMATICALLY TO REDUCE SCHEDULED CLAIMS AND PROOFS OF CLAIM BY THE AMOUNT OF ALL SUCH POSTPETITION PAYMENTS. ALL HOLDERS OF CLAIMS WHO FILED THEIR CLAIMS AFTER THE BAR DATE ARE ALSO PARTICULARLY URGED TO READ CAREFULLY SECTION 8.04 OF THE PLAN, WHICH PROVIDES FOR THE AUTOMATIC DISALLOWANCE OF ANY SUCH PROOFS OF CLAIM WITHOUT THE NEED TO FILE AN OBJECTION.

Section 3.09 Intercompany and Indemnification Claims

Holders of Intercompany Claims will not receive any Distributions.

Section 3.10 Indemnification Claims

Holders of Indemnification Claims will not receive any Distributions unless the Bankruptcy Court does not approve the Release Provisions as they apply to Indemnified Persons,

in which case all Indemnification Claims shall be preserved and there shall be no Distributions on Indemnification Claims or other Class 4 Claims until the Bankruptcy Court has entered a Final Order resolving all Indemnification Claims.

Section 3.11 Shareholders

Holders of equity Interests will not receive any Distributions.

ARTICLE IV MEANS FOR IMPLEMENTATION OF THE PLAN

Section 4.01 Pooling; Preservation of Rights

(1) Pooling of Assets and Claims. The primary sources of Distributions are the Equity Sale Proceeds and the SL Payments, which SL Payments are earmarked for specific purposes and, in the SL Settlement Order, have not been attributed to particular Debtors. Accordingly, the Plan treats all Distributions as being attributable to the Debtors in general and treats all Allowed Expenses and Allowed Claims against any of the Debtors as being entitled to Pro Rata treatment as to the Available Amounts for such Expenses or Claims.

(2) Preservation of Rights, Claims and Causes of Action. Pursuant to Section 5.02 of the Plan, the Plan preserves the ability of the Senior Lenders, or the Debtors for the benefit (and at the expense) of the Senior Lenders, to pursue (or continue to pursue) actual and potential claims and Causes of Action against Creditors and other parties-in-interest after the Effective Date of the Plan. ACCORDINGLY, ALL PARTIES-IN-INTEREST ARE URGED TO REVIEW SECTION 5.02 OF THE PLAN IN ORDER TO DETERMINE WHETHER THE SENIOR LENDERS (OR THE DEBTORS) HAVE THE RIGHT TO ASSERT POTENTIAL CLAIMS AND CAUSES OF ACTION AGAINST THEM, EVEN IF NOT COMMENCED BEFORE THE EFFECTIVE DATE. WITHOUT LIMITING THE FOREGOING, **ST SHIPPING AND TRANSPORT PTE, LTD., ULYSSES SYSTEMS (UK) LIMITED, V.SHIPS LIMITED AND ALL INSURANCE CARRIERS, PROVIDERS, CLUBS, ASSOCIATIONS AND OTHER INSURANCE ENTITIES SHOULD REVIEW IN PARTICULAR SECTIONS 5.02(2) AND 5.02(3) OF THE PLAN.**

Section 4.02 Nonconsensual Confirmation

Pursuant to Bankruptcy Code § 1129(a)(10), either Class 2 or Class 4 must accept the Plan in order for the Plan to be confirmable. If either or both such Classes accepts the Plan but one or more of the remaining Classes does not accept the Plan, the Debtors will seek to have the Bankruptcy Court confirm the Plan under Bankruptcy Code § 1129(b). In the context of a plan of liquidation rather than reorganization, Bankruptcy Code § 1129(b) requires each non-accepting Class to receive at least as much as it would receive in a Chapter 7 liquidation, a requirement that the Debtors believe they will be able to satisfy under the current circumstances.

Section 4.03 Closing of the Chapter 11 Case

When all Disputed Claims or Interests filed against the Debtors have become Allowed Claims or Interests or have become Disallowed Claims by Final Order or otherwise pursuant to

the Plan, and all appropriate Distributions have been made or provided for, the Debtors will seek authority from the Bankruptcy Court to close the Chapter 11 Case in accordance with the Bankruptcy Code and the Bankruptcy Rules. The Debtors will also terminate their corporate existence under the laws of the jurisdiction of incorporation.

ARTICLE V THE SOLICITATION; VOTING PROCEDURES

Section 5.01 Solicitation Package

Accompanying this Disclosure Statement for the purpose of soliciting votes on the Plan are copies of (i) the Plan; (ii) the notice of, among other things, the time for submitting Ballots to accept or reject the Plan, the date, time, and place of the hearing to consider Confirmation of the Plan and related matters, and the time for filing objections to Confirmation of the Plan; and, as applicable, (iii) a Ballot or Ballots (and return envelope(s)) that you may use in voting to accept or to reject the Plan), or a notice of non-voting status, (collectively the “Solicitation Package”). Only Holders eligible to vote in favor of or against the Plan will receive a Ballot(s) as part of their Solicitation Package. Such Holders will only receive a Ballot in respect of each Class in which such Holder holds a Claim. If you did not receive a Ballot and believe that you should have, please contact the Voting Agent at the address or telephone number set forth in Section 5.02.

Section 5.02 Voting Instructions

After carefully reviewing the Plan and this Disclosure Statement, and the Exhibits hereto and thereto, 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 it in the envelope provided so that it is RECEIVED by the Voting Agent on or before the Plan Voting Deadline set forth on the Ballot.

Each Ballot has been coded to reflect the Class of Claims it represents. Accordingly, in voting to accept or reject the Plan, you must use only the coded Ballot or Ballots sent to you with this Disclosure Statement.

IN ACCORDANCE WITH SECTION 13.06(3) OF THE PLAN, EACH BALLOT FOR A HOLDER OF A CLAIM WILL INCLUDE A SEPARATE BOX FOR CONSENTING TO THE RELEASE PROVISIONS.

Because the Debtors have never engaged a noticing agent and in order to save the expense of engaging an agent at this stage, the Debtors have requested and Bracewell has agreed to serve as the Voting Agent. If you have any questions about the procedure for voting your eligible Claim or with respect to the Solicitation Package that you have received, please contact the Voting Agent at the below address. If any Creditor or other party-in-interest desires to review the Ballots sent to the Voting Agent or to confirm the Voting Agent’s tabulation methodology and results, please contact the Voting Agent at the below address:

Omega Navigation Enterprises, Inc.
c/o Bracewell & Giuliani LLP
Attn: Laura Venta
711 Louisiana, Suite 2300
Houston, TX 77002
Telephone: (713) 223-2300
Facsimile: (713) 221-1212

IN ORDER FOR YOUR VOTE TO BE COUNTED, YOUR VOTE MUST BE ACTUALLY RECEIVED BY THE VOTING AGENT FOR THE DEBTORS ON OR BEFORE 3:00 P.M., PREVAILING CENTRAL TIME, ON MARCH 29, 2013, AT THE ABOVE ADDRESS. EXCEPT TO THE EXTENT ALLOWED BY THE BANKRUPTCY COURT OR DETERMINED OTHERWISE BY THE DEBTORS, BALLOTS RECEIVED AFTER THE PLAN VOTING DEADLINE WILL NOT BE ACCEPTED OR USED IN CONNECTION WITH THE DEBTORS' REQUEST FOR CONFIRMATION OF THE PLAN OR ANY MODIFICATION THEREOF.

ONLY BALLOTS WITH ORIGINAL SIGNATURES WILL BE COUNTED. BALLOTS WITH COPIED SIGNATURES WILL NOT BE ACCEPTED OR COUNTED. YOU MAY NOT SUBMIT A BALLOT ELECTRONICALLY, INCLUDING VIA EMAIL OR FACSIMILE. ONLY ORIGINAL BALLOTS RECEIVED BY THE VOTING AGENT BY THE PLAN VOTING DEADLINE WILL BE COUNTED.

Section 5.03 Voting Tabulation

Under the Bankruptcy Code, for purposes of determining whether the requisite acceptances have been received, only Holders who actually vote will be counted. The failure of a Holder to deliver a duly executed Ballot will be deemed to constitute an abstention by such Holder with respect to voting on the Plan and such abstentions will not be counted as votes for or against the Plan.

Unless otherwise ordered by the Bankruptcy Court, Ballots that are signed, dated, and timely received, but on which a vote to accept or reject the Plan has not been indicated, will not be counted. The Debtors, in their sole discretion, may request that the Voting Agent attempt to contact such voters to cure any such defects in the Ballots.

Except as provided below, unless the applicable Ballot is timely submitted to the Voting Agent before the Plan Voting Deadline, together with any other documents required by such Ballot, the Debtors may, in their sole discretion, reject such Ballot as invalid and decline to utilize it in connection with seeking Confirmation of the Plan.

A vote may be disregarded if the Bankruptcy Court determines, pursuant to Bankruptcy Code § 1126(e), that it was not solicited or procured in good faith or in accordance with the provisions of the Bankruptcy Code.

If a Ballot is signed by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation, or another acting in a fiduciary or representative capacity, such Person should indicate such capacity when signing and, unless otherwise determined by the Debtors,

must submit proper evidence satisfactory to the Debtors of authority to so act.

The period during which Ballots with respect to the Plan will be accepted by the Debtors will terminate on the Plan Voting Deadline. Except to the extent permitted by the Bankruptcy Court, Ballots that are received after the Plan Voting Deadline will not be counted or otherwise used by the Debtors in connection with the Debtors' request for Confirmation of the Plan (or any permitted modification thereof). IN NO CASE SHOULD A BALLOT BE DELIVERED TO ANY ENTITY OTHER THAN THE VOTING AGENT.

Section 5.04 Agreements upon Furnishing Ballots

The delivery of an accepting Ballot to the Voting Agent by a Holder pursuant to one of the procedures set forth above will constitute the agreement of such Holder to accept (i) all of the terms of, and conditions to, the solicitation and voting procedures and (ii) the terms of the Plan; provided, however, all parties in interest retain their right to object to Confirmation of the Plan pursuant to Bankruptcy Code § 1128.

ARTICLE VI CERTAIN REQUIREMENTS OF BANKRUPTCY CODE § 1129

Section 6.01 Best Interests of Creditors Test

Bankruptcy Code § 1129(a)(10) requires either that each Class: (a) has accepted the Plan or (b) will receive or retain under the Plan property of a value, as of the Effective Date, that is not less than the amount that each Person in such would receive or retain if the Debtors liquidated under chapter 7 of the Bankruptcy Code. Because the Plan is a liquidating plan and does not include the fees and expenses of a chapter 7 trustee, the Plan satisfies Bankruptcy Code § 1129(a)(10).

Section 6.02 Feasibility of the Plan

Bankruptcy Code § 1129(a)(11) requires that Confirmation of the Plan be "feasible," which can include liquidation. Because the Plan provides for the liquidation of the Debtors, it complies with Bankruptcy Code § 1129(a)(11).

ARTICLE VII CONFIRMATION PROCEDURES

Section 7.01 The Confirmation Hearing

Bankruptcy Code § 1128(a) requires the Bankruptcy Court, after notice, to hold a hearing to consider confirmation of a proposed plan. Bankruptcy Code § 1128(b) provides that any party in interest may object to confirmation of the plan.

The Bankruptcy Court has scheduled the Confirmation Hearing for April 15, 2013 at 2:00 p.m., prevailing Central Time, before the Honorable Karen Brown, United States Bankruptcy Judge, United States Bankruptcy Court for the Southern District of Texas at the United States Courthouse, 515 Rusk Street, Houston, Texas 77002.

Objections to Confirmation of the Plan must be filed and served on the Debtors and the other parties set forth in the order approving this Disclosure Statement, and certain other parties, by no later than April 3, 2013 at 3:00 p.m. prevailing Central Time, in accordance with the order approving this Disclosure Statement (attached hereto as **Exhibit C**). THE BANKRUPTCY COURT MAY NOT CONSIDER OBJECTIONS TO CONFIRMATION OF THE PLAN IF ANY SUCH OBJECTIONS HAVE NOT BEEN TIMELY SERVED AND FILED IN COMPLIANCE WITH THE ORDER APPROVING THIS DISCLOSURE STATEMENT.

The notice of the Confirmation Hearing will contain, among other things, the deadline to object to Confirmation of the Plan, the Plan Voting Deadline, and the date and time of the Confirmation Hearing.

Section 7.02 Statutory Requirements for Confirmation of the Plan

At the Confirmation Hearing, the Bankruptcy Court shall determine whether the requirements of Bankruptcy Code § 1129 have been satisfied. The Debtors believe that the Plan satisfies or will satisfy the applicable requirements, as follows:

- The Plan complies with the applicable provisions of the Bankruptcy Code.
- The Debtors, as Plan proponent, will have complied with the applicable provisions of the Bankruptcy Code.
- The Plan has been proposed in good faith and not by any means forbidden by law.
- Any payment made or promised under the Plan for services or for costs and expenses in, or in connection with, the Chapter 11 Case, or in connection with the Plan and incident to the case, has been disclosed to the Bankruptcy Court, and any such payment: (a) made before the Confirmation of the Plan is reasonable; or (b) is subject to the approval of the Bankruptcy Court as reasonable if it is to be fixed after the Confirmation of the Plan.
- The Debtors, as Plan proponent, have disclosed the identity and affiliations of any individual proposed to serve, after Confirmation of the Plan, as a director, officer, or voting trustee of the Debtors, an Affiliate of the Debtors participating in the Plan with the Debtors, or a successor to the Debtors under the Plan, and the appointment to, or continuance in, such office of such individual is consistent with the interests of creditors and equity security holders and with public policy.
- The Debtors, as Plan proponent, have disclosed the identity of any insider (as defined in Bankruptcy Code § 101) that will be employed or retained by the Debtors, and the nature of any compensation for such insider.
- The Plan does not propose any rate change that is subject to approval by a governmental regulatory commission.

- Either each Holder of an Impaired Claim or Interest has accepted the Plan, or will receive or retain under the Plan on account of that Claim or Interest, property of a value, as of the Effective Date of the Plan, that is not less than the amount that the Holder would receive or retain if the Debtors were liquidated on that date under chapter 7 of the Bankruptcy Code.
- Each Class of Claims that is entitled to vote on the Plan has either accepted the Plan or is not Impaired under the Plan, or the Plan can be confirmed without the approval of each voting Class pursuant to Bankruptcy Code § 1129(b).
- Except to the extent that the Holder of a particular Claim will agree to a different treatment of its Claim, the Plan provides that Administrative Expenses, Priority Tax Claims and, Priority Non-Tax Claims will be paid in full, in Cash, on the Effective Date, or as soon thereafter as practicable.
- At least one Class of Impaired Claims will accept the Plan, determined without including any acceptance of the Plan by any insider holding a Claim of that Class.
- Confirmation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtors or any successors thereto under the Plan unless such a liquidation or reorganization is proposed in the Plan.
- All fees of the type described in 28 U.S.C. § 1930, including the fees of the United States Trustee, will be paid as of the Effective Date.
- The Debtors have no retirement benefit obligations.

The Debtors believe that: (a) the Plan satisfies or will satisfy all of the statutory requirements of chapter 11 of the Bankruptcy Code; (b) the Debtors have complied or will have complied with all of the requirements of chapter 11; and (c) the Plan has been proposed in good faith.

(3) Acceptance by Impaired Classes

The Bankruptcy Code requires, as a condition to Confirmation, that, except as described in the following section, each Class of Claims or Equity Interests that is Impaired under the Plan accept the Plan. A class that is not impaired under a plan of reorganization is deemed to have accepted the plan and, therefore, solicitation of acceptances with respect to such class is not required. A class is Impaired unless the plan: (a) leaves unaltered the legal, equitable and contractual rights to which the claim or interest entitles the holder of that claim or equity interest; or (b) notwithstanding any contractual provision or applicable law that entitles the holder of such claim or interest after the occurrence of a default – (1) cures any such default that occurred before or after the commencement of the case under this title, other than a default of a kind specified in Bankruptcy Code § 365(b)(2) of this title or of a kind that Bankruptcy Code § 365(b)(2) expressly does not require to be cured; (2) reinstates the maturity of such claim or interest as such maturity existed before such default; (3) compensates 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 (4) if such claim or such interest arises from any failure to perform a nonmonetary obligation, other than a default arising from failure to operate a nonresidential real property lease subject to Bankruptcy Code § 365(b)(1)(A), compensates the holder of such claim or such interest (other than the debtor or an insider) for any actual pecuniary loss incurred by such holder as a result of such failure; and (5) does not otherwise alter the legal, equitable, or contractual rights to which such claim or interest entitles the holder of such claim or interest.

(4) Confirmation Without Acceptance by All Impaired Classes

Bankruptcy Code § 1129(b) allows a bankruptcy court to confirm a plan, even if an Impaired class entitled to vote on the plan has not accepted it, provided that the plan has been accepted by at least one Impaired class. However, the Debtors cannot guarantee that all Impaired Classes will accept the Plan. If any Impaired Class does not accept the Plan, the Debtors intend to seek Confirmation of the Plan pursuant to Bankruptcy Code § 1129(b). Bankruptcy Code § 1129(b) states that, notwithstanding an Impaired class's failure to accept a plan of reorganization, the plan shall be confirmed, at the plan proponent's request, in a procedure commonly known as "cram down," so long as the plan does not "discriminate unfairly" and is "fair and equitable" with respect to each class of claims or equity interests that is Impaired under, and has not accepted, the Plan.

The condition that a plan be "fair and equitable" with respect to a non-accepting class of unsecured claims requires that either: (a) the plan provides that each holder of a claim of such class receive or retain on account of such claim property of a value, as of the effective date of the plan, equal to the allowed amount of such claim; or (b) the holder of any claim or equity interest that is junior to the claims of such class will not receive or retain under the plan on account of such junior claim or equity interest any property.

The Debtors reserves the right to alter, amend, modify, revoke or withdraw the Plan or any Exhibit or Schedule, including to amend or modify it to satisfy Bankruptcy Code § 1129(b), if necessary.

Section 7.03 Identity of Persons to Contact for More Information

Any interested party desiring further information about the Plan should contact the Voting Agent at the phone number and/or address listed in Section 5.02.

ARTICLE VIII EXECUTORY CONTRACTS, OTHER AGREEMENTS AND LIENS

Section 8.01 Assumption/Rejection

On the Effective Date, and to the extent permitted by applicable law, all of the Debtors' Executory Contracts will be deemed rejected; provided, however, all of the Debtors' insurance policies and any agreements, documents or instruments relating thereto, shall be deemed to have been assumed.

Section 8.02 Claims Based on Rejection of Executory Contracts

Unless otherwise provided by a Bankruptcy Court order, any Proof of Claim asserting a Claim arising from the rejection of an Executory Contract pursuant to the Plan or otherwise must be Filed no later than 30 days after the earlier of the Effective Date or the date of rejection. Any Proof of Claim arising from the rejection of an Executory Contract that is not timely Filed shall be disallowed automatically, forever barred from assertion, and shall not be enforceable against the Debtors or the Escrow without the need for any objection by any Person or further notice to or action, order, or approval of the Bankruptcy Court, and any Claim arising out of the rejection of the Executory Contract shall be deemed fully satisfied, released, and discharged, notwithstanding anything in the Schedules or a Proof of Claim to the contrary. All Allowed Claims arising from the rejection of Executory Contracts shall be classified as General Unsecured Claims in Class 4 and shall be treated in accordance with the Plan.

ARTICLE IX PROCEDURES FOR RESOLVING DISPUTED, CONTINGENT, AND UNLIQUIDATED CLAIMS

Section 9.01 Objections to Claims

As soon as practicable, but no later than the Claims Objection Deadline, the Debtors and any party-in-interest may File objections with the Bankruptcy Court and serve such objections on the Creditors holding the Claims to which such objections are made. Nothing contained in the Plan, however, shall limit the right of any party-in-interest to object to Claims, if any, Filed or amended after the Claims Objection Deadline. The Claims Objection Deadline may be extended by the Bankruptcy Court upon motion by the Debtors, as the case may be, without notice or hearing. Nothing herein shall entitle the Professionals for the Debtors or the Committee to be paid their Professional Fees for Filing and prosecuting any such objections other than out of Available Amounts.

Section 9.02 Estimation of Claims

The Debtors may at any time request that the Bankruptcy Court estimate any contingent or unliquidated Claim pursuant to Bankruptcy Code § 502(c), regardless of whether the Debtors have previously objected to such Claim or whether the Bankruptcy Court has ruled on any objection, and the Bankruptcy Court will retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any Claim, including during the pendency of any appeal related to any such objection. In the event the Bankruptcy Court estimates any contingent or unliquidated Claim, that estimated amount will constitute either the Allowed amount of such Claim or a maximum limitation on such Claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on such Claim, the Debtors may elect to pursue any supplemental proceedings to object to any ultimate payment on such Claim. All of the aforementioned objection, estimation and resolution procedures are cumulative and are not necessarily exclusive of one another.

Section 9.03 Automatic Reduction of Claims

Notwithstanding the contents of the Schedules or Proofs Claims, Claims listed therein shall be reduced by the amount, if any, that was paid by the Debtors prior to the Effective Date,

including pursuant to orders of the Bankruptcy Court (including the “critical vendor” order). To the extent such payments are not reflected in the Schedules, the Debtors will provide notice of same (including pursuant to an “omnibus notice”) to the affected Holders of such Claims and, if any such Holder objects, the right to be heard, and the Schedules (if relevant) will be deemed amended and reduced to reflect that such payments were made. Nothing in the Plan shall preclude the Debtors from paying Claims that the Debtors were authorized to pay pursuant to any Final Order entered by the Bankruptcy Court prior to the Effective Date. The Escrow Agent shall be entitled conclusively to rely on any such determination made by the Debtors and shall have no obligation to investigate same or any liability in respect of complying with such determination.

Section 9.04 Automatic Disallowance of Late Proofs of Claim

All Proofs of Claim that were filed after the Bar Date will automatically be treated as Disallowed without the need for any further order of the Bankruptcy Court. The Debtors will provide notice of same (including pursuant to an “omnibus notice”) to the affected Holders of such Claims and, if any such Holder objects, the right to be heard on such objection. The Escrow Agent shall be entitled conclusively to rely on any such determination made by the Debtors and shall have no obligation to investigate same or any liability in respect of complying with such determination.

ARTICLE X CONDITIONS PRECEDENT TO CONFIRMATION, effective date AND CONSUMMATION OF THE PLAN

Section 10.01 Conditions Precedent to Confirmation

The following are conditions precedent to the occurrence of Confirmation:

(1) Approval of Disclosure Statement. The Bankruptcy Court shall have entered an order approving the adequacy of this Disclosure Statement, and such order shall have become a Final Order;

(2) Plan Exhibit. To the extent any exist, the Debtors shall identify in an exhibit to the Plan any and all Creditors and Claims that are not already on the Debtors’ schedules or not already on the Debtors’ claims register, excluding those postpetition debts which are in the ordinary course and excluding Professional Fees; and

(3) Confirmation Order. The Confirmation Order approving and confirming the Plan, as such Plan may have been modified, amended or supplemented, shall (a) include a finding of fact that the Debtors and their respective present members, officers, directors, managers, partners, employees, advisors, attorneys and agents, acted in good faith within the meaning of and with respect to all of the actions described in Bankruptcy Code § 1125(e) and are therefore not liable for the violation of any applicable law, rule, or regulation governing such actions; and (b) include issuance, approval or entry (as the case may be) of the Release Provisions.

Section 10.02 Condition Precedent to Effective Date

The only condition precedent to the occurrence of the Effective Date is that the Plan and

the Confirmation Order shall have been entered and, subject to Section 13.02 of the Plan, the Confirmation Order shall have become a Final Order.

Section 10.03 Substantial Consummation

On the Effective Date, the Plan shall be deemed to be Consummated.

Section 10.04 Revocation or Withdrawal

The Debtors reserve the right to revoke or withdraw the Plan at any time prior to the Confirmation Date and to File subsequent plans of reorganization.

Section 10.05 Amendments and Modifications

The Debtors may alter, amend, or modify the Plan or any Exhibits under Bankruptcy Code § 1127(a) at any time prior to the Confirmation Date. After the Confirmation Date and prior to Consummation, the Debtors may, under Bankruptcy Code § 1127(b), institute proceedings in the Bankruptcy Court to remedy any defect or omission or reconcile any inconsistencies in the Plan, the Disclosure Statement or the Confirmation Order, and such matters as may be necessary to carry out the purposes and effects of the Plan; provided, however, that prior notice of such proceedings shall be served in accordance with the Bankruptcy Rules or order of the Bankruptcy Court.

Section 10.06 Effect of Plan Failure

If the Plan is not confirmed and there is no alternative plan quickly available, the Debtors will likely seek conversion of the Chapter 11 Case to a case under Chapter 7 of the Bankruptcy Code. This will result in the occurrence of fees and expenses by the Chapter 7 trustee, which fees and expenses must be paid prior to any of the Distributions described in the Plan. **AS A RESULT, THE DEBTORS STRONGLY ENCOURAGE ALL VOTING PERSONS TO ACCEPT THE PLAN.**

ARTICLE XI MISCELLANEOUS PROVISIONS

Section 11.01 Retention of Jurisdiction

Under Bankruptcy Code §§ 105(a) and 1142, and notwithstanding entry of the Confirmation Order and occurrence of the Effective Date, the Bankruptcy Court shall retain exclusive jurisdiction over all matters arising out of, or related to, the Chapter 11 Case and the Plan to the fullest extent permitted by law. Without limiting the foregoing, ARTICLE XI of the Plan described a number of specific matters over which the Bankruptcy Court shall retain jurisdiction.

Section 11.02 Bar Dates for Certain Actions

(1) Administrative Expenses. The Confirmation Order will establish a bar date for Filing of all Administrative Expenses, which date will be 30 days after the Effective Date.

Holders of asserted Administrative Expenses, other than claims for Trustee Fees, administrative tax claims and administrative ordinary case liabilities described in Section 13.01(2) of the Plan, must submit proofs of Administrative Expense on or before such Administrative Expenses Bar Date or forever be barred from doing so. A notice prepared by the Debtors will set forth such date and constitute notice of this Administrative Expenses Bar Date. Parties in interest shall have 30 days (or such longer period as may be allowed by order of the Bankruptcy Court) following the Administrative Expenses Bar Date to review and object to such Administrative Expenses before a hearing for determination of allowance of such Administrative Expenses, subject to the payment provisions set forth in Section 4.01 of the Plan.

(2) Professional Fees. All final requests for allowance of Professional Fees must be Filed and served on the Debtors, the Junior Lenders and the Committee no later than 30 days after the Effective Date, unless otherwise ordered by the Bankruptcy Court. Objections to applications of such Professionals or other entities for compensation or reimbursement of expenses must be Filed and served on the Debtors, the Junior Lenders, the Committee and the requesting Professional or other Person no later than 15 days (or such longer period as may be allowed by order of the Bankruptcy Court) after the date on which the applicable application for compensation or reimbursement was served, subject to the payment provisions set forth in Section 4.01 of the Plan.

Section 11.03 Waiver of Final Order Requirement; Shortening of Confirmation Appeal Period

(1) In General. Wherever the Plan conditions an action or event upon the entry of a Final Order, the Debtors shall be entitled to waive the requirement of a Final Order unless the Bankruptcy Court order relevant to the Final Order has been stayed pending appeal.

(2) Stay of Confirmation Order. Pursuant to the Bankruptcy Court's authority as set forth in Bankruptcy Rule 3020(e), the Confirmation Order shall provide that: (a) in the event (i) no objections have been Filed to Confirmation of the Plan or (ii) any objections that were Filed have been withdrawn or settled, the Debtors shall be entitled to Consummate the Plan immediately after the Confirmation Date and the satisfaction of the conditions to the occurrence of the Effective Date; and (b) if each Person who Filed an objection to Confirmation of the Plan has waived in writing its right to appeal, the Debtors shall be entitled to Consummate the Plan immediately upon such waiver and the satisfaction of the conditions to the occurrence of the Effective Date.

Section 11.04 Severability of Plan Provisions

If, prior to Confirmation, any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void or unenforceable, the Bankruptcy Court, at the request of the Debtors, 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.

Section 11.05 Successors and Assigns

The rights, benefits and obligations of any Person named or referred to in the Plan, including any Holder of a Claim, shall be binding on, and shall inure to the benefit of, any heir, executor, administrator, successor or assign of such Person, subject to the payment liability provisions set forth in Section 4.01 of the Plan.

Section 11.06 Effect of Confirmation; Discharge

To the fullest extent permitted by Bankruptcy Code § 1141, after Confirmation the Plan binds (a) any Person acquiring property under the Plan; (b) each of the Debtors and the Escrow Agent; (c) any Holder of a Claim, Interest or Expense; and (d) any Affiliate or Related Person of any of the foregoing. Pursuant to Bankruptcy Code § 1141(d), and except as otherwise specifically provided in the Plan or in any contract, instrument or other agreement or document created pursuant to the Plan, the Distributions, rights and treatment that are provided in the Plan shall be in complete satisfaction, discharge and release, effective as of the Effective Date, of Claims, Interests, Expenses and Causes of Action of any nature whatsoever, including any interest accrued on Claims or Interests from and after the Petition Date, whether known or unknown, against, liabilities of, Liens on, obligations of, rights against and Interests in, the Debtors or any of their assets or properties, regardless of whether any property shall have been distributed or retained pursuant to the Plan on account of such Claims, Interests and Expenses, including demands, liabilities and Causes of Action that arose before the Effective Date, any liability (including withdrawal liability) to the extent such Claims, Interests and Expenses relate to services performed by employees of the Debtors before the Effective Date and that arise from a termination of employment, any contingent or non-contingent liability on account of representations or warranties issued on or before the Effective Date, and all debts of the kind specified in Bankruptcy Code §§ 502(g), 502(h) or 502(i), in each case whether or not: (i) a Proof of Claim or Interest based upon such debt, right or Interest is Filed or deemed Filed pursuant to Bankruptcy Code § 501; (ii) a Claim or Interest based upon such debt, right or Interest is Allowed; or (iii) the Holder of such a Claim or Interest has accepted the Plan or is entitled to receive a Distribution. Any default by the Debtors with respect to any Claim or Interest that existed immediately before or on account of the filing of the Chapter 11 Case shall be deemed cured on the Effective Date. Except as otherwise expressly provided in the Plan, the Confirmation Order shall be a judicial determination of the discharge of all Claims, Interests and Expenses, subject to the occurrence of the Effective Date.

Section 11.07 RELEASES, EXCULPATION AND INJUNCTION

PARTIES-IN-INTEREST ARE URGED TO READ SECTIONS 13.06, 13.07 AND 13.08 OF THE PLAN CAREFULLY AS THEY INCLUDE (A) RELEASES BY THE DEBTORS AND PARTIES-IN-INTEREST OF CLAIMS AND CAUSES OF ACTION AGAINST THE DEBTORS, THE ESCROW AGENT, THE JUNIOR LENDERS, THE COMMITTEE AND THEIR RESPECTIVE RELATED PERSONS, INCLUDING NON-

DEBTOR SUBSIDIARIES AND JOINT VENTURES OWNED, DIRECTLY OR INDIRECTLY, BY THE DEBTORS, (B) EXCULPATION OF ALL SUCH PERSONS, AND (C) AN INJUNCTION AGAINST PURSUING ANY SUCH CLAIMS AND CAUSES OF ACTION AGAINST ANY SUCH PERSONS.

Notwithstanding anything to the contrary in this Disclosure Statement or in the Plan, nothing in the Release Provisions shall affect, implicate or otherwise relate to the claims of the Senior Lenders preserved pursuant to Section 2.04 of the Plan or to the Senior Lenders or their Related Persons and, without limitation to the foregoing, the Senior Lenders are not and shall not be deemed to be providing any releases under this Plan or be subject to any exculpations or injunctions set forth in the Plan. All rights and releases of the Senior Lenders and their Related Persons are exclusively set forth in and governed by the SL Settlement and the SL Settlement Agreement.

Section 11.08 PRESERVATION OF RIGHTS, CLAIMS AND CAUSES OF ACTION

ALL CREDITORS AND OTHER PARTIES IN INTEREST ARE URGED TO READ SECTION 5.02 OF THE PLAN CAREFULLY AS IT PRESERVES THE ABILITY OF THE SENIOR LENDERS, OR THE DEBTORS FOR THE BENEFIT (AND AT THE EXPENSE) OF THE SENIOR LENDERS, TO PURSUE (OR CONTINUE TO PURSUE) ACTUAL AND POTENTIAL CLAIMS AND CAUSES OF ACTION AGAINST CREDITORS AND OTHER PARTIES IN INTEREST AFTER THE EFFECTIVE DATE.

Section 11.09 Tax Consequences

All Distributions will be made in Cash. Each Holder of an Expense or Claim that receives a Distribution is encouraged to consult with its tax advisers as to the tax treatment in its relevant jurisdictions of the receipt of such Distributions. The Debtors make no representation as to any such tax treatment and shall have no liability for any Holder's failure to investigate or comply with same.

Section 11.10 Binding Effect

The Plan shall be binding upon and inure to the benefit of the Debtors, the Escrow Agent and all present and former Holders of Claims or Expenses against or Interests in the Debtors, together with their respective successors and assigns; provided that, as set forth in Sections 2.04 and 13.09 of the Plan, nothing in the Plan shall bind the claims of the Senior Lenders, or the Senior Lenders or their Related Persons. The rights and obligations in respect of the claims of the Senior Lenders, the Senior Lenders and their Related Persons are solely and exclusively governed and controlled by the SL Settlement and the SL Settlement Order..

Section 11.11 Notices

Any notice, request, or demand required or permitted to be made or provided under the Plan to or upon the Debtors or the Escrow Agent shall be (a) in writing; (b) served by (i) certified mail, return receipt requested, (ii) hand delivery, (iii) overnight delivery service, (iv) facsimile transmission or (v) electronic delivery; and (c) deemed to have been duly given or made when actually delivered or, in the case of facsimile transmission, when received and telephonically

confirmed, or in the case of electronic delivery, when received as evidenced by a “delivery receipt,” addressed as follows:

Charilaos Loukopoulos
Omega Navigation Enterprises, Inc.
61, Vasilisis Sofias Avenue,
115 21 Athens
Greece
P: +30 21 04 13 91 30
F: +30 21 04 22 25 412
E: hloukopoulos@omeganavigation.com

With a copy to (which shall not constitute notice):

Evan Flaschen
Bracewell & Giuliani LLP
Goodwin Square
225 Asylum Street, Suite 2600
Hartford, CT 06103
United States of America
P: +1 860.256.8537
F: +1 860.760.6310
E: evan.flaschen@bgllp.com

Section 11.12 Dissolution of Committee

On the earlier of 60 days after the Effective Date and the date on which the Committee files a notice of dissolution with the Bankruptcy Court, the Committee shall dissolve and the members of the Committee shall be released and discharged from all authority, duties, responsibilities and obligations related to and arising from and in connection with the Chapter 11 Case; provided, however, that if the Committee is a party to any objections, disputes or proceedings at such time, the Committee shall not be dissolved until the resolution of all such objections, disputes and proceeds. Nothing herein shall entitle the Committee’s Professionals to be paid Professional Fees out of any source other than Available Amounts.

Section 11.13 No Admissions

Notwithstanding anything herein to the contrary, nothing in the Plan shall be deemed as an admission by the Debtors with respect to any matter set forth herein, including liability on any Expense or Claim.

Section 11.14 Governing Law

Unless a rule of law or procedure is supplied by federal law (including the Bankruptcy Code and Bankruptcy Rules), the laws of the State of Texas, without giving effect to the principles of conflicts of law thereof, shall govern the construction and implementation of this

Plan and any agreements, documents, and instruments executed in connection with this Plan (except as otherwise set forth in those agreements, in which case the governing law of each such agreement shall control); provided, however, that corporate governance matters relating to the Debtors shall be governed by the laws of their respective jurisdictions of incorporation.

ARTICLE XII CONCLUSION AND RECOMMENDATION

The Debtors believe that the Plan is in the best interests of all Creditors and urges Creditors entitled to vote to accept the Plan and to evidence such acceptance by returning their Ballots so they will be RECEIVED by the Voting Agent no later than 3:00 p.m., prevailing Central Time on March 29, 2013. If the Plan is not confirmed and there is no alternative plan quickly available, the Debtors will likely seek conversion of the Chapter 11 Case to a case under Chapter 7 of the Bankruptcy Code. This will result in the incurrence of fees and expenses by the Chapter 7 trustee, which fees and expenses must be paid prior to any of the Distributions described in the Plan. **AS A RESULT, THE DEBTORS STRONGLY ENCOURAGE ALL VOTING PERSONS TO ACCEPT THE PLAN.**

DATED: March 1, 2013

**OMEGA NAVIGATION ENTERPRISES, INC.
BAYTOWN NAVIGATION INC.
GALVESTON NAVIGATION INC.
BEAUMONT NAVIGATION INC.
CARROLTON NAVIGATION INC.
DECATUR NAVIGATION INC.
ELGIN NAVIGATION INC.
FULTON NAVIGATION INC.
ORANGE NAVIGATION INC.
OMEGA NAVIGATION (USA) LLC**

By: /s/ Charilaos Loukopoulos
Charilaos Loukopoulos
Its Secretary