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

In re:	§	Chapter 11
	§	
ATP Oil & Gas Corporation,	§	Case No.: 12-36187
	§	
Debtor.	§	Hon. Marvin Isgur

[*DRAFT*][1] DISCLOSURE STATEMENT FOR DEBTOR'S PROPOSED PLAN OF LIQUIDATION

Dated: May 15, 2014

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ATTORNEYS FOR THE DEBTOR AND DEBTOR-IN-POSSESSION

[1] This Draft Disclosure Statement is filed in accordance with the Court's requirement for filing by May 15, 2014. It is anticipated that this draft will change and be amended.

DISCLAIMER

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED FOR PURPOSES OF SOLICITING ACCEPTANCES OF THE PLAN OF LIQUIDATION OF ATP OIL & GAS CORPORATION DATED MAY 12, 2014 (THE **"PLAN"**) AND THE INFORMATION CONTAINED HEREIN MAY NOT BE RELIED UPON FOR ANY PURPOSE OTHER THAN TO DETERMINE HOW TO VOTE ON THE PLAN. NO PERSON IS AUTHORIZED TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS, OTHER THAN THE INFORMATION AND REPRESENTATIONS CONTAINED IN THIS DISCLOSURE STATEMENT, REGARDING THE PLAN OR THE SOLICITATION OF ACCEPTANCES OF THE PLAN.

ALL CLAIMHOLDERS AND ADMINISTRATIVE CLAIMANTS ARE ADVISED AND ENCOURAGED TO READ THIS DISCLOSURE STATEMENT AND THE PLAN IN THEIR ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THE PLAN OR DETERMINING WHETHER TO OBJECT TO THE PLAN. STATEMENTS MADE IN THIS DISCLOSURE STATEMENT ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PLAN. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE ONLY AS OF THE DATE HEREOF, AND THERE CAN BE NO ASSURANCE THAT THE STATEMENTS CONTAINED HEREIN WILL BE CORRECT AT ANY TIME AFTER THE DATE HEREOF.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF TITLE 11 OF THE UNITED STATES CODE AND RULE 3016(b) OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE, AND THE APPLICABLE LOCAL RULES OF THE SOUTHERN DISTRICT OF TEXAS, AND NOT NECESSARILY IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER NON-BANKRUPTCY LAW.

AS TO CONTESTED MATTERS, ADVERSARY PROCEEDINGS, AND OTHER ACTIONS, THIS DISCLOSURE STATEMENT SHALL NOT CONSTITUTE OR BE CONSTRUED AS AN ADMISSION OF ANY FACT OR LIABILITY, A STIPULATION, OR A WAIVER, BUT RATHER AS A STATEMENT MADE IN SETTLEMENT NEGOTIATIONS. THIS DISCLOSURE STATEMENT SHALL NOT BE ADMISSIBLE IN ANY NON-BANKRUPTCY PROCEEDING (FOR EVIDENTIARY PURPOSES OR OTHERWISE), NOR SHALL IT BE CONSTRUED TO BE CONCLUSIVE ADVICE ON THE LEGAL EFFECTS OF THE PLAN AS TO CLAIMHOLDERS OF ATP OIL & GAS CORPORATION.

THIS DISCLOSURE STATEMENT CONTAINS ONLY A SUMMARY OF THE PLAN, AND IS NOT INTENDED TO REPLACE A CAREFUL AND DETAILED REVIEW AND ANALYSIS OF THE PLAN, BUT TO AID AND SUPPLEMENT SUCH REVIEW. THIS DISCLOSURE STATEMENT IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE MORE DETAILED PROVISIONS SET FORTH IN THE PLAN (WHICH IS INCLUDED

AS EXHIBIT A TO THIS DISCLOSURE STATEMENT). IN THE EVENT OF A CONFLICT BETWEEN THE PLAN AND THE DISCLOSURE STATEMENT, THE PROVISIONS OF THE PLAN WILL GOVERN. ALL HOLDERS OF CLAIMS IN CLASS 3 ARE ENCOURAGED TO REVIEW THE FULL TEXT OF THE PLAN AND TO READ CAREFULLY THIS ENTIRE DISCLOSURE STATEMENT, INCLUDING ALL EXHIBITS HERETO, BEFORE DECIDING WHETHER TO VOTE TO ACCEPT THE PLAN.

THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE AS OF THE DATE HEREOF, AND THE DELIVERY OF THIS DISCLOSURE STATEMENT DOES NOT IMPLY THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AT ANY TIME SUBSEQUENT TO THE DATE HEREOF.

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 SUCH HOLDER, THEREFORE, SHOULD CONSULT WITH ITS OWN LEGAL, BUSINESS, FINANCIAL AND TAX ADVISORS AS TO ANY SUCH MATTERS CONCERNING THE SOLICITATION, THE PLAN AND THE TRANSACTIONS CONTEMPLATED THEREBY.

THE DEBTOR BELIEVES THAT IF THE PLAN IS NOT CONFIRMED IT WILL LIKELY BE FORCED TO CONVERT THIS CHAPTER 11 CASE TO CHAPTER 7, IN THAT EVENT, ALL HOLDERS OF CLAIMS (OTHER THAN THE DIP LENDERS) WILL LIKELY RECEIVE NO DISTRIBUTION.

THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED HEREIN.

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BACKGROUND

A. Introduction

ATP Oil & Gas Corporation ("**ATP**" or the **"Debtor"**), the debtor and debtor-in-possession in the above-referenced bankruptcy case (the **"Chapter 11 Case"**) submits this disclosure statement (this **"Disclosure Statement"**) pursuant to Section 1125 of Title 11 of the United States Code (the **"Bankruptcy Code"**). This Disclosure Statement is prepared for use in the solicitation of votes on the Plan that ATP has proposed and filed with the United States Bankruptcy Court for the Southern District of Texas, Houston Division (the **"Bankruptcy Court"**).

This Disclosure Statement sets forth certain relevant information regarding the Debtor's prepetition operating and financial history, the need to seek Chapter 11 protection, significant events that have occurred during the Chapter 11 Case, and the anticipated procedures for liquidating the Debtor's assets. This Disclosure Statement also describes terms and provisions of the Plan, including certain alternatives to the Plan, certain effects of confirmation of the Plan, certain risk factors associated with the Plan, and the manner in which distributions will be made under the Plan. In addition, this Disclosure Statement discusses the confirmation process and the voting procedures that claimholders must follow for their votes to be counted.

THIS DISCLOSURE STATEMENT CONTAINS SUMMARIES OF CERTAIN PROVISIONS OF THE PLAN, STATUTORY PROVISIONS, DOCUMENTS RELATED TO THE PLAN, EVENTS IN THE CHAPTER 11 CASE, AND FINANCIAL INFORMATION. ALTHOUGH ATP BELIEVES THAT THE PLAN AND RELATED DOCUMENT SUMMARIES ARE FAIR AND ACCURATE, SUCH SUMMARIES ARE QUALIFIED TO THE EXTENT THAT THEY DO NOT SET FORTH THE ENTIRE TEXT OF SUCH DOCUMENTS OR STATUTORY PROVISIONS. ATP DOES NOT WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED HEREIN, INCLUDING THE FINANCIAL INFORMATION, IS WITHOUT ANY MATERIAL INACCURACY OR OMISSION.

B. Definitions, Exhibits

1. *Definitions.*

Unless otherwise defined herein, capitalized terms used in this Disclosure Statement shall be defined as set forth in the Plan.

2. *Exhibits.*

All exhibits to this Disclosure Statement are incorporated as if fully set forth and made part of this Disclosure Statement. In order to mitigate the mailing expenses associated with the plan solicitation and confirmation process, the Debtor intends to have a summary notice, as approved by the Bankruptcy Court, mailed to all parties on the Master Service List and otherwise entitled to notice as determined by the Court under the Solicitation Procedures Order. This

summary notice will inform recipients that they may obtain copies of the Disclosure Statement, Plan and other exhibits to the Disclosure Statement by going to the website maintained by the Notice Agent for this Bankruptcy Case at **[www.kkcllc/atp.com.]** Hard copies of the Plan and any Plan Documents, including the Disclosure Statement or the other exhibits hereto, will be provided upon written request to the Notice Agent and sent via electronic mail or, if an electronic delivery is not possible, then pursuant to U.S. Mail First Class, postage prepaid.

C. Disclosure Statement and Plan

1. *Purpose of Disclosure Statement.*

The purpose of the Disclosure Statement is to set forth information that (i) summarizes the Plan and alternatives to the Plan (ii) advises Holders of Claims and Equity Interests of their rights under the Plan, (iii) assists Holders of Claims in Class 3 in making an informed decision as to whether they should vote to accept or reject the Plan, and (iv) assists the Bankruptcy Court in determining whether the Plan complies with the provisions of chapter 11 of the Bankruptcy Code and should be confirmed. Holders of Claims in Class 4 should carefully read the Disclosure Statement, in its entirety, prior to voting on the Plan.

PLEASE READ THIS DISCLOSURE STATEMENT, INCLUDING THE PLAN, IN ITS ENTIRETY. THE DISCLOSURE STATEMENT SUMMARIZES THE TERMS OF THE PLAN FOR THE CONVENIENCE OF HOLDERS OF CLAIMS AND EQUITY INTERESTS, BUT THE PLAN ITSELF QUALIFIES ALL SUCH SUMMARIES. ACCORDINGLY, IF THERE EXISTS ANY INCONSISTENCY BETWEEN THE PLAN AND THIS DISCLOSURE STATEMENT, THE TERMS OF THE PLAN SHALL CONTROL.

2. *Consent to Confirmation of the Plan; Plan Alternatives*.

The Debtor's estate is administratively insolvent. As a result, there may not be sufficient cash available or other unencumbered assets of the Estate to provide that Holders of Allowed Unclassified Claims entitled to administrative expense or priority status under the Bankruptcy Code will receive on account of such Claims cash equal to the allowed amount of such Claims. In order to comply with the requirements of Section 1129(a)(9) of the Bankruptcy Code, the Debtor requires the express or implied consent of Holders of all Allowed Unclassified Claims. If you are a Holder of an Allowed Unclassified Claim and you are not entitled to be paid in full under the Plan, you will be receive with this Disclosure Statement a form that is approved by the Bankruptcy Court setting forth your rights to consent or object to the Plan, where and when such consent form must be submitted and providing that if you do not return such consent form or otherwise formally object to confirmation of the Plan the Debtor intends to request that you be deemed to have provided implied consent to confirmation of the Plan.

The Debtor urges Holders of Allowed Unclassified Claims to timely complete and return their consent forms expressing support for confirmation of the Plan and acceptance of the treatment of Allowed Unclassified Claims that is provided for under the terms of the Plan. As more particularly addressed below, the Plan enables such Holders to recover approximately **[__%] to [__%]** of their Allowed Unclassified Claims. If all Holders of Allowed Unclassified Claims do

not consent to the Plan, the Debtor likely will immediately convert the Chapter 11 Case to a Chapter 7 Case, in which event the Debtor does not believe Holders of Allowed Unclassified Claims will receive ***any*** recovery on account of their Allowed Unclassified Claims.

D. Debtor's Company Background

1. *The Debtor and its Operations.*

ATP is a Houston, Texas based, publicly traded oil and gas exploration and production company that operated predominantly in the Gulf of Mexico, both on the Outer Continental Shelf and in certain deepwater developments. Before filing for bankruptcy at year end December 31, 2011, ATP listed its assets, on a consolidated basis with its foreign subsidiaries, at $3.4 billion; however, $2.8 billion related solely to its U.S. operations. ATP's core U.S. assets were deepwater oil and gas federal leases issued by the United States Department of Interior under the Outer Continental Shelf Lands Act ("**OCSLA**"), with production facilities placed on those leases that were located off the coast of the States of Louisiana and Texas. Since the nearest parishes to a majority of these properties were located in Louisiana, the application of OCSLA meant that certain aspects of ATP's operations were subject to Louisiana law as well as Federal law.

As the operator on these properties, ATP engaged in activities relating to drilling and production of oil and gas. For 2011, ATP was producing around 24,600 barrels of oil equivalents per day, but its production was declining and it needed to bring new production on line. Although it possessed and operated at least 10 different offshore locations, its primary asset value rested with three main locations: (1) the Telemark Hub, (2) the Gomez Hub, and (3) the Clipper Wells. These properties accounted for about 80% of ATP's reported asset value in the U.S.

Although it is significantly smaller in operations and assets than most entities operating in the deepwater offshore Gulf of Mexico, ATP's business strategy has, since its inception, been to acquire offshore reserves and leases that were initially explored by larger producers but, for various reasons, were not within those larger entities' core strategies or assets. These properties typically contained substantial proved reserves that ATP consistently demonstrated it could develop and produce more efficiently, through its established expertise in drilling and operating deepwater wells.

2. *Material Prepetition Events Impacting ATP's Operations.*

While acquisitions, development and drilling operations require substantial capital in operating offshore, especially in the deepwater of the Gulf of Mexico, ATP had proven it could successfully increase reserves and production through strategic development of larger fields. Nevertheless, from time to time, operating in the Gulf of Mexico placed burdens and stress on ATP's liquidity. In 2008, and in order to more further develop one of its most valuable assets, the Telemark Hub, ATP commenced construction of a large floating production platform called the "*ATP Titan*" from which it would drill additional wells and commence large scale production from several adjacent fields. In conjunction with the continued development from this and other fields, ATP went to the bond market to obtain much needed capital in 2010. ATP obtained $1.5 billion of second-lien bond financing and a $100 million first-lien revolver. The bond

transaction priced on April 19, 2010 and closed on April 23rd. On April 20, 2010, the BP Macondo Explosion occurred followed two days later on April 22, 2010 by the sinking of the Deepwater Horizon in the Gulf of Mexico. On or about May 30, 2010, the U.S. Department of Interior (under the current administration) imposed a moratorium and ceased issuing permits for operations in the Gulf of Mexico, effectively shutting down any and all drilling operations, recompletions and efforts to grow or increase revenues for an offshore company.

The effect of such cessation of further development was particularly harmful to a company like ATP that depended on continued replacement and growth of revenues from continued development and production. Although the Department of Interior announced it would begin issuing permits again, it delayed doing so for several more months, and the moratorium and its impact lasted for 10 months. New permits were not issued again in the Gulf until February 28, 2011. During that time, ATP and other oil and gas companies operating in the Gulf of Mexico were not permitted to conduct drilling. ATP was unable, despite access to funds, to drill and bring on-line six new wells forecast for production during 2010 and 2011.

Because ATP's balance sheet did not match that of other deepwater oil companies of substantially greater assets operating in the Gulf, the inability to bring on and delay in bringing on these planned six wells in the timeframe required under its development and drilling program had a particularly devastating impact on ATP and its liquidity. Before too long, the proceeds of the bond financing were consumed through a combination of paying for the completion costs on the *ATP Titan*, expenses associated with the moratorium, and in funding development of certain foreign subsidiaries with operations in the North Sea, off the coast of Netherlands and in the Eastern Mediterranean off the coast of Israel. These funds could not be replaced by the planned and anticipated revenue increase from the planned six new wells. Indeed, revenues could not be obtained from its overseas operations. All of its capital investments in its foreign subsidiaries were in the developmental stage and years away from generating new revenue due to needed construction and installation of infrastructure.

In late 2011, ATP purchased certain promising previously drilled deepwater wells in the offshore Green Canyon block, known as the "Clipper" wells completed in potentially significant gas and oil formations. Because these wells were located 17 miles from the nearest platform, ATP commenced a capital project in early 2012 to build two pipelines – one for a gas well and one for an oil well – that would connect this field to a platform owned by Murphy Oil. That project was only partially completed when ATP filed for bankruptcy and ATP was well behind the payment of its contractors and suppliers on that project; indeed, a key purpose of the bankruptcy was to obtain financing to complete the Clipper project.

E. Debtor's Financial Background

1. *Debtor's Prepetition Secured Indebtedness*

a. First Lien Credit Facility

In June 2010, ATP entered into that certain Credit Agreement (the "**Prepetition First Lien Credit Agreement**"), dated as of June 18, 2010, among ATP, as Borrower, the lenders from time to time party thereto (the "**Prepetition First Lien Lenders**"), and Credit Suisse AG,

as Administrative Agent and Collateral Agent. This Credit Agreement replaced the First Lien Revolver that was put into place in April 2010. Following amendments to the Prepetition First Lien Credit Agreement in February 2011 and March 2012, the principal amount available to ATP was increased to $365 million and the interest rate reduced to a floating rate of 8.75%, calculated based on three-month LIBOR (with a floor of 1.5%) plus 7.25%. On the Petition Date, the obligations outstanding under the Prepetition First Lien Credit Agreement totaled approximately $365 million with a scheduled maturity of January 2015. In addition, certain hedging transactions entered into by ATP with certain parties in the Prepetition First Lien Credit Agreement to mitigate commodity price fluctuations were terminated about the time of the Petition Date, and ATP owed that counterparty approximately $52 million which was also secured, in a *pari passu* basis, with the Prepetition First Lien Lenders. In total, ATP owed in excess of $410 million to its Prepetition First Lien Lenders on the Petition Date.

ATP's obligations under the Prepetition First Lien Credit Agreement were secured principally by a first lien on not less than 80% of ATP's proved oil and gas reserves in the Gulf of Mexico, as well as 100% of the capital stock of ATP's subsidiaries ATP Holdco, LLC, and ATP Titan Holdco, LLC, and 65% of the capital stock of its direct non-U.S. subsidiaries ATP Oil & Gas (UK) Limited and ATP Oil & Gas (Netherlands) B.V.

b. Second Lien Bond Issuance

In April 2010, ATP issued senior second lien notes (the "**Second Lien Notes**") in an aggregate face amount of $1.5 billion, due May 1, 2015. The Second Lien Notes bore interest at an annual rate of 11.875%, payable each May 1 and November 1. On the Petition Date, the outstanding obligations under the Second Lien Notes were approximately $1.5 billion, plus unpaid interest since May 1, 2012.

ATP's obligations under the Second Lien Notes are secured by a subordinate lien on substantially the same assets that secure ATP's obligations under the Prepetition First Lien Credit Agreement.

2. *NPI/ORRI Transactions*

During various periods of its operations from 2009 through 2012, ATP needed additional financing and entered into transactions to sell net profits interests ("**NPIs**") and term overriding royalty interests ("**ORRIs**") in and to hydrocarbons producible from its two largest, and fully producing locations, the Telemark and Gomez Hubs, to various financial entities, such as hedge funds, equity portfolios and mezzanine and other lenders accustomed to investing in these types of financings. In 2012, ATP also sold an ORRI in its Clipper Wells before production had commenced. In all, ATP sold in excess of $500 million of NPIs and ORRIs prior to filing for bankruptcy.

Beginning in 2009, ATP granted NPIs in certain of its proved oil and gas properties in and around the Telemark Hub, the Gomez Hub, and Clipper Wells to certain of its vendors in exchange for oil and gas property development services and to certain investors in exchange for cash proceeds. The interests granted are paid solely from a percentage of the net profits of the subject properties and are paid until the holder receives, for example, a specified return.

Beginning in 2010, ATP sold limited-term dollar-denominated ORRIs in its Telemark Hub, Gomez Hub, and Clipper Wells. These term ORRIs obligate ATP to deliver proceeds from the future sale of hydrocarbons in the specified proved properties until the purchasers achieve a specified return.

The effect of such sales on future revenues was substantial as monies received for the NPI and ORRI were utilized to fund operations and projects immediately, but future revenues were reduced by the commitments to repay these holders the higher returns necessary to secure investment in these types of assets. In time, the obligation to repay the NPI and ORRI counterparties together with the ongoing capital project costs became too much for ATP.

F. Events Leading to Chapter 11

In early 2010, ATP looked to the bond market to raise funds necessary to develop infrastructure and conduct offshore drilling under a program designed to capture known proved reserves and significant revenues. On April 19, 2010, ATP priced the $1.5 billion offering of the Second Lien Notes. These bonds priced the day before the April 20, 2010 explosion and blow-out of the Macondo well facility that led to the shutdown of operations in the Gulf of Mexico. Less than two weeks later, the U.S. government issued the first of three moratoria on further drilling in the Gulf of Mexico.

The delay on operations and the increasingly uncertain regulatory environment adversely affected ATP's operations and planned development that was necessary to service its additional debt. Despite statements that the moratoria had been lifted at various points in time, the government did not issue new deepwater drilling permits until February 28, 2011, thus effectively extending the moratoria. As a result, ATP was unable, despite access to funds, to drill and bring on-line six new wells during 2010 and 2011. In addition to the high costs of interrupted and discontinued drilling operations in deepwater, ATP continued to incur construction costs on the Octabuoy, its newest deepwater production platform, as a discontinuation of work of the platform would have led to significant escalation in cost-to-completion once work resumed. Moreover, as access to deepwater rigs became limited, ATP also experienced higher than expected costs in preserving its access to equipment during the moratoria.

During 2010 and 2011, ATP had commenced and was in the process of drilling and completing six wells in its program, all of which were disrupted by the moratoria: (i) the Mississippi Canyon 941 A-1 well, which was drilled to 20,000 feet total depth but had completion halted during the early stages of the moratoria, (ii) the Mississippi Canyon 941 A-2 well, which was previously drilled to 12,000 feet, but could not be drilled to its targeted total depth of 20,000 feet until March 2011 when the drilling permit was issued, (iii) the Mississippi Canyon 942 A-3 well, which was drilled to approximately 12,000 feet and suffered the same fate as the 941 A-2 well, and did not receive its drilling permit until October 2011, (iv) the Mississippi Canyon 305 (Canyon Express) side track well, which initially received permits in early May 2010 (during the thirty-day moratorium), only to have its permit pulled less than three weeks later, when the first six-month moratorium was issued on May 30, 2010; (v) the Gomez #9 well, which was delayed indefinitely; and (vi) the Gomez #10 well, which also was delayed indefinitely. These wells were targeted because they are located in close proximity to either the

ATP Innovator, the *ATP Titan* or the Canyon Express pipeline system, and their development was part of the economic model justifying ATP's investment in this infrastructure.

When the moratoria were effectively lifted in March 2011, ATP received permits and attempted to generate production from these projects as quickly as possible. By February 2012, ATP was able to complete the Mississippi Canyon 941 A-1, A-2, and Mississippi Canyon 942 A-3 wells in its Telemark field and connect them to the *ATP Titan*. Leading to the Petition Date, because of liquidity constraints, ATP had not been able to return to drill the Mississippi Canyon 305 well, which is on a very large dry gas reservoir producing through the Canyon Express pipeline system, or either of the Gomez #9 and #10 wells, both of which would have tied in to the *ATP Innovator*.

As the scope of the moratoria on deepwater exploration was clarified, ATP determined that it was able to use its contracted rig (for which it already had contracted a full-year term) to complete one of the Green Canyon 300 wells, which already had been drilled to its total depth, and sidetrack a second well (the "**Clipper Wells**"). In order to realize the value of the Clipper Wells, however, ATP was required to commence construction of a $120 million subsurface pipeline to connect the wells to an existing third-party floating production platform.

Overall, ATP's inability to complete various wells or commence pipeline construction when planned due to the shutdown in the Gulf created significant liquidity problems, which were exacerbated by less than expected production rates at ATP's Telemark Hub and cost overruns on the Octabuoy. ATP's management, with the assistance of various outside professionals, closely monitored these challenging conditions and evaluated potential alternatives to improve ATP's liquidity position. ATP diligently sought to solicit potential partners, joint operators, or investors with respect to its foreign operations to share in the development costs of its North Sea and Eastern Mediterranean oil and gas properties. Although the reserves and operations of ATP's foreign affiliates generally had significant value, by the Petition Date, ATP had not been able to complete a transaction with any parties that would have achieved enough financing to complete the construction of the necessary infrastructure to start generating new production from these foreign deepwater operations.

To exacerbate the situation, during the first four months of 2012, in an effort to improve cash flows, ATP engaged in a recompletion operation at the Mississippi Canyon 941 A-2 well and experienced a tubing failure. The project, estimated to take twenty days, was significantly delayed for nearly four months. ATP experienced lost revenues for this well during that entire period.

During this period, ATP attempted to raise funds for its ongoing projects and operations through conveyances to third parties of Term ORRIs and NPIs against future production from certain wells. While these transactions provided some degree of relief for ATP's cash needs, they also reduced available revenue from existing and future production and added further pressure on ATP to bring the already-drilled Clipper Wells on-line, which were originally scheduled for completion in October 2012.

Despite ATP's best efforts, it was unable to overcome the impact of the moratoria when ongoing project construction costs, declining oil prices of 2012, the increasing burdens of the

NPI and ORRI on production due to these commodity price changes, and the less than anticipated production put it in the untenable position of running out of cash before it could complete the Clipper Wells project and generate the revenues necessary to begin remedying its situation. In the period leading up to the Petition Date, ATP found itself facing a severe liquidity crisis, with a cash position of less than $10 million and a substantial backlog of trade payables and amounts due under Term ORRIs and NPIs totaling, in the aggregate, over $70 million, along with substantial payments due on the Second Lien Notes later that Fall. ATP's inability to make current payments on many of its obligations had resulted in a number of notices of default and lawsuits from its creditors, with some seeking prejudgment relief (such as temporary restraining orders or writs of sequestration) that would have further restricted ATP's short-term cash flow and liquidity and brought offshore operations to a halt.

In sum, ATP sought Chapter 11 protection in order to protect and preserve its assets and ongoing operations, and to allow it to bring in additional cash through post-petition financing in order to complete various projects and effect an orderly restructuring or sale of its assets.

G. The Chapter 11 Case

On Friday, August 17th, 2012, ATP filed for bankruptcy protection under Chapter 11 of the United States Bankruptcy Code. At that time, ATP had secured $250 million of DIP Financing from its existing first-lien lenders who, under that transaction, repaid its prepetition indebtedness of approximately $345 million (in addition to $52 million of terminated swaps), by its post-petition DIP facility. In all, this initial facility consisted of approximately $660 million of indebtedness. The DIP Financing was granted blanket liens on substantially all of Debtor's assets, with certain exceptions, and it was also granted superpriority administrative status with regards to any deficiency that may arise. Over the course of the case through the next several months, the DIP Lenders would provide an additional approximately $50 million of loans for the bankruptcy case.

A cornerstone item to possible successful restructuring and positive cash flow during the case was ATP's efforts to timely finish and complete its two pipeline projects that would ultimately put the production of the two Clipper wells online and dramatically increase its anticipated total production to more than 30,000 barrels of oil equivalent per day, and also increase revenues correspondingly. ATP also had two other recompletion projects that would be performed during the first 5 months of the case which, if successful and timely completed, would have contributed to an increase in production and revenue.

For various reasons related to weather and risks of operations in deepwater, the construction project in the Gulf of Mexico took longer than ATP's management had expected. As a result, ATP was unable to adhere to the timeline agreed to under the DIP Facility and breached certain covenants. The DIP Lenders also required ATP to secure a second hydrocarbon reserve analysis within the first 2 months of the case that concluded reserves were within specified ranges of Debtor's prior reserve reports. Due to the conclusions of the reserve engineers and the delays in the construction of the pipeline, ATP was in default of its obligations under its DIP Facility early on in its Chapter 11 case. To remedy such defaults, the DIP Lenders required amendments to the DIP Facility that mandated ATP commence a sale process for substantially all of its assets within less than three months of filing for bankruptcy. That process

proceeded for about the next 5 months. In or about April 2013, it became evident the significant pre-petition sales of, and burden caused by, the NPIs and ORRIs were impairing the market's views of the value of ATP's assets and reserves. The perceived value of ATP's oil and gas properties was also impaired by actions of the Department of Interior, through its regulatory agencies, BOEM and BSSE after ATP filed for bankruptcy, that had the cumulative effect of imposing hundreds of millions of dollars of bonding requirements and potential plugging and abandonment obligations on ATP. These items would have impacted anyone interested in becoming an owner or operator of ATP's properties.

Due to inability of the marketing process to yield a purchaser of the ATP assets in an amount in excess of the DIP Facility, the DIP Lenders submitted a credit bid to acquire the assets through a Section 363 sale of the assets. ATP negotiated with the DIP Lenders regarding the wind-down of the estate and the structure of such a sale transaction of substantially all of ATP's assets to the DIP Lenders through this credit bid process. At an auction held in early May, 2013, the DIP Lenders submitted the only material bid for ATP's assets. In total, the DIP Lenders submitted a credit bid in the amount of approximately $650 million of their existing debt, and they also provided $55 million of additional cash towards senior M&M Lien payoff, $44 million towards decommissioning liabilities of the estate, and assumed numerous other obligations of the estate and providing a cash payment at closing of $1.8 million that could be used by ATP's estate to fund a wind down of its Chapter 11 proceedings. The overall value received by the estate as a result of the credit bid was between [$950 million to $1.1 billion].

The DIP Lenders elected to terminate Debtor's ability to use cash collateral on or about June 7, 2013, as a result of the several existing breaches under the DIP Agreement related to the construction of these capital projects. The burial carve-out for payment of professional fees following such a termination or other default remedy was triggered.

After a long, vigorously contested three-day evidentiary hearing running from June 19 through the June 21, 2013, the Bankruptcy Court approved the estate's ability to sell the assets pursuant to the credit bid under Section 363, but noted that the purchaser, the DIP Lenders led by Credit Suisse, had not yet presented evidence their newly created entity could perform under the asset purchase agreement. The Court therefore required a subsequent hearing at which the DIP Lenders would present evidence of their financial ability to close on the transaction in order to get a final sale order from the Judge.

The DIP Lenders proceeded with the second half of the sale hearing in order to present evidence of their financial ability to close on October 17th at which point they presented the requisite evidence, following which the Court approved the purchase of the assets of ATP by Bennu Oil & Gas, LLC ("Bennu"), a newly created entity to which the DIP Lenders had assigned their rights under the credit bid. That transaction closed on Friday, November 1, 2013.

Following the sale of materially all of Debtor's assets to Bennu, Debtor commenced negotiations with a prospective purchaser of the equity in ATP in order to allow it to continue serving as an approved deepwater operator in the Eastern Mediterranean off the coast of Israel. Debtor was unable to secure a bid by that prospective purchaser in an amount satisfactory to certain necessary creditor constituents. As a result, that potential sale fell through and the

Debtor, in consultation with the Official Committee of Unsecured Creditors and the DIP Lenders, have agreed to submit this Plan of Liquidation for the benefit of the estate.

ARTICLE II.

SUMMARY OF PRINCIPAL PROVISIONS OF THE PLAN

IN ACCORDANCE WITH LOCAL RULE 3016-1, THE FOLLOWING IS A SUMMARY OF CERTAIN INFORMATION CONTAINED IN THE PLAN AND OF CERTAIN MATTERS CONTEMPLATED TO OCCUR EITHER PURSUANT TO OR IN CONNECTION WITH CONFIRMATION OF THE PLAN. THIS SUMMARY HIGHLIGHTS THE SUBSTANTIVE PROVISIONS OF THE PLAN AND IS NOT INTENDED TO BE A COMPLETE DESCRIPTION OR A SUBSTITUTE FOR A FULL AND COMPLETE READING OF THE PLAN. ALL CREDITORS, INTEREST HOLDERS AND OTHER PARTIES-IN-INTEREST ARE URGED TO REVIEW THE PLAN IN ITS ENTIRETY BEFORE VOTING ON THE PLAN OR TAKING ANY OTHER ACTION WITH RESPECT THERETO.

A. Overview of the Plan

The sale of substantially all of Debtor's assets and operating properties to Bennu that was approved after multiple evidentiary hearings before the Bankruptcy Court, with the final order being entered on October 17, 2013 and the sale finally closing on or about November 1, 2013, left the Debtor's estate administratively insolvent. The Debtor filed the Plan on May 12, 2014 after evaluating its remaining alternatives for emerging from Chapter 11 and substantial discussions and negotiations among the Debtor and its primary creditor constituents, principally the DIP Lender. The Debtor believes the terms of the Plan are fair to all Holders of Claims and Equity Interests taking into account the financial situation of the Dbetor and the legal priority of such Claims and Equity Interests. The Debtor does not believe there is a viable alternative for emerging from Chapter 11 other than through confirmation of the Plan. If the Plan is not confirmed, it will be required to convert this Chapter 11 Case to Chapter 7. In this event, Holders of all Claims described in this Article (other than the DIP Superpriority Deficiency Claim) will likely receive no recovery on account of their Claims. The Plan is intended to maximize distributions payable to Holders of Allowed Unclassified Claims and potentially Holders of other Allowed Claims

The Plan provides for the liquidation of all of the Debtor's property and for a distribution of the net proceeds consistent with Section 726 of the Bankruptcy Code (the general distribution section for liquidation cases). Upon the Effective Date, all of the Debtor's property that is not sold or otherwise disposed of prior thereto, shall vest in the Liquidating Trust to be liquidated by the Liquidating Trustee under the supervision of an Oversight Committee (comprised of two members appointed by the DIP Lenders and one member appointed by the Creditors Committee),in accordance with the terms of the Plan, for the benefit of all Holders of Allowed Claims. The Plan provides for the dissolution of the Debtor following the conveyance of all of its remaining assets into After accounting for $250,000 to fund the administration of the Liquidating Trust, payment of all quarterly fees due and owing to the U.S. Trustee, and payment

of Allowed Plan Expenses (which are based upon the aggregate amount of fees and expenses incurred by Case Professionals since January 24, 2014 for plan related activities totaling approximately **[$__0,000]** and payable under the Interim Compensation Procedures Order, the Debtor believes there will be approximately **[$_,000,000]** available for an Initial Distribution to Holders of Allowed Unclassified Claims. The Liquidating Trustee will be responsible for disputing, negotiating, litigating and settling claim objections and making all initial and final distributions to Holders of Allowed Claims. The Liquidating Trustee also will be responsible for prosecuting all Causes of Action of the Debtor's estate that are transferred to the Liquidating Trust, including Chapter 5 Causes of Action, D&O Claims and the BP Claims.

Case Professionals have not been paid any compensation or received reimbursement of any of their expenses from the Debtor since April 2013. In conjunction with confirmation of the Plan, the Debtor will seek approval of the Case Professionals 9019 Motion. That motion implements a settlement the Case Professionals will enter into, which, consistent with the terms of this Plan, will result in the Case Professionals waiving and releasing $5 million of fees and expenses that were incurred prior to June 7, 2013 (when the DIP facility was terminated) and the subordination to Holders of Allowed Unclassified Claims of any outstanding fees and expenses incurred by Case Professionals since the DIP Facility was terminated (other than Allowed Plan Expenses). In return, the Case Professionals will receive a release and will be entitled to retain any compensation it may have previously under the terms of the Interim Compensation Procedures Order. The Debtor believes this is a good settlement: it eliminates substantial Administrative Claims; reduces the administrative expense of this case going forward by eliminating the need for Case Professionals to have to seek approval of final fee awards; and will improve the recovery of Holders of Allowed Unclassified Claims under the Plan.

B. Summary of Unclassified Claims and Their Treatment

1. *DIP Superiority Deficiency Claims.*

On account of the DIP Superpriority Deficiency Claims (all of which Claims are Allowed pursuant to the Plan) and the DIP Secured Claims (all of which Claims are Allowed pursuant to the Plan), the DIP Agent, on behalf of the DIP Lenders, shall receive and retain the DIP Lender Distribution.

The DIP Agent's vote of the Class 3 DIP Secured Claim to accept the Plan shall constitute and be deemed to be the DIP Agent's consent and agreement (as Holder on behalf of the DIP Lenders) to receive treatment for the DIP Superpriority Deficiency Claim that is different from that set forth in 11 U.S.C. § 1129(a)(9), which otherwise requires payment in full in cash.

2. *Second Lien Noteholders Superpriority Adequate Protection Claim.*

On the later to occur of (i) 90 days after the Effective Date and (ii) the date on which such Claim shall become an Allowed Claim, on account of the Second Lien Noteholders Superpriority Adequate Protection Claim, the Liquidating Trustee shall either (a) pay to the Indenture Trustee, on behalf of the Second Lien Noteholders, the amount of available cash in the

Claim Fund, after the establishment of an appropriate reserve from the Claim Fund for Disputed Claims, and thereafter make periodic cash payments as set forth in the next sentence, or (b) satisfy and discharge such Second Lien Noteholders Superpriority Adequate Protection Claim in accordance with such other terms as may be agreed upon by and between the Indenture Trustee and the Liquidating Trustee (acting with consent of the Oversight Committee). As often as reasonably practicable thereafter, in the sole discretion of the Liquidating Trustee, after the establishment or maintenance of an appropriate reserve from the Claim Fund for Disputed Claims, the Liquidating Trustee shall make additional periodic cash distributions to the Indenture Trustee on account of the Second Lien Noteholders Superpriority Adequate Protection Claim until the earlier of the date that (i) such Claims are paid in full and (ii) the Claim Fund has been exhausted.

Notwithstanding the foregoing, the Second Lien Noteholders Superpriority Adequate Protection Claim is not and shall not be deemed Allowed pursuant to the Plan. Accordingly, to the extent any of the asserted Second Lien Noteholders Superpriority Adequate Protection Claim is not entitled to superpriority (whether by Final Order of the Bankruptcy Court or other agreement) but is otherwise allowed as an Administrative Claim, the amount of such Allowed Administrative Claim shall constitute a General Administrative Claim and receive the treatment afforded to General Administrative Claims set forth in Article II(C) below.

At the hearing to confirm the Plan, the Debtor will ask the Court to hold that the failure to return the Administrative Claim Consent Form or to object to confirmation of the Plan by the Holder of the Second Lien Noteholders Superpriority Adequate Protection Claim prior to the Objection Deadline ([_____]) shall be deemed to be such Holder's consent and agreement to receive treatment for such Claim that is different from that set forth in 11 U.S.C. § 1129(a)(9), which otherwise requires payment in full in cash. If the Holder of the Second Lien Noteholders Superpriority Adequate Protection Claim objects to confirmation of the Plan asserting that it is entitled to payment in full under Section 1129(a)(9) of the Bankruptcy Code, the Debtor may not be able to confirm the Plan, in which case, except for the DIP Superpriority Deficiency Claim, any Holders of Allowed General Administrative Claims will likely not receive any distributions on account of their claims.

3. *General Administrative Claims.*

Except as set forth below, on the later to occur of (i) 90 days after the Effective Date and (ii) the date on which such Claim shall become an Allowed Claim, the Liquidating Trustee shall either (a) pay to each Holder of an Allowed General Administrative Claim a Pro Rata distribution based on the amount of available cash in the Claim Fund, after the establishment of an appropriate reserve from the Claim Fund for Disputed Claims, and thereafter make periodic cash payments as set forth in the next sentence, or (b) satisfy and discharge such General Administrative Claim in accordance with such other terms as may be agreed upon by and between the Holder thereof and the Liquidating Trustee (acting with consent of the Oversight Committee). As often as reasonably practicable thereafter, in the sole discretion of the Liquidating Trustee, after the establishment or maintenance of an appropriate reserve from the Claim Fund for Disputed Claims, the Liquidating Trustee shall make additional periodic cash

distributions to Holders of Allowed General Administrative Claims on a Pro Rata basis until the earlier of the date that (i) such Claims are paid in full and (ii) the Claim Fund has been exhausted.

At the hearing to confirm the Plan, Debtor will ask the Court to hold that the failure to return the Administrative Claim Consent Form or to object to confirmation of the Plan by a Holder of a General Administrative Claim prior to the Objection Deadline ([_____]) shall be deemed to be such Holder's consent and agreement to receive treatment for such Claim that is different from that set forth in 11 U.S.C. § 1129(a)(9), which otherwise requires payment in full in cash. If the Holder of an Allowed General Administrative Claim objects to confirmation of the Plan asserting that it is entitled to payment in full under Section 1129(a)(9) of the Bankruptcy Code, the Debtor may not be able to confirm the Plan, in which case all Holders of Allowed General Administrative Claims will likely not receive any distributions on account of their claims.

There is no assurance that General Administrative Claims will be paid in full under the Plan.

4. *Priority Tax Claims*.

Except as set forth below, on the later to occur of (i) 90 days after the Effective Date and (ii) the date on which such Claim shall become an Allowed Priority Tax Claim, the Liquidating Trustee shall either (a) pay to each Holder of an Allowed Priority Tax Claim a Pro Rata distribution based on the amount of available cash in the Claim Fund, after the establishment of an appropriate reserve from the Claim Fund for Disputed Claims, and thereafter make periodic cash payments as set forth in the next sentence, or (b) satisfy and discharge such Allowed Priority Tax Claim in accordance with such other terms as may be agreed upon by and between the Holder thereof and the Liquidating Trustee (acting with the consent of the Oversight Committee). As often as reasonably practicable thereafter, in the sole discretion of the Liquidating Trustee (acting with the consent of the Oversight Committee), after the establishment or maintenance of an appropriate reserve from the Claim Fund for Disputed Claims, the Liquidating Trustee shall make additional periodic cash distributions to Holders of Allowed Priority Tax Claims until the earlier of the date that (1) such Claims are paid in full and (2) the Claim Fund has been exhausted.

At the hearing to confirm the Plan, the Debtor will ask the Court to hold that the failure to return the Priority Claim Consent Form or to object to confirmation prior to the Objection Deadline ([_____]) shall be deemed to be such Holder's consent and agreement to receive treatment for such Claim that is different from that set forth in 11 U.S.C. § 1129(a)(9), which otherwise requires deferred payments in full. If a priority creditor objects to confirmation of the Plan asserting that it is entitled to payment in full under Section 1129(a)(9) of the Bankruptcy Code, the Debtor may not be able to confirm the Plan, in which case all Holders of Allowed Priority Claims, including Priority Tax Claims, will likely not receive any distribution on account of their claims.

There is no assurance that Priority Tax Claims will be paid in full under the Plan.

5. *Professional Fee Claims.*

Subject to entry of the Case Professionals 9019 Order and the distribution of Allowed Plan Expenses as provided herein, all Allowed Professional Fee Claims that are not otherwise released under the terms of the Case Professionals 9019 Order or previously paid on an interim basis pursuant to Section 331 of the Bankruptcy Code shall be deemed to be subordinated to the DIP Superpriority Deficiency Claim, the Allowed Second Lien Noteholders Superpriority Adequate Protection Claim, Allowed General Administrative Claims and Allowed Priority Tax Claims such that no distribution shall be made to any holder of such an Allowed Subordinated Professional Fee Claim unless and until all such other Allowed Administrative and Priority Tax Claims have been paid in full. It is not expected that there will be any funds for the Liquidating Trustee to distribute to Holders of Allowed Professional Fee Claims.

At the hearing to confirm the Plan, the Debtor will ask the Court to hold that the failure to return the Professional Fee Claim Consent Form or to object to confirmation prior to the Objection Deadline ([_____]) shall be deemed to be such Holder's consent and agreement to receive treatment for such Claim that is different from that set forth in 11 U.S.C. § 1129(a)(9), which otherwise requires payment in full. If a Case Professional objects to confirmation of the Plan asserting that it is entitled to payment in full under Section 1129(a)(9) of the Bankruptcy Code, the Debtor may not be able to confirm the Plan, in which case all Holders of Allowed Administrative Claims, including Professional Fee Claims, will likely not receive any distribution on account of their claims.

Subject to the entry of the Case Professional 9019 Order, Holders of Professional Fee Claims will not be paid in full under the Plan.

6. *Paid Administrative Claims.*

Except as otherwise set forth herein, all payments made on account of Administrative Claims prior to the Effective Date, including any payments of Allowed Plan Expenses, shall be final and not subject to disgorgement.

As set forth in the Final Cash Collateral, resulting from a compromise negotiated by and between the DIP Lenders and Creditors' Committee, the DIP Lenders agreed to carve out from the DIP Superpriority Deficiency Claims 25% of the first $20 million in recoveries from claims under Chapter 5 of the Bankruptcy Code for payment of junior claims, including administrative claims that are junior to the DIP Superpriority Deficiency Claims (the "**Carved Out Recoveries**"). In addition to the Carved Out Recoveries, all remaining cash proceeds from the transaction on or about November 1, 2013 by which substantially all of the then-owned producing assets of the Debtor were sold to Bennu Oil & Gas Corporation ("**Bennu**") remaining in the estate upon confirmation (and not otherwise used to initially fund the Liquidating Trustee) shall be contributed as additional funds to the Carved Out Recoveries. Upon final payout of the DIP Superpriority Deficiency Claims, all additional recoveries from the Liquidating Trust, if any, shall be contributed to the Carved Out Recoveries. The Carved Out Recoveries shall be

paid in accordance with the terms of the Plan for the benefit of all administrative claims junior to the DIP Superpriority Deficiency Claims in accordance with their priority.

C. Summary of Classification and Treatment of Claims and Equity Interests

The following chart provides an overview of the treatment of Claims and Equity Interests under the Plan:

Class	Status
Class 1 - Other Priority Claims	Impaired - deemed to reject the Plan and, therefore, not entitled to vote
Class 2 - Other Secured Claims	Impaired - deemed to reject the Plan and, therefore, not entitled to vote
Class 3 - DIP Secured Claims	Impaired - entitled to vote
Class 4 - General Unsecured Claims	Impaired - deemed to reject the Plan and, therefore, not entitled to vote
Class 5 – Equity Interests	Impaired - deemed to reject the Plan and, therefore, not entitled to vote

Claims and Equity Interests are classified under the Plan for all purposes, including, voting, confirmation and distribution pursuant to the Plan and pursuant to sections 1122 and 1123(a)(1) of the Bankruptcy Code. A Claim or Equity Interest shall be deemed classified in a particular Class only to the extent that the Claim or Equity Interest qualifies within the description of that Class and shall be deemed classified in a different Class to the extent that any remainder of such Claim or Equity Interest qualifies within the description of such different Class. A Claim or Equity Interest is in a particular Class only to the extent that such Claim or Equity Interest is Allowed in that Class and has not been paid or otherwise settled prior to the Effective Date.

On or before the proof of claim bar date, claimants filed a total of $8.1 billion in claims against the Debtor's estate, $7.1 billion representing secured claims, $938.5 million in unsecured claims, $22.8 million in priority claims and $167,500 in administrative priority claims. According to the Debtor's initial review and reconciliation of duplicative submissions, the Debtor's believes that it has approximately $11.5 million in secured claims, $3.1 billion in unsecured claims, and $155 million in priority claims, totaling $3.4 billion in claims against the Debtor's estate. Upon motion of the Debtor, the Court set an administrative claim bar date of [January 31], 2014. Following that administrative bar date, the Debtor received more than $475 million in administrative claims, the vast majority of which relate to liability or potential liability of predecessor owners or working interest owners of the offshore properties in relation to their obligations to fund and/or pay the plugging and abandonment ("**P&A**") liabilities of properties previously owned and/or operated by the Debtor. Many of the entities that assert such

administrative claims do so through claims of subrogation by, through or under the Department of Interior's claims against the Debtor. The Debtor reserves the right to object to all claims, including subrogation claims. The following is a summary of the classifications and treatment of Claims and Equity Interests under the Plan.

Class 1 - Other Priority Claims. Class 1 Other Priority Claims are Impaired under the Plan and are comprised of all Claims entitled to priority under Section 507(a) of the Bankruptcy Code, other than Administrative Claims and Priority Tax Claims. In the event that all administrative claims are paid under the Plan, the Liquidating Trustee can be expected to object to any Claim not timely filed or otherwise subject to challenge. Holders of Other Priority Claims in Class 1 are deemed to reject the Plan, and are therefore, not entitled to vote to accept or reject the Plan.

Class 2 - Other Secured Claims. Class 2 consists of all Other Secured Claims. For purposes of voting and distribution, each Holder of an Other Secured Claim shall be deemed to be classified in a separate subclass of Class 2. Each Holder, if any, of an allowed Other Secured Claim will (i) be paid such Holder's Allowed Other Secured Claim in full in cash; (ii) be paid the sale or disposition proceeds of the property securing such Allowed Other Secured Claim, to the extent of the value of the Debtor' interest in such property; (iii) receive the property securing such Claim; or (iv) be paid such other distributions as necessary to satisfy the requirements of the Bankruptcy Code. The election of the treatment for each such Holder will be made by the Liquidating Trustee (acting with the consent of the Oversight Committee). For purposes of voting, Class 2 is impaired, and the Holders of Other Secured Claims in Class 2 are deemed to reject the Plan, and are therefore, not entitled to vote to accept or reject the Plan.

Class 3 – DIP Secured Claims. This Class will consist of the DIP Secured Claims. The DIP Agent, on behalf of the DIP Lenders, shall receive the DIP Lender Distribution on account of the DIP Secured Claims and the DIP Superpriority Deficiency Claims. To the extent any cash or cash equivalents to be distributed to the DIP Agent are subject to the DIP Lien (or constitute proceeds of Property subject to the DIP Lien), such amounts shall be deemed to have been distributed in respect of the DIP Secured Claim and applied against the outstanding amount thereof. Class 3 is impaired, and the Holder of the DIP Secured Claims in Class 3 is entitled to vote to accept or reject the Plan.

Class 4 - General Unsecured Claims. This Class will consist of all claims other than General Administrative Claims, Professional Fee Claims, DIP Superpriority Deficiency Claims, Priority Tax Claims, Other Priority Claims, [Other Secured Claims] or DIP Secured Claims. Provided that the General Administrative Claims, Professional Fee Claims, DIP Superpriority Deficiency Claims, Priority Tax Claims, Other Priority Claims, Other Secured Claims and DIP Secured Claims have been paid in full or otherwise satisfied as provided for in the Plan (or sufficient funds have been reserved to provide for such payment or satisfaction according to the terms of the Plan), any remaining assets of the Liquidating Trust will be distributed by the Liquidating Trustee Pro Rata to holders of Allowed Class 4 Claims. Holders of Claims in Class 4 are deemed to receive no distribution under the Plan, and, therefore the Class is deemed to reject the Plan. It is not anticipated that holders of claims in Class 4 will receive any distribution under the Plan.

Class 5 - Equity Interests. The holders of claims in Class 5 consists of all Equity Interests in ATP. Holders shall not retain or receive any property under the Plan. All such Equity Interests will be canceled and extinguished. Because holders of Equity Interests in Class 5 will receive no distribution under the Plan, Class 5 will be deemed to have voted to reject the Plan. It is not anticipated that holders of claims in Class 5 will receive any distribution under the Plan.

D. Summary of Implementation of the Plan

Except as otherwise provided in the Plan, on the Effective Date all assets of the Debtor's Estate (i.e., the Liquidation Assets) shall fully vest in the Liquidating Trust for distribution by the Liquidating Trustee in accordance with the Plan and the Trust Agreement. The Debtor shall be deemed to have irrevocably transferred and assigned its Property to the Liquidating Trust, to hold in trust for the benefit of all holders of Allowed Claims pursuant to the terms hereof and of the Liquidating Trust Agreement. To the extent any claims, rights, liens or other interests attached to any Property being transferred to the Liquidating Trust, such claims, rights, liens and interests would attach to those Property in the same rank and priority as they currently exist. Nothing about this transfer would be intended to impact the existing rank and priority of claims against the Estate Property, including whatever rights and interests have been granted to the DIP Lenders and any other parties in such Property. Specifically, all administrative expense claims would retain their rights as to and against the assets in the Liquidating Trust to the same rank and priority as they may have against the Estate, as nothing about the Plan is intended to change or revise such rank and priority.

The Debtor shall be deemed dissolved upon completion of the transfers contemplated in the preceding paragraph to the Liquidating Trust. The Liquidating Trustee shall have all the power to wind up the affairs of the Debtor under applicable state laws in addition to all the rights, powers and responsibilities conferred by the Bankruptcy Code, the Plan and the applicable Liquidating Trust Agreement, and may, but shall not be required to dissolve the Debtor under applicable state law.

An Oversight Committee shall supervise and instruct the Liquidating Trustee, and it shall consist of three designated individuals appointed by the designated creditor constituents to the relevant degree of their interest in the Liquidating Trust proceeds. The DIP Agent, on behalf of the DIP Lenders, shall be entitled to appoint two members of the Oversight Committee and the Creditors' Committee shall be entitled to appoint the third member of the Oversight Committee. The Oversight Committee shall oversee and supervise the actions of the Liquidating Trustee's performance of the duties and obligations of the Liquidating Trustee under the Plan, including, without limitation, the engagement of professionals, the prosecution and settlement of causes of action, sale and disposition of assets and resolution of disputed claims.

The Liquidating Trustee shall be selected in consultation with the DIP Agent and the Creditors' Committee and shall be identified in the Liquidating Trust Agreement filed as a part of the Plan Supplement prior to the Confirmation Hearing. The Liquidating Trustee shall be the representative the Debtor's Estate and shall have the rights and powers provided for in the Bankruptcy Code in addition to any rights and powers granted herein. In his capacity as the representative of an Estate, the Liquidating Trustee shall be the successor-in-interest to the

Debtor with respect to any action commenced by the Debtor prior to the Confirmation Date. All such actions and any and all other claims or interests constituting Property, and all claims, rights and interests thereunder shall be retained and enforced by the Liquidating Trustee as the representative of the Estate pursuant to section 1123(b)(3)(B) of the Bankruptcy Code. The Liquidating Trustee shall be a party in interest as to all matters over which the Court has jurisdiction.

E. Summary of Recovery Analysis

The Plan provides for the orderly liquidation of the Debtor's Estate by way of a Liquidating Trust administered by a Liquidating Trustee. ATP believes that if the Plan is not consummated, it is likely that the case will convert to one under Chapter 7 of the Bankruptcy Code and administrative claims and Holders of Claims will receive less than what they would receive if the Plan is confirmed because liquidation through any other means would, at a minimum, impose significant delay, increase costs and payment of additional professional fees and expenses, and will require greater Court oversight and incur greater expense than the Liquidating Trust managed by the Oversight Committee as set forth under the Plan.

F. Timing of Distributions Under the Plan

The Confirmation Order shall provide that distributions under the Plan shall be made under the terms of the Plan as soon as is practicable on the later to occur of (a) the Effective Date, or (b) when Cash is available for distribution to a particular Class pursuant to the treatment of such Class under the Plan.

ARTICLE IV. RISK FACTORS TO BE CONSIDERED

To the extent that the Liquidating Trustee will endeavor to liquidate the Remaining Property, that disposition will be conducted in a manner calculated to achieve the twin goals of effectuating an expeditious disposition of the Remaining Property and receiving the highest value reasonably attainable. **Be advised** that there is no assurance that any Remaining Property will be liquidated at all, sold at or close to its face value or market value, or within a particular time frame. Further, there is no assurance that any Litigation Claims will be successfully resolved in the Liquidating Trustee's favor and/or result in the generation of further Liquidation Proceeds at or close to the face value of any such Litigation Claim or within a particular time. Accordingly, other than any Cash amounts that vest in the Liquidating Trust as Liquidation Proceeds as of the Effective Date, there may be no further increase in the amount of then-existing Liquidation Proceeds for distribution to Holders of Allowed Claims.

Additionally, any objection to the Plan filed by an administrative claimant will likely result in the Plan becoming non-confirmable. Thus, any administrative claimant could either prevent or delay confirmation of the Plan upon filing any objection.

ARTICLE V. TAX CONSEQUENCES

Section 1125(a)(1) of the Bankruptcy Code requires the Debtor to include a discussion of the potential material Federal tax consequences of the Plan to a hypothetical investor typical of the holders of Claims and Interests in its case. However, in determining whether this Disclosure Statement provides adequate information, the Bankruptcy Court is to consider the complexity of this case, the benefit of additional information to creditors and other parties in interest, and the cost of providing additional information. In light of the fact that the income tax consequences of the Plan may be different for different parties, it is not prudent to present a discussion of the federal and state income tax consequences of the Plan, and the Debtor expresses no opinion thereon. Each party is urged to seek advice from its own tax advisor with respect to the income tax consequences of the Plan.

ARTICLE VI. ALTERNATIVES TO CONFIRMATION OF THE PLAN

The Debtor believes that in the absence of consent to implement and confirm the Plan, ATP's case will be converted to a Chapter 7 liquidation. A Chapter 7 liquidation through the Courts provides Holders of Claims with the least, if any, value that can be realized on their Claims. Under the Plan, liquidation of the ATP assets will be performed the most efficiently and for the least cost, through the Liquidating Trustee. As of the date of this Disclosure Statement, no alternative plans have been filed. In addition, and as set forth above, the results of a Chapter 7 liquidation, by definition, would not result in a greater amount available for distribution to creditors.

ARTICLE VII. SOLICITATION AND VOTING PROCEDURES

1. Voting Procedures and Requirements

The Debtor is seeking to obtain Bankruptcy Court approval of the Plan. Prior to soliciting acceptances of a proposed plan of reorganization, section 1125 of the Bankruptcy Code requires a debtor to prepare a disclosure statement containing information of a kind, and in sufficient detail, to enable a hypothetical reasonable investor to make an informed judgment regarding acceptance of a Chapter 11 plan. This Disclosure Statement is being submitted in accordance with such requirements. This Disclosure Statement includes, without limitation, information about:

- the Debtor's corporate history and corporate structure, business operations, and prepetition capital structure and indebtedness (Article I hereof);
- significant events in the Debtor's Chapter 11 Case (Article II hereof);
- the classification and treatment of Claims and Interests under the Plan (Article III(B) hereof);

- certain important effects of Confirmation of the Plan (Article III(F-G) hereof);
- releases contemplated by the Plan that are integral to the overall settlement of Claims and Interests pursuant to the Plan (Article III(I) hereof);
- certain financial information about the Debtor, including financial projections and valuation analysis (Article V hereof);
- the statutory requirements for confirming the Plan (Article XI(B) hereof);
- certain risk factors Holders of Claims should consider before voting to accept or reject and the Plan and information regarding alternatives to Confirmation of the Plan (Article VI and IX hereof); and
- certain United States federal income tax consequences of the Plan (Article VII hereof).

In light of the foregoing, the Debtor believes the Disclosure Statement contains "adequate information" to enable a hypothetical reasonable investor to make an informed judgment about the Plan and complies with all aspects of section 1125 of the Bankruptcy Code.

2. Classes Entitled to Vote on the Plan

Your ability to vote and your distribution, if any, depend on what kind of Claim or Interest that you hold. [In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims, DIP Claims, and Priority Tax Claims have not been classified.] The remainder of Claims and Interests are classified into the Classes as described in Article III(B) above.

Only Holders of Claims included in one of the Classes entitled to vote to accept or reject the Plan will receive a Solicitation Package (as defined herein) from the Debtor's notice, claims, and solicitation agent, Kurtzman Carson Consultants, LLC (the "Notice, Claims, and Solicitation Agent").

Confirmation of the Plan does not guarantee that you will receive the distribution indicated under the Plan. After Confirmation of the Plan, there are conditions (described in Article III(H) hereto) that need to be satisfied or waived so that the Plan can be consummated and become effective. References to the Effective Date mean the date that all conditions to the Plan have been satisfied or waived, at which point the Plan may be "consummated."

Distributions only will be made after consummation of the Plan and will be made only to Holders on account of Claims or Interests that are or become Allowed. See Article XI(B) herein entitled "Statutory Requirements for Confirmation of the Plan," for a discussion of the conditions to Consummation.

3. Solicitation Procedures

Holders of Claims who are eligible to vote to accept or reject the Plan will receive appropriate solicitation materials including (the "Solicitation Package"):

- the Cover Letter explaining the solicitation process and urging Holders of Claims in the Voting Classes to vote to accept the Plan;

- [letter in support, i.e., UCC]

- a CD-ROM containing the Disclosure Statement, as approved by the Bankruptcy Court (with all exhibits thereto, including the Plan and the exhibits to the Plan), an order approving the Disclosure Statement, as well as the Solicitation Procedures;

- the Disclosure Statement Order (excluding the exhibits thereto);

- the Confirmation Hearing Notice;

- an appropriate Ballot (together with detailed voting instructions and a pre-addressed, postage prepaid return envelope); and

- such other materials as the Bankruptcy Court may direct to be included in the Solicitation Package or any supplemental documents that the Debtor may file with the Bankruptcy Court.

The Solicitation Package may also be obtained by (a) contacting the Debtor's Notice, Claims, and Solicitation Agent by telephone at (866) 967-1787, by e-mail at [●], or by writing to ATP Oil & Gas Corporation Ballot Processing Center, c/o Kurtzman Carson Consultants, LLC, 2335 Alaska Avenue, El Segundo, California 90245 or (b) downloading such documents (excluding the Ballots) from the Debtor's restructuring websites at https://ecf.txsb.uscourts.gov/ (for a fee) or http://www.kccllc.net/atpog.

4. Voting Procedures

The deadline to vote on the Plan is [●] (the "Voting Deadline"). The Debtor is distributing this Disclosure Statement, accompanied by a ballot to be used for voting to accept or reject the Plan, to the Holders of Claims entitled to vote to accept or reject the Plan. If you are a Holder of a Claim in Classes [●], you may vote to accept or reject the Plan by completing the ballot and returning it in the envelopes provided.

The Debtor has engaged Kurtzman Carson Consultants, LLC to serve as the Notice, Claims, and Solicitation Agent. The Notice, Claims, and Solicitation Agent is available to answer questions, provide additional copies of all materials, oversee the voting process, and process and tabulate ballots for each class entitled to vote to accept or reject the Plan.

Ballots must be actually received by the Notice, Claims, and Solicitation Agent by the Voting Deadline at the following address:

ATP Oil & Gas Corporation
Ballot Processing Center
c/o Kurtzman Carson Consultants, LLC
2335 Alaska Avenue
El Segundo, California 90245

If you have any questions on the procedure for voting on the Plan, please call the Notice, Claims, and Solicitation Agent at (866) 967-1787.

More detailed instructions regarding how to vote on the Plan are contained on the ballots distributed to Holders of Claims that are entitled to vote to accept or reject the Plan. If you are eligible to vote, for your vote to be counted, your ballot must be completed, signed, and received by the Voting Deadline; provided, however, that ballots received by the Notice, Claims, and Solicitation Agent after the Voting Deadline may be counted only if the Debtor has granted in writing, after consultation with the [●], an extension of the Voting Deadline prior to the Voting Deadline with respect to such ballot.

Any ballot that is properly executed by the Holder of a Claim, but that does not clearly indicate an acceptance or rejection of the Plan or that indicates both an acceptance and a rejection of the Plan for all Claims of one Class, will not be counted. Ballots received by facsimile or by electronic means will not be counted.

Each Holder of a Claim entitled to vote to accept or reject the Plan may cast only one ballot for each Claim held by such Holder. By signing and returning a ballot, each Holder of a Claim will certify to the Bankruptcy Court and the Debtor that no other ballots with respect to such Claim have been cast or, if any other ballots have been cast with respect to such Claim, such earlier ballots are superseded and revoked.

All ballots will be accompanied by return envelopes. It is important to follow the specific instructions provided on each ballot, as failing to do so may result in your ballot not being counted.

5. Confirmation Hearing

The Bankruptcy Court has established [●] as the deadline to object to confirmation of the Plan (the "Plan Objection Deadline"). All such objections must be filed with the Bankruptcy Court and served on the Debtor and certain other parties in interest in accordance with the order approving the Disclosure Statement and Solicitation Procedures so that they are *actually received* on or before the Plan Objection Deadline. The Debtor believes the Plan Objection Deadline, as established by the Bankruptcy Court, affords the Bankruptcy Court, the Debtor, and other parties in interest reasonable time to consider the objections to the Plan prior to a Confirmation Hearing.

Assuming the requisite acceptances are obtained for the Plan, the Debtor intends to seek confirmation of the Plan at the Confirmation Hearing to be scheduled on [●], before the Honorable Marvin Isgur, United States Bankruptcy Judge, in Courtroom No. 404 of the United States Bankruptcy Court for the Southern District of Texas, 515 Rusk Avenue, Houston, Texas 77002. The Confirmation Hearing may be continued from time to time without further notice other than an adjournment announced in open court or a notice of adjournment filed with the Bankruptcy Court and served on all parties entitled to notice. The Bankruptcy Court, in its discretion and prior to the Confirmation Hearing, may put in place additional procedures governing that hearing. The Plan may be modified, if necessary, prior to, during, or as a result of the hearing to confirm the Plan without further notice to parties in interest.

ARTICLE VIII. CONFIRMATION PROCEDURES

The following is a brief summary of the confirmation process. Holders of Claims and Interests are encouraged to review the relevant provisions of the Bankruptcy Code and to consult their own advisors with respect to the summary provided herein.

A. The Confirmation Hearing

Section 1128(a) of the Bankruptcy Code requires a bankruptcy court, after notice, to conduct a hearing to consider confirmation of a Chapter 11 plan (the "**Confirmation Hearing**"). Section 1128(b) of the Bankruptcy Code provides that any party in interest may object to confirmation of a Chapter 11 plan. **The Bankruptcy Court has scheduled the Confirmation Hearing for the Plan for [●], 2014, at [●] (prevailing Central time),** before the Honorable Marvin Isgur, U.S. Bankruptcy Judge, in the U.S. Bankruptcy Court for the Southern District of Texas, located at Courtroom [●], [●] Floor, 515 Rusk Avenue, Houston, Texas 77002. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for an announcement of the adjourned date made at the Confirmation Hearing or the filing of a notice of such adjournment served in accordance with the order approving the Disclosure Statement and Solicitation Procedures.

Any objection to the Plan must (1) be in writing, (2) conform to the Bankruptcy Rules and the applicable Local Bankruptcy Rules, (3) state the name, address, phone number, and e-mail address of the objecting party and the amount and nature of the Claim or Interest of such entity, if any, (4) state with particularity the basis and nature of any objection to the Plan and, if practicable, a proposed modification to the Plan that would resolve such objection, and (5) be filed, contemporaneously with a proof of service, with the Bankruptcy Court and served so that it is actually received by the applicable parties **no later than [●], 2014, at [●]** (prevailing Central time), in accordance with the Bankruptcy Court's Order that was entered on _____ __, 2014 (Dkt #___). **Unless an objection to the Plan is timely served and filed, it may not be considered by the Bankruptcy Court.**

B. Statutory Requirements for Confirmation of the Plan

1. *Confirmation Standards*

At the Confirmation Hearing, the Bankruptcy Court will determine whether the Plan satisfies the requirements of Section 1129 of the Bankruptcy Code. The Debtor believes that the Plan satisfies or will satisfy all of the statutory requirements of Chapter 11 of the Bankruptcy Code and that it has complied or will have complied with all of the requirements of Chapter 11 of the Bankruptcy Code. Specifically, the Debtor believes that the Plan satisfies or will satisfy the applicable confirmation requirements of Section 1129 of the Bankruptcy Code, including those set forth below.

- The Plan complies with the applicable provisions of the Bankruptcy Code.
- The Debtor, as the Plan proponent, has complied with the applicable provisions of the Bankruptcy Code.

- The Plan has been proposed in good faith and not by any means forbidden by law.

- Any payment made or to be made under the Plan for services or for costs and expenses in, or in connection with, this Chapter 11 Case, or in connection with the Plan and incident to this Chapter 11 Case, has been or will be disclosed to the Bankruptcy Court, and any such payment: (1) made before the confirmation of the Plan is reasonable; or (2) is subject to the approval of the Bankruptcy Court as reasonable, if it is to be fixed after confirmation of the Plan.

- With respect to each Class of Claims, each Holder of an Impaired Claim has accepted the Plan or will receive or retain under the Plan on account of such Claim 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 Debtor was liquidated on that date under Chapter 7 of the Bankruptcy Code. With respect to each Class of Interests, each Holder of an Impaired Interest has accepted the Plan or will receive or retain under the Plan on account of such Interest 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 Debtor was liquidated on that date under Chapter 7 of the Bankruptcy Code.

- Each Class of Claims that is entitled to vote on the Plan has either accepted the Plan or is not Impaired under the Plan, or the Plan can be confirmed without the approval of such voting Class of Claims pursuant to Section 1129(b) of the Bankruptcy Code.

- Except to the extent that the Holder of a particular Claim will agree to a different treatment of its Claim, the Plan provides that: (1) Holders of Claims specified in Sections 507(a)(2) and 507(a)(3) will receive [●]; (2) Holders of Claims specified in Sections 507(a)(1), 507(a)(4), 507(a)(5), 507(a)(6), or 507(a)(7) of the Bankruptcy Code will receive [●]; and (3) Holders of Claims specified in Section 507(a)(8) of the Bankruptcy Code will receive [●].

- At least one class of Impaired Claims has accepted the Plan, determined without including any acceptance of the Plan by any "insider," as that term is defined by Section 101(31) of the Bankruptcy Code, holding a Claim in that Class.

- Confirmation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtor or any successors thereto under the Plan, unless the Plan contemplates such liquidation or reorganization.

- The Debtor has paid or the Plan provides for the payment of the required filing fees pursuant to 28 U.S.C. § 1930 to the Clerk of the Bankruptcy Court.

a. Best Interests of Creditors Test – Liquidation Analysis

Often called the "best interests" test, Section 1129(a)(7) of the Bankruptcy Code requires that a bankruptcy court find, as a condition to confirmation, that a Chapter 11 plan provides, with respect to each class, that each holder of a claim or an interest in such class either (a) has accepted the plan or (b) will receive or retain under the plan 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 liquidated under Chapter 7 of the Bankruptcy Code.

To demonstrate compliance with the "best interests" test, the Debtor, with the assistance of its advisors, prepared the Liquidation Analysis, attached hereto as **Exhibit [●]**, showing that the value of the distributions provided to Holders of Allowed Claims and Interests under the Plan would be the same or greater than under a hypothetical Chapter 7 liquidation.

2. *Acceptance by Impaired Classes*

The Bankruptcy Code requires, as a condition to confirmation, that, except as described in the following section, each class of claims or interests that is impaired under a plan, accept the plan. A class that is not impaired under a plan is presumed to have accepted the plan and, therefore, solicitation of acceptances with respect to such class is not required. Pursuant to Section 1124 of the Bankruptcy Code, a class is impaired unless the plan: (1) leaves unaltered the legal, equitable, and contractual rights to which the claim or the interest entitles the holder of such claim or interest; (2) cures any default, reinstates the original terms of such obligation, and compensates; or (3) provides that, on the effective date, the holder of such claim or interest receives cash equal to the allowed amount of that claim or, with respect to any interest, any fixed liquidation preference to which the holder of such interest is entitled or to any fixed price at which the debtor may redeem the security.

Section 1126(c) of the Bankruptcy Code defines acceptance of a plan by a class of impaired creditors as acceptance by holders of at least two-thirds (2/3) in dollar amount and more than one-half (1/2) in number of claims in that class, but for that purpose counts only those who actually vote to accept or to reject a plan. Thus, a Class of creditor Claims will have voted to accept the Plan only if two-thirds (2/3) in amount and a majority in number actually voting cast their ballots in favor of acceptance, subject to Article [●] of the Plan.

3. *Confirmation Without Acceptance by All Impaired Classes*

Section 1129(b) of the Bankruptcy Code allows a bankruptcy court to confirm a plan even if impaired classes entitled to vote on the plan have not accepted it or if an impaired class is deemed to reject the plan, *provided that* the plan is accepted by at least one impaired class. Pursuant to Section 1129(b) of the Bankruptcy Code, notwithstanding an impaired class's rejection or deemed rejection of the plan, such plan will be confirmed, at the plan proponent's request, in a procedure commonly known as "cram down," so long as the plan does not "discriminate unfairly" and is "fair and equitable" with respect to each class of claims or interests that is impaired under, and has not accepted, the plan.

4. *No Unfair Discrimination*

The test for unfair discrimination applies to classes of claims or interests that are of equal priority and are receiving different treatment under a plan. The test does not require that the treatment be the same or equivalent but that such treatment be "fair." In general, bankruptcy courts consider whether a plan discriminates unfairly in its treatment of classes of claims of equal rank (*e.g.*, classes of the same legal character). The Debtor does not believe that the Plan discriminates unfairly against any Impaired Class of Claims or Interests that have voted against

or are deemed to vote against the Plan. The Debtor believes that the Plan and the treatment of all Classes of Claims and Interests satisfy the foregoing requirements for nonconsensual Confirmation.

5. *Fair and Equitable Test*

The fair and equitable test applies to classes of different priority and status (*e.g.*, secured versus unsecured) and includes the general requirement that no class of claims receives more than 100% of the amount of the allowed claims in such class. As to each non-accepting class, the test sets different standards depending on the type of claims or interests in such class. As set forth below, the Debtor believes that the Plan satisfies the "fair and equitable" requirement, notwithstanding the fact that certain Classes are deemed to reject the Plan. There is no Class of equal priority receiving more favorable treatment and no Class that is junior to such dissenting Class that will receive or retain any property on account of the Claims or Interests in such Class.

6. *Secured Claims*

The condition that a plan be "fair and equitable" to a non-accepting class of secured claims includes the requirements that (i) the holders of such secured claims retain the liens securing such claims to the extent of the allowed amount of the claims, whether the property subject to the liens is retained by the debtor or transferred to another entity under the plan, and (ii) each holder of a secured claim in the class receives deferred cash payments totaling at least the allowed amount of such claim with a present value, as of the effective date of the plan, at least equivalent to the value of the secured claimant's interest in the debtor's property subject to the liens.

7. *Unsecured Claims*

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

8. *Interests*

The condition that a plan be "fair and equitable" to a non-accepting class of interests includes the requirements that either: (i) the plan provides that each holder of an interest in that class receives or retains under the plan on account of that interest property of a value, as of the effective date of the plan, equal to the greater of (x) the allowed amount of any fixed liquidation preference to which such holder is entitled, (y) any fixed redemption price to which such holder is entitled; or (ii) the value of such interest; or (iii) if the class does not receive the amount as required under (i) hereof, no class of interests junior to the non-accepting class may receive a distribution under the plan.

C. Identity of Persons to Contact for More Information

Any interested party desiring further information about the Plan should contact the [Solicitation Agent] at the phone number and/or address listed in [Article X] of this Disclosure Statement.

ARTICLE IX. CONCLUSION AND RECOMMENDATION