THIS IS NOT A SOLICITATION OF ACCEPTANCES OF THE CHAPTER 11 PLAN OF RAAM GLOBAL ENERGY COMPANY AND THE OTHER DEBTORS IN THESE CHAPTER 11 CASES. ACCEPTANCES MAY NOT BE SOLICITED UNTIL A DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE BANKRUPTCY COURT AS CONTAINING "ADEQUATE INFORMATION" WITHIN THE MEANING OF SECTION 1125(a) OF THE BANKRUPTCY CODE. THIS DISCLOSURE STATEMENT IS BEING SUBMITTED FOR APPROVAL BUT HAS NOT YET BEEN APPROVED BY THE BANKRUPTCY COURT AND IS SUBJECT TO AMENDMENT PRIOR TO SUCH APPROVAL BEING GRANTED.

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

IN RE:	§	
	§	**CASE NO. 15-35615**
RAAM GLOBAL ENERGY	§	
COMPANY, *et al.*	§	**(Chapter 11)**
	§	
DEBTORS.	§	**JOINTLY ADMINISTERED**

[PROPOSED] SECOND AMENDED DISCLOSURE STATEMENT FOR THE DEBTORS' SECOND AMENDED JOINT PLAN OF LIQUIDATION PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE

Dated: December 21, 2015

Harry A. Perrin, SBT # 15796800
John E. West, SBT # 21202500
Reese A. O'Connor, SBT # 24092910
VINSON & ELKINS LLP
First City Tower
1001 Fannin Street, Suite 2500
Houston, TX 77002-6760
Ph. (713) 758-2222
Fax (713) 758-2346

William L. Wallander, SBT # 20780750
Bradley R. Foxman, SBT # 24065243
VINSON & ELKINS LLP
Trammell Crow Center
2001 Ross Avenue, Suite 3700
Dallas, Texas 75201-2975
Ph. (214) 220-7700
Fax (214) 220-7716

ATTORNEYS FOR THE DEBTORS

INTRODUCTORY DISCLOSURES

THIS *SECOND AMENDED DISCLOSURE STATEMENT* (THIS "DISCLOSURE STATEMENT"), WHICH HAS BEEN FILED BY RAAM GLOBAL ENERGY COMPANY ("RAAM") AND ITS AFFILIATED DEBTORS[1] AND DEBTORS IN POSSESSION (THE "DEBTORS"), CONTAINS A SUMMARY OF MATERIAL PROVISIONS OF THE *DEBTORS' SECOND AMENDED JOINT PLAN OF LIQUIDATION PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE* (THE "PLAN"), INCLUDING PROVISIONS RELATING TO THE PLAN'S TREATMENT OF CLAIMS AGAINST AND EQUITY INTERESTS IN THE DEBTORS AND THE MEANS OF IMPLEMENTATION OF THE PLAN. THIS DISCLOSURE STATEMENT ALSO SUMMARIZES CERTAIN FINANCIAL INFORMATION CONCERNING THE DEBTORS AND THE CLAIMS ASSERTED AGAINST THE DEBTORS IN THESE JOINTLY ADMINISTERED CASES. WHILE THE DEBTORS BELIEVE THAT THIS DISCLOSURE STATEMENT CONTAINS ADEQUATE INFORMATION WITH RESPECT TO THE DOCUMENTS AND INFORMATION SUMMARIZED, HOLDERS OF CLAIMS AND EQUITY INTERESTS SHOULD CAREFULLY REVIEW THE ENTIRE PLAN AND EACH OF THE DOCUMENTS REFERENCED IN THIS DISCLOSURE STATEMENT AND SHOULD SEEK THE ADVICE OF THEIR OWN LEGAL COUNSEL AND OTHER ADVISORS BEFORE CASTING THEIR BALLOTS ON THE PLAN.

EXCEPT FOR THE INFORMATION SET FORTH IN THIS DISCLOSURE STATEMENT, THE EXHIBITS ATTACHED HERETO, NO REPRESENTATIONS CONCERNING THE DEBTORS, THE DEBTORS' ASSETS AND LIABILITIES, THE PAST OR FUTURE OPERATIONS OF THE DEBTORS, THE PLAN AND ITS TERMS, OR ALTERNATIVES TO THE PLAN ARE AUTHORIZED, NOR ARE ANY SUCH REPRESENTATIONS TO BE RELIED UPON IN ARRIVING AT A DECISION WITH RESPECT TO THE PLAN. ANY INFORMATION WITH RESPECT TO SUCH TOPIC AREAS THAT IS PROVIDED TO SECURE ACCEPTANCE OR REJECTION OF THE PLAN, WHICH IS NOT CONTAINED IN THESE SOLICITATION MATERIALS, IS UNAUTHORIZED AND SHOULD BE REPORTED IMMEDIATELY TO THE DEBTORS' LEGAL COUNSEL.

STATEMENTS AND FINANCIAL INFORMATION IN THIS DISCLOSURE STATEMENT CONCERNING THE DEBTORS, INCLUDING HISTORICAL INFORMATION, INFORMATION REGARDING THE DEBTORS' ASSETS AND LIABILITIES, AND INFORMATION REGARDING CLAIMS AND EQUITY INTERESTS ASSERTED OR OTHERWISE EVIDENCED IN THE CASES, HAVE BEEN DERIVED FROM NUMEROUS SOURCES INCLUDING THE DEBTORS' BOOKS AND RECORDS, THE DEBTORS' SCHEDULES AND STATEMENTS OF FINANCIAL AFFAIRS, AND COURT RECORDS. ALTHOUGH THE DEBTORS REASONABLY BELIEVE THAT THE HISTORICAL AND FINANCIAL INFORMATION SET FORTH IN THIS DISCLOSURE STATEMENT IS ACCURATE, COMPLETE, AND RELIABLE, THE DEBTORS AND THEIR PROFESSIONALS HAVE NOT TAKEN ANY INDEPENDENT ACTION TO VERIFY THE ACCURACY, COMPLETENESS, OR RELIABILITY OF SUCH HISTORICAL

[1] The Debtors are RAAM Global Energy Company [2973], Century Exploration New Orleans, LLC [4948], Century Exploration Houston, LLC [9624], and Century Exploration Resources, LLC [7252].

INFORMATION, AND THERE HAS BEEN NO INDEPENDENT AUDIT OF THE FINANCIAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT. THEREFORE, NEITHER THE DEBTORS NOR THEIR PROFESSIONALS WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS COMPLETE, ACCURATE, OR RELIABLE. HOWEVER, THE DEBTORS HAVE REVIEWED THE INFORMATION SET FORTH IN THIS DISCLOSURE STATEMENT AND, BASED UPON THE SOURCES OF INFORMATION AVAILABLE, GENERALLY BELIEVE SUCH INFORMATION TO BE COMPLETE.

UNLESS INDICATED OTHERWISE, THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE AS OF THE DATE HEREOF OR THE DATE OTHERWISE INDICATED HEREIN, AND NEITHER DELIVERY OF THIS DISCLOSURE STATEMENT NOR ANY RECOVERY MADE IN CONNECTION WITH THE PLAN WILL, UNDER ANY CIRCUMSTANCES, CREATE AN IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE INFORMATION SET FORTH IN THIS DISCLOSURE STATEMENT SINCE THE DATE THIS DISCLOSURE STATEMENT AND THE MATERIALS RELIED UPON IN PREPARING THIS DISCLOSURE STATEMENT WERE COMPILED.

THIS DISCLOSURE STATEMENT MAY NOT BE RELIED UPON FOR ANY PURPOSE OTHER THAN TO DETERMINE WHETHER TO VOTE TO ACCEPT OR REJECT THE PLAN. THIS DISCLOSURE STATEMENT CONTAINS PROJECTED FINANCIAL INFORMATION REGARDING THE DEBTORS, RECOVERIES UNDER THE PLAN, AND CERTAIN OTHER FORWARD-LOOKING STATEMENTS, ALL OF WHICH ARE BASED UPON VARIOUS ASSUMPTIONS AND ESTIMATES AS OF THE DATE HEREOF OR THE DATE OTHERWISE INDICATED HEREIN, OR SUCH OTHER TIME AS IS SPECIFIED. SUCH INFORMATION WILL NOT BE UPDATED TO REFLECT EVENTS OCCURRING AFTER SAID DATE(S), AND SUCH INFORMATION IS SUBJECT TO INHERENT UNCERTAINTIES AND TO A WIDE VARIETY OF SIGNIFICANT BUSINESS, ECONOMIC, AND COMPETITIVE RISKS. CONSEQUENTLY, ACTUAL EVENTS, CIRCUMSTANCES, EFFECTS, AND RESULTS MAY VARY SIGNIFICANTLY FROM THOSE INCLUDED IN OR CONTEMPLATED BY SUCH PROJECTED FINANCIAL INFORMATION AND SUCH OTHER FORWARD-LOOKING STATEMENTS.

THE APPROVAL OF THIS DISCLOSURE STATEMENT BY THE BANKRUPTCY COURT DOES NOT CONSTITUTE AN ENDORSEMENT BY THE BANKRUPTCY COURT OF THE PLAN OR A GUARANTEE OF THE ACCURACY AND COMPLETENESS OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT.

NOTHING CONTAINED IN THIS DISCLOSURE STATEMENT, EXPRESS OR IMPLIED, IS INTENDED TO GIVE RISE TO ANY COMMITMENT OR OBLIGATION OF THE DEBTORS OR ANY OTHER PARTY, NOR WILL IT BE CONSTRUED AS CONFERRING UPON ANY PERSON ANY RIGHTS, BENEFITS, OR REMEDIES OF ANY NATURE WHATSOEVER. THIS DISCLOSURE STATEMENT IS INFORMATIONAL ONLY. ADDITIONALLY, HOLDERS OF CLAIMS AND EQUITY INTERESTS SHOULD NOT CONSTRUE THE CONTENTS OF THIS DISCLOSURE STATEMENT AS PROVIDING ANY LEGAL, BUSINESS, FINANCIAL, OR TAX ADVICE. EACH CREDITOR AND EQUITY INTEREST HOLDER SHOULD CONSULT WITH ITS OWN LEGAL, BUSINESS,

FINANCIAL, AND TAX ADVISORS AS TO ANY MATTER CONCERNING THE PLAN, THE EFFECTS OF IMPLEMENTATION OF THE PLAN, AND THE VOTING PROCEDURES APPLICABLE TO THE PLAN.

DISCLOSURE REGARDING FORWARD LOOKING STATEMENTS

This Disclosure Statement includes information regarding certain "forward-looking statements" within the meaning of Section 27A of the 1933 Act and Section 21E of the Securities Exchange Act of 1934, as amended, all of which are based upon various estimates and assumptions that the Debtors believe to be reasonable as of the date hereof. These statements involve risks and uncertainties that could cause actual future outcomes to differ materially from those set forth in this Disclosure Statement. Such risks and uncertainties include, but are not limited to litigation risks and uncertainties, costs associated with the Debtors' liquidation efforts, and claim and liability estimates.

You should understand that the foregoing as well as other risk factors discussed in this Disclosure Statement, including those listed in Article VII of this Disclosure Statement under the heading "Certain Factors to be Considered," could cause future outcomes to differ materially from those expressed in such forward looking statements. Given the uncertainties, you are cautioned not to place undue reliance on any forward-looking statements in determining whether to vote in favor of the Plan or to take any other action. The Debtors undertake no obligation to publicly update or revise information concerning the Debtors' restructuring efforts or their cash position or any forward-looking statements to reflect events or circumstances that may arise after the date of this Disclosure Statement, except as required by law.

TABLE OF CONTENTS

LIST OF ATTACHMENTS

ARTICLE I
GENERAL INFORMATION[2]

Section 1.01 The Debtors' Businesses and Corporate History

RAAM Global Energy Company ("RAAM") is an independent oil and natural gas exploration and production company that historically engaged in the exploration, development, production, exploitation, and acquisition of oil and natural gas properties. The other Debtors are wholly-owned subsidiaries of RAAM, and RAAM provides administrative, technical, financial, and strategic planning support to the subsidiaries.

The Debtors' producing assets are located offshore in the Gulf of Mexico and onshore in Louisiana, Texas, Oklahoma, and California, and the Debtors historically maintained offices in Lexington, Kentucky, Houston, Texas, and New Orleans, Louisiana. As of June 30, 2015, the Debtors had estimated total proved oil and natural gas reserves of 9,860 MMBoe (29% oil). For the six months ended June 30, 2015, the Debtors' net daily production averaged 7,118 barrels of oil equivalent per day (BOEPD), which generated revenue of approximately $33.4 million.

The Debtors traditionally focused on acquiring assets in and around the United States Gulf Coast. Over the last decade the Debtors worked to diversify their asset base through the acquisition and development of both conventional onshore assets and long-lived unconventional resource plays that are capable of supporting sustainable growth. The Debtors' projects during 2014 and the first half of 2015 focused on three main areas: shallow waters offshore, onshore conventional assets in Texas, and conventional and unconventional assets in California and the Mid-Continent area. In recent years, the Debtors invested close to $100 million on large 3-D seismic surveys in the Gulf of Mexico and onshore in Louisiana and Texas in order to enhance their prospect generation capabilities, and the Debtors invested over $1.5 billion in developing oil and gas assets since their inception.

Additional information concerning the Debtors and their financial condition and results of operations, on a consolidated basis, can be found in RAAM's annual, quarterly, and current reports filed with the Securities and Exchange Commission ("SEC") through May 5, 2015, which can be accessed at www.sec.gov and at RAAM's website, http://www.raamglobal.com/. Such information is incorporated herein by reference for all purposes.

Section 1.02 Common Stock

RAAM is a privately held company, and as of July 31, 2015, RAAM had 61,433 outstanding shares of common stock. Howard Settle, RAAM's current Chairman and former Chief Executive Officer and former President, holds approximately 48% of RAAM's outstanding common stock. As of that date, RAAM's directors and executive officers as a group (eight persons that include Mr. Settle) held approximately 66% of RAAM's common stock.

[2] All capitalized terms not expressly defined in this Disclosure Statement shall have the meaning ascribed to them in the Debtors' Second Amended Joint Plan of Liquidation Pursuant to Chapter 11 of the Bankruptcy Code, a copy of which is attached hereto as **Exhibit A** and incorporated herein by reference for all purposes.

Section 1.03 Existing Capital Structure of the Debtors

On September 12, 2014, Century Exploration New Orleans, LLC ("Century New Orleans"), Century Exploration Houston, LLC ("Century Houston"), and Century Exploration Resources, LLC ("Century Resources") entered into a Fifth Amended and Restated Credit Agreement with Wilmington Trust, National Association, as administrative agent and the lenders party thereto (the "First Lien Credit Agreement"), and RAAM entered into the Fourth Amended and Restated Guaranty in connection therewith. The First Lien Credit Agreement provides the Debtors with an $85.0 million term loan facility (the "Term Loan Facility") that is secured by a first lien on substantially all of the Debtors' real and personal property. As of the September 30, 2015, approximately $63.8 million was outstanding under the Term Loan Facility.

On September 24, 2010, RAAM completed an offering of $150.0 million senior secured notes at a coupon rate of 12.5% (the "Original Notes"). On July 15, 2011, RAAM completed the issuance and sale of $50.0 million aggregate principal amount of additional 12.5% Senior Notes (the "Additional Notes"). The Additional Notes have identical terms, other than the issue date and issue price, and constitute part of the same series as the Original Notes.

On April 11, 2013, RAAM successfully completed the issuance and sale of $50.0 million aggregate principal amount of additional 12.5% senior secured notes due 2015 (the "New Additional Notes," and together with the Original and Additional Notes, the "Senior Secured Notes"). The New Additional Notes are additional notes issued pursuant to the indenture dated as of September 24, 2010 (the "Base Indenture"), pursuant to which RAAM issued the Original and Additional Notes, as supplemented by the First Supplemental Indenture dated as of July 15, 2011 (the "First Supplemental Indenture"), the Second Supplemental Indenture dated as of April 11, 2013 (the "Second Supplemental Indenture"), and the Third Supplemental Indenture dated as of April 11, 2013 (the "Third Supplemental Indenture," and together with the Base Indenture, the First Supplemental Indenture and the Second Supplemental Indenture, the "Senior Secured Notes Indenture"). The New Additional Notes have identical terms, other than the issue date and issue price, and constitute part of the same series as the Original and Additional Notes. As of September 30, 2015, a total of $238.0 million notional amount of the Senior Secured Notes was outstanding.

The Senior Secured Notes are guaranteed on a senior secured basis by Century New Orleans, Century Houston, and Century Resources, LLC. The Senior Secured Notes and the guarantees are secured by a security interest in substantially all of the Debtors' assets to the extent they constitute collateral under the Term Loan Facility, subject to certain exceptions. Pursuant to an Intercreditor Agreement, the lien securing the Senior Secured Notes is subordinated and junior to liens securing the Term Loan Facility.

The Debtors did not make the scheduled interest payment to the holders of the Senior Secured Notes that was due on April 1, 2015 which was a default under the Indenture. This non-payment also constituted a default under the First Lien Credit Agreement. Total unpaid and accrued interest at July 31, 2015 was $25.4 million.

On April 30, 2015, the Debtors entered into the Forbearance Agreement to 12.50% Senior Secured Notes Indenture with holders of approximately 94% of the face value of the

Notes and the Forbearance Agreement and Second Amendment to the Fifth Amended and Restated Credit Agreement with Wilmington Trust, National Association, as administrative agent, and the lenders under the Term Loan Facility (collectively, and as amended, the "Forbearance Agreements"). The Forbearance Agreements expired on September 14, 2015.

The Debtors also have a promissory note dated August 8, 2005 with GE Commercial Finance Business Property Corporation ("GECF") related to the construction of their Houston office building. On October 1, 2012 EverBank purchased GECF and is now known as Business Property Lending, Inc. The balance owed to EverBank was $2.3 million at September 30, 2015. The note requires monthly installments of principal and interest in the amount of approximately $27,000 until September 1, 2025.

Section 1.04 Bonding Program

Century New Orleans and the Bureau of Ocean Management ("BOEM") entered into various leasing agreements for specific exploration and production activity. Century New Orleans is required to obtain one or more surety bonds in order to secure its performance under the obligations relating to such leasing agreements. ACE American Insurance Company ("ACE") agreed to issue certain of such bonds in the estimated aggregate amount of $39,630,000 in favor of BOEM and as required by BOEM under the leasing agreements (the "Bonding Program").

In connection with its issuance of such bonds and in addition to the terms of such bonds, ACE and Century New Orleans entered into the Agreement of Indemnity dated September 8, 2014, the Funds Disbursing Agreement dated October 23, 2014, and a related Escrow Agreement with Bank of America as escrow agent (collectively, the "ACE Bonding Agreement"), that requires Century New Orleans to provide funds for the escrow as security for ACE. Prior to the Petition Date, the Debtors paid $750,000 each month into the escrow account with Bank of America (the "Escrow Account") pursuant to the ACE Bonding Agreement. The Debtors have not made any post-petition payments into the Escrow Account.

As of November 24, 2015, the balance of the Escrow Account was approximately $7,142,812.

Pursuant to and as more specifically described in certain indemnity documents, Ace has Claims against the Debtors' estates for, *inter alia*, up to any amounts drawn on the bonds issued under the Bond Program.

The Debtors filed the *Expedited Motion for Order Authorizing (a) the Debtors to Deliver Checks to Their Intended Recipients, (b) the Debtors and ACE to Enter into Contracts with Vendors to Perform Plugging and Abandonment Work in the Ordinary Course, and (c) the Utilization of Funds in the Escrow Account to pay for Such Work in the Ordinary Course* [Docket No. 148], and on December 2, 2015, the Court entered the *Agreed Order Authorizing (A) the Debtors to Deliver Checks to their Intended Recipients, (B) the Debtors and Ace to Enter into Contracts with Vendors to Perform Plugging and Abandonment Work in the Ordinary Course, and (C) the Utilization of Funds in the Escrow Account to Pay for Such Work in the Ordinary Course* [Docket No. 182] (the "Ace Order").

Among other agreements, terms, and relief, the Ace Order provided that (i) the Debtors are authorized to deliver certain checks to the applicable vendors, (ii) with the consent of Ace and in accordance with pre-petition practices, funds in the escrow account may be utilized to pay any additional outstanding invoices for plugging and abandonment work performed prior to the Petition Date, (iii) the Debtors and Ace each are authorized, with each other's consent, to enter into post-petition contracts with vendors to perform plugging and abandonment work in the ordinary course, and (iv) Ace is authorized and directed to cause the funds in the Escrow Account to be utilized, consistent with the parties' pre-petition practices and agreements, for any post-petition plugging and abandonment work resulting from any approved contract entered into by the Debtors or Ace.

Section 1.05 Events Leading to the Cases

A confluence of factors in 2014 and 2015 led to the Debtors' need to file the above-captioned chapter 11 cases (the "Cases").

First, there has been a historic decline in the prices of crude oil and natural gas since the summer of 2014. These declines have adversely affected the Debtors' revenues and cash flows from operations. The Debtors' realized pricing is primarily driven by the West Texas Intermediate price for crude oil and the spot market prices for natural gas production. The Debtors historically engaged in derivative activities that primarily included the use of floors, costless collars, and futures transactions in order to minimize the downside risk from adverse price movements but allow for the realization of upside profits if available. The Debtors' derivative counterparties were limited to their secured lenders, which helped to minimize any potential non-performance risk. On April 20, 2015, the Company liquidated its hedge positions for $10.8 million and used those funds to reduce the outstanding amount owed under the Term Loan Facility.

Second, although the Debtors actively worked with investment banking advisors to refinance the Senior Secured Notes, due to the economic environment the Debtors were unable to raise cash or identify capital resources from other sources such as bank funding, private investment, or the public debt and equity markets to effect such a refinancing.

Third, during September 2013, the Debtors determined that they could not meet the financial certifications required to obtain permits to develop its offshore Ewing Banks 920 project (the "EB 920 Project") in the Gulf of Mexico, due in large part to the substantially increased worst case discharge assumptions imposed by BOEM. As a result, the proved undeveloped reserves associated with the EB 920 Project no longer met the requirements of reasonable certainty to remain booked as proved reserves at the end of the third quarter of 2013 which adversely impacted the Debtors' reserves and impacted the Debtors' ability to refinance the Notes. This resulted in a write-off of 8.4 million barrels of oil and largely contributed to a ceiling test write-down of $277 million and an after-tax loss of $186 million for the nine months ended September 30, 2013.

Fourth, in May of 2013, the Flipper Field in Texas suffered a catastrophic collapse. In December 2012, this field was producing 1,960 BOEPD and in May 2013, after all four wells were severely damaged, the Flipper Field was producing 166 BOEPD – a loss of 1,794 BOEPD.

Furthermore, the Company was forced to direct much of its technical efforts and drilling capital in 2013 and 2014 to drilling new wells to reestablish production and to hold the leases and maintain the reserves.

The combination of these factors has impaired the Debtors' liquidity and their ability to continue as a going concern, and compelled the Debtors to seek liquidation of their assets in order to maximize the value of their assets for the benefit of their creditors and other constituencies.

As noted above, the Debtors previously sought to restructure the Senior Secured Notes. The restructuring was proposed through an exchange offer and consent solicitation that was initiated on June 4, 2015 (the "Exchange Offer"). The Exchange Offer contemplated, among other terms, that if holders of all Senior Secured Notes tendered their Notes in the Exchange Offer, such holders of Notes would receive their pro rata share of $50,000,000 in the aggregate principal amount of new notes maturing on June 30, 2019 and an aggregate amount of 1.17 million shares of RAAM's common stock, which would represent 95% of the outstanding shares of RAAM's common stock following the Exchange Offer, subject to dilution pursuant to the exercise of certain warrants. The closing of the Exchange Offer was conditioned, among other things, on at least 99% of the aggregate principal amount of outstanding Senior Secured Notes having been validly tendered and not validly withdrawn in the Exchange Offer (the "Minimum Tender Condition").

The Exchange Offer terminated on August 20, 2015. Holders of approximately 94.77% of the principal amount of outstanding Senior Secured Notes tendered their Senior Secured Notes to be exchanged; however, this was insufficient to meet the Minimum Tender Condition.

The combination of the factors noted above and the failure of a sufficient number of holders of Senior Secured Notes to tender their Senior Secured Notes in the Exchange Offer to meet the Minimum Tender Condition compelled the Debtors to negotiate with their creditors regarding chapter 11 proceedings in order to address liquidity concerns and maximize the value of their assets for the benefit of their creditors and other constituencies.

Section 1.06 [Intentionally Blank]

Section 1.07 Management of the Debtors

As of December 6, 2015, the Debtors' management team is composed of: Howard A. Settle (Chairman of the Board); Jonathan B. Rudney (Board Member); Thomas M. Lewry (Board Member); Robert E. Fox (Board Member); Michael J. Willis (President and Board Member); Paige D. Lee (Secretary); and Leon M. Smith, Jr. (Treasurer).

In addition to the above, on August 28, 2015, Blackhill Partners LLC (through James R. Latimer, III) was appointed as Chief Restructuring Officer ("CRO") of the Debtors to, among other things, assist and supervise the Debtors' reorganization efforts.

ARTICLE II
KEY EVENTS DURING THE BANKRUPTCY CASES

Section 2.01 Commencement of Chapter 11 Cases

On the Petition Date, the Debtors each filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. Since the Petition Date, the Debtors have operated their businesses as debtors and debtors in possession. On and soon after the Petition Date, the Debtors filed various motions (the "First Day Motions") seeking certain relief from the Bankruptcy Court to ensure that their operations continued with the least possible disruption. The First Day Motions were heard by the Bankruptcy Court on an interim basis on October 28, 2015 and, as applicable, on a final basis on November 18, 2015 (collectively, the "First Day Hearings").[3] After the First Day Hearings, the Bankruptcy court entered the following orders:

- *Order Granting Emergency Motion for Order Directing Joint Administration of the Debtors' Chapter 11 Cases* [Docket No. 22];
- *Order (a) Granting Authority to File a Consolidated List of Creditors; (b) Granting Authority to File a Consolidated List of 50 Largest Unsecured Creditors; (c) Setting Bar Dates; and (d) Approving the Form and Manner of notifying Creditors of the Commencement of the Cases and Other Information* [Docket No. 42];
- *Order Granting Complex Chapter 11 Bankruptcy Case Treatment* [Docket No. 43]*;*
- *Order Extending the Time to File Schedules of Assets and Liabilities, Current Income and Expenditures, Executory Contracts and Unexpired Leases, and Statements of Financial Affairs* [Docket No. 44];
- *Interim Order Authorizing Payment of Delay Rentals* [Docket No. 92];[4]
- *Final Order Granting Emergency Motion to (i) Approve Maintenance of Certain Pre-Petition Bank Accounts and Cash Management System and (ii) Continue Use of Existing Checks and Business Forms* [Docket No. 126];.
- *Final Order (a) Authorizing Debtors to (i) Pay Pre-Petition Wages and Salaries to Employees and Independent Contractors and (ii) Pay Pre-Petition Benefits and to Continue Benefit Programs in the Ordinary Course and (b) Directing Banks to Honor Pre-Petition Checks for Payment of Pre-Petition Obligations* [Docket No. 127];

[3] *Emergency Motion for Authority to Pay or Honor Pre-Petition Obligations to Certain Critical Vendors* [Docket No. 14] was filed by the Debtors and was withdrawn without prejudice.

[4] A final hearing on the *Emergency Motion for Authority to Pay Royalty and Working Interest Obligations, Lease Operating Expenses, JIBs, and Trade, and Potential Holders of Statutory Liens* [Docket No. 16] is scheduled for December 22, 2015.

- *Final Order (a) Authorizing Debtors to Pay Adequate Assurance Payments to Utilities and (b) Prohibiting Utilities from Altering, Refusing, or Discontinuing Services* [Docket No. 128];

- *Second Interim Order Pursuant to 11 U.S.C. §§ 105, 361, 362 and 507, Bankruptcy Rules 2002, 4001 and 9014 and Local Bankruptcy Rule 4001-2 (I) Authorizing Debtors' Limited Use of Cash Collateral, (II) Granting Adequate Protection to the Prepetition Secured Parties, (III) Modifying the Automatic Stay, and (IV) Scheduling a Final Hearing* [Docket No. 131];

- *Order Granting Emergency Motion to Authorize Debtors to Continue Insurance Policies* [Docket No. 48];

- *Final Order Authorizing Debtors to Pay Sales, Use, Production, and Other Taxes and Related Obligations* [Docket No. 129]; and

- *Final Order Granting Emergency Motion to Establish Notification Procedures and Approve Restrictions on Certain Transfers of Interests in the Debtors' Estates* [Docket No. 130].

Section 2.02 Appointment of the Official Committee of Unsecured Creditors

On November 9, 2015 the Office of the United States Trustee appointed an official joint committee of unsecured creditors (the "Committee"). The current members of the Committee are representatives from Island Operating Company, Inc. and Quality Energy Services, Inc. The Committee retained DLA Piper as counsel, subject to approval by the Bankruptcy Court. The Committee has filed an *Application to Employ DLA Piper as Counsel to the Committee* [Docket No. 163 – filed on November 30, 2015]. The Committee retained Huron Consulting Services, LLC as its financial advisor, subject to approval by the Bankruptcy Court. The Committee has filed the *Application of the Official Committee of Unsecured Creditors for Authority to Retain Huron Consulting Services LLC as Financial Advisor Nunc Pro Tunc to November 10, 2015* [Docket No. 164–filed on November 30, 2015].

Section 2.03 Use of Cash Collateral[5]

The Bankruptcy Court has entered the following orders regarding the Debtors' use of cash collateral:

- *Interim Order Authorizing Use of Cash Collateral* [Docket No. 40 – entered on October 28, 2015];

- *Second Interim Order Pursuant to 11 U.S.C. §§ 105, 361, 362 and 507, Bankruptcy Rules 2002, 4001 and 9014 and Local Bankruptcy Rule 4001-2 (I) Authorizing Debtors' Limited Use of Cash Collateral, (II) Granting Adequate Protection to the Prepetition*

[5] Capitalized terms not otherwise defined in this Section 2.03 have the meaning ascribed to them in the Final Cash Collateral Order (as defined below).

Secured Parties, (III) Modifying the Automatic Stay, and (IV) Scheduling a Final Hearing [Docket No. 131 – entered November 18, 2015]; and

- *Final Order Pursuant to 11 U.S.C. §§ 105, 361, 362 and 507, Bankruptcy Rules 2002, 4001 and 9014 and Local Bankruptcy Rule 4001-2 (I) Authorizing Debtors' Limited Use of Cash Collateral, (II) Granting Adequate Protection to the Prepetition Secured Parties, and (III) Modifying the Automatic Stay* [Docket No. 184 – entered December 2, 2015] (the "Final Cash Collateral Order").

Under the Final Cash Collateral Order, the Debtors are authorized to use cash collateral, as such term is defined in Bankruptcy Code § 363(a) (the "Cash Collateral"), and all other Prepetition Collateral (as defined in the Final Cash Collateral Order), in accordance with the terms of the Final Cash Collateral Order.

The Debtors are required to use the Cash Collateral in accordance with the budget attached to the Final Cash Collateral Order (the "Budget") to continue their ordinary course operations and to maintain the value of their bankruptcy estates. Under the Final Cash Collateral Order, the authority to use Cash Collateral terminates on the earlier to occur of: (a) January 31, 2016 (unless a later date is agreed upon in accordance with the terms of the Final Cash Collateral Order); (b) the occurrence of certain specified events; and (c) five (5) business days following the delivery of a written Default Notice (as defined in the Final Cash Collateral Order). The Debtors anticipate that they will be able to further extend the use of cash collateral, as needed, to provide them sufficient time to confirm the Plan.

As part of the agreement to use Cash Collateral, the Debtors stipulated to, among other things, the validity and enforceability of the liens and security interests held by the First Lien Secured Parties (as defined in the Final Cash Collateral Order). Additionally, pursuant to Bankruptcy Code §§ 361, 362, 363(e) and 364(d)(1), the Debtors granted various forms of adequate protection for the use of Cash Collateral to the Prepetition Secured Parties (as defined in the Final Cash Collateral Order).[6] As more specifically described in the Final Cash Collateral Order, these forms of adequate protection generally include: (1) granting to the First Lien Agent, for the benefit of the First Lien Secured Parties, valid, binding, continuing, enforceable, fully-perfected first priority senior priming security interests in, and liens on, the Prepetition Collateral and various forms of the Debtors' now owned or thereafter-acquired property subject only to valid, perfected and enforceable prepetition liens (if any) that were senior to the First Lien Secured Parties' liens or security interests as of the Petition Date or to valid and unavoidable liens in existence immediately prior to the Petition Date that are perfected subsequent to the Petition Date as permitted by section 546(b) of the Bankruptcy Code; (2) granting to the First Lien Agent, for the benefit of the First Lien Secured Parties, a valid, binding, continuing, enforceable, fully-perfected junior lien on and security interest in all prepetition and postpetition property of the Debtors (other than the property described in clause (i) of the paragraph 3(a) of the Final Cash Collateral Order), whether then existing or thereafter acquired, that is subject to valid, perfected and unavoidable liens in existence immediately prior to the Petition Date or to valid and unavoidable liens in existence immediately prior to the Petition Date that are perfected

[6] For more information regarding the scope of the liens and priority claims provided as adequate protection, reference should be made to the Final Cash Collateral Order.

subsequent to the Petition Date as permitted by section 546(b) of the Bankruptcy Code, (3) granting an allowed administrative claim against each of the Debtors on a joint and several basis, with priority over any and all other administrative claims (subject only to the Carve Out), to secure payment of an amount equal to the Collateral Diminution; and (5) monthly adequate protection payments to the First Lien Agent, for the benefit of the First Lien Secured Parties, equal to all accrued and unpaid prepetition or postpetition interest, fees and costs due and payable under the First Lien Credit Agreement, with such interest calculated at the Default Rate (as defined in the Final Cash Collateral Order).

As defined in the Final Cash Collateral Order, "Collateral Diminution" means "an amount equal to the diminution of the value of the Prepetition Secured Parties' interest in the Prepetition Collateral from and after the Petition Date for the use, sale, lease, consumption, or disposition of Prepetition Collateral, including the use of Cash Collateral, or the imposition of the automatic stay." Cash payments from the proceeds of the Prepetition Collateral made to the First Lien Agent for the benefit of the First Lien Secured Parties pursuant to paragraph 3 of the Final Cash Collateral Order do not constitute Collateral Diminution. Furthermore, for purposes of calculating "Collateral Diminution", the valuation of the Debtors' assets as of the date of the Petition Date and as of the date of measuring any Collateral Diminution assume a constant price of oil and gas.

The calculation of the amount of Collateral Diminution that would be secured by the adequate protection liens granted to the First Lien Secured Parties is complex. The Debtors, the First Lien Secured Parties, and the Committee reserve all of their respective rights with respect to such determination. In connection with such determination, it is important to note that the unrestricted cash balance of the Debtors as of the Petition Date was approximately $7,289,608, and the projected unrestricted cash balance of the Debtors as of the projected effective date of the Plan is approximately $1,491,471. The Debtors project that there will be payments to Highbridge of approximately $2,725,554 from the proceeds of the Prepetition Collateral pursuant to paragraph 3 of the Final Cash Collateral Order. Parties, including, without limitation, the Debtors, may assert that there are other grounds for additions to, or deductions from, these numbers in calculating the First Lien Secured Parties' claim for Collateral Diminution.

The adequate protection liens granted under the Final Cash Collateral Order encumbered certain assets of the Debtors that were not encumbered as of the Petition Date for the benefit of the Prepetition Secured Parties. Such assets include (i) the Debtors' office building in Houston, Texas, (ii) the proceeds of avoidance actions, (iii) commercial tort claims, including potential tort claims against vendors and directors and officers, and (iv) certain oil and gas lease acreage that was not associated with any production with respect to which a mortgage was not filed on the Petition Date.

The estimated value of the Debtors' office building in Houston is identified in the Liquidation Analysis attached hereto. The Debtors' believe that there is not an active market for the unencumbered oil and gas lease acreage, and that if such oil and gas leases were to be sold in a sale without comprising part of a package that included the Debtors' encumbered oil and gas assets, the likely sale price would be immaterial. The Debtors have not analyzed the extent or value of any Avoidance Actions and do not intend to do so. The Debtors have filed as part of their Statements of Financial Affairs a list of payments made to third parties and insiders during

the applicable preferential payment time period, which are incorporated herein by reference for all purposes. The Debtors have also not analyzed the extent or value of any commercial tort claims and do not intend to do so. The Debtors believe that the value of any commercial tort claims against vendors is speculative and highly contingent. The Debtors have a primary director and officer insurance policy with an aggregate coverage limit of $10 million, and an excess director and officer insurance policy with an aggregate coverage limit of an additional $10 million. The Debtors have not analyzed the extent or value of any Causes of Action against directors and officers that could be covered by such insurance policies and do not intend to do so because the value of any such actions would be speculative and highly contingent.

Section 2.04 Retention of Professionals by the Debtors

The Debtors have filed retention applications for certain professionals to represent and assist them in the administration of the Cases. Many of these professionals have been actively involved with the negotiation and development of the terms of the Plan and the transactions contemplated thereunder, and many of these professionals will continue to provide needed services throughout the Cases. A hearing on the retention applications was held on December 7, 2015, pursuant to which many of the aforementioned retention applications were approved.

The Debtors retained Vinson & Elkins LLP ("V&E") as their bankruptcy and restructuring counsel. V&E is being compensated on an hourly basis subject to Bankruptcy Court approval through the fee application process. The Debtors will also reimburse V&E for all reasonable out of pocket expenses. V&E was approved as bankruptcy and restructuring counsel pursuant to that *Order Authorizing Debtors to Employ Vinson & Elkins LLP as Counsel for the Debtors Nunc Pro Tunc to the Petition Date* [Docket No. 202 – entered December 7, 2015].

The Debtors retained Blackhill Partners LLC ("Blackhill") and James R. Latimer, III to serve as their CRO during the Cases. Blackhill is being compensated on an hourly basis subject to Bankruptcy Court approval through the fee application process. The engagement letter with Blackhill also provides for a $250,000 success fee, payable to Blackhill upon the consummation of a restructuring transaction, including, without limitation: (a) the occurrence of the effective date of any plan of reorganization approved by the Bankruptcy Court; (b) the closing of a sale of substantially all of the Debtors' assets pursuant to Bankruptcy Code § 363; or (c) the consummation of a restructuring plan that achieves the retirement or satisfactory resolution of claims by the senior lender to the Debtors. The Debtors will also reimburse Blackhill for all reasonable out of pocket expenses. Blackhill was approved as the CRO pursuant to the *Order Authorizing Debtors to Employ James R. Latimer, III and Blackhill Partners, LLC as Debtors' Chief Restructuring Officer Nunc Pro Tunc to the Petition Date* [Docket No. 246–entered December 14, 2015].

The Debtors retained Parkman Whaling LLC ("Parkman Whaling") to act as the Debtors' financial advisors and assist with the Debtors' sale process. Parkman Whaling is being compensated by the Debtors on a monthly basis (subject to a maximum of four monthly payments) and, upon the consummation of a transaction (in accordance with the terms of the engagement letter), Parkman Whaling will be entitled to a transaction fee paid at closing and equal to $350,000 plus one and a half percent (1.5%) of the amount by which the Transaction Value (as defined in the engagement letter) exceeds the aggregate value of the First Lien

Prepetition Indebtedness as defined in the proposed final cash collateral order), $2.5 million, and any and all Cure Costs (as defined in the Asset Purchase and Sale Agreement dated as of November 6, 2015, by and among Highbridge Principal Strategies, LLC and certain of its affiliates and the Debtors). The Debtors will also reimburse Parkman Whaling for all reasonable out of pocket expenses. Parkman Whaling was approved as Debtors' financial advisors pursuant to that *Order Authorizing Debtors to Employ Parkman Whaling LLC as Financial Advisors for the Debtors* [Docket No. 200 – entered December 7, 2015].

The Debtors retained Newcor Commercial Real Estate ("Newcor") to serve as their real estate broker to market and list for sale certain real property owned by RAAM located at 10210 Grogan's Mill Road, The Woodlands, Texas 77380 (the "Subject Property"). The listing agreement with Newcor provides for a seller's commission to be paid to Newcor on the sale of the Subject Property equal to five percent (5%) of the sales price between $0.00 and $6,315,790.00 and ten percent (10%) for amounts of $6,315,790.01 and higher; provided, however, that Newcor shall not be entitled to such commission if the Subject Property is sold to: (a) any purchaser of the Subject Property who is buying both (i) the Subject Property and (ii) all or any portion of the Debtors' oil and gas assets; or (b) any creditor of the Debtors that purchases or takes title to the Subject Property pursuant to a foreclosure, credit bid, or exercise of any other creditor remedy. Newcor was approved as Debtors' broker pursuant to that *Order Authorizing Debtors to Employ Newcor Commercial Real Estate as Debtors' Broker Nunc Pro Tunc to the Petition Date* [Docket No. 201 – entered December 7, 2015].

The Debtors retained BMC Group, Inc. ("BMC") to serve as their claims, noticing, and balloting agent ("Claims and Noticing Agent"). The Debtors will pay BMC reasonable and customary compensation for its services as Claims and Noticing Agent, plus reimbursement for reasonable out of pocket expenses. BMC will perform administrative tasks only and will not make any recommendation to any holder of a Claim with respect to its acceptance or rejection of the Plan. BMC was approved as Debtors' claims, noticing, and balloting agent pursuant to that *Order Authorizing Debtors to Employ BMC Group, Inc. as Debtors' Claims, Noticing, and Balloting Agent Nunc Pro Tunc to the Petition Date* [Docket No. 203 – entered December 7, 2015].

The Debtors have also retained various ordinary professionals utilized in the ordinary course of business, such as (a) accountants, consultants, and engineers, and (b) attorneys who provide legal services unrelated to the administration of the Cases. The Debtors have filed an *Amended Motion for an Order Authorizing the Retention and Compensation of Professionals Utilized in the Ordinary Course of Business Nunc Pro Tunc* [Docket No. 228]. The Court entered the *Order Authorizing the Retention and Compensation of Professionals Utilized in the Ordinary Course of Business Nunc Pro Tunc* [Docket No. 245–entered December 14, 2015].

Section 2.05 Bankruptcy Schedules and Statements of Financial Affairs.

On November 23, 2015, the Debtors each timely filed their Schedules of Assets (A and B) in accordance with the *Order Extending the Time to File Schedules of Assets and Liabilities, Current Income and Expenditures, Executory Contracts and Unexpired Leases, and Statements of Financial Affairs* [Docket No. 44]. On December 6, 2015, the Debtors each timely filed their Schedules of Assets (A and B), Exempt Property (C), Creditors Holding Secured Claims (D),

Creditors Holding Unsecured Priority Claims (E), Creditors Holding Unsecured Nonpriority Claims (F), and Executory Contracts and Unexpired Leases (G) [Docket No. 195].

Section 2.06 Meeting of Creditors

The Bankruptcy Code § 341 meeting of creditors was held on December 15, 2015 at 10:00 a.m. (Central Time).

Section 2.07 Operating Reports

As required by the United States Trustee, a Monthly Operating Report for the month of October has been filed with the Clerk of the Bankruptcy Court. This Monthly Operating Report is incorporated herein by reference.

Section 2.08 Claims Process

(a) Last Date to File Proofs of Claims

Non-governmental entities are required to file Proofs of Claim by March 14, 2016. Governmental entities are required to file Proofs of Claim by June 12, 2016.

(b) Proposed Administrative and Priority Claims Bar Date

The Debtors filed their Expedited Motion to Establish Administrative and Priority Claims Bar Date [Docket No. 257] on December 18, 2015. The Debtors have requested that an expedited hearing be held on this motion on December 22, 2015. In this Motion, the Debtors request that, inter alia, the Court enter an order (a) establishing the deadline for filing a claim seeking a higher or superior priority than that of a general unsecured creditor pursuant to Bankruptcy Code § 503(b) or otherwise and (b) approving the form and manner of notice of such bar date.

(c) Claims Reconciliation

As of the date hereof, the Debtors have not commenced a claims reconciliation process. The Debtors anticipate the Liquidating Trustee will be primarily responsible for reviewing and objecting to Proofs of Claim.

Section 2.09 Employees and Independent Contractors

On the Petition Date, the Debtors filed their *Emergency Motion (a) Authorizing Debtors to (i) Pay Pre-Petition Wages and Salaries to Employees and Independent Contractors and (ii) Pay Pre-Petition Benefits and to Continue Benefit Programs in the Ordinary Course and (b) Directing Banks to Honor Pre-Petition Checks for Payment of Pre-Petition Obligations* [Docket No. 12] (the "Wages Motion") by which they sought authority to (a) pay pre-petition wages and salaries owed to employees and independent contractors and (b) pre-petition amounts owed on account of employee benefits, and to continue to make such payments post-petition in the ordinary course of business. The Debtors also requested authority, in their discretion and consistent with past practices, to pay severance payments to certain employees located in the

Debtors' New Orleans office. The Bankruptcy Court approved the Wages Motion on a final basis on November 18, 2015.

Section 2.10 Royalty Payments

On the Petition Date, the filed their *Emergency Motion for Authority to Pay Royalty and Working Interest Obligations, Lease Operating Expenses, JIBs, and Trade, and Potential Holders of Statutory Liens* [Docket No. 16] (the "Royalty Motion") by which they sought authority to pay pre-petition amounts owed (a) on account of royalty and working interest obligations, lease operating expenses, joint interest billings and trade, and (b) to potential holders of statutory liens, and to continue to make such payments post-petition in the ordinary course of business. On November 18, 2015, the Bankruptcy Court authorized the Debtors to pay only pre-petition amounts owed on account of delay rentals. On December 14, 2015, the Debtors withdrew their request to pay amounts owed on account of lease operating expenses, joint interest billings and trade, and to potential holders of statutory liens. Additionally, the Debtors' limited their request to pay royalty and working interest holders to such holders that own interests in the assets to be acquired under the Purchase Agreement. A final hearing on the Royalty Motion is scheduled for December 22, 2015 at 1:30 p.m. (Central Time).

Section 2.11 Sale of Substantially All Assets of the Debtors

(a) Marketing Efforts[7]

For several months prior to the Petition Date, the Debtors and their investment bankers were engaged in a thorough marketing process seeking third party stalking horse bidders. The Debtors were at one point close to finalizing a purchase agreement with a stalking horse bidder for a portion of their assets, but the potential agreement fell through due to market conditions. While there remains interest in the Debtors' assets by third parties, the Debtors have been unable to secure an acceptable third party stalking horse bid after a significant marketing process.

On November 6, 2015, the Debtors and Highbridge Principal Strategies, LLC and certain of its affiliates entered into an Asset Purchase Agreement (the "Stalking Horse Purchase Agreement"). The Stalking Horse Purchase Agreement provides for, among other things, the sale of the Debtors' right, title, and interest in, to, and under the assets described in Section 2.1 of the Stalking Horse Purchase Agreement free and clear of any and all liens, encumbrances, claims, and other interest, except as otherwise set forth in the Stalking Horse Purchase Agreement. The Stalking Horse Purchase Agreement was amended on December 2, 2015, and it may be subsequently amended in accordance with its terms.

Under the Stalking Horse Purchase Agreement, the Debtors will sell, transfer, assign, convey, and deliver to Purchaser any of the Debtors Causes of Action under the Bankruptcy Code and any Avoidance Actions, in each case, solely to the extent related to any Assigned Contracts and all other interests, rights, property, and assets of the Debtors of every kind and character not otherwise specifically included in the definition of Excluded Assets. The Excluded Assets include:

[7] Capitalized terms used in this Section 2.11(a) that are not defined in the Disclosure Statement shall have the meaning given in the Stalking Horse Purchase Agreement.

(i) all financial, legal (other than title opinions), and tax records of the Debtors, but excluding all financial and tax records that are directly related to the ownership and operation of the Assets or the Assumed Obligations;

(ii) all Claims of the Debtors for refunds of or any loss carry-forwards with respect to any taxes relating to any Retained Obligation;

(iii) any of the Debtors rights, claims and causes of action under the Bankruptcy Code and any Avoidance Actions, but excluding those rights, claims and causes of action related to any Assigned Contracts;

(iv) all the Contracts described on Schedule **Error! Reference source not found.**;

(v) all Contracts described on Schedule **Error! Reference source not found.** and any other Contracts that are not Assigned Contracts;

(vi) any shares of capital stock or other equity interest of the Debtors, or any securities convertible into, exchangeable, or exercisable for shares of capital stock or other equity interest of the Debtors, in each case, (i) including any stock certificates and/or membership interest certificates of the Debtors relating thereto;

(vii) all minute books, stock ledgers, corporate seals, and other records relating, in any way, to the items described in Section 2.2(f) of the Stalking Horse Purchase Agreement;

(viii) all Permits and pending applications therefor to the extent related solely to any other Excluded Asset or any Retained Obligation;

(ix) any rights, Claims, or causes of action of the Debtors under the Stalking Horse Purchase Agreement or any other Transaction Document;

(x) all rights to the use of deposits and retainers to the extent held and applied by the Debtors' professionals on or before sixty (60) days after the earlier to occur of (i) the effective date of a plan of reorganization or liquidation, (ii) the conversion of the Bankruptcy Case to a case under Chapter 7 of the Bankruptcy Code, or (iii) the dismissal of the Bankruptcy Case by the Bankruptcy Court;

(xi) any of the Debtors' rights and interests in those Assets described in Sections 2.1(h), 2.1(j), 2.1(k), 2.1(l), 2.1(m), 2.1(n), 2.1(r), 2.1(t), and 2.1(u) of the Purchase Agreement to the extent that, as of the Closing Date, the transfer of such Assets is prohibited or otherwise restricted contractually, in each case, subject to the Debtors' obligations in Section 2.12 of the Stalking Horse Purchase Agreement; and

(xii) all of the Debtors' right, title and interest in and to those certain interests, rights, properties, and assets more particularly described on Schedule 2.2(m) of the Stalking Horse Purchase Agreement.

On December 17, 2015, the Debtors filed the *Notice of Filing of Schedules to Asset Purchase Agreement* [Docket No. 225] that sets forth the revised schedules to the Stalking Horse Purchase Agreement reflecting the Stalking Horse's then current elections of assets to include or exclude in its purchase. The Debtors will file revised schedules to the Stalking Horse Purchase Agreement or any amendments to the Stalking Horse Purchase Agreement on the docket of the Cases for review by parties in interest.

Attached as Exhibit C are Schedules 2.2(d), 2.2(e), 2.2(m), and 6.12 from the Stalking Horse Purchase Agreement that show the properties that the Stalking Horse Purchaser has designated as Excluded Assets referred to in the list above. The Stalking Horse Purchase Agreement may be amended by agreement of the parties in accordance with its terms. Such an amendment could potentially change the Excluded Assets. Additionally, the Stalking Horse Purchaser has a right to include or exclude executory contracts or unexpired leases until closing under the Stalking Horse Purchase Agreement. Competing bidders may choose to purchase different assets than were elected by the Stalking Horse Purchaser, and such elections will not be known until after the auction (discussed below).

(b) Bid Procedures

On November 6, 2015, the Debtors filed their *Motion to Authorize and Approve (a) Stalking Horse Purchase Agreement, (b) Sale of Substantially All Assets Free and Clear of Claims, Liens, Encumbrances and Other Interests, (c) Assumption and Assignment of Executory Contracts and Unexpired Leases, (d) Bidding Procedures, (e) Procedures for Determining Cure Amounts for Executory Contracts and Unexpired Leases, and (f) Related Relief* [Docket No. 90]. On December 2, 2015, the Court entered the *Order Authorizing and Approving (a) Stalking Horse Purchase Agreement, (b) Bidding Procedures, (c) Procedures for Determining Cure Amounts for Executory Contracts and Unexpired Leases, and (d) Related Relief* [Docket No. 180] (the "Bidding Procedures Order"). The Bidding Procedures Order sets forth, among other things, the procedures for the solicitation and consideration of competing bids and the mechanics of an auction (the "Auction") to enable the Debtors to obtain the highest or best offer(s) for their assets (the "Bid Procedures"), thereby maximizing the value of such sale. For more information regarding the Bid Procedures, refer to **Exhibit A** to the Bidding Procedures Order.

(c) Auction

The Auction may be held on January 8, 2016 at 9:30 a.m. (Central Time), at V&E's offices at 1001 Fannin Street, Suite 2500, Houston, Texas 77002.

(d) Sale Hearing

A sale hearing will be held on January 14, 2016, at 2:00 p.m. (Central Time) in the courtroom of the Honorable Martin Isgur.

(e) Stipulation

The Debtors, Highbridge Principal Strategies, LLC, on behalf of the lender parties under the First Lien Credit Agreement, the Committee, and Ace entered into the Stipulation attached hereto as Exhibit D (the "Stipulation") to resolve potential objections of the Committee and Ace. The Bidding Procedures Order provided that the parties to the Stipulation have bound themselves to the Stipulation and that it is enforceable amongst them; provided, that if a bound party determines that the proposed distinction between groups of unsecured creditors is inappropriate, that party may alter its course of action only to the extent necessary to make such distinction permissible or to eliminate the distinction. The payments made under the Plan on account of the Ace Distribution and the General Unsecured Trade Claims Distribution will be gifted from the First Lien Lenders' recovery in a manner consistent with applicable law.

The Debtors, Highbridge Principal Strategies, LLC, on behalf of the lender parties under the First Lien Credit Agreement, the Committee, Ace, and that group of certain Senior Secured Noteholders represented by Latham & Watkins LLP entered into the Second Amended and Restated Stipulation on December 21, 2015 that is attached hereto as Exhibit E.

Section 2.12 Litigation

(a) Post-Petition Litigation

As of the date hereof, the Debtors are not engaged in any post-petition litigation.

(b) Pre-Petition Stayed Litigation

The matter titled *William Miller, an individual, on behalf of himself and all others similarly situated v. Mud Check, Inc. et al.*, was stayed with respect to Century Exploration Resources, LLC, as of October 26, 2015.

(c) Litigation Not Yet Commenced

The Plan preserves all Causes of Action, unless expressly otherwise released or assigned to a third party, and provides for them to be transferred to the Liquidating Trust on the Effective Date of the Plan.[8] The Causes of Action include certain Avoidance Actions and other claims that the Debtors hold against third parties. In accordance with section 1123(b)(3) of the Bankruptcy Code, the Plan further provides that the Liquidating Trustee will have standing, on and after the Effective Date of the Plan, to pursue the Causes of Action and will be deemed appointed as the representative of the Estates for the purpose of enforcing, prosecuting, and settling them. The Estates hold the following Causes of Action, among others, all of which shall be preserved and transferred to the Liquidating Trust (unless expressly otherwise released by the Plan):

(i) Preferences, Fraudulent Transfers and Other Avoidance Actions

[8] For the sake of clarity, the Plan Sale contemplates the Plan Sale Causes of Action will be retained and subsequently transferred, sold, assigned or otherwise conveyed to the Purchaser as part of the assets purchased pursuant to the Plan Sale. The Debtors, Reorganized Debtor and the Liquidating Trust will not retain any interest in the Plan Sale Causes of Action.

Pursuant to section 547 of the Bankruptcy Code, a debtor may recover certain preferential transfers of property, including Cash, made while insolvent during the ninety days immediately prior to the filing of its bankruptcy petition with respect to preexisting debts to the extent the transferee received more than it would have in respect of the preexisting debt had the transferee not received the payment and had the debtor been liquidated under chapter 7 of the Bankruptcy Code. In the case of "insiders," the Bankruptcy Code provides for a one-year preference period.

Transfers made in the ordinary course of the debtor's and the transferee's business according to their ordinary business terms are generally not recoverable. Furthermore, if the transferee extended credit subsequent to the transfer (and prior to the commencement of the bankruptcy case), such extension may constitute a defense, to the extent of any new value, against any otherwise recoverable transfer of property. If a preferential transfer were recovered by the debtor, the transferee would have a general unsecured claim against the debtor to the extent of the debtor's recovery.

The Debtors have not analyzed the extent of any preference Causes of Action and will not do so. Such analysis and any decision to pursue Avoidance Actions retained by the Debtors and assigned to the Liquidating Trust pursuant to the Plan will be the responsibility of the Liquidating Trustee as provided under the Plan and the Liquidating Trust Agreement. However, the Debtors have filed as part of their Statements of Financial Affairs a list of payments made to third parties and insiders during the applicable preferential payment time period, which are incorporated herein by reference for all purposes.

Under section 548 of the Bankruptcy Code and various state laws, a debtor may recover certain prepetition transfers of property, including the grant of a security interest in property, made while insolvent to the extent the debtor receives less than fair value for such property. In addition, avoidance actions exist under sections 544, 545, 549 and 553(b) of the Bankruptcy Code that allow a debtor to avoid and/or recover certain property. As of the date hereof, the Debtors have not yet estimated the potential recovery from the prosecution of such Avoidance Actions. Under the Plan, Avoidance Actions shall be preserved and transferred to either the Purchaser, in the case of Plan Sale Causes of Action (as hereafter defined), or the Liquidating Trust, and the Purchaser or Liquidating Trustee, as applicable, will have the authority as a representative of the Estates to investigate and prosecute all such Avoidance Actions in accordance with section 1123(b)(3) of the Bankruptcy Code. Except for the Plan Sale Causes of Action, the Liquidating Trustee will have the responsibility and power to analyze and, if appropriate, pursue[9] Avoidance Actions. Additionally, except for the Plan Sale Causes of Action, the Liquidating Trustee will also be responsible for analyzing and pursuing all claims and Causes of Action against recipients of working-interest assignments, both pre- and post-petition, for which the Debtors did not receive reasonably equivalent value.

[9] Pursuit of an Avoidance Action may include, but not be limited to, service of a demand letter, settlement negotiation, pursuit of litigation, and any other means available to the Liquidating Trustee to obtain a resolution of such claim Avoidance Action.

(ii) Other Causes of Action

(A) Investigation of Causes of Action

The Liquidating Trustee will continue the investigation, analysis, and pursuit[10] of Causes of Action, other than the Plan Sale Causes of Action, against a number of persons, relating to, among other things, the following:

- Any lawsuits for, or in any way involving, the collection of accounts receivable, lien foreclosures or any matter related to the Plan;
- Any actions against landlords, lessees, sublessees, or assignees arising from various leases, subleases, and assignment agreements relating thereto, including, but not limited to, actions for overcharges relating to taxes, common area maintenance and other similar charges;
- Any litigation or lawsuit initiated by any of the Debtors that is currently pending, whether in the Bankruptcy Court, before the American Arbitration Association, or any other court or tribunal;
- Any and all Causes of Action against any customer or vendor who has improperly asserted or taken action through setoff or recoupment; and
- Any and all actions, whether legal, equitable, or statutory in nature, arising out of, or in connection with, the Debtors' business operations.

In addition, there may be numerous other Causes of Action which currently exist or may subsequently arise that are not set forth in the Plan or Disclosure Statement, because the facts upon which such Causes of Action are based are not fully or currently known by the Debtors and as a result, cannot be raised during the pendency of the Cases (collectively, "Unknown Causes of Action"). The failure to list any such Unknown Cause of Action in the Plan or the Disclosure Statement is not intended to limit the rights of the Purchaser or Liquidating Trust, as applicable, to pursue any Unknown Cause of Action to the extent the facts underlying such Unknown Cause of Action become fully known to the Debtors, the Purchaser, or the Liquidating Trustee. The Liquidating Trustee will be authorized to analyze and pursue unknown Causes of Action to the extent they become known except for any Unknown Cause of Action that would otherwise constitute an action that will vest in the Purchaser if provided in the Purchase Agreement (a "Plan Sale Cause of Action").

[10] Pursuit of such claim or Cause of Action may include, but not be limited to, service of a demand letter, settlement negotiation, pursuit of litigation, and any other means available to the Liquidating Trustee to obtain a resolution of such claim or Cause of Action.

(B) Preservation of All Causes of Action Not Expressly Settled, Released, or otherwise assigned or transferred to non-debtor third parties

The Debtors expect to disclose through supplemental filings certain material Causes of Action including Avoidance Actions and other actions that they may hold against third parties. However, the Debtors have not concluded the investigation and analysis of all potential claims and Causes of Action against third parties. It is the contemplation of the Plan, that such investigation and analysis will continue post-Confirmation by the Purchaser or the Liquidating Trustee. You should not rely on the omission of the disclosure of a claim or Cause of Action to assume that the Debtors hold no claim or Cause of Action against any third-party, including any Creditor that may be reading this Disclosure Statement and/or casting a Ballot.

Unless expressly released by the Plan or by an order of the Bankruptcy Court, any and all such claims or Causes of Action against third parties are specifically reserved and will vest in or be transferred to the Purchaser, in the case of a Plan Sale Cause of Action, or the Liquidating Trust, including but not limited to any such claims or Causes of Action relating to any counterclaims, demands, controversies, costs, debts, sums of money, accounts, reckonings, bonds, bills, damages, obligations, liabilities, objections, legal proceedings, equitable proceedings, and executions of any nature, type, or description, avoidance actions, preference actions, fraudulent transfer actions, strong-arm power actions, state law fraudulent transfer actions, improper assignments of interest, negligence, gross negligence, willful misconduct, usury, fraud, deceit, misrepresentation, conspiracy, unconscionability, duress, economic duress, defamation, control, interference with contractual and business relationships, conflicts of interest, misuse of insider information, concealment, disclosure, secrecy, misuse of collateral, wrongful release of collateral, failure to inspect, environmental due diligence, negligent loan processing and administration, wrongful recoupment, wrongful setoff, violations of statutes and regulations of governmental entities, instrumentalities and agencies, equitable subordination, debt recharacterization, substantive consolidation, securities and antitrust laws violations, tying arrangements, deceptive trade practices, breach or abuse of any alleged fiduciary duty, breach of any special relationship, course of conduct or dealing, obligation of fair dealing, obligation of good faith, at law or in equity, in contract, in tort, or otherwise, known or unknown, suspected or unsuspected.

Unless constituting a Plan Sale Cause of Action or expressly released by the Plan or by an order of the Bankruptcy Court, the Debtors hold claims against holders of Claims or Equity Interests and the Liquidating Trustee will pursue such claims, including but not limited to, the following claims and Causes of Action, all of which shall be preserved for the benefit of the Liquidating Trust:[11]

- Preference claims under section 547 of the Bankruptcy Code;

[11] Pursuit of a claim or Cause of Action may include, but not be limited to, service of a demand letter, settlement negotiation, pursuit of litigation, and any other means available to the Liquidating Trustee to obtain a resolution of such claim or Cause of Action.

- Fraudulent transfer and other avoidance claims arising under sections 506, 542 through 551, and 553 of the Bankruptcy Code and various state laws, including, but not limited, to claims against any recipients of transfers included in the Debtors' Statements of Financial Affairs;

- Unauthorized post-petition transfer claims including, without limitation, claims under section 549 of the Bankruptcy Code;

- Claims and Causes of Action asserted in current litigation, whether commenced pre- or post-petition, including all litigation referenced in the Debtors' Statements of Financial Affairs, including, but not limited to, any assignments of working interests that were not made pursuant to a farmout agreement protected by 11 U.S.C. § 541(b)(4);

- Counterclaims asserted in current litigation;

- Claims and Causes of Action against the Debtors' former and/or current officers, directors, managers, and employees (and their respective insurers), among other claims, interference with contractual and business relationships, conspiracy, conflict of interest, misuse of insider information, misuse of collateral, negligence, negligent oversight, breach or abuse of fiduciary duties, breach of special relationships, breach of conduct or dealing, breach of contract, and usurpation of corporate opportunities;

- Claims and Causes of Action against any and all former and/or current affiliates and insiders of any of the Debtors (and their respective insurers), for, among other claims, fraudulent transfers, wrongful recoupment, interference with contractual and business relationships, conspiracy, conflict of interest, misuse of insider information, misuse of collateral, negligence, negligent oversight, breach or abuse of fiduciary duties, breach of special relationships, breach of conduct or dealing, breach of contract, and usurpation of corporate opportunities;

- Claims and Causes of Action against the Debtors' direct and indirect Equity Interest holders (and their respective insurers); and

- Claims and Causes of Action related to the improper assignments of property and interests.

The Liquidating Trustee shall have the authority to pursue all defendants described in this Disclosure Statement for all claims and Causes of Action described herein that are not Plan Sale Causes of Action or otherwise resolved by the Debtors prior to the Effective Date. Pursuit of a claim or Cause of Action may include, but not be limited to, service of a demand letter, settlement negotiation, pursuit of litigation, and any other means available to the Liquidating Trustee to obtain a resolution of such claim or Cause of Action. In the event the Liquidating Trustee is not able to resolve any claims and Causes of Action described in the Disclosure Statement, the Liquidating Trustee will escalate its pursuit of claims and Causes of Action by any means authorized under the Plan, Disclosure Statement, Liquidating Trust Agreement, and

applicable law, including litigation in such forum as the Liquidating Trustee deems appropriate. Resolution of the claims and Causes of Action described in this Disclosure Statement by the Liquidating Trustee shall be in accordance with the requirements and procedures set forth in the Plan and Liquidating Trust Agreement.

The Purchaser, in the case of the Plan Sale Causes of Action, and the Liquidating Trustee, in the case of all other Causes of Action, shall be appointed representative of the Estates pursuant to section 1123(b)(3)(B) of the Bankruptcy Code with respect to the Causes of Action and, except as otherwise ordered by the Bankruptcy Court and subject to any releases in the Plan, on the Effective Date, the Purchaser and the Liquidating Trust, as applicable, shall be transferred all Causes of Action, and may enforce, sue on, settle or compromise (or decline to do any of the foregoing) any or all of the Causes of Action. Except as otherwise ordered by the Bankruptcy Court, the Purchaser and the Liquidating Trustee, as applicable, shall be vested with authority and standing to prosecute any Causes of Action.

The Debtors' failure to identify a claim or Cause of Action herein is specifically not a waiver of any claim or Cause of Action. The Debtors will not ask the Bankruptcy Court to rule or make findings with respect to the existence of any Cause of Action or the value of the entirety of the Estates at the Confirmation Hearing; accordingly, except claims or Causes of Action which are expressly released by the Plan or by an Order of the Bankruptcy Court, the Debtors' failure to identify a claim or Cause of Action herein shall not give rise to any defense of any preclusion doctrine, including, but not limited to, the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, waiver, estoppel (judicial, equitable, or otherwise), or laches with respect to claims or Causes of Action which could be asserted against third parties, including holders of Claims against or Equity Interests in the Debtors who may be reading this Disclosure Statement and/or casting a Ballot, except where such claims or Causes of Action have been explicitly released in the Plan or the Confirmation Order.

In addition, the Debtors and the Liquidating Trust expressly reserve the right to pursue or adopt any claim alleged in any lawsuit in which the Debtors are a party.

PLEASE TAKE NOTICE THAT, WITH THE EXCEPTION OF THOSE CAUSES OF ACTION THAT ARE RELEASED OR WAIVED UNDER THE TERMS OF THE PLAN, ALL CAUSES OF ACTION OF THE DEBTORS AND THEIR ESTATES, WHETHER OR NOT SPECIFIED HEREIN, WILL BE PRESERVED AND TRANSFERRED TO EITHER THE PURCHASER, IN THE CASE OF PLAN SALE CAUSES OF ACTION, OR THE LIQUIDATING TRUST PURSUANT TO THE PLAN. THE LACK OF DISCLOSURE OF ANY PARTICULAR CAUSE OF ACTION SHALL NOT CONSTITUTE, NOR BE DEEMED TO CONSTITUTE, A RELEASE OR WAIVER OF SUCH CAUSE OF ACTION, AS THE DEBTORS INTEND FOR THE PLAN TO PRESERVE AND TRANSFER TO PURCHASER OR THE LIQUIDATING TRUST, AS APPLICABLE, ANY AND ALL CAUSES OF ACTION HELD BY THE DEBTORS AND THEIR ESTATES AS OF THE EFFECTIVE DATE OF THE PLAN.

ARTICLE III
SUMMARY OF THE PLAN

Section 3.01 Introduction

While chapter 11 is principally recognized as the "business reorganization" chapter of the Bankruptcy Code, it has long been recognized that a debtor may liquidate under chapter 11 as well. In an effort to maximize value to their creditors, the Debtors have decided to liquidate under chapter 11.

Section 3.02 Treatment of Potential Administrative Claims Relating to Plugging and Abandonment Liability

(a) Treatment of Claims Arising on Account of Federal Offshore Leases

As noted below, for those properties on which Ace has issued a bond securing, *inter alia*, plugging and abandonment obligations, a schedule of which will be included as an exhibit to the Plan Supplement, Ace has agreed to satisfy any valid unpaid Claims against the Debtors on account of work performed during the pendency of these bankruptcy Cases in furtherance of the Debtors' plugging and abandonment obligations secured by the Ace Bonding Agreement on either the earlier of (i) the entry of the Sale Stipulation, (ii) in the ordinary course of business, or (iii) as otherwise ordered by the Court, and Ace will satisfy future plugging and abandonment obligations of the Debtors on the properties covered by the Ace bonds up to the face amount of the applicable bonds. As a result, the Debtors believe that this agreement covers all potential administrative claims for plugging and abandonment on account of their federal offshore leases, and therefore there will not be any unpaid administrative claims relating to plugging and abandonment of the Debtors' federal offshore leases.

(b) Treatment of Other Potential Plugging and Abandonment Administrative Claims

After the closing of the sale, the Stalking Horse Purchaser has agreed to assume all obligations and liabilities of the Debtors regarding the plugging and abandonment of the assets that it is buying in accordance with applicable Law, the terms of the Leases (to the extent applicable), and the terms of the applicable permits and assigned contracts. Accordingly, there should not be unpaid administrative claims against the Debtors relating to these assets potentially to be conveyed to the Stalking Horse Bidder.

With respect to properties that are not proposed to be purchased by the Stalking Horse Bidder, there are five wells in Louisiana state waters where Ace has issued a bond securing, *inter alia*, plugging and abandonment obligations and where Ace has agreed to satisfy any valid unpaid Claims against the Debtors on account of work performed during the pendency of these bankruptcy Cases in furtherance of the Debtors' plugging and abandonment obligations secured by the Ace Bonding Agreement on either the earlier of (i) the entry of the Sale Stipulation, (ii) in the ordinary course of business, or (iii) as otherwise ordered by the Court, and Ace will satisfy future plugging and abandonment obligations of the Debtors on the properties covered by the Ace bonds up to the face amount of the applicable bonds. As a result, the Debtors believe that this agreement covers all potential administrative claims for plugging and abandonment on

account of these five wells in Louisiana state waters, and therefore there will not be any unpaid administrative claims relating to plugging and abandonment of these five wells.

Additionally, there are four wells in Louisiana state waters that are not proposed to be purchased by the Stalking Horse Bidder where Ace has not issued bonds. Three of these wells have either co-working interest owners or predecessors in title.[12] The co-working interest owners and the predecessors in title are jointly and severally liable for the plugging and abandonment obligations on these wells. One of these wells left behind (the Cetus well) does not have any co-working interest owners or predecessors in title. The Debtors propose that in order to have an allowed administrative claim against the Debtors, parties will be required to file a request for an administrative claim with the court by a bar date to be requested by the Debtors. The Debtors expect that additional negotiations will be required with the State of Louisiana regarding potential administrative claims regarding any remaining properties.

Plugging and abandonment claims might be administrative claims depending on when the plugging and abandonment claim arises, the timing of any payment for remediation, and whether any threat to the environment is imminent. The Debtors maintain that claims for future plugging and abandonment costs (*i.e.*, costs that the claimant asserts will be incurred in the future after the bankruptcy estate has terminated) are general unsecured claims and that plugging and abandonment costs must be related to post-petition estate obligations to be administrative claims. Three of the wells that are not proposed to be purchased by the Stalking Horse Bidder where no bonding arrangement with Ace is in place have no deadline under applicable law for the plugging and abandonment to be performed and therefore any plugging and abandonment obligations are "a long-term concern that may never pose a serious environmental issue." *See In re Tri-Union Dev. Corp.*, 314 B.R. 611, 627 (Bankr. S.D. Tex. 2004). One of the wells that is not proposed to be purchased by the Stalking Horse Bidder where no bonding arrangement with Ace is in place has a deadline of April 1, 2016 for the plugging and abandonment to be performed. Accordingly, the Debtors are not obligated to plug and abandon this well until after the likely termination of the Debtors' estates and Plan's effective date occurs. The Debtors cannot conclude this well poses "an imminent threat to the environment." *See id.* Accordingly, the Debtors maintain that the plugging and abandonment claims associated with this well are not administrative claims. Moreover, any predecessor-in-interest would be unlikely to meet the high standard to assert any such administrative claim on behalf of the government.

To the extent that the co-working interest owners or predecessors in title on the wells that are not proposed to be purchased by the Stalking Horse Bidder where no bonding arrangement with Ace is in place (i) satisfy the high standard to assert any administrative claims on behalf of the government and (ii) the State of Louisiana agrees to a treatment under the Plan that is contested by such co-working interest owners or predecessors in title, the Debtors maintain that the release or settlement by the State of Louisiana releases or settles any rights against the Debtors. *See, e.g.*, *First Commonwealth Corp. v. Hibernia Nat'l Bank of New Orleans*, 860 F.Supp. 1142, 1145 (E.D.La. 1994) (holding that when an obligee settles with one obligor, the remaining obligor has no right to a legal subrogation against the released obligor).

[12] These wells are the BS53, the B. Postillion, and the Taurus.

It is possible that parties may purchase the properties that the Stalking Horse Bidder has elected to exclude from its sale or to exclude certain other properties that the Stalking Horse Bidder has elected to purchase. In such event, potential administrative claims relating to properties left behind by the successful bidders will be determined based upon (i) any administrative claims asserted by the administrative claim bar date requested to be set by the Debtors, (ii) whether or not such properties are covered by any bonds issued by Ace, and (iii) other applicable facts and circumstances relating to particular claims asserted.

Section 3.03 Unclassified Claims

In accordance with section 1123(a)(l) of the Bankruptcy Code, Administrative Claims and Priority Tax Claims have not been classified and thus are excluded from the Classes of Claims and Equity Interests set forth in Article III of the Plan. These unclassified Claims are unimpaired and treated as follows:

(a) General Administrative Claims

Except as otherwise set forth in the Plan, each holder of a General Administrative Claim that, in accordance with the Purchase Agreement, is not related to the Assets shall be required to file with the Bankruptcy Court, and to serve upon all parties required to receive notice, an application for allowance of such General Administrative Claim on or before the General Administrative Claims Bar Date or be forever barred and discharged from doing so. The General Administrative Claims subject to the General Administrative Claims Bar Date include (a) any right to payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, or unsecured, and (b) any right to an equitable remedy for breach of performance if such breach gives rise to a right to payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured, or unsecured. A General Administrative Claim with respect to which an application has been properly and timely filed pursuant to this Section 3.03(a) shall be treated and paid as a General Administrative Claim only to the extent allowed by Final Order; provided, however, that General Administrative Claims incurred and paid by any Debtor or the Liquidating Trustee in the ordinary course on and after the Petition Date and General Administrative Claims related to the Assets, and in accordance with the Purchase Agreement, shall be deemed Allowed Claims and shall not be required to submit applications for approval of General Administrative Claims. For the avoidance of doubt, Holders of General Administrative Claims pursuant to section 503(b)(9) of the Bankruptcy Code shall be required to file a proof of General Administrative Claim on or before the General Administrative Claims Bar Date.

Unless otherwise agreed to by the Holder of such Claim and the Debtor, as applicable, each Holder of an Allowed General Administrative Claim will receive, in exchange for full and final satisfaction, settlement, release, and compromise of its Claim, either (A) if related to the Assets and as provided for in the Purchase Agreement, payment in full in cash by the Purchaser in the ordinary course of business or (B) otherwise, payment in cash from the Liquidating Trust Administrative Expense Reserve either: (a) on the Effective Date; (b) if the General Administrative Claim is not Allowed as of the Effective Date, 60 days after the date on which an order allowing such General Administrative Claim becomes a Final Order, or as soon thereafter

as reasonably practicable; or (c) if the General Administrative Claim is based on a liability incurred by the Debtors in the ordinary course of their business after the Petition Date, pursuant to the terms and conditions of the particular transaction or agreement giving rise to such Allowed General Administrative Claim, without any further action by the Holders of such Allowed General Administrative Claim, and without any further notice to or action, order, or approval of the Bankruptcy Court.

Certain General Administrative Claims could be filed against the Debtors that could assert liabilities that, if valid, could have an adverse impact on the consummation of the Plan and the ability of the Debtors to meet the conditions precedent to effectiveness of the Plan. For example, certain General Administrative Claims might be asserted regarding plugging and abandonment liabilities. The rights of the Debtors and all parties in interest to dispute any such asserted General Administrative Claims and the rights of parties in interest to assert any such General Administrative Claims are reserved in all respects.

(b) Treatment of Priority Tax Claims

Except to the extent that a Holder of an Allowed Priority Tax Claim agrees to a less favorable treatment, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Priority Tax Claim, each Holder of such Allowed Priority Tax Claim shall be treated by either (A) if provided for in the Purchase Agreement, payment in full in cash by the Purchaser or (B) otherwise, payment in cash by the Liquidating Trustee from the Liquidating Trust Administrative Expense Reserve in accordance with the terms set forth in section 1129(a)(9)(C) of the Bankruptcy Code.

(c) Professional Fee Claims

Each Professional whose retention with respect to the Debtors' Cases has been approved by the Bankruptcy Court and who holds or asserts an Administrative Claim that is a Professional Fee Claim shall be required to file with the Bankruptcy Court, and to serve on all parties required to receive notice, a final Fee Application on or before the Professional Fee Bar Date. The failure to timely file the Fee Application shall result in the Professional Fee Claim being forever barred and discharged. A Professional Fee Claim with respect to which a Fee Application has been properly and timely filed pursuant to this Section 3.03(c) shall be treated and paid only to the extent allowed by Final Order. All Professional Fee Claims shall be paid solely from the Committee Professional Fee Reserve or the Debtor Professional Fee Reserve, as applicable; provided, however, that to the extent any Holder of an Allowed Professional Fee Claim holds a retainer regarding such Claim, the retainer shall be applied first to such Claim with the balance of such Claim to be paid from the Committee Professional Fee Reserve or the Debtor Professional Fee Reserve, as applicable. To the extent the Allowed Professional Fee Claims to be paid from the Debtor Professional Fee Reserve (after application of any amounts held in retainer) exceeds the sum of the Debtor Professional Fee Reserve, such Claims shall be paid on a pro rata basis, with any unpaid portion of such Allowed Professional Fee Claim being waived by such Holder. To the extent the Allowed Professional Fee Claims payable from the Committee Professional Fee Reserve exceeds the sum of the Committee Professional Fee Reserve, such Claims shall be paid on a pro rata basis, with any unpaid portion of such Allowed Professional Fee Claim being waived by such Holder. Except as provided in Section 1.02(94) of the Plan, any

funds remaining in the applicable Professional Fee Reserve after the payment of all Allowed Professional Fee Claims payable from such reserve shall become part of the Liquidating Trust Assets. No Professional Fee Claims shall be allowed on account of any services rendered by a Professional whose retention with respect to the Cases has not been approved by the Bankruptcy Court.

(d) U.S. Trustee Fees

For the avoidance of doubt, all fees payable pursuant to section 1930 of title 28 of the United States Code due and payable through the Effective Date, and any interest accruing thereto, shall be paid by the Debtors on or before the Effective Date, and amounts due thereafter shall be paid by the Liquidating Trustee from the Liquidating Trust Administrative Expenses Reserve in the ordinary course until the entry of a final decree closing the respective Debtor's Case. Any deadline for filing claims in these Cases shall not apply to fees payable by the Debtors pursuant to section 1930 of title 28 of the United States Code or any interest accruing thereto. The Debtors will be responsible for payment of United States Trustee quarterly fees incurred on disbursements by or on behalf of the Debtors pre-confirmation and will pay same on the effective date of the plan before transfer of assets to the Liquidating Trustee. The Debtors will file monthly operating reports through the fourth quarter of 2015 and for any months or portion of months prior to confirmation of the plan. Funds transferred by the Debtors to the Liquidating Trustee or Liquidating Trust will not be considered a disbursement for UST quarterly fee purposes. The Liquidating Trustee will be responsible for timely reporting and payment of United States Trustee quarterly fees incurred post-confirmation pursuant to 28 U.S.C. §1930(a)(6). The Liquidating Trustee will file one report of quarterly disbursements made on behalf of the post-confirmation debtors for every quarter or portion thereof that any of the Debtors' bankruptcy cases remain open. The Liquidating Trustee will pay United States Trustee quarterly fees based on quarterly disbursements made by the Liquidating Trustee until all cases are closed by the Court.

Section 3.04 Classification and Treatment of Claims and Interests

(a) Introduction. The categories of Claims and Equity Interests set forth below classify Claims and Equity Interests for all purposes, including for purposes of voting, confirmation and distribution pursuant to the Plan and sections 1122 and 1123(a)(l) of the Bankruptcy Code. A Claim or Equity Interest will be deemed classified in a particular Class only to the extent that it qualifies within the description of such Class, and will be deemed classified in other Classes to the extent that any portion of such Claim or Equity Interest qualifies within the description of such other Classes. Notwithstanding anything to the contrary in the Plan, a Claim or Equity Interest will be deemed classified in a Class only to the extent that such Claim or Equity Interest has not been paid, released, or otherwise settled prior to the Effective Date.

(b) Voting; Presumptions

(i) Acceptance by Impaired Classes. Each Impaired Class of Claims that will (or may) receive or retain property or any interest in property under the Plan will be entitled to vote to accept or reject the Plan. An Impaired

Class of Claims will have accepted the Plan if (i) the Holders (other than any Holder designated under section 1126(e) of the Bankruptcy Code) of at least two-thirds in amount of the Allowed Claims actually voting in such Class have voted to accept the Plan and (ii) the Holders (other than any Holder designated under section 1126(e) of the Bankruptcy Code) of more than one-half in number of the Allowed Claims actually voting in such Class have voted to accept the Plan. An Impaired Class of Equity Interests will have accepted the Plan if the Holders (other than any Holder designated under section 1126(e) of the Bankruptcy Code) of at least two-thirds in amount of the Allowed Equity Interests actually voting in such Class have voted to accept the Plan.

(ii) Voting Presumptions. Claims and Equity Interests in Unimpaired Classes are conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code and, therefore, are not entitled to vote to accept or reject the Plan. Claims and Equity Interests in Classes that do not entitle the Holders thereof to receive or retain any property under the Plan are conclusively deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code and, therefore, are not entitled to vote to accept or reject the Plan.

(iii) Certain Separate Classification Disclosures. As noted below, General Unsecured Trade Claims have been separately classified from General Unsecured Non-Trade Claims. The Debtors assert that this is appropriate because, among other reasons, the Purchaser wants to preserve business relationships with the holders of General Unsecured Trade Claims, while the Purchaser does not have the same business justification for the payment of General Unsecured Non-Trade Claims. The Debtors believe that the payment of General Unsecured Trade Claims as set forth in the Plan is a material inducement to Purchaser to pursue its acquisition. Additionally, the payments made under the Plan on account of the Ace Distribution and the General Unsecured Trade Claims Distribution will be gifted from the First Lien Lenders' recovery in a manner consistent with applicable law.

(c) Summary of Classification of Claims

Class	Designation	Status	Voting
1	Other Priority Claims	Unimpaired	Deemed to accept
2	First Lien Credit Agreement Claims	Impaired	Entitled to vote
3A	Senior Secured Notes Claims	Impaired	Entitled to vote

Class	Designation	Status	Voting
3B	Senior Secured Notes Deficiency Claims	Impaired	Entitled to vote
4	Other Secured Claims	Unimpaired	Deemed to accept
5	Ace Claims	Impaired	Entitled to vote
6	General Unsecured Trade Claims	Impaired	Entitled to vote
7	General Unsecured Non-Trade Claims	Impaired	Entitled to vote
8	Intercompany Claims	Impaired	Deemed to reject
9	Equity Interests in RAAM	Impaired	Deemed to reject
10	Equity Interests in RAAM Debtor Subsidiaries	Impaired	Deemed to reject

(a) Class 1: Other Priority Claims.

(i) Classification. Class 1 consists of Other Priority Claims.

(ii) Treatment. Except to the extent that a Holder of an Allowed Other Priority Claim agrees in writing to less favorable treatment, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, each Allowed Other Priority Claim, each Holder of an Allowed Other Priority Claim shall receive (A) if provided for in the Purchase Agreement, payment in full in Cash by the Purchaser or (B) otherwise, payment in cash from the Liquidating Trust Administrative Expense Reserve as soon as practicable after the later of (A) the Effective Date and (B) sixty (60) days after the date when such Other Priority Claim becomes an Allowed Other Priority Claim.

(iii) Voting. Class 1 is Unimpaired by the Plan and Holders of Allowed Other Priority Claims are not entitled to vote to accept or reject the Plan and are conclusively presumed to have accepted the Plan.

(b) Class 2: First Lien Credit Agreement Claims.

(i) Classification. Class 2 consists of First Lien Credit Agreement Claims.

(ii) Treatment. Except to the extent that a Holder of an Allowed First Lien Credit Agreement Claim agrees in writing to less favorable treatment, in

full and final satisfaction, settlement, release, and discharge of, and in exchange for, each Allowed First Lien Credit Agreement Claims, each Holder of an Allowed First Lien Credit Agreement Claims shall receive its Pro Rata share of:

(A) if Highbridge (and/or its Affiliates) is the Purchaser:

(1) the consideration provided in the Purchase Agreement,

(2) in accordance with section 4.07 of the Plan, the payment of amounts necessary to satisfy the Allowed First Lien Credit Agreement Claims in Cash from the Liquidating Trust Assets (excluding any funds held in the Sale Escrow), if any; and

(3) in accordance with section 4.07 of the Plan, the payment of its share of Litigation Recoveries; or

(B) if Highbridge (and/or its Affiliates) is not the Purchaser, payment in full in Cash from the Sale Proceeds.

(iii) Voting. Class 2 is Impaired by the Plan and Holders of Allowed First Lien Credit Agreement Claims are entitled to vote to accept or reject the Plan.

(c) Class 3A: Senior Secured Notes Claims.

(i) Classification. Class 3A consists of Senior Secured Notes Claims.

(ii) Treatment. Except to the extent that a Holder of an Allowed Senior Secured Notes Claims agrees in writing to less favorable treatment, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, each Allowed Senior Secured Notes Claims, each Holder of an Allowed Senior Secured Notes Claim shall receive its Pro Rata share of payment in Cash from the Sale Proceeds, if any, following payment in full of the First Lien Credit Agreement Claims.

(iii) Voting. Class 3A is Impaired by the Plan and Holders of Allowed Senior Secured Notes Claims are entitled to vote to accept or reject the Plan.

(d) Class 3B: Senior Secured Notes Deficiency Claims.

(i) Classification. Class 3B consists of Senior Secured Notes Deficiency Claims.

(ii) Treatment. Except to the extent that a Holder of an Allowed Senior Secured Notes Deficiency Claims agrees in writing to less favorable treatment, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, each Allowed Senior Secured Notes Deficiency

Claims, in accordance with section 4.07 of the Plan, each Holder of an Allowed Senior Secured Notes Deficiency Claim shall receive its Pro Rata share of payment in Cash, if any, from the Liquidating Trust Assets to be shared on a Pro Rata basis with Holders of Allowed Ace Claims, Allowed General Unsecured Trade Claims, and Allowed General Unsecured Non-Trade Claims not otherwise satisfied under the Plan.

(iii) Voting. Class 3B is Impaired by the Plan and Holders of Allowed Senior Secured Notes Deficiency Claims are entitled to vote to accept or reject the Plan.

(e) Class 4: Other Secured Claims.

(i) Classification. Class 4 consists of Other Secured Claims.

(ii) Treatment. Except to the extent that a Holder of an Allowed Other Secured Claim agrees to a less favorable treatment of its Allowed Claim, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Other Secured Claim, each such Holder shall receive from (A) if provided for in the Purchase Agreement, the Purchaser or (B) otherwise, the Liquidating Trustee either: (A) payment in full in Cash; (B) delivery of collateral securing any such Claim and payment of any interest required under section 506(b) of the Bankruptcy Code; (C) Reinstatement of such Claim; or (D) other treatment rendering such Claim Unimpaired.

(iii) Voting. Class 4 is Unimpaired by the Plan and Holders of Allowed Other Secured Claims are not entitled to vote to accept or reject the Plan and are conclusively presumed to have accepted the Plan.

(f) Class 5: Ace Claims

(i) Classification. Class 5 consists of Ace Claims.

(ii) Treatment. Except to the extent that a Holder of an Allowed Ace Claim agrees in writing to less favorable treatment, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, each Allowed Ace Claim, each Holder of an Allowed Ace Claim, shall receive:

(A) the Ace Settlement Distribution, in Cash, from the Sale Escrow or Sale Proceeds; and

(B) in accordance with section 4.07 of the Plan, any additional amounts, if any, recovered from the Liquidating Trust Assets to be shared on a Pro Rata basis with Holders of Allowed Senior Secured Notes Deficiency Claims, Allowed General Unsecured Trade Claims, and Allowed General Unsecured Non-Trade Claims not otherwise satisfied under the Plan.

(iii) Voting. Class 5 is Impaired by the Plan and Holders of Allowed General Unsecured Claims are entitled to vote to accept or reject the Plan.

(g) Class 6: General Unsecured Trade Claims.

(i) Classification. Class 6 consists of General Unsecured Trade Claims.

(ii) Treatment. Except to the extent that a Holder of an Allowed General Unsecured Trade Claim agrees in writing to less favorable treatment, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, each Allowed General Unsecured Trade Claim, each Holder of an Allowed General Unsecured Trade Claim shall receive:

(A) its Pro Rata share of the General Unsecured Trade Claims Settlement Distribution, in Cash, from the Sale Escrow or Sale Proceeds; and

(B) in accordance with section 4.07 of the Plan, any additional amounts, if any, recovered from the Liquidating Trust Assets to be shared on a Pro Rata basis with Holders of Allowed Senior Secured Notes Deficiency Claims, Allowed Ace Claims, and Allowed General Unsecured Non-Trade Claims not otherwise satisfied under the Plan.

(iii) Voting. Class 6 is Impaired by the Plan and Holders of Allowed General Unsecured Trade Claims are entitled to vote to accept or reject the Plan.

(h) Class 7: General Unsecured Non-Trade Claims.

(i) Classification. Class 7 consists of General Unsecured Non-Trade Claims.

(ii) Treatment. Except to the extent that a Holder of an Allowed General Unsecured Non-Trade Claim agrees in writing to less favorable treatment, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, each Allowed General Unsecured Non-Trade Claim, in accordance with section 4.07 of the Plan, each Holder of an Allowed General Unsecured Trade Claim shall receive its Pro Rata share of any amounts, if any, recovered from the Liquidating Trust Assets to be shared on a Pro Rata basis with Holders of Allowed Senior Secured Notes Deficiency Claims, Allowed Ace Claims, and Allowed General Unsecured Trade Claims not otherwise satisfied under the Plan.

(iii) Voting. Class 7 is Impaired by the Plan and Holders of Allowed General Unsecured Non-Trade Claims are entitled to vote to accept or reject the Plan.

(i) Class 8: Intercompany Claims.

(i) Classification. Claim 8 consists of Intercompany Claims.

(ii) Treatment: Intercompany Claims shall be, at the option of the Liquidating Trustee, either Reinstated or canceled and released without any distribution on account of such Claims.

(iii) Voting. Class 8 is impaired under the Plan and holders of Intercompany Claims are not entitled to vote on the Plan and are conclusively presumed to have rejected the Plan.

(j) Class 9: Equity Interests in RAAM.

(i) Classification. Class 9 consists of Equity Interests in RAAM.

(ii) Treatment. Equity Interests in RAAM shall be canceled without further notice to, approval of, or action by any Entity, and each Holder of an Equity Interest in RAAM shall not receive any Distribution or retain any property on account of such Equity Interest in RAAM.

(iii) Voting. Class 9 is Impaired by the Plan and Holders of Equity Interests in RAAM are not entitled to vote to accept or reject the Plan and are conclusively presumed to have rejected the Plan.

(k) Class 10: Equity Interests in RAAM Debtor Subsidiaries.

(i) Classification. Class 10 consists of Equity Interests in RAAM Debtor Subsidiaries.

(ii) Treatment. All Equity Interests in RAAM Debtor Subsidiaries shall be, at the option of the Liquidating Trustee, either Reinstated or canceled and released without any distribution on account of such Claims.

(iii) Voting. Class 10 is Impaired by the Plan and Holders of Equity Interests in RAAM Debtor Subsidiaries are not entitled to vote to accept or reject the Plan and are conclusively presumed to have rejected the Plan..

(l) Special Provision Regarding Unimpaired Claims. Except as otherwise provided in the Plan, nothing shall affect the Purchaser's or the Liquidating Trustee's rights and defenses, both legal and equitable, with respect to any Unimpaired Claims, including, but not limited to, all rights with respect to legal and equitable defenses to Setoff Claims or recoupments against Unimpaired Claims.

(m) Cram Down. If any Class of Claims or Equity Interests entitled to vote on the Plan does not vote to accept the Plan, the Debtors will (a) seek confirmation of the Plan under section 1129(b) of the Bankruptcy Code or (b) amend or modify the Plan in accordance with Article IX of the Plan. With respect to any Class of Claims or Equity Interests that is deemed to

reject the Plan, the Debtors will request that the Bankruptcy Court confirm or "cram down" the Plan pursuant to section 1129(b) of the Bankruptcy Code.

(n) Elimination of Vacant Classes. Any Class of Claims that is not occupied as of the commencement of the Confirmation Hearing by an Allowed Claim or a Claim temporarily allowed under Bankruptcy Rule 3018, or as to which no vote is cast, will be deemed eliminated from the Plan for purposes of voting to accept or reject the Plan and for purposes of determining acceptance or rejection of the Plan by such Class pursuant to section 1129(a)(8) of the Bankruptcy Code.

(o) Votes Solicited in Good Faith. The Debtors have, and upon the Confirmation Date the Reorganized Debtors will be deemed to have, solicited votes on the Plan from the voting Classes in good faith and in compliance with the applicable provisions of the Bankruptcy Code, including, without limitation, sections 1125 and 1126 of the Bankruptcy Code, and any applicable non-bankruptcy law, rule, or regulation governing the adequacy of disclosure in connection with the solicitation. Accordingly, the Debtors, the Reorganized Debtors and each of their respective Related Persons will be entitled to, and upon the Confirmation Date will be granted, the protections of section 1125(e) of the Bankruptcy Code.

Section 3.05 Means for Implementation of the Plan

(a) General Settlement of Claims and Equity Interests. As provided for in the Plan, pursuant to section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the classification, Distributions, releases, and other benefits provided under the Plan and the Sale Stipulation, upon the Effective Date, the provisions of the Plan will constitute a good faith compromise and settlement of all Claims and Equity Interests and controversies resolved pursuant to the Plan. Subject to Article V of the Plan, all Distributions made to Holders of Allowed Claims and Allowed Equity Interests in any Class are intended to be and will be final.

(b) Voting of Claims. Each Holder of an Allowed Claim as of the Voting Deadline in an Impaired Class of Claims that is not (a) deemed to have rejected the Plan or (b) conclusively presumed to have accepted the Plan, and that held such Claim as of the Voting Record Date, will be entitled to vote to accept or reject the Plan. The instructions for completion of the Ballots are set forth in the instructions accompanying each Ballot.

(c) Restructuring Transactions. The Confirmation Order shall be deemed to authorize the Debtors, among other things, to take all actions as may be necessary or appropriate to effect any transaction described in, approved by, contemplated by, or necessary to effectuate the Plan and the compromises set forth in the Sale Stipulation. In the event of a Plan Sale, on the Effective Date, the Debtors shall be authorized to consummate the Plan Sale and, among other things, any acquired assets shall be transferred to and vest in the Purchaser free and clear of all Liens, Claims, charges, or other encumbrances pursuant to the terms of the Purchase Agreement, the Confirmation Order, and any Final Order approving the Plan Sale.

(d) The Reorganized Debtors.

(i) Issuance of the New Equity Interests.

On the Effective Date (i) all existing Equity Interests in the Debtors shall be canceled and extinguished and (ii) 100% of the New Equity Interests shall be issued to the Liquidating Trust, free and clear of all Liens, Claims, interests and encumbrances.

(ii) Existence of Reorganized Debtors.

Except as otherwise provide in the Plan, the Reorganized Debtors will exist after the Effective Date as reorganized, separate corporate entities or other business entity forms, with all of the powers of a corporation or other business form under applicable law in the jurisdiction in which the Debtors are incorporated or otherwise formed and pursuant to its certificate of incorporation and bylaws or other organizational documents in effect before the Effective Date, as such documents are amended by or pursuant to the Plan. Notwithstanding the foregoing, the Debtors or Reorganized Debtors may change their status of incorporation or alter their corporate structure or business form (either through a merger, consolidation, restructuring, conversion, disposition, liquidation, dissolution, or otherwise) on or after the Effective Date as determined by the Liquidating Trust, as the holder of the New Equity Interests.

(iii) Certificate of Incorporation and By-Laws.

As of the Effective Date and without any further action by the stockholders or directors of the Debtors or Reorganized Debtors, and to the extent necessary to comply with Bankruptcy Code section 1123(a)(6), the Debtors' articles of incorporation and by-laws shall be amended and restated, in form and substance and consistent with the Plan, to provide for, among other things, the authorization of all acts necessary to implement the Plan including, without limitation, the issuance of the New Equity Interest. The Liquidating Trustee or Officer(s) of the Reorganized Debtors, as applicable, are authorized to file such articles of incorporation and by-laws with the appropriate authorities without shareholder approval or any other action. After the Effective Date, the Reorganized Debtors may amend and restate their articles of incorporation and by-laws as permitted by applicable law.

(iv) Debtors' Board of Directors; Wind-Down and Dissolution.

The members of the Board of Directors existing immediately prior to the Effective Date shall be deemed terminated without cause as of the Effective Date. The Liquidating Trustee shall be elected to act in the stead of the Board of Directors post-Effective Date to ensure that the Reorganized Debtors wind-down their operations in the most effective and efficient manner and comply with their obligations and duties under the Plan. Once the Reorganized Debtors have completed the wind-down of their businesses, the Liquidating Trustee shall dissolve the Reorganized Debtors under applicable non-bankruptcy law.

Upon the transfer of the Liquidating Trust Assets to the Liquidating Trust as provided in Section 10.02 of the Plan, each of the Reorganized Debtors shall be deemed dissolved, all Securities of and Equity Interests in the Reorganized Debtors shall be fully, finally and irrevocably cancelled for no consideration, and their respective businesses shall be wound up without any further action by its former or existing shareholders, officers, employers or directors and the Liquidating Trustee is authorized on behalf of each of the Reorganized Debtors, to make, execute, acknowledge and file all necessary or appropriate certificates or other documents with

the appropriate governmental unit or agency and take any other action necessary or appropriate to effect such dissolution and wind-up of each of the Reorganized Debtors and to withdraw each Reorganized Debtor from qualification in any state where it is qualified to do business, including without limitation the execution and filing of certifications of dissolution and payment of any associated filing fees and state taxes and the filing of any tax returns deemed necessary or appropriate (and the payment of related taxes) on behalf of the Reorganized Debtors. In this regard, the notices of the filing of these bankruptcy cases and the Plan to creditors, the opportunity provided to creditors to file proofs of claims in these bankruptcy cases and the provisions for payments to creditors provided under the Plan shall be deemed to constitute and effectuate the dissolution and winding-up of the Reorganized Debtors' business as contemplated under applicable non-bankruptcy law for dissolved corporations without any further action or notice by (i) the Debtors or the Reorganized Debtors, their former or existing shareholders, officers, directors, representatives or employees, or (ii) the Liquidating Trustee. All applicable regulatory or governmental units or agencies shall accept any such certificates or other documents filed by the Liquidating Trustee and shall take all steps necessary or appropriate to allow and effect the prompt dissolution and/or winding-up of the Reorganized Debtors as provided in the Plan and Liquidating Trust Agreement.

(e) Matters Relating to the Liquidating Trust. The Liquidating Trust will be created and governed as of the Effective Date, or as soon as reasonably practical thereafter, as provided in Articles X and XI of the Plan.

(f) Execution and Ratification of Trust Agreement. The Liquidating Trust Agreement, once executed by all necessary parties thereto, shall be deemed to have been ratified by each Holder of a Claim and such Holders shall be bound by the terms of the Liquidating Trust Agreement.

(g) Transfer of the Liquidating Trust Assets. All property of the Estate constituting the Liquidating Trust Assets shall be conveyed and transferred by the Debtors or Reorganized Debtors to the Liquidating Trust on the Effective Date, free and clear of all interests, Claims, Liens and encumbrances. The proceeds of the Liquidating Trust Assets shall be shared on a Pro Rata basis with Holders of Allowed Senior Secured Notes Deficiency Claims, Allowed Ace Claims, Allowed General Unsecured Trade Claims and Allowed General Unsecured Non-Trade Claims not otherwise satisfied under the Plan; provided, however, the Litigation Recoveries shall be distributed as follows:

(i) the first $2,000,000 in the aggregate thereof to Holders of Allowed First Lien Credit Agreement Claims;

(ii) the next $4,000,000 in the aggregate thereof, (i) 50% to Holders of Allowed First Lien Credit Agreement Claims, and (ii) 50% to the Liquidating Trust; and

(iii) all other such proceeds in excess of $6,000,000, to the Liquidating Trust.

(h) Establishment of Reserves. On or immediately prior to the Effective Date, the Purchaser shall fund the Sale Escrow, which shall consist of the Ace Settlement Distribution, the

General Unsecured Trade Claims Settlement Distribution, the Professional Fee Reserve, and the Liquidating Trust Administrative Expenses Reserve. Except as otherwise provided in the Plan, any excess funds that remain in such Sale Escrow after payment of all such Allowed Claims entitled to payment from such reserve accounts shall become Liquidating Trust Assets and shall be distributed to Holders of Claims in accordance with the provisions of Section 3.04 of the Plan.

(i) Professional Fee Reserve

The Professional Fee Reserve will be funded from the Sale Proceeds in an amount not to exceed $4,000,000.00, of which shall be allocated to the Debtor Professional Fee Reserve and the Committee Professional Fee Reserve, as applicable; provided, however, that the foregoing amounts funded in the Professional Fee Reserve shall each be reduced by any amounts paid to such professionals during the pendency of the chapter 11 cases under any interim compensation orders of the Court or otherwise, and in addition to amounts funded by the Debtors held in retainer by such professionals.

(ii) Liquidating Trust Administrative Expenses Reserve

The Liquidating Trust Administrative Expenses Reserve will be funded from the Sale Proceeds in the amount of $100,000.00; provided, however, that if not all of the Committee Professional Fee Reserve is utilized, any unused portions of the Committee Professional Fee Reserve, up to $50,000.00, shall be transferred to the Liquidating Trust Administrative Expenses Reserve.

(i) Execution of Documents and Corporate Action. The Debtors shall deliver all documents and perform all actions reasonably contemplated with respect to implementation of the Plan on the Effective Date (or as soon as reasonably practicable thereafter). The Liquidating Trustee, or the respective designees of the Debtors, are authorized (i) to execute on behalf of the Debtors, in a representative capacity and not individually, any documents or instruments after the Confirmation Date or on the Effective Date that may be necessary to consummate the Plan, and (ii) to undertake any other action on behalf of the Debtors to consummate the Plan. Each of the matters provided for under the Plan involving the corporate structure of the Debtors or corporate action to be taken by or required of any Debtors will, as of the Effective Date, be deemed to have occurred and be effective as provided herein, and shall be authorized, approved, and (to the extent taken before the Effective Date) ratified in all respects without any requirement of further action by stockholders, creditors, or directors of the Debtors.

(j) Amendment of the Debtors' Governance Documents. The Debtors' articles of incorporation and bylaws (or analogous governance documents) shall, to the extent required under Bankruptcy Code section 1123(a)(6), be amended consistent with the Plan and all necessary action shall be taken to:

(i) prohibit the issuance of nonvoting equity securities, and providing, as to the several classes of securities possessing voting power, an appropriate distribution of such power among such classes, including, in the case of any class of equity securities having a preference over another class of equity securities with respect to dividends, adequate provisions for the

election of directors representing such preferred class in the event of default in the payment of such dividends; and

(ii) provide for such provisions, terms, and conditions necessary to comply, conform with, and implement the terms, conditions, and requirements of the Plan.

(k) Bankruptcy Code Section 1145 Determination. Confirmation of the Plan shall constitute a determination, in accordance with Bankruptcy Code section 1145, that except with respect to an entity that is an underwriter as defined in Bankruptcy Code section 1145(b), section 5 of the Securities Act of 1933 and any State or local law requiring registration for offer or sale of a security or registration or licensing of an issuer of, underwriter of, broker or dealer in, a security, do not apply to the offer, sale, or issuance of any securities under the Plan of the New Equity Interest, the Liquidating Trust Assets, or the Beneficial Interests in exchange for Claims against the Debtors.

(l) Termination of the Committee. Upon the Effective Date, the Committee shall dissolve, and their members shall be released and discharged from all further authority, duties, responsibilities and obligations relating to and arising from the Chapter 11 Cases. The retention and employment of the Professionals retained by the Committee shall terminate as of the Effective Date; provided, however, that the Committee shall exist and their Professionals shall be retained, after such date with respect to applications filed pursuant to sections 330 and 331 of the Bankruptcy Code.

(m) Preservation of Causes of Action. Except as otherwise provided in the Plan, or in any contract, instrument, release, or other agreement entered into or effected in connection with or pursuant to the Plan, in accordance with Bankruptcy Code section 1123(b), any and all Claims and Causes of Action that were owned by the Debtors or their Estates as of the Effective Date, including but not limited to all Avoidance Actions, shall vest in (a) if provided in the Purchase Agreement, the Purchaser or (b) the Liquidating Trust on the Effective Date, and the Purchaser or Liquidating Trustee, as applicable, shall have the exclusive right to pursue and enforce such claims and causes of action. For the avoidance of doubt, the Specified Litigation Claims shall vest in the Liquidating Trust as Liquidating Trust Assets.

(n) Abandonment of Certain Assets.

(i) Any Assets that provided for under the Plan as designated on a notice of abandonment filed by the Debtors, subject to the consent of Purchaser, with the Bankruptcy Court on or before the Effective Date shall be deemed abandoned as of the Effective Date pursuant to Bankruptcy Code section 554 without further order of the Bankruptcy Court.

(ii) The filing of the Plan shall constitute the filing of a motion to abandon pursuant to 11 U.S.C. § 554 and relinquish pursuant to 30 C.F.R. 250.556.76 all of the Debtors' rights, interest and title to the Gulf of Mexico Federal Oil and Gas Properties. Entry of the Confirmation Order shall constitute (i) approval, pursuant to Bankruptcy Code section 554, of

the abandonment of the Gulf of Mexico Federal Oil and Gas Properties and (ii) authorization to relinquish any interest the Debtors' hold in the Gulf of Mexico Federal Oil and Gas Properties. Such abandonment and/or relinquishment does not alter the obligation of the Debtors to comply with laws reasonably designed to protect the public health and safety from identifiable hazards, including, but not limited to, plugging and abandonment obligations (the "Safety Law Obligations") or in any manner extinguish, modify, or otherwise limit (a) the obligations of non-debtor third parties, including without limitation, Ace, for plugging and abandonment obligations (or any other obligations for which they are liable) consistent with the terms of the Ace Bonding Agreement or (b) the rights of the United States to enforce such Safety Laws (and any laws and regulations affecting the Gulf of Mexico Federal Oil and Gas Properties against non-Debtor third parties). For those properties on which Ace has issued a bond securing certain Safety Law Obligations, a schedule of which is included as an exhibit to the Plan Supplement, Ace shall satisfy any valid unpaid Claims against the Debtors on account of work performed in furtherance of the Debtors' plugging and abandonment obligations secured by the Ace Bonding Agreement on either the earlier of (i) the entry of the Sale Stipulation, (ii) in the ordinary course of business, or (iii) as otherwise ordered by the Court.

(iii) The Debtors may include on any notice of abandonment (as described above) any oil and gas properties that are not purchased as part of their proposed sale. Such abandonment and/or relinquishment will not alter the obligation of the Debtors to comply with Safety Law Obligations or in any manner extinguish, modify, or otherwise limit (a) the obligations of non-debtor third parties, including without limitation, Ace, for plugging and abandonment obligations (or any other obligations for which they are liable) consistent with the terms of the Ace Bonding Agreement or (b) the rights of governmental authority to enforce such Safety Laws. For those properties on which Ace has issued a bond securing certain Safety Law Obligations, a schedule of which will be included as an exhibit to the Plan Supplement, Ace shall satisfy any valid unpaid Claims against the Debtors on account of work performed in furtherance of the Debtors' plugging and abandonment obligations secured by the Ace Bonding Agreement on either the earlier of (i) the entry of the Sale Stipulation, (ii) in the ordinary course of business, or (iii) as otherwise ordered by the Court. With respect to properties that are not proposed to be purchased by the Stalking Horse Bidder, there are five wells in Louisiana state waters where Ace has issued a bond securing, *inter alia*, plugging and abandonment obligations and where Ace has agreed to satisfy any valid unpaid Claims against the Debtors on account of work performed during the pendency of these bankruptcy Cases in furtherance of the Debtors' plugging and abandonment obligations secured by the Ace Bonding Agreement on either the earlier of (i) the entry of the Sale Stipulation, (ii) in the ordinary course of business, or (iii) as otherwise ordered by the Court, and Ace will

satisfy future plugging and abandonment obligations of the Debtors on the properties covered by the Ace bonds up to the face amount of the applicable bonds. As a result, the Debtors believe that Ace's agreement to fund the costs of plugging and abandonment on these properties addresses any potential public health or safety concern with potentially abandoning these properties. Three of the wells that are not proposed to be purchased by the Stalking Horse Bidder where no bonding arrangement with Ace is in place that may be proposed to be abandoned have co-working interest owners or predecessors in title who are jointly and severally liable for plugging and abandonment costs. Accordingly, such co-working interest owners and predecessors in title are liable to fund the costs of plugging and abandonment on these properties and there is not a public health or safety concern with abandoning these properties. To the extent that the State of Louisiana objects to the Plan regarding the potential abandonment of the one property that is not proposed to be purchased by the Stalking Horse Bidder where there is not any bonding arrangement or other potentially responsible party, the Debtors will need to negotiate with the State of Louisiana regarding the conditions surrounding the abandonment of this property.

(o) Cancellation of Notes, Certificates and Instruments. Unless otherwise provided for in the Plan, on the Effective Date, all promissory notes, stock, instruments, indentures, bonds, agreements, certificates or other documents evidencing, giving rise to, or governing any Equity Interest in, or debt obligation of, the Debtors shall be deemed cancelled and shall represent only the right, if any, to participate in the Distributions contemplated by the Plan. Except as otherwise provided in the Plan, the obligations of the Debtors thereunder or in any away related thereto shall be fully released, terminated, extinguished and discharged and, with respect to the Equity Interests in the Debtors, retired and thereafter cease to exist, in each case without further notice to or order of the Bankruptcy Court, act or action under applicable law, regulation, order, or rule or any requirement of further action, vote or other approval or authorization by any Person. Notwithstanding the foregoing and anything else contained in the Plan, the Senior Secured Notes Indenture shall continue in effect solely for the purposes of permitting the Senior Secured Notes Indenture Trustee to maintain or assert any right or charging lien it may have with respect to Distributions pursuant to the terms of the Plan for its fees and expenses (including fees and expenses of counsel or other agents).

(p) Revesting of Assets. Except as otherwise provided in the Plan or in the Confirmation Order, as of the Effective Date, all property of the Debtors, including Causes of Action and any assets or property acquired by the Debtors or the Reorganized Debtors during the Cases or under or in connection with the Plan, shall vest or revest in, if provided in the Purchase Agreement, the Purchaser, the applicable Reorganized Debtor, or the Liquidating Trust, as applicable, free and clear of all Claims, Liens, encumbrances and other Equity Interests. From and after the Effective Date, the Reorganized Debtors may operate (or liquidate and wind up) their businesses and use, acquire and dispose of property and settle and compromise claims or interests without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules, other than those restrictions expressly imposed by the Plan and the Confirmation Order. Without limiting the generality of the foregoing, the

Purchaser, the Reorganized Debtors, or the Liquidating Trust, as applicable, may, without application to or approval by the Bankruptcy Court or any other Person or party, pay professional fees and expenses that they incur after the Effective Date. For the avoidance of doubt, the Specified Litigation Claims shall vest in the Liquidating Trust as Liquidating Trust Assets.

(q) Employee and Retiree Benefits. To the extent not previously terminated or transferred to the Purchaser, all Benefit Plans shall be terminated as of the Effective Date.

(r) Exclusivity Period. The Debtors shall retain the exclusive right to amend or modify the Plan in accordance with Article IX of the Plan, and to solicit acceptances of any amendments to or modifications of the Plan, through and until the earlier of (a) the Effective Date or (b) the expiration of the Debtors' exclusive period to solicit acceptances of the Plan under section 1121(d) of the Bankruptcy Code

(s) Exemption From Certain Transfer Taxes. Pursuant to section 1146(a) of the Bankruptcy Code, any issuance, transfer, or exchange of a security, or the making or delivery of an instrument of transfer of property, pursuant to or in connection with the Plan, the Plan Sale (if any), or the Plan Documents shall not be subject to any Stamp or Similar Tax or governmental assessment in the United States or by any other governmental unit, and the Confirmation Order shall direct the appropriate federal, state or local (domestic or foreign) governmental officials or agents to forgo the collection of any such Stamp or Similar Tax or governmental assessment and to accept for filing and recordation instruments or other documents evidencing such action or event without the payment of any such Stamp or Similar Tax or governmental assessment. Such exemption specifically applies, without limitation, to (i) all actions, agreements and documents necessary to evidence and implement the provisions of, transactions contemplated by and the Distributions to be made under the Plan or the Plan Documents, (ii) the issuance and Distribution of the New Equity Interests, and (iii) the maintenance or creation of security interests or any Lien as contemplated by the Plan or the Plan Documents.

(t) Senior Secured Noteholders Ad Hoc Group Fees Payment. The Liquidating Trust shall, on the Effective Date, pay Latham & Watkins LLP ("L&W"), as counsel to the Senior Secured Noteholders Ad Hoc Group, $85,000.00, funded from the Sale Proceeds, on account of L&W's reasonable and documented professional fees and expenses, whether such fees and expenses accrued prepetition or postpetition and without further order of the Bankruptcy Court or the requirement for L&W to file any Fee Application with respect thereto.

Section 3.06 Provisions Regarding Distributions

(a) Distributions for Claims and Equity Interests Allowed as of the Effective Date. Except as otherwise provided herein or as ordered by the Bankruptcy Court, each Holder of an Allowed Claim shall receive on the Distribution Date or as soon thereafter as practicable the full amount of the Distributions that the Plan provides for such Allowed Claim in the applicable Class. All Cash Distributions shall be made by the Liquidating Trustee or Disbursing Agent, as applicable, from available Cash of the Liquidating Trust , Sale Escrow or Sale Proceeds, as applicable. Any Distribution hereunder of property other than Cash shall be made by the Liquidating Trustee or Disbursing Agent, as applicable, in accordance with the terms of the Plan. Except as provided in the Plan, the Confirmation Order or a Final Order of the Bankruptcy

Court, including the Final Cash Collateral Order, or as required by applicable bankruptcy law, postpetition interest shall not accrue or be paid on any Claims or Equity Interest and no Holder of an Allowed Claim or Allowed Equity Interest shall be entitled to post-petition interest on account of such Allowed Claim.

(b) Disbursing Agent. The Liquidating Trustee or Disbursing Agent, as applicable, shall make all Distributions required under the Plan, except with respect to a Holder of a Claim whose Distribution is governed by an indenture or other agreement and is administered by an indenture trustee, agent, or servicer, which Distributions shall be delivered to the appropriate indenture trustee, agent, or servicer in accordance with provisions of the Plan and the terms of the relevant indenture or other governing agreement for further Distributions to Holders of Claims represented by such indenture trustee, agent, or servicer. Distributions made to such indenture trustee, agent, or servicer, as the case may be, shall constitute Distributions pursuant to the Plan to Holders of Allowed Claims represented by such indenture trustee, agent, or servicer, as case may be, regardless of whether such indenture trustee, agent, or servicer, make such Distributions to such Holders. If the Disbursing Agent is an independent third party designated by the Liquidating Trustee to serve in such capacity, such Disbursing Agent shall receive, without further Bankruptcy Court approval, reasonable compensation for Distribution services rendered pursuant to the Plan and reimbursement of reasonable out-of-pocket expenses incurred in connection with such services from the Liquidating Trustee on terms reasonably acceptable to the Liquidating Trustee. No Disbursing Agent shall be required to give any bond or surety or other security for the performance of its duties unless otherwise ordered by the Bankruptcy Court.

(c) Record Date for Plan Distributions. As of the close of business on the Distribution Record Date, the registers for Claims shall be closed and there shall be no further changes in the Holder of record of any Claim. The Debtors, or the Disbursing Agent, or the Liquidating Trustee, as applicable, shall have no obligation to recognize any transfer of Claim or Equity Interest occurring after the Distribution Record Date, and shall instead be authorized and entitled to recognize and deal for all purposes under the Plan with only those Holders of record stated on the registers of Claims as of the close of business on the Distribution Record Date for Distributions under the Plan.

(d) Means of Cash Payment. Cash payments made in accordance with the Plan will be in U.S. funds by check, wire transfer, or such other commercially reasonable manner as the payor determines in its sole discretion.

(e) Fractional Dollars; De Minimis Distributions. Any other provision of the Plan notwithstanding, payments of fractions of (a) dollars or (b) an applicable currency will not be made. Whenever any payment of a fraction of (i) a dollar or (ii) an applicable currency under the Plan would otherwise be called for, the actual payment made will reflect a rounding of such fraction to the nearest whole dollar or unit of such applicable currency (up or down), with half dollars or half units of an applicable foreign currency being rounded down. The Liquidating Trustee or the Disbursing Agent, as applicable, will not make any payment of less than twenty-five dollars ($25.00), or its equivalent in an applicable foreign currency, with respect to any Claim unless a request therefore is made in writing to such Liquidating Trustee or the Disbursing Agent, as applicable.

(f) Delivery of Distributions.

Except as otherwise provided in the Plan, Distributions to Holders of Allowed Claims shall be made by the Disbursing Agent or the Liquidating Trustee as the case may be, (a) at the addresses set forth on the proofs of Claim filed by such Holders (or at the last known addresses of such Holders if no proof of Claim is filed or if the Debtors have been notified in writing of a change of address), (b) at the addresses set forth in any written notices of address changes delivered to the Disbursing Agent or the Liquidating Trustee, as the case may be, after the date of any related proof of Claim, (c) at the addresses reflected in the Schedules if no proof of Claim has been filed and the Disbursing Agent or the Liquidating Trustee, as the case may be, has not received a written notice of a change of address, (d) in the case of the Holder of a Claim that is governed by an indenture or other agreement and is administered by an indenture trustee, agent, or servicer, at the addresses contained in the official records of such indenture trustee, agent, or servicer, or (e) at the addresses set forth in a properly completed letter of transmittal accompanying securities, if any, properly remitted to the Liquidating Trustee. If any Holder's Distribution is returned as undeliverable, no further Distributions to such Holder shall be made unless and until the Disbursing Agent or the Liquidating Trustee (or the appropriate indenture trustee, agent, or servicer), as the case may be, is notified of such Holder's then current address, at which time all missed Distributions shall be made to such Holder without interest. Amounts in respect of undeliverable Distributions made through the Disbursing Agent or the Liquidating Trustee (or the indenture trustee, agent, or servicer), as the case may be, shall be returned to the Person issuing such Distribution until such Distributions are claimed. All Claims for undeliverable Distributions must be made on or before the first (1st) anniversary of the Effective Date, after which date all unclaimed property shall revert to the Liquidating Trust, free of any restrictions thereon except as provided elsewhere in the Plan and the Claim of any Holder or successor to such Holder with respect to such property shall be discharged and forever barred, notwithstanding any federal or state escheat laws to the contrary. All Distributions to the Senior Secured Noteholders shall be made to the Senior Secured Notes Indenture Trustee in accordance with the Senior Secured Notes Indenture.

Checks issued by the Disbursing Agent or the Liquidating Trustee, as the case may be, on account of Allowed Claims shall be null and void if not negotiated within ninety (90) days after the issuance of such check. Requests for reissuance of any check shall be made directly to the Disbursing Agent or the Liquidating Trustee, as the case may be, by the Holder of the relevant Allowed Claim or Allowed Equity Interest with respect to which such check originally was issued. Any Holder of an Allowed Claim holding an un-negotiated check that does not request reissuance of such un-negotiated check within ninety (90) days after the date of mailing or other delivery of such check shall have its Claim, or other rights for such un-negotiated check discharged and forever barred, notwithstanding any federal or state escheat laws to the contrary. In such case, any Cash held for payment on account of such Claims shall revert to the Liquidating Trust, free and clear of any restrictions thereon except as provided elsewhere in the Plan.

(g) Expunging of Certain Claims. All Claims marked or otherwise designated as "contingent, unliquidated or disputed" on the Debtors' Schedules and for which no proof of claim has been timely filed, will be deemed disallowed and such Claim may be expunged

without the necessity of filing a claim objection and without any further notice to, or action, order or approval of the Bankruptcy Court.

(h) No Distributions on Late-Filed Claims. Except as otherwise provided in a Final Order of the Bankruptcy Court, any Claim as to which a proof of Claim was required to be filed and was first filed after the applicable Bar Date in the chapter 11 Cases, including, without limitation, any Bar Date established in the Plan or in the Confirmation Order, shall automatically be deemed a late-filed Claim that is disallowed in the chapter 11 Cases, without the need for (a) any further action by the Reorganized Debtors or the Liquidating Trustee, as applicable or (b) an order of the Bankruptcy Court. Nothing in this paragraph is intended to expand or modify the applicable Bar Dates or any orders of the Bankruptcy Court relating thereto.

(i) Allocation of Plan Distributions Between Principal and Interest. To the extent that any Allowed Claim entitled to a Distribution under the Plan is comprised of indebtedness and accrued but unpaid interest thereon, such Distribution will, to the extent permitted by applicable law, be allocated for income tax purposes to the principal amount of the Claim first and then, to the extent that the consideration exceeds the principal amount of the Claim, to the portion of such Claim representing accrued but unpaid interest.

Section 3.07 Executory Contracts, Unexpired Leases, and Other Agreements

(a) Assumption or Rejection of Executory Contracts. Pursuant to sections 365(a) and 1123(b)(2) of the Bankruptcy Code, upon the Effective Date, all executory contracts and unexpired leases that exist between the Debtors and any Person or Entity shall be deemed rejected by the Debtors, except for any executory contract or unexpired lease (i) that has been assumed or rejected pursuant to an order of the Bankruptcy Court entered prior to the Effective Date, (ii) as to which a motion for approval of the assumption of such executory contract or unexpired lease has been filed and served prior to the Effective Date or (iii) that is specifically designated as a contract to be assumed on Schedule 6.01 upon consent of Highbridge, which schedule shall be contained in the Plan Supplement; provided, however, that the Debtors reserve the right, subject to the consent of Highbridge, on or prior to the Confirmation Date, to modify, amend , or supplement Schedule 6.01 of the Plan Supplement, including the right to (a) delete any executory contract or unexpired lease listed therein, (b) or add any executory contract or unexpired lease thereto, thus providing for its assumption, assumption and assignment and/or rejection, as the case may be, or (c) modify the Cure Payment, in which event such executory contract(s) or unexpired lease(s) shall be deemed to be, respectively, either rejected or assumed as of the later of: (a) the Effective Date, or (b) the resolution of any objection to the proposed assumption or rejection of any such executory contract or unexpired lease. Subject to the occurrence of the Effective Date, entry of the Confirmation Order shall constitute approval of such assumption or rejection pursuant to sections 365(a) and 1123(b)(2) of the Bankruptcy Code and a finding by the Bankruptcy Court that each such assumption or rejection is in the best interests of the Debtors, their Estates and all parties in interest in the chapter 11 Cases.

(b) Rejection of Executory Contracts-Non-Waiver. Nothing in the Plan shall waive, excuse, limit, diminish, or otherwise alter any of the defenses, Claims, Rights of Action, or other rights of the Debtors or the Liquidating Trust, as applicable, under any executory or non-executory contract or any unexpired or expired lease, nor shall any provision of the Plan,

increase, augment, or add to any of the duties, obligations, responsibilities, or liabilities of the Debtors under any executory or non-executory contract or any unexpired or expired lease.

(c) Preexisting Obligations to the Reorganizing Debtors under Executory Contracts and Unexpired Leases. Rejection or repudiation of any executory contract or unexpired lease pursuant to the Plan or otherwise shall not constitute a termination of pre-existing obligations owed to the Debtors under such contracts or leases. In particular, notwithstanding any nonbankruptcy law to the contrary, the Purchaser (to the extent provided in the Purchase Agreement), the Debtors and the Liquidating Trust expressly reserve and do not waive any right to receive, or any continuing obligation of a counterparty to provide, warranties or continued maintenance obligations on goods previously purchased by the contracting Debtors or Reorganized Debtors, as applicable, from counterparties to rejected or repudiated executory contracts or unexpired leases.

(d) Reservation of Rights.

Nothing contained in the Plan shall constitute an admission by the Debtors that any contract or lease is in fact an executory contract or unexpired lease or that any Debtor has any liability thereunder. If there is a dispute regarding whether a contract or lease is or was executory or unexpired at the time of assumption or rejection, the Debtors or the Liquidating Trustee, as applicable, shall have thirty (30) days following entry of a Final Order resolving such dispute to alter their treatment of such contract or lease.

Additionally, notwithstanding anything contained herein to the contrary, if there is a dispute as to Cure Payments (as defined below), adequate assurances of future performance or any other matter related to any executory contract or unexpired lease, the Purchaser, the Debtors, the Liquidating Trust or any assignee of such Executory Contract, as the case may be, may, in their sole and absolute discretion, determine to reject any executory contract or unexpired lease at any time prior to thirty (30) days after the entry of a Final Order resolving such dispute. The effective date of any rejection effected pursuant to the preceding sentence shall be the Effective Date regardless of when the contract counter-party receives notice of such rejection.

(e) Nonoccurrence of Effective Date. In the event that the Effective Date does not occur, the Bankruptcy Court shall retain jurisdiction with respect to any request by the Debtors to extend the deadline for assuming or rejecting unexpired leases pursuant to section 365(d)(4) of the Bankruptcy Code.

(f) Cure Provisions.

Except as otherwise provided under the Plan, with respect to any monetary amounts that must be cured as a requirement for assumption and/or assignment by any Debtor, such cure (the "Cure Payment") shall be effected or otherwise satisfied by prompt payment of such monetary amount as contemplated by section 365(b)(1)(A) of the Bankruptcy Code or as otherwise agreed to by the parties. For all contracts to be assumed and assigned, the assignee shall be responsible for the Cure Payment; otherwise the Liquidating Trust shall be responsible for the Cure Payment. Schedule 6.01(b) sets forth the Cure Payment for each executory contract and unexpired lease to be assumed by the Debtors. If the non-Debtor party to the executory contract or unexpired lease

objects to the Cure Payment scheduled by the Debtors for such executory contract or unexpired lease, such executory contract or unexpired lease non-Debtor party must file an objection with the Bankruptcy Court to such Cure Payment on or before five (5) days prior to the Confirmation Hearing Date; failure to timely file such objection shall be deemed acceptance by such non-Debtor party of the Cure Payment for all purposes. If there is a dispute regarding (a) the timing of any Cure Payment required in order to meet the promptness requirement of section 365(b)(1) of the Bankruptcy Code, (b) the nature, extent or amount of any Cure Payment, (c) the Debtors' ability or the ability of the Debtors' assignees to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the contract or lease to be assumed, or (d) any other matter pertaining to assumption, subject to the provisions of Section 6.06, the Cure Payment will be made following the entry of a Final Order resolving the dispute and approving the assumption or assumption and assignment, as the case may be.

To the extent it is impossible for a Debtor or an assignee, as applicable, to cure a default arising from any failure to perform a non-monetary obligation, such default shall be cured by performance by the Liquidating Trust or assignee, as applicable, at or after assumption, or assumption and assignment, as the case may be, in accordance with the terms of the applicable unexpired lease or executory contract with the applicable executory contract or unexpired lease remaining in effect for the benefit of the Liquidating Trust or assignee as the case may be. Any non-Debtor party to an executory contract or unexpired lease objecting to such cure of non-monetary obligations must file an objection to such cure with the Bankruptcy Court on or before the date that is five (5) days prior to the Confirmation Hearing Date; failure to timely file such objection shall be deemed acceptance by such non-Debtor party of the cure of non-monetary defaults for all purposes.

Subject to any cure claims filed with respect thereto, assumption of any executory contract or unexpired lease pursuant to the Plan shall result in the full release and satisfaction of any Claims or defaults, whether monetary or nonmonetary, including defaults of provisions restricting the change in control or ownership interest composition or other bankruptcy-related defaults, arising under any assumed executory contract or unexpired lease at the time prior to the effective date of assumption, in each case as provided in section 365 of the Bankruptcy Code. Any proofs of Claim filed with respect to an executory contract or unexpired lease that has been assumed or assumed and assigned pursuant to the Plan shall be deemed disallowed and expunged (subject to any cure claims filed with respect thereto), without further notice to or action, order, or approval of the Bankruptcy Court.

(a) Claims Based on Rejection of Executory Contracts and Unexpired Leases. Unless otherwise provided by a Bankruptcy Court order, any proofs of Claim asserting Claims arising from the rejection of the Debtors' executory contracts and unexpired leases pursuant to the Plan or otherwise must be filed with the Claims Agent no later than thirty (30) days after the later of the (a) filing of a notice of the occurrence of the Effective Date or (b) entry of an order authorizing the rejection of such executory contract or unexpired lease. Any proofs of Claim arising from the rejection of the Debtors' executory contracts or unexpired leases that are not timely filed shall be disallowed automatically, forever barred from assertion, and shall not be enforceable against the Purchaser, any Debtor, or the Liquidating Trust without the need for any objection by the Purchaser, the Debtors, or the Liquidating Trust 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 or unexpired lease shall be deemed fully satisfied, released, and discharged, notwithstanding anything in the Schedules or a proof of Claim to the contrary. Any Allowed Claims arising from the rejection of the Debtors' executory contracts and unexpired leases shall be classified as General Unsecured Trade Claims (or General Unsecured Non-Trade Claims, as applicable) for the particular Debtor in question and shall be treated in accordance with the applicable provisions of the Plan; provided however, if the Holder of an Allowed Claim for rejection damages has an unavoidable security interest in any Collateral to secure obligations under such rejected executory contract or unexpired lease, the Allowed Claim for rejection damages shall be treated as an Other Secured Claim to the extent of the value of such Holder's interest in the Collateral, with the deficiency, if any, treated as a General Unsecured Trade Claims (or General Unsecured Non-Trade Claims, as applicable). All such Claims shall, as of the Effective Date, be subject to the permanent injunction set forth in the Plan. To the extent applicable, the limitations imposed by section 502 of the Bankruptcy Code shall apply to the relevant rejection Claim, including, without limitation, subsection 502(b)(6) and subsection 502(b)(7) thereof.

(b) Insurance Policies and Agreements.

Unless otherwise provided on Schedule 6.01, the insurance policies issued to, or insurance agreements entered into by, the Debtors prior to the Petition Date shall continue in full force and effect after the Effective Date. To the extent that such insurance policies or agreements are considered to be executory contracts, then, notwithstanding anything to the contrary in the Plan, the Plan shall constitute a motion to assume or ratify such insurance policies and agreements, and, subject to the occurrence of the Effective Date, the entry of the Confirmation Order shall constitute approval of such assumption pursuant to section 365(a) of the Bankruptcy Code and a finding by the Bankruptcy Court that each such assumption is in the best interest of each Debtor and its Estate. Unless otherwise determined by the Bankruptcy Court pursuant to a Final Order or agreed to by the parties thereto prior to the Effective Date, no payments shall be required to cure any defaults of the Debtors existing as of the Confirmation Date with respect to each such insurance policy or agreements. If the Bankruptcy Court determines otherwise as to any such insurance policy or agreement, the Debtors reserve the right to seek the rejection of such insurance policy or agreement or other available relief. Except for insurance policies and agreements transferred, sold, assigned or otherwise conveyed to the purchaser pursuant to the Plan Sale or as expressly provided in the Plan or Confirmation Order, all of the Debtors' rights and interests in such insurance policies and agreements shall be transferred to and vest in the Liquidating Trust on the Effective Date.

(c) Indemnification Obligations. Any obligation of the Debtors to indemnify, reimburse, or limit the liability of any Person, including, but not limited to any officer or director of Debtors, or any agent, professional, financial advisor, or underwriter of any securities issued by the Debtors, relating to any acts or omissions occurring before the Petition Date, whether arising pursuant to charter, by-laws, contract or applicable state law, shall be deemed to be, and shall be treated as, an Executory Contract and (i) shall be deemed to be rejected, canceled, and discharged pursuant to the Plan as of the Effective Date and (ii) to the extent applicable, any and all Claims resulting from such obligations are disallowed under Bankruptcy Code section 502(e) or otherwise shall be General Unsecured Non-Trade Claims. Notwithstanding any of the

foregoing, nothing contained in the Plan impacts, impairs, or prejudices the rights of any Person covered by any applicable D&O Policies with respect to such policy or policies.

Section 3.08 Procedures for Resolving Disputed, Contingent, and Unliquidated Claims

(a) Objections to Claims.

(i) Authority. The Purchaser, Debtors or the Liquidating Trustee on behalf of the Liquidating Trust, as applicable, shall have the exclusive authority to file, settle, compromise, withdraw, or litigate to judgment any objections to Claims; provided, however, this provision shall not apply to Professional Fee Claims, which may be objected to by any party-in-interest in these Cases. From and after the Effective Date, the Purchaser or the Liquidating Trustee on behalf of the Liquidating Trust, as applicable, shall have and shall retain any and all available rights and defenses that the Debtors had with respect to any Claim based on the limitations imposed by section 502 of the Bankruptcy Code and may settle or compromise any Disputed Claim without further notice to, order from, or approval of the Bankruptcy Court. The Purchaser or the Liquidating Trustee on behalf of the Liquidating Trust, as applicable, also shall have the right to resolve any Disputed Claim outside the Bankruptcy Court under applicable governing law.

(ii) Objection Deadline. As soon as practicable, but no later than the Claims Objection Deadline, the Purchaser or the Liquidating Trustee on behalf of the Liquidating Trust, as applicable, may file objections with the Bankruptcy Court and serve such objections on the Holders of the Claims or Equity Interests to which objections are made. Nothing contained herein, however, shall limit the right of the Purchaser or Liquidating Trustee on behalf of the Liquidating Trust, as applicable, to object to Claims or Equity Interests, 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 Purchaser or the Liquidating Trustee on behalf of the Liquidating Trust, as applicable, without notice or hearing. Moreover, notwithstanding the expiration of the Claims Objection Deadline, the Disbursing Agent or the Reorganized Debtors (or their authorized representatives) shall, as applicable, continue to have the right to amend any Claims objections and to file and prosecute supplemental objections and counterclaims to a Disputed Claim until such Disputed Claim is or becomes Allowed by Final Order of the Bankruptcy Court.

(b) Estimation of Claims. The Purchaser, any Debtor, or the Liquidating Trustee on behalf of the Liquidating Trust, as applicable, may at any time request that the Bankruptcy Court estimate any contingent or unliquidated Claim pursuant to section 502(c) of the Bankruptcy Code, regardless of whether such Debtor or Reorganized Debtor, as applicable, 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 Purchaser, the Debtors or the Liquidating Trustee on behalf of the Liquidating Trust, as applicable, 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. Claims may be estimated and thereafter resolved by any permitted mechanism.

(c) No Distributions Pending Allowance. Notwithstanding any other provision of the Plan, no payments or Distributions will be made with respect to all or any portion of a Disputed Claim unless and until all objections to such Disputed Claim have been settled or withdrawn or have been determined by Final Order, and the Disputed Claim has become an Allowed Claim.

(d) Distributions After Allowance. The Purchaser, the Disbursing Agent, or the Liquidating Trustee, as applicable, shall make payments and Distributions to each Holder of a Disputed Claim that has become an Allowed Claim in accordance with the provisions of the Plan governing the class of Claims to which such Holder belongs. As soon as reasonably practicable after the date that the order or judgment of the Bankruptcy Court allowing all or part of any Disputed Claim becomes a Final Order, the Purchaser, the Disbursing Agent or the Liquidating Trustee, as applicable, shall distribute to the Holder of such Claim the Distribution (if any) that would have been made to such Holder on the Distribution Date had such Allowed Claim been allowed on the Distribution Date. After a Disputed Claim is Allowed or otherwise resolved, the excess Cash or other property, if any, that was reserved on account of such Disputed Claim, if any, shall become property of the Purchaser or the Liquidating Trust for distribution as provided in the Liquidating Trust agreement, as applicable.

(e) Prior Payment of Claims. Notwithstanding the contents of the Schedules, Claims listed therein as undisputed, liquidated and not contingent will 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. To the extent such payments are not reflected in the Schedules, such Schedules will be deemed amended and reduced to reflect that such payments were made.

(f) Compliance with Tax Requirements/Allocations. In connection with the Plan, to the extent applicable, the Liquidating Trustee or the Disbursing Agent, as applicable, shall comply with all tax withholding and reporting requirements imposed on them by any governmental unit, and all Distributions pursuant hereto shall be subject to such withholding and reporting requirements. Notwithstanding any provision in the Plan to the contrary, the Liquidating Trustee or the Disbursing Agent, as applicable, shall be authorized to take all actions necessary or appropriate to comply with such withholding and reporting requirements, including liquidating a portion of the Distribution to be made under the Plan to generate sufficient funds to pay applicable withholding taxes, withholding Distributions pending receipt of information necessary to facilitate such Distributions, or establishing any other mechanisms they believe are

reasonable and appropriate. The Liquidating Trustee reserves the right to allocate all Distributions made under the Plan in compliance with all applicable wage garnishments, alimony, child support, and other spousal awards, liens and encumbrances. All Persons holding Claims or Equity Interests shall be required to provide any information necessary to effect information reporting and the withholding of such taxes. Notwithstanding any other provision of the Plan to the contrary, each Holder of an Allowed Claim shall have the sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed by any governmental unit, including income, withholding, and other tax obligations, on account of such Distribution.

Section 3.09 Conditions Precedent to Confirmation and Consummation of the Plan

(a) Conditions Precedent to Confirmation. The following are conditions to Confirmation of the Plan, unless such conditions, or any of them, have been satisfied or duly waived in accordance with Section 8.04 of the Plan:

(i) The Confirmation Order, the Plan, and the Restructuring Documents shall be in form and substance satisfactory to Highbridge, Ace, and the Committee (and to the extent related to the Liquidating Trust, the Liquidating Committee, the Liquidating Trust Assets or the Specified Litigation Claims, the Senior Secured Noteholders Ad Hoc Group); and

(ii) The Confirmation Order shall have been entered by the Bankruptcy Court.

(b) Conditions Precedent to Effective Date. The following are conditions to the occurrence of the Effective Date, unless such conditions, or any of them, have been satisfied or duly waived in accordance with Section 8.04 of the Plan:

(i) The Confirmation Order shall be in full force and effect, shall have become a Final Order, and shall not have been amended, modified, reversed, vacated, or stayed pending appeal;

(ii) The Bankruptcy Court shall have entered one or more Final Orders (which may include the Confirmation Order), in form and substance acceptable to the Debtors, the Purchaser, the Committee, and Highbridge in their sole discretion, authorizing and approving the assumption, and/or rejection of the executory contracts and unexpired leases by the Debtors as contemplated in the Plan and the Plan Supplement;

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

(iv) The Plan Documents shall have been filed, tendered for delivery, and been effected or executed by all Entities party thereto (as appropriate), and in each case be in full force and effect. All conditions precedent to the effectiveness of such Plan Documents shall have been satisfied or waived pursuant to the terms of such applicable Plan Documents (or shall be

satisfied or waived concurrently with the occurrence of the Effective Date);

(v) All other consents, actions, documents, certificates and agreements necessary to implement the Plan, including documents contained in the Plan Supplement, shall have been obtained and not otherwise subject to unfulfilled conditions, effected or executed and delivered, as the case may be, to the required parties and, to the extent required, filed with the applicable governmental units in accordance with applicable laws, in each case be in full force and effect;

(vi) All documents referenced in subsections (d), (e) and (f) of Section 8.02 of the Plan, including all documents in the Plan Supplement, shall be acceptable to the Debtors, the Committee and Highbridge;

(vii) All D&O Policies shall remain in full force and effect as of the Effective Date, with available coverage of at least $20 million, and such policies shall not have been amended or modified in any material respect since the Petition Date; and

(viii) All General Administrative Claims, Priority Tax Claims, or Other Priority Claims that are not assumed by the Purchaser pursuant to the Purchase Agreement and are not to be paid by Purchaser under this Plan (if applicable) shall not be allowed or estimated in an amount greater than $50,000 in the aggregate.

(c) Substantial Consummation. On the Effective Date, the Plan will be deemed to be substantially consummated under sections 1101 and 1127(b) of the Bankruptcy Code.

(d) Waiver of Conditions. Each of the conditions set forth in Section 8.02 of the Plan may be waived in whole or in part by written consent of the applicable Debtors, the Committee, Highbridge, and the First Lien Credit Agreement Agent, and the Senior Secured Noteholders Ad Hoc Group (specifically to Section 8.02(g) of the Plan), without any notice to other parties in interest or the Bankruptcy Court and without a hearing. The failure to satisfy or waive any condition to the Effective Date may be asserted by the Debtors regardless of the circumstances giving rise to the failure of such condition to be satisfied (including any action or inaction by the Debtors). The failure of the Debtors to exercise any of the foregoing rights shall not be deemed a waiver of any other rights, and each such right shall be deemed an ongoing right that may be asserted at any time.

(e) Revocation, Withdrawal, or Non-Consummation. The Debtors reserve the right to revoke or withdraw the Plan at any time prior to the Confirmation Date and to file subsequent plans of reorganization or liquidation. If the Debtors revoke or withdraw the Plan, or if Confirmation or Consummation of the Plan does not occur, then (a) the Plan will be null and void in all respects, (b) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain of any Claim or Class of Claims) unless otherwise agreed to by the Debtors and any counterparty to such settlement or compromise, and any document or

agreement executed pursuant to the Plan will be deemed null and void, and (c) nothing contained in the Plan, and no acts taken in preparation for consummation of the Plan, will (i) constitute or be deemed to constitute a waiver or release of any Claims by or against, or any Equity Interests in, the Debtors or any other Person, (ii) prejudice in any manner the rights of the Debtors or any Person in any further proceedings involving the Debtors, or (iii) constitute an admission of any sort by the Debtors or any other Person.

Section 3.10 Amendments and Modifications

The Debtors may alter, amend, or modify the Plan or any exhibits thereto under section 1127(a) of the Bankruptcy Code at any time prior to the Confirmation Date; provided, however, that where the Plan requires a document to be acceptable to Highbridge, Ace, the Senior Secured Noteholders Ad Hoc Group, and the Committee, the Debtors may not modify such document without the consent of Highbridge, Ace, the Senior Secured Noteholders Ad Hoc Group, and the Committee, as applicable, with such consent to be given in its respective sole discretion. After the Confirmation Date and prior to "substantial consummation" of the Plan, as defined in section 1101(2) of the Bankruptcy Code, the Debtors may, under section 1127(b) of the Bankruptcy Code, 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, in a manner that is acceptable to the Debtors, the Committee, Ace, Highbridge, and the Senior Secured Noteholders Ad Hoc Group, so long as such proceedings do not materially adversely affect the treatment of Holders of Claims or Equity Interests under 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.

Among other potential reasons, in the event that the condition precedent to effectiveness of the Plan relating to General Administrative Claims, Priority Tax Claims, or Other Priority Claims is not met, the Debtors may seek amendment of the Plan in accordance with this paragraph.

Section 3.11 The Liquidating Trust and the Liquidating Trustee

(a) The Liquidating Trust. The Liquidating Trust, duly organized under the laws of the State of Texas, is created for the purpose of liquidating the Liquidating Trust Assets in accordance with Treasury Regulation section 301.7701-4(d) and making the Payments or Distributions pursuant to provisions of the Plan and the Liquidating Trust Agreement, and the Liquidating Trust is not otherwise authorized to engage in any trade or business. The beneficiaries of the Liquidating Trust, who will be treated (subject to the discussion in Article IV, below) as the grantors and deemed owners for federal income tax purposes, are the holders of allowed Claims in Classes 2, 3A, 3B, 5, 6 and 7. The Liquidating Trustee shall file federal income tax returns for the Liquidating Trust as a grantor trust pursuant to § 671 of the Internal Revenue Code of 1986, as amended, and the Treasury Tax Regulations promulgated thereunder. The parties shall not take any position on their respective tax returns or with respect to any other matter related to taxes that is inconsistent with treating the Liquidating Trust as a "liquidating trust" within the meaning of Treasury Regulation section 301.7701-4(d), unless any party receives definitive guidance to the contrary from the Internal Revenue Service.

(b) Funding of Res of Trust.

To fund the Liquidating Trust, all of the Liquidating Trust Assets shall be transferred and assigned to the Liquidating Trust, and the Liquidating Trust shall be in possession of, and have title to, all the Liquidating Trust Assets, as of the Effective Date. The Liquidating Trustee, as trustee of the Liquidating Trust shall be substituted as the plaintiff, defendant, or other party in all lawsuits regarding Causes of Action pending in which any of the Debtors or the Committee is the plaintiff as of the Effective Date. The conveyances of all Liquidating Trust Assets shall be accomplished pursuant to the Plan and the Confirmation Order and shall be effective upon the Effective Date. The conveyance of the Liquidating Trust Assets to the Liquidating Trust shall be free and clear of all Liens, Claims or other encumbrances. Upon the Effective Date, the Liquidating Trust shall also be deemed to have taken (a) an assignment of all Causes of Action against third parties for obligations or claims existing on or created by virtue of the Effective Date, unless expressly released in the Plan or assigned to the Purchaser under the Purchase Agreement, and (b) an assignment, bill of sale, deed and/or release covering all other Liquidating Trust Assets to the extent necessary to effect the transfer and assignment of such Liquidating Trust Assets. The Liquidating Trustee may present such Orders to the Bankruptcy Court as may be necessary to require third parties to accept and acknowledge such conveyance to the Liquidating Trust. Such Orders may be presented without further notice other than as has been given in the Plan.

For all federal and applicable state and local income tax purposes, all Persons (including, without limitation, the Debtors, the Liquidating Trustee and the Liquidating Trust Beneficiaries) will treat the transfer and assignment of the Liquidating Trust Assets to the Liquidating Trust for the benefit of the Liquidating Trust Beneficiaries as (a) a transfer of the Liquidating Trust Assets directly to the Liquidating Trust Beneficiaries followed by (b) the transfer of the Liquidating Trust Assets by the Liquidating Trust Beneficiaries to the Liquidating Trust. The Liquidating Trust will be treated as a grantor trust for federal tax purposes and, to the extent permitted under applicable law, for state and local income tax purposes. The Liquidating Trust Beneficiaries will be treated as the grantors and deemed owners of their allocable portion of the Liquidating Trust Assets for the federal income tax purposes.

The fair market value of the portion of the Liquidating Trust Assets that is treated for U.S. federal income tax purposes as having been transferred to each Liquidating Trust Beneficiary, as described in the preceding paragraph, and to each of the Distribution Reserve Accounts, will be determined by the Liquidating Trustee, and all parties (including, without limitation, the Liquidating Trustee and the Liquidating Trust Beneficiaries) must utilize such fair market values determined by the Liquidating Trustee for federal and applicable state and local income tax purposes.

The Liquidating Trust's taxable income, gain, loss, deduction or credit will be allocated to the Liquidating Trust Beneficiaries in accordance with their relative beneficial interests in the Liquidating Trust during the applicable taxable period. Such allocation will be binding on all parties for federal and applicable state and local income tax purposes, and the parties will be responsible for the payment of any federal, state and local income tax due on the income and gain so allocated to them.

(c) Execution and Ratification of Trust Agreement. The Liquidating Trust Agreement, once executed by all necessary parties thereto, shall be deemed to have ratified by each Holder of Claims in Classes 2, 3A, 3B 5, 6 and 7 and such Holders shall and become bound by the terms of the Liquidating Trust Agreement.

(d) The Liquidating Trustee. The Liquidating Trustee shall be appointed in agreement among the Committee, Highbridge, and the Senior Secured Noteholders Ad Hoc Group (or the Bankruptcy Court if such parties cannot mutually agree on the appointment of the Liquidating Trustee), and shall be subject to approval by the Bankruptcy Court. The Liquidating Trustee shall retain and have all the rights, powers and duties necessary to carry out his or her responsibilities under the Plan and the Liquidating Trust Agreement, and as otherwise provided in the Confirmation Order; provided, however, that a representative appointed by the Committee to represent the interests of the General Unsecured Trade Claims Creditors shall have sole authority (on terms to be provided in the Liquidating Trust Agreement) to make decisions related to, or to otherwise reconcile, object and settle general unsecured claims pursuant to the Plan. The Liquidating Trustee shall not be obligated to review, investigate, evaluate, analyze, or object to Fee Applications or Professional Fee Claims relating to services rendered and expenses incurred prior to the Effective Date. The Liquidating Trustee shall be the exclusive trustee of the Liquidating Trust Assets for the purposes of 31 U.S.C. § 3713(b) and 26 U.S.C. § 6012(b)(3), as well as the representative of the Estates appointed pursuant to Bankruptcy Code § 1123(b)(3)(B). Matters relating to the appointment, removal and resignation of the Liquidating Trustee and the appointment of any successor Liquidating Trustee shall be set forth in the Liquidating Trust Agreement, provided that the Liquidating Trust Agreement shall authorize the Liquidating Trust Committee, in its sole discretion, to remove the Liquidating Trustee at any time. The Liquidating Trustee shall be required to perform his or her duties as set forth in the Plan and the Liquidating Trust Agreement.

(a) Retention of Professionals. The Liquidating Trustee shall have the right to retain the services of attorneys, accountants, and other professionals that, in the discretion of the Liquidating Trustee, are necessary to assist the Liquidating Trustee in the performance of his or her duties. The payment of the reasonable fees and expenses of the Liquidating Trustee's retained professionals shall be made in the ordinary course of business from first the Liquidating Trust Administrative Expenses Reserve and, second, upon approval of the Liquidating Trust Committee, from the Liquidating Trust Assets, and shall not be subject to the approval of the Bankruptcy Court. Professionals of, among others, the Debtors and the Committee, shall be eligible for retention by the Liquidating Trustee, and former employees of the Debtors shall be eligible for retention by the Liquidating Trust and Liquidating Trustee.

(b) Compensation of the Liquidating Trustee. The Liquidating Trustee's compensation, on a post-Effective Date basis, shall be as provided in the Liquidating Trust Agreement. The payment of the fees of the Liquidating Trustee and any professionals retained by the Liquidating Trustee shall be made by the Liquidating Trust from first the Liquidating Trust Administrative Expense Reserve and, second, upon approval of the Liquidating Trust Committee, from the Liquidating Trust Assets.

(c) Liquidating Trust Expenses. Subject to the provisions of the Liquidating Trust Agreement, all costs, expenses and obligations incurred by the Liquidating Trustee in

administering the Plan, the Liquidating Trust, or in any manner connected, incidental or related thereto, in effecting distributions from the Liquidating Trust thereunder (including the reimbursement of reasonable expenses) shall be a charge against the Liquidating Trust Administrative Expenses Reserve remaining from time to time in the hands of the Liquidating Trustee. Such expenses shall be paid as they are incurred without the need for Bankruptcy Court approval.

(d) Transition Services The Liquidating Trustee and the Purchaser shall, on the Effective Date (or as reasonably practicable thereafter), enter into a transition services agreement (the "TSA") to, among other things, assist the Liquidating Trustee to effectuate the wind down of the Debtors' Estates pursuant to the Plan. The TSA, a copy of which shall be filed as part of the Plan Supplement, shall provide for, among other things, assistance by the Purchaser to the Liquidating Trustee for claims reconciliation, tax matters, litigation matters and any other services that are necessary or reasonable to effectuate the Plan. Such services shall be included in the TSA at actual cost to the Purchaser. The Liquidating Trustee shall be authorized to enter into any other necessary or appropriate agreements with the Reorganized Debtors, the Purchaser or any third-party to wind down the Debtors' Estates and object to, settle, or otherwise reconcile Claims.

(e) Liability; Indemnification. The Liquidating Trustee shall not be liable for any act or omission taken or omitted to be taken in his or her capacity as the Liquidating Trustee, other than acts or omissions resulting from such Person's willful misconduct, gross negligence or fraud. The Liquidating Trustee may, in connection with the performance of his or her functions, and in his or her sole absolute discretion, consult with attorneys, accountants and agents, and shall not be liable for any act taken, omitted to be taken, or suffered to be done in accordance with advice or opinions rendered by such professionals. Notwithstanding such authority, the Liquidating Trustee shall be under no obligation to consult with attorneys, accountants or his or her agents, and his or her determination to not do so should not result in imposition of liability on the Liquidating Trustee unless such determination is based on willful misconduct, gross negligence or fraud. The Liquidating Trust shall indemnify and hold harmless the Liquidating Trustee and his or her agents, representatives, professionals, and employees from and against and in respect to any and all liabilities, losses, damages, claims, costs and expenses, including, but not limited to attorneys' fees and costs arising out of or due to their actions or omissions, or consequences of such actions or omissions, with respect to the Liquidating Trust or the implementation or administration of the Plan; provided, however, that no such indemnification will be made to such Persons for such actions or omissions as a result of willful misconduct, gross negligence or fraud.

(f) Preparation of Final Tax Returns. The Liquidating Trustee shall be responsible for preparing and filing all tax returns required to be filed by any of the Debtors.

(g) Termination. The duties, responsibilities and powers of the Liquidating Trustee shall terminate after all Liquidating Trust Assets, including Causes of Action transferred and assigned to the Liquidating Trust, or involving the Liquidating Trustee on behalf of the Liquidating Trust, are fully resolved abandoned or liquidated and the Cash and other assets have been distributed in accordance with the Plan and the Liquidating Trust Agreement. Except in the circumstances set forth below, the Liquidating Trust shall terminate no later than three years

after the Effective Date. However, if warranted by the facts and circumstances provided for in the Plan, and subject to the approval of the Bankruptcy Court upon a finding that an extension is necessary for the purpose of the Liquidating Trust, the term of the Liquidating Trust may be extended one or more times (not to exceed a total of four extensions, unless the Liquidating Trustee receives a favorable ruling from the Internal Revenue Service that any further extension would not adversely affect the status of the Liquidating Trust as a grantor trust for federal income tax purposes) for a finite period, not to exceed six months, based on the particular circumstances at issue. Each such extension must be approved by the Bankruptcy Court within two months prior to the beginning of the extended term with notice thereof to all of the unpaid beneficiaries of the Liquidating Trust. Upon the occurrence of the termination of the Liquidating Trust, the Liquidating Trustee shall file with the Bankruptcy Court a report thereof, seeking an order discharging the Liquidating Trustee.

(h) Register of Liquidating Trust Interests. The Liquidating Trust will not issue certificates or other instruments as evidence of ownership of beneficial interest in the Liquidating Trust. The Liquidating Trustee shall maintain a registry of the Debtors of beneficial interests in the Liquidating Trust.

(i) Transferability of Interests in Liquidating Trust. In accordance with the terms of the Liquidating Trust, the Liquidating Trust Interests shall be uncertificated and shall be non-transferable except upon death or by operation of law. Holders of Liquidating Trust Interests shall have no voting rights with respect to such Liquidating Trust Interests.

(j) Exclusive Jurisdiction of the Bankruptcy Court to Hear Matters Relating to the Liquidating Trust. Notwithstanding anything to the contrary herein, the Liquidating Trust Beneficiaries are deemed to irrevocably submit to the exclusive jurisdiction of the Bankruptcy Court with respect to any action or proceeding arising out of or relating to the Liquidating Trust, the Liquidating Trustee and the Liquidating Trust Agreement and is further deemed to unconditionally waive any right to a trial by jury in any such action or proceeding.

Section 3.12 Liquidating Trust Committee and Litigation Committee

(a) Creation of Liquidating Trust Committee.

(i) The Liquidating Trust Committee shall be comprised of three members. The members of the Liquidating Trust Committee shall be selected by the Committee in consultation with Ace, the Debtors, Highbridge, and the Senior Secured Noteholders Ad Hoc Group.

(ii) If a member of the Liquidating Trust Committee resigns or is otherwise removed, a replacement Liquidating Trust Committee member, will be appointed by the remaining Liquidating Trust Committee members or, in the absence of agreement or members, by the Bankruptcy Court upon motion by the Liquidating Trustee.

(b) Creation of Litigation Committee

(i) The Litigation Committee shall be comprised of a member appointed by the Senior Secured Noteholders Ad Hoc Group and a member appointed by Highbridge.

(ii) If a member of the Litigation Committee resigns or is otherwise removed, a replacement Litigation Committee member will be appointed by the same Entity that appointed the original Litigation Committee member.

(c) Procedures. The Liquidating Trust Committee and the Litigation Committee may adopt bylaws to provide for the governance of the Liquidating Trust Committee and the Litigation Committee, as applicable.

(d) Function, Duties, and Responsibilities. The function, duties and responsibilities of the Liquidating Trust Committee and the Litigation Committee shall be set forth in the Liquidating Trust Agreement; provided, however the Litigation Committee shall have the sole authority to make decisions related to, or otherwise settle, the Specified Litigation Claims.

(e) Duration. The Liquidating Trust Committee and Litigation Committee shall remain in existence until the Liquidating Trust is terminated in accordance with Section 10 of this Plan.

(f) Liability; Indemnification. Neither the Liquidating Trust Committee or the Litigation Committee, nor any of their members, or designees, nor any duly designated agent or representative of the Liquidating Trust Committee or Litigation Committee, or their respective employees, shall be liable for the act or omission of any other member, designee, agent or representative of the Liquidating Trust Committee or Litigation Committee, as applicable, nor shall any member of the Liquidating Trust Committee or Litigation Committee be liable for any act or omission taken or omitted to be taken in its capacity as a member of the Liquidating Trust Committee or Litigation Committee, as applicable, other than acts or omissions resulting from such member's willful misconduct, gross negligence or fraud. The Liquidating Trust Committee and Litigation Committee may, in connection with the performance of its functions, and in its sole and absolute discretion, consult with attorneys, accountants, and its agents, and shall not be liable for any act taken, omitted to be taken, or suffered to be done in accordance with advice or opinions rendered by such professionals. Notwithstanding such authority, the Liquidating Trust Committee and or Litigation Committee shall be under no obligation to consult with attorneys, accountants or its agents, and its determination to not do so shall not result in the imposition of liability on the Liquidating Trust Committee or Litigation Committee, or its members and/or designees, unless such determination is based on willful misconduct, gross negligence or fraud. The Liquidating Trust shall indemnify and hold harmless the Liquidating Trust Committee, the Litigation Committee, and their members, designees, and Professionals, and any duly designated agent or representative thereof (in their capacity as such), from and against and in respect to any and all liabilities, losses, damages, claims, costs and expenses, including but not limited to attorneys' fees and costs arising out of or due to their actions or omissions, or consequences of such actions or omissions with respect to the Liquidating Trust or the implementation or administration of this Plan; provided, however, that no such indemnification will be made to such Persons for such actions or omissions as a result of willful misconduct, gross negligence or fraud.

Section 3.13 Retention of Jurisdiction

(a) Retention of Jurisdiction. Under sections 105(a) and 1142 of the Bankruptcy Code, 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 Cases and the Plan to the fullest extent permitted by law, including, among other things, jurisdiction to:

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

(ii) Hear and determine all applications for compensation and reimbursement of expenses of Professionals under sections 327, 328, 330, 331, 503(b), 1103 or 1129(a)(4) of the Bankruptcy Code; provided, however, that from and after the Effective Date, the payment of fees and expenses of professionals retained by the Reorganized Debtors and/or the Liquidating Trust shall be made in the ordinary course of business and shall not be subject to the approval of the Bankruptcy Court;

(iii) Hear and determine all matters with respect to the assumption, assumption and assignment, or rejection of any executory contract or unexpired lease to which one or more of the Debtors are parties or with respect to which one or more of the Debtors may be liable, including, if necessary, (i) the nature or amount of any required cure or the liquidation of any claims arising therefrom and (ii) any potential contractual obligation under any executory contract or unexpired lease that is assumed;

(iv) Hear and determine any and all adversary proceedings, motions, applications, and contested or litigated matters arising out of, under, or related to, the Cases;

(v) Enter and enforce such orders as may be necessary or appropriate to execute, implement, or consummate or otherwise aid in the execution, implementation or consummation of the provisions of the Plan and all contracts, instruments, releases, and other agreements or documents created in connection with the Plan, the Disclosure Statement, the Plan Documents, or the Confirmation Order;

(vi) Order and enforce any order for the sale of property pursuant to sections 363, 1123, or 1146(a) of the Bankruptcy Code;

(vii) Hear and determine disputes arising in connection with the interpretation, implementation, Consummation, or enforcement of the Plan, including

disputes arising under agreements, documents or instruments executed in connection with the Plan;

(viii) Consider any modifications of the Plan, cure any defect or omission, or reconcile any inconsistency in any order of the Bankruptcy Court, including, without limitation, the Confirmation Order;

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

(x) Enter and implement such orders as may be necessary or appropriate if the Confirmation Order is for any reason reversed, stayed, revoked, modified, or vacated;

(xi) Hear and determine any matters arising in connection with or relating to the Plan, the Disclosure Statement, the Confirmation Order, or any contract, instrument, release, or other agreement or document created in connection with the Plan, the Disclosure Statement or the Confirmation Order;

(xii) Enforce all orders previously entered by the Bankruptcy Court, and any and all other orders, judgments, injunctions, releases, exculpations, indemnifications and rulings entered in connection with the Cases or pursuant to the Plan;

(xiii) Recover all assets of the Reorganized Debtors and property of the Estates, wherever located;

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

(xv) Hear and determine all disputes involving the existence, nature, or scope of any releases granted in the Plan;

(xvi) Hear and determine all matters related to the Liquidating Trust and the Liquidating Trust Agreeement;

(xvii) Hear and determine such other matters as may be provided in the Confirmation Order or as may be authorized under, or not inconsistent with, provisions of the Bankruptcy Code;

(xviii) Enter an order or final decree concluding or closing the Cases;

(xix) Resolve any issues related to any matters adjudicated in the Cases; and

(xx) Hear any other matters not inconsistent with the Bankruptcy Code

Notwithstanding the foregoing, if the Bankruptcy Court abstains from exercising, or declines to exercise, jurisdiction or is otherwise without jurisdiction over any matter arising in, arising under, or related to the Cases, including the matters set forth in Article XII of the Plan, the provisions of Article XII of the Plan shall have no effect upon and shall not control, prohibit, or limit the exercise of jurisdiction by any other court having jurisdiction with respect to such matter.

(b) No Bankruptcy Court Approval Required. Notwithstanding the retention of jurisdiction provided herein, where the Plan provides that the Liquidating Trust may take action or otherwise exercise rights under the Plan without further order or approval of the Bankruptcy Court, the retention of jurisdiction provided for herein shall not require the Liquidating Trust to seek Bankruptcy Court approval before taking such action or exercising rights under the Plan.

Section 3.14 Compromises and Settlements

Except as otherwise provided in the Plan, pursuant to section 363 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the classification, Distribution and other benefits provided under the Plan, the provisions of the Plan and the Sale Stipulation will constitute a good faith compromise and settlement of all Claims, Equity Interests and controversies resolved pursuant to the Plan, including, without limitation, all Claims arising prior to the Petition Date, whether known or unknown, foreseen or unforeseen, asserted or unasserted, arising out of, relating to or in connection with the business or affairs of, or transactions with, the Debtors. The entry of the Confirmation Order will constitute the Bankruptcy Court's approval of each of the foregoing compromises or settlements, and all other compromises and settlements provided for in the Plan, and the Bankruptcy Court's findings will constitute its determination that such compromises and settlements are in the best interests of the Debtors, the Estates, Holders of Claims and Equity Interests and other parties in interest, and are fair, equitable and within the range of reasonableness.

It is not the intent of the Debtors that Confirmation of the Plan will in any manner alter or amend any settlement and compromise between the Debtors and any Person that has been previously approved by the Bankruptcy Court , including, without limitation the Sale Stipulation (each, a "Prior Settlement"). To the extent of any conflict between the terms of the Plan and the terms of any Prior Settlement, the terms of the Prior Settlement will control and such Prior Settlement will be enforceable according to its terms.

Section 3.15 Miscellaneous Provisions

(a) Payment of Statutory Fees. On or before the Effective Date, the Debtors will have paid in full, in Cash (including by check or wire transfer), all fees payable pursuant to section 1930 of title 28 of the United States Code, in the amount determined by the Bankruptcy Court at the Confirmation Hearing.

(b) 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, upon the request of the Debtors, will 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 will then be applicable as altered or interpreted. Notwithstanding any such holding, alteration or interpretation, the remainder of the terms and provisions of the Plan will remain in full force and effect and will in no way be affected, impaired or invalidated by such holding, alteration or interpretation. The Confirmation Order will constitute a judicial determination and will 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.

(c) Successors and Assigns. The rights, benefits and obligations of any entity named or referred to in the Plan, including any Holder of a Claim or Equity Interest, will be binding on, and will inure to the benefit of, any heir, executor, administrator, successor or assign of such entity.

(d) **EXCULPATION AND LIMITATION OF LIABILITY.**

EXCEPT AS OTHERWISE PROVIDED IN THE PLAN, NEITHER THE DEBTORS, THE ESTATES, THE LIQUIDATING TRUST, THE LIQUIDATING TRUSTEE, THE FIRST LIEN CREDIT AGREEMENT AGENT, THE FIRST LIEN CREDIT AGREEMENT LENDERS, THE COMMITTEE, THE MEMBERS OF THE COMMITTEE (BUT SOLELY IN THEIR CAPACITY AS MEMBERS OF THE COMMITTEE) NOR ANY HOLDER OF A CLAIM OR EQUITY INTEREST OR RELATED PERSONS TO ANY OF THE FORGOING SHALL HAVE ANY RIGHT OF ACTION AGAINST THE DEBTORS, THEIR DIRECTORS AND OFFICERS, THE ESTATES, THE LIQUIDATING TRUSTEE, THE LIQUIDATING TRUST, THE FIRST LIEN CREDIT AGREEMENT AGENT, THE FIRST LIEN CREDIT AGREEMENT LENDERS, THE SENIOR SECURED NOTEHOLDERS, THE SENIOR SECURED NOTES INDENTURE TRUSTEE, THE COMMITTEE, THE MEMBERS OF THE COMMITTEE (BUT SOLELY IN THEIR CAPACITY AS MEMBERS OF THE COMMITTEE) OR ANY OF THEIR RESPECTIVE ATTORNEYS, ACCOUNTANTS, INVESTMENT BANKERS, FINANCIAL ADVISORS, OR OTHER PROFESSIONALS, FOR ANY ACT OR OMISSION IN CONNECTION WITH, RELATING TO OR ARISING OUT OF THE CASES, THE PURSUIT OF CONFIRMATION OF THE PLAN, THE CONSUMMATION OF THE PLAN, THE PREPARATION AND DISTRIBUTION OF THE DISCLOSURE STATEMENT, THE ADMINISTRATION OF THE LIQUIDATING TRUST, THE PLAN OR THE PROPERTY TO BE DISTRIBUTED UNDER THE PLAN, OR THE OFFER, ISSUANCE, SALE OR PURCHASE OF A SECURITY OFFERED OR SOLD UNDER THE PLAN, PROVIDED SUCH EXCULPATED PERSON DID NOT AND DOES NOT ENGAGE IN WILLFUL MISCONDUCT, GROSS NEGLIGENCE OR FRAUD AND IN COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE BANKRUPTCY CODE AND PROVIDED FURTHER THAT SUCH EXCULPATION SHALL NOT EXTEND TO SUCH EXCULPATED PERSON'S RIGHTS AND OBLIGATIONS UNDER THE PLAN, THE PLAN DOCUMENTS OR THE LIQUIDATING TRUST AGREEMENT. NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY, NOTHING

IN THE PLAN SHALL, OR SHALL BE DEEMED TO, EXCULPATE ANY EXCLUDED PERSON FROM ANY SPECIFIED LITIGATION CLAIM.

(e) **INJUNCTION ENJOINING HOLDERS OF CLAIMS AGAINST, AND EQUITY INTERESTS IN THE DEBTORS. EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THE PLAN, AFTER THE EFFECTIVE DATE, ALL PERSONS WHO HAVE BEEN, ARE, OR MAY BE HOLDERS OF CLAIMS AGAINST OR EQUITY INTERESTS IN THE DEBTORS ARISING ON OR BEFORE THE EFFECTIVE DATE SHALL BE ENJOINED FROM TAKING ANY OF THE FOLLOWING ACTIONS AGAINST OR AFFECTING THE DEBTORS, THE REORGANIZED DEBTORS, THE LIQUIDATING TRUST, THE ESTATES, THE ESTATE PROPERTY, THE LIQUIDATING TRUST ASSETS, AND THE REMAINING ASSETS REGARDING SUCH CLAIMS OR EQUITY INTERESTS (OTHER THAN ACTIONS BROUGHT TO ENFORCE ANY RIGHTS OR OBLIGATIONS UNDER THE PLAN OR ACTIONS RELATED TO OR IN CONNECTION WITH THE SPECIFIED LITIGATION CLAIMS):**

(I) COMMENCING, CONDUCTING, OR CONTINUING IN ANY MANNER, DIRECTLY OR INDIRECTLY, ANY SUIT, ACTION, OR OTHER PROCEEDING OF ANY KIND AGAINST THE DEBTORS, THE REORGANIZED DEBTORS AND THE LIQUIDATING TRUST (INCLUDING, WITHOUT LIMITATION, THEIR RESPECTIVE PROFESSIONALS), THE ESTATES, THE ESTATE PROPERTY, THE LIQUIDATING TRUST ASSETS, AND THE REMAINING ASSETS (INCLUDING, ALL SUITS, ACTIONS, AND PROCEEDINGS THAT ARE PENDING ON THE EFFECTIVE DATE, WHICH SHALL BE DEEMED WITHDRAWN AND DISMISSED WITH PREJUDICE);

(II) ENFORCING, LEVYING, ATTACHING, COLLECTING, OR OTHERWISE RECOVERING BY ANY MANNER OR MEANS, DIRECTLY OR INDIRECTLY, ANY JUDGMENT, AWARD, DECREE, OR ORDER AGAINST THE DEBTORS, THE REORGANIZED DEBTORS, THE ESTATES AND THE LIQUIDATING TRUST, AND THEIR RESPECTIVE PROPERTY, INCLUDING, WITHOUT LIMITATION, THE LIQUIDATING TRUST ASSETS, THE REMAINING ASSETS, AND THE ESTATE PROPERTY;

(III) CREATING, PERFECTING, OR OTHERWISE ENFORCING IN ANY MANNER, DIRECTLY OR INDIRECTLY, ANY LIEN AGAINST THE DEBTORS, THE REORGANIZED DEBTORS, THE LIQUIDATING TRUST, THE ESTATES, THE ESTATE PROPERTY, THE LIQUIDATING TRUST ASSETS, AND THE REMAINING ASSETS; AND

(IV) COMMENCING OR CONTINUING ANY ACTION, IN ANY MANNER, IN ANY PLACE, THAT DOES NOT COMPLY WITH OR IS INCONSISTENT WITH THE PROVISIONS OF THE PLAN OR THE BANKRUPTCY CODE OR THAT IS AGAINST A RELEASED PARTY

FOR A CLAIM OR CAUSE OF ACTION RELEASED UNDER THE PLAN.

(f) **Releases by the Debtors**. **Except as otherwise expressly provided in the Plan, on the Confirmation Date and effective as of the Effective Date and to the fullest extent authorized by applicable law, for the good and valuable consideration provided by each of the Released Parties, the adequacy of which is hereby confirmed, the Released Parties are deemed released and discharged by the Debtors and their Estates from any and all claims, interests, obligations, rights, suits, damages, causes of action, remedies, and liabilities whatsoever, including any derivative claims, asserted on behalf of the Debtors, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, in law, equity, or otherwise, that the Debtors, their Estates, or Affiliates would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the Holder of any Claim or Equity Interest or other entity, based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the Debtor's restructuring, the Chapter 11 Case, the purchase, sale, or rescission of the purchase or sale of any security of the Debtors, the subject matter of, or the transactions or events giving rise to, any claim or interest that is treated in the Plan, the business or contractual arrangements between the Debtors and any Released Party, the restructuring of claims and interests prior to or during these chapter 11 cases, the negotiation, formulation, or preparation of the Plan, the Disclosure Statement, the Plan Supplement, or any related agreements, instruments, or other documents, or upon any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date, other than, with respect to the Debtors' directors and officers, the Specified Litigation Claims or, with respect to the other Released Parties, claims or liabilities arising out of or relating to any act or omission of a Released Party that constitutes actual fraud, willful misconduct, or gross negligence. Notwithstanding anything to the contrary in the foregoing, the release set forth above does not release any obligations arising on or after the Effective Date of any party under the Plan or any document, instrument, or agreement (including those set forth in the Plan Supplement) executed to implement the Plan. Notwithstanding anything herein to the contrary, nothing in the Plan shall, or shall be deemed to, release any Excluded Person from any Specified Litigation Claim.**

(g) **Releases by Holders of Claims and Equity Interests**. **Except as otherwise expressly provided in the Plan, as of the Effective Date, each Releasing Party who affirmatively voted to accept the Plan and does not indicate its election to opt-out of the releases contained herein on its Ballot, shall, for good and valuable consideration, be deemed to have released and discharged each Debtor, Reorganized Debtor, and Released Party from any and all Claims and Causes of Action, other than the Specified Litigation Claims, including Claims and Causes of Action, whether known or unknown, including any derivative claims, asserted on behalf of the Debtors, that such Entity would have been legally entitled to assert (whether individually or collectively), based on or relating to, or in any manner arising from, in whole or in part, the Debtors (including the management, ownership or operation thereof), the Debtors' in- or out-of-court restructuring efforts, intercompany transactions (including dividends paid), or any restructuring transaction, contract, instrument, release, or other agreement or document (including providing any legal opinion requested by any Entity regarding any transaction, contract, instrument,**

document, or other agreement contemplated by the Plan or the reliance by any Released Party on the Plan or the Confirmation Order in lieu of such legal opinion) created or entered into in connection with the Disclosure Statement, the Plan, the chapter 11 cases, the filing of the chapter 11 cases, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan, including the distribution of property under the Plan, or upon any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date related or relating to the foregoing. Notwithstanding anything to the contrary in the foregoing, the release set forth above does not release any obligations arising on or after the Effective Date of any party under the Plan or any document, instrument, or agreement (including those set forth in the Plan Supplement) executed to implement the Plan.

(h) Waiver of Statutory Limitations on Releases. Each of the parties providing the releases contained above expressly acknowledges that although ordinarily a general release may not extend to Claims or Causes of Action which the releasing party does not know or suspect to exist in its favor, which if known by it may have materially affected its settlement with the party released, they have carefully considered and taken into account in determining to enter into the above releases the possible existence of such unknown losses or claims. Without limiting the generality of the foregoing, each releasing party expressly waives any and all rights conferred upon it by any statute or rule of law which provides that a release does not extend to claims which the claimant does not know or suspect to exist in its favor at the time of providing the release, which if known by it may have materially affected its settlement with the Released Party. The releases contained in the Plan will be effective regardless of whether those released matters are presently known, unknown, suspected or unsuspected, foreseen or unforeseen.

(i) Satisfaction of Claims. Except as otherwise provided in the Plan, the rights afforded in the Plan and the treatment of all Claims and Equity Interests in the Plan will be in exchange for and in complete satisfaction, discharge, and release of all Claims and Equity Interests of any nature whatsoever against the Debtors or any of their Estates, assets, properties, or interests in property. Except as otherwise provided in the Plan, on the Effective Date, all Claims against and Equity Interests in the Debtors will be satisfied, discharged, and released in full. Neither the Reorganized Debtors, nor their Affiliates, will be responsible for any pre-Effective Date obligations of the Debtors, except those expressly assumed by the Reorganized Debtors or their Affiliates, as applicable. Except as otherwise provided in the Plan, all Persons and Entities will be precluded and forever barred from asserting against Reorganized Debtors and their Affiliates, their respective successors or assigns, or their assets, properties, or interests in property any event, occurrence, condition, thing, or other or further Claims, Equity Interests or Causes of Action based upon any act, omission, transaction, or other activity of any kind or nature that occurred or came into existence prior to the Effective Date, whether or not the facts of or legal bases therefore were known or existed prior to the Effective Date.

(j) Integral Part of the Plan. Each of the provisions set forth in the Plan with respect to the settlement, release, discharge, exculpation, injunction, indemnification and insurance of, for or with respect to Claims and/or Causes of Action is an integral part of the Plan and essential to its implementation. Accordingly, each Entity that is a beneficiary of such provision will have the right to independently seek to enforce such provision.

(k) Third Party Agreements; Subordination. The Plan Distributions to the various classes of Claims and Equity Interests under the Plan will not affect the right of any Person to levy, garnish, attach, or employ any other legal process with respect to such Plan Distributions by reason of any claimed subordination rights or otherwise. All of such rights and any agreements relating thereto will remain in full force and effect, except as compromised and settled pursuant to the Plan. Plan Distributions to Holders of Claims in classes that are subject to contractual subordination provisions are subject to Distribution in accordance with such contractual subordination provisions as provided in the Plan. Plan Distributions will be subject to and modified by any Final Order directing distributions other than as provided in the Plan. The right of the Debtors or the Liquidating Trustee to seek subordination of any Claim or Equity Interest pursuant to section 510 of the Bankruptcy Code is fully reserved, and the treatment afforded any Claim or Equity Interest that becomes a subordinated Claim or subordinated Equity Interest at any time will be modified to reflect such subordination. Unless the Confirmation Order provides otherwise, no Plan Distributions will be made on account of a subordinated Claim or subordinated Equity Interest.

(l) Binding Effect. The Plan shall be binding upon and inure to the benefit of the Debtors and the Liquidating Trustee, all present and former Holders of Claims against and Equity Interests in the Debtors, and their respective successors and assigns, including, but not limited to, the Debtors, and all other parties-in-interest in the Cases. Notwithstanding the foregoing, except as expressly set forth in the Plan, the Plan will have no force or effect unless and until the Bankruptcy Court enters the Confirmation Order and the Plan is Consummated. Neither the filing of the Plan, any statement or provision contained in the Plan, nor the taking of any action by the Debtors or any other Entity with respect to the Plan shall be or shall be deemed to be an admission or waiver of any rights of: (1) the Debtors with respect to the Holders of Claims or Equity Interests or other Entity; or (2) any Holder of a Claim or an Equity Interest or other Entity prior to the Effective Date.

(m) Plan Supplement. Any and all exhibits, lists, or schedules not filed with the Plan or the Disclosure Statement shall be (i) filed as indicated in the Plan or the Disclosure Statement, as applicable, or (ii) contained in the Plan Supplement and filed with the Clerk of the Bankruptcy Court not later than ten (10) days prior to the Confirmation Hearing Date or such later date as may be approved by the Bankruptcy Court. Holders of Claims or Equity Interests may also obtain a copy of the Plan Supplement upon written request to the Debtors. Notwithstanding the foregoing, the Debtors may amend the Plan Supplement, and any attachments thereto, through and including the Confirmation Date; provided, however, that any document contained in the Plan Supplement requiring consent of the Committee, Highbridge and the Senior Secured Noteholders Ad Hoc Group, or which contains information designated by the Committee, Highbridge, the Senior Secured Noteholders Ad Hoc Group, shall not be amended without the consent of the Committee, Highbridge, and the Senior Secured Noteholders Ad Hoc Group, as applicable.

(n) Notices. Any notice, request, or demand required or permitted to be made or provided under the Plan to or upon the Debtors or Reorganized Debtors will be (a) in writing, (b) served by (i) certified mail, return receipt requested, (ii) hand delivery, (iii) overnight delivery service, (iv) first class mail, or (v) facsimile transmission, 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, addressed as follows:

If to the Debtors:

Century Exploration Houston, LLC, Century Exploration New Orleans, LLC, Century Exploration Resources, LLC, and RAAM Global Energy Company
3838 N. Causeway Blvd, Suite 2800
Metairie, Louisiana 70002
Attn: Mr. Jim Latimer
Telephone No.: 214-382-3750
E-mail: JLatimer@bhpllc.com

With a copy to:

Harry Perrin
Vinson & Elkins L.L.P.
1001 Fannin Street, Suite 2500
Houston, Texas 77002
Telephone No.: (713) 758-2548
E-mail: hperrin@velaw.com

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

Bradley R. Foxman
Vinson & Elkins L.L.P.
Trammell Crow Center
2001 Ross Avenue, Suite 3700
Dallas, Texas 75201-2975
Ph. (214) 220-7700

If to Highbridge:

Highbridge Principal Strategies, LLC
40 West 57th Street - 33rd Floor
New York, New York 10019
Attn: Mr. Jeffrey Fitts
Telephone No.: (212) 287-4633
E-mail: Jeffrey.fitts@highbridge.com

With a copy to:

Steven N. Serajeddini

Kirkland & Ellis LLP
300 N. LaSalle
Chicago, Illinois 60654
Telephone No.: (312) 862-2761
E-mail: steven.serajeddini@kirkland.com
If to the Committee:

Vincent Slusher
DLA Piper LLP (US)
1717 Main Street, Suite 4600
Dallas, Texas 75201-4629
Telephone: (214) 743-4500
E-mail: vincent.slusher@dlapiper.com
-and-

Thomas Califano
DLA Piper LLP (US)
1251 Avenue of the Americas
New York, New York 10020
Telephone No.: (212) 335-4500
E-mail: thomas.califano@dlapiper.com

(o) Term of Injunctions or Stay. Unless otherwise provided in the Plan or Confirmation Order, all temporary injunctions or stays provided for in the Cases under sections 105 or 362 of the Bankruptcy Code or otherwise, and in existence on the Confirmation Date (excluding any injunctions or stays contained in the Plan or Confirmation Order), will remain in full force and effect until the Effective Date. All injunctions or stays contained in the Plan or Confirmation Order will remain in full force and effect in accordance with their terms. All permanent injunctions in existence on the Effective Date will remain in full force and effect as provided in the order imposing such permanent injunction.

(p) Setoffs. Except as otherwise expressly provided for in the Plan, pursuant to the Bankruptcy Code (including section 553 of the Bankruptcy Code), applicable non-bankruptcy law, or as may be agreed to by the Holder of a Claim or Equity Interest, the Purchaser or the Liquidating Trust may setoff against any Allowed Claim or Equity Interest and the Distributions to be made pursuant to the Plan on account of such Allowed Claim or Equity Interest (before such Distribution is made), any Claims, rights, and Causes of Action of any nature that any Debtor may hold against the Holder of such Allowed Claim or Equity Interest, to the extent such Claims, rights, or Causes of Action against such Holder have not been otherwise compromised or settled on or prior to the Effective Date (whether pursuant to the Plan or otherwise); provided, however, that neither the failure to effect such a setoff nor the allowance of any Claim or Equity Interest pursuant to the Plan shall constitute a waiver or release by the Purchaser, the Debtors or the Liquidating Trust of any such Claims, rights, and Causes of Action that the Purchaser, the Debtors, or the Liquidating Trust may possess against such Holder. For the sake of clarity, all rights of setoff, recoupment or similar rights held by the Debtors are hereby transferred to the Purchaser or the Liquidating Trust, as applicable, as of the Effective Date and are expressly purchased and accountable by the Purchaser or the Liquidating Trust, as applicable. **In no event**

shall any Holder of Claims or Equity Interests be entitled to setoff any Claim or Equity Interest against any Claim, right, or Cause of Action of the Purchaser, the Debtors (or the Liquidating Trust), as applicable, unless such Holder has filed a motion with the Bankruptcy Court requesting the authority to perform such setoff on or before the Confirmation Date, and notwithstanding any indication in any proof of Claim or Equity Interest or otherwise that such Holder asserts, has, or intends to preserve any right of setoff pursuant to section 553 or otherwise.

(q) Recoupment. Except as provided in the Plan, any Holder of Claims or Equity Interest shall not be entitled to recoup any Claim or Equity Interest against any Claim, right, or Cause of Action of the Purchaser, the Debtors or the Liquidating Trust, as applicable, unless such Holder actually has performed such recoupment and provided notice thereof in writing to the Debtors on or before the Confirmation Date, notwithstanding any indication in any proof of Claim or Equity Interest or otherwise that such Holder asserts, has, or intends to preserve any right of recoupment.

(r) Release of Liens.

Except as otherwise provided in the Plan or in any contract, instrument, release, or other agreement or document created pursuant to the Plan, on the Effective Date and concurrently with the applicable Distributions made pursuant to the Plan and, in the case of a Secured Claim, satisfaction in full of the portion of the Secured Claim that is Allowed as of the Effective Date, all mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the Debtors or their Estates shall be fully released and discharged, and all of the right, title, and interest of any Holder of such mortgages, deeds of trust, Liens, pledges, or other security interests shall revert to the Liquidating Trust and its successors and assigns, in each case without further notice to or order of the Bankruptcy Court, act or action under applicable law, regulation, order, or rule or the vote, consent, authorization or approval of any Entity.

In addition to, and in no way a limitation of, the foregoing, to the extent the Debtors' property or assets are encumbered by mortgages, security interests or Liens of any nature for which any Holder of such mortgages, security interests or Liens does not have an Allowed Claim against such Debtor or such Debtor's property, or such Allowed Claim has been satisfied as provided in the Plan or valid mortgage, security interest or Lien, such mortgages, security interests or Liens shall be deemed fully released and discharged for all purposes and such Holder shall execute such documents as reasonably requested by the Purchaser or the Liquidating Trust, as applicable, in form and substance as may be necessary or appropriate to evidence the release of any such mortgages, security interests or Liens of any nature and the Liquidating Trust is authorized to cause the filings of such documents with any and all governmental or other entities necessary or appropriate to effect such releases. If such Holder fails to execute such documents, the Purchaser or Liquidating Trust, as applicable, is authorized to execute such documents on behalf of such Holder and to cause the filing of such documents with any or all governmental or other entities as may be necessary or appropriate to effect such releases.

(s) No Admissions. Notwithstanding anything in the Plan to the contrary, nothing in the Plan will be deemed as an admission by the Debtors or the Liquidating Trust with respect to any matter set forth in the Plan, including liability on any Claim.

(t) 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, will govern the construction and implementation of the Plan and any agreements, documents, and instruments executed in connection with the Plan (except as otherwise set forth in those agreements, in which case the governing law of such agreement will control) as well as corporate governance matters with respect to the Debtors; provided, however, that corporate governance matters relating to the Debtors or Reorganized Debtors, as applicable, will be governed by the laws of the state or county of organization of such Debtor or Reorganized Debtor.

(u) Further Assurances. The Debtors or the Liquidating Trust Debtors, as applicable, all Holders of Claims receiving Distributions, and all other Entities will be required, from time to time, to prepare, execute and deliver any agreements or documents and take any other actions as may be reasonably necessary or advisable to effectuate the provisions and intent of the Plan, the Restructuring Documents or the Confirmation Order.

(v) Tax Reporting and Compliance. The Liquidating Trust will be authorized, on behalf of the Debtors, to request an expedited determination under section 505(b) of the Bankruptcy Code of the tax liability of the applicable Debtor for all taxable periods ending after the Petition Date through and including the Effective Date.

(w) Entire Agreement. Except as otherwise provided in the Plan, the Plan and the Restructuring Documents will supersede all previous and contemporaneous negotiations, promises, covenants, agreements, understandings, and representations on such subjects, all of which will become merged and integrated into the Plan and the Restructuring Documents.

ARTICLE IV
CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN AND SECURITIES LAW CONSIDERATIONS

Section 4.01 General

The following discussion summarizes certain U.S. federal income tax consequences to the Debtors and certain holders of Claims of the implementation of the Plan and the formation of and conveyances to the Liquidating Trust. This summary is for general information purposes only, and should not be relied upon for purposes of determining the specific tax consequences of the Plan with respect to any particular Debtor or holder of a Claim. This discussion does not purport to be a complete analysis or listing of all potential tax considerations.

The discussion is based upon the Internal Revenue Code of 1986, as amended (the "Tax Code"), Treasury Regulations promulgated thereunder, judicial decisions, and published administrative rules and pronouncements of the Internal Revenue Service ("IRS"), all as in effect on the date hereof. Legislative, judicial or administrative changes or new interpretations enacted or promulgated after the date hereof could alter or modify the analyses set forth below with

respect to the U.S. federal income tax consequences of the Plan. Any such changes or new interpretations may have retroactive effect and could significantly affect the U.S. federal income tax consequences of the Plan described below.

The U.S. federal income tax consequences of the Plan are complex and are subject to significant uncertainties. The Debtors have not requested a ruling from the IRS or an opinion of counsel with respect to any of the tax aspects of the Plan or the formation of and conveyances to the Liquidating Trust. Thus, no assurance can be given as to the interpretation that the IRS will adopt. In addition, this discussion does not address any U.S. federal estate or gift tax considerations, the Medicare tax on net investment income, or any foreign, state or local tax consequences of the Plan or the formation of and conveyances to the Liquidating Trust, nor does it purport to address the U.S. federal income tax consequences of the Plan or the formation of and conveyances to the Liquidating Trust to (i) special classes of taxpayers (such as Persons who are related to the Debtors within the meaning of the Tax Code, non-U.S. persons, broker-dealers, banks, mutual funds, insurance companies, financial institutions, small business investment companies, regulated investment companies, tax-exempt organizations, and investors in pass-through entities and holders of Claims or Equity Interests who are themselves in bankruptcy) or (ii) holders not entitled to vote on the Plan, including holders whose Claims or Equity Interests are to be extinguished without any Distribution. To the extent that the following discussion relates to the U.S. federal income tax consequences to holders of Claims or Equity Interests, it is limited to holders that are "United States" persons." For purposes of the following discussion, you are a "United States person" if, for U.S. federal income tax purposes, you are:

- an individual who is a U.S. citizen or U.S. resident alien;
- a corporation that was created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate whose income is subject to U.S. federal income taxation regardless of its source; or
- a trust (1) if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust, or (2) that has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a United States person.

This discussion assumes that holders of Claims or Equity Interests hold only Claims or Equity Interests in a single Class. Holders of multiple Classes of Claims or Equity Interests should consult their own tax advisors as to the effect such ownership may have on the U.S. federal income tax consequences described below. This discussion further assumes that the various debt and other arrangements to which the Debtors are a party will be respected for U.S. federal income tax purposes in accordance with their form.

ACCORDINGLY, THE FOLLOWING SUMMARY OF CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES HAS BEEN PROVIDED FOR INFORMATIONAL PURPOSES ONLY AS MANDATED BY SECTION 1125 OF THE

BANKRUPTCY CODE AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND ADVICE BASED UPON THE INDIVIDUAL CIRCUMSTANCES PERTAINING TO A HOLDER OF A CLAIM. ALL HOLDERS OF CLAIMS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS FOR THE FEDERAL, STATE, LOCAL AND OTHER TAX CONSEQUENCES APPLICABLE UNDER THE PLAN.

Section 4.02 Certain U.S. Federal Income Tax Consequences to the Debtors

The Debtors will generally realize gain or loss on the sale, or transfer to the Liquidating Trust, of substantially all of their assets equal to the difference between (i) the amount realized on the sale and the fair market value of the assets sold or transferred to the Liquidating Trust, and (ii) their adjusted tax basis in the assets sold or transferred. The character of any gain or loss as capital or ordinary, and in the case of capital gain or loss, as short term or long term, will depend upon the nature of assets sold or transferred and the Debtors' holding period for the assets.

The discharge of a recourse debt obligation by a debtor for an amount of Cash and/or fair market value of property that is less than the adjusted issue price of the debt obligation (as determined for U.S. federal income tax purposes) gives rise to cancellation of indebtedness ("COD") income, which must be included in the debtor's income, subject to certain statutory or judicial exceptions that can apply to limit the amount of COD income (such as where the payment of the canceled debt would have given rise to a tax deduction). A specific statutory exception applies to certain debtors if the discharge of indebtedness is granted in a case under Title 11 of the United States Code (relating to bankruptcy) and pursuant to a plan approved by a bankruptcy court in such case. A separate exception applies to taxpayers if the discharge occurs when the taxpayer is insolvent.

To the extent that the consideration issued to holders of Claims pursuant to the Plan is attributable to accrued but unpaid interest, the Debtors should be entitled to interest deductions in the amount of such accrued interest, but only to the extent the Debtors have not already deducted such amount. The Debtors should not have COD income from the discharge of any accrued but unpaid interest pursuant to the Plan to the extent that the payment of such interest would have given rise to a deduction pursuant to Section 108(e)(2) of the Tax Code

For the foregoing reasons, the precise amount of taxable gain or loss, COD income, or both, which the Debtors will realize as a result of effectuation of the Plan cannot be determined until the date of the sale, or transfer to the Liquidating Trust.

Section 4.03 Tax Consequences to Creditors

The tax consequences of the implementation of the Plan and formation of the Liquidating Trust to a creditor of the Debtors (a "Creditor") will depend on a number of factors, including the type of consideration received by the Creditor in exchange for its Claim, whether the Creditor reports income on the accrual or cash basis, whether the Creditor receives consideration in more than one tax year of the Creditor, whether the Creditor is a resident of the United States and whether all consideration received by the Creditor is deemed to be received by that Creditor in an integrated transaction. The tax consequences of the receipt of Cash or property that is allocable to accrued interest are discussed below in the section entitled "Receipt of Interest."

(a) Receipt of Cash and Other Property

A Creditor who receives Cash and/or other property (including Liquidating Trust Assets deemed received as discussed below) in satisfaction of its Claim generally will recognize gain (or loss) on the exchange equal to the difference between the amount of any Cash and the fair market value of any property received (not allocable to interest) and the Creditor's tax basis in its Claim. The character of any gain or loss as capital or ordinary income or loss and, in the case of capital gain or loss, as short-term or long-term, will depend on a number of factors, including (i) the nature and origin of the Claim (e.g., Claims arising in the ordinary course of a trade or business or made for investment purposes); (ii) the tax status of the holder of the Claim; (iii) whether the Claim is a capital asset in the hands of the holder; (iv) whether the Claim has been held by the holder for more than one year; (v) the extent to which the holder previously claimed a loss or a bad debt deduction with respect to the Claim; and (vi) the extent to which the holder acquired the Claim at a market discount. Creditors should consult their own tax advisors regarding the amount and character of gain or loss, if any, to be recognized by them under the Plan.

(b) Receipt of Interest

Consideration received by a Creditor that is attributable to accrued interest not previously included in taxable income should be treated as ordinary income, regardless of whether the Creditor's existing Claims are capital. Conversely, a holder of a Claim may be able to recognize a deductible loss (or possibly a write-off against a reserve for worthless debts) to the extent that any accrued interest on the Claim was previously included in the holder's gross income but was not paid in full by the Debtors. The extent to which the consideration received by a holder of a Claim will be attributable to accrued interest is unclear.

(c) Market Discount

The Tax Code generally requires holders of debt instruments with "market discount" to treat as ordinary income any gain realized on the disposition of such debt instruments to the extent of the market discount accrued during the holder's period of ownership. "Market discount" generally means the amount by which the "adjusted issue price" of a debt instrument (i.e., the sum of its issue price plus any accrued original issue discount) exceeds the holder's adjusted tax basis in such debt instrument. Holders should consult their own tax advisors as to the potential application of the market discount rules to them in light of their individual circumstances.

(d) Backup Withholding

Under the Tax Code, interest, dividends and other "reportable payments" may, under certain circumstances, be subject to "backup withholding," currently at a 28% rate. Backup withholding may apply to payments made pursuant to the Plan, unless you provide to the applicable withholding agent your taxpayer identification number, certified under penalties of perjury, as well as certain other information, or otherwise establish an exemption from backup withholding. Backup withholding is not an additional tax. Any amount withheld under the backup withholding rules is allowable as a credit against your U.S. federal income tax liability, if

any, and a refund may be obtained from the IRS if the amounts withheld exceed your actual U.S. federal income tax liability and you timely provide the required information or appropriate claim form to the IRS.

Section 4.04 U.S. Federal Income Tax Consequences of the Liquidating Trust

(a) Classification of the Liquidating Trust

The Liquidating Trust will be organized for the primary purpose of liquidating the Liquidating Trust Assets transferred to it with no objective to continue or engage in the conduct of a trade or business, except to the extent reasonably necessary to, and consistent with, its liquidating purpose. Thus, the Liquidating Trust is intended to be classified for U.S. federal income tax purposes as a "liquidating trust" within the meaning of Treasury Regulation section 301.7701-4(d). Under the Plan, all relevant parties are required to treat the Liquidating Trust as a liquidating trust, subject to definitive guidance to the contrary from the IRS. In general, a liquidating trust is not a separate taxable entity but rather is treated as a grantor trust, pursuant to sections 671 et seq. of the Tax Code, owned by the grantors of the trust. For this purpose, the beneficiaries of a liquidating trust are treated as the grantors of the trust.

Although the Liquidating Trust has been structured with the intention of complying with guidelines established by the IRS in Rev. Proc. 94-45, 1994-2 C.B. 684, for the formation of a liquidating trust, it is possible that the IRS could require a different characterization of the Liquidating Trust, which could result in a different and possibly greater tax liability to the Liquidating Trust or the holders of the Liquidating Trust Interests. No request for a ruling from the IRS will be sought on the classification of the Liquidating Trust, and there can be no assurance that the IRS will not take a contrary position to the classification of the Liquidating Trust. If the IRS were to successfully challenge the classification of the Liquidating Trust as a grantor trust, the U.S. federal income tax consequences to the Liquidating Trust and the holders of the Liquidating Trust Interests could be materially different from those discussed herein. The following discussion assumes treatment of the Liquidating Trust as a grantor trust for U.S. federal income tax purposes.

(b) Creation of the Liquidating Trust

If the Liquidating Trust is treated as a "liquidating trust" then, upon its creation, each beneficiary of the Liquidating Trust would be treated as having received and as owning an undivided interest in the assets of the Liquidating Trust in exchange for surrendering all or a portion of such beneficiary's Claim followed by a transfer by the beneficiary of such assets to the Liquidating Trust. Under the Plan, all parties (including, without limitation, the Debtors, the Liquidating Trustee, the Liquidating Trust and the Liquidating Trust Beneficiaries) are required to report consistently with the foregoing for federal and applicable state and local income tax purposes. The basis of such beneficiary's interest in the Liquidating Trust Assets received will be equal to its fair market value as of the Effective Date. The fair market value of the portion of the Liquidating Trust Assets that is treated as having been transferred to each Liquidating Trust Beneficiary will be determined by the Liquidating Trustee, and all parties must utilize such fair market values determined by the Liquidating Trustee for U.S. federal and applicable state and local income tax purposes. The determination of the fair market value of a Claim holder's

interest in the Liquidating Trust Assets is factual in nature and the IRS may challenge any such determination.

(c) Allocation of Income and Loss and Disposition of Liquidating Trust Assets

Each holder of a Liquidating Trust Interest must report on its U.S. federal income tax return its allocable share of income, gain, loss, deduction and credit recognized or incurred by the Liquidating Trust. Deductions attributable to activities and administrative expenses of the Liquidating Trust may be subject to limitation in the hands of the holders of the Liquidating Trust Interests. Upon the sale or other disposition of any Liquidating Trust Assets, each holder of a Liquidating Trust Interest must report on its U.S. federal income tax return its share of any gain or loss measured by the difference between (i) its share of the amount of Cash and/or the fair market value of any property received by the Liquidating Trust in exchange for the Liquidating Trust Asset so sold or otherwise disposed of, and (ii) such holder's adjusted tax basis in its share of such Liquidating Trust Asset. The character of any such gain or loss to any such holder will be determined as if such holder itself had directly sold or otherwise disposed of such Liquidating Trust Asset. The character of items of income, gain, loss, deduction and credit to any holder of a Liquidating Trust Interest, and the ability of such holder to benefit from any deductions or losses, will depend on the particular circumstances or status of any such holder.

As noted above, each holder of a Liquidating Trust Interest has an obligation to report its share of the Liquidating Trust's tax items (including gain on the sale or other disposition of a Liquidating Trust Asset). Accordingly, holders of a Liquidating Trust Interest may incur a tax liability as a result of owning a beneficial interest in the Liquidating Trust, regardless of whether the Liquidating Trust distributes Cash or other Liquidating Trust Assets. Although the Liquidating Trust provides that it will generally make Cash distributions at least semi-annually, due to the Liquidating Trust's requirements to satisfy certain liabilities, and due to possible differences in the timing of income on, and the receipt of Cash from, the Liquidating Trust Assets, a holder of a Liquidating Trust Interest may, in certain years, be required to report and pay tax on a greater amount of income than the amount of Cash received from the Liquidating Trust by such holder in such year.

Section 4.05 Importance of Obtaining Professional Tax Assistance

THE FOREGOING SUMMARY HAS BEEN PROVIDED FOR INFORMATIONAL PURPOSES ONLY AS MANDATED BY SECTION 1125 OF THE BANKRUPTCY CODE. THE TAX CONSEQUENCES ARE IN MANY CASES UNCERTAIN AND MAY VARY DEPENDING ON A HOLDER'S PARTICULAR CIRCUMSTANCES. ALL HOLDERS OF CLAIMS AND EQUITY INTERESTS ARE URGED TO CONSULT THEIR TAX ADVISORS CONCERNING THE FEDERAL, STATE, LOCAL, AND OTHER TAX CONSEQUENCES APPLICABLE UNDER THE PLAN.

Section 4.06 Securities Law Considerations

The Liquidating Trust Interests may not be transferred, sold, pledged or otherwise disposed of, or offered for sale, except for transfers by operation of law. The offer and issuance

of the Liquidating Trust Interests will be made without registration under the 1933 Act, or under any state securities laws. To the extent the Liquidating Trust Interests constitute securities, the offer and issuance of the Liquidating Trust Interests will be made in reliance upon the exemption from registration afforded by sections 1125 and 1145 of the Bankruptcy Code. The Confirmation Order will include provisions to the effect that such exemptions are applicable to the offer and issuance of the Liquidating Trust Interests and that the Liquidating Trust is a "successor" to Debtors within the meaning of section 1145 of the Bankruptcy Code. No indenture will be qualified under the Trust Indenture Act of 1939, as amended (the "1939 Act"), with respect to the Liquidating Trust in reliance on the exemption provided by section 304(a)(1) of the 1939 Act.

Section 1145(a)(1) of the Bankruptcy Code exempts the offer or sale of securities pursuant to a plan of reorganization or liquidation from the registration requirements of the 1933 Act and from registration under state securities laws if the following conditions are satisfied: (i) the securities are offered and sold by a debtor or a successor of the debtor under a plan of reorganization or liquidation; (ii) the recipients of the securities hold a claim against, an interest in, or a claim for an administrative expense against, the debtor; and (iii) the securities are issued in exchange for the recipients' claims against or interests in the debtor, or principally in such exchange and partly for cash or property. In general, offers and sales of securities made in reliance on the exemption afforded under section 1145(a) of the Bankruptcy Code are deemed to be made in a public offering, so that the recipients thereof, other than underwriters (as defined in section 1145(b) of the Bankruptcy Code), are free to resell such securities without registration under the 1933 Act. In addition, such securities generally may be resold without registration under state securities laws pursuant to various exemptions provided by the respective laws of the several states. However, as noted above, the Liquidating Trust Interests may not be transferred, sold, pledged or otherwise disposed of, or offered for sale, except for transfers upon death or by operation of law.

THE FOREGOING SUMMARY DISCUSSION IS GENERAL IN NATURE AND HAS BEEN INCLUDED IN THIS DISCLOSURE STATEMENT SOLELY FOR INFORMATIONAL PURPOSES PURSUANT TO SECTION 1125 OF THE BANKRUPTCY CODE. THE DEBTORS MAKE NO REPRESENTATIONS CONCERNING, AND DO NOT HEREBY PROVIDE, ANY OPINIONS OR ADVICE WITH RESPECT TO THE SECURITIES AND BANKRUPTCY MATTERS DESCRIBED HEREIN. IN LIGHT OF THE UNCERTAINTY CONCERNING THE AVAILABILITY OF EXEMPTIONS FROM THE RELEVANT PROVISIONS OF FEDERAL AND STATE SECURITIES LAWS, THE DEBTORS ENCOURAGE EACH CREDITOR, EQUITY INTEREST HOLDER, LIQUIDATING TRUST INTEREST HOLDER, AND PARTY IN INTEREST TO CONSIDER CAREFULLY AND CONSULT WITH ITS OWN LEGAL ADVISORS WITH RESPECT TO ALL SUCH MATTERS.

ARTICLE V
THE BEST INTEREST OF CREDITORS TEST

Section 5.01 Best Interests Test

The Bankruptcy Code requires that the Bankruptcy Court find that the Plan is in the best interest of all holders of Claims and Equity Interests that are Impaired by the Plan and that have not accepted the Plan as a requirement to confirm the Plan. The "best interests" test, as set forth in section 1129(a)(11) of the Bankruptcy Code, requires the Bankruptcy Court to find either that all members of an Impaired Class of Claims or Equity Interests have accepted the Plan or that the Plan will provide a member who has not accepted the Plan with a recovery of property of a value, as of the effective date of the Plan, that is not less than the amount that such holder would receive or retain if the Debtors were liquidated under chapter 7 of the Bankruptcy Code on such date.

To calculate the probable distribution to members of each Impaired Class of Claims and Equity Interests if the Debtors were liquidated under chapter 7, the Bankruptcy Court must first determine the aggregate dollar amount that would be generated from the disposition of the Debtors' assets if liquidated in chapter 7 cases under the Bankruptcy Code. This "liquidation value" would consist primarily of the proceeds from a forced sale of the Debtors' assets by a chapter 7 trustee.

The amount of liquidation value available to holders of unsecured Claims against the Debtors would be reduced by, first, the claims of secured creditors (to the extent of the value of their collateral), and by the costs and expenses of liquidation, as well as by other administrative expenses and costs of the chapter 7 cases. Costs of a liquidation of the debtors under chapter 7 of the Bankruptcy Code would include the compensation of a chapter 7 trustee and his or her counsel and other professionals, asset disposition expenses, and litigation costs. The liquidation itself would trigger certain priority payments that otherwise would be due in the ordinary course of business. Those priority claims would be paid in full from the liquidation proceeds before the balance would be made available to pay unsecured Claims or to make any distribution in respect of Equity Interests.

In chapter 7 liquidation, no junior class of Claims or Equity Interests may be paid unless all classes of Claims or Equity Interests senior to such junior class are paid in full. Section 510(a) of the Bankruptcy Code provides that subordination agreements are enforceable in a bankruptcy case to the same extent that such subordination is enforceable under applicable non-bankruptcy law. Therefore, no class of Claims or Equity Interests that is contractually subordinated to another class would receive any payment on account of its Claims or Equity Interests, unless and until such senior classes were paid in full.

Once the Bankruptcy Court ascertains the recoveries in liquidation of the Debtors' secured and priority creditors, it would then determine the probable distribution to unsecured creditors from the remaining available proceeds of the liquidation. If this probable distribution has a value greater than the value of distributions to be received by the unsecured creditors under the Plan, then the Plan is not in the best interests of creditors and cannot be confirmed by the Bankruptcy Court. As shown in the Liquidation Analysis attached hereto as **Exhibit B**, the

Debtors believe that each member of each Class of Impaired Claims and Equity Interests will receive at least as much, if not more, under the Plan as it would receive if the Debtors were liquidated.

Section 5.02 Liquidation Analysis

The Debtors believe that under the Plan, all holders of Impaired Claims and Equity Interests will receive property with a value greater than or equal to the value each such holder would receive in a liquidation of the Debtors under chapter 7 of the Bankruptcy Code. The Debtors' belief is based primarily on:

- consideration of the effects that a chapter 7 liquidation would have on the ultimate proceeds available for distribution to holders of Impaired Claims and Equity Interests, including:
  - increased costs and expenses of a liquidation under chapter 7 arising from fees payable to one or more chapter 7 trustees and professional advisors to such trustee(s), who may not be familiar with the Debtors' industry and business operations;
  - substantial increases in Claims, as well as substantially increased estimated contingent Claims;
  - substantial delay in distributions, if any, to the holders of Claims and Equity Interests that would likely ensue in a chapter 7 liquidation; and
  - the liquidation analysis prepared by the Debtors.

The Debtors believe that any liquidation analysis includes some speculation as such an analysis necessarily is premised on assumptions and estimates which are inherently subject to significant uncertainties and contingencies, many of which would be beyond the control of the Debtors. Thus, there can be no assurance as to values that would actually be realized in a chapter 7 liquidation, nor can there be any assurance that a Bankruptcy Court would accept the Debtors' conclusions or concur with such assumptions in making its determinations under section 1129(a)(11) of the Bankruptcy Code.

For example, the Liquidation Analysis necessarily contains an estimate of the amount of Claims which will ultimately become Allowed Claims. No order or finding has been entered by the Bankruptcy Court or any other court estimating or otherwise fixing the amount of Claims at the projected amounts of Allowed Claims set forth in the Liquidation Analysis. In preparing the Liquidation Analysis, the Debtors have projected an amount of Allowed Claims within a reasonable range such that, for purposes of the Liquidation Analysis, the largest possible liquidation dividend to holders of Allowed Claims can be assessed. The estimate of the amount of Allowed Claims set forth in the Liquidation Analysis should not be relied on for any other purpose, including any determination of the value of any distribution to be made on the account of Allowed Claims under the Plan.

The Liquidation Analysis is attached hereto as **Exhibit B** and is provided solely to disclose to holders of Claims and Equity Interests the effects of a hypothetical chapter 7 liquidation of the Debtors, subject to the assumptions set forth therein.

ARTICLE VI
ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

The Debtors believe that the Plan affords holders of Claims and Equity Interests the potential for the greatest realization on the Debtors' assets and, therefore, is in the best interests of such holders. If, however, enough acceptances received from Classes 3, 4, 5, 6A, and 6B sufficient for the Debtors to confirm the Plan are not received, or the Plan is not subsequently confirmed and consummated, the theoretical alternatives include: (i) formulation of an alternative plan or plans or (ii) liquidation of the Debtors under chapter 7 of the Bankruptcy Code.

Section 6.01 Alternative Plan(s)

If enough acceptances to confirm the Plan are not received or if the Plan is not confirmed, the Debtors (or, if the Debtors' exclusive periods in which to file and solicit acceptances of a reorganization plan have expired, any other party in interest) could attempt to formulate and propose a different plan or plans of liquidation. Such a plan would necessarily involve an orderly liquidation of assets.

With respect to an alternative plan, the Debtors have explored various other alternatives in connection with the extensive negotiation process involved in the formulation and development of the Plan. The Debtors believe that the Plan, as described herein, which is the result of extensive negotiations between the Debtors, Highbridge, Ace, and the Committee, enables holders of Claims and Equity Interests to realize the greatest possible value under the circumstances, and that, as compared to any alternative plan, the Plan has the greatest chance to be confirmed and consummated.

Section 6.02 Liquidation Under Chapter 7

Proceeding under chapter 7 would impose significant additional monetary and time costs on the Debtors' Estates. Under chapter 7, one or more trustees would be elected or appointed to administer the Estates, to resolve pending controversies, including Disputed Claims against the Debtors and Claims of the various estates against other parties, and to make distributions to holders of Claims. A chapter 7 trustee would be entitled to compensation in accordance with the scale set forth in section 326 of the Bankruptcy Code, and the trustee would also incur significant administrative expenses.

There is a strong probability that a chapter 7 trustee in these Cases would not possess any particular knowledge about the Debtors. Additionally, a trustee would probably seek the assistance of professionals who may not have any significant background or familiarity with these Cases. The trustee and any professionals retained by the trustee likely would expend significant time familiarizing themselves with these Cases. This would result in duplication of effort, increased expenses, and delay in payments to creditors.

In an analysis of liquidation under chapter 7, it must be recognized that additional costs in both time and money are inevitable. In addition to these time and monetary costs, there are other problems in a chapter 7 liquidation that would result in a substantially smaller recovery for holders of Claims and Equity Interests than under the Plan.

Further, distributions under the Plan probably would be made earlier than would distributions in a chapter 7 case. Distributions of the proceeds of a chapter 7 liquidation might not occur until one or more years after the completion of the liquidation in order to afford the trustee the opportunity to resolve claims and prepare for distributions.

THE DEBTORS BELIEVE THAT THE PLAN AFFORDS SUBSTANTIALLY GREATER RECOVERY TO HOLDERS OF CLAIMS AND EQUITY INTERESTS THAN SUCH HOLDERS WOULD RECEIVE IF THE DEBTORS WERE LIQUIDATED UNDER CHAPTER 7 OF THE BANKRUPTCY CODE.

In the Liquidation Analysis, the Debtors have taken into account the nature, status, and underlying value of their assets, the ultimate realizable value of such assets, and the extent to which the assets are subject to liens and security interests. In the opinion of the Debtors, the recoveries projected to be available in liquidation will not afford holders of Allowed Claims and Allowed Equity Interests as great a realization as does the Plan.

ARTICLE VII
CERTAIN FACTORS TO BE CONSIDERED

PRIOR TO VOTING TO ACCEPT OR REJECT THE PLAN, ALL HOLDERS OF CLAIMS AND EQUITY INTERESTS SHOULD READ AND CAREFULLY CONSIDER THE RISK FACTORS SET FORTH BELOW, AS WELL AS ALL OTHER INFORMATION SET FORTH OR OTHERWISE REFERENCED IN THIS DISCLOSURE STATEMENT. THESE RISK FACTORS SHOULD NOT, HOWEVER, BE REGARDED AS CONSTITUTING THE ONLY RISKS INVOLVED IN CONNECTION WITH THE PLAN AND ITS IMPLEMENTATION. ADDITIONAL RISKS AND UNCERTAINTIES NOT PRESENTLY KNOWN TO THE DEBTORS OR THAT THEY CURRENTLY DEEM IMMATERIAL MAY ALSO HARM THEIR ESTATES.

Section 7.01 Certain Bankruptcy Law Considerations

(a) Parties-in-Interest May Object To the Plan and Confirmation

Section 1129 of the Bankruptcy Code provides certain requirements for a chapter 11 plan to be confirmed. Parties-in-interest may object to confirmation of a plan based on an alleged failure to fulfill these requirements or other reasons.

(b) Parties-in-Interest May Object To the Debtors' Classification of Claims and Equity Interests

Section 1122 of the Bankruptcy Code provides that a plan of reorganization may place a claim or an interest in a particular class only if such claim or interest is substantially similar to the other claims or interests in such class.

The Debtors believe that the classification of Claims and Equity Interests under the Plan complies with the requirements set forth in the Bankruptcy Code because each class of Claims and Equity Interests encompass Claims or Equity Interests that are substantially similar to the other Claims or Equity Interests in each such class.

(c) The Debtors May Not Be Able To Obtain Confirmation of the Plan

The Debtors cannot ensure they will receive enough acceptances to confirm the Plan. But, even if the Debtors do receive enough acceptances, there can be no assurance that the Bankruptcy Court will confirm the Plan. Even if enough acceptances are received and, with respect to those Classes deemed to have rejected the Plan, the requirements for "cramdown" are met, the Bankruptcy Court, which as a court of equity may exercise substantial discretion, may choose not to confirm the Plan or may require additional solicitations or consents prior to confirming the Plan. Section 1129 of the Bankruptcy Code requires, among other things, that the value of distributions to dissenting holders of Claims and Equity Interests may not be less than the value such holders would receive if the Debtors were liquidated under chapter 7 of the Bankruptcy Code. Although the Debtors believe that the Plan will meet such tests, there can be no assurance that the Bankruptcy Court will reach the same conclusion.

The Debtors' ability to propose and confirm an alternative plan is uncertain. Confirmation of any alternative plan under chapter 11 of the Bankruptcy Code would likely take significantly more time and result in delays in the ultimate distributions to the holders of Claims. If confirmation of an alternative plan is not possible, the Debtors would likely be liquidated under chapter 7. Based upon the Debtors' analysis, liquidation under chapter 7 would result in distributions of reduced value, if any, to holders of Claims and Equity Interests.

(d) Failure to Consummate or Effectuate the Plan

Consummation of the Plan is conditioned upon, among other things, entry of the Confirmation Order approving any transactions contemplated thereunder. As of the date of this Disclosure Statement, there can be no assurance that any or all of the foregoing conditions will be met or that the other conditions to consummation, if any, will be satisfied. Accordingly, even if the Plan is confirmed by the Bankruptcy Court, there can be no assurance that the Plan will be consummated and effectuated and the liquidation completed.

(e) Risk of Non-Occurrence of the Effective Date

Although the Debtors believe that the Effective Date may occur within a reasonable time following the Confirmation Date, there can be no assurance as to such timing.

(f) Claims Estimation

There can be no assurance that the estimated amount of Claims and Equity Interests are correct, and the actual Allowed amounts of Claims and Equity Interests may differ from estimates. The estimated amounts are subject to certain risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize or should underlying assumptions prove incorrect, the actual Allowed amounts of Claims and Equity Interests may vary from those estimated therein.

Section 7.02 Certain Tax Considerations, Risks and Uncertainties

THERE ARE A NUMBER OF MATERIAL INCOME TAX CONSIDERATIONS, RISKS AND UNCERTAINTIES ASSOCIATED WITH CONSUMMATION OF THE PLAN. INTERESTED PARTIES SHOULD READ CAREFULLY THE DISCUSSION SET FORTH IN ARTICLE IV OF THIS DISCLOSURE STATEMENT FOR A DISCUSSION OF CERTAIN FEDERAL INCOME TAX CONSEQUENCES BOTH TO THE DEBTORS AND TO HOLDERS OF CLAIMS THAT ARE IMPAIRED UNDER THE PLAN.

ARTICLE VIII
VOTING PROCEDURES AND REQUIREMENTS

Section 8.01 Introduction

Detailed instructions for voting on the Plan are provided with the Ballots accompanying this Disclosure Statement. For purposes of the Plan, only Holders of record of Claims in the following Classes, as of the Voting Record Date, are entitled to vote: Classes 2, 3A, 3B, 5, 6 and 7.

If your Claim is not in one of these Classes, you are not entitled to vote on the Plan. If your Claim or Equity Interest is in one of these Classes, you should read your ballot and follow the listed instructions carefully. Please use only the ballot that accompanies this Disclosure Statement.

IF YOU HAVE ANY QUESTIONS CONCERNING THE BALLOT OR THE VOTING PROCEDURES, OR IF YOU NEED A BALLOT OR ADDITIONAL COPIES OF THE DISCLOSURE STATEMENT OR OTHER ENCLOSED MATERIALS, YOU MAY CONTACT THE BALLOTING AGENT AT: 888-909-0100 OR RAAM@BMCGROUP.COM.

Section 8.02 Vote Required for Acceptance by a Class

The Bankruptcy Code defines acceptance of a plan by a class of Claims as acceptance by Holders of at least two-thirds (2/3) in dollar amount and more than one-half (1/2) in number of the allowed Claims of that class held by creditors, other than any entity designated under Bankruptcy Code § 1129(e), who cast ballots for acceptance or rejection of the Plan. A class of Equity Interests has accepted the plan if Holders of at least two-thirds in amount of the Allowed Equity Interests who cast ballots for acceptance or rejection of the Plan vote to accept the Plan.

Section 8.03 Voting

In order for your vote to be counted, your signed ballot must be actually **received** by the Balloting Agent at the following address before the Voting Deadline of January 12, 2016:

By Hand Delivery, Certified, Registered, or Regular Mail, or Overnight Carrier:

By First Class Mail	**By Overnight or Hand Delivery**
BMC Group Attn: RAAM Global Ballot Processing PO Box 90100 Los Angeles, CA 90009	BMC Group Attn: RAAM Global Ballot Processing 300 N. Continental Blvd., #570 El Segundo, CA 90245

IF YOU HAVE BEEN INSTRUCTED TO RETURN YOUR BALLOT TO YOUR BANK, BROKER, OR OTHER NOMINEE, OR TO THEIR AGENT, YOU MUST RETURN YOUR BALLOT TO THEM IN SUFFICIENT TIME FOR THEM TO PROCESS IT AND RETURN IT TO THE BALLOTING AGENT AT THE ABOVE ADDRESS BEFORE THE VOTING DEADLINE.

UNLESS THE BALLOT IS ACTUALLY RECEIVED BY THE BALLOTING AGENT ON OR PRIOR TO THE VOTING DEADLINE, SUCH BALLOT WILL BE REJECTED AS INVALID AND WILL NOT BE COUNTED AS AN ACCEPTANCE OR REJECTION OF THE PLAN; PROVIDED, HOWEVER, THAT THE REORGANIZING DEBTORS RESERVE THE RIGHT, IN THEIR SOLE DISCRETION, TO REQUEST OF THE BANKRUPTCY COURT THAT ANY SUCH VOTE BE COUNTED.

IF A BALLOT IS DAMAGED OR LOST, YOU MAY CONTACT THE BALLOTING AGENT AT THE NUMBER SET FORTH ABOVE. ANY BALLOT THAT IS EXECUTED AND RETURNED BUT WHICH DOES NOT INDICATE AN ACCEPTANCE OR REJECTION OF THE PLAN WILL NOT BE COUNTED EITHER AS A VOTE TO ACCEPT OR A VOTE TO REJECT THE PLAN.

Section 8.04 Voting Procedures

The Balloting Agent is providing copies of this Disclosure Statement, including the Plan, beneficial holder ballots, and where appropriate, master ballots to all registered Holders of the Senior Secured Notes and is providing this Disclosure Statement, including the Plan, and ballots to Holders of Claims in Classes 2, 3A, 3B, 5, 6 and 7. Registered Holders of Senior Secured Notes may include brokers, banks, and other nominees. If such registered Holders do not hold for their own accounts, they or their agents (collectively with such registered Holders, the "Voting Nominees") should provide copies of this Disclosure Statement, including the Plan, and appropriate ballots to their customers and to beneficial owners. Any beneficial owner who has not received appropriate ballots should contact his, her, or its Voting Nominee, or the Balloting Agent.

By signing and returning a ballot, each Holder of a Claim entitled to vote for the Plan will be certifying to the Bankruptcy Court and the Debtors that, among other things:

(i) the Holder has received and reviewed a copy of the Disclosure Statement, Plan, and other solicitation materials and acknowledges that the solicitation is being made pursuant to the terms and conditions set forth therein;

(ii) the Holder has cast the same vote with respect to all Claims in the same respective Class; and

(iii) no other ballots with respect to the same Claim have been cast, or, if any other ballots have been cast with respect to such Claim, then any such ballots are thereby revoked.

(a) Beneficial Owners of Senior Secured Notes

Any beneficial owner holding, as of the Voting Record Date, Senior Secured Notes in his, her, or its own name can vote by completing and signing the enclosed ballot and returning it directly to the Balloting Agent using the enclosed pre-addressed postage-paid envelope so as to be ***actually received*** by the Balloting Agent before the Voting Deadline. If no envelope is enclosed, contact the Balloting Agent for instructions.

Any beneficial owner holding, as of the Voting Record Date, Senior Secured Notes in "street name" through a Voting Nominee can vote by completing the ballot, signing it (unless the ballot has already been signed, or "prevalidated," by the Voting Nominee), and returning it to the Voting Nominee in sufficient time for the Voting Nominee to then forward the vote so as to be ***actually received*** by the Balloting Agent prior to the Voting Deadline. Any ballot submitted to a Voting Nominee will not be counted until such Voting Nominee properly completes and timely delivers a corresponding master ballot to the Balloting Agent. **If your ballot has already been signed (or "prevalidated") by your Voting Nominee, you must complete the ballot and return it directly to the Balloting Agent so that it is received by the Balloting Agent before the Voting Deadline.**

(b) Voting Nominees

A Voting Nominee that is the registered Holder for a beneficial owner of Senior Secured Notes as of the Voting Record Date can obtain the votes of the beneficial owner of such securities, consistent with customary practices for obtaining the votes of securities held in "street name," in one of the following ways:

(i) The Voting Nominee may "prevalidate" a ballot by (i) signing the ballot, (ii) indicating on the ballot the name of the Voting Nominee or the registered Holder, the amount of securities held by the Voting Nominee, and (iii) forwarding such ballot, together with the Disclosure Statement, return envelope, and other materials requested to be forwarded, to the beneficial owner for voting. The beneficial owner must then indicate his, her, or its vote in the ballot, review the certifications contained in the ballot, and return the ballot directly to the Balloting Agent in the pre-addressed, postage-prepaid envelope, so that it is received by the Balloting Agent before the Voting Deadline. A list of the beneficial owners to whom "prevalidated" ballots were delivered should be maintained by Voting Nominees for inspection for at least one year from the Voting Deadline.

(ii) If the Voting Nominee elects *not* to "prevalidate" ballots, the Voting Nominee may obtain the votes of beneficial owners by forwarding to the beneficial owners the unsigned ballots, together with this Disclosure Statement, including the Plan, a return envelope provided by, and addressed to, the Voting Nominee, and other materials requested to be forwarded. Each such beneficial owner must then indicate his, her, or its vote in the ballot, review the certifications contained in the ballot, execute the ballot, and return the ballot to the Voting Nominee. After collecting the ballots, the Voting Nominee should, in turn, complete a master ballot compiling the votes and other information from the ballots, execute the master ballot, and deliver the master ballot to the Balloting Agent so that it is received by the Balloting Agent before the Voting Deadline. All ballots returned by beneficial owners should be retained by Voting Nominees for inspection for at least one year from the Voting Deadline. If this option is selected, beneficial owners should allow sufficient time for their voting instructions to reach the Voting Nominee, to permit the Voting Nominee to prepare and return the master ballot to the Balloting Agent so that it is received by the Balloting Agent before the Voting Deadline.

(c) Securities Clearing Agencies

The Debtors expect that DTC, as the record Holder of Senior Secured Notes, will arrange for its respective participants to vote by executing an omnibus proxy, assignment letter form or similar document in favor of such participants. As a result of the omnibus proxy, each participant will be authorized to vote its Voting Record Date positions held in the name of such securities clearing agencies, but in any event, the Debtors will rely on the record date listings provided by DTC.

(d) Fiduciaries and Other Representatives

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 their authority to so act. For purposes of voting to accept or reject the Plan, the beneficial owners of such securities will be deemed to be the "Holders" of the claims represented by such securities.

(e) Voting Tabulation

All Claims in Impaired Classes that are voting and that are voted by a beneficial owner must be voted either to accept or reject the Plan and may not be split by the beneficial owner of such Claim within such Class. Unless otherwise ordered by the Bankruptcy Court, ballots or master 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 Balloting Agent attempt to contact such voters to cure any such defects in the ballots or master ballots. Except as provided below, unless the ballot or master ballot is timely submitted to the Balloting Agent before the Voting Deadline together with any other documents

required by such ballot or master ballot, the Debtors may, in their sole discretion, reject such ballot or master ballot as invalid, and therefore, decline to utilize it in connection with seeking confirmation of the Plan by the Bankruptcy Court. In the event of a dispute with respect to any vote to accept or reject the Plan with respect to such Claims or Interests, such vote will not be counted for purposes of determining whether the Plan has been accepted or rejected, unless the Bankruptcy Court orders otherwise.

(f) Withdrawal of Ballot or Master Ballot

Prior to the Voting Deadline, any voter who has delivered a valid ballot or master ballot may withdraw its vote by delivering a written notice of withdrawal to the Balloting Agent. All votes cast will be irrevocable after the Voting Deadline. To be valid, the notice of withdrawal must (a) describe the Claim to which it relates, (b) be signed by the party who signed the ballot or master ballot to be withdrawn, and (c) be received by the Balloting Agent before the Voting Deadline. Withdrawal of a ballot or master ballot can only be accomplished with the foregoing procedures. Prior to the Voting Deadline, any Holder who has delivered a valid ballot or master ballot may change its vote by delivering to the Balloting Agent a properly completed subsequent ballot or master ballot so as to be received before the Voting Deadline. In the case where more than one timely, properly completed ballot or master ballot is received prior to the Voting Deadline, only the ballot or master ballot received last will be counted.

Once the Cases have been commenced, a vote of any Claim may be changed or withdrawn only with the permission of the Bankruptcy Court upon a showing of "cause" pursuant to Bankruptcy Rule 3018(a).

THE DEBTORS RESERVE THE RIGHT, AT THEIR SOLE DISCRETION, AND WITHOUT NOTICE EXCEPT AS MAY BE REQUIRED UNDER APPLICABLE LAW, TO EXTEND THE SOLICITATION PERIOD OR TERMINATE THEIR SOLICITATION OF VOTES ON THE PLAN.

Section 8.05 Waivers of Defects, Irregularities, etc.

Unless otherwise directed by the Bankruptcy Court, all questions as to the validity, form, eligibility (including time of receipt), acceptance, and revocation or withdrawals of ballots will be determined by the Balloting Agent or the Debtors, as applicable, in their sole discretion, which determination will be final and binding. The Debtors reserve the right to reject any and all ballots submitted by any creditors not in proper form, the acceptance of which would, in the opinion of the Debtors or their counsel, be unlawful. The Debtors further reserve their rights to waive any defects or irregularities or conditions of delivery as to any particular ballot by any of their creditors. The interpretation (including the ballot and the respective instructions thereto) by the Debtors, unless otherwise directed by the Bankruptcy Court, will be final and binding on all parties. Unless waived, any defects or irregularities in connection with deliveries of ballots must be cured within such time as the Debtors (or the Bankruptcy Court) determine. Neither the Debtors nor any other person will be under any duty to provide notification of defects or irregularities with respect to deliveries of ballots nor will any of them incur any liabilities for failure to provide such notification. Unless otherwise directed by the Bankruptcy Court, delivery of such ballots will not be deemed to have been made until such irregularities have been cured or

waived. Ballots previously furnished (and as to which any irregularities have not theretofore been cured or waived) will be invalidated.

ARTICLE IX
CONCLUSION

The Debtors believe the Plan is in the best interests of all creditors and equity interest Holders and urge the Holders of Impaired Claims in Classes 2, 3A, 3B, 5, 6, and 7 to vote to accept the Plan and to evidence such acceptance by returning their signed ballots so that they will be received by the Balloting Agent before the Voting Deadline of January 12, 2016.

Dated: December 21, 2015

By: */s/ James R. Latimer, III*
Name: James R. Latimer, III
Title: Chief Restructuring Officer

VINSON & ELKINS LLP
Harry A. Perrin, SBT # 15796800
John E. West, SBT # 21202500
Reese A. O'Connor, SBT # 24092910
1001 Fannin Street, Suite 2500
Houston, Texas 77002-6760
Ph: (713) 758-2222
Fax: (713) 758-2346

-and-

William L. Wallander, SBT # 20780750
Bradley R. Foxman, SBT # 24065243
Trammell Crow Center
2001 Ross Avenue
Dallas, Texas 75201-2975
Ph: (214) 220-7700
Fax: (214) 220-7716

ATTORNEYS FOR THE DEBTORS

EXHIBIT A TO
SECOND AMENDED DISCLOSURE STATEMENT

Debtors' Joint Plan of Liquidation
Pursuant to Chapter 11 of the Bankruptcy Code

EXHIBIT B TO
SECOND AMENDED DISCLOSURE STATEMENT

Liquidation Analysis

RAAM Global Energy Company & Subsidiaries
Hypothetical Liquidation Analysis - December 09, 2015

Estimated Gross Proceeds from Liquidation

	Est. Book Value* 31-Jan-16	Percent Recovery Low	Percent Recovery High	Estimated Proceeds Low	Estimated Proceeds High	Notes
Cash and Cash Equivalents	$ 591,124.8	100%	100%	$ 591,125	$ 591,125	A-1
Restricted Cash Balance	4,054,206.9	0%	0%	-	-	A-2
Accounts Receivable	504,403.5	65%	90%	327,862.3	453,963.1	A-3
Revenues Receivable	3,731,840.9	65%	85%	2,425,696.6	3,172,064.8	A-4
Prepaid Expenses	1,581,956.9	0%	0%	-	-	A-5
Income Taxes Receivable[1]	48,869.0	0%	0%	-	-	A-6
Liquids Inventory	350,000.0	65%	85%	227,500.0	297,500.0	A-7
Potential Sales Tax/Severance Tax/Royalty Overpayment Claim[2]	2,700,000.0	0%	100%	-	2,700,000.0	A-8
Total Current Assets	**13,562,402.1**			**3,572,183.7**	**7,214,652.8**	
Oil & Gas Properties[1]	110,291,337.1	30%	50%	33,087,401.1	55,145,668.5	A-9
Houston (Woodlands) Real Estate	4,944,512.6	65%	90%	3,213,933.2	4,450,061.4	A-10
Other Capitalized Assets	685,801.7	10%	20%	68,580.2	137,160.3	A-11
Security Deposits	137,404.0	20%	40%	27,480.8	54,961.6	A-12
Total Non-Current Assets	**116,059,055.5**			**36,397,395.3**	**59,787,851.9**	
Estimated Total Assets	**$ 129,621,457.6**					
Estimated Gross Proceeds from Liquidation				**39,969,579.0**	**67,002,504.6**	
Less: Commissions, Professional, and Trustee Fees at 10%				(3,996,957.9)	(6,700,250.5)	
Gross Liquidation Proceeds after Contingency Reserve and Trustee Fees				**35,972,621.1**	**60,302,254.2**	

Allocation of Proceeds from Liquidation

Assumption:

Assumes First Lien Holders and Senior Secured Noteholders hold valid and unavoidable liens on essentially all assets as a result of liens granted prior to the Petition date or Adequate Protection liens granted after Petition date.

	Estimated Allowable Claim Low	Estimated Allowable Claim High	Allocated Proceeds Low	Allocated Proceeds High	Percent Recovery Low	Percent Recovery High	Remaining Proceeds Low	Remaining Proceeds High	Notes
Professional Fee Claims									
Professional Fee Claims prior to Ch. 7 Conversion	$ 1,243,333.3	$ 1,243,333.3	$ 1,243,333.3	$ 1,243,333.3	100%	100%	$ 34,729,287.8	$ 59,058,920.9	B-1
Total Professional Fee Claims	1,243,333.3	1,243,333.3	1,243,333.3	1,243,333.3	100%	100%	34,729,287.8	59,058,920.9	
Secured and Senior Claims									
Ad Valorem Tax Claims	1,935,104.0	1,935,104.0	1,935,104.0	1,935,104.0	100%	100%	32,794,183.8	57,123,816.9	B-2
Houston (Woodlands) Mortgage - Secured Claim	2,358,558.1	2,358,558.1	2,358,558.1	2,358,558.1	100%	100%	30,435,625.7	54,765,258.7	B-3
First Lien Credit Agreement Claims	63,817,859.6	63,817,859.6	30,435,625.7	54,765,258.7	48%	86%	-	-	B-4
Senior Secured Notes Claims	238,000,000.0	238,000,000.0	-	-	0%	0%	-	-	B-5
M&M Liens	50,000.0	50,000.0	-	-	0%	0%	-	-	B-6
Total Secured and Senior Claims	306,161,521.7	306,161,521.7	34,729,287.8	59,058,920.9	11%	19%	-	-	
Administrative, Priority, and Unsecured Claims									
First Lien Credit Agreement Deficiency Claim	33,382,233.9	9,052,600.8	-	-	0%	0%	-	-	B-7
Senior Secured Notes Deficiency Claim	238,000,000.0	238,000,000.0	-	-	0%	0%	-	-	B-8
Priority, Administrative, and Unsecured Claims	71,985,081.8	71,985,081.8	-	-	0%	0%	-	-	B-9
Total Administrative, Priority, and Unsecured Claims	271,382,233.9	247,052,600.8	-	-	0%	0%	-	-	
Total Estimated Claims	**$ 379,389,936.9**	**$ 379,389,936.9**	**$ 35,972,621.1**	**$ 60,302,254.2**	**9%**	**16%**			

**Reflects estimate of book value of consolidated Debtor entities as of January 31, 2016 based on 13-week cash flow budget filed with court on December 2, 2015. Assumes all pre-petition royalties are paid in full.*

[1] Book value balance as of October 31, 2015

[2] Represents net estimate of potential claim, not book value

RAAM Global Energy Company & Subsidiaries
Hypothetical Liquidation Analysis - December 09, 2015

THE DEBTORS' LIQUIDATION ANALYSIS IS AN ESTIMATE OF THE PROCEEDS THAT COULD BE GENERATED AS A RESULT OF A HYPOTHETICAL CHAPTER 7 LIQUIDATION OF THE ASSETS OF THE DEBTORS. Underlying the liquidation analysis is a number of estimates and assumptions that are inherently subject to significant economic, competitive and operational uncertainties and contingencies beyond the control of the Debtors or a chapter 7 trustee. Additionally, various liquidation decisions upon which certain assumptions are based are subject to change. Therefore, there can be no assurance that the assumptions and estimates employed in determining the liquidation values of the Debtors' assets will result in an accurate estimate of the proceeds that would be realized were the Debtors to undergo an actual liquidation. The actual amounts of Claims against the Debtors' estates could vary significantly from the Debtors' estimates, depending upon the Claims asserted during the pendency of the chapter 7 case. Moreover, this liquidation analysis does not include liabilities that may arise as a result of litigation, certain new tax assessments or other potential Claims. This liquidation analysis also does not contemplate potential recoveries from Avoidance Actions or other Causes of Action. [redacted] Therefore, the actual liquidation value of the Debtors could vary materially from the estimates provided herein.

Notes to Liquidation Analysis

A-1	Estimate of cash balance as of January 31, 2016 per 13-week cash flow budget. Shown net of estimated royalty and severance payments for December production
A-2	Estimate of restricted cash balance as of January 31, 2016 per Company estimates
A-3	Includes net accounts receivable from joint interest billings to partners
A-4	Includes accruals for net oil & gas receipts. Assumes the court would require payment of post-petition royalty and severance amounts to interest holders. Estimated recovery based on historical collections and variability of price and production estimates
A-5	Includes prepaid expenses such as insurance, rent, and professional fees
A-6	Deferred tax asset as of October 31, 2015
A-7	Estimate of liquids inventory balance as of January 31, 2016. This value represents the value of oil inventory sitting either in a pipeline or in a storage tank that is not sold at the balance sheet date.
A-8	Represents an estimate of potential sales tax, severance tax, and royalty overpayment claim. Assumes a 30.0% contingency fee and a 75.0% net amount to RAAM and its affiliates
A-9	Reflects the net book value of proved reserves, undeveloped acreage, drilling in progress, and proprietary seismic data as of October 31, 2015
A-10	Reflects the net book of Houston (Woodlands) office building and associated land
A-11	Includes fixed assets such as the office furniture, computers, software and other non oil and gas operational assets.
A-12	Security deposits for services. Primarily with Texas Eastern Transmission LP
B-1	Inclusive of 1) professional fees invoiced but not paid, 2) professional fees held back and subject to court approval, and 3) deferred professional fees agreed to in the approved budgets; net of retainer amounts
B-2	Estimate of 2015 ad valorem taxes owed, net
B-3	Houston (Woodlands) Mortgage - Secured Claim balance as of January 31, 2016, including accrued interest
B-4	First Lien Secured Claim balance as of January 31, 2016, excluding accrued interest
B-5	Senior Secured Noteholders Claim as of January 31, 2016, excluding accrued interest
B-6	Estimate of potential M&M liens as of December 5, 2015
B-7	First Lien Credit Agreement Deficiency Claims reflect amounts not satisfied by proceeds available in satisfaction of First Liens
B-8	Senior Secured Notes Deficiency Claims reflect amounts not satisfied by proceeds available in satisfaction of Second Liens
B-9	Priority, Administrative, and Unsecured Claims inclusive of 1) pre-petition accrued interest owed to the Senior Secured Notes, 2) estimates of December royalty, override, working interest, and severance payments, 3) estimates of January royalty, override, working interest, and severance payments, 3) estimates of plugging and abandonment costs, and 4) pre-petition trade payables

EXHIBIT C TO
SECOND AMENDED DISCLOSURE STATEMENT

Certain Purchase Agreement Schedules

EXHIBIT D TO
SECOND AMENDED DISCLOSURE STATEMENT

Stipulation

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

In re:	x	
	:	Chapter 11
RAAM GLOBAL ENERGY COMPANY, *et al.*,[1]	:	Case No. 15-35615 (MI)
Debtors.	:	(Jointly Administered)
	x	

STIPULATION

This stipulation (this "**Stipulation**") is made and entered into as of December 1, 2015 (the "**Stipulation Effective Date**"), by and among the following parties: the above-captioned debtors and debtors in possession (collectively, the "**Debtors**"); Highbridge Principal Strategies, LLC, on behalf of the lender parties under the First Lien Credit Agreement ("**Highbridge**"); the Official Committee of Unsecured Creditors (the "**Committee**"); and Ace Insurance Company and its Affiliates (collectively, "**Ace**"). The Debtors, Highbridge, the Committee, and Ace are each referred to herein as a "**Party**" and are collectively referred to herein as the "**Parties**."

Recitals

WHEREAS, on October 26, 2015 (the "**Petition Date**") RAAM Global Energy Company, and certain of its affiliates commenced chapter 11 cases in the United States Bankruptcy Court for the Southern District of Texas, Houston Division (the "**Court**"), by filing voluntary petitions for relief under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (the "**Bankruptcy Code**"), which chapter 11 cases are being jointly administered

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number are RAAM Global Energy Company [2973], Century Exploration New Orleans, LLC [4948], Century Exploration Houston, LLC [9624], and Century Exploration Resources, LLC [7252].

and are captioned *In re RAAM Global Energy Company, et al.*, Case No. 15-35615 (MI) (the "**Chapter 11 Cases**");

WHEREAS, on the Petition Date, the Debtors filed the *Emergency Motion for Approval of Interim and Final Use of Cash Collateral and Granting Adequate Protection* [Dkt. No. 11] (the "**Cash Collateral Motion**");

WHEREAS, the Debtors and Ace entered into the Ace Bonding Agreement to fund the Debtors' plugging and abandonment ("**P&A**") obligations;

WHEREAS, an escrow account created pursuant to and for the benefit of the Ace Bonding Agreement (the "**Escrow Agreement**") held approximately $9.9 million as of the Petition Date as of September 30, 2015;

WHEREAS, on November 6, 2015, the Debtors filed a motion seeking authority to sell to Highbridge substantially all of the Debtors' assets pursuant to sections 363 and 365 of the Bankruptcy Code pursuant to an asset purchase agreement [Docket No. 90] (such motion, the "**Sale Motion**," and such agreement, the "**Purchase Agreement**") whereby Highbridge will purchase substantially all of the Debtors' assets (the "**Sale**" and any cash proceeds from the Sale, the "**Sale Proceeds**");

WHEREAS, on November 23, 2015, the Debtors filed the *Expedited Motion for Order Authorizing (A) the Debtors to Deliver Checks to their Intended Recipients, (B) the Debtors and Ace to Enter Into Contracts with Vendors to Perform Plugging and Abandonment Work in the Ordinary Course, and (C) the Utilization of Funds in the Escrow Account to Pay for Such Work in the Ordinary Course* [Docket No. 148] (the "**Ace Motion**");

WHEREAS, on November 24, 2015, the Committee filed an objection to the Cash Collateral Motion [Docket No. 152];

WHEREAS, on November 24, 2015, the Debtors filed the *Debtors' Joint Plan of Liquidation Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. 154] (the "**Plan**");

NOW, THEREFORE, it is hereby stipulated and agreed to by and among the Parties and upon Bankruptcy Court approval hereof, it shall be ordered as follows:

1. This Stipulation is intended to bind and inure to the benefit of the Parties. The rights or obligations of the Parties under this Stipulation may not be assigned, delegated, or transferred to any other person or entities; *provided, however,* Higbridge, in connection with any sale of a majority of its claims against the Debtors, may assign, delegate, or transfer its rights or obligations under this Stipulation to a third party in its sole discretion.

2. The Purchase Agreement shall be amended to provide that Highbridge shall fund the Sale Proceeds as provided for, and only as provided for, in this Stipulation upon the effective date of the Plan (the "**Effective Date**"). The Purchase Agreement shall be further amended to provide that a condition to the closing of the sale shall be the occurrence of the Effective Date.

3. Under the Plan, Ace shall receive $1,150,000.00 of the Sale Proceeds, plus any additional amounts recovered pursuant to paragraph 7, in full and final satisfaction of any and all Claims of Ace in the Chapter 11 Cases. Ace agrees to satisfy any unpaid Claims against the Debtors on account of P&A liabilities secured by Ace bonds identified on the attached **Exhibit A** (as may be amended or supplemented from time to time solely to include pre-petition claims for P&A work regarding properties on which Ace has issued a bond) on either the earlier of (i) as soon as practicable after entry of an order approving this Stipulation, (ii) in the ordinary course of business, or (iii) as otherwise ordered by the Court. Ace shall also continue to apply the proceeds of the Escrow Account in the ordinary course of business during the pendency of

the Chapter 11 Cases in accordance with the Ace Motion and shall pay past and future P&A liabilities on behalf of the Debtors solely with respect to properties on which Ace has issued a bond up to the face amount of such bond.

4. Under the Plan, holders of General Unsecured Trade Claims shall receive a *pro rata* distribution of $800,000 of the Sale Proceeds, plus any additional amounts recovered pursuant to paragraph 7, in full and final satisfaction of such Claims (the "**General Unsecured Trade Claims Distribution**"). The General Unsecured Trade Claims Distribution shall not be shared with any holder of Claims in any other Class, including, without limitation, the General Unsecured Non-Trade Claims Class; *provided, however*, except as set forth in this Paragraph, in the event the Debtors or Highbridge satisfy any such General Unsecured Trade Claims on or before the Effective Date, whether through any motion filed by the Debtors or through Cure Payments paid pursuant to the Sale (collectively, the "**Satisfied Claims**"), then the amount provided to Holders of General Unsecured Trade Claims shall be reduced by 57.5% of the amount of the Satisfied Claims. The Plan shall be amended to provide that General Unsecured Trade Claims does not include (i) any Debtors' professional fees incurred prepetition, and (ii) any payments made to Debtors' employees on account of prepetition claims

5. Under the Plan, the Sales Proceeds shall fund the Professional Fee Reserve in an amount not to exceed $4,000,000, of which $3,200,000 may be applied to the fees of the Debtors' retained professionals and $800,000 may be applied to the fees of the Committee's retained professionals, less any amounts paid to such professionals during the pendency of the chapter 11 cases under any interim compensation orders of the Court or otherwise, and in addition to amounts funded by the Debtors held in retainer by such professionals, in full and final satisfaction of all Professional Fee Claims.

6. Under the Plan, the Sale Proceeds shall fund the Liquidating Trust Expense Reserve in the amount of $100,000; *provided, however*, that if not all of the $800,000 provided for in paragraph 5 is used to pay the allowed fees and expenses of the Committee's professionals, any unused portions up to $50,000 shall be transferred to the Liquidating Trust Expense Reserve. The Plan shall be amended to provide (i) that the Liquidating Trustee shall be appointed by the Committee, in consultation with the Debtors, Ace, and Highbridge, and (ii) such other amendments as may be necessary or reasonable for the Liquidating Trust, to be negotiated in good faith by the Parties, including, without limitation, commercially reasonable efforts to cause the Purchaser to enter into a transition services agreement with the Liquidating Trustee, at cost, for the reconciliation of claims, if necessary or desirable.

7. The Plan shall provide that all other proceeds of the Liquidating Trust Assets, including any unused amounts from the Professional Fee Reserve and the Liquidating Trust Expense Reserve, subject to paragraph 6, shall be distributed (a) first (1) 50% to satisfy any Claims of ACE and (2) 50% to Holders of General Unsecured Trade Claims, until the Claims set forth in (1) or (2) have been satisfied in full, (b) second, to satisfy any unpaid Claims of the First Lien Credit Agreement Claims up to the full amount of such Claims, and (c) third, to Holders of Senior Secured Note Claims on a pro rata basis.

8. The Plan shall be modified in all respects to incorporate the terms of this Stipulation contemplated herein.

9. In the event the Debtors determine that another Sale transaction is higher or otherwise better than the Purchase Agreement, any Sale Proceeds in excess of the amount provided in the Purchase Agreement (as modified by Paragraph 2, herein) shall be applied after the payments contemplated under this Stipulation are paid, first, to satisfy all First Lien Credit

Agreement Claims up to the full amount of such Claims and, second, to Holders of Senior Secured Note Claims on a pro rata basis.

10. If Highbridge is the Purchaser under the Plan, it shall use commercially reasonable efforts to enter into a transition services agreement with Ace on the Effective Date of the Plan, at cost, with respect to use of Debtor's management team to facilitate any post-closing P&A on the Ace bonded assets of the Debtors.

11. The Debtors, Highbridge, the Committee, and Ace shall (i) support, and shall not directly or indirectly, or encourage any other entity to directly or indirectly, object to, delay, impede, or take any other action or any inaction to interfere with the acceptance, implementation, or consummation of the Plan (as amended consistent with this Stipulation) or approval by the Court of the Plan, the Cash Collateral Order, the Sale, and the Ace Motion or any related transactions, documents, or settlements, (ii) withdraw any and all and not engage in any further, discovery requests, litigation, appeals, or objections related to the foregoing or any matters related to the foregoing, and (iii) not agree to, consent to, or provide any support to any other Plan or Sale that is inconsistent with the terms set forth in this Stipulation.

12. For the avoidance of doubt, this Stipulation shall not limit or otherwise impair Highbridge's rights provided for in the Cash Collateral Order or Purchase Agreement (except as modified by this Stipulation) and upon a termination of the Purchase Agreement (except in accordance with the Bidding Procedures (as defined therein)) or of the use of cash collateral under the Cash Collateral Order, this Stipulation shall be deemed terminated and the Parties' rights shall revert *status qou ante*.

13. This Stipulation shall not be modified, altered, amended or vacated without the written consent of the Parties hereto.

14. For purposes of construing this Stipulation, none of the Parties shall be deemed to have been the drafter of the Stipulation.

15. This Stipulation may be executed in counterparts, each of which will be deemed an original but all of which together will constitute one and the same agreement. Signatures to this Stipulation transmitted by facsimile transmission, by electronic mail in "portable document format" (".pdf") form or other electronic means will have the same effect as physical delivery of the paper document bearing an original signature.

16. Upon approval by the Court, this Stipulation shall constitute an order of this Court and violations of the provisions of this Stipulation are subject to enforcement and the imposition of legal sanctions in the same manner as any other order of the Court.

[Signature Page Immediately Follows]

Stipulated and agreed by:

RAAM GLOBAL ENERGY COMPANY, *et al.*, DEBTORS AND DEBTORS IN POSSESSION

By: */s/ Harry A. Perrin*_____

VINSON & ELKINS LLP
Harry A. Perrin, SBT # 15796800
John E. West, SBT # 21202500
Reese A. O'Connor, SBT # 24092910
1001 Fannin Street, Suite 2500
Houston, Texas 77002-6760
Ph: (713) 758-2222
Fax: (713) 758-2346

- and -

VINSON & ELKINS LLP
William L. Wallander, SBT # 20780750
Bradley R. Foxman, SBT # 24065243
Trammell Crow Center
2001 Ross Avenue
Dallas, Texas 75201-2975
Ph: (214) 220-7700
Fax: (214) 220-7716

Proposed Attorneys for the Debtors

HIGHBRIDGE PRINCIPAL STRATEGIES, LLC

By: */s/ Steven N. Serajeddini*_____

ZACK A. CLEMENT PLLC
Zack A. Clement (TX Bar No. 04361550)
3753 Drummond
Houston, Texas 77025
Telephone: (832) 274-7629
Email: zack.clement@icloud.com

- and -

KIRKLAND & ELLIS LLP
Stephen E. Hessler (*pro hac vice* admission pending)
601 Lexington Avenue
New York, New York 10022
Telephone: (212) 446-4800
Facsimile: (212) 446-4900
Email: stephen.hessler@kirkland.com

- and -

KIRKLAND & ELLIS LLP
Steven N. Serajeddini (*pro hac vice* admission pending)
300 North LaSalle Street
Chicago, Illinois 60654
Telephone: (312) 862-2000
Facsimile: (312) 862-2200
Email: steven.serajeddini@kirkland.com

Counsel to Highbridge Principal Strategies, LLC

THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS

By: */s/ Thomas R. Califano*

DLA PIPER LLP (US)
Vincent P. Slusher, State Bar No. 00785480
vince.slusher@dlapiper.com
1717 Main Street, Suite 4600
Dallas, Texas 75201-4629
Telephone: (214) 743-4500
Facsimile: (214) 743-4545

- and -

DLA PIPER LLP (US)
Thomas R. Califano (admitted *pro hac vice*)
thomas.califano@dlapiper.com
1251 Avenue of the Americas
New York, New York 10020-1104
Telephone: (212) 335-4500
Facsimile: (212) 335-4501

- and -

DLA PIPER LLP (US)
Daniel M. Simon (admitted *pro hac vice*)
daniel.simon@dlapiper.com
One Atlantic Center
1201 W Peachtree St NE #2800
Atlanta, GA 30309-3450
Telephone: (312) 368-3465
Facsimile: (312) 251-2854

Proposed Counsel for the Official Committee of Unsecured Creditors

ACE INSURANCE COMPANY AND ITS AFFILIATES

By: */s/ Gina D. Shearer*_

LANGLEY LLP
Gina D. Shearer, SBT # 24068622
901 Main Street, Suite 600
Dallas, TX 75202
Tel: 214.722.7169
Fax: 214.722.7161
gshearer@l-llp.com

Counsel for Ace American Insurance Company

EXHIBIT E TO
SECOND AMENDED DISCLOSURE STATEMENT

Amended Stipulation

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

In re:	x	
	:	Chapter 11
RAAM GLOBAL ENERGY COMPANY, *et al.*,[1]	:	Case No. 15-35615 (MI)
Debtors.	:	(Jointly Administered)
	x	

SECOND AMENDED AND RESTATED STIPULATION

This second amended and restated stipulation (this "**Stipulation**") is made and entered into as of December 21, 2015 (the "**Stipulation Effective Date**"), by and among the following parties: the above-captioned debtors and debtors in possession (collectively, the "**Debtors**"); Highbridge Principal Strategies, LLC, on behalf of the lender parties under the First Lien Credit Agreement ("**Highbridge**"); the Official Committee of Unsecured Creditors (the "**Committee**"); Ace Insurance Company and its Affiliates (collectively, "**Ace**"), and that group of certain Senior Secured Noteholders represented by Latham & Watkins LLP (the "**Ad Hoc Group**"). The Debtors, Highbridge, the Committee, Ace, and the Ad Hoc Group are each referred to herein as a "**Party**" and are collectively referred to herein as the "**Parties**."

Recitals

WHEREAS, on October 26, 2015 (the "**Petition Date**") RAAM Global Energy Company, and certain of its affiliates commenced chapter 11 cases in the United States Bankruptcy Court for the Southern District of Texas, Houston Division (the "**Court**"), by filing

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number are RAAM Global Energy Company [2973], Century Exploration New Orleans, LLC [4948], Century Exploration Houston, LLC [9624], and Century Exploration Resources, LLC [7252]. Capitalized terms used but not otherwise defined in this Second Amended Stipulation have the meanings given to them in the Plan (as defined below).

voluntary petitions for relief under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (the "**Bankruptcy Code**"), which chapter 11 cases are being jointly administered and are captioned *In re RAAM Global Energy Company, et al.*, Case No. 15-35615 (MI) (the "**Chapter 11 Cases**");

WHEREAS, on the Petition Date, the Debtors filed the *Emergency Motion for Approval of Interim and Final Use of Cash Collateral and Granting Adequate Protection* [Docket No. 11] (the "**Cash Collateral Motion**");

WHEREAS, the Debtors and Ace entered into the Ace Bonding Agreement to fund certain of the Debtors' plugging and abandonment ("**P&A**") obligations;

WHEREAS, an escrow account created pursuant to and for the benefit of the Ace Bonding Agreement (the "**Escrow Agreement**") held approximately $9.9 million as of the Petition Date;

WHEREAS, on November 6, 2015, the Debtors filed a motion seeking authority to sell to Highbridge substantially all of the Debtors' assets pursuant to sections 363 and 365 of the Bankruptcy Code pursuant to an asset purchase agreement [Docket No. 90] (such motion, the "**Sale Motion**," and such agreement, the "**Purchase Agreement**") whereby Highbridge will purchase substantially all of the Debtors' assets (the "**Sale**" and any cash proceeds from the Sale, the "**Sale Proceeds**");

WHEREAS, on November 23, 2015, the Debtors filed the *Expedited Motion for Order Authorizing (A) the Debtors to Deliver Checks to their Intended Recipients, (B) the Debtors and Ace to Enter Into Contracts with Vendors to Perform Plugging and Abandonment Work in the Ordinary Course, and (C) the Utilization of Funds in the Escrow Account to Pay for Such Work in the Ordinary Course* [Docket No. 148] (the "**Ace Motion**");

WHEREAS, on November 24, 2015, the Committee filed an objection to the Cash Collateral Motion [Docket No. 152];

WHEREAS, on November 24, 2015, the Debtors filed the *Debtors' Joint Plan of Liquidation Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. 154];

WHEREAS, on November 24, 2015, the Debtors filed the *Disclosure Statement for the Debtors' Joint Plan of Liquidation Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. 155] (the "**Disclosure Statement**");

WHEREAS, on November 25, 2015, the Debtors filed the *Debtors' Expedited Motion to (I) Approve Disclosure Statement and the Form and Manner of Service Related Thereto; (II) Set Dates for the Objection Deadline and Hearing Relating to Confirmation of the Plan; and (III) Authorize Related Relief* [Docket No. 157];

WHEREAS, on November 27, 2015, the Debtors filed the *Notice of Filing of Stipulation as the Proposed Exhibit to Proposed Order Authorizing and Approving (A) Stalking Horse Purchase Agreement, (B) Bidding Procedures, (C) Procedures for Determining Cure Amounts for Executory Contracts and Unexpired Leases, and (D) Related Relief* [Docket No. 160] (the "**Original Stipulation**");

WHEREAS, on December 1, 2015, the Debtors, Highbridge, the Committee, and Ace entered into an amended Stipulation (the "**First Amended Stipulation**");

WHEREAS, on December 1, 2015, the Ad Hoc Group filed the *Objection of Ad Hoc Group of Senior Secured Noteholders to Stipulation* [Docket No. 172] (the "**Stipulation Objection**");

WHEREAS, on December 1, 2015, the Committee filed the *Response of Official Committee of Unsecured Creditors to Objection of Ad Hoc Group of Senior Secured Noteholders to Stipulation* [Docket No. 175];

WHEREAS, on December 2, 2015, the Bankruptcy Court entered the *Order Authorizing and Approving (A) Stalking Horse Purchase Agreement, (B) Bidding Procedures, (C) Procedures for Determining Cure Amounts for Executory Contracts and Unexpired Leases, and (D) Related Relief* [Docket No. 180] which recognized that the signatory Parties to the First Amended Stipulation bound themselves to the First Amended Stipulation, and made it enforceable against such Parties;

WHEREAS, on December 2, 2015, the Debtors filed the *Notice of Filing of Amendment to Asset Purchase Agreement*, which attached as an exhibit an amendment to the Purchase Agreement (the "**Purchase Agreement Amendment**"). The Purchase Agreement Amendment provided certain modifications to the Purchase Agreement designed to reflect certain of the agreements of the parties to the First Amended Stipulation.

WHEREAS, on December 9, 2015, the Ad Hoc Group filed the *Objection of Ad Hoc Group of Senior Secured Noteholders to the Debtors' Expedited Motion to (I) Approve Disclosure Statement and the Form and Manner of Service Related Thereto; (II) Set Dates for the Objection Deadline and Hearing Relating to Confirmation of the Plan; and (III) Authorize Related Relief* [Docket No. 215] (the "**Disclosure Statement Objection**");

WHEREAS, on December 13, 2015, the Debtors filed the *Debtors' First Amended Joint Plan of Liquidation Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. 238] (the "**Plan**")[2];

[2] A further amended version of the Plan is attached hereto as **Exhibit A**.

WHEREAS, on December 13, 2015, the Debtors filed the *First Amended Disclosure Statement for the Debtors' First Amended Joint Plan of Liquidation Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. 239];

NOW, THEREFORE, it is hereby stipulated and agreed to by and among the Parties and upon Bankruptcy Court approval hereof, it shall be ordered as follows:

1. This Stipulation amends and restates the First Amended Stipulation, and the First Amended Stipulation is no longer in effect. This Stipulation is intended to bind and inure to the benefit of the Parties. The rights or obligations of the Parties under this Stipulation may not be assigned, delegated, or transferred to any other person or entities; *provided, however*, Highbridge, in connection with any sale of a majority of its claims against the Debtors, may assign, delegate, or transfer its rights or obligations under this Stipulation to a third party in its sole discretion.

2. The Purchase Agreement shall be amended to provide that Highbridge shall fund the Sale Proceeds as provided for, and only as provided for, in this Stipulation upon the effective date of the Plan (the "**Effective Date**"). The Purchase Agreement shall provide that a condition to the closing of the sale shall be the occurrence of the Effective Date.

3. Under the Plan, Ace shall receive $1,150,000.00 of the Sale Proceeds, plus any additional amounts recovered pursuant to paragraphs 7 and 8, in full and final satisfaction of any and all Claims of Ace in the Chapter 11 Cases. Ace agrees to satisfy any unpaid Claims against the Debtors on account of P&A liabilities secured by Ace bonds identified on the attached **Exhibit A** (as may be amended or supplemented from time to time solely to include pre-petition claims for P&A work regarding properties on which Ace has issued a bond) on either the earlier of (i) as soon as practicable after entry of an order approving this Stipulation,

(ii) in the ordinary course of business, or (iii) as otherwise ordered by the Court. Ace shall also continue to apply the proceeds of the Escrow Account in the ordinary course of business during the pendency of the Chapter 11 Cases in accordance with the Ace Motion and shall pay past and future P&A liabilities on behalf of the Debtors solely with respect to properties on which Ace has issued a bond up to the face amount of such bond.

4. Under the Plan, holders of General Unsecured Trade Claims shall receive a *pro rata* distribution of $800,000 of the Sale Proceeds, plus any additional amounts recovered pursuant to paragraphs 7 and 8, in full and final satisfaction of such Claims (the "**General Unsecured Trade Claims Distribution**"). The General Unsecured Trade Claims Distribution shall not be shared with any holder of Claims in any other Class, including, without limitation, the General Unsecured Non-Trade Claims Class; *provided, however*, except as set forth in this Paragraph, in the event the Debtors or Highbridge satisfy any such General Unsecured Trade Claims on or before the Effective Date, whether through any motion filed by the Debtors or through Cure Payments paid pursuant to the Sale (other than any General Unsecured Claims solely on account of Mineral and Other Interests (as defined in the Royalty Motion), with any such characterization subject to the consent of Highbridge and the Committee) (collectively, the "**Satisfied Claims**"), then the amount provided to Holders of General Unsecured Trade Claims shall be reduced by 57.5% of the amount of the Satisfied Claims. The Plan shall be amended to provide that General Unsecured Trade Claims does not include (i) any Debtors' professional fees incurred prepetition, and (ii) any payments made to Debtors' employees on account of prepetition claims.

5. Under the Plan, the Sales Proceeds shall fund the Professional Fee Reserve in an amount not to exceed $4,000,000, of which $3,200,000 may be applied to the fees of the

Debtors' retained professionals and $800,000 may be applied to the fees of the Committee's retained professionals, less any amounts paid to such professionals during the pendency of the chapter 11 cases under any interim compensation orders of the Court or otherwise, and in addition to amounts funded by the Debtors held in retainer by such professionals, in full and final satisfaction of all Professional Fee Claims.

6. Under the Plan, the Sale Proceeds shall fund the Liquidating Trust Expense Reserve in the amount of $100,000; *provided*, *however*, that if not all of the $800,000 provided for in paragraph 5 is used to pay the allowed fees and expenses of the Committee's professionals, any unused portions up to $50,000 shall be transferred to the Liquidating Trust Expense Reserve. The Plan shall be amended to provide (i) that the Liquidating Trustee shall be appointed by agreement among Highbridge, the Committee, and the Ad Hoc Group (or the Court if such Parties cannot mutually agree on the appointment of the Liquidating Trustee); *provided*, *however*, that a representative appointed by the Committee to represent the interests of the General Unsecured Trade Claims Creditors shall have sole authority (on terms to be provided in the Liquidating Trust Agreement) to make decisions related to, or to otherwise reconcile, object, and settle general unsecured claims pursuant to the Plan; and (ii) such other amendments as may be necessary or reasonable for the Liquidating Trust, to be negotiated in good faith by the Parties, including, without limitation, commercially reasonable efforts to cause the Purchaser to enter into a transition services agreement with the Liquidating Trustee, at cost, for the reconciliation of claims, if necessary or desirable.

7. The Plan shall provide that all proceeds, if any, of the Liquidating Trust Assets, including any unused amounts from the Professional Fee Reserve and the Liquidating Trust Expense Reserve, subject to paragraph 6 and 8, shall be distributed on a Pro Rata basis

(excluding any funds held in the Sale Escrow) to Holders of Allowed Senior Secured Notes Deficiency Claims, Allowed Ace Claims, Allowed General Unsecured Trade Claims, and Allowed General Unsecured Non-Trade Claims. The Plan will be amended to provide that the Senior Secured Notes Claims and Senior Secured Notes Deficiency Claims are allowed claims in an aggregate amount of not less than $263,400,000 for all purposes of the Chapter 11 Cases, without the need or requirement for any person or entity to file any proof of claim with respect thereto; *provided*, *however*, that the Committee shall have twenty (20) days from the Stipulation Effective Date to object to the amount of such claim and if no such objection is filed within such date, then the Senior Secured Notes Claims and Senior Secured Notes Deficiency Claims shall be allowed in the aggregate amount of $263,400,000.

8. Subject to the next sentence of this Paragraph, the Plan will be amended to provide that any Causes of Action of the Debtors against the Excluded Parties (as defined herein), in their capacity as current or former directors and officers of the Debtors (collectively, the "**Specified Litigation Claims**") shall not be released or exculpated (and shall not be considered Assets under the Purchase Agreement), shall be treated as Liquidating Trust Assets for all purposes, and that any and all proceeds and recoveries from such Causes of Action or D&O Policies (collectively, the "**Litigation Recoveries**") shall be distributed under the Plan as follows: (a) the first $2,000,000 of Litigation Recoveries in the aggregate to Holders of Allowed First Lien Credit Agreement Claims; (b) the next $4,000,000 of Litigation Recoveries in the aggregate, (i) 50% to Holders of Allowed First Lien Credit Agreement Claims, and (ii) 50% to the Liquidating Trust as Liquidating Trust Assets; and (c) all other Litigation Recoveries in excess of $6,000,000 to the Liquidating Trust as Liquidating Trust Assets. Notwithstanding the preceding sentence, (x) the Specified Litigation Claims shall not include

any Causes of Action of the Debtors against directors and officers of the Debtors that are not Excluded Parties and such parties shall be released and exculpated under and to the extent set forth in the Plan, unless any such Causes of Action are based on either actual fraud, willful misconduct, or gross negligence, and (y) the Litigation Recoveries for Causes of Action of the Debtors (other than for actual fraud, willful misconduct, or gross negligence) shall be limited to the policy limits under any applicable D&O Policies (including any excess policies). The Plan will be amended to provide that a condition to its effectiveness be that such D&O Policies remain in full force and effect as of the Effective Date, with available coverage of not less than $20 million. "**Excluded Parties**" means, unless as otherwise agreed by Highbridge, the Committee and the Ad Hoc Group, Howard A. Settle, Jonathan B. Rudney, and all other current and former directors and officers of the Debtors that are not, or do not become as of the Effective Date, directors and officers of Purchaser or its affiliates.

9. The Plan shall provide that a committee consisting of a representative appointed by the Ad Hoc Group and a representative appointed by Highbridge (the "**Litigation Committee**") shall have the sole authority (on terms to be agreed by the Ad Hoc Group and Highbridge in the Liquidating Trust Agreement) to make decisions related to, or to otherwise settle, the Specified Litigation Claims.

10. The Plan shall be modified to provide that from the Sale Proceeds, the Ad Hoc Group will receive an amount not to exceed $85,000 for the payment of the reasonable and document professional fees and expenses of Latham & Watkins LLP, as counsel to the Ad Hoc Group. The Purchase Agreement will be modified to reflect an increase in the Sale Proceeds of $85,000.

11. The Plan and/or the Purchase Agreement, as applicable, shall be modified in all respects to incorporate the terms of this Stipulation contemplated herein.

12. In the event the Debtors determine that another Sale transaction is higher or otherwise better than the Purchase Agreement, any Sale Proceeds in excess of the amount provided in the Purchase Agreement (as modified by Paragraph 2, herein) shall be applied after the payments contemplated under this Stipulation are paid, first, to satisfy all First Lien Credit Agreement Claims up to the full amount of such Claims and, second, to Holders of Senior Secured Note Claims on a pro rata basis.

13. If Highbridge is the Purchaser under the Plan, it shall use commercially reasonable efforts to enter into a transition services agreement with Ace on the Effective Date of the Plan, at cost, with respect to use of Debtor's management team to facilitate any post-closing P&A on the Ace bonded assets of the Debtors.

14. The Debtors, Highbridge, the Committee, Ace, and the Ad Hoc Group shall (i) support, and shall not directly or indirectly, or encourage any other entity to directly or indirectly, object to, delay, impede, or take any other action or any inaction to interfere with the acceptance, implementation, or consummation of the Plan (as amended consistent with this Stipulation) or approval by the Court of the Plan, the Cash Collateral Order, the Sale, and the Ace Motion or any related transactions, documents, or settlements, (ii) withdraw any and all and not engage in any further, discovery requests, litigation, appeals, or objections related to the foregoing or any matters related to the foregoing, and (iii) not agree to, consent to, or provide any support to any other Plan or Sale that is inconsistent with the terms set forth in this Stipulation.

15. For the avoidance of doubt, this Stipulation shall not limit or otherwise impair Highbridge's rights provided for in the Cash Collateral Order or Purchase Agreement (except as modified by this Stipulation) and upon a termination of the Purchase Agreement (except in accordance with the Bidding Procedures (as defined therein)) or of the use of cash collateral under the Cash Collateral Order, this Stipulation shall be deemed terminated and the Parties' rights shall revert *status qou ante.*

16. This Stipulation shall not be modified, altered, amended or vacated without the written consent of the Parties hereto.

17. For purposes of construing this Stipulation, none of the Parties shall be deemed to have been the drafter of the Stipulation.

18. This Stipulation may be executed in counterparts, each of which will be deemed an original but all of which together will constitute one and the same agreement. Signatures to this Stipulation transmitted by facsimile transmission, by electronic mail in "portable document format" (".pdf") form or other electronic means will have the same effect as physical delivery of the paper document bearing an original signature.

19. Upon approval by the Court, this Stipulation shall constitute an order of this Court and violations of the provisions of this Stipulation are subject to enforcement and the imposition of legal sanctions in the same manner as any other order of the Court.

[Signature Page Immediately Follows]

Stipulated and agreed by:

RAAM GLOBAL ENERGY COMPANY, *et al.*, DEBTORS AND DEBTORS IN POSSESSION

By: */s/ Bradley R. Foxman*_____

VINSON & ELKINS LLP
Harry A. Perrin, SBT # 15796800
John E. West, SBT # 21202500
Reese A. O'Connor, SBT # 24092910
1001 Fannin Street, Suite 2500
Houston, Texas 77002-6760
Ph: (713) 758-2222
Fax: (713) 758-2346

- and -

VINSON & ELKINS LLP
William L. Wallander, SBT # 20780750
Bradley R. Foxman, SBT # 24065243
Trammell Crow Center
2001 Ross Avenue
Dallas, Texas 75201-2975
Ph: (214) 220-7700
Fax: (214) 220-7716

Proposed Attorneys for the Debtors

HIGHBRIDGE PRINCIPAL STRATEGIES, LLC

By: */s/ Steven N. Serajeddini*_____

ZACK A. CLEMENT PLLC
Zack A. Clement (TX Bar No. 04361550)
3753 Drummond
Houston, Texas 77025
Telephone: (832) 274-7629
Email: zack.clement@icloud.com

- and -

KIRKLAND & ELLIS LLP
Stephen E. Hessler (*pro hac vice* admission pending)
601 Lexington Avenue
New York, New York 10022
Telephone: (212) 446-4800
Facsimile: (212) 446-4900
Email: stephen.hessler@kirkland.com

- and -

KIRKLAND & ELLIS LLP
Steven N. Serajeddini (*pro hac vice* admission pending)
300 North LaSalle Street
Chicago, Illinois 60654
Telephone: (312) 862-2000
Facsimile: (312) 862-2200
Email: steven.serajeddini@kirkland.com

Counsel to Highbridge Principal Strategies, LLC

THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS

By: */s/ Thomas R. Califano* _____

DLA PIPER LLP (US)
Vincent P. Slusher, State Bar No. 00785480
vince.slusher@dlapiper.com
1717 Main Street, Suite 4600
Dallas, Texas 75201-4629
Telephone: (214) 743-4500
Facsimile: (214) 743-4545

- and -

DLA PIPER LLP (US)
Thomas R. Califano (admitted *pro hac vice*)
thomas.califano@dlapiper.com
1251 Avenue of the Americas
New York, New York 10020-1104
Telephone: (212) 335-4500
Facsimile: (212) 335-4501

- and -

DLA PIPER LLP (US)
Daniel M. Simon (admitted *pro hac vice*)
daniel.simon@dlapiper.com
One Atlantic Center
1201 W Peachtree St NE #2800
Atlanta, GA 30309-3450
Telephone: (312) 368-3465
Facsimile: (312) 251-2854

Proposed Counsel for the Official Committee of Unsecured Creditors

ACE INSURANCE COMPANY AND ITS AFFILIATES

By: */s/ Gina D. Shearer*_____

LANGLEY LLP
Gina D. Shearer, SBT # 24068622
901 Main Street, Suite 600
Dallas, TX 75202
Tel: 214.722.7169
Fax: 214.722.7161
gshearer@l-llp.com

Counsel for Ace American Insurance Company

THE AD HOC GROUP OF SENIOR SECURED NOTEHOLDERS

By: */s/ Keith A. Simon*_____

LATHAM & WATKINS LLP
Keith A. Simon
885 Third Avenue
New York, NY 10022
Tel: 212.906.1200
Fax: 212.751.4864
keith.simon@lw.com

Counsel to the Ad Hoc Group of Senior Secured Noteholders