

UNITED STATES BANKRUPTCY COURT DISTRICT OF DELAWARE

In re
AMPHYDYNAMICS CORPORATION, et al.,
Debtors.

x
:
: Chapter 11 Case Nos.
:
: 99-009 (SBJ) through
: 99-013 (SBJ)
: (Jointly Administered)
:
x

DEBTORS' JOINT PLAN OF
REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

Amphydynamics Corporation, Kid-Vid, Inc., Comp-U-All, Inc. and Scarlet's Web, Inc. propose the following joint plan of reorganization under section 1121(a) of title 11 of the United States Code:

ARTICLE I. DEFINITIONS AND CONSTRUCTION OF TERMS

Definitions. As used herein, the following terms have the respective meanings specified below:

I.1 Administrative Expense Claim means any right to payment constituting a cost or expense of administration of any of the Chapter 11 Cases under sections 503(b) and 507(a)(1) of the Bankruptcy Code, including any actual and necessary costs and expenses of preserving the estates of the Debtors, any actual and necessary costs and expenses of operating the business of the Debtors, any indebtedness or obligations incurred or assumed by the Debtors in Possession in connection with the conduct of their business, including for the acquisition or lease of property or an interest in property or the rendition of services, all compensation and reimbursement of expenses to the extent Allowed by the Bankruptcy Court under section 330 or 503 of the Bankruptcy Code and any fees or charges assessed against the estates of the Debtors under section 1930 of title 28 of the United States Code.

I.2 Allowed means, with reference to any Claim, (a) any Claim against the Debtors which has been listed by the Debtors in their Schedules, as such Schedules may be amended by the Debtors from time to time in accordance with Bankruptcy Rule 1009, as liquidated in amount and not disputed or contingent and for which no contrary proof of claim has been filed, (b) any Claim allowed hereunder, (c) any Claim which is not Disputed, (d) any Claim that is compromised, settled or otherwise resolved pursuant to the authority granted to Reorganized Amphy pursuant to a Final Order of the Bankruptcy Court or under Section 5.6, or (e) any Claim which, if Disputed, has been Allowed by Final Order; provided, however, that Claims allowed solely for the purpose of voting to accept or reject the Plan pursuant to an order of the Bankruptcy Court shall not be considered "Allowed Claims" hereunder. Unless otherwise specified herein or by order of the Bankruptcy Court, "Allowed Administrative Expense Claim" or "Allowed Claim" shall not, for any purpose under the Plan, include interest on such Administrative Expense Claim or Claim from and after the Commencement Date. "Allowed Claim" shall also include any Hystereo Disease Claim which is Allowed pursuant to the Hystereo Disease Claims Resolution Facility.

I.3 Amphy means Amphydynamics Corporation, a New York corporation.

I.4 Ballot means the form distributed to each holder of an impaired Claim on which is to be indicated acceptance or rejection of the Plan.

I.5 Bank Claims means all Allowed Claims of the Banks.

I.6 Banks means, collectively, the banks and financial institutions, and their successors and assigns, holding Allowed Claims.

I.7 Bankruptcy Code means title 11 of the United States Code, as amended from time to time, as applicable to the Chapter 11 Cases.

I.8 Bankruptcy Court means the United States District Court for the District of Delaware having jurisdiction over the Chapter 11 Cases and, to the extent of any reference under section 157 of title 28 of the United States Code, the unit of such District Court under section 151 of title 28 of the United States Code.

I.9 Bankruptcy Rules means the Federal Rules of Bankruptcy Procedure as promulgated by the United States Supreme Court and any Local Rules of the Bankruptcy Court.

I.10 Business Day means any day other than a Saturday, Sunday or any other day on which commercial banks in New York, New York are required or authorized to close.

I.11 Causes of Action means any and all actions, causes of action, liabilities, obligations, rights, suits, damages, judgments, claims and demands whatsoever, whether known or unknown, existing of hereafter arising, in law, equity or otherwise, based in whole or in part upon any act or omission or other event occurring prior to the Commencement Date or during the course of the Chapter 11 Cases, including through the Effective Date.

I.12 Chapter 11 Cases means the cases under chapter 11 of the Bankruptcy Code commenced by the Debtors, styled *In re Amphydynamics Corporation, et al.*, Chapter 11 Case Nos. 99-009 through 99-013 (SBJ) inclusive, Jointly Administered, currently pending before the Bankruptcy Court.

I. 13 Claim has the meaning set forth in section 101 of the Bankruptcy Code.

I.14 Class means a category of holders of Claims or Equity Interests as set forth in Article III.

I.15 Collateral means any property or interest in property of the estates of the Debtors subject to a Lien to secure the payment or performance of a Claim, which Lien is not subject to avoidance or otherwise invalid under the Bankruptcy Code or applicable state law.

I.16 Commencement Date means February 2, 1999, the date on which the Debtors commenced the Chapter 11 Cases.

I.17 Committee means the statutory committee of unsecured creditors appointed by the United States Trustee in the Chapter 11 Cases pursuant to section 1102 of the Bankruptcy Code.

I.18 Confirmation Date means the date on which the clerk of the Bankruptcy Court enters the Confirmation Order on the docket.

I.19 Confirmation Hearing means the hearing held by the Bankruptcy Court to consider confirmation of the Plan pursuant to section 1129 of the Bankruptcy Code.

I.20 Confirmation Order means the order of the Bankruptcy Court confirming the Plan pursuant to section 1129 of the Bankruptcy Code.

I.21 Debtors means, collectively, Amphydynamics Corporation, Kid-Vid, Inc., Comp-U-All, Inc., and Scarlet's Web, Inc.

I.22 Debtors in Possession means the Debtors in their capacity as debtors in possession in the Chapter 11 Cases pursuant to sections 1101, 1107(a) and 1108 of the Bankruptcy Code.

I.23 Disclosure Statement means the disclosure statement relating to the Plan, including all exhibits and schedules thereto, as approved by the Bankruptcy Court pursuant to section 1125 of the Bankruptcy Code.

I.24 Disputed means, with reference to any Claim, any Claim proof of which was timely and properly filed, and in such case or in the case of an Administrative Expense Claim, any Administrative Expense Claim or Claim which is disputed under the Plan or as to which the Debtors have interposed a timely objection and/or request for estimation in accordance with section 502(c) of the Bankruptcy Code and Bankruptcy Rule 3018, which objection and/or request for estimation has not been withdrawn or determined by a Final Order, and any Claim proof of which was required to be filed by order of the Bankruptcy Court but as to which a proof of claim was not timely or properly filed. A Claim that is Disputed by the Debtors as to its amount only, shall be deemed Allowed in the amount the Debtors admit owing, if any, and Disputed as to the excess.

I.25 Disputed Claim Amount means the amount set forth in the proof of claim relating to a Disputed Claim or, if an amount is estimated in respect of a Disputed Claim in accordance with section 502(c) of the Bankruptcy Code and Bankruptcy Rule 3018, the amount so estimated pursuant to an order of the Bankruptcy Court.

I.26 Effective Date means the first Business Day on which the conditions specified in Section 10.1 have been satisfied or waived.

I.27 Equity Interest means any share of common stock or other instrument evidencing an ownership interest in any of the Debtors, whether or not transferable.

I.28 Final Order means an order of the Bankruptcy Court or any other court of competent jurisdiction as to which the time to appeal, petition for certiorari, or move for reargument or rehearing has expired.

I.29 Fund Administrators means the three persons to be appointed pursuant to Section 5.9 and approved by the Bankruptcy Court, on or before the Effective Date, for the purpose of performing the duties and carrying out the obligations of trustees of the Hystereo Disease Settlement Fund in accordance with the terms and conditions contained in the Hystereo Disease Settlement Fund Documents and this Plan.

I.30 General Unsecured Claim means any Claim other than a Secured Claim, Administrative Expense Claim, Priority Tax Claim, Other Priority Claim, Bank Claim, Subordinated Note Claim or Hystereo Disease Claim.

I.31 Hystereo Disease Claim means any Claim (including any Unknown Hystereo Disease Claim) against, or any debt, obligation, or liability of, the Debtors, in the nature of or sounding in tort, contract, warranty, or any other theory of law, for, relating to, or arising by reason of, directly or indirectly, physical, emotional or other personal injuries or damages (whether or not diagnosable before confirmation of this Plan) caused or allegedly caused, in whole or in part, directly or indirectly, by the video games manufactured, distributed or sold by any of the Debtors.

I.32 Hystereo Disease Claims Resolution Facility means the dispute and claims resolution facility to be implemented on the Effective Date, or as soon thereafter as is practicable, for the purpose of liquidating and resolving all Hystereo Disease Claims pursuant to the terms of this Plan and the Hystereo Disease Settlement Fund Documents.

I.33 Hystereo Disease Expenses means all costs and expenses of the Hystereo Disease Settlement Fund attributable to Hystereo Disease Claims, other than payments to holders of Hystereo Disease Claims.

I.34 Hystereo Disease Settlement Fund means a trust or other entity to be established pursuant to the Hystereo Disease Settlement Fund Documents for the purpose of resolving (or directing the resolution of) all Hystereo Disease Claims and holding, managing and maximizing the Hystereo Disease Settlement Fund Assets for use in resolving the Hystereo Disease Claims.

I.35 Hystereo Disease Settlement Fund Assets means (a) any recoveries by the Debtors against their insurance carriers with respect to Hystereo Disease Claims, (b) 50,000,000 shares (or 20%) of Reorganized

Amphy's Common Stock, and (c) the income, dividends, profits and proceeds, if any, derived from, or related to, the assets in clauses (a) and (b) hereof.

I.36 Hystereo Disease Settlement Fund Documents means the trust agreement, articles of incorporation or other documents governing the creation and operation of the Hystereo Disease Settlement Fund, to be dated as of the Effective Date, which shall be substantially in the form included in the Plan Supplement, as they may be amended or modified from time to time.

I.37 Insured Claim means any Claim arising from an incident or occurrence that is covered under the Debtors' insurance policies, including the Hystereo Disease Claims.

I.38 Lien has the meaning set forth in section 101 of the Bankruptcy Code.

I.39 Management Options shall have the meaning set forth in Section 8.5.

I.40 Other Priority Claim means any Claim, other than an Administrative Expense Claim or a Priority Tax Claim, entitled to priority in right of payment under section 507(a) of the Bankruptcy Code.

I.41 Plan means this chapter 11 plan of reorganization, including the Plan Supplement and all exhibits, supplements, appendices and schedules hereto, either in its present form or as the same may be altered, amended or modified from time to time.

I.42 Plan Supplement means the forms of documents specified in Section 12.16.

I.43 Priority Tax Claim means any Claim of a governmental unit of the kind specified in sections 502(i) and 507(a)(8) of the Bankruptcy Code.

I.44 Pro Rata Share means a proportionate share, so that the ratio of the consideration distributed on account of an Allowed Claim in a Class to the amount of such Allowed Claim is the same as the ratio of the amount of the consideration distributed on account of all Allowed Claims in such Class to the amount of all Allowed Claims in such Class.

I.45 Record Date means the day that is five Business Days from and after the Confirmation Date.

I.46 Releasees means all present and former officers and directors of the Debtors who were directors or officers, respectively, on or after the Commencement Date, and any other persons who serve or served as members of management of the Debtors on or after the Commencement Date, all advisors, consultants or professionals of or to the Debtors.

I.47 Reorganized Amphy means Amphy on and after the Effective Date.

I.48 Reorganized Amphy's By-laws means the amended and restated By-laws of Reorganized Amphy, which shall be in substantially the form contained in the Plan Supplement.

I.49 Reorganized Amphy's Certificate of Incorporation means the amended and restated Certificate of Incorporation of Reorganized Amphy, which shall be in substantially the form contained in the Plan Supplement.

I.50 Reorganized Amphy's Common Stock means the common stock of Reorganized Amphy authorized and to be issued pursuant to the Plan. The Reorganized Amphy's Common Stock shall have a par value of \$.01 per share and such rights with respect to dividends, liquidation, voting and other matters as are provided for by applicable non-bankruptcy law or in the Reorganized Amphy's Certificate of Incorporation and By-laws

I.51 Reorganized Amphy's Securities Trust means that certain trust to be created as of the Effective Date, by Reorganized Amphy, as grantor, and the Fund Administrators, as trustees, pursuant to that certain

Reorganized Amphy's Securities Trust Agreement, a form of which is included in the Plan Supplement, for the purpose of holding the legal title to, and voting of, 50,000,000 shares of Reorganized Amphy's Common Stock for the benefit of holders of Hystereo Disease Claims.

I.52 Reorganized Amphy's Stock Option Plan means the Stock Option Plan to be adopted by Reorganized Amphy, which shall be in substantially the form contained in the Plan Supplement.

I.53 Reorganized Debtors means Reorganized Amphy and each of the Reorganized Subsidiaries.

I.54 Reorganized Subsidiaries means each of the Subsidiaries on and after the Effective Date after giving effect to the Restructuring Transactions.

I.55 Schedules means the schedules of assets and liabilities, the list of holders of Equity Interests and the statements of financial affairs filed by the Debtors on May 14, 1999 under section 521 of the Bankruptcy Code and Bankruptcy Rule 1007, and all amendments and modifications thereto through and including the Confirmation Date.

I.56 Secured Claim means any Claim, to the extent reflected in the Schedules or a proof of claim as a Secured Claim, which is secured by a Lien on Collateral to the extent of the value of such Collateral, as determined in accordance with section 506(a) of the Bankruptcy Code, or, in the event that such Claim is subject to a permissible setoff under section 553 of the Bankruptcy Code, to the extent of such permissible setoff.

I.57 Subordinated Note Claims means all Claims arising under the Subordinated Notes Indentures.

I.58 Subordinated Notes means all notes issued and outstanding under the Subordinated Notes Indentures as of the Commencement Date.

I.59 Subordinated Notes Indentures means the trust indenture, dated August 18, 1995, and the first supplemental trust indenture, dated August 18, 1995, between Amphy, as issuer of the Subordinated Notes, and Trusty Bank USA as the indenture trustee, and all of the documents and instruments relating thereto, as amended, supplemented, modified or restated as of the Commencement Date.

I.60 Subsequent Distribution Date means the twentieth day after the end of the month following the month in which the Effective Date occurs and the twentieth day after the end of each subsequent month.

I.60 Subsidiary means any Debtor other than Amphy.

I.61 Subsidiary Equity Interest means any share of common stock or other instrument evidencing a present ownership interest in any of the Subsidiaries.

I.62 Tort Claim means any Claim relating to personal injury, property damage, products liability, discrimination, employment or any other similar litigation Claim asserted against any of the Debtors, including Hystereo Disease Claims. A Tort Claim may also be an Insured Claim.

I.63 Unknown Hystereo Disease Claim means any Hystereo Disease Claim of any individual who: (a) has exhibited the symptoms of the so-called "hystereo" condition and whose identity is unknown to the Debtors, and (b) has not exhibited the symptoms of the so-called "hystereo" condition but who has played the Debtors' video games.

Interpretation; Application of Definitions and Rules of Construction. Wherever from the context it appears appropriate, each term stated in either the singular or the plural shall include both the singular and the plural and pronouns stated in the masculine, feminine or neuter gender shall include the masculine, feminine and neuter. Unless otherwise specified, all section, article, schedule or exhibit references in the Plan are to the respective Section in, Article of, Schedule to, or Exhibit to, the Plan. The words "herein," "hereof," "hereto," "hereunder" and other words of similar import refer to the Plan as a whole and not to any particular

section, subsection or clause contained in the Plan. The rules of construction contained in section 102 of the Bankruptcy Code shall apply to the construction.

ARTICLE II TREATMENT OF ADMINISTRATIVE EXPENSE CLAIMS AND PRIORITY TAX CLAIMS

II.1 Administrative Expense Claims. Except to the extent that any entity entitled to payment of any Allowed Administrative Expense Claim agrees to a less favorable treatment, each holder of an Allowed Administrative Expense Claim shall receive cash in an amount equal to such Allowed Administrative Expense Claim on the later of the Effective Date and the date such Administrative Expense Claim becomes an Allowed Administrative Expense Claim, or as soon thereafter as is practicable; provided, however, that Allowed Administrative Expense Claims representing liabilities incurred in the ordinary course of business by the Debtors in Possession or liabilities arising under loans or advances to or other obligations incurred by the Debtors in Possession shall be paid in full and performed by Reorganized Amphy in the ordinary course of business in accordance with the terms and subject to the conditions of any agreements governing, instruments evidencing or other documents relating to such transactions.

II.2 Professional Compensation and Reimbursement Claims. All entities seeking an award by the Bankruptcy Court of compensation for services rendered or reimbursement of expenses incurred through and including the Effective Date under sections 503(b)(2), 503(b)(3), 503(b)(4) or 503(b)(5) of the Bankruptcy Code shall:

(a) file their respective final applications for allowances of compensation for services rendered and reimbursement of expenses incurred through the Effective Date by no later than the date that is 60 days after the Effective Date or such other date as may be fixed by the Bankruptcy Court; and

(b) if granted such an award by the Bankruptcy Court, be paid in full in such amounts as are Allowed by the Bankruptcy Court:

(i) on the date such Administrative Expense Claim becomes an Allowed Administrative Expense Claim, or as soon thereafter as is practicable, or

(ii) upon such other terms as may be mutually agreed upon between such holder of an Administrative Expense Claim and Reorganized Amphy.

II.3 Priority Tax Claims. Except to the extent that a holder of an Allowed Priority Tax Claim has been paid by the Debtors prior to the Effective Date or agrees to a different treatment, each holder of an Allowed Priority Tax Claim shall receive, at the sole option of Reorganized Amphy:

(a) cash in an amount equal to such Allowed Priority Tax Claim on the later of the Effective Date and the date such Priority Tax Claim becomes an Allowed Priority Tax Claim, or as soon thereafter as is practicable; or

(b) equal annual cash payments in an aggregate amount equal to such Allowed Priority Tax Claim, together with interest at a fixed annual rate equal to 8.0%, over a period through the sixth anniversary of the date of assessment of such Allowed Priority Tax Claim, or upon such other terms determined by the Bankruptcy Court to provide the holder of such Allowed Priority Tax Claim deferred cash payments having a value, as of the Effective Date, equal to the full amount of such Allowed Priority Tax Claim.

ARTICLE III CLASSIFICATION OF CLAIMS AND EQUITY INTERESTS

Claims, other than Administrative Expense Claims and Priority Tax Claims, and Amphy's Equity Interests, are classified for all purposes, including voting, confirmation and distribution pursuant to the Plan, as follows:

<u>Class</u>	<u>Status</u>
Class 1 -- Other Priority Claims	Impaired
Class 2 -- Secured Claims	Unimpaired
Class 3-- Bank Claims	Impaired
Class 4-- General Unsecured Claims	Impaired
Class 5-- Subordinated Note Claims	Impaired
Class 6-- Hystereo Disease Claims	Impaired
Class 7-- Amphy's Equity Interests	Impaired

ARTICLE IV TREATMENT OF CLAIMS AND EQUITY INTERESTS

IV.1 Class 1 -- Other Priority Claims.

(a) **Impairment and Voting.** Class 1 is impaired by the Plan. Each holder of an Allowed Other Priority Claim is entitled to vote to accept or reject the Plan..

(b) **Distributions.** Each holder of an Allowed Other Priority Claim shall receive cash in an amount equal to such Allowed Other Priority Claim on the later of the Effective Date and the date such Allowed Other Priority Claim becomes an Allowed Other Priority Claim, or as soon thereafter as is practicable, in accordance with section 1129(a)(9)(B) of the Bankruptcy Code.

IV.2 Class 2 -- Secured Claims.

(a) **Impairment and Voting.** Class 2 is unimpaired by the Plan. Each holder of an Allowed Secured Claim is conclusively presumed to have accepted the Plan and is not entitled to vote to accept or reject the Plan.

(b) **Distributions/Reinstatement of Claims.** Except to the extent that a holder of an Allowed Secured Claim agrees to a different treatment, each Allowed Secured Claim shall be reinstated and rendered unimpaired in accordance with section 1124(2) of the Bankruptcy Code, notwithstanding any contractual provision or applicable non-bankruptcy law that entitles the holder of an Allowed Secured Claim to demand or receive payment of such Allowed Secured Claim prior to the stated maturity of such Allowed Secured Claim from and after the occurrence of a default.

IV.3 Class 3 -- Bank Claims.

(a) **Allowance.** The Bank Claims shall be deemed Allowed Claims solely for purposes of this Plan in the aggregate amount of \$462,164,419.

(b) **Impairment and Voting.** Class 3 is impaired by the Plan. Each holder of an Allowed Bank Claim is entitled to vote to accept or reject the Plan.

(c) **Distributions.** On the Effective Date, or as soon thereafter as is practicable, each holder of an Allowed Bank Claim as of the Record Date shall receive a Pro Rata Share of 200,000,000 shares of New Amphy's Common Stock, which shares shall constitute all of the shares of Reorganized Amphy's Common Stock issued pursuant to the Plan.

IV.4 Class 4 -- General Unsecured Claims

(a) **Impairment and Voting.** Class 4 is impaired by the Plan. Each holder of an Allowed General Unsecured Claim is entitled to vote to accept or reject the Plan.

(b) **Distributions.** On the Effective Date, or as soon thereafter as is practicable, each holder of an Allowed General Unsecured Claim as of the Record Date shall receive, in full and complete satisfaction of such Allowed Claim, an amount, in cash, equal to .30 multiplied by the amount of such Allowed General Unsecured Claim.

IV.5 Class 5 -- Subordinated Note Claims

(a) **Allowance.** The Subordinated Note Claims shall be deemed Allowed Claims solely for purposes of this Plan in the aggregate amount of \$421,121,589.77.

(b) **Impairment and Voting.** Class 5 is impaired by the Plan. Each holder of a Subordinated Note Claim is conclusively presumed to have rejected the Plan as a holder of Subordinated Note Claims and is not entitled to vote to accept or reject the Plan.

(c) **Distributions.** In accordance with Section 5.2, the holders of Subordinated Note Claims shall not receive any distributions on account of such Claims as a result of the enforcement of the subordination provisions in the Subordinated Notes Indentures.

IV.6 Class 6 – Hystereo Disease Claims

(a) **Impairment and Voting.** Class 6 is impaired by the Plan. Each holder of a Hystereo Disease Claim is entitled to vote to accept or reject the Plan.

(b) **Distributions.** Each Hystereo Disease Claim shall be liquidated and resolved through the Hystereo Disease Claims Resolution Facility and satisfied from the Hystereo Disease Settlement Fund Assets. No amount shall be paid to any holder of a Hystereo Disease Claim for punitive damages, penalties or interest with respect to any Allowed Hystereo Disease Claim.

IV.7 Class 7 – Amphy’s Equity Interests

(a) **Impairment and Voting.** Class 7 is impaired by the Plan. Each holder of an Amphy’s Equity Interest is conclusively presumed to have rejected the Plan as a holder of Amphy’s Equity Interests and is not entitled to vote to accept or reject the Plan.

(b) **Distributions.** The holders of Amphy’s Equity Interests shall not receive any distributions on account of such Equity Interests. On the Effective Date, all Amphy’s Equity Interests shall be extinguished.

ARTICLE V PROVISIONS REGARDING VOTING AND DISTRIBUTIONS UNDER THE PLAN AND TREATMENT OF DISPUTED, CONTINGENT AND UNLIQUIDATED ADMINISTRATIVE EXPENSE CLAIMS AND CLAIMS

V.1 Voting of Claims. Each holder of an Allowed Claim in an impaired Class of Claims that is entitled to vote on the Plan pursuant to Article IV shall be entitled to vote separately to accept or reject the Plan as provided in such order as is entered by the Bankruptcy Court establishing procedures with respect to the solicitation and tabulation of votes to accept or reject the Plan, or any other order or orders of the Bankruptcy Court.

V.2 Enforcement of Subordination. In accordance with section 510(a) of the Bankruptcy Code, the distributions to holders of Allowed Bank Claims and Allowed Subordinated Note Claims enforce and give effect to the subordination provisions contained in the Subordinated Notes Indentures.

V.3 Non-Consensual Confirmation. If any impaired Class of Claims entitled to vote shall not accept the Plan by the requisite statutory majority provided in section 1126(c) of the Bankruptcy Code, the Debtors

reserve the right to amend the Plan in accordance with Section 12.10 hereof or undertake to have the Bankruptcy Court confirm the Plan under section 1129(b) of the Bankruptcy Code or both. With respect to impaired Classes of Claims that are deemed to reject the Plan, the Debtors shall request the Bankruptcy Court to confirm the Plan under section 1129(b) of the Bankruptcy Code.

V.4 Method of Distributions Under the Plan.

(a) **Delivery of Distributions.** Subject to Bankruptcy Rule 9010, all distributions under the Plan shall be made by Reorganized Amphy to the holder of each Allowed Claim at the address of such holder as listed on the Schedules as of the Record Date, unless the Debtors or, on and after the Effective Date, Reorganized Amphy, have been notified in writing of a change of address, including by the filing of a timely proof of Claim by such holder that provides an address for such holder different from the address reflected on the Schedules.

(b) **Minimum Distributions.** No payment of cash less than \$40 shall be made by Reorganized Amphy to any holder of a Claim unless a request therefor is made in writing to Reorganized Amphy.

(c) **Fractional Shares.** No fractional shares of Reorganized Amphy's Common Stock, or cash in lieu thereof, shall be distributed under the Plan. When any distribution pursuant to the Plan on account of an Allowed Bank Claim would otherwise result in the issuance of a number of shares of Reorganized Amphy's Common Stock that is not a whole number, the actual distribution of shares of Reorganized Amphy's Common Stock shall be rounded as follows: (i) fractions of $\frac{1}{2}$ or greater shall be rounded to the next higher whole number; and (ii) fractions of less than $\frac{1}{2}$ shall be rounded to the next lower whole number.

(d) **Unclaimed Distributions.** All distributions under the Plan that are unclaimed for a period of one year after distribution thereof shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code and re-vested in Reorganized Amphy and any entitlement of any holder of any Claim to such distributions shall be extinguished and forever barred.

(e) **Distributions to Holders as of the Record Date.** As at the close of business on the Record Date, the claims register shall be closed, and there shall be no further changes in the record holder of any Claim. Amphy and Reorganized Amphy shall have no obligation to recognize any transfer of any Claim occurring after the Record Date. Amphy and Reorganized Amphy shall instead be authorized and entitled to recognize and deal for all purposes under the Plan with only those record holders stated on the claims register as of the close of business on the Record Date.

V.5 General Unsecured Claims.

(a) **Distributions as to Allowed Portion of General Unsecured Claims** The holder of a General Unsecured Claim that is or becomes, in part, an Allowed General Unsecured Claim, shall receive a distribution in respect of the Allowed portion of such General Unsecured Claim, in accordance with Section 4.4(b) (for General Unsecured Claims partially Allowed on or prior to the Effective Date) or Section 5.5(b) (for General Unsecured Claims partially Allowed subsequent to the Effective Date).

(b) **Distributions Upon Allowance of Disputed General Unsecured Claims.** The holder of a Disputed General Unsecured Claim that becomes an Allowed Claim subsequent to the Effective Date shall receive the distribution of cash that would have been made to such holder under Section 4.4(b) if the Disputed General Unsecured Claim had been an Allowed Claim on or prior to the Effective Date, without any post-Effective Date interest thereon, on the next Subsequent Distribution Date that follows the month during which such Disputed General Unsecured Claim becomes an Allowed Claim.

(c) **Tort Claims.** All Tort Claims are Disputed Claims. Any Tort Claim as to which a proof of claim was timely filed in the Chapter 11 Cases shall be determined and liquidated in the administrative or judicial tribunal(s) in which it is pending on the Effective Date or, if no action was pending on the Effective Date, in any administrative or judicial tribunal of appropriate jurisdiction, or in accordance with any alternative dispute resolution or similar proceeding as same may be approved by order of a court of competent jurisdiction. Any

Tort Claim determined and liquidated (i) pursuant to a judgment obtained in accordance with this Section 5.5(c) and applicable nonbankruptcy law that has become a Final Order or (ii) in any alternative dispute resolution or similar proceeding as same may be approved by order of a court of competent jurisdiction, shall be deemed an Allowed General Unsecured Claim in such liquidated amount and satisfied in accordance with the Plan. Nothing contained in this Section 5.5(c) shall impair the Debtors' right to seek estimation of any and all Tort Claims in a court or courts of competent jurisdiction or constitute or be deemed a waiver of any Cause of Action that the Debtors may hold against any entity, including in connection with or arising out of any Tort Claim. Hystereo Disease Claims shall be resolved in accordance with Section 5.9.

V.6 Objections to and Resolution of Administrative Expense Claims and Claims. Except as to applications for allowance of compensation and reimbursement of expenses under sections 330 and 503 of the Bankruptcy Code, Reorganized Amphy shall, on and after the Effective Date, have the exclusive right to make and file objections to Administrative Expense Claims and Claims. On and after the Effective Date, Reorganized Amphy shall have the authority to compromise, settle, otherwise resolve or withdraw any objections to Administrative Expense Claims and Claims and compromise, settle or otherwise resolve Disputed Administrative Expense Claims and Disputed Claims without approval of the Bankruptcy Court. Unless otherwise ordered by the Bankruptcy Court, the Debtors and, on and after the Effective Date, Reorganized Amphy, shall file all objections to Administrative Expense Claims that are the subject of proofs of claim or requests for payment filed with the Bankruptcy Court (other than applications for allowances of compensation and reimbursement of expenses) and Claims and serve such objections upon the holder of the Administrative Expense Claim or Claim as to which the objection is made as soon as is practicable, but in no event later than 90 days after the Effective Date or such later date as may be approved by the Bankruptcy Court.

V.7 Distributions Relating to Allowed Insured Claims. Except with respect to the Hystereo Disease Claims, distributions under the Plan to each holder of an Allowed Insured Claim shall be in accordance with the treatment provided under the Plan for the Class in which such Allowed Insured Claim is classified. Distributions under the Plan with respect to the Hystereo Disease Claims shall be pursuant to Section 5.9.

V.8 Cancellation of Existing Securities and Agreements. On the Effective Date, the promissory notes, share certificates, bonds and other instruments evidencing any Claim or Amphy's Equity Interest, other than an Allowed Secured Claim that is reinstated and rendered unimpaired pursuant to Section 4.2(b), shall be deemed cancelled without further act or action under any applicable agreement, law, regulation, order or rule and the obligations of the Debtors under the agreements, indentures and certificates of designations governing such Claims and Amphy's Equity Interests, as the case may be, shall be discharged.

V.9 Hystereo Disease Claims.

(a) Creation of Hystereo Disease Settlement Fund. On the Effective Date, the Hystereo Disease Settlement Fund will be created in accordance with the Hystereo Disease Settlement Fund Documents. The Hystereo Disease Settlement Fund will be a "designated settlement fund" or a "qualified settlement fund" within the meaning of section 468B of the Internal Revenue Code and the proposed regulations issued by the Internal Revenue Service pursuant to said section 468B.

(b) Purpose of Hystereo Disease Settlement Fund. The purposes of the Hystereo Disease Settlement Fund will be to: (i) direct the resolution of all Hystereo Disease Claims through the Hystereo Disease Claim Resolution Facility as cost effectively as possible, taking into consideration both short- and long-term defense costs, and (ii) hold, manage and maximize the Hystereo Disease Settlement Fund Assets for use in satisfying the Hystereo Disease Claims.

(c) Transfer of Hystereo Disease Settlement Fund Assets. On the Effective Date, or as soon thereafter as is practicable, the Debtors will transfer and assign (or cause to be transferred and assigned) to the Hystereo Disease Settlement Fund all of the Debtors' right, title and interest in and to all assets, which are part of the Hystereo Disease Settlement Fund Assets, free and clear of all liens, claims and encumbrances.

(d) **Extinguishment of Claims by Hystereo Disease Settlement Fund.** Pursuant to the Confirmation Order, the establishment of the Hystereo Disease Settlement Fund shall extinguish all Hystereo Disease Claims, and the liability therefor shall be satisfied *solely* from the Hystereo Disease Settlement Fund, and, other than the Debtors' obligation to establish and make payments to the Hystereo Disease Settlement Fund, as provided in this Plan, the Debtors and the Reorganized Debtors shall have no further financial or other responsibility for the Hystereo Disease Claims or for the Hystereo Fund Expenses. Hystereo Disease Claims shall be liquidated through the Hystereo Disease Resolution Facility.

(e) **Excess of Hystereo Disease Settlement Fund Assets.** To the extent there are any Hystereo Disease Settlement Fund Assets remaining after the payment of all Allowed Hystereo Disease Claims and the payment, in full, of all Hystereo Disease Fund Expenses, such excess Hystereo Disease Fund Assets shall be transferred to such charitable purposes as the Fund Administrators, in their reasonable discretion, shall determine, which charitable purposes, if practicable, shall be related to the treatment of, research regarding, or payment of claims related to, video-game-related disorders.

(f) **Expenses of Hystereo Disease Settlement Fund.** The Fund Administrators shall pay all Hystereo Disease Fund Expenses from the Hystereo Disease Settlement Fund Assets. Neither the Debtors nor the Reorganized Debtors shall have any obligation to pay any Hystereo Disease Fund Expenses.

(g) **Holding and Voting of Reorganized Amphy's Common Stock.** Reorganized Amphy's Securities Trust shall hold 50,000,000 shares (or 20%) of Reorganized Amphy's Common Stock. The Fund Administrators shall serve as the trustees of Reorganized Amphy's Securities Trust, and, in such capacity, the Fund Administrators shall be authorized to vote such shares of Reorganized Amphy on all appropriate issues under Reorganized Amphy's corporate documents and applicable state law. Upon the sale of Reorganized Amphy's common stock held by Reorganized Amphy's Securities Trust, the consideration, if any, payable to Reorganized Amphy's Securities Trust shall be distributed by the Fund Administrators to the holders of Hystereo Disease Claims in the same manner as distributions are made to such holders pursuant to the Hystereo Disease Settlement Fund Documents and this Plan.

(h) **Discharge of Debtors' Liabilities to Hystereo Disease Claimants.** The distribution of the Hystereo Disease Settlement Fund Assets to the Hystereo Disease Settlement Fund pursuant to this Plan shall (and the Confirmation Order shall so provide) extinguish all liabilities of the Debtors to the holders of Hystereo Disease Claims.

(i) **Implementation of Hystereo Disease Claims Resolution Procedures.** At confirmation, the Bankruptcy Court shall issue such orders (which orders may be included as part of the Confirmation Order) as it deems necessary to authorize the implementation those certain Hystereo Disease Claims Resolution Procedures included in the Plan Supplement.

(j) **Appointment of the Fund Administrators.** The Bankruptcy Court shall appoint three (3) initial Fund Administrators for the purpose of performing the duties and carrying out the obligations of trustees of the Hystereo Disease Settlement Fund in accordance with the terms and conditions contained in the Hystereo Disease Settlement Fund Documents and this Plan.

ARTICLE VI EXECUTORY CONTRACTS AND UNEXPIRED LEASES

VI.1 Assumption or Rejection of Executory Contracts and Unexpired Leases.

(a) **Executory Contracts and Unexpired Leases.** Pursuant to sections 365(a) and 1123(b)(2) of the Bankruptcy Code, all executory contracts and unexpired leases that exist between the Debtors and any person shall be deemed assumed by the Debtors, as of the Effective Date, except for:

(i) any executory contract or unexpired lease that has been rejected pursuant to an order of the Bankruptcy Court entered prior to the Confirmation Date;

(ii) any executory contract or unexpired lease as to which a motion for approval of the rejection of such executory contract or unexpired lease has been filed and served prior to the Confirmation Date;

(iii) any executory contract or unexpired lease that is set forth in Schedule X (executory contracts) or Schedule Y (unexpired leases), which Schedules shall be included in the Plan Supplement; provided, however, that the Debtors reserve the right, on or prior to the Confirmation Date, to amend Schedules X or Y to delete any executory contract or unexpired lease therefrom or add any executory contract or unexpired lease thereto, in which event such executory contract(s) or unexpired lease(s) shall be deemed to be, respectively, assumed or rejected by the Debtors; or

(iv) any product warranties of the Debtors relating to video games manufactured, distributed or sold by the Debtors, which product warranties shall be deemed rejected as of the Effective Date.

The Debtors shall provide notice of any amendments to Schedules X or Y to the parties to the executory contracts and unexpired leases affected thereby. The listing of a document on Schedules X and Y shall not constitute an admission by the Debtors that such document is an executory contract or an unexpired lease or that the Debtors have any liability thereunder.

(b) Insurance Policies. All of the Debtors' insurance policies and any agreements, documents or instruments relating thereto, are treated as executory contracts under the Plan. Notwithstanding the foregoing, distributions under the Plan to any holder of an Insured Claim shall be in accordance with the treatment provided under Article IV and Section 5.7. Nothing contained in this Section 6.1(b) shall constitute or be deemed a waiver of any Cause of Action that the Debtors may hold against any entity, including the insurer under any of the Debtors' policies of insurance, to recover on any claim, including with respect to coverage of the Hystereo Disease Claims.

(c) Approval of Assumption or Rejection of Executory Contracts and Unexpired Leases. Entry of the Confirmation Order shall, subject to and upon the occurrence of the Effective Date, constitute (i) the approval, pursuant to sections 365(a) and 1123(b)(2) of the Bankruptcy Code, of the assumption of the executory contracts and unexpired leases assumed pursuant to Section 6.1(a) hereof, (ii) the extension of time, pursuant to section 365(d)(4) of the Bankruptcy Code, within which the Debtors may assume, assume and assign or reject the unexpired leases specified in Section 6.1(a) hereof through the date of entry of an order approving the assumption, assumption and assignment or rejection of such unexpired leases, and (iii) the approval, pursuant to sections 365(a) and 1123(b)(2) of the Bankruptcy Code, of the rejection of the executory contracts and unexpired leases rejected pursuant to Section 6.1(a) hereof.

(d) Cure of Defaults. Except as may otherwise be agreed to by the parties, within 30 days after the Effective Date, Reorganized Amphy shall cure any and all undisputed defaults under any executory contract or unexpired lease assumed by the Debtors pursuant to Section 6.1(a) hereof, in accordance with section 365(b)(1) of the Bankruptcy Code. All disputed defaults that are required to be cured shall be cured either within 30 days of the entry of a Final Order determining the amount, if any, of Reorganized Amphy's liability with respect thereto, or as may otherwise be agreed to by the parties.

(e) Bar Date for Filing Proofs of Claim Relating to Executory Contracts and Unexpired Leases Rejected Pursuant to the Plan. Claims arising out of the rejection of an executory contract or unexpired lease pursuant to Section 6.1 must be filed with the Bankruptcy Court and served upon the Debtors or, on and after the Effective Date, Reorganized Amphy, no later than 30 days after the later of (i) notice of entry of an order approving the rejection of such executory contract or unexpired lease, (ii) notice of entry of the Confirmation Order and (iii) notice of an amendment to Schedule X or Y. All such Claims not filed within such time will be forever barred from assertion against the Debtors, their estates, the Reorganized Debtors and their property.

VI.2 Compensation and Benefit Programs. Except as provided in Section 6.1(a), all savings plans, retirement plans, health care plans, performance-based incentive plans, retention plans, workers' compensation programs and life, disability, directors and officers liability and other insurance plans are treated as executory contracts under the Plan and shall, on the Effective Date, be deemed assumed by the Debtors, in accordance with sections 365(a) and 1123(b)(2) of the Bankruptcy Code.

VI.3 Retiree Benefits. Payments, if any, due to any person for the purpose of providing or reimbursing payments for retired employees and their spouses and dependents for medical, surgical, or hospital care benefits, or benefits in the event of sickness, accident, disability, or death under any plan, fund, or program (through the purchase of insurance or otherwise) maintained or established in whole or in part by the Debtors prior to the Commencement Date shall be continued for the duration of the period the Debtors have obligated themselves to provide such benefits.

ARTICLE VII SUBSTANTIVE CONSOLIDATION

VII.1 Substantive Consolidation. Entry of the Confirmation Order shall constitute the approval, pursuant to section 105(a) of the Bankruptcy Code, effective as of the Effective Date, of the substantive consolidation of the Chapter 11 Cases for all purposes related to the Plan, including for purposes of voting, confirmation and distribution. On and after the Effective Date, (i) all assets and liabilities of the Subsidiaries shall be deemed merged or treated as though they were merged into and with the assets and liabilities of Amphy, (ii) no distributions shall be made under the Plan on account of inter-company claims among the Debtors, (iii) no distributions shall be made under the Plan on account of Subsidiary Equity Interests, (iv) all guarantees of the Debtors of the obligations of any other Debtor shall be deemed eliminated so that any claim against any Debtor and any guarantee thereof executed by any other Debtor and any joint or several liability of any of the Debtors shall be deemed to be one obligation of the consolidated Debtors and (v) each and every Claim filed or to be filed in the Chapter 11 Case of any of the Debtors shall be deemed filed against the consolidated Debtors, and shall be deemed one Claim against and obligation of the consolidated Debtors.

ARTICLE VIII PROVISIONS REGARDING CORPORATE GOVERNANCE AND MANAGEMENT OF REORGANIZED DEBTORS

VIII.1 General. On the Effective Date, the management, control and operation of the Reorganized Debtors shall become the general responsibility of the Boards of Directors of the Reorganized Debtors.

VIII.2 Directors and Officers of Reorganized Debtors.

(a) Reorganized Amphy.

(i) Board of Directors. The initial Board of Directors of Reorganized Amphy shall consist of seven individuals, whose names shall be disclosed prior to the date of the Confirmation Hearing. Each of the members of such initial Board of Directors shall serve in accordance with Reorganized Amphy's Certificate of Incorporation or Reorganized Amphy's By-laws, as the same may be amended from time to time.

(ii) Officers. The officers of Amphy immediately prior to the Effective Date shall serve as the initial officers of Reorganized Amphy on and after the Effective Date. Such officers shall serve in accordance with any employment agreement with Reorganized Amphy and applicable non-bankruptcy law.

(b) Other Reorganized Debtors.

(i) Boards of Directors. The initial Boards of Directors of each of the other Reorganized Debtors shall consist of three individuals, whose names of the members of the initial Boards of Directors of each of the Reorganized Debtors shall be disclosed prior to the date of the Confirmation Hearing. Each of the members of such initial Boards of Directors shall serve in accordance with its certificate of incorporation or by-laws, as the same may be amended from time to time.

(ii) Officers. The initial officers of the other Reorganized Debtors shall consist of individuals, whose names shall be disclosed prior to the date of the Confirmation Hearing.

VIII.3 By-laws and Certificates of Incorporation. Reorganized Amphy's By-laws, Reorganized Amphy's Certificate of Incorporation, and the by-laws and certificates of incorporation of each of the Reorganized Subsidiaries shall contain provisions necessary (a) to prohibit the issuance of nonvoting equity securities as required by section 1123(a)(6) of the Bankruptcy Code, subject to further amendment of such certificates of incorporation and by-laws as permitted by applicable law and (b) to effectuate the provisions of the Plan.

VIII.4 Issuance of New Securities. The issuance of the following securities by Reorganized Amphy is hereby authorized without further act or action under applicable law, regulation, order or rule:

- (a) 250,000,000 shares of Reorganized Amphy's Common Stock; and
- (b) the Management Options.

VIII.5 Creation of Reorganized Amphy's Securities Trust. On the Effective Date, Reorganized Amphy's Securities Trust will be created in accordance with Reorganized Amphy's Securities Trust Agreement and 50,000,000 shares of Reorganized Amphy's Common Stock will be transferred thereto.

VIII.6 Reorganized Amphy's Stock Option Plan. Prior to the Effective Date, Reorganized Amphy shall adopt the Reorganized Amphy Stock Option Plan. Reorganized Amphy shall, on the Effective Date, issue to certain of its senior executives options to purchase in the aggregate approximately 3% of the outstanding shares of Reorganized Amphy's Common Stock on a fully diluted basis but excluding the shares allocable to Reorganized Amphy's Securities Trust (the "Management Options"). Management Options shall vest over a three year period, 25% on the Effective Date and 25% on each of the three succeeding one year anniversaries thereof. The Management Options shall have an exercise price equal to the fair market value of Reorganized Amphy's Common Stock on the Effective Date.

ARTICLE IX EFFECT OF CONFIRMATION OF PLAN

IX.1 Term of Bankruptcy Injunction or Stays. Unless otherwise provided, all injunctions or stays provided for in the Chapter 11 Cases under section 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the Effective Date.

IX.2 Revesting of Assets.

(a) On the Effective Date, the property of the estate of the Debtors shall vest in the corresponding Reorganized Debtor.

(b) From and after the Effective Date, the Reorganized Debtors may operate their businesses, and may use, acquire and dispose of property free of any restrictions imposed under the Bankruptcy Code.

(c) As of the Effective Date, all property of the Reorganized Debtors shall be free and clear of all liens, claims and interests of holders of Claims and Equity Interests, except as otherwise provided in the Plan.

IX.3 Claims Extinguished.

(a) As of the Effective Date, any and all avoidance claims accruing to the Debtors and Debtors in Possession under sections 502(d), 544, 545, 547, 548, 549, 550 and 551 of the Bankruptcy Code shall be extinguished whether or not then pending.

(b) As of the Effective Date, any and all alter-ego or derivative claims accruing to the Debtors and Debtors in Possession shall be extinguished whether or not then pending.

IX.4 Discharge of Debtors. The rights afforded herein and the treatment of all Claims and Equity Interests herein shall be in exchange for and in complete satisfaction, discharge and release of Claims and Equity Interests of any nature whatsoever, including any interest accrued on such Claims from and after the Commencement Date, against the Debtors and the Debtors in Possession, or any of their assets or properties.

Except as otherwise provided herein, (a) on the Effective Date, all such Claims against and Equity Interests in the Debtors shall be satisfied, discharged and released in full and (b) all persons shall be precluded from asserting against the Reorganized Debtors, their successors, or their assets or properties any other or further Claims or Equity Interests based upon any act or omission, transaction or other activity of any kind or nature that occurred prior to the Confirmation Date.

IX.5 Injunction. Except as otherwise expressly provided in the Plan, the Confirmation Order will provide that all entities who have held, hold or may hold Claims, including the Hystereo Disease Claims (and including Unknown Hystereo Disease Claims), against or Equity Interests in any or all of the Debtors, are permanently enjoined, on and after the Effective Date, from (a) commencing or continuing in any manner any action or other proceeding of any kind with respect to any such Claim or Equity Interest, (b) the enforcement, attachment, collection or recovery by any manner or means of any judgment, award, decree or order against

the Debtors on account of any such Claim or Equity Interest, (c) creating, perfecting or enforcing any encumbrance of any kind against the Debtors or against the property or interests in property of the Debtors on account of any such Claim or Equity Interest, (d) asserting any right of setoff, subrogation or recoupment of any kind against any obligation due from the Debtors or against the property or interests in property of the Debtors on account of any such Claim or Equity Interest and (e) commencing or continuing in any manner any action or other proceeding of any kind with respect to any claims and Causes of Action which are extinguished or released pursuant to the Plan, including the claims extinguished pursuant to Section 9.3 and the Causes of Action released pursuant to Sections 12.5 and 12.6; provided, however, that such injunction shall not impair the rights of holders of Hystereo Disease Claims to assert such claims against the Hystereo Disease Settlement Fund in accordance with the Hystereo Disease Claims Resolution Procedures. Such injunction shall extend to successors of the Debtors and the Reorganized Debtors and their respective properties.

ARTICLE X EFFECTIVENESS OF THE PLAN

X.1 Conditions Precedent to Effectiveness. The Plan shall not become effective unless and until the following conditions shall have been satisfied or waived pursuant to Section 10.3:

(a) the Confirmation Order shall have been signed by the judge presiding over the Chapter 11 Cases, and there shall not be a stay or injunction in effect with respect thereto;

(b) the Debtors shall have at least \$20,000,000 in cash as of the Effective Date, after giving effect to the distributions of cash projected to be made under the Plan; and

(c) Reorganized Amphy shall have credit availability under a working capital credit facility, in form and substance acceptable to the Debtors, to provide them with working capital sufficient to meet its ordinary and peak requirements.

X.2 Effect of Failure of Conditions. In the event that one or more of the conditions specified in Section 10.1 have not occurred on or before 60 days after the Confirmation Date, (a) the Confirmation Order shall be vacated, (b) no distributions under the Plan shall be made, (c) the Debtors and all holders of Claims and Equity Interests shall be restored to the status quo ante as of the day immediately preceding the Confirmation Date as though the Confirmation Date never occurred and (d) the Debtors' obligations with respect to Claims and Equity Interests shall remain unchanged and nothing contained herein shall constitute or be deemed a waiver or release of any Claims or Equity Interests by or against the Debtors or any other person or to prejudice in any manner the rights of the Debtors or any person in any further proceedings involving the Debtors.

X.3 Waiver of Conditions. The Debtors may waive, with the consent of the Banks holding a majority in amount of Allowed Bank Claims, by a writing signed by an authorized representative of the Debtors and subsequently filed with the Bankruptcy Court, one or more of the conditions precedent to effectiveness of the Plan set forth in Section 10.1.

ARTICLE XI RETENTION OF JURISDICTION

The Bankruptcy Court shall have exclusive jurisdiction of all matters arising out of, and related to, the Chapter 11 Cases and the Plan pursuant to, and for the purposes of, sections 105(a) and 1142 of the Bankruptcy Code and for, among other things, the following purposes:

(a) To hear and determine pending applications for the assumption or rejection of executory contracts or unexpired leases, if any are pending, and the allowance of cure amounts and Claims resulting therefrom;

(b) To hear and determine any and all adversary proceedings, applications and contested matters;

(c) To hear and determine any objection to Administrative Expense Claims or Claims;

(d) To enter and implement such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, revoked, modified or vacated;

(e) To issue such orders in aid of execution and consummation of the Plan, to the extent authorized by section 1142 of the Bankruptcy Code;

(f) To consider any amendments to or modifications of the Plan, to cure any defect or omission, or reconcile any inconsistency in any order of the Bankruptcy Court, including the Confirmation Order;

(g) To hear and determine all applications for compensation and reimbursement of expenses of professionals under sections 330, 331 and 503(b) of the Bankruptcy Code;

(h) To hear and determine disputes arising in connection with the interpretation, implementation or enforcement of the Plan, including any and all disputes arising in connection with the interpretation, implementation or enforcement of the extinguishment provisions contained in Section 9.3 and the release provisions contained in Sections 12.5 and 12.6;

(i) To recover all assets of the Debtors and property of the Debtors' estates, wherever located;

(j) To hear and determine matters concerning state, local and federal taxes in accordance with sections 346, 505 and 1146 of the Bankruptcy Code;

(k) To hear any other matter not inconsistent with the Bankruptcy Code; and

(l) To enter a final decree closing the Chapter 11 Cases.

ARTICLE XII MISCELLANEOUS PROVISIONS

XII.1 Effectuating Documents and Further Transactions. Each of the Debtors and the Reorganized Debtors 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 and any securities issued pursuant to the Plan.

XII.2 Corporate Action. On the Effective Date, all matters provided for under the Plan that would otherwise require approval of the stockholders or directors of one or more of the Debtors or Reorganized Debtors shall be deemed to have occurred and shall be in effect from and after the Effective Date pursuant to the applicable general corporation law of the states in which the Debtors and the Reorganized Debtors are incorporated, without any requirement of further action by the stockholders or directors of the Debtors or the Reorganized Debtors. On the Effective Date, or as soon thereafter as is practicable, the Reorganized Debtors shall, if required, file their amended certificates of incorporation with the Secretary of State of the state in which each such entity is (or will be) incorporated, in accordance with the applicable general corporation law of each such state.

XII.3 Exemption from Transfer Taxes. Pursuant to section 1146(c) of the Bankruptcy Code, the issuance, transfer or exchange of notes or equity securities under the Plan, the creation of any mortgage, deed of trust or other security interest, the making or assignment of any lease or sublease, or the making or delivery of any deed or other instrument of transfer under, in furtherance of, or in connection with the Plan, including any merger agreements or agreements of consolidation, deeds, bills of sale or assignments executed in connection with any of the transactions contemplated under the Plan, shall not be subject to any stamp, real estate transfer, mortgage recording or other similar tax. All sale transactions consummated by the Debtors and approved by the Bankruptcy Court on and after the Commencement Date through and including the Effective Date, the sale by the Debtors of owned property pursuant to section 363(b) of the Bankruptcy Code and the assumption, assignment and sale by the Debtors of unexpired leases of non-residential real property pursuant to section 365(a) of the Bankruptcy Code, shall be deemed to have been made under, in furtherance of, or in connection with the Plan and, thus, shall not be subject to any stamp, real estate transfer, mortgage recording or other similar tax.

XII.4 Limited Releases of Releasees. As of the Effective Date, each of the Debtors and the Debtors in Possession releases all of the Releasees from any and all Causes of Action held by, assertable on behalf of or derivative from the Debtors or the Debtors in Possession, in any way relating to the Debtors, the Debtors in Possession, the Chapter 11 Cases, the Plan and the ownership, management and operation of the Debtors; provided, however, that the foregoing shall not operate as a waiver of or release from any Causes of Action (i) arising out of any express contractual obligation owing by any former director, officer or employee to the Debtors or any reimbursement obligation of any former director, officer or employee with respect to a loan or

advance made by the Debtors to such former director, officer or employee, or (ii) relating to professional malpractice that arose or existed prior to the Commencement Date.

XII.5 Limited Release by Releasees. Except as otherwise provided under the Plan, as of the Effective Date, each of the Releasees, in any capacity, generally releases each of the Debtors and the Debtors in Possession, in each case in any capacity, from any and all Causes of Action held by, assertable on behalf of or derivative from such Releasee, in any way relating to the Debtors, the Debtors in Possession, the Chapter 11 Cases, the Plan and the ownership, management and operation of the Debtors.

XII.6 Exculpation. None of the Debtors, the Reorganized Debtors, the Committee or any of their respective members, officers, directors, employees, advisors, professionals or agents shall have or incur any liability to any holder of a Claim or Equity Interest for any act or omission in connection with, related to, or arising out of, the Chapter 11 Cases, the pursuit of confirmation of the Plan, the consummation of the Plan or the administration of the Plan or the property to be distributed under the Plan, except for willful misconduct or gross negligence, and, in all respects, the Debtors, the Reorganized Debtors, the Committee and each of their respective members, officers, directors, employees, advisors, professionals and agents shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Plan.

XII.7 Termination of Committee. The appointment of the Committee shall terminate on the Effective Date, except that the Committee may appear at the hearing to consider applications for final allowances of compensation and reimbursement of expenses and prosecute any objections to such applications, if appropriate.

XII.8 Post-Effective Date Fees and Expenses. From and after the Effective Date, the Reorganized Debtors shall, in the ordinary course of business and without the necessity for any approval by the Bankruptcy Court, pay the reasonable fees and expenses of professional persons thereafter incurred by the Reorganized Debtors, including those fees and expenses incurred in connection with the implementation and consummation of the Plan.

XII.9 Payment of Statutory Fees. All fees payable pursuant to section 1930 of title 28 of the United States Code, as determined by the Bankruptcy Court at the Confirmation Hearing, shall be paid on the Effective Date.

XII.10 Amendment or Modification of the Plan. Alterations, amendments or modifications of or to the Plan may be proposed in writing by the Debtors at any time prior to the Confirmation Date, provided that the Plan, as altered, amended or modified, satisfies the conditions of sections 1122 and 1123 of the Bankruptcy Code, and the Debtors shall have complied with section 1125 of the Bankruptcy Code. The Plan may be altered, amended or modified at any time after the Confirmation Date and before substantial consummation, provided that the Plan, as altered, amended or modified, satisfies the requirements of sections 1122 and 1123 of the Bankruptcy Code and the Bankruptcy Court, after notice and a hearing, confirms the Plan, as altered, amended or modified, under section 1129 of the Bankruptcy Code and the circumstances warrant such alterations, amendments or modifications. 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.

XII.11 Revocation or Withdrawal of the Plan. The Debtors reserve the right to revoke or withdraw the Plan prior to the Confirmation Date. If the Debtors revoke or withdraw the Plan prior to the Confirmation Date, then the Plan shall be deemed null and void. In such event, nothing contained herein shall constitute or be deemed a waiver or release of any claims by or against the Debtors or any other person or to prejudice in any manner the rights of the Debtors or any person in any further proceedings involving the Debtors.

XII.12 Binding Effect. The Plan shall be binding upon and inure to the benefit of the Debtors, the holders of Claims and Equity Interests, and their respective successors and assigns, including the Reorganized Debtors.

XII.13 Notices. All notices, requests and demands to or upon the Debtors or, on and after the Effective Date, 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:

If to the Debtors or Reorganized Debtors:

Amphodynamics Corporation
800 Seventh Avenue
New York, New York 10006
Attn: Headley Charisma

with a copy to:

Crosby Stills, LLP
Attorneys for the Debtors
767 Fifth Avenue
New York, New York 10153
Chloe Crosby, Esq.

If to the Committee:

Zeppelin, Lederer & Fogg LLP
100 Renaissance Center
Detroit, Michigan 48234
Attn: Francis X. Fogg, Esq.

XII.14 Governing Law. Except to the extent the Bankruptcy Code, Bankruptcy Rules or other federal law is applicable, or to the extent an exhibit to the Plan provides otherwise, the rights and obligations arising under this Plan shall be governed by, and construed and enforced in accordance with, the laws of the State of New York, without giving effect to the principles of conflicts of law of such jurisdiction.

XII.15 Withholding and Reporting Requirements. In connection with the consummation of the Plan, the Debtors or the Reorganized Debtors, as the case may be, shall comply with all withholding and reporting requirements imposed by any federal, state, local or foreign taxing authority and all distributions hereunder shall be subject to any such withholding and reporting requirements.

XII.16 Plan Supplement. Reorganized Amphy's Certificate of Incorporation and By-laws, Schedules X and Y referred to in Section 6.1, Reorganized Amphy's Stock Option Plan, the Hystereo Disease Settlement Fund Documents, the Hystereo Disease Claims Resolution Procedures and Reorganized Amphy's Securities Trust Agreement, shall be contained in the Plan Supplement and filed with the Clerk of the Bankruptcy Court at least ten days prior to the last day upon which holders of Claims may vote to accept or reject the Plan. Upon its filing with the Bankruptcy Court, the Plan Supplement may be inspected in the office of the Clerk of the Bankruptcy Court during normal court hours. Holders of Claims or Equity Interests may obtain a copy of the Plan Supplement upon written request to Amphy in accordance with Section 12.13.

XII.17 Filing of Additional Documents. On or before substantial consummation of the Plan, the Debtors shall file with the Bankruptcy Court such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan.

Dated: Wilmington, Delaware
October 16, 2000

**AMPHYDYNAMICS CORPORATION,
a New York corporation
(for itself and on behalf of each of the Subsidiaries)**

By _____
Name: Headley Charisma

Title: Chairman, Chief Executive Officer and President