

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

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In re:	:	Chapter 11
	:	
RAAM GLOBAL ENERGY	:	Case No. 15-35615
COMPANY <u>et al.</u> ,	:	
	:	Jointly Administered
Debtors. ¹	:	
	:	Re: Docket No. 286
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**STATEMENT OF AD HOC GROUP OF SENIOR SECURED
NOTEHOLDERS IN CONNECTION WITH DEBTORS'
SECOND AMENDED JOINT PLAN OF LIQUIDATION**

The Ad Hoc Group of Senior Secured Noteholders (the “**Ad Hoc Group**”) hereby submits this statement (the “**Statement**”) with respect to the *Debtors’ Second Amended Joint Plan of Liquidation Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. 286-2] (the “**Amended Plan**”)² and respectfully represents as follows:

BACKGROUND

1. On October 26, 2015 (the “**Petition Date**”), the above-captioned debtors and debtors in possession (the “**Debtors**”) filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the “**Bankruptcy Code**”) commencing the above-captioned cases (the “**Cases**”).

2. On November 24, 2015, the Debtors filed their proposed *Joint Plan of Liquidation Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. 154] (the “**Original Plan**”) and their proposed *Disclosure Statement for the Debtors’ Joint Plan of Liquidation*

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].

² Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Amended Plan.

Pursuant to Chapter 11 of the Bankruptcy Code [Docket No. 155] (the “**Original Disclosure Statement**”). The Original Plan provided, among other things, for releases of the Released Parties³ from all claims, causes of action, and liabilities other than those relating to any act or omission of a Released Party that constitutes actual fraud, willful misconduct, or gross negligence. *See* Original Plan, at § 14.07.

3. On December 9, 2015, the Ad Hoc Group filed an objection to the Original Disclosure Statement and the Original Plan, which asserted, among other things, that the releases were overbroad and should be more limited in scope. *See* Docket No. 215, at ¶ 30-31.

4. Thereafter, the Debtors, Highbridge Principal Strategies, LLC, the Official Committee of Unsecured Creditors, and the Ad Hoc Group engaged in negotiations resulting in their entry into the Second Amended and Restated Stipulation (the “**Amended Stipulation**”), a copy of which is attached hereto as Exhibit 1.

5. On December 29, 2015, the Debtors filed the *Second Amended Disclosure Statement for the Debtors’ Second Amended Joint Plan of Liquidation Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. 286-1] (the “**Amended Disclosure Statement**”) and the Amended Plan. A copy of the Amended Stipulation was attached as Exhibit E to the Amended Disclosure Statement.

STATEMENT

6. The Amended Stipulation memorializes the business deal reached between the parties thereto. With respect to releases and exculpation in particular, the Amended Stipulation states “the Plan will be amended to provide that any Causes of Action of the Debtors

³ Under the Original Plan, the Released Parties included, among others, all current and former officers, directors, principals, employees, and agents of the Debtors. *See* Original Plan, at § 1.02.

against the Excluded Parties,⁴ in their capacity as current or former directors and officers of the Debtors (collectively, the “**Specified Litigation Claims**”) shall not be released or exculpated.” See Amended Stipulation, at ¶ 8.

7. With respect to the proceeds and recoveries from such Specified Litigation Claims (collectively, the “**Litigation Recoveries**”), the Amended Stipulation creates two categories of claims: (i) those based on actual fraud, willful misconduct, or gross negligence, and (ii) all other types of claims. The Amended Stipulation is clear that proceeds and recoveries from actual fraud, willful misconduct, or gross negligence are not limited in any manner, while all other types of claims are limited to applicable insurance policies. See Amended Stipulation, at ¶ 8, clause (y) (stating that “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).”) (emphasis added). Thus, the Amended Stipulation is unambiguous that the Litigation Recoveries are limited to applicable D&O Policies only for claims that are not based on actual fraud, willful misconduct, or gross negligence.

8. The Amended Plan defines Specified Litigation Claims as follows:

“**Specified Litigation Claims**” means Causes of Actions of the Debtors against any of the Excluded Parties, in their capacity as current or former directors and officers of the Debtors, that (a) result in a final judgment against an Excluded Party for either actual fraud, willful misconduct, or gross negligence and/or (b) are covered under the D&O Policies; provided, however, that any recovery from such Causes of Action set forth in clause (b) shall be limited to the amount of coverage available under the D&O Policies at the time of such recovery, and amounts in excess of the then remaining coverage shall not, for the avoidance doubt, be collected from any of the Excluded Parties.

⁴ “**Excluded Parties**” means 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. While the Ad Hoc Group believes the Amended Plan is consistent with the Amended Stipulation, the Ad Hoc Group files this Statement out of an abundance of caution. Specifically, because of the “and/or” language contained in the definition of Specified Litigation Claims in the Amended Plan, the Ad Hoc Group seeks to clarify that if a Cause of Action falls under both subsection (a) and subsection (b) of the definition of Specified Litigation Claims (meaning it is an action based on actual fraud, willful misconduct, or gross negligence), then the recovery from such Cause of Action is not limited to the amount of coverage available under any D&O Policy (and regardless of whether insurance coverage is available or not). In other words, just like the Amended Stipulation, the coverage limits of any D&O Policy are only relevant to the extent the claim is not based on actual fraud, willful misconduct, or gross negligence.

10. In conclusion, the Amended Stipulation is clear that recoveries based on actual fraud, willful misconduct, or gross negligence are not limited in any manner against the Excluded Parties, and the Ad Hoc Group believes the Amended Plan represents the business deal reached between the parties. However, because the Amended Plan does not copy the Amended Stipulation identically regarding the scope of the releases and exculpation, the Ad Hoc Group files this Statement out of an abundance of caution.

Dated: January 11, 2016

Respectfully submitted,

By: /s/ Annemarie V. Reilly
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