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

In re:	§	Chapter 11
WARREN RESOURCES, INC., *et al.*, [1]	§	Case No. 16-32760 (MI)
Debtors.	§	(Jointly Administered)

DISCLOSURE STATEMENT TO ACCOMPANY PLAN OF REORGANIZATION OF WARREN RESOURCES, INC. AND ITS AFFILIATED DEBTORS

ANDREWS KURTH LLP

Timothy A. ("Tad") Davidson II
Robin Russell
Joseph P. Rovira
600 Travis, Suite 4200
Houston, Texas 77002
Telephone: (713) 220-4200
Facsimile: (713) 220-4285

ATTORNEYS FOR THE DEBTORS AND
DEBTORS IN POSSESSION

Dated: Houston, Texas
July 18, 2016

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

[1] The Debtors in these cases, along with the last four digits of each Debtor's federal tax identification number, are: (i) Warren Resources, Inc. (4080); (ii) Warren E&P, Inc. (4052); (iii) Warren Resources of California, Inc. (0072); (iv) Warren Marcellus, LLC (0150); (v) Warren Energy Services, LLC (4748); and (vi) Warren Management Corp. The Debtors' service address is: 11 Greenway Plaza, Suite 3050, Houston, Texas 77046.

DISCLAIMER

ALL HOLDERS OF CLAIMS AND EQUITY INTERESTS ARE ADVISED AND ENCOURAGED TO READ THIS DISCLOSURE STATEMENT (THE "DISCLOSURE STATEMENT") AND JOINT PLAN OF REORGANIZATION (THE "PLAN") IN THEIR ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THE PLAN. ALL SUMMARIES OF THE PLAN AND OTHER STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PLAN, THE EXHIBITS ANNEXED TO THE PLAN, AND THE EXHIBITS ANNEXED TO THIS DISCLOSURE STATEMENT. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE ONLY AS OF THE DATE HEREOF UNLESS OTHERWISE INDICATED, 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 THE BANKRUPTCY CODE AND RULE 3016 OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE AND NOT NECESSARILY IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER APPLICABLE LAW. THIS DISCLOSURE STATEMENT AND THE JOINT PLAN OF REORGANIZATION DESCRIBED HEREIN HAVE NOT BEEN REVIEWED BY, AND THE NEW SECURITIES TO BE ISSUED ON OR AFTER THE EFFECTIVE DATE WILL NOT HAVE BEEN THE SUBJECT OF A REGISTRATION STATEMENT FILED WITH, THE SECURITIES AND EXCHANGE COMMISSION OR ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE UNDER THE SECURITIES ACT OR UNDER ANY STATE SECURITIES OR "BLUE SKY" LAWS. THE PLAN HAS NOT BEEN REVIEWED, APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION, AND NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS PASSED UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED HEREIN. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. PERSONS OR ENTITIES TRADING IN OR OTHERWISE PURCHASING, SELLING OR TRANSFERRING SECURITIES OR CLAIMS OF THE DEBTORS IN THESE CASES SHOULD EVALUATE THIS DISCLOSURE STATEMENT AND THE PLAN IN LIGHT OF THE PURPOSE FOR WHICH THEY WERE PREPARED.

AS TO CONTESTED MATTERS, ADVERSARY PROCEEDINGS, AND OTHER PENDING OR THREATENED LITIGATION OR ACTIONS, THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE AND MAY NOT BE CONSTRUED AS AN ADMISSION OF ANY FACT OR LIABILITY, STIPULATION, OR WAIVER, BUT RATHER AS A STATEMENT MADE IN SETTLEMENT NEGOTIATIONS AND SHALL BE INADMISSIBLE FOR ANY PURPOSE ABSENT THE EXPRESS WRITTEN CONSENT OF THE DEBTORS AND THE PARTY AGAINST WHOM SUCH INFORMATION IS SOUGHT TO BE ADMITTED.

THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS INCLUDED HEREIN FOR PURPOSES OF SOLICITING ACCEPTANCES OF THE PLAN AND MAY NOT BE RELIED UPON FOR ANY PURPOSE OTHER THAN TO DETERMINE HOW TO VOTE ON THE PLAN. THE DESCRIPTIONS SET FORTH HEREIN OF THE ACTIONS, CONCLUSIONS, OR RECOMMENDATIONS OF THE DEBTORS OR ANY OTHER

PARTY IN INTEREST HAVE BEEN PASSED UPON BY SUCH PARTY, BUT NO SUCH PARTY MAKES ANY REPRESENTATION OR WARRANTY REGARDING SUCH DESCRIPTIONS.

THIS DISCLOSURE STATEMENT WILL NOT BE ADMISSIBLE IN ANY NON-BANKRUPTCY PROCEEDING INVOLVING THE DEBTORS OR ANY OTHER PARTY, NOR WILL IT BE CONSTRUED TO CONSTITUTE CONCLUSIVE ADVICE ON THE TAX, SECURITIES, OR OTHER LEGAL EFFECTS OF THE REORGANIZATION AS TO HOLDERS OF CLAIMS AGAINST, OR INTERESTS IN, THE DEBTORS.

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This Disclosure Statement includes projected financial information regarding the Reorganized Debtors and certain other "forward-looking statements" within the meaning of section 27A of the Securities Act and section 21E of the Exchange Act, all of which are based upon various estimates and assumptions that the Debtors believe to be reasonable as of the date hereof. These statements involve risks and uncertainties that could cause the Debtors' and Reorganized Debtors' actual future outcomes to differ materially from those set forth in this Disclosure Statement. Such risks and uncertainties include, but are not limited to:

- the Debtors' ability to complete their proposed restructuring, or any other restructuring on terms acceptable to the Debtors;
- the Debtors' ability to continue as a going concern;
- the Debtors' ability to meet debt service obligations and related financial and other covenants, and any possible resulting material default under the Debtors' debt obligations that is not waived or rectified;
- limitations on the availability of sufficient credit to fund working capital;
- the availability of appropriate surety bonds which may be required for certain projects;
- inability to reach agreements with the Debtors' surety companies to provide sufficient bonding capacity;
- general economic and capital markets conditions, including fluctuations in interest rates;
- difficulty in managing the operation of existing entities;
- loss of key personnel;
- litigation risks and uncertainties;
- distraction of management and costs associated with the Debtors' restructuring efforts, including their chapter 11 filings;

- recent adverse publicity about the Debtors, including their chapter 11 filings;
- uncertainties inherent in making estimates of our oil and natural gas data;
- oil and natural gas prices, price volatility and competition;
- discovery and development of oil and natural gas reserves;
- cost of compliance with laws and regulations;
- geological, technical, drilling and processing problems;
- weather-related interference with business operations;
- unanticipated results with the drilling or completion of wells;
- the effects of delays in completion of, or shut-ins of, gas gathering systems, pipelines and processing facilities;
- the impact of derivative positions;
- production expense estimates;
- cash flow estimates;
- future financial performance;
- planned capital expenditures;
- the cost and availability of adequate insurance coverage; and
- other risks and matters discussed in Warren Resources, Inc.'s filings with the Securities and Exchange Commission.

You should understand that the foregoing as well as other risk factors discussed in this Disclosure Statement, including those listed in Section VIII under the heading "Certain Factors to be Considered," could cause future outcomes to differ materially from those expressed in such forward looking statements. Given the uncertainties, you are cautioned not to place undue reliance on any forward-looking statements in determining whether to vote in favor of the Plan or to take any other action. The Debtors undertake no obligation to publicly update or revise information concerning the Debtors' restructuring efforts, borrowing availability, or their cash position or any forward-looking statements to reflect events or circumstances that may arise after the date of this Disclosure Statement, except as required by law. Forward-looking statements are provided in this Disclosure Statement pursuant to the safe harbor established under the private Securities Litigation Reform Act of 1995 and, to the extent applicable, section 1125(e) of the Bankruptcy Code and should be evaluated in the context of the estimates, assumptions, uncertainties, and risks described herein.

TABLE OF CONTENTS

[THIS PAGE INTENTIONALLY LEFT BLANK]

TABLE OF ATTACHMENTS

I. INTRODUCTION AND EXECUTIVE SUMMARY[2]

A. EXECUTIVE SUMMARY

Warren and the Warren Debtor Subsidiaries (collectively, the "Company") filed voluntary petitions for relief under chapter 11 of the United States Bankruptcy Code on June 2, 2016 in the Bankruptcy Court. Pursuant to sections 1107(a) and 1108 of the Bankruptcy Code, the Debtors have and will continue to operate their businesses and to manage their properties as debtors-in-possession during the pendency of the Chapter 11 Cases.

On June 16, 2016, the Debtors filed the "Plan of Reorganization of Warren Resources, Inc. and Its Affiliated Debtors". The Plan was formulated after extensive negotiations with the First Lien Lenders and Consenting Senior Noteholders. Since the Petition Date and subsequent to the filing of the Plan, the Debtors, First Lien Lenders and Consenting Senior Noteholders and Claren Road engaged in discussions concerning a global resolution of these cases. Such discussions ultimately led to an agreement on a consensual plan of reorganization which is reflected and incorporated in the Plan. However, although the First Lien Lenders, Claren Road and Consenting Senior Noteholders had the opportunity to comment on the Plan and Disclosure Statement, (i) the Debtors are the sole proponents of the Plan and (ii) all disclosures set forth herein are solely the responsibility of the Debtors. This Disclosure Statement describes the Debtors' current and future business operations, certain aspects of the Plan, including, but not limited to, the proposed reorganization of the Debtors upon Consummation of the Plan, significant events occurring in their Chapter 11 Cases and related matters.

B. CONSIDERATIONS IN PREPARATION OF THE DISCLOSURE STATEMENT AND PLAN; DISCLAIMERS

BECAUSE ACCEPTANCE OF THE PLAN WILL CONSTITUTE ACCEPTANCE OF ALL THE PROVISIONS THEREOF, HOLDERS OF CLAIMS ARE URGED TO CONSIDER CAREFULLY THE INFORMATION REGARDING TREATMENT OF THEIR CLAIMS CONTAINED IN THIS DISCLOSURE STATEMENT.

THE CONFIRMATION AND EFFECTIVENESS OF THE PLAN ARE SUBJECT TO MATERIAL CONDITIONS PRECEDENT. SEE SECTION IV.P — "SUMMARY OF THE PLAN — CONDITIONS PRECEDENT TO CONFIRMATION AND EFFECTIVENESS." THERE CAN BE NO ASSURANCE THAT THOSE CONDITIONS WILL BE SATISFIED.

THE DEBTORS PRESENTLY INTEND TO SEEK TO CONSUMMATE THE PLAN AND TO CAUSE THE EFFECTIVE DATE TO OCCUR PROMPTLY AFTER

[2] Capitalized terms used in this Disclosure Statement and not otherwise defined have the meaning in the Plan.

CONFIRMATION OF THE PLAN. THERE CAN BE NO ASSURANCE, HOWEVER, AS TO WHEN AND WHETHER CONFIRMATION OF THE PLAN AND THE EFFECTIVE DATE ACTUALLY WILL OCCUR. PROCEDURES FOR DISTRIBUTIONS UNDER THE PLAN, INCLUDING MATTERS THAT ARE EXPECTED TO AFFECT THE TIMING OF THE RECEIPT OF DISTRIBUTIONS BY HOLDERS OF ALLOWED CLAIMS IN CERTAIN CLASSES AND THAT COULD AFFECT THE AMOUNT OF DISTRIBUTIONS ULTIMATELY RECEIVED BY SUCH HOLDERS, ARE DESCRIBED IN SECTION IV.L — "SUMMARY OF THE PLAN — PROVISIONS GOVERNING DISTRIBUTIONS."

WITH NO BETTER ALTERNATIVES CURRENTLY AVAILABLE, THE BOARDS OF DIRECTORS, MANAGERS AND MEMBERS (AS THE CASE MAY BE) OF EACH OF THE DEBTORS HAVE APPROVED THE PLAN AND RECOMMEND THAT THE HOLDERS OF CLAIMS VOTE TO ACCEPT THE PLAN IN ACCORDANCE WITH THE VOTING INSTRUCTIONS SET FORTH IN SECTION IX - "THE SOLICITATION; VOTING PROCEDURES" AND IN THE BALLOT. TO BE COUNTED, YOUR BALLOT MUST BE DULY COMPLETED, EXECUTED, AND ACTUALLY RECEIVED BY THE VOTING DEADLINE. HOLDERS OF CLAIMS AND INTERESTS ARE ENCOURAGED TO READ AND CONSIDER CAREFULLY THIS ENTIRE DISCLOSURE STATEMENT, INCLUDING THE PLAN.

*****

THIS DISCLOSURE STATEMENT CONTAINS SUMMARIES OF CERTAIN PROVISIONS OF THE PLAN, STATUTORY PROVISIONS, DOCUMENTS RELATED TO THE PLAN, ANTICIPATED EVENTS IN THE DEBTORS' CHAPTER 11 CASES, AND FINANCIAL INFORMATION. ALTHOUGH THE DEBTORS BELIEVE THAT THE SUMMARIES ARE FAIR AND ACCURATE, SUCH SUMMARIES ARE QUALIFIED TO THE EXTENT THAT THEY DO NOT SET FORTH THE ENTIRE TEXT OF THE PLAN OR CERTAIN DOCUMENTS (AND HOLDERS OF CLAIMS SHOULD REFER TO THE PLAN AND SPECIFIED DOCUMENTS IN THEIR ENTIRETY AS ATTACHED HERETO OR IN THE PLAN SUPPLEMENT), STATUTORY PROVISIONS, EVENTS, OR INFORMATION. FACTUAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS BEEN PROVIDED BY THE DEBTORS, EXCEPT WHERE OTHERWISE SPECIFICALLY NOTED. THE DEBTORS ARE UNABLE TO WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED HEREIN, INCLUDING THE FINANCIAL PROJECTIONS AND OTHER FINANCIAL INFORMATION, IS WITHOUT ANY INACCURACY OR OMISSION.

IN DETERMINING WHETHER TO VOTE TO ACCEPT THE PLAN, HOLDERS OF CLAIMS AND EQUITY INTERESTS (TO THE EXTENT SUCH CLAIMS AND EQUITY INTERESTS ARE ENTITLED TO VOTE) MUST RELY UPON THEIR OWN EXAMINATION OF THE DEBTORS AND THE TERMS OF THE PLAN, INCLUDING THE MERITS AND RISKS INVOLVED. THE CONTENTS OF THIS DISCLOSURE STATEMENT SHOULD NOT BE CONSTRUED AS PROVIDING ANY LEGAL, BUSINESS, FINANCIAL, OR TAX ADVICE. EACH SUCH HOLDER SHOULD CONSULT WITH ITS OWN LEGAL, BUSINESS, FINANCIAL, AND TAX ADVISORS WITH RESPECT TO ANY SUCH MATTERS CONCERNING THIS DISCLOSURE STATEMENT,

THE SOLICITATION, THE PLAN AND THE TRANSACTIONS CONTEMPLATED THEREBY. SEE SECTION VIII - "CERTAIN FACTORS TO BE CONSIDERED" FOR A DISCUSSION OF VARIOUS FACTORS THAT SHOULD BE CONSIDERED IN CONNECTION WITH THE PLAN.

*****

THE DEBTORS ARE RELYING ON SECTION 1145(a)(1) AND (2) OF THE BANKRUPTCY CODE TO EXEMPT FROM REGISTRATION UNDER THE SECURITIES LAWS THE OFFER AND ISSUANCE OF THE NEW NOTES AND NEW SECURITIES IN CONNECTION WITH THE SOLICITATION AND THE PLAN.

EXCEPT AS SET FORTH IN SECTION IX.I — "THE SOLICITATION; VOTING PROCEDURES - FURTHER INFORMATION; ADDITIONAL COPIES," NO PERSON HAS BEEN AUTHORIZED BY THE DEBTORS IN CONNECTION WITH THE PLAN OR THE SOLICITATION TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION OTHER THAN AS CONTAINED IN THIS DISCLOSURE STATEMENT AND THE EXHIBITS ATTACHED HERETO OR INCORPORATED BY REFERENCE OR REFERRED TO HEREIN, AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MAY NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE DEBTORS. THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY SECURITIES OTHER THAN THOSE TO WHICH IT RELATES, OR AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY ANY SECURITIES IN ANY JURISDICTION IN WHICH, OR TO ANY PERSON TO WHOM, IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION.

THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE AS OF THE DATE HEREOF, AND NEITHER THE DELIVERY OF THIS DISCLOSURE STATEMENT NOR THE DISTRIBUTION OF ANY NEW SECURITIES PURSUANT TO THE PLAN WILL, UNDER ANY CIRCUMSTANCE, CREATE ANY IMPLICATION THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AT ANY TIME SUBSEQUENT TO THE DATE HEREOF. ANY ESTIMATES OF CLAIMS OR EQUITY INTERESTS SET FORTH IN THIS DISCLOSURE STATEMENT MAY VARY FROM THE AMOUNTS OF CLAIMS AND EQUITY INTERESTS DETERMINED BY THE DEBTORS OR ULTIMATELY ALLOWED BY THE BANKRUPTCY COURT, AND AN ESTIMATE SHALL NOT BE CONSTRUED AS AN ADMISSION OF THE AMOUNT OF SUCH CLAIM.

C. GENERAL

This Disclosure Statement has been prepared to comply with section 1125 of the Bankruptcy Code and is hereby transmitted by the Debtors to Holders of Claims and Equity Interests for use in the Solicitation of acceptances of the Plan, a copy of which is attached hereto as **Exhibit A**. Unless otherwise defined in this Disclosure Statement, capitalized terms used herein have the meanings ascribed to them in the Plan.

For purposes of this Disclosure Statement, the following rules of interpretation shall apply: (i) whenever the words "include," "includes" or "including" are used, they shall be deemed to be followed by the words "without limitation," (ii) the words "hereof," "herein," "hereby" and "hereunder" and words of similar import shall refer to this Disclosure Statement as a whole and not to any particular provision, (iii) article, section and exhibit references are to this Disclosure Statement unless otherwise specified, and (iv) with respect to any Distribution under the Plan, "on" a date means on or as soon as reasonably practicable thereafter.

The purpose of this Disclosure Statement is to provide "adequate information" to Entities who hold Claims to enable them to make an informed decision before exercising their right to vote to accept or reject the Plan.

THE APPROVAL BY THE BANKRUPTCY COURT OF THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE AN ENDORSEMENT BY THE BANKRUPTCY COURT OF THE PLAN OR A GUARANTEE OF THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED HEREIN. THE MATERIAL CONTAINED HEREIN IS INTENDED SOLELY FOR THE USE OF HOLDERS OF CLAIMS AND EQUITY INTERESTS IN EVALUATING THE PLAN AND VOTING TO ACCEPT OR REJECT THE PLAN AND, ACCORDINGLY, MAY NOT BE RELIED UPON FOR ANY PURPOSE OTHER THAN THE DETERMINATION OF HOW TO VOTE ON THE PLAN. THE PLAN IS SUBJECT TO NUMEROUS CONDITIONS AND VARIABLES AND THERE CAN BE NO ABSOLUTE ASSURANCE THAT THE PLAN WILL BE EFFECTUATED.

D. SOLICITATION PACKAGE

Accompanying this Disclosure Statement for the purpose of soliciting votes on the Plan are copies of (i) the Plan, (ii) the notice of, among other things, the time for submitting Ballots to accept or reject the Plan, the date, time, and place of the hearing to consider the confirmation of the Plan and related matters, and the time for filing objections to the confirmation of the Plan, and (iii) a Ballot (and return envelope) that you may use in voting to accept or to reject the Plan, or a notice of non-voting status, as applicable. If you did not receive a Ballot and believe that you should have, please contact the Solicitation Agent at the address or telephone number set forth in the next subsection.

E. VOTING PROCEDURES, BALLOTS, AND VOTING DEADLINE

After carefully reviewing the Plan and this Disclosure Statement, and the exhibits thereto, and the detailed instructions accompanying your Ballot, Holders of Claims in Classes 1, 2A and 2B should indicate their acceptance or rejection of the Plan by voting in favor of or against the Plan on the enclosed Ballot. Each such Holder should complete and sign his, her or its Ballot and return it in the envelope provided so that it is RECEIVED by the Voting Deadline (as defined below). See Section IX — "THE SOLICITATION; VOTING PROCEDURES."

Each Ballot has been coded to reflect the Class of Claims it represents. You may have Claims or Equity Interests in more than one class. Accordingly, in voting to accept or reject the

Plan, you must use only the coded Ballot or Ballots sent to you with this Disclosure Statement and should separately vote with respect to each such Ballot.

If you have any questions about the procedure for voting your Claim with respect to the packet of materials that you have received, please contact the Solicitation Agent (i) telephonically or (ii) in writing by (a) hand delivery, (b) overnight mail or (c) first class mail using the information below:

Via First Class Mail

Warren Resources, Inc., Ballot Processing
c/o Epiq Bankruptcy Solutions, LLC
P.O. Box 4422
Beaverton, OR 97076-4422

Via Hand Delivery or Overnight Courier:

Warren Resources, Inc., Ballot Processing
c/o Epiq Bankruptcy Solutions, LLC
10300 SW Allen Blvd.
Beaverton, OR 97005
Telephone: (646) 282-2500

Questions may also be emailed to tabulation@epiqsystems.com, with a reference to "Warren" in the subject line.

THE SOLICITATION AGENT MUST RECEIVE ORIGINAL BALLOTS AND MASTER BALLOTS ON OR BEFORE _____ PREVAILING EASTERN TIME, ON _____, 2016 (THE "VOTING DEADLINE") AT THE APPLICABLE ADDRESS ABOVE. EXCEPT TO THE EXTENT ALLOWED BY THE BANKRUPTCY COURT, BALLOTS RECEIVED AFTER THE VOTING DEADLINE WILL NOT BE ACCEPTED OR USED IN CONNECTION WITH THE DEBTORS' REQUEST FOR CONFIRMATION OF THE PLAN OR ANY MODIFICATION THEREOF. ON PRIOR AGREEMENT WITH A HOLDER AND IF AGREED BY THE DEBTORS IN THEIR SOLE DISCRETION, SUCH HOLDER MAY ALSO BE ENTITLED TO SUBMIT ITS BALLOT BY ELECTRONIC TRANSMISSION.

The Debtors, with the consent of the First Lien Lenders, reserve the right to amend the Plan. Amendments to the Plan that do not materially and adversely affect the treatment of Claims and Equity Interests and are consistent with the terms of the RSA and Plan may be approved by the Bankruptcy Court at the Confirmation Hearing without the necessity of resoliciting votes. In the event resolicitation is required, the Debtors will furnish new solicitation packets that will include new Ballots to be used to vote to accept or reject the Plan, as amended.

F. PURPOSE OF AND SUMMARY OF THE PLAN

The primary purpose of the Plan is to effectuate the restructuring of the Debtors' capital structure (the "Restructuring") by, among other things, reducing their overall indebtedness and improving free cash flow. Presently, the Debtors have a substantial amount of indebtedness outstanding under various secured and unsecured debt issuances in an amount of approximately $486.3 million, and other obligations to various third parties. If the Debtors are not able to consummate the Restructuring, the Debtors will likely have to formulate an alternative plan or liquidate, and the Debtors' financial condition will likely be further materially adversely affected.

The Restructuring will reduce the amount of the Debtors' outstanding indebtedness by converting the claims of the First Lien Lenders, Second Lien Lenders and holders of Senior Notes into equity in the Reorganized Debtors and (in the case of the First Lien Lenders) the New First Lien Facility. Existing equity in Warren will be cancelled. By deleveraging their balance sheet, the Debtors will have more liquidity to develop their assets and operate their business.

Without the conversion of the Claims of the First Lien Lenders, Second Lien Lenders and holder of Senior Notes as contemplated in the Plan, the Debtors would not have sufficient liquidity to maintain their business as a going concern. Among other things, pursuant to the Restructuring:

- Allowed Administrative Expenses, Professional Fee Claims, Priority Tax Claims, Other Priority Claims and Other Secured Claims shall be paid in full or reinstated on the later of the Effective Date and the date of their allowance.

- Class 1A claims of the First Lien Lenders will be converted into 82.5% of the equity (subject to dilution by the Management Incentive Plan) in the Reorganized Debtors and the New First Lien Facility. Additionally, at the Plan Sponsor's option, the amount outstanding under the DIP Credit Agreement may be rolled into the New First Lien Facility.

- Class 2A claims of the Second Lien Lenders, the Senior Notes Claims, and the claim of Citrus Energy (if allowed as a general unsecured claim, and if so allowed in an amount not exceeding $8.5 million) will be converted into the remaining 17.5% of the equity (subject to dilution by the Management Incentive Plan) in the Reorganized Debtors, *pro rata* based on the amount of their respective claims. In addition, Holders of Second Lien Facility Claims shall receive their pro rata portion of (1) the Claren Road Supplemental Equity Distribution and (2) the New Warrants.

- Unsecured Claims in Class 2B will receive cash or an unsecured note (in each case without interest) in an amount equal to the same economic recovery provided to the holders of allowed Class 2A claims from the General Equity Pool. For example, if recovery to Class 2A under the Plan from the General Equity Pool is 3%, the economic recovery to Class 2B will be 3% under the Plan. For the avoidance of doubt, the calculation of the economic recovery to holders of

allowed Class 2B Claims shall not take into account any economic recovery to Holders of Second Lien Facility Claims on account of the Claren Road Supplement Equity Distribution and the New Warrants.

– Class 6 Warren Equity Interests will be cancelled and receive no further payments or recovery.

For the purposes of voting and Distributions only, the Plan contains classes for each level of claims against the Debtors as a single Class. As discussed in Section VI.D below, the Debtors' mid-point estimated Enterprise Value is $177 million. Because the First Lien Lenders have liens on substantially all assets of each of the Debtors (other than Warren Management Corp. and Warren Energy Services, LLC)[3] and the amount of the First Lien Lenders Claims are at least $248 million, the Debtors believe that the First Lien Lenders would be entitled to the full value of the Debtors and there would be no value left for distribution to Unsecured Creditors (including the Second Lien Lenders). The First Lien Lenders have nevertheless consented to the Distributions to Class 2A and 2B summarized above as part of the settlement reached with the Debtors, Claren Road and the Consenting Senior Noteholders which would avoid the need for a contested and potentially expensive Plan confirmation process.

This Disclosure Statement sets forth certain detailed information regarding the Debtors' history, their projections for future operations, and significant events expected to occur during the Chapter 11 Cases. This Disclosure Statement also describes the Plan, alternatives to the Plan, effects of Confirmation of 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 Holders of Claims must follow for their votes to be counted.

G. THE CONFIRMATION HEARING AND OBJECTION DEADLINE

THE BANKRUPTCY COURT HAS SET _____ 2016, AT _____ __.M., PREVAILING CENTRAL TIME, AS THE DATE AND TIME FOR THE HEARING ON CONFIRMATION OF THE PLAN AND TO CONSIDER ANY OBJECTIONS TO THE PLAN. THE CONFIRMATION HEARING WILL BE HELD AT COURTROOM 404, 4th FLOOR, UNITED STATES BANKRUPTCY COURT FOR THE SOUTHERN DISTRICT OF TEXAS, 515 RUSK AVENUE, HOUSTON, TEXAS 77002. THE DEBTORS WILL REQUEST CONFIRMATION OF THE PLAN AT THE CONFIRMATION HEARING.

THE BANKRUPTCY COURT HAS FURTHER FIXED _____, 2016, AT 5:00 P.M., PREVAILING CENTRAL TIME, AS THE DEADLINE (THE "OBJECTION DEADLINE") FOR FILING OBJECTIONS TO CONFIRMATION OF THE PLAN WITH THE BANKRUPTCY COURT. OBJECTIONS TO CONFIRMATION OF THE PLAN MUST BE SERVED SO AS TO BE RECEIVED BY THE FOLLOWING PARTIES ON OR BEFORE THE OBJECTION DEADLINE:

[3] While the First Lien Lenders do not have a lien on the assets of Warren Management Corp. and Warren Energy Services, LLC, the collateral securing the DIP Financing does include all assets of these entities.

- Lead counsel for the Debtors, Andrews Kurth LLP, 600 Travis, Suite 4200, Houston, Texas 77002, Attn: Timothy A. ("Tad") Davidson II, email: taddavidson@andrewskurth.com.

- The United States Trustee for the Southern District of Texas, 515 Rusk Street, Suite 3516, Houston, TX 77002, Attn: Nancy L. Holley, email: nancy.holley@usdoj.gov.

- Lead counsel to the First Lien Lenders, Kirkland & Ellis LLP, 300 North LaSalle, Chicago, IL 60654, Attn: Patrick J. Nash, Jr. and Gregory F. Pesce, email: patrick.nash@kirkland.com and gregory.pesce@kirkland.com.

- Lead Counsel to Claren Road, Bracewell LLP, CityPlace I, 34th Floor, 185 Asylum Street, Hartford, CT 06103, Attn: Kurt Mayr and David Lawton, E-Mail: Kurt.Mayr@bracewelllaw.com and David.Lawton@bracewelllaw.com

- Lead counsel for the Consenting Senior Noteholders, Stroock & Stroock & Lavan LLP, 180 Maiden Lane, New York, New York 10038, Attn: Jayme Goldstein and Erez Gilad, email: jgoldstein@stroock.com and egilad@stroock.com.

ANY OBJECTION TO CONFIRMATION OF THE PLAN MUST BE IN WRITING AND (A) MUST STATE THE NAME AND ADDRESS OF THE OBJECTING PARTY AND THE AMOUNT OF ITS CLAIM OR THE NATURE OF ITS EQUITY INTEREST AND (B) MUST STATE WITH PARTICULARITY THE NATURE OF ITS OBJECTION. ANY CONFIRMATION OBJECTION NOT TIMELY FILED AND SERVED AS SET FORTH HEREIN SHALL BE DEEMED WAIVED AND SHALL NOT BE CONSIDERED BY THE BANKRUPTCY COURT.

H. SUMMARY OF POST-CONFIRMATION OPERATIONS

Attached hereto as **Exhibit B** are the Financial Projections, which project the expected financial performance of the Reorganized Debtors as of September 1, 2016 and through the period ending December 31, 2016. The Financial Projections are based upon information available as of June 16, 2016, and numerous assumptions are an integral part of the Financial Projections, many of which are beyond the control of the Reorganized Debtors and some or all of which may not materialize. See Section VIII.E — "CERTAIN FACTORS TO BE CONSIDERED — INHERENT UNCERTAINTY OF FINANCIAL PROJECTIONS."

I. RECOMMENDATION OF BOARD OF DIRECTORS, MEMBERS AND OTHERS TO APPROVE PLAN

With no better alternatives currently available, the board of directors for Warren and the directors/members and/or managers, as appropriate, for each of the Warren Subsidiary Debtors approved the solicitation of acceptances of the Plan. This decision was reached after considering

the alternatives to the Plan that are available to the Debtors and the possible effect on the Debtors' business operations. These alternatives include liquidation under chapter 7 of the Bankruptcy Code or a reorganization under chapter 11 of the Bankruptcy Code with an alternative plan of reorganization. Warren's board of directors and such members determined, after consulting with financial and legal advisors, that the Restructuring Transactions contemplated in the Plan would likely result in a distribution of greater values to creditors than would a liquidation under chapter 7. For a comparison of estimated distributions under chapter 7 of the Bankruptcy Code and under the Plan, see Section VI.C — "FEASIBILITY OF THE PLAN AND THE BEST INTERESTS OF CREDITORS TEST — LIQUIDATION ANALYSIS."

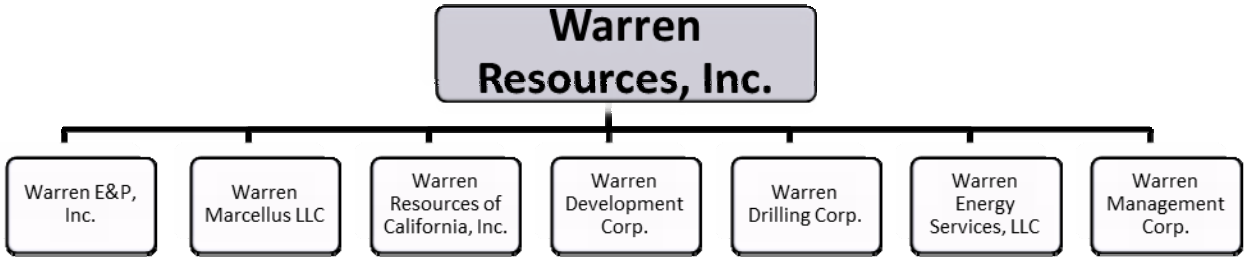
THEREFORE, THE BOARD OF DIRECTORS FOR WARREN AND THE MEMBERS, MANAGERS AND DIRECTORS FOR EACH WARREN SUBSIDIARY DEBTOR SUPPORT THE PLAN AND URGE ALL HOLDERS OF CLAIMS AND EQUITY INTERESTS WHOSE VOTES ARE BEING SOLICITED TO TIMELY SUBMIT BALLOTS TO ACCEPT AND SUPPORT THE PLAN.

II. GENERAL INFORMATION REGARDING THE DEBTORS

A. BACKGROUND

Warren and its subsidiaries (collectively, the "Company") are an independent oil and natural gas exploration and production company engaged in the acquisition, exploration, development and production of domestic onshore crude oil and gas reserves. The Company's oil and gas properties are located in three geographic areas. The Company's oil development activities are primarily focused on waterflood oil recovery operations in the Wilmington Field (California) and the North Wilmington Unit (California) outside of Los Angeles. The Company is also a developer of coalbed methane natural gas ("CBM") in the Rocky Mountain region, focusing on the Washakie Basin in southwestern Wyoming. Lastly, the Company has a position in the Marcellus shale in a highly prolific area in northeastern Pennsylvania which produces dry natural gas.

The following chart depicts the Debtors organizational structure:



Warren Resources, Inc. Debtor Warren, a Maryland corporation, is a publically traded company and is the ultimate parent company of the Debtors. It owns approximately 99% of the Company's Wyoming oil and gas leases and wells in Wyoming. It also owns 100% of the equity in the other Debtors.

Warren Resources of California, Inc. ("Warren California"). Debtor Warren California is a California corporation and is a wholly owned subsidiary of Warren. It owns 99% of the Company's oil and gas leases and wells in California, as well as the Company's assets and equipment located in California.

Warren E&P, Inc. ("Warren E&P"). Debtor Warren E&P is a New Mexico corporation and a wholly owned subsidiary of Warren. It owns the remaining 1% interest of the Company's California oil and gas leases and wells and the remaining 1% interest of the Company's Wyoming oil and gas leases and wells, and serves as the operator of the Company's oil and gas assets. It also operates the drilling rig used in the California operations.

Warren Energy Services, LLC. ("Warren Energy") Debtor Warren Energy is a Delaware limited liability company and a wholly owned subsidiary of Warren. Warren Energy owns and operates 100% of the Company's midstream assets used in its Wyoming operations, which includes a compression and dehydration facility and a 59 mile pipeline.

Warren Marcellus LLC ("Warren Marcellus"). Debtor Warren Marcellus is a Delaware limited liability company and a wholly owned subsidiary of Warren. Warren Marcellus owns 100% of the Company's Pennsylvania Marcellus oil and gas leases, wells and facility assets.

Warren Development Corp. Non-Debtor affiliate Warren Development Corp. is a Delaware corporation and wholly owned subsidiary of Warren. Warren Development Corp. was established to pursue certain joint venture opportunities, none of which came to fruition. Warren Development Corp. has no employees, assets and/or operations. The Debtors are considering winding down and dissolving Warren Development Corp. pursuant to applicable law.

Warren Management Corp. Debtor Warren Management Corp. is a Delaware corporation and wholly owned subsidiary of Warren. Warren Management Corp. was established to pursue certain joint venture opportunities, none of which came to fruition. Warren Management Corp. has no employees, assets and/or operations.

Warren Drilling Corp. Non-Debtor affiliate Warren Drilling Corp. is a New Mexico corporation and wholly owned subsidiary of Warren. Warren Drilling Corp. was established to pursue certain joint venture opportunities, none of which came to fruition. Warren Drilling Corp. has no employees, assets and/or operations, and is not a debtor. The Debtors are considering winding down and dissolving Warren Drilling Corp. pursuant to applicable law.

The Debtors are including selected financial information consistent with Warren's consolidated financial statements as **Exhibit C** for further background information on the Debtors' financial condition as of March 31, 2016.

The Debtors hereby incorporate by reference into this Disclosure Statement the information Warren files with the SEC. The information incorporated by reference is an important part of this Disclosure Statement, and information that is filed after the date of this Disclosure Statement with the SEC will automatically update and supersede this information. The Debtors incorporate by reference the documents listed below and any future filings made by Warren with the SEC under sections 13(a), 13(c), 14, or 15(d) of the Securities Exchange Act (excluding any information furnished pursuant to Item 2.02 or 7.01 on any Current Report on Form 8-K).

- Annual Report on Form 10-K for the fiscal year ended December 31, 2015;
- Current Reports on Form 8-K filed with the SEC on (i) January 5, 2016; (ii) February 1, 2016; (iii) February 9, 2016; (iv) February 18, 2016; (v) February 24, 2016; (vi) March 4, 2016; (vii) June 3, 2016; and (viii) July 12, 2016.
- Notification of Late Filing on Form 12b-25 related to Warren's Form 10-Q for the quarter ended March 30, 2016.

Any statement contained in a document incorporated by reference herein shall be deemed to be modified or superseded for all purposes to the extent that a statement contained in this Disclosure Statement or in any other subsequently filed document which is also incorporated or deemed to be incorporated by reference, modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified, or superseded, to constitute a part of this Disclosure Statement.

All documents incorporated by reference herein may be accessed at http://phx.corporate-ir.net/phoenix.zhtml?c=182913&p=irol-sec or www.sec.gov. Pleadings filed in the Chapter 11 Cases may also be obtained from the website maintained by Epiq, the Debtors' noticing and Ballot Agent, at http://dm.epiq11.com/WRE.

B. EXISTING CAPITAL STRUCTURE OF THE DEBTORS

As of the Petition Date, the Debtors had long-term funded debt of approximately $486.3 million as shown below:

Capitalization Summary

	Balance as of 06/02/2016[4]	
Prepetition First Lien Facility Claims	$	247.9
Second Lien Facility Claims		56.9
Convertible Debenture		1.6
Total Secured Debt	**$**	**306.4**
9.00% Senior Notes due 2022	$	179.9

[4] Claim balances are in millions and include make whole and accrued interest as of June 2, 2016.

Total Unsecured Debt	**$**	**179.9**
Total Debt	**$**	**486.3**

Only the First Lien Facility Claims and Prepetition Second Lien Facility Claims are claims secured by collateral. The Senior Notes are unsecured claims. However, due to the current oil and gas pricing environment, the Debtors believe that the First Lien Facility Claims are undersecured and the Second Lien Facility Claims are completely unsecured.

1. First Lien Facility

On May 22, 2015, Warren entered into the First Lien Facility by and among Warren, Wilmington Trust, National Association, as Administrative Agent, and the First Lien Lenders, that provides for a five-year, $250 million term loan facility which matures on May 22, 2020. The First Lien Facility is guaranteed by Warren California, Warren E&P and Warren Marcellus (collectively the "Debtor Guarantor Parties" and together with Warren, the "Obligor Debtors") and is collateralized by substantially all of Obligor Debtors' assets, including Warren's equity interests in the Debtor Guarantor Parties.

The First Lien Facility included approximately $202.5 million of new funds. As part of the First Lien Facility, certain of the lenders exchanged approximately $69.6 million of the Company's previously issued Senior Notes at a discount for approximately $47.2 million of the first lien term loans. This equated to an exchange price of approximately 65% of par value of the Senior Notes. Warren borrowed $172.5 million at closing under the First Lien Facility for working capital and to repay its existing revolving credit facility.

As of the Petition Date, the Company had approximately $247.9 million outstanding under the First Lien Facility, inclusive of accrued and unpaid interest and make-whole amounts.

2. Second Lien Facility

On October 22, 2015, the Company entered into the Second Lien Facility by and among Warren, Cortland Capital Market Services, LLC, as Administrative Agent, and the Second Lien Lenders. The Second Lien Facility provides for a five-year, approximately $51.0 million term loan facility that matures on November 1, 2020.

The Second Lien Facility provided Warren with approximately $11 million of new money to fund its operations. Along with providing new money, the Second Lien Lenders exchanged approximately $63.1 million in face value of Senior Notes held by them, plus accrued interest. The Second Lien Lenders received the following in exchange for the Senior Notes: (i) approximately $40.1 million of second lien term loans under the Second Lien Facility, and (ii) four million (4,000,000) shares of Warren's common stock. In conjunction with the $11 million of new money, Warren also drew down $10 million on the First Lien Facility, providing Warren with approximately $20 million of liquidity.

The Second Lien Facility is guaranteed by the Debtor Obligors on substantially similar terms as the guarantees related to the First Lien Facility and is collateralized by second-priority liens on substantially all of Warren's assets, including Warren's equity interests in the Debtor Guarantor Parties, and the assets of the Debtor Guarantor Parties, to the extent such assets or interests secure the First Lien Facility.[5] As of the Petition Date, the Company had approximately $56.9 million outstanding under the Second Lien Facility, inclusive of accrued and unpaid interest and make-whole amounts.

3. 9.000% Senior Notes

To finance the acquisition of the Marcellus Pennsylvania assets, the Company issued 9.000% senior notes in a private offering at a price equal to 98.617% of the $300 million principal amount thereto, due to mature on August 1, 2022 (the "Unregistered Senior Notes"). The net proceeds from this notes offering were used to fund a portion of the $312.5 million cash consideration for the purchase price of the Marcellus assets acquired from Citrus Energy and two other working interest owners for $352.5 million.

As noted above, in connection with the First Lien Facility entered into on May 22, 2015, Warren exchanged $69.59 million in face value of the Unregistered Senior Notes previously held by the lenders under the First Lien Facility for approximately $45.23 million of first lien term loans.

On July 27, 2015, substantially all of the outstanding Unregistered Senior Notes were exchanged for an equal principal amount of registered 9.000% Senior Notes due 2022 (the "Registered Senior Notes" and, together with the Unregistered Senior Notes, the "Senior Notes"). The Registered Senior Notes are identical to the Unregistered Senior Notes except that the Registered Senior Notes are registered under the Securities Act and do not have restrictions on transfer, registration rights or provisions for additional interest.

Further, as discussed above, on or about October 22, 2015, in connection with the Second Lien Facility, Warren exchanged approximately $63.1 million in face value of Senior Notes, plus accrued interest, for (i) approximately $40.1 million of second lien term loans, and (ii) four million (4,000,000) shares of Warren common stock with a fair market value of $2 million.

The Senior Notes are jointly and severally guaranteed on an unsecured basis by substantially all of Warren's existing subsidiaries (except for Warren Energy and Warren Management Corp.). As of the Petition Date and after giving effect to the exchanges discussed above, there is approximately $179.9 million in Senior Notes outstanding inclusive of accrued interest.

4. Convertible Debenture

[5] There were certain Wyoming oil and gas leases and wells added to a supplemental mortgage in favor of the First Lien Lenders that have not been added to any mortgages in favor of the Second Lien Lenders. So the collateral packages for the First Lien Lenders and the Second Lien Lenders do not completely overlap.

There is approximately $1.6 million outstanding under the Secured Indentures that is convertible into common stock of Warren. Specifically, approximately $835,000 is outstanding under the 2020 Secured Indenture and approximately $801,000 is outstanding under the 2022 Secured Indenture. The Secured Indentures are secured by zero-coupon United States Treasury debt obligations.

5. Interests

a. Preferred Stock

As of December 31, 2015, Warren had 10,703 shares of convertible preferred stock issued and outstanding. The preferred stock is convertible into common shares on a 1 to 1 and 1 to 0.5 basis. Dividends on preferred shares totaled approximately $10,000 and for each of the years ended December 31, 2015 and 2014. All of Warren's outstanding preferred stock has a dividend equal to 8% per annum, payable to the extent legally available quarterly in arrears, and has a liquidation preference of $12.00 per share.

b. Common Stock

Warren's common stock is listed on the NASDAQ Global Market ("NASDAQ") under the symbol "WRES." As of April 30, 2016, there were 85,250,025 shares of common stock issued and outstanding and there were approximately 1,800 record holders of Warren's common stock.

6. Hedges

As of the Petition Date, a significant percentages of the Company's estimated volumes were hedged through 2016 (274,000 bbls of oil and 14.3 Bbtu of natural gas) with Shell Trading Risk Management LLC and Cargill Risk Management serving as the hedge counterparties. On June 10, 2016, Shell Trading Risk Management, LLC notified Warren of its intention to terminate its hedge agreement with Warren. Subsequent to termination by Shell Trading Risk Management, LLC, a settlement payment of $1,526,325 was received by Warren.

C. EVENTS LEADING TO THE DEBTORS' RESTRUCTURING

Oil and gas prices have fallen significantly over the last 18 months. Warren is in payment default under the Senior Notes, triggering cross defaults under the First Lien Facility and Second Lien Facility, and Warren has been unable to raise additional capital to refinance these obligations. Nor do the Debtors have the capital to continue a well drilling program to develop its proven undeveloped oil and gas reserves or the liquidity sufficient to pay its operational expenses and debt service obligations. Unless the Debtors replace the reserves they produce through successful development, exploration or acquisition activities, the Debtors' proved reserves and production will decline over time.

1. Rapid Drop In Oil and Gas Prices And Sustained Low Prices

Oil and gas prices have plummeted and remain low over the last two years. The per-barrel price for Brent crude oil fell from more than $100 per barrel in September 2014 to less than $30 per barrel in January 2016. Recently, the per-barrel price of crude oil has traded between $45 and $50 per barrel.

Likewise, gas prices have declined dramatically during this time. Natural gas prices were approximately $4.00 per million Btu in September 2014 to approximately $2.00 per million BTU at the present time. There remains great uncertainty in the oil and gas market with a number of industry experts predicting continued depressed prices throughout 2016.

This decline in oil and gas prices has significantly impacted the Company's revenues. The Company's revenue from oil and gas sales decreased $61.6 million during 2015 to $83.7 million, a 42% decrease compared to 2014. Specifically, net gas production for 2015 was 28 Bcf, an increase over production in 2014 which was 16.1 Bcf. However, the average realized price per Mcf of gas for 2015 fell approximately 50% to $1.55 as compared to $3.06 in 2014.

Similarly, the drop in oil prices significantly impacted revenue from oil sales. Net oil production for 2015 declined to .98 MMBbls from 1.1 MMBbls in 2014, while the average realized price per barrel of oil for 2015 was $41.14 as compared to $86.02 in 2014. With the precipitous drop in oil and gas prices significantly reducing the Company's revenues, the Company is no longer able to service its debt obligations and meet operational expenses, let alone further develop it assets, without a financial restructuring.

2. Payment Default on Senior Notes and Cross Defaults on First Lien Credit Facility and Second Lien Credit Facility

In light of prevailing oil prices and the necessity of a debt restructuring, Warren elected to not make the approximately $7.5 million interest payment due February 1, 2016 on its Senior Notes. The applicable 30-day grace period for such interest payment expired on March 2, 2016 and consequently an event of default under the indenture governing the Senior Notes has occurred and is continuing.

In addition, this default status on the Senior Notes has resulted in events of default under the First Lien Credit Facility and the Second Lien Credit Facility, entitling the administrative agents and lead lenders thereunder to declare all obligations under those credit facilities to be immediately due and payable. No such acceleration of Warren's debt obligations occurred until the bankruptcy filing.

3. Restructuring Support Agreement Among the First Lien Lenders and Consenting Senior Noteholders and Subsequent Agreement with Claren Road.

The Debtors initiated discussions with the Plan Sponsor, Second Lien Lenders and the Consenting Senior Noteholders starting in January 2016. Such discussions included unilateral discussions with such constituents as well as discussions including all parties concerning a

consensual restructuring. As a consensual restructuring with all members of the capital structure became less likely, the Debtors focused their negotiations on the Plan Sponsor. The Debtors and Plan Sponsor negotiated in good faith and at arm's length for several weeks over the terms of a potential restructuring support agreement, exchanging several draft term sheets and having numerous conference calls and conversations negotiating the terms. During this time, the Company maintained an open line of communication with the Second Lien Lenders and Consenting Senior Noteholders and informed them of the state of the negotiations.

The Debtors also received and discussed restructuring proposals from the Consenting Senior Noteholders and Second Lien Lenders during this time and attempted to facilitate discussions with the various constituents and bridge the gaps that existed between the competing proposals. After several weeks, the Plan Sponsor, Consenting Senior Noteholders and the Debtors agreed to the terms of a restructuring support agreement that was executed on June 2, 2016 (the "Initial RSA"). Claren Road was not a party to the Initial RSA, but the Debtors continued to negotiate with Claren Road after execution of the Initial RSA in the hopes of reaching a resolution that included Claren Road.

Following the Petition Date, the Debtors continued to engage Claren Road on a potential settlement. After several weeks of negotiation by and among the Debtors, the First Lien Lenders, Claren Road and the Consenting Senior Noteholders, a global agreement was reached among the parties and the RSA, which amended the Initial RSA, was executed on July 11, 2016.

Pursuant to the terms of the agreed restructuring and as more fully described in the RSA and related documents, the First Lien Lenders will convert their outstanding claims into the New First Lien Facility in the amount of $130 million (plus, at the Plan Sponsor's option, any outstanding amounts on the DIP Financing up to $20 million) and 82.5% of the equity in the Reorganized Debtors to be reduced by the Claren Road Supplemental Equity Distribution. The General Equity Pool, which consists of the remaining 17.5% of equity in the Reorganized Debtors will be divided, *pro rata*, among the Second Lien Lenders, Senior Noteholders and Citrus Energy (if allowed as a general unsecured claim, and if so allowed in an amount not exceeding $8.5 million).

Additionally, the Second Lien Lenders will receive their *pro rata* proportion of the Claren Road Supplemental Equity Distribution and New Warrants. This will result in the Second Lien Lenders receiving 7.55% of all issued and outstanding equity in the Reorganized Debtors on the Plan Effective Date. The Claren Road Supplemental Equity Distribution will be made from and reduce the 82.5% of equity in the Reorganized Debtors otherwise distributable to the First Lien Lenders. General unsecured creditors will receive a discounted cash payment or a note equal to the economic value received by holders of Allowed Class 2A Claims based on the value received by such holders from the General Equity Pool. Existing equity in Warren will be cancelled.

Additionally, as part of the RSA, the Plan Sponsor also agreed to provide debtor-in-possession financing ("DIP Financing") to the Company. The DIP Financing, along with cash collateral, will be used to fund the Debtors' reorganization efforts. As of the Petition Date, the Debtors had over $10 million of cash constituting the cash collateral of the First Lien Lenders in

accounts at JPMorgan Chase Bank. Approximately $10 million of such cash was in a restricted account which can only be released from the account and used with the consent of the First Lien Lenders (the "Restricted Cash"). The First Lien Lenders have consented to the use of the Restricted Cash as part of the Debtors cash collateral in accordance with the terms of the agreed budget. The DIP Facility is comprised of a delayed draw term loan facility in an aggregate principal amount of up to $20 million.

Significantly, an intercreditor agreement (the "Prepetition Intercreditor Agreement") exists governing the rights by and among the First Lien Lenders and Second Lien Lenders, including their respective rights in the event of a bankruptcy.

As a condition to receiving the DIP Financing and entry into the RSA, the Company agreed to certain milestones for the restructuring process that, if not met or waived by the First Lien Lenders, would result in a default under the DIP Financing. Such milestones include: (i) filing a revised Plan and Disclosure Statement reflecting the terms of the RSA (as amended to include Claren Road) by July 18, 2016; (ii) obtain final approval of the DIP Financing and use of Cash Collateral by July 25, 2016; (iii) obtain entry of the Confirmation Order confirming the Plan by no later than September 15, 2016; and (iv) the Effective Date of the Plan must occur by September 30, 2016.

Each of the foregoing factors, among others, contributed to the Debtors' decision to seek relief under chapter 11 of the Bankruptcy Code and pursue confirmation of the Plan. The Debtors intend to restructure their debts and reorganize their business to provide the greatest possible recovery for the estates and stakeholders.

D. LITIGATION PENDING AGAINST THE DEBTORS AS OF THE COMMENCEMENT DATE

The Debtors are party to a variety of legal proceedings and administrative actions. The claims made in the legal proceedings and administrative actions will be treated as General Unsecured Claims. Significant legal actions pending against the Debtors are summarized below, each of which has been stayed as a result of the automatic stay under section 362 of the Bankruptcy Code:

1. Putative Class Action of Certain Royalty Holders

On November 3, 2014, Warren E&P was named as a defendant in a lawsuit in the Los Angeles County Superior Court, captioned *Brandt Haas v. Warren E&P, Inc., Case No. BC562435*, involving a claim disputing royalty payments made from the Debtors' operation of the Wilmington Townlot Unit in the Los Angeles Basin in California. The plaintiff seeks to certify a class of all Wilmington Townlot Unit royalty owners who have received royalty payments since November 2010.

The plaintiff filed an amended complaint on December 21, 2015, alleging that he and each of the putative class members have one or more contracts with the defendant for the payment of royalties. Plaintiff alleges that the Debtors breached those contracts by excessively deducting from royalty payments improper fees, costs or expenses. The plaintiff also alleges

causes of action for unjust enrichment and a violation of the California Unfair Competition Act, both based solely upon the Debtors' alleged breach of contract.

On January 29, 2016, Warren E&P filed an answer, along with a counterclaim seeking to recover from plaintiff any expenses incurred that properly should have been charged against royalty payments but were not charged. The Debtors are unable to estimate a possible loss, or range of possible loss, if any, in this case.

E. EVENTS DURING CHAPTER 11 CASES

1. Entry of "First Day" Orders

On the Petition Date, the Debtors filed a number of motions (the "First Day Motions") seeking entry of so-called "first day" orders (the "First Day Orders") intended to facilitate a debtor's transition into chapter 11 by approving certain regular business conduct for which approval of the Bankruptcy Court is required. The initial hearings on the First Day Motions were held on June 3, 2016.

The First Day Orders entered by the Bankruptcy Court consisted of the following:

- *Order Granting Complex Chapter 11 Bankruptcy Case Treatment [Docket No. 32]*. This order authorized the Debtors to proceed as a "Complex Case" under the local rules of the Bankruptcy Court and set certain procedural rules to be followed in these cases.

- *Amended Order for Joint Administrative of Chapter 11 Cases* [*Docket No. 39]*. This order authorized the Debtors cases to be jointly administered for procedural purposes only under the case number for Warren Resources, Inc.

- *Order Authorizing the Payment of Working Interests Costs, Joint Interest Billings and Production Sale Expenses [Docket No. 40]*. This order authorized the Debtors to continue paying certain obligations owed on account of the Debtors' oil and gas operations, including prepetition amounts owed. It further authorized the Debtors to pay prepetition and postpetition joint interest billings the Debtors receive on account of non-operated working interests as well as prepetition and postpetition amounts owed in conjunction with the marketing and transportation of the oil and gas produced by the Debtors .

- *Order Granting Emergency Motion for Authority to Pay Undisputed Prepetition Royalties and Working Interests and Continue such Payments in the Ordinary Course [Docket No. 41]*. This order authorizes the Debtors to continue paying amounts owed to royalty interest holders and working interests holders, whether incurred prepetition or postpetition, in the ordinary course of the Debtors' business.

- *Order (i) Authorizing Continued Use of Existing Bank Accounts, business Forms and Cash Management System; (ii) Waiving Requirements of Section 345 of the Bankruptcy Code; and (iii) Authorizing Continuation of Intercompany Transactions [Docket No. 42]*. This order authorizes the Debtors to continue using its existing bank accounts and cash management system without the need to open new debtor-in-possession accounts.

- *Order (i) Authorizing Payment of Prepetition Employee Obligations and Related Amounts, (ii) Confirming Right of the Debtors to Continue Employee Programs on Postpetition Basis, (iii) Confirming right of Debtors to pay Withholding and Payroll-Related Taxes and (iv) Directing Banks to Honor Prepetition Checks for Employee Obligations [Docket No. 43]*. This order authorized the Debtors to continue paying its employees in the ordinary course of business, including prepetition amounts owed, and to continue its existing employee programs and make any payments associated therewith, including prepetition payments.

- *Order (a) Fixing Claims Bar Date for Filing of Proofs of Claim; (b) Fixing the Governmental Unit Bar Date for the Filing of Proofs of Claim by Governmental Units; (c) Approving the Form and Content of the bar Date Notices; (d) Approving the Method and Manner of Disseminating the Bar Date notices and the Publication Notices; and (e) Granting Related Relief. [Docket No. 44]*. This order set a proof of claim bar date for parties to file claims against the Debtors. The bar date for filing claims against the Debtors is August 15, 2016, while the bar date for governmental units is December 1, 2016. The order further sets forth the procedures for submitting the claim through Epiq Bankruptcy Solutions, LLC, the Debtors' proposed claims agent.

- *Order Extending the Time to File Schedules, Statements of Financial Affairs, and Lists of Equity Holders [Docket No. 45]*. This order extended the deadline for the Debtors to file their respective schedules, statement of financial affairs and list of equity holders to July 15, 2016.

- *Order Establishing Notice Procedures [Docket No. 46]*. This order established certain procedures for serving motions and other pleadings filed in these cases on parties-in-interest and the manner of such service.

- *Order (i) Authorizing the Debtors to File a Consolidated Creditor Matrix and a Consolidated List of the 30 Largest Unsecured Creditors and (ii) Approving the Form and Manner of Notifying Creditors of the Commencement of the Chapter 11 Cases and Other Information [Docket No. 47]*. This order set forth the manner in which the Debtors would serve the notice of commencement of the cases on parties-in-interests, and authorized the Debtors to maintain and use a consolidated creditors' matrix as well as a consolidated list of the top 30 general unsecured creditors.

- *Interim Order (A) Authorizing Use of Cash Collateral on an Interim and Final Basis; (B) Granting Liens and Providing Superpriority Administrative Expense Status; (c) Granting Adequate Protection; (D) Modifying the Automatic Stay; and (e) Scheduling a Final Hearing [Docket No. 48]*. This order sets forth the conditions under which the Debtors are authorized to use cash collateral and the manner of providing adequate protection to the First Lien Lenders and Second Lien Lenders. This order further set a hearing for approval of final use of cash collateral and approval of the DIP Financing for July 13, 2016 at 9:30 a.m., with an objection deadline set for July 6, 2016 at 4:00 p.m. central time.

- *Interim and Final Orders Providing Adequate Assurance of Utility Payments [Docket No. 72] (the "Interim Utilities Order").* This Order sets forth the manner in which the Debtors will provide adequate assurance of continued performance to the Debtors' utility providers and the procedures for which the utility providers can object to such adequate assurance being insufficient. Because no objections were filed to this order in advance of the Final Hearing (defined below), the Interim Utilities Order became a final order without further action of the Court.

- *Interim Order Establishing Notification Procedures Regarding Restrictions on Certain Transfers of Stock in Warren Resources, Inc. [Docket No. 73](the "Interim Trading Order").* This order sets forth certain procedures for the trading in stock of Warren Resources, Inc. to ensure that such trading does not negatively impact the Debtors' ability to take advance of certain tax attributes such as net operating loss deductions.

On July 13, 2016 at 9:30 a.m. (the "Final Hearing"), the Bankruptcy Court will conducted a final hearing on the Debtors' use of cash collateral and approval of the proposed DIP Financing. A number of other matters were set for hearing (the "Second Day Motion") relating to the Debtors operations and retention of estate professionals. At the conclusion of the Final Hearing, the Court entered the following orders:

- *Final Order (A) Authorizing Use of Cash Collateral. (B) Approving Postpetition Financing, (C) Granting Liens and Providing Superpriority Administrative Expense Status, (D) Granting Adequate Protection, and (E) Modifying Automatic Stay [Docket No. 169] ("Final DIP and Cash Collateral Order").* This order authorized the Debtors to use cash collateral on a final basis, approved the terms of and entry into the DIP Financing, and set forth the manner of adequate protection to be provided to the First Lien Lenders and Second Lien Lenders for the use of cash collateral as well as the terms and conditions relating to the DIP Financing.

- *Final Order Establishing Notification Procedures Regarding Restrictions on Certain Transfers of Stock in Warren Resources, Inc. [Docket No. 170] ("Final Trading Order").* This order sets forth certain procedures for the trading in stock of Warren Resources, Inc. to ensure that such trading does

not negatively impact the Debtors' ability to take advance of certain tax attributes such as net operating loss deductions. Because no objection to the Interim Trading Order was received, the Final Trading Order was entered approving the same procedures as t the Interim Trading Order.

- *Order Granting Debtors' Motion for Authorization to (I) Continue Prepetition Insurance Program and Bond Program; (II) Pay any Prepetition Premiums and Related Obligations; and (III) Honor Obligations Under Premium Financing Agreements [Docket No. 171] (the "Insurance Order").* The Insurance Order authorized the Debtors to maintain their current insurance policies as well as bonding program in the ordinary course of business. It further authorized the Debtors to make payments on certain premium financing agreements and enter into new premium financing agreements to the extent necessary without further relief from the Court.

- *Order Authorizing the Debtors to Enter Into and Perform Under New Postpetition Hedging Arrangements [Docket No. 172](the "Hedging Order").* The Hedging Order authorizes the Debtors to enter into new postpetition hedging contracts and related agreements for the hedging of the Debtors' oil and gas production without further order of the Court.

- *Order Granting Debtors Motion for Entry of an Order Authorizing the Debtors to Retain and Compensate Professionals Utilized in the Ordinary Course of Business [Docket No. 173](the "OCP Order").* The OCP Order authorizes the Debtors to retain and compensate professionals identified in the OCP Order in the ordinary course of business without the need to file formal retention and fee applications. It also establishes procedures for the compensation of such professionals.

- *Order Authorizing the Retention and Appointment of Epiq Bankruptcy Solutions, LLC as Claims, Balloting, and Noticing Agent to the Debtors, Effective Nunc Pro Tunc to the Petition Date [Docket No. 174](the "Epiq Order").* The Epiq Order authorized the Debtors to retain Epiq Bankruptcy Solutions, LLC as its notice and claims agent in the cases.

- *Order (I) Authorizing the Retention and Employment of Jefferies LLC as Investment Banker for the Debtors and the Debtors in Possession Pursuant to 11 U.S.C. §§ 327(a) and 328(a), Nunc Pro Tunc to the Petition Date, (II) Waiving Certain Time-Keeping Requirements, and (III) Granting Related Relief [Docket No. 175](the "Jefferies Order").* The Jefferies Order authorized the Debtors to retain Jefferies, LLC as its investment banker pursuant to section 328 of the Bankruptcy Code on the terms set forth in the engagement letter for Jefferies, LLC.

- *Order Granting Application to Employ Andrews Kurth LLP as Counsel to the Debtors Nunc Pro Tunc to the Petition Date [Docket No. 176](the "AK Order").* The AK Order authorized the retention of Andrews Kurth LLP as

lead counsel to the Debtors pursuant to section 327(a) of the Bankruptcy Code and subject to the requirements of sections 330 and 331 of the Bankruptcy Code for approval of compensation.

- *Order Establishing Procedures for the Interim Compensation of Professionals [Docket No. 177](the "Interim Compensation Order").* The Interim Compensation Order sets forth the procedures for the monthly and interim compensation of estate professionals in these cases.

- *Order Pursuant to 11 U.S.C. §§ 327(a), 328(a), and 1107(b) Authorizing the Employment and Retention of Deloitte Transactions and Business Analytics LLP as Financing Advisors to the Debtors Nunc Pro Tunc to the Petition Date [Docket No. 178](the "Deloitte Order").* The Deloitte Order authorizes the Debtors to employ Deloitte Transactions and Business Analytics LLP ("Deloitte") as financing advisors to the Debtors pursuant to sections 327 and 328 of the Bankruptcy Code, with compensation to Deloitte being awarded pursuant to sections 330 and 331 of the Bankruptcy Code.

On **July 25, 2016 at 2:00 p.m. Central**, the Bankruptcy Court conducted a hearing to approve the Disclosure Statement (the "Disclosure Statement Hearing"). Subsequent to conclusion of the Disclosure Statement Hearing, the Bankruptcy Court entered the following orders:

2. Compliance With the Bankruptcy Code, Bankruptcy Rules, Local Court Rules and U.S. Trustee Deadlines

On July 15, 2016, each of the Debtors filed its Statement of Financial Affairs and Schedules of Assets and Liabilities, subject to permitted amendments from time to time. The U.S. Trustee has scheduled July 26, 2016 at 2:00 p.m. for meeting of creditors pursuant to section 341 of the Bankruptcy Code, as continued from time to time. To the best of the Debtors' knowledge, information and belief, the Debtors, except to the extent the Bankruptcy Court has permitted otherwise, have complied with all other applicable requirements of the Bankruptcy Code and Bankruptcy Rules, as well as local Bankruptcy Court rules and deadlines of the Office of the U.S. Trustee.

III. MANAGEMENT AND CORPORATE STRUCTURE OF THE REORGANIZED DEBTORS

A. THE BOARD OF DIRECTORS AND OFFICERS OF THE REORGANIZED DEBTORS

Pursuant to section 1129(a)(5) of the Bankruptcy Code, the Debtors will disclose in the Plan Supplement the identity and affiliations of each Person selected to serve on the New Board. To the extent any such Person is an "insider" under the Bankruptcy Code, the Debtors also will disclose the nature of any compensation to be paid to such director. The Debtors will also disclose the identity, affiliations and compensation of each officer selected to serve as of the Effective Date. Each such director and officer shall serve from and after the Effective Date (or, if later, the date of appointment) pursuant to the terms of the New Warren Organizational

Documents and other constituent documents of the Reorganized Debtors, subject to the determination by the New Board as to which of such officers shall be Continuing.

The current senior management group of Warren is as follows:

Name	Position
James A. Watt	Chief Executive Officer, President and Chief Restructuring Officer
Frank T. Smith, Jr.	Senior Vice President and Chief Financial Officer
John R. Powers	Vice President, Chief Accounting Officer and Controller
Zach Waite	Vice President of Operations and Business Development

The current members of the board of directors of Warren are Dominic D'Alleva, James A. Watt, Chet Borgida, Anthony L. Coelho, Leonard DeCecchis, Lance Peterson and Espy P. Price.

IV. SUMMARY OF THE PLAN

A. INTRODUCTION

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. Under chapter 11, a debtor is authorized to reorganize its business for the benefit of itself, its creditors and shareholders. In addition to permitting rehabilitation of the debtor, chapter 11 promotes equality of treatment of creditors and equity security holders who hold substantially similar claims against or interests in the debtor and its assets. In furtherance of these two goals, upon the filing of a petition for relief under chapter 11, section 362 of the Bankruptcy Code provides for an automatic stay of substantially all acts and proceedings against the debtor and its property, including all attempts to collect claims or enforce liens that arose prior to the commencement of the chapter 11 case.

The consummation of a plan of reorganization is typically the principal objective of a chapter 11 case. A plan of reorganization sets forth the means for satisfying claims against and equity interests in a debtor. Confirmation of a plan of reorganization by the bankruptcy court makes the plan binding upon the debtor, any issuer of securities under the plan, any entity acquiring property under the plan, and any creditor of or equity security holder in the debtor, whether or not such creditor or equity security holder (i) is impaired under or has accepted the plan or (ii) receives or retains any property under the plan. Subject to certain limited exceptions and other than as provided in the plan itself or the confirmation order, the confirmation order discharges the debtor from any debt that arose prior to the date of confirmation of the plan and substitutes therefor the obligations specified under the confirmed plan, and terminates all rights and interests of equity security holders.

THE REMAINDER OF THIS SECTION PROVIDES A SUMMARY OF THE STRUCTURE AND MEANS FOR IMPLEMENTATION OF THE PLAN, AND OF THE CLASSIFICATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS UNDER THE PLAN, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE PLAN (AS WELL AS THE EXHIBITS ATTACHED THERETO AND DEFINITIONS THEREIN), WHICH IS ATTACHED HERETO AS **EXHIBIT A**.

THE PLAN ITSELF AND THE DOCUMENTS REFERRED TO THEREIN CONTROL THE ACTUAL TREATMENT OF CLAIMS AGAINST AND EQUITY INTERESTS IN THE DEBTORS UNDER THE PLAN AND WILL, UPON OCCURRENCE OF THE EFFECTIVE DATE, BE BINDING UPON ALL HOLDERS OF CLAIMS AGAINST AND EQUITY INTERESTS IN THE DEBTORS, THEIR ESTATES, THE REORGANIZED DEBTORS, ALL PARTIES RECEIVING PROPERTY UNDER THE PLAN, AND OTHER PARTIES IN INTEREST. IN THE EVENT OF ANY CONFLICT BETWEEN THIS DISCLOSURE STATEMENT, ON THE ONE HAND, AND THE PLAN, ON THE OTHER HAND, THE TERMS OF THE PLAN WILL CONTROL.

B. SCHEDULE OF TREATMENT OF CLAIMS AND EQUITY INTERESTS

The table below summarizes the classification and treatment of the prepetition Claims and Equity Interests under the Plan and provides an estimated recovery percentage. This summary is qualified in its entirety by reference to the provisions of the Plan.

Class	Claim/Equity Interest	Treatment of Claim/Equity Interest	Entitled to Vote	Estimated Recovery Percentage[6]
Class 1	First Lien Secured Claims	Impaired	Yes	Approximately 64.84%[7]
Class 2A	First Lien Facility Deficiency Claims, Second Lien Facility Claims, Senior Notes Claims, Citrus Earn Out Claims	Impaired	Yes	Approximately 2.78% for Senior Notes Claims and Citrus Earn Out Claims Approximately 5.18% for Second Lien Facility Claims
Class 2B	Unsecured Claims	Impaired	Yes	Approximately 2.78%
Class 3	Intercompany Claims	Impaired	No (deemed to reject)	0%
Class 4	Warren Subsidiary Debtor Interests	Impaired	No (deemed to reject)	0%
Class 5	Section 510(b) Claims	Impaired	No (deemed to reject)	0%
Class 6	Warren Equity Interests	Impaired	No (deemed to reject).	0%

C. TREATMENT OF UNCLASSIFIED CLAIMS

In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Expenses, Priority Tax Claims, Professional Fee Claims, the DIP Claims, First Lien Lender Adequate Protection Claims, claims arising from the Secured Debentures, Other Secured Claims and Other Priority Claims are not classified and are not entitled to vote on the Plan.

---

[6] In preparing their recovery analysis and the estimated recoveries, the Debtors made various estimates and assumptions based on available information. Specifically, for purposes of valuing the equity being received by holders of Claims in Classes 1 and 2A, the Debtors used the midpoint Equity Value of $39 million for the Reorganized Debtors as further described in the Valuation Analysis set for in Section VI.D of the Disclosure Statement. The results may significantly differ from estimated recoveries and could have a material effect on the recovery percentages. The estimated recoveries herein are in no way a promise or guarantee of recovery.

[7] This estimated recovery percentage includes waiver of the First Lien Facility Deficiency Claims which are treated in Class 2A. It also accounts for the $130 million New First Lien Facility and 82.5% of equity in the Reorganized Debtors (as reduced by the Claren Road Supplemental Equity Distribution). It also assumes $8 million in borrowings of DIP Financing.

1. Administrative Expense

Except to the extent that any Entity entitled to payment of any Allowed Administrative Expense agrees to a less favorable treatment, each Holder of an Allowed Administrative Expense shall receive Cash equal to the unpaid portion of its Allowed Administrative Expense, on the latest of (a) the Distribution Date, (b) the date on which its Administrative Expense becomes an Allowed Administrative Expense, and (c) the date on which its Administrative Expense becomes payable under any agreement relating thereto, or as soon thereafter as is reasonably practicable. Notwithstanding the foregoing, any Allowed Administrative Expense based on a liability incurred by the Debtors in the ordinary course of business during the Chapter 11 Cases shall be paid by the Debtors or the Reorganized Debtors as Administrative Expenses in the ordinary course of the Debtors' businesses, in accordance with the terms and conditions applied to the United States Trustee fees or of any agreement relating to such other Administrative Expenses or upon such other terms as may be agreed upon between the Holder of such Claim and the Debtors, without application by or on behalf of any such parties to the Bankruptcy Court, and without notice and a hearing.

Applications for payment of Administrative Expense Claims (including requests for compensation under section 503(b)(3), (4), and (9) of the Bankruptcy Code) must be filed with the Bankruptcy Court and served on the Reorganized Debtors and Plan Sponsor no later than the Administrative Expenses Bar Date. Applications for payment of Administrative Expense Claims filed after this date shall be discharged, forever barred and shall receive no payment under the Plan. Notwithstanding the foregoing, the following parties shall not be required to file applications for payment: (i) holders of Consenting Senior Noteholder Fees and Expenses; (ii) the Plan Sponsor, on behalf of holders of Plan Sponsor Fees and Expenses; (iii) holders of the Claren Road Fees and Expenses; (iv) Administrative Expenses paid in the ordinary course of business pursuant to Article 2.01 hereof; and (v) Claims for United States Trustee fees.

2. U.S. Trustee Fees

All fees payable under section 1930 of title 28 of the United States Code shall be paid on or before the Effective Date. All such fees that arise after the Effective Date but before the closing of the Chapter 11 Cases shall be paid by the Reorganized Debtors.

3. Priority Tax Claims

Except to the extent that a Holder of a Priority Tax Claim agrees to less favorable treatment, pursuant to section 1129(a)(9)(C) of the Bankruptcy Code, on the later of (a) the Distribution Date and (b) the date such Priority Tax Claim becomes an Allowed Priority Tax Claim, each Holder of an Allowed Priority Tax Claim shall receive in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed Priority Tax Claim, (x) Cash equal to the unpaid portion of such Allowed Priority Tax Claim or (y) such other treatment as to which the Reorganized Debtors and such Holder shall have agreed upon in writing. The Holder of an Allowed Priority Tax Claim will not be entitled to receive any payment on account of any penalty arising with respect to or in connection with the Allowed Priority Tax Claim. Any such Claim or demand for any such penalty will be subject to treatment in Class 4.

4. Professional Fee Claims

Unless otherwise ordered by the Bankruptcy Court, the Holders of Professional Fee Claims shall file their respective final fee applications for the allowance of compensation for services rendered and reimbursement of expenses incurred in connection with such services through the Effective Date by no later than the Administrative Expense Bar Date. Applications for payment of Professional Fee Claims filed after this date shall be discharged, forever barred and shall receive no payment under the Plan. If granted by the Bankruptcy Court, such Claim shall be paid in full in such amount as is Allowed by the Bankruptcy Court on the date such Professional Fee Claim becomes an Allowed Professional Fee Claim, or as soon as reasonably practicable thereafter. Upon the Effective Date, any requirement that Professionals comply with sections 327 through 331, 363, and 1103 of the Bankruptcy Code in seeking retention or compensation for services rendered after such date shall terminate, and the Reorganized Debtors may employ and pay any Professional in the ordinary course of business without any further notice to or action, order, or approval of the Bankruptcy Court.

5. Obligations Under the DIP Credit Agreement

On the Effective Date, the Debtors shall, at the Plan Sponsor's option: (a) repay or refinance all DIP Claims; or (b) roll the DIP Claims into the New First Lien Facility.

6. First Lien Lender Adequate Protection Claims

Any Allowed First Lien Lender Adequate Protection Claim that has not been paid in full in cash during the Chapter 11 Cases shall be waived on the Effective Date. For the avoidance of any doubt, on or prior to the Effective Date, the Debtors shall pay the fees, expenses, and other costs of the Prepetition First Lien Agent and the Prepetition First Lien Lenders under the DIP Financing and Cash Collateral Orders and the Plans Sponsor Fees and Expenses, in each case, in full in Cash.

7. Secured Debentures

Except to the extent a Holder of an Allowed Secured Debenture agrees to less favorable treatment, Holders of the Secured Debentures shall receive payment in full in cash or such other treatment to render the Holders of such claims Unimpaired; provided that the Secured Debentures are reinstated, the Secured Debentures shall not be convertible into the New Warren Common Stock. Each Holder of a Secured Debenture is Unimpaired, not entitled to vote, and conclusively presumed to have accepted the Plan and is not entitled to vote to accept or reject the Plan.

8. Secured Debenture Trustees-Payment of Fees and Expenses

Without any further notice to or action, order, or approval of the Bankruptcy Court, the Debtors or the Reorganized Debtors, as the case may be, shall, to the extent provided in the Secured Debenture Documents, pay to the Secured Debenture Trustees:

(a) on the Effective Date, without a reduction to the recoveries of the holders of the Secured Debentures, any reasonable and documented unpaid fees and expenses (including any legal and other professional fees, costs and expenses) incurred on or before the Effective Date by the Secured Debenture Trustees which the Debtors are obligated to pay or otherwise reimburse the Secured Debenture Trustees under the Secured Indentures; and

(b) in the event that the Secured Debenture Trustees provide services related to distributions pursuant to the Plan, upon presentation by the Secured Debenture Trustees of invoices in customary form, reasonable compensation for such services and reimbursement of reasonable expenses (including any legal and other professional fees, costs and expenses) incurred by the Secured Debenture Trustees in connection with such services.

Notwithstanding any provision contained in the Plan to the contrary, and for the avoidance of doubt, nothing contained in the Plan shall modify, reduce, cancel, terminate, discharge, impair or otherwise affect in any way (i) the rights of the Secured Debenture Trustees to seek payment or reimbursement of all amounts due and owing to the Secured Debenture Trustees under the Secured Indentures (including Section 13.07 contained therein); (ii) the right of the Secured Debenture Trustees to exercise their charging liens or security interests arising under and in accordance with the Secured Indentures to obtain payments of their fees, costs and expenses and the fees, costs and expense of their counsel and other professionals; or (iii) the indemnification obligations of Warren arising under Section 13.07(a)(iii) of each of the Secured Indentures which upon the effectiveness of the Plan, shall be indemnification obligations of the Reorganized Debtors.

9. Other Secured Claims

Except to the extent a Holder of an Allowed Other Secured Claim agrees to less favorable treatment, on the latest of (x) the Effective Date, (y) the date on which an Other Secured Claim becomes an Allowed Other Secured Claim, and (z) such other date as may be ordered by the Bankruptcy Court, or, in each case, as soon as reasonably practicable thereafter, each Allowed Other Secured Claim shall be, at the election of the Debtors: (i) Reinstated, (ii) paid in Cash, in full satisfaction, settlement, release and discharge of such Allowed Other Secured Claim, (iii) satisfied by the Debtors' surrender of the collateral securing such Allowed Other Secured Claim, or (iv) offset against, and to the extent of, the Debtors' claims against the Holder of such Allowed Other Secured Claim. Each Holder of an Other Secured Claim is Unimpaired, not entitled to vote, and conclusively presumed to have accepted the Plan and is not entitled to vote to accept or reject the Plan.

10. Other Priority Claims

Except to the extent that a Holder of an Other Priority Claim agrees to less favorable treatment, each Holder of an unpaid Allowed Other Priority Claim against the Debtors shall receive, in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed Other Priority Claim, Cash equal to the full amount of its Allowed Other Priority Claim by the Debtors or the Reorganized Debtors, as applicable in the ordinary course of business.

Each Holder of an Allowed Other Priority Claim is Unimpaired, not entitled to vote, and conclusively presumed to have accepted the Plan and is not entitled to vote to accept or reject the Plan.

D. TREATMENT OF CLASSIFIED CLAIMS AND EQUITY INTERESTS

The Plan places all Claims and Equity Interests, except unclassified Claims provided for in Article II of the Plan, in the Classes listed below. Unless otherwise stated, a Claim or Equity Interest is placed in a particular Class only to the extent that it falls within the description of that Class, and is classified in any other Class to the extent that any portion thereof falls within the description of such other Class.

1. Class 1 - First Lien Secured Claims

Claims in Class: Class 1 consists of Allowed First Lien Secured Claims.

Allowance: The Allowed First Lien Lender Secured Claims shall be Allowed as Secured Claims in the amount no less than $177,000,000 against Warren and each of the First Lien Facility Guarantors.

Treatment: On the Effective Date, except to the extent that a Holder of a Class 1 Claim agrees to a less favorable treatment, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for each First Lien Secured Claim against Warren and each of the First Lien Facility Guarantors, each such Holder shall receive its respective Pro Rata share of: (A) the New First Lien Facility; and (B) 82.5% of the New Warren Common Stock (subject to dilution by the Management Incentive Plan).

Voting: Class 1 is Impaired by the Plan. Each Holder of an Allowed Class 1 Claim is entitled to vote to accept or reject the Plan.

2. Class 2A- First Lien Facility Deficiency Claims, Second Lien Facility Claims, Senior Notes Claims, and Citrus Earn Out Claims

Claims in Class: Class 2A consists of the: First Lien Facility Deficiency Claims, Second Lien Facility Claims, Senior Notes Claims, and solely to the extent Allowed as an Unsecured Claim by an order of the Bankruptcy Court, and only to the extent Allowed in an amount not exceeding $8,500,000, the Citrus Earn Out Claims.

Allowance: The First Lien Facility Deficiency Claims are deemed Allowed Unsecured Claims in the amount of $71,000,000 against Warren and each of the First Lien Facility Guarantors. The Second Lien Facility Claims are deemed Allowed Unsecured Claims in the amount of $56,700,000 against Warren and each of the Second Lien Facility Guarantors. The Senior Notes Claims are deemed Allowed Unsecured Claims in the principal amount of not less than $167,270,000 plus all accrued but unpaid interest, plus all fees, expenses and

other amounts due under the Senior Notes or the Senior Notes Indenture, in each case, as of the Petition Date, against Warren and each of the Senior Notes Guarantors.

Treatment: On the Effective Date, except to the extent that a Holder of an Allowed Second Lien Facility Claim, Senior Notes Claim or Citrus Earn Out Claim agrees to a less favorable treatment, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for each such Claim: (A) Holders of First Lien Facility Deficiency Claims will forego any distribution on account of such First Lien Facility Deficiency Claims; (B) Holders of Second Lien Facility Claims, Senior Notes Claims and any Allowed Citrus Earn Out Claims (solely to the extent such Claim is allowed as an Unsecured Claim by a Final Order, and only if allowed in an amount not exceeding $8,500,000) shall be entitled to receive such Holders' respective Pro Rata portion of the General Equity Pool; and (C) Holders of Second Lien Facility Claims shall receive their pro rata portion of (1) the Claren Road Supplemental Equity Distribution and (2) New Warrants.

Voting: Class 2A is Impaired by the Plan. Each Holder of an Allowed Class 2A Claim is entitled to vote to accept or reject the Plan.

3. Class 2B - Unsecured Claims

Claims in Class: Class 2B consists of all Allowed Unsecured Claims against each Debtor other than First Lien Facility Deficiency Claims, Second Lien Facility Claims, Senior Notes Claims, and Citrus Earn Out Claims.

Treatment: Except to the extent that a Holder of an Allowed Class 2B Claim agrees to a less favorable treatment, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for each such Class 2B Claim, each such Holder shall receive its Pro Rata share (in each case without interest) of, at the Plan Sponsor's option, Cash or an unsecured note, in an amount equal to the same economic recovery provided to Holders of Allowed Class 2A Claims from the General Equity Pool under the terms of the Plan (and as contemplated in the Disclosure Statement, dated as of the date hereof), before giving effect to any amendment, modification, or supplement thereto, on the Effective Date or, if such Claim is not allowed as of the Effective Date, as soon as practicable after such Claim becomes Allowed. For the avoidance of doubt, the calculation of the economic recovery to Holders of Allowed Class 2B Claims shall not take into account the recovery to Holders of Second Lien Facility Claims on account of the Claren Road Supplemental Equity Distribution or the New Warrants.

Voting: Class 2B is Impaired by the Plan. Each Holder of an Allowed Class 2B Claim is entitled to vote to accept or reject the Plan.

4. Class 3 - Intercompany Claims

Claims in Class: Class 3 consists of Allowed Intercompany Claims.

Treatment: Each Allowed Intercompany Claim shall be, at the option of the Plan Sponsor, either Reinstated or cancelled and released without any distribution on account of such Claim.

Voting: Pursuant to section 1126(g) of the Bankruptcy Code, each Holder of a Class 3 Claim is conclusively presumed to have rejected the Plan and is not entitled to vote to accept or reject the Plan.

5. Class 4 - Warren Subsidiary Debtor Interests

Interests in Class: Class 4 consists of Allowed Warren Subsidiary Debtor Interests.

Treatment: Each Allowed Warren Subsidiary Debtor Interest shall be, at the option of the Plan Sponsor, either Reinstated or cancelled and released without any distribution on account of such interests.

Voting: Pursuant to section 1126(g) of the Bankruptcy Code, each Holder of a Class 4 Interest is conclusively presumed to have rejected the Plan and is not entitled to vote to accept or reject the Plan.

6. Class 5 - 510(B) Claims

Claims in Class: Class 5 consists of Allowed Claims arising under Section 510(b) of the Bankruptcy Code.

Treatment: Claims arising under Section 510(b) of the Bankruptcy Code, if any, shall automatically be deemed cancelled without any distribution, and Holders of such Claims shall not receive any Distribution or retain any property or interest in property on account of their Claims.

Voting: Voting: Pursuant to Section 1126(g) of the Bankruptcy Code, each Holder of a Class 5 Claim is conclusively presumed to have rejected the Plan and is not entitled to vote to accept or reject the Plan.

7. Class 6 - Warren Equity Interests

Interests in Class:

Treatment: On the Effective Date, all Warren Equity Interests shall automatically be deemed cancelled, and the Holders of Warren Equity Interests shall not receive any Distribution or retain any property or interest in property on account of their respective Warren Equity Interests.

Voting: Pursuant to section 1126(g) of the Bankruptcy Code, each Holder of a Warren Equity Interest in Class 6 is conclusively presumed to have rejected the Plan and is not entitled to vote to accept or reject the Plan.

E. ALLOWED CLAIMS

Notwithstanding any provision herein to the contrary, the Debtors or Reorganized Debtors shall only make Distributions on account of Allowed Claims. A Claim that is Disputed by the Debtors as to its amount only shall be deemed Allowed in the amount the Debtors admit owing and Disputed as to the remainder.

F. ALLOCATION

The value of any Cash Distribution received by Holders of Claims in satisfaction of interest-bearing obligations shall be allocated first to the full satisfaction of principal of such interest-bearing obligations and second in satisfaction of any accrued and unpaid interest as of the Petition Date.

G. SPECIAL PROVISION GOVERNING UNIMPAIRED CLAIMS

[Reserved.]

H. CONTROVERSY CONCERNING IMPAIRMENT

If a controversy arises as to whether any Claims or Equity Interests, or any Class of Claims or Equity Interests, are Impaired, the Bankruptcy Court shall, after notice and a hearing, determine such controversy on or before the Confirmation Date.

I. ELIMINATION OF VACANT CLASSES

Any Class of Claims or Equity Interests that, as of the commencement of the Confirmation Hearing, does not have at least one Holder of a Claim or Equity Interest that is Allowed in an amount greater than zero for voting purposes pursuant to the Confirmation Order shall be considered vacant, deemed eliminated from the Plan for purposes of voting to accept or reject the Plan, and disregarded for purposes of determining whether the Plan satisfies section 1129(a)(8) of the Bankruptcy Code with respect to that Class.

J. SUBORDINATED CLAIMS

The allowance, classification and treatment of all Allowed Claims and the respective distributions and treatments under the Plan take into account and conform to the relative priority and rights of the Claims and Equity Interests in each Class in connection with any contractual, legal, and equitable subordination rights relating thereto, whether arising under general principles of equitable subordination, section 510(b) of the Bankruptcy Code, or otherwise. Pursuant to section 510 of the Bankruptcy Code, the Debtors and Reorganized Warren, as applicable, reserve the right to reclassify any Allowed Claim, in accordance with any contractual, legal or equitable subordination relating thereto; *provided* that any such reclassification must be approved by the Plan Sponsor; provided, further that any such reclassification that impacts or

affects the nature, form, substance, amount or timing of the treatment, distributions or recoveries to Holders of Senior Notes Claims or Second Lien Facility Claims or the rights and protections of minority holders as set forth in the Restructuring Term Sheet, or that adversely impacts or affects the equity value of the New Warren Common Stock, shall require the prior written consent of the Required Consenting Senior Noteholders and Claren Road, as applicable, in each case in their sole discretion.

K. MEANS FOR IMPLEMENTATION OF THE PLAN

1. General Settlement of Claims and Interests

Pursuant to section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the classification, distributions, releases, and other benefits provided under the Plan, upon the Effective Date, the provisions of the Plan shall constitute a good faith compromise and settlement of all Claims and Equity Interests and controversies resolved pursuant to the Plan.

2. Reorganized Warren

On the Effective Date, the New Board shall be established and Reorganized Warren shall adopt its New Warren Organizational Documents. Reorganized Warren shall be authorized to adopt any other agreements, documents, and instruments and to take any other actions contemplated under the Plan as necessary or desirable for Consummation of the Plan.

3. Sources of Cash Consideration For Plan Distributions

The Reorganized Debtors shall fund distributions under the Plan with Cash on hand, including Cash from operations and borrowing under the DIP Credit Agreement.

a. New First Lien Facility

On the Effective Date, the Reorganized Debtors will enter into the New First Lien Facility.

b. Issuance of New Warren Common Stock and New Warrants

The issuance of the New Warren Common Stock, including Management Stock reserved for the Management Incentive Plan, and the New Warrants (including the New Warren Common Stock issued upon exercise of the New Warrants in accordance with the New Warrant Agreement) by Reorganized Warren, is authorized without the need for any further corporate action or without any further action by the Holders of Claims or Equity Interests. All of the shares of New Warren Common Stock issued pursuant to the Plan shall be uncertificated and shall be duly authorized, validly issued, fully paid, and non-assessable.

On or before the Distribution Date, Reorganized Warren shall issue the New Warren Common Stock for Distribution pursuant to the provisions hereof. All securities to be issued shall be deemed issued as of the Effective Date regardless of the date on which they are actually distributed.

4. Continued Corporate Existence

Except as otherwise provided in the Plan, the Reorganized Debtors shall continue to exist after the Effective Date as separate Entities in accordance with the applicable law in the applicable jurisdiction in which they were formed under their respective certificates of incorporation or formation, as applicable, and bylaws or similar organizational documents, as applicable, in effect before the Effective Date except as their certificates of incorporation or formation and bylaws or similar organizational documents may be amended pursuant to the Plan. Reorganized Warren shall be a corporation incorporated or a limited liability company formed under the laws of the State of Delaware that is treated as a corporation for tax purposes. On the Effective Date, without any further corporate or similar action, the certificate of incorporation and bylaws of Reorganized Warren shall be amended as necessary to satisfy the provisions of the Plan and the Bankruptcy Code and shall include, pursuant to section 1123(a)(6) of the Bankruptcy Code, a provision prohibiting the issuance of non-voting equity securities. The certificate of incorporation and bylaws of Reorganized Warren shall be substantially in the form filed with the Plan Supplement. The certificate of incorporation or formation and bylaws or other organizational documents of each Reorganized Subsidiary shall be the certificate of incorporation or formation and bylaws, respectively, of each Reorganized Subsidiary on the Effective Date without any modification or amendment thereto.

5. Substantive Consolidation

The Plan is being proposed as a joint plan of reorganization of the Debtors for administrative purposes only and constitutes a separate chapter 11 plan of reorganization for each Debtor. The Plan is not premised upon the substantive consolidation of the Debtors with respect to the Classes of Claims or Interests set forth in the Plan.

6. Restructuring Transactions

On the Effective Date, and pursuant to the Plan or the applicable Plan Supplement documents, the Debtors or Reorganized Debtors, as applicable, shall enter into the Restructuring Transactions contemplated in the Plan, and shall take any actions as may be reasonably necessary or appropriate to implement this Plan, including one or more mergers, consolidations, conversions, dissolutions, transfers or liquidations as may be determined by the Debtors or the Reorganized Debtors to be necessary or appropriate that are consistent with the terms of the Plan. The actions to effect the Restructuring Transactions may include: (a) the execution and delivery of appropriate agreements or other documents of merger, consolidation, restructuring, conversion, disposition, transfer, dissolution or liquidation containing terms that are consistent with the terms of the Plan and that satisfy the applicable requirements of applicable state law and any other terms to which the applicable Entities may agree; (b) the execution and delivery of appropriate instruments of transfer, assignment, assumption, or delegation of any asset, property, right, liability, debt, or obligation on terms consistent with the terms of the Plan; (c) the filing of appropriate certificates or articles of incorporation or reincorporation, limited partnership, or formation, merger, consolidation, conversion, or dissolution pursuant to applicable state law; and (d) all other actions that the applicable Entities determine to be reasonably necessary or appropriate, including making filings or recordings that may be required by applicable state law in connection with the Restructuring Transactions; provided that any such Restructuring

Transaction that impacts or affects the nature, form, substance, amount or timing of the treatment, distributions or recoveries to Holders of Senior Notes Claims or Second Lien Facility Claims or the rights and protections of minority holders as set forth in the Restructuring Term Sheet, or that adversely impacts or affects the equity value of the New Warren Common Stock shall require the prior written consent of the Required Consenting Senior Noteholders or Claren Road, as applicable, in each case in their sole discretion. The chair of the New Board, president, chief executive officer, chief financial officer, any executive vice president or senior vice president, or any other appropriate officer, manager or managing partner of each Debtor or Reorganized Debtor, as appropriate, shall be authorized to execute, deliver, file, or record such contracts, instruments, releases, indentures, and other agreements or documents, and take such other actions, as may be reasonably necessary or appropriate, to effectuate and further evidence the terms and conditions of this Plan. The secretary or assistant secretary of the appropriate Debtor or Reorganized Debtor, as appropriate, shall be authorized to certify or attest to any of the foregoing actions.

7. Cancellation of Securities and Agreements

Except as otherwise provided in the Plan or any agreement, instrument, or other document incorporated in the Plan or the Plan Supplement, on the Effective Date, (a) the Equity Interests, the First Lien Facility, Second Lien Facility, Senior Notes, the Senior Notes Indenture, Secured Debenture Documents (to the extent that, and only if, the Secured Debentures are not Reinstated under the Plan or the Plan Supplement) and any other Certificate, Security, unit, share, note, bond, indenture, purchase right, option, warrant, certificates of designations or other instrument or documents directly or indirectly evidencing or creating and indebtedness or obligation of or ownership interest in the Debtors giving rise to any Claim or Equity Interest (except such Certificates, notes or other instruments or documents evidencing indebtedness or obligation of or ownership interest in the Debtors that are Reinstated pursuant to the Plan), to the extent not already cancelled, shall be deemed cancelled and shall have no further force or effect, without any further action on the part of the Bankruptcy Court or any other Entity, and (b) the obligations of the Debtors pursuant to the Equity Interests and under the First Lien Facility, the Second Lien Facility, the Senior Notes, the Senior Notes Indenture, the Secured Debenture Documents (to the extent that, and only if, the Secured Debentures are not Reinstated under the Plan or the Plan Supplement), the Debtors' certificates of incorporation or formation, any agreements, indentures, or certificates of designations governing the Equity Interests or any agreements, indentures, certificates of designation, by-laws, or certificate or articles of incorporation or similar documents governing the units, shares, Certificates, notes, bonds, indentures, purchase rights, options, warrants, or other instruments or documents evidencing or creating any indebtedness or obligation of or ownership interest in the Debtors (except such Certificates, notes or other instruments or documents evidencing indebtedness or obligation of or ownership interest in the Debtors that are Reinstated pursuant to the Plan) shall be terminated, released and discharged; provided, however, that notwithstanding any provision contained herein to the contrary:

(i) the Senior Notes Trustee shall retain its rights under the Senior Notes Indenture to make Distributions under the Plan in accordance with the Senior Notes Indenture and to exercise the Senior Notes Trustee Charging Lien against the Distributions to the holders of Senior Notes Claims, as and to the extent provided in the Senior Notes Indenture, and

(ii) the Secured Indentures shall continue to remain in full force and effect solely for the purposes of:

(A) allowing the Secured Debenture Trustees to make the distributions under the Secured Indentures on account of the holders of the Secured Debentures under the Plan, as provided in Article V hereof; and

(B) permitting the Secured Debenture Trustees to maintain their rights under the Secured Indentures to receive payment or reimbursement from the Debtors or the Reorganized Debtors, as the case may be, for any unpaid fees, costs, and expenses (including any unpaid legal and other professional fees, costs and expenses) incurred by the Secured Debenture Trustees under the Secured Indentures (including, without limitation, the rights of the Secured Debenture Trustee to exercise their charging liens under the Secured Indentures against any distributions made or to be made to the holders of the Secured Debentures to pay or reimburse the Secured Debenture Trustees for any such fees, costs and expenses).

On and after the Effective Date, all duties and responsibilities of the Senior Notes Trustee under the Senior Notes Indenture and the Senior Notes and the Secured Debenture Trustees under the Secured Debenture Documents (to the extent that, and only if, the Secured Debentures are not Reinstated under the Plan or the Plan Supplement) shall be discharged except as otherwise specifically set forth in or provided for under the Plan or the Plan Supplement. Any and all services to be provided by the Secured Debentures Trustees and the Senior Notes Trustee in connection with the implementation and consummation of the Plan, shall be as expressly set forth in the Plan.

For the avoidance of doubt, the Warren Subsidiary Debtor Interests are not "Equity Interests," shall not be subject to any of the foregoing and shall, instead, be Reinstated as of the Effective Date.

8. Surrender of Secured Debentures

To the extent that the Secured Debentures are not Reinstated, then on or before the Distribution Date, or as soon as practicable thereafter, each holder of an instrument evidencing any Secured Debenture shall surrender such instrument to the Disbursing Agent and such instrument shall be cancelled. To the extent that the Secured Debentures are not Reinstated, no distribution of property hereunder shall be made to or on behalf of any such holder of a Secured Debenture unless and until such instrument is received by the Disbursing Agent or the unavailability of such instrument is reasonably established to the satisfaction of the Disbursing Agent. To the extent provided in the Secured Debenture Documents, any such holder who fails to surrender or cause to be surrendered such instrument or fails to execute and deliver an affidavit of loss and indemnity reasonably satisfactory to the Disbursing Agent shall be deemed to have forfeited all rights and claims or Interest in respect of such instrument and shall not participate in any distribution hereunder, and all Cash in respect of such forfeited distribution, including interest accrued thereon, shall revert to Reorganized Debtors.

9. Corporate Action

Upon the Effective Date, all actions contemplated under the Plan shall be deemed authorized and approved in all respects, including: (1) the temporary continuation of the officers and employees for the Reorganized Debtors pending the final determination by the New Board with respect to same; (2) the issuance, distribution and delivery of the New Warren Common Stock and the New Warrants; (3) implementation of the Restructuring Transactions as set forth herein; (4) execution of the New First Lien Facility; and (5) all other actions contemplated under the Plan (whether to occur before, on, or after the Effective Date). All matters provided for in the Plan involving the corporate structure of the Debtors or the Reorganized Debtors, and any corporate action required by the Debtors, or the Reorganized Debtors in connection with the Plan, shall be deemed to have occurred and shall be in effect, without any requirement of further action by the security holders, directors or officers of the Debtors, or the Reorganized Debtors. The authorizations and approvals contemplated by this Article IV shall be effective notwithstanding any requirements under non-bankruptcy law.

Once the New Board has made its determination as each of the following matters, such determinations shall be deemed authorized and approved in all respects: (1) adoption or assumption, as applicable, of the agreements with Continuing management, amended by agreement between the beneficiaries of such agreements, plans, or arrangements, on the one hand, and the Reorganized Debtors, on the other hand, and (2) adoption and implementation of the Management Incentive Plan.

10. Directors and Executive Officers

On the Effective Date, the term of each member of Warren's current board of directors will automatically expire. The New Board will consist of five (5) directors, initially comprised of (x) the CEO of Reorganized Warren, (y) three (3) members who are either selected by, or acceptable to, the Plan Sponsor, and (z) the Minority Director. The New Board shall determine the size of and elect directors and managers, as applicable, for each board of directors or managers, as applicable, of the Reorganized Subsidiary Debtors. The CEO shall serve as the Chairman of the New Board. In so selecting persons to serve as members of the New Board, each of the Plan Sponsor the Required Consenting Senior Noteholders, and Claren Road shall take into consideration and consider as a positive attribute, any reasonable levels of experience in the oil and gas exploration and production industry possessed by such persons, with the understanding that the best interests of the Reorganized Debtors would be served by having a majority of the members of the New Board comprised by individuals who do possess such experience. Notwithstanding anything to the contrary in the New Warren Organizational Documents, meetings of the New Board may be called by any member of the New Board.

The New Board shall have the responsibility for the oversight of the Reorganized Debtors on and after the Effective Date. The members of existing management for each of the Debtors shall maintain their current positions as executive officers of the Reorganized Debtors on and after the Effective Date pending consideration by the New Board as to whether each such member of existing management shall be Continuing.

Pursuant to section 1129(a)(5) of the Bankruptcy Code, the Debtors will disclose in the Plan Supplement the identity and affiliations of each Person selected to serve on the New Board and each Person selected to serve as an officer as of the Effective Date. To the extent any such Person is an "insider" under section 101(31) of the Bankruptcy Code, the Debtors also will disclose the nature of any compensation to be paid to such Person. Each such Person shall serve from and after the Effective Date (or, if later, the date of appointment) pursuant to the terms of the New Warren Organizational Documents, the New Equityholder Agreement, and other constituent documents of the Reorganized Debtors, subject to the determination by the New Board as to which of such officers shall be Continuing.

11. Management Incentive Plan

The New Board shall determine and implement the Management Incentive Plan as promptly as practicable after the Effective Date. The Management Incentive Plan shall provide for equity based compensation to management (including directors, managers, and officers, as applicable) and employees, comprising a number of shares to up to 6.00% of the New Warren Common Stock (the "Management Stock Pool"), with equity interest comprising one-third of such amount of the New Warren Common Stock outstanding as of the Effective Date (i.e., 2.00% of the New Warren Common Stock) being issued promptly following the Effective Date (the "Initial Management Stock Grant"). The remaining two-thirds of the Management Stock Pool (i.e., 4.00% of the New Warren Common Stock outstanding as of the Effective Date) shall be issued over a three year-period following the Effective Date. Individual allocations of equity incentive awards under the Management Incentive Plan shall be proposed by the CEO, and shall be subject to approval by the compensation committee of the New Board. All grants under the Management Incentive Plan shall consist solely of restricted shares, and such restricted shares shall be subject to 50% time-based and 50% performance-based vesting, the terms of which time-based and performance-based vesting shall be proposed by the CEO, and shall be subject to approval by the compensation committee of the New Board; provided that any amount of such restricted shares granted to the CEO after the initial grant on the Effective Date may be subject to performance-based vesting, as determined by the compensation committee of the New Board. All performance criteria applicable to vesting of restricted unit grants shall be proposed by the CEO to the compensation committee of the New Board and shall be subject to approval by the compensation committee. Equity interests granted under the Management Incentive Plan shall dilute the New Warren Common Stock issued on the Effective Date on a Pro Rata basis.

12. Indemnification Agreements and Arrangements

All indemnification agreements or arrangements with the Debtors' officers, directors or employees in place as of the day prior to the Effective Date shall be assumed by the Reorganized Debtors as of the Effective Date.

13. Employment Agreements

As of the Effective Date, Reorganized Warren's proposed Chief Executive Officer, Chief Financial Officer, and other senior executives shall enter into employment agreements that are in form and substance acceptable to the Reorganized Debtors in all material respects.

14. Retirement Plans

All retirement income plans and welfare benefit plans for the benefit of the Debtors' officers, directors or employees that the New Board decides to continue in such capacities or similar capacities after the Effective Date (in each case, "Continuing") (not including any such officers, directors and employees for the period they are temporarily continued pending the New Board's determination as to whether they shall be Continuing), or retirement income plans and welfare benefit plans for such Continuing Persons, shall remain in place after the Effective Date, as may be amended by agreement between the beneficiaries of such agreements, plans, or arrangements, on the one hand, and the Reorganized Debtors, on the other hand, including to modify the "change of control" definition in such agreements to reflect the Restructuring Transactions and the Plan, and the Reorganized Debtors will continue to honor such agreements, arrangements, programs, and plans with all such Continuing Persons; *provided* that the foregoing shall not apply to any equity-based compensation or incentive-based plan, agreement, or arrangement existing as of the Petition Date. Nothing in the Plan shall limit, diminish, or otherwise alter the Reorganized Debtors' defenses, claims, Causes of Action, or other rights with respect to any such contracts, agreements, policies, programs, and plans, or the New Board's ability not to designate any existing officers, directors or employees as Continuing.

15. Revesting of Assets

The property of each Debtor's Estate shall revest in the applicable Reorganized Debtor on the Effective Date. Thereafter, the Reorganized Debtors may operate their businesses and may use, acquire, and dispose of property free of any restrictions of the Bankruptcy Code, the Bankruptcy Rules, and the Bankruptcy Court. As of the Effective Date, all property of the Reorganized Debtors shall be free and clear of all Claims, encumbrances, Equity Interests, charges and Liens except as provided or contemplated herein, in connection with the New First Lien Facility, or in the Confirmation Order.

16. Preservation of Rights of Action; Settlement of Litigation Claims.

Except as otherwise provided herein or in the Confirmation Order, or in any contract, instrument, release, indenture, or other agreement entered into, or deemed to be entered into, in connection with the Plan, in accordance with section 1123(b) of the Bankruptcy Code, and except as to any Cause of Action released under the Plan, following the Confirmation Date, the Reorganized Debtors shall retain and may enforce, sue on, settle, or compromise (or decline to do any of the foregoing) all Causes of Action that any of the Debtors or their Estates may hold against any Entity without further approval of the Bankruptcy Court whether arising before or after the Petition Date, including any actions specifically enumerated in the Plan Supplement, and the Reorganized Debtors' rights to commence, prosecute, or settle such Causes of Action shall be preserved notwithstanding the occurrence of the Effective Date. The Reorganized Debtors may pursue such Causes of Action, as appropriate, in accordance with the best interests of the Reorganized Debtors. The Reorganized Debtors shall have the exclusive right, authority, and discretion to determine and to initiate, file, prosecute, enforce, abandon, settle, compromise, release, withdraw, or litigate to judgment any such Causes of Action and to decline to do any of the foregoing without the consent or approval of any third party or further notice to or action, order, or approval of the Bankruptcy Court. **No Entity may rely on the absence of a specific**

reference in the Plan, the Plan Supplement, or the Disclosure Statement to any Cause of Action against it as any indication that the Debtors or the Reorganized Debtors, as applicable, will not pursue any and all available Causes of Action against it. The Debtors or the Reorganized Debtors, as applicable, expressly reserve all rights to prosecute any and all Causes of Action against any Entity other than the Released Parties, except as otherwise expressly provided in the Plan. Unless any Causes of Action against an Entity are expressly waived, relinquished, exculpated, released, compromised, or settled in the Plan or a Bankruptcy Court order, the Reorganized Debtors expressly reserve all Causes of Action, for later adjudication, and, therefore, no preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable, or otherwise), or laches, shall apply to such Causes of Action upon, after, or as a consequence of the Confirmation or Consummation. The proceeds of all litigation claims shall, in the discretion of the New Board, either be applied to the New First Lien Facility or retained for working capital purposes.

17. Effectuating Documents; Further Transactions

On and after the Effective Date, the Reorganized Debtors, and the officers and members of the boards of directors thereof, are authorized to and may issue, execute, deliver, file, or record such contracts, Securities, instruments, releases, and other agreements or documents and take such actions as may be necessary or appropriate to effectuate, implement, and further evidence the terms and conditions of the Plan and the Securities issued pursuant to the Plan in the name of and on behalf of the Reorganized Debtors, without the need for any approvals, authorization, or consents except for those expressly required pursuant to the Plan.

On or before or within a reasonable period of time after the Effective Date, the CEO shall select the location of the principal executive office of Reorganized Warren but only after consultation with the Plan Sponsor regarding such selection.

18. Exemption from Certain Transfer Taxes

Pursuant to section 1146(a) of the Bankruptcy Code, the following will not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, sales or use tax, mortgage tax, real estate transfer tax, mortgage recording tax, or other similar tax or governmental assessment, and upon entry of the Confirmation Order, the appropriate state or local governmental officials or agents shall forego the collection of any such tax or governmental assessment and to accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment: (a) the issuance, transfer, exchange or conversion of the New Notes, New Warren Common Stock, the New Warrants and/or Management Stock; (b) the creation of any mortgage, deed of trust, lien or other security interest under or pursuant to the Plan or the New First Lien Facility; (c) the making or assignment of any lease or sublease under or pursuant to the Plan; (d) the execution and delivery of the New First Lien Facility; (e) any Restructuring Transaction; (f) the release of liens under the First Lien Facility, Second Lien Facility, and DIP Credit Agreement; or (g) the making or delivery of any deed or other instrument of transfer under, in furtherance of or in connection with the Plan, including any merger agreements, agreements of consolidation, restructuring,

disposition, liquidation or dissolution, deeds, bills of sale or assignments executed in connection with any of the foregoing or pursuant to the Plan.

19. Senior Notes Trustee Fees and Expenses

On the Effective Date, the Debtors or Reorganized Debtors, as applicable, shall pay in Cash all Senior Notes Trustee Fees and Expenses, without the need for the Senior Notes Trustee to file a fee application with the Bankruptcy Court, and from and after the Effective Date, the Reorganized Debtors shall pay in Cash all Senior Notes Trustee Fees and Expenses. Nothing in the Plan shall in any way affect or diminish the right of the Senior Notes Trustee to assert the Senior Notes Trustee Charging Lien against any Distribution to Holders of Senior Notes Claims with respect to any unpaid Senior Notes Trustee Fees and Expenses or other amounts payable to the Senior Notes Trustee under the Senior Notes Indenture.

L. PROVISIONS GOVERNING DISTRIBUTIONS

1. Distributions for Claims Allowed as of the Effective Date

Except as otherwise provided herein or as ordered by the Bankruptcy Court, each Holder of an Allowed Claim shall receive on the Distribution Date the full amount of the Distributions that the Plan provides for Allowed Claims in the applicable Class. All Cash Distributions shall be made by the Disbursing Agent from available Cash of the Reorganized Debtors or borrowings under the DIP Credit Agreement. Any Distribution hereunder of property other than Cash (including any issuance of the New Warren Common Stock, Management Stock and the New Warrants and the Distribution of such New Warren Common Stock, Management Stock and New Warrants, in exchange for Allowed Claims as of the Effective Date) shall be made by the Disbursing Agent or the transfer agent in accordance with the terms of the Plan; provided that all Distributions on account of Senior Notes Claims shall be made to or at the direction of the Senior Notes Trustee for distribution in accordance with the Senior Notes Indenture, and shall be subject in all respects to the right of the Senior Notes Trustee to assert the Senior Notes Trustee Charging Lien against such Distributions. The Senior Notes Trustee may transfer or direct the transfer of such Distributions through the facilities of DTC and will be entitled to recognize and deal for all purposes under the Plan with Holders of the Senior Notes Claims to the extent consistent with the customary practices of DTC.

2. Disbursing Agent

The Disbursing Agent shall make all Distributions required under the Plan. If the Disbursing Agent is an independent third party designated by the Reorganized Debtors (with the consent of the Plan Sponsor) to serve in such capacity, such Disbursing Agent shall receive, without further Bankruptcy Court approval, indemnification and reasonable compensation for Distribution services rendered pursuant to the Plan and reimbursement of reasonable out-of-pocket expenses incurred in connection with such services from the Reorganized Debtors on terms acceptable to the Reorganized Debtors and the Plan Sponsor. No Disbursing Agent shall be required to give any bond or surety or other security for the performance of its duties unless otherwise ordered by the Bankruptcy Court. If otherwise so ordered, all costs and expenses of procuring any such bond shall be paid by the Reorganized Debtors.

3. Record Date for Plan Distributions

Except with respect to publicly traded securities, as of the close of business on the Record Date for Plan Distributions, the various transfer registers for each of the Classes of Claims or Equity Interests maintained by the Debtors or their respective agents, will be deemed closed and there shall be no further changes in the record holders of any of the Claims or Equity Interests. The Reorganized Debtors and the Disbursing Agent shall have no obligation to recognize any transfer of record ownership of any such Claims occurring after the Record Date for Plan Distributions and shall be entitled instead to recognize and deal for all purposes hereunder with only those record Holders as of the close of business on the Record Date for Plan Distributions.

4. Means of Cash Payment

Cash payments hereunder shall be in Cash.

5. Delivery of Distributions; Undeliverable or Unclaimed Distributions

Distributions to Holders of Allowed Claims shall be made by the Disbursing Agent, (a) at the Holder's last known address, or (b) at the address in any written notice of address change delivered to the Disbursing Agent. If any Holder's Distribution is returned as undeliverable, no further Distributions to such Holder shall be made, unless and until the Disbursing Agent is notified of such Holder's then current address, at which time all missed Distributions shall be made to such Holder without interest. Amounts in respect of undeliverable Distributions made through the Disbursing Agent shall be returned to the Reorganized Debtors until such Distributions are claimed. All claims for undeliverable Distributions must be made on or before the first anniversary of the Effective Date, after which date, without need for a further order by the Bankruptcy Court (x) all Cash in respect of such forfeited Distribution including interest accrued thereon shall revert to Reorganized Warren and (y) all New Securities in respect of such forfeited Distribution shall be cancelled, in each case, notwithstanding any federal or state escheat laws to the contrary.

6. Withholding and Reporting Requirements

In connection with the Plan and all Distributions hereunder, the Reorganized Debtors Agent shall, to the extent applicable, comply with all tax withholding and reporting requirements imposed by any federal, state, local, or foreign taxing authority, and all Distributions hereunder (except as to Distributions made to Class 2A) shall be subject to any such withholding and reporting requirements. To the extent the Disbursing Agent is an independent third party rather than the Reorganized Debtors, the Reorganized Debtors shall provide instructions to the Disbursing Agent consistent with the foregoing and the Disbursing Agent shall be entitled to rely on such instructions in effective same. The Reorganized Debtors reserve the right to allocate all Distributions made under the Plan in compliance with all applicable wage garnishments, alimony, child support, and other spousal awards, liens, and encumbrances, and in such event shall so instruct the Disbursing Agent if it is an independent third party.

7. Setoffs

A Reorganized Debtor may, but shall not be required to, set off against any Claim, and the payments or other Distributions to be made pursuant to the Plan in respect of such Claim, claims of any nature whatsoever that the Debtors or Reorganized Debtors may have against the Holder of such Claim; provided that neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by the Reorganized Debtors of any claim that the Debtors or Reorganized Debtors may have against such Holder. Nothing in the Plan shall be deemed to expand rights to setoff under applicable non-bankruptcy law.

8. Section 1145 Exemption

Pursuant to section 1145 of the Bankruptcy Code, the offering, issuance, and distribution of the New Securities, and the Reinstatement of the Secured Debentures Warren Subsidiary Debtor Interests, as contemplated by Article V hereof to Classes 1 and 2A, shall be exempt from, among other things, the registration requirements of section 5 of the Securities Act and any other applicable law. In addition, pursuant to section 1145 of the Bankruptcy Code, the New Warren Securities (other than Management Stock) will be freely tradable in the U.S. by the recipients thereof, subject to (i) the provisions of section 1145(b)(1) of the Bankruptcy Code relating to the definition of an underwriter in section 2(a)(11) of the Securities Act, (ii) compliance with applicable securities laws and any rules and regulations of the Securities and Exchange Commission, if any, applicable at the time of any future transfer of such Securities or instruments, and (iii) the laws and any rules and regulations of any State or federal agency or commission that may restrict or condition the trading of securities of a non-public company.

DTC may accept and conclusively rely upon the Plan and Confirmation Order in lieu of a legal opinion regarding whether the New Warren Common Stock are exempt from registration and/or eligible for DTC book-entry delivery, settlement, and depository services.

9. De Minimis Distributions

Notwithstanding anything herein to the contrary, no Cash payment of less than $25.00 shall be made to the Holder of any Claim on account of its Allowed Claim; any such Holder who would otherwise be entitled to a lesser Distribution shall not receive any Distribution.

M. PROCEDURES FOR RESOLVING DISPUTED, CONTINGENT AND UNLIQUIDATED CLAIMS

1. Procedures Regarding Claims

Prior to the Effective Date, the Debtors, and, after the Effective Date, the Reorganized Debtors, shall have the exclusive authority to file, settle, compromise, withdraw or litigate to judgment any objections to Claims. From and after the Effective Date and prior to the Claim Objection Deadline, the Reorganized Debtors may settle or compromise any Disputed Claim without notice to or action, order or approval of the Bankruptcy Court.

Any Debtor or Reorganized Debtor, as applicable, may, at any time, request that the Bankruptcy Court estimate any contingent or unliquidated Claim pursuant to section 502(c) of

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

Notwithstanding any other provision hereof, if any portion of a Claim is a Disputed Claim, no payment or Distribution provided under the Plan shall be made on account of such Disputed Claim unless and until such Disputed Claim becomes an Allowed Claim.

To the extent that a Disputed Claim ultimately becomes an Allowed Claim, Distributions (if any) shall be made to the Holder of such Allowed Claim in accordance with the provisions of the Plan. The Disbursing Agent shall provide to the Holder of such Claim the Distribution (if any) to which such Holder is entitled under the Plan on a date determined by the Reorganized Debtors, in their sole discretion, after such a Claim becomes an Allowed Claim and shall be deemed to have been made on the Effective Date, without any interest to be paid on account of such Claim.

N. TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

1. Assumed Contracts and Leases

Except as otherwise provided herein, or in any contract, instrument, release, indenture, or other agreement or document entered into, or deemed to be entered into, in connection with the Plan, as of the Effective Date each Reorganized Debtor shall be deemed to have assumed each executory contract and unexpired lease to which it is a party, unless such contract or lease (a) was previously assumed or rejected by the Debtors, (b) is the subject of a motion to reject filed on or before the Confirmation Date or (c) is set forth in a schedule, as an executory contract or unexpired lease to be rejected, filed as part of the Plan Supplement. The Confirmation Order shall constitute an order of the Bankruptcy Court under section 365 of the Bankruptcy Code approving the contract and lease assumptions or rejections described above, as of the Effective Date. Each Executory Contract and Unexpired Lease assumed pursuant to Article VII of the Plan or by any order of the Bankruptcy Court shall revest in and be fully enforceable by the Reorganized Debtors in accordance with its terms, except as such terms are modified by the provisions of the Plan or any order of the Bankruptcy Court authorizing and providing for its assumption under applicable federal law.

Unless otherwise provided in the Plan, each assumed Executory Contract or Unexpired Lease shall include all modifications, amendments, supplements, restatements or other agreements that in any manner affect such Executory Contract or Unexpired Lease, and all Executory Contracts and Unexpired Leases, related thereto, if any, including all easements,

licenses, permits, rights, privileges, immunities, options, rights of first refusal and any other interests, unless any of the foregoing agreements has been previously rejected or repudiated or is rejected or repudiated under the Plan.

2. Payments Related to Assumption of Contracts and Leases

Any monetary amounts by which any executory contract and unexpired lease to be assumed under the Plan is in default shall be satisfied, under section 365(b)(1) of the Bankruptcy Code, by the applicable Debtor on or before the Effective Date; *provided* that if there is a dispute regarding (i) the nature or amount of any Cure Cost, (ii) the ability of a Reorganized Debtor or any assignee to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the contract or lease to be assumed, or (iii) any other matter pertaining to assumption, Cure Cost shall occur following the entry of a Final Order of the Bankruptcy Court resolving the dispute and approving the assumption or assumption and assignment, as the case may be; provided that the Debtors or the Reorganized Debtors may settle any dispute regarding the amount of any dispute without any further notice to or action, order or approval of the Bankruptcy Court.

3. Rejected Contracts and Leases

Except for those executory contracts and unexpired leases set forth on a schedule to the Plan Supplement, none of the executory contracts and unexpired leases to which the Debtors are a party shall be rejected under the Plan; provided that the Debtors reserve the right, at any time prior to the Confirmation Date, to seek to reject any executory contract or unexpired lease to which any Debtor is a party.

4. Claims Based Upon Rejection of Executory Contracts or Unexpired Leases

All Claims arising out of the rejection of executory contracts and unexpired leases must be filed with the Bankruptcy Court and served upon the Debtors and its counsel within thirty (30) days after the earlier of (a) the date of entry of an order of the Bankruptcy Court approving such rejection or (b) the Confirmation Date. Any such Claims not filed within such times shall be forever barred from assertion against the Debtors, their Estates, and property.

5. Assumption of D&O Insurance

All fiduciary liability insurance policies maintained by the Debtors are hereby assumed, subject to any additions and modifications thereto as may be required by the New Board. Entry of the Confirmation Order by the clerk of the Bankruptcy Court shall constitute approval of such assumptions pursuant to section 365(a) of the Bankruptcy Code. No provision of the Plan shall limit any Released Party's rights to seek recovery or reimbursement under any directors' and officers' liability insurance policy, including without limitation, the Directors and Officers Run Off Policies procured by Warren on or about May 26, 2016.

All existing directors and officers insurance coverage and indemnification obligations shall survive the Restructuring Transactions and continue in effect after the Effective Date, and shall

not be cancelled, terminated or amended in any manner than would decrease or eliminate the benefit provided thereby to any officer, manager, or director. The Debtors' indemnification obligations in favor of their officers and directors contained in the certificates of incorporation and bylaws of the Debtors as of the Petition Date shall be included in the amended and restated certificate of incorporation, amended and restated certificate of formation and bylaws of the Reorganized Debtors.

O. ACCEPTANCE OR REJECTION OF THE PLAN

1. Classes Entitled to Vote

Each Holder of an Allowed Claim in Class 1, 2A, and 2B is entitled to vote to accept or reject the Plan. Holders of Claims or Equity Interests in Unimpaired Classes shall not be entitled to vote because they are conclusively deemed, by operation of section 1126(f) of the Bankruptcy Code, to have accepted the Plan.

2. Acceptance by Impaired Classes

An Impaired Class of Claims shall have accepted the Plan if the Holders of at least two-thirds (2/3) in amount and more than one-half (1/2) in number of the Allowed Claims in the Class actually voting have voted to accept the Plan, not counting the vote of any Holder designated under section 1126(e) of the Bankruptcy Code.

3. [Reserved]

4. Nonconsensual Confirmation

In the event that any Class other than Class 1 votes to reject the Plan, the Debtors reserve the right to pursue Confirmation of an alternative plan of reorganization pursuant to section 1129(b) of the Bankruptcy Code.

If any Class does not accept the Plan, the Debtors shall request that the Bankruptcy Court confirm or "cram down" the Plan on a non-consensual basis with respect to each non-accepting Class pursuant to section 1129(b) of the Bankruptcy Code. With respect to Classes that are deemed to reject the Plan, the Debtors shall request that the Bankruptcy Court confirm or "cram down" the Plan on a non-consensual basis pursuant to section 1129(b) of the Bankruptcy Code.

P. CONDITIONS PRECEDENT TO CONFIRMATION AND EFFECTIVENESS

1. [Reserved]

2. Conditions to Effective Date

The following are conditions precedent to the occurrence of the Effective Date, each of which must be satisfied or waived in accordance with Article 9.04 of the Plan:

(a) the Bankruptcy Court shall have entered the Confirmation Order;

all actions, documents, certificates, and agreements necessary or appropriate to implement the Plan, including the Plan Supplement (including the documents governing the New First Lien Facility and the Equityholder Agreement), shall have been effected or executed and delivered, as the case may be, to and/or by the required parties and, to the extent required, filed with the applicable governmental units in accordance with applicable laws, and all such documents, certificates and agreements shall be acceptable to the Debtors and the Plan Sponsor and reasonably acceptable to Claren Road and the Required Consenting Senior Noteholders;

(c) all authorizations, consents, regulatory approvals, rulings, or documents that are necessary or appropriate to implement and effectuate the Plan shall have been received;

(d) the Debtors shall have paid in full in cash all of the Consenting Senior Noteholder Fees and Expenses, the Plan Sponsor Fees and Expenses, and the Claren Road Fees and Expenses;

(e) Reorganized Warren, the New First Lien Facility Guarantors, New First Lien Lenders, and New First Lien Agent shall have entered into and closed the New First Lien Facility, in form and substance acceptable to the Debtors and the Plan Sponsor and reasonably acceptable to the Required Consenting Senior Noteholders and Claren Road; and

(f) No Stay of the Confirmation Order shall be in effect.

3. Absence of Final Order

For the avoidance of doubt, the Debtors and the Plan Sponsor intend for Consummation of the Plan to occur as promptly as practicable after the Effective Date and it shall not be a condition to the Effective Date that the Confirmation Order has become a Final Order.

4. Effect of Failure of Conditions

[Reserved.]

5. Waiver of Conditions

Each of the conditions set forth in Article 9.02 of the Plan, other than as set forth in section 9.02(a), may be waived in whole or in part by the Debtors with the consent of the Plan Sponsor, Claren Road and the Required Consenting Senior Noteholders, without notice, leave or other order of the Bankruptcy Court or any formal action other than proceedings to confirm or consummate the Plan.

Q. MODIFICATIONS AND AMENDMENTS; WITHDRAWAL

The Debtors may amend or modify this Plan at any time prior to the Confirmation Date, with the consent of the Plan Sponsor, Claren Road and the Required Consenting Senior Noteholders; provided that the consent of the Required Consenting Senior Noteholders and Claren Road shall not be unreasonably withheld; provided, further, that any amendment,

modification or supplement of the Plan that impacts or affects the nature, form, substance, amount or timing of the treatment, distributions or recoveries to Holders of Senior Notes Claims or Claren Road or the rights and protections of minority holders as set forth in the Restructuring Term Sheet, or that adversely impacts or affects the equity value of the New Warren Common Stock shall require the prior written consent of the Required Consenting Senior Noteholders or Claren Road, as applicable, in each case in their sole discretion. The Debtors reserve the right to include any amended exhibits in the Plan Supplement, whereupon each such amended exhibit shall be deemed substituted for the original of such exhibit. Prior to the Effective Date, the Debtors or Reorganized Debtors may, under section 1127(b) of the Bankruptcy Code, institute proceedings in the Bankruptcy Court with the consent of the Plan Sponsor to remedy any defect or omission or reconcile any inconsistencies within or among this Plan, the Disclosure Statement, and the Confirmation Order, and to accomplish such matters as may be reasonably necessary to carry out the purposes and intent hereof so long as such remedies do not materially and adversely affect the treatment of Holders of Claims hereunder; provided that any amendment, modification or supplement of the Plan that impacts or affects the nature, form, substance, amount or timing of the treatment, distributions or recoveries to Holders of Senior Notes Claims or Claren Road or the rights and protections of minority holders as set forth in the Restructuring Term Sheet, or that adversely impacts or affects the equity value of the New Warren Common Stock shall require the prior written consent of the Required Consenting Senior Noteholders or Claren Road, as applicable, in each case in their sole discretion.

Entry of a Confirmation Order shall mean that all modifications or amendments to the Plan since the solicitation thereof are approved pursuant to section 1127(a) of the Bankruptcy Code and do not require additional disclosure or resolicitation under Bankruptcy Rule 3019.

R. RETENTION OF JURISDICTION

Under sections 105(a) and 1142 of the Bankruptcy Code, and notwithstanding the Plan's Confirmation and the occurrence of the Effective Date, the Bankruptcy Court shall retain exclusive jurisdiction over all matters arising out of or related to the Chapter 11 Cases and the Plan, to the fullest extent permitted by law, including jurisdiction to:

(a) hear and determine any and all objections to the allowance of Claims or Equity Interests;

(b) hear and determine any and all motions to estimate Claims at any time, regardless of whether the Claim to be estimated is the subject of a pending objection, a pending appeal, or otherwise;

(c) hear and determine any and all motions to subordinate Claims or Equity Interests at any time and on any basis permitted by applicable law;

(d) hear and determine all Administrative Expenses and Professional Fee Claims;

(e) hear and determine all matters with respect to the assumption or rejection of any executory contract or unexpired lease to which a Debtor is a party or with

respect to which a Debtor may be liable, including, if necessary, the nature or amount of any Claim or required Cure Cost or the liquidation of any Claims arising therefrom;

(f) hear and determine any and all adversary proceedings, motions, applications, and contested or litigated matters arising out of, under, or related to, the Chapter 11 Cases;

(g) enter such orders as may be necessary or appropriate in aid of the Consummation hereof and to execute, implement, or consummate the provisions hereof and all contracts, instruments, releases, and other agreements or documents created in connection with the Plan, the Disclosure Statement or the Confirmation Order;

(h) hear and determine disputes arising in connection with the interpretation, implementation, Consummation, or enforcement of the Plan and all contracts, instruments, and other agreements executed in connection with the Plan;

(i) hear and determine any request to modify the Plan or to cure any defect or omission or reconcile any inconsistency herein or any order of the Bankruptcy Court;

(j) issue and enforce injunctions or other orders, or take any other action that may be necessary or appropriate to restrain any interference with or compel action for the implementation, Consummation, or enforcement hereof or the Confirmation Order;

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

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

(m) enforce all orders, judgments, injunctions, releases, exculpation, indemnification and rulings entered in connection with the Chapter 11 Cases;

(n) recover all assets of the Debtors and property of the Debtors' Estates, wherever located;

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

(p) hear and determine all disputes involving the existence, nature, or scope of the Debtors' discharge;

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

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

S. COMPROMISE AND SETTLEMENTS

Pursuant to Federal Rule of Bankruptcy Procedure 9019(a), each of the Debtors may compromise and settle various Claims against it and/or claims it may have against other Entities. Each of the Debtors expressly reserves the right (and except as otherwise provided herein, with Bankruptcy Court approval, following appropriate notice and opportunity for a hearing) to compromise and settle Claims against it and claims that it may have against other Entities up to and including the Effective Date. After the Effective Date, such right shall transfer to the Reorganized Debtors and no Bankruptcy Court approval of any such action, compromise or settlement shall be required.

T. MISCELLANEOUS PROVISIONS

1. Bar Date for Certain Claims

(a) Administrative Expenses. The Confirmation Order shall establish the Administrative Expenses Bar Date as the deadline for the filing of all Administrative Expenses (other than the Consenting Senior Noteholder Fees and Expenses, the Plan Sponsor Fees and Expenses, Claren Road Fees and Expenses, Administrative Expenses paid in the ordinary course of business pursuant to Article 2.01 hereof, and Claims for United States Trustee fees), which date shall be thirty (30) days after the Effective Date. Holders of such asserted Administrative Expenses must file an application for payment of Administrative Expense with the Bankruptcy Court on or before such Administrative Expenses Bar Date or forever be barred from doing so. The notice of Confirmation shall set forth the Administrative Expenses Bar Date, and the Debtors or the Reorganized Debtors, as the case may be, and any other party in interest, shall have twenty-one (21) days following the Administrative Expenses Bar Date to review and object to such Administrative Expenses. All such objections shall be litigated to Final Order; *provided* that, prior to the Effective Date, the Debtors (with the Plan Sponsor's prior written consent) or, following the Effective Date, the Reorganized Debtors, may compromise and settle, withdraw or resolve by any other method, without requirement of Bankruptcy Court approval, any objections to Administrative Expenses.

2. Professional Fee Claims

All final applications for Professional Fee Claims must be filed and served on the Reorganized Debtors and the Plan Sponsor as well as their respective counsel no later than thirty (30) days after the Effective Date, unless otherwise ordered by the Bankruptcy Court. Objections to any such applications must be filed and served on the Reorganized Debtors, the Plan Sponsor, Claren Road and the Required Consenting Senior Noteholders and their respective counsel and the requesting Professional or other Entity, no later than twenty-one (21) days (or such other period as may be allowed by order of the Bankruptcy Court or as otherwise agreed to

between the parties) after the date on which the applicable application for compensation or reimbursement was served.

3. Late Filed Claims

Any Claim filed after the Bar Date established with respect to such Claim shall be automatically disallowed and discharged without any requirement of further action by the Debtors or the Reorganized Debtors unless and until such Holder of the Claim obtains a Final Order from the Bankruptcy Court allowing the filing of a late Claim.

4. [Reserved]

5. Reporting Company Status

The Plan Sponsor, in consultation with the Debtors or the Reorganized Debtors (as applicable), Claren Road, and the Required Consenting Senior Noteholders, will determine whether, on and after the Effective Date, Reorganized Warren will continue to file reports with the SEC and, if the Plan Sponsor elects to so continue, whether the New Warren Common Stock may be eligible for listing on a U.S. national securities exchange (*i.e.*, Nasdaq or NYSE). In the event that the Plan Sponsor reasonably determines prior to the Effective Date, in good faith, after consultation with the Debtors, Claren Road, and the Required Consenting Senior Noteholders, that the New Warren Common Stock is unlikely to be eligible to be listed on a U.S. national securities exchange, then the Debtors or the Reorganized Debtors (as applicable) will use reasonable best efforts to cause the New Warren Common Stock to be eligible for trading and quoting on the highest-available "tier" or "level" of an established OTC marketplace reasonably acceptable to Claren Road and the Required Consenting Senior Noteholders and the Reorganized Debtors within a reasonable period of time after the Effective Date; provided that the foregoing shall not under any circumstances require the Debtors to file any reports, or register as a public company, with the SEC. The Reorganized Debtors will use commercially reasonable effort to arrange for one or more nationally known registered broker-dealer firms to act as market makers with respect to the New Warren Common Stock; provided that the foregoing shall not under any circumstances require the Debtors to file any reports, or register as a public company, with the SEC. Claren Road and the Consenting Senior Noteholders acknowledge that the Reorganized Debtors do not intend to incur any material cost or materially increased disclosure obligation in connection therewith associated with any reporting or disclosure obligations greater than those set forth in the section titled "Corporate Headquarters and Governance" in the Restructuring Term Sheet.

6. Nonseverability of Plan Provisions

If, prior to Confirmation, any term or provision hereof is held by the Bankruptcy Court to be invalid, void, or unenforceable, the Bankruptcy Court, at the request of the Debtors with the consent of the Plan Sponsor, the Required Consenting Senior Noteholders, and Claren Road shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void, or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration, or interpretation, the remainder of

the terms and provisions hereof shall remain in full force and effect and shall in no way be affected, impaired, or invalidated by such holding, alteration, or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision hereof, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

7. Successors and Assigns

The rights, benefits and obligations of all Entities named or referred to herein shall be binding on, and shall inure to the benefit of, their respective heirs, executors, administrators, personal representatives, successors or assigns.

8. Discharge of Claims and Termination of Interests

Pursuant to section 1141(d) of the Bankruptcy Code, and except as otherwise specifically provided in the Plan or in any contract, instrument, or other agreement or document created pursuant to the Plan, the distributions, rights, and treatment that are provided in the Plan shall be in complete satisfaction, discharge, and release, effective as of the Effective Date, of claims (including any intercompany claims resolved or compromised after the Effective Date by the Reorganized Debtors), interests, and causes of action of any nature whatsoever, including any interest accrued on Claims or Equity Interests from and after the Petition Date, whether known or unknown, against, liabilities of, liens on, obligations of, rights against, and interests in, the Debtors or any of their assets or properties, regardless of whether any property shall have been distributed or retained pursuant to the Plan on account of such claims and interests, including demands, liabilities, and causes of action that arose before the Effective Date, any liability (including withdrawal liability) to the extent such Claims or Equity Interests relate to services performed by employees of the Debtors before the Effective Date and that arise from a termination of employment, any contingent or noncontingent liability on account of representations or warranties issued on or before the Effective Date, and all debts of the kind specified in sections 502(g), 502(h), or 502(i) of the Bankruptcy Code, in each case whether or not: (a) a proof of Claim based upon such debt or right is filed or deemed filed pursuant to section 501 of the Bankruptcy Code; (b) a Claim or Equity Interest based upon such debt, right, or interest is allowed pursuant to section 502 of the Bankruptcy Code; or (c) the Holder of such a Claim or Equity Interest has accepted the Plan. Any default or "event of default" by the Debtors or Affiliates with respect to any claim or interest that existed immediately before or on account of the filing of the Chapter 11 Cases shall be deemed cured (and no longer continuing) as of the Effective Date. The Confirmation Order shall be a judicial determination of the discharge of all claims and interests subject to the Effective Date occurring.

9. Injunction

ALL INJUNCTIONS OR STAYS PROVIDED FOR IN THE CHAPTER 11 CASES PURSUANT TO SECTIONS 105 AND 362 OF THE BANKRUPTCY CODE OR OTHERWISE AND IN EFFECT ON THE CONFIRMATION DATE, SHALL REMAIN IN FULL FORCE AND EFFECT UNTIL THE EFFECTIVE DATE. Except as otherwise expressly provided in the Plan or for obligations issued or required to be paid pursuant to the Plan or

Confirmation Order, all entities who have held, hold, or may hold Claims or interests that have been released pursuant to the Plan, discharged pursuant to the Plan, or are subject to exculpation pursuant to the Plan, are permanently enjoined, from and after the Effective Date, from taking any of the following actions against, as applicable, the Debtors, any non-Debtor subsidiary, the Reorganized Debtors, the Released Parties, or the Exculpated Parties: (a) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such Claims or Interests; (b) enforcing, attaching, collecting, or recovering by any manner or means any judgment, award, decree, or order against such Entities on account of or in connection with or with respect to any such Claims or Interests; (c) creating, perfecting, or enforcing any lien or encumbrance of any kind against such Entities or the property or the Estates of such Entities on account of or in connection with or with respect to any such Claims or Interests; (d) asserting any right of setoff, subrogation, or recoupment of any kind against any obligation due from such entities or against the property of such Entities on account of or in connection with or with respect to any such Claims or Interests; and (e) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such Claims or Interests released or settled pursuant to the Plan.

10. Debtors' Releases

PURSUANT TO SECTION 1123(B) OF THE BANKRUPTCY CODE, AND EXCEPT AS OTHERWISE SPECIFICALLY PROVIDED IN THE PLAN, ON AND AFTER THE EFFECTIVE DATE, EACH RELEASED PARTY IS DEEMED EXPRESSLY, UNCONDITIONALLY, GENERALLY, AND INDIVIDUALLY AND COLLECTIVELY, ACQUITTED, RELEASED, AND DISCHARGED BY THE DEBTORS, THE REORGANIZED DEBTORS, AND THE ESTATES, EACH ON BEHALF OF ITSELF AND ITS PREDECESSORS, SUCCESSORS AND ASSIGNS, SUBSIDIARIES, AFFILIATES, CURRENT AND FORMER OFFICERS, DIRECTORS, PRINCIPALS, SHAREHOLDERS, MEMBERS, PARTNERS, ADVISERS, SUB-ADVISERS, EMPLOYEES, AGENTS, ADVISORY BOARD MEMBERS, FINANCIAL ADVISORS, ATTORNEYS, ACCOUNTANTS, INVESTMENT BANKERS, CONSULTANTS, REPRESENTATIVES, MANAGEMENT COMPANIES, FUND ADVISORS AND OTHER PROFESSIONALS, FROM ANY AND ALL CLAIMS AND CAUSES OF ACTION, ANY CLAIMS ASSERTED OR ASSERTABLE ON BEHALF OF ANY HOLDER OF ANY CLAIM AGAINST OR INTEREST IN THE DEBTORS AND ANY CLAIMS ASSERTED OR ASSERTABLE ON BEHALF OF ANY OTHER ENTITY, WHETHER KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, MATURED OR UNMATURED, EXISTING OR HEREINAFTER ARISING, IN LAW, EQUITY, CONTRACT, TORT OR OTHERWISE, BY STATUTE OR OTHERWISE, THAT SUCH RELEASING PARTY (WHETHER INDIVIDUALLY OR COLLECTIVELY), EVER HAD, NOW HAS OR HEREAFTER CAN, SHALL OR MAY HAVE, BASED ON OR RELATING TO, OR IN ANY MANNER ARISING FROM, IN WHOLE OR IN PART, THE DEBTORS, THE DEBTORS' RESTRUCTURING EFFORTS, THE DEBTORS' INTERCOMPANY TRANSACTIONS (INCLUDING DIVIDENDS PAID), ANY PREFERENCE OR AVOIDANCE CLAIM PURSUANT TO SECTIONS 544, 547, 548, AND 549 OF THE BANKRUPTCY CODE, THE PURCHASE, SALE, OR RESCISSION OF THE PURCHASE OR SALE OF, OR ANY OTHER TRANSACTION RELATING TO ANY SECURITY OF THE DEBTORS, THE SUBJECT MATTER OF, OR THE TRANSACTIONS

OR EVENTS GIVING RISE TO, ANY CLAIM OR INTEREST THAT IS AFFECTED BY OR CLASSIFIED IN THE PLAN, THE SECURED DEBENTURE DOCUMENTS, THE BUSINESS OR CONTRACTUAL ARRANGEMENTS BETWEEN THE DEBTORS, ON THE ONE HAND, AND THE CONSENTING CREDITORS, ON THE OTHER HAND, THE RESTRUCTURING OF CLAIMS AND INTERESTS BEFORE OR DURING THE RESTRUCTURING TRANSACTIONS IMPLEMENTED BY THE PLAN OR ANY OTHER TRANSACTION OR OTHER ARRANGEMENT WITH THE DEBTORS WHETHER BEFORE OR DURING SUCH RESTRUCTURING TRANSACTIONS, THE NEGOTIATION, FORMULATION OR PREPARATION OF SUCH RESTRUCTURING TRANSACTIONS, THE RSA, THE PLAN, THE PLAN SUPPLEMENT, THE DISCLOSURE STATEMENT, OR ANY RELATED AGREEMENTS, ANY ASSET PURCHASE AGREEMENT, INSTRUMENTS OR OTHER DOCUMENTS (INCLUDING, FOR THE AVOIDANCE OF DOUBT, PROVIDING ANY LEGAL OPINION REQUESTED BY ANY ENTITY REGARDING ANY TRANSACTION, CONTRACT, INSTRUMENT, DOCUMENT, OR OTHER AGREEMENT CONTEMPLATED BY THE PLAN OR THE RELIANCE BY ANY RELEASED PARTY ON THE PLAN OR THE CONFIRMATION ORDER IN LIEU OF SUCH LEGAL OPINION) CREATED OR ENTERED INTO IN CONNECTION WITH THE RSA, THE DISCLOSURE STATEMENT, THE PLAN, THE CHAPTER 11 CASES, THE FILING OF THE CHAPTER 11 CASES, THE PURSUIT OF CONFIRMATION, THE PURSUIT OF CONSUMMATION, THE ADMINISTRATION AND IMPLEMENTATION OF THE PLAN, INCLUDING THE ISSUANCE OR DISTRIBUTION OF SECURITIES PURSUANT TO THE PLAN, OR THE DISTRIBUTION OF PROPERTY UNDER THE PLAN OR ANY OTHER RELATED AGREEMENT, OR UPON ANY OTHER ACT OR OMISSION, TRANSACTION, AGREEMENT, EVENT, OR OTHER OCCURRENCE TAKING PLACE OR ARISING ON OR BEFORE THE EFFECTIVE DATE RELATED OR RELATING TO ANY OF THE FOREGOING.

11. Releases by Holders of Claims and Equity Interests

EXCEPT AS OTHERWISE PROVIDED IN THE PLAN, AS OF THE EFFECTIVE DATE AND TO THE FULLEST EXTENT PERMISSIBLE UNDER APPLICABLE LAW, EACH RELEASING PARTY EXPRESSLY, UNCONDITIONALLY, GENERALLY, AND INDIVIDUALLY AND COLLECTIVELY RELEASES, ACQUITS, AND DISCHARGES THE DEBTORS, REORGANIZED DEBTORS, AND RELEASED PARTIES FROM ANY AND ALL CLAIMS, OBLIGATIONS, RIGHTS, SUITS, DAMAGES, CAUSES OF ACTION, REMEDIES AND LIABILITIES WHATSOEVER, INCLUDING ANY DERIVATIVE CLAIMS ASSERTED OR ASSERTABLE ON BEHALF OF THE DEBTORS, ANY CLAIMS ASSERTED OR ASSERTABLE ON BEHALF OF ANY HOLDER OF ANY CLAIM AGAINST OR INTEREST IN THE DEBTORS AND ANY CLAIMS ASSERTED OR ASSERTABLE ON BEHALF OF ANY OTHER ENTITY, WHETHER KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, MATURED OR UNMATURED, EXISTING OR HEREINAFTER ARISING, IN LAW, EQUITY, CONTRACT, TORT OR OTHERWISE, BY STATUTE OR OTHERWISE, THAT SUCH RELEASING PARTY (WHETHER INDIVIDUALLY OR COLLECTIVELY), EVER HAD, NOW HAS OR HEREAFTER CAN, SHALL OR MAY HAVE, BASED ON OR RELATING TO, OR IN ANY MANNER ARISING FROM, IN WHOLE OR IN PART, THE DEBTORS, THE DEBTORS' RESTRUCTURING EFFORTS, THE DEBTORS' INTERCOMPANY TRANSACTIONS (INCLUDING

DIVIDENDS PAID), ANY PREFERENCE OR AVOIDANCE CLAIM PURSUANT TO SECTIONS 544, 547, 548, AND 549 OF THE BANKRUPTCY CODE, THE PURCHASE, SALE, OR RESCISSION OF THE PURCHASE OR SALE OF ANY SECURITY OF THE DEBTORS, OR ANY OTHER TRANSACTION RELATING TO ANY SECURITY OF THE DEBTORS, OR ANY OTHER TRANSACTION OR OTHER ARRANGEMENT WITH THE DEBTORS WHETHER BEFORE OR DURING THE RESTRUCTURING TRANSACTIONS IMPLEMENTED BY THE PLAN, THE SUBJECT MATTER OF, OR THE TRANSACTIONS OR EVENTS GIVING RISE TO, ANY CLAIM OR INTEREST THAT IS AFFECTED BY OR CLASSIFIED IN THE PLAN, THE SECURED DEBENTURE DOCUMENTS, THE BUSINESS OR CONTRACTUAL ARRANGEMENTS BETWEEN THE DEBTORS, ON THE ONE HAND, AND THE CONSENTING CREDITORS ON THE OTHER HAND, THE RESTRUCTURING OF CLAIMS AND INTERESTS BEFORE OR DURING THE RESTRUCTURING TRANSACTIONS IMPLEMENTED BY THE PLAN, THE NEGOTIATION, FORMULATION, OR PREPARATION OF SUCH RESTRUCTURING TRANSACTIONS, THE RSA, THE PLAN, THE PLAN SUPPLEMENT, THE DISCLOSURE STATEMENT, OR ANY RELATED AGREEMENTS, ANY ASSET PURCHASE AGREEMENT, INSTRUMENTS, OR OTHER DOCUMENTS (INCLUDING, FOR THE AVOIDANCE OF DOUBT, PROVIDING ANY LEGAL OPINION REQUESTED BY ANY ENTITY REGARDING ANY TRANSACTION, CONTRACT, INSTRUMENT, DOCUMENT, OR OTHER AGREEMENT CONTEMPLATED BY THE PLAN OR THE RELIANCE BY ANY RELEASED PARTY ON THE PLAN OR THE CONFIRMATION ORDER IN LIEU OF SUCH LEGAL OPINION) CREATED OR ENTERED INTO IN CONNECTION WITH THE RSA, THE DISCLOSURE STATEMENT, THE PLAN, THE CHAPTER 11 CASES, THE FILING OF THE CHAPTER 11 CASES, THE PURSUIT OF CONFIRMATION, THE PURSUIT OF CONSUMMATION, THE ADMINISTRATION AND IMPLEMENTATION OF THE PLAN, INCLUDING THE ISSUANCE OR DISTRIBUTION OF SECURITIES PURSUANT TO THE PLAN, OR THE DISTRIBUTION OF PROPERTY UNDER THE PLAN, OR ANY OTHER RELATED AGREEMENT, OR UPON ANY OTHER ACT OR OMISSION, TRANSACTION, AGREEMENT, EVENT, OR OTHER OCCURRENCE TAKING PLACE OR ARISING ON OR BEFORE THE EFFECTIVE DATE RELATED OR RELATING TO ANY OF THE FOREGOING; PROVIDED THAT NOTHING IN THE FOREGOING SHALL RESULT IN ANY OF THE DEBTORS' OFFICERS AND DIRECTORS WAIVING ANY INDEMNIFICATION CLAIMS AGAINST THE DEBTORS OR ANY OF THEIR INSURANCE CARRIERS OR ANY RIGHTS AS BENEFICIARIES OF ANY INSURANCE POLICIES, WHICH INDEMNIFICATION OBLIGATIONS AND INSURANCE POLICIES SHALL BE ASSUMED BY THE REORGANIZED DEBTORS, EXCEPT TO THE EXTENT PROVIDED FOR IN THE PLAN.

12. Exculpation and Limitation of Liability

Except as otherwise specifically provided in the Plan, no Exculpated Party shall have or incur, and each Exculpated Party is hereby released and exculpated from, any cause of action for any Claim related to any act or omission in connection with, relating to, or arising out of, the Chapter 11 Cases, the formulation, preparation, dissemination, negotiation, filing, or termination of the RSA and related prepetition transactions, the Disclosure Statement, the Plan, or any restructuring transaction implemented by the Plan, contract, instrument, release or other agreement or document (including providing any legal opinion requested by any entity regarding

any transaction, contract, instrument, document, or other agreement contemplated by the Plan or the reliance by any Exculpated Party on the Plan or the Confirmation Order in lieu of such legal opinion) created or entered into in connection with the Disclosure Statement or the Plan, the filing of the Chapter 11 Cases, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan, including the issuance of securities pursuant to the Plan, or the distribution of property under the Plan or any other related agreement, except for claims related to any act or omission that is determined in a Final Order to have constituted actual fraud, willful misconduct, or gross negligence, but in all respects such entities shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities pursuant to the Plan. The Exculpated Parties have, and upon completion of the Plan shall be deemed to have, participated in good faith and in compliance with the applicable laws with regard to the solicitation of, and distribution of, consideration pursuant to the Plan and, therefore, are not, and on account of such distributions shall not be, liable at any time for the violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of the Plan or such distributions made pursuant to the Plan.

13. Binding Effect

Upon the occurrence of the Effective Date, the Plan shall be binding upon and inure to the benefit of the Debtors, the Plan Sponsor, all present and former Holders of Claims against and Equity Interests in the Debtors, their respective successors and assigns, including the Reorganized Debtors, all other parties-in-interest in the Chapter 11 Cases (irrespective of whether such Claims or Interests are deemed to have accepted the Plan), all Entities that are parties to or are subject to the settlements, compromises, releases, discharges, and injunctions described in the Plan, each Entity acquiring property under the Plan, and any and all non-Debtor parties to Executory Contracts and Unexpired Leases with the Debtors.

14. Revocation, Withdrawal, or Non-Consummation

The Debtors reserve the right, subject to the consent of the Plan Sponsor, Claren Road and the Required Consenting Senior Noteholders, to revoke or withdraw the Plan at any time prior to the Confirmation Date and to file other plans of reorganization. If the Debtors revoke or withdraw the Plan, or if Confirmation or Consummation hereof does not occur, then (a) the Plan shall be null and void in all respects, (b) any settlement or compromise embodied herein (including the fixing or limiting to an amount any Claim or Class of Claims), assumption or rejection of executory contracts or leases effected by the Plan, and any document or agreement executed pursuant to the Plan shall be deemed null and void, and (c) nothing contained herein, and no acts taken in preparation for Consummation hereof, shall (x) constitute or be deemed to constitute a waiver or release of any Claims by or against, or any Equity Interests in, the Debtors or any other Entity, (y) prejudice in any manner the rights of the Debtors, the Plan Sponsor or any Entity in any further proceedings involving the Debtors, or (z) constitute an admission of any sort by the Debtors or any other Entity.

15. Committee

The Committee shall dissolve as of the Effective Date and the members of the Committee shall be released and discharged from all authority, duties, responsibilities and obligations related

to and arising from and in connection with the Chapter 11 Cases. For the avoidance of doubt, nothing in section 13.14 of the Plan or anywhere else in the Plan is intended to affect in any manner the Committee's Professionals from applying to the Bankruptcy Court for the Allowance of Professional Fee Claims incurred through the Effective Date (but not thereafter).

16. Plan Supplement

All exhibits and documents included in the Plan Supplement are incorporated into and are a part of the Plan as if set forth in full in the Plan. All documents required to be filed with the Plan Supplement shall be filed with the Bankruptcy Court at least seven (7) days prior to the Plan voting deadline. Thereafter, any Person may examine the Plan Supplement in the office of the Clerk of the Bankruptcy Court during normal court hours. Copies of the Plan Supplement may also be obtained without charge (a) at the website maintained by the Debtors' claims, noticing and balloting agent, Epiq Bankruptcy Solutions, LLC, or (b) by contacting Joseph P. Rovira at the Andrews Kurth LLP address listed below.

17. Notices

Any notice, request, or demand required or permitted to be made or provided hereunder shall be in writing, and deemed to have been duly given or made when actually delivered by portable document format (pdf), by electronic mail, or by courier, or by registered or certified mail (return receipt requested), when received follows:

A. IF TO THE DEBTORS, TO:

Warren Resources, Inc.
11 Greenway Plaza, Suite 3050
Houston, Texas 77046
Attn: James A. Watt, President, CEO, and Chief Restructuring Officer
E-mail: jawatt@warrenresources.com

with copies (which shall not constitute notice) to:

Andrews Kurth LLP
600 Travis, Suite 4200
Houston, Texas 77002
Attention: Timothy A. ("Tad") Davidson II
Henry Havre
Telephone: (713) 220-4200
Facsimile: (713) 220-4285
Email: taddavidson@andrewskurth.com
henryhavre@andrewskurth.com

B. IF TO THE PLAN SPONSOR, TO:

GSO / Blackstone Debt Funds Management LLC
345 Park Avenue
31st Floor
New York, New York 10154
Attention: Brad Marshall
Valerie Kritsberg
E-mail: brad.marshall@gsocap.com
valerie.kritsberg@gsocap.com

with copies (which shall not constitute notice) to:

Franklin Square Capital Partners
201 Rouse Boulevard
Philadelphia, PA 19112
Attention: Stephen S. Sypherd
E-mail: stephen.sypherd@franklinsquare.com

with copies (which shall not constitute notice) to:

Kirkland & Ellis LLP
3000 North LaSalle Street
Chicago, Illinois 60654
Attention: Patrick J. Nash, Jr., P.C.
Gregory F. Pesce
E-mail: patrick.nash@kirkland.com
gregory.pesce@kirkland.com

C. IF TO THE REQUIRED CONSENTING SENIOR NOTEHOLDERS, TO:

Stroock & Stroock & Lavan LLP
180 Maiden Lane
New York, New York 10038
Attention: Jayme Goldstein
Erez Gilad
E-mail: jgoldstein@stroock.com
egilad@stroock.com

D. IF TO CLAREN ROAD, TO:

Bracewell LLP
CityPlace I, 34th Floor
185 Asylum Street

Hartford, CT 06103
Attention: Kurt Mayr
David Lawton
E-Mail: Kurt.Mayr@bracewelllaw.com
David.Lawton@bracewelllaw.com

18. Governing Law

Unless a rule of law or procedure is supplied by federal law (including the Bankruptcy Code and Bankruptcy Rules), the laws of (a) the State of New York shall govern the construction and implementation hereof and any agreements, documents, and instruments executed in connection with the Plan and (b) the laws of the state of incorporation or organization of each Debtor shall govern corporate or other governance matters with respect to such Debtor, in either case without giving effect to the principles of conflicts of law thereof.

19. Prepayment

Except as otherwise provided herein or the Confirmation Order, the Debtors shall have the right to prepay, without penalty or premium, all or any portion of an Allowed Claim at any time; provided that any such prepayment shall not violate, or otherwise prejudice, the relative priorities and parities among the Classes of Claims and any prepayment right with respect to the New Notes shall be set forth in the New Notes.

20. Section 1125(e) of the Bankruptcy Code

As of the Confirmation Date, the Debtors shall be deemed to have solicited acceptances hereof in good faith and in compliance with the Bankruptcy Code. As of the Confirmation Date, the Debtors, the Plan Sponsor, the Consenting Senior Noteholders, Claren Road and each of their respective Affiliates, agents, directors, managing partners, managers, officers, employees, investment bankers, financial advisors, attorneys, and other professionals shall be deemed to have participated in good faith and in compliance with the applicable provisions of the Bankruptcy Code in the offer and issuance of the Securities, and therefore are not, and on account of such offer, issuance and solicitation shall not be, liable at any time for the violation of any law, rule or regulation governing the solicitation of acceptances or rejections hereof, the offer and issuance of the New Securities hereunder, or the distribution or dissemination of any information contained in the Plan, the Disclosure Statement, the Plan Supplement, and any and all related documents.

21. Pennsylvania Department of Environmental Protection Reservation of Rights

Pennsylvania Department of Environmental Protection Reservation of Rights. The Debtors are subject to federal, state, and/or local regulations, including environmental laws and regulations. The Debtors and Reorganized Debtors, as applicable, intend to continue to comply with all applicable statutes and regulations, including state-law environmental statutes and regulations. Such statutes and regulations include, but are not limited to: managing and/or plugging of wells, restoring well sites, performing ongoing mechanical integrity assessments,

reporting requirements, and proper plugging and abandonment, if appropriate, under the laws of the Commonwealth of Pennsylvania or any other state in which the Debtors or the Reorganized Debtors, as applicable, operate. The Debtors assert that they believe that they and the Reorganized Debtors, as applicable, will be able to satisfy these responsibilities, including state-law plugging and abandonment obligations, and intend to otherwise continue to comply with all applicable environmental statutes and regulations during these Chapter 11 Cases and following the Effective Date.

22. Department of the Interior's Reservation of Rights

Notwithstanding anything contained in the Plan, any assignment and/or transfer of any interests in the federal oil and gas lease(s) (collectively, the "Federal Lease(s)") will be ineffective absent the consent of the United States to the extent provided under applicable federal law. In order to obtain the consent of the United States to any assignment and/or transfer required under applicable federal law, any and all existing Federal Lease(s) defaults, if any, including any outstanding royalties due under Federal Lease(s) must be cured or the prospective assignee and/or transferee must provide adequate assurance that the defaults will be promptly cured as and to the extent provided under applicable federal law. Nothing in the Plan shall be interpreted to set cure amounts for Federal Lease(s) or to require the United States to novate or otherwise consent to the assignment and/or transfer of any interests in the Federal Lease(s), except as provided under applicable federal law. Except to the extent already paid by the Debtors, the obligations for any Cure Costs owed to the United States are ratified and assumed, and each Cure Costs shall be paid in full, in cash, when due in the ordinary course. If the Debtors or Reorganized Debtors, as applicable, do not pay any Cure Costs in the ordinary course as and to the extent required under applicable federal law, the Debtors or the Reorganized Debtors, as applicable, will pay late payment charges on the untimely payment at the rate established at 30 C.F.R. § 1218.54.

Notwithstanding any other provision herein the United States will retain, and have, the right to audit and/or perform any compliance review, and if appropriate, collect from the Debtors or their respective successors and assigns (including the Reorganized Debtors) any additional monies owed by the Debtors pursuant to applicable non-bankruptcy law prior to the assumption and assignment of the Federal Lease(s) without those rights being adversely affected by pendency of the Chapter 11 Cases. The Debtors, and their respective successors and assigns (including the Reorganized Debtors), will retain all defenses and/or rights, other than defenses and/or rights arising from the Chapter 11 Cases, to challenge any such determination: provided, however, that any such challenge, including any challenge associated with the Chapter 11 Cases, must be raised in the United States' administrative review process leading to a final agency determination by Office of Natural Resources Revenue, in each case, as and to the to the extent provided under applicable non-bankruptcy law. The audit and/or compliance review period shall remain open for the full statute of limitations period established by the Federal Oil and Gas Royalty Simplification and Fairness Act of 1996 (30 U.S.C. §§ 1701, et seq.).

In addition, nothing in the Plan addresses or shall otherwise affect any plugging and abandonment obligations and financial assurance requirements under the Federal Lease(s), as determined by the Department of the Interior of the United States pursuant to applicable non-bankruptcy law, that must be met by the Debtors or their respective successors and assigns (including the Reorganized Debtors) on the Federal Lease(s) on and after the Effective Date.

23. Entire Agreement

Except as otherwise indicated, the Plan and the Plan Supplement supersede all previous and contemporaneous negotiations, promises, covenants, agreements, understandings, and representations on such subjects, all of which have become merged and integrated into the Plan.

V. CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

A. GENERAL

The following discussion summarizes certain material U.S. federal income tax consequences of the implementation of the Plan to the Debtors and certain Holders of Claims. This summary is for general information purposes only, and should not be relied upon for purposes of determining the specific tax consequences of the Plan with respect to any particular Holder of a Claim. This discussion does not purport to be a complete analysis or listing of all potential tax considerations. This summary is based on the Internal Revenue Code of 1986, as amended (the "Tax Code"), Treasury Regulations promulgated thereunder, judicial decisions and published administrative rules and pronouncements of the Internal Revenue Service (the "IRS"), all as in effect on the date hereof. Changes in such rules or new interpretations thereof may have retroactive effect and could significantly affect the U.S. federal income tax consequences described below. In addition, this summary does not address foreign, state or local tax consequences of the Plan or U.S. federal taxes other than income taxes. Furthermore, the U.S. federal income tax consequences of the Plan are complex and subject to significant uncertainties. The Debtors have not requested a ruling from the IRS or an opinion of counsel with respect to any of the tax aspects of the Plan. Thus, no assurance can be given that the IRS will agree with the conclusions outlined in the following discussion.

THE FOLLOWING SUMMARY OF CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND ADVICE BASED UPON THE INDIVIDUAL CIRCUMSTANCES OF EACH HOLDER OF A CLAIM OR EQUITY INTEREST. ALL HOLDERS OF CLAIMS OR EQUITY INTERESTS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS WITH REGARD TO THE FEDERAL, STATE, LOCAL AND OTHER TAX CONSEQUENCES OF THE PLAN TO THEIR INDIVIDUAL CIRCUMSTANCES.

B. CONSEQUENCES TO THE DEBTORS

1. Cancellation of Indebtedness Income

For federal income tax purposes, the Debtors are members of an affiliated group of corporations of which Warren Resources, Inc. is the common parent (the "Warren Group") and which join in the filing of a consolidated federal income tax return.

Pursuant to the Plan, the Debtors' aggregate outstanding indebtedness will be substantially reduced. In general, the discharge of a debt obligation for cash or property having a value less than the amount owed gives rise to cancellation of debt ("COD") income. The

amount of COD income is generally the excess of (1) the adjusted issue price of the indebtedness discharged or satisfied over (2) the consideration given in exchange therefor, i.e., the sum of any Cash, the issue price of any new debt issued, and the fair market value of any other consideration (including stock of the debtor) paid to holders of such debt. COD income must be included in the debtor's taxable income unless one of various exceptions applies. One such exception is for COD income arising in a bankruptcy proceeding. Under this exception, the taxpayer does not include the COD income in its taxable income, but must instead reduce the following tax attributes, in the following order, by the amount of COD income: (i) net operating losses ("NOLs") (beginning with NOLs for the year in which the COD income is realized, then the oldest and then next-to-oldest NOLs, and so on), (ii) general business credits, (iii) alternative minimum tax credits, (iii) capital losses, (iv) tax basis of assets (but not below the liabilities remaining after debt cancellation), (v) passive activity losses, and (vi) foreign tax credits. Alternatively, a debtor may elect to first reduce the basis of its depreciable and amortizable property. The debtor's tax attributes are not reduced until after determination of the debtor's tax liability for the year during which the COD income arises. Any COD income in excess of available tax attributes is forgiven, but may result in excess loss account recapture income. The Debtors will generally qualify for this statutory exception and do not expect to have COD income that exceeds their available tax attributes.

2. Annual Section 382 Limitation on Use of NOLS

Section 382 of the Tax Code generally limits the amount of NOLs and other favorable tax attributes (including, if the corporation has a net unrealized built-in loss, as described below) that a corporate taxpayer can utilize in the years following an "ownership change" (such NOLs, built-in losses and other favorable tax attributes subject to limitation under Section 382 are hereafter referred to together as "NOLs" for purposes of the remainder of this discussion of the U.S. federal income tax consequences of the Plan).

An "ownership change" generally occurs when the percentage of a corporation's stock owned by certain 5% shareholders increases by more than 50 percentage points in the aggregate over the lowest percentage owned by each such 5% shareholder at any time during the applicable testing period (generally, the shorter of: (i) the three-year period preceding the testing date or (ii) the period since the most recent Section 382 ownership change). A 5% shareholder for these purposes generally includes an individual or entity that directly or indirectly owns 5% or more of the corporation's stock at any time during the relevant period, and includes certain groups of less-than-5% shareholders. The Debtors expect to undergo a Section 382 ownership change on the Effective Date.

As of December 31, 2015, the Debtors had approximately $327 million of NOL carryforwards and expect to incur additional NOLs in 2016. The Debtors expect to under a Section 382 ownership change on the Effective Date by reason of the transactions consummated pursuant to the Plan. Accordingly, following the Effective Date, the Debtors anticipate that any NOLs will be subject to limitation under Section 382 of the Tax Code as described below.

a. General Annual Section 382 Limitation

In general, if a corporation undergoes an "ownership change," the amount of its NOLs that may be utilized to offset future taxable income will be subject to an annual "Section 382 limitation". Any NOLs that are not utilized in a given year because of the Section 382 limitation remain available for use in future years until their normal expiration date, subject to the Section 382 limitation in each future year to which NOLs that existed at the time of the ownership change are carried. Subject to certain adjustments, the Section 382 limitation is equal to the value of the corporation's equity immediately before the ownership change multiplied by the applicable "long-term tax-exempt bond rate," which is published monthly by the IRS.

A net unrealized built-in loss is the amount by which the aggregate adjusted basis of the assets immediately before an ownership change exceeds the fair market value of the assets at such time. Net unrealized built-in losses also include deductions that are economically attributable to the period before an ownership change but are allowed as a deduction after the date of the ownership change. A net unrealized built-in gain is the amount by which the value of the corporation's assets immediately before the ownership change exceeds their aggregate basis at that time. A net unrealized built-in gain also includes any item of income which is properly taken into account during the period after the ownership change but which is economically attributable to periods before the ownership change. In general, a loss corporation's net unrealized built-in gain or loss will be deemed to be zero unless it is greater than the lesser of (i) $10 million or (ii) 15% of the fair market value of its assets (with certain adjustments) before the ownership change. If a loss corporation has a net unrealized built-in loss at the time of an ownership change (taking into account most assets and all items of "built-in" income and deductions), then any built-in losses recognized during the following five years (up to the amount of the original net built-in loss) generally will be treated as pre-change losses and limited by Section 382. If the corporation (or a consolidated group) has net unrealized built-in gain instead of net unrealized built-in loss, the Section 382 limitation is increased by certain built-in income and gains recognized (or treated as recognized) during the five years following an ownership change (up to the net amount of built-in income and gain that existed at the time of the ownership change). Built-in income for this purpose includes the amount by which tax depreciation and amortization expense during the five-year period is less than it would have been if such assets had a tax basis equal to fair market value on the date of the ownership change. To the extent the Section 382 limitation exceeds taxable income in a given year, the excess limitation is carried forward and will increase the available Section 382 limitation in succeeding taxable years. Special exceptions discussed below apply to corporations in bankruptcy.

The corporation's Annual Section 382 limitation is zero if the loss corporation does not continue its historic business or use a significant portion of its assets in a new business for two years after the ownership change (the "COBE Requirement").

b. Special Bankruptcy Exceptions

Special treatment is available under Section 382 for an ownership change that occurs pursuant to a plan of bankruptcy reorganization. Two alternative rules ameliorate the otherwise applicable consequences of Section 382 in the case of an ownership change that occurs pursuant to a bankruptcy reorganization. The ownership change that will occur on the Effective Date pursuant to the Plan will not qualify for one of these rules – referred to as the Section 382(l)(5) rule. Accordingly, the Section 382(1)(6) rule will apply. Under Section 382(l)(6), the Annual

Section 382 limitation will be calculated by reference to the lesser of (1) the value of the Debtors' stock (with certain adjustments, including any increase in value resulting from any surrender or cancellation of any Claims in the bankruptcy reorganization) immediately after the ownership change (as opposed to immediately before the ownership change, which, as discussed above, is the generally applicable rule outside of bankruptcy) or (2) the value of the Debtors' assets (determined without regard to liabilities) immediately before the ownership change. Although such calculation may substantially increase the applicable Section 382 limitation, the Debtors' use of NOLs remaining after implementation of the Plan may still be substantially limited by the Section 382 limitation that results from the Effective Date ownership change pursuant to the Plan.

NOLs allocable to periods after the Effective Date are not subject to the Section 382 limitation that will result from the ownership change pursuant to the Plan, but may be subject to limitation as a result of a future ownership change.

3. Federal Alternative Minimum Tax

Alternative minimum tax ("AMT") is owed on a corporation's AMT income, at a 20% tax rate, to the extent AMT exceeds the corporation's regular U.S. federal income tax for the taxable year. In computing taxable income for AMT purposes, certain deductions and beneficial allowances are modified or eliminated. One such modification is a limitation on the use of NOLs for AMT purposes. Specifically, no more than 90% of AMT income can be offset with NOLs (as recomputed for AMT purposes). Therefore, AMT may be owed in future years in which the Reorganized Debtors have positive AMT income, even if all of the Reorganized Debtors' regular taxable income for such year is offset with NOLs. As a result, the Reorganized Debtors' AMT income (before AMT NOLs) in those years will be taxed at a 2% effective U.S. federal income tax rate (i.e., 10% of AMT income that cannot be offset with NOLs multiplied by 20% AMT rate). The amount of AMT paid will be allowed as a nonrefundable credit against regular federal income tax in future taxable years to the extent regular tax exceeds AMT in such years. For AMT NOLs generated in 2008 or 2009, a special rule applies. Under this rule, the taxpayer could elect to carryback AMT NOLs for up to five years. This expanded carryback also suspended the 90% limitation for those NOLs. Finally, the AMT NOLs may be used to offset the 10% of AMT income that was not offset by older NOLs, even if there are other older NOLs which ordinarily would be used first under the Section 172 ordering rules.

C. U.S. FEDERAL INCOME TAX CONSEQUENCES TO HOLDERS OF CLAIMS

The following discussion is a summary and does not address all of the tax consequences that may be relevant to holders. Among other things, this summary does not address the U.S. federal income tax consequences of the Plan to holders of Citrus Earn Out Claims or holders whose Claims are Unimpaired or are otherwise entitled to payment in full in Cash under the Plan (e.g., holders of Administrative Expense Claims and certain Priority Claims). In addition, this summary does not address the tax consequences of foreign, state or local taxes or of U.S. federal taxes other than income taxes, nor does this discussion address the U.S. federal income tax consequences of the Plan to special classes of taxpayers (such as broker-dealers, banks, mutual funds, insurance companies, or other financial institutions, small business investment companies, regulated investment companies, qualified pension plans, or tax-exempt organizations), or to

Claims or Interests that are held through a pass-through entity, that are part of an integrated constructive sale or straddle, or that are not held as a capital asset. This summary also does not address tax consequences to secondary purchasers of the New First Lien Facility or New Warren Common Stock ("New Common Stock").

A "Non-U.S. person," for purposes of this discussion of the U.S. federal income tax consequences of the Plan, is any person or entity (other than a partnership) that is not a U.S. person. For purposes of this discussion, a "U.S. person" is:

- an individual who is a U.S. citizen or U.S. resident alien;
- a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, that was created or organized in or under the laws of the United States, or any state thereof or the District of Columbia;
- an estate whose income is subject to U.S. federal income taxation without regard to the source of the income; or
- a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust, or a trust that has in effect a valid election under applicable U.S. Treasury Regulations to be treated as a U.S. person.

The tax treatment of a partner (or other owner) of a partnership (or other pass-through entity) generally depends upon the status of the partner or owner and the activities of the partnership or other entity. U.S. persons who are owners of a partnership or other pass-through entity that holds Claims or Equity Interests should consult their own tax advisors regarding the tax consequences to them of the Plan.

Unless otherwise noted below, the term "Holder," for purposes of this discussion of the U.S. federal income tax consequences of the Plan, means a U.S. person that is a holder of a First Lien Secured Claim, a Senior Notes Claim, a Second Lien Facility Claim, or an unsecured trade or other Unsecured Claim. The U.S. federal income tax consequences of the Plan to Holders of Claims will depend, among other things, on (1) the manner in which the Holder acquired the Claim; (2) the length of time the Claim was held by the Holder; (3) whether the Claim was acquired at a discount; (4) whether the Holder has claimed a bad debt deduction with respect to the Claim (or any portion thereof); (5) whether the Holder has previously included in income accrued but unpaid interest on the Claim; (6) the method of tax accounting used by the Holder; (7) whether the Claim is an installment obligation for U.S. federal income tax purposes; (8) whether the Claim is a "security" for U.S. federal income tax purposes; and (9) whether the New First Lien Facility constitutes "securities" for U.S. federal income tax purposes.

The term "security" is not defined in the Tax Code or applicable Treasury Regulations. The determination of whether a particular debt constitutes a "security" generally depends on an overall evaluation of the nature of the original debt. One of the most significant factors is the original term of the debt. Debt obligations issued with a weighted average maturity at issuance

of five years or less (*e.g.*, trade debt and revolving credit obligations) generally do not constitute securities, whereas debt obligations with a weighted average maturity at issuance of ten years or more generally constitute securities. There are numerous other factors that could be taken into account in determining whether a debt instrument is a security, including the security for payment, the creditworthiness of the obligor, the subordination or lack thereof to other creditors, the right to vote or otherwise participate in the management of the obligor, convertibility of the instrument into an equity interest of the obligor, whether payments of interest are fixed, variable, or contingent, and whether such payments are made on a current basis or accrued. Holders of First Lien Facility Claims, Second Lien Facility Claims, and Senior Notes Claims should consult their own tax advisors as to whether their Senior Notes Claims should be treated as "securities" for U.S. federal income tax purposes.

1. Consequences to Holders of First Lien Facility Claims Against Warren

Pursuant to the Plan, First Lien Secured Claims against Warren ("First Lien Secured Claims") will be exchanged for the New First Lien Facility and New Common Stock. If the First Lien Secured Claims and the New First Lien Facility are not "securities" for U.S. federal income tax purposes, the exchange of First Lien Secured Claims for The New First Lien Facility will be treated for U.S. federal income tax purposes as a sale or exchange if the New First Lien Facility is materially different in kind and extent from the First Lien Secured Claims to an extent sufficient to constitute a "significant modification" for U.S. federal income tax purposes. Treasury Regulations provide that a change in the yield of a debt instrument is a significant modification if the annual yield changes by more than 25 basis points (or, if greater, 5% of the original yield). The exchange of First Lien Secured Claims for the New First Lien Facility is expected to result in a change in yield that is a significant modification under these Regulations. Consequently, the exchange of First Lien Secured Claims for the New First Lien Facility would be treated as a sale or exchange for U.S. federal income tax purposes and Holders of First Lien Secured Claims should be treated as exchanging such Claims for their respective shares of the New First Lien Facility and New Common Stock.

Additionally, if the First Lien Secured Claims and the New First Lien Facility are not "securities" for U.S. federal income tax purposes, a Holder will recognize gain or loss for U.S. federal income tax purposes on the exchange of its First Lien Facility Claims for The New First Lien Facility and New Common Stock, equal to the difference between (1) the Holder's "amount realized" in the exchange and (2) the Holder's adjusted tax basis in their First Lien Facility Claims. A Holder's amount realized would be the sum of the fair market value of the New Common Stock and the "issue price," for U.S. federal income tax purposes, of the New First Lien Facility they receive (other than any portion of such New First Lien Facility or New Common Stock received in respect of accrued but unpaid interest). The Debtors and the First Lien Secured Claim Holders anticipate that that neither the First Lien Secured Claims nor the New First Lien Facility will be treated as publicly traded for U.S. federal income tax purposes (meaning that they have not and will not, within applicable time periods, appear on a price quotation medium of general circulation and prices for them are not otherwise readily quotable by dealers, brokers or traders). Assuming that is the case, the issue price of the New First Lien Facility would be its stated principal amount. If, on the

other hand, the New First Lien Facility was treated as publicly traded for U.S. federal income tax purposes, the issue price of the New First Lien Facility would be their fair market value at the time of the exchange. A Holder's adjusted tax basis in its First Lien Facility Claims (other than Claims for accrued but unpaid interest) would be the amount paid for such Claims, increased by OID (defined below) included in income by the Holder (if any) and reduced by payments of principal and accrued OID (if any). A Holder's gain or loss on the exchange would be capital gain (subject to the "market discount" rules discussed below) if the First Lien Facility Claims were held as a capital asset and would be long-term capital gain or loss if the Holder held the First Lien Facility Claims for more than one year on the date of the exchange. Long-term capital gain of a non-corporate Holder is eligible for reduced capital gain tax rates. The deductibility of capital losses is subject to limitations. To the extent The New First Lien Facility or New Common Stock are received in payment of a Claim for accrued but unpaid interest or OID, the Holder would have ordinary interest income, as discussed below in "Distributions in Respect of Accrued But Unpaid Interest." The Holder's initial tax basis in the New Common Stock received in the exchange would be equal to the fair market value of the New Common Stock on the Effective Date. The Holder's initial tax basis in the New First Lien Facility received in the exchange would be equal to the issue price of the New First Lien Facility on the Effective Date. The Holder's holding period in the New First Lien Facility and the New Common Stock will begin on the day after the Effective Date.

The New First Lien Facility will provide that a portion of the accrued interest on the New First Lien Facility will be paid in-kind (i.e., added to the principal of the New First Lien Facility). The New First Lien Facility will therefore be treated as having original issue discount ("OID") for U.S. federal income tax purposes. The amount of OID will be equal to the difference between the "stated redemption price at maturity" of the New First Lien Facility and its "issue price" (discussed above), as such terms are defined for U.S. federal income tax purposes. The "stated redemption price at maturity" is the sum of all payments on the debt other than "qualified stated interest" (which, in general, is stated interest that is unconditionally payable at least annually in cash). Holders of the New First Lien Facility that are issued with OID will be required to include the OID in income over the term of the New First Lien Facility at a constant yield, regardless of whether the Holder is a cash or accrual method taxpayer and regardless of whether the Holder receives cash in respect of the OID. Any OID that a Holder includes in income will increase the Holder's adjusted tax basis in the New First Lien Facility. A Holder will not be separately taxed on the receipt of cash payments of interest that have already been included in income under the OID rules, but such payments will reduce the Holder's tax basis in the New First Lien Facility. Holders of New First Lien Facility are urged to consult their own tax advisors concerning the application of the OID rules to the New First Lien Facility.

If, on the other hand, the First Lien Facility Claims and the New First Lien Facility were treated as "securities" for U.S. federal income tax purposes, the exchange of the First Lien Facility Claims for New Common Stock would be treated as a tax-free recapitalization and Holders would not recognize gain or loss with respect to the exchange (except for amounts received in respect of accrued but unpaid interest, which would be treated as discussed below in "Distributions in Respect of Accrued but Unpaid Interest"). A Holder's total combined initial tax basis in the New First Lien Facility and New Common Stock received in a tax-free recapitalization (other than in respect of accrued but unpaid interest) would be

equal to the Holder's adjusted tax basis in its First Lien Facility Claims surrendered therefor (other than any portion of such tax basis attributable to accrued but unpaid interest). A Holder's holding period for the New First Lien Facility and New Common Stock received would include the Holder's holding period in the First Lien Facility Claims surrendered therefor.

2. Consequences to Holders of Warren Senior Notes Claims

Pursuant to the Plan, Senior Notes Claims will be exchanged for New Common Stock. Holders of the Senior Notes Claims will recognize gain or loss on this exchange if the Senior Notes are not "securities" for U.S. federal income tax purposes. The amount of such gain or loss will be equal to the difference between (1) the fair market value of the New Common Stock (other than New Common Stock received in respect of accrued but unpaid interest) and (2) the Holder's adjusted tax basis in its Senior Notes Claims (other than any portion of such basis attributable to accrued but unpaid interest). A Holder's adjusted tax basis in the Senior Notes Claims generally will be the amount paid for such Claims, increased by any OID included in income by the Holder and reduced by payments of principal and accrued OID. Such gain or loss generally will be capital gain or loss if the Senior Notes Claims are held as a capital asset (subject to the "market discount" rules discussed below) and will be long-term if the Senior Notes Claims were held for more than one year at the time of the exchange. Long-term capital gain of a non-corporate Holder is eligible for reduced capital gain tax rates. The deductibility of capital losses is subject to limitations. If any portion of the New Common Stock is attributable to accrued but unpaid interest or OID that was not previously included in income by the Holder, the Holder will have ordinary interest income equal to the fair market value of such New Common Stock, as discussed below in "Distributions in Respect of Accrued But Unpaid Interest." The Holder's initial tax basis in the New Common Stock received in the exchange will be equal to the fair market value of such New Common Stock on the Effective Date and the holding period will commence on the day after the exchange.

Alternatively, if the Senior Notes Claims are "securities" for U.S. federal income tax purposes, the exchange of such Claims for the New Common Stock will be a tax-free "recapitalization" and Holders will not recognize gain or loss for U.S. federal income tax purposes, except to the extent, if any, that New Common Stock is received in respect of accrued but unpaid interest on the Senior Notes Claims that the Holder had not previously included in income (see discussion below -- "Distributions in Respect of Accrued But Unpaid Interest"). A Holder's initial tax basis and holding period in the New Common Stock received in a tax-free recapitalization (other than in respect of accrued but unpaid interest) will be equal to the Holder's adjusted tax basis in its Senior Notes Claims (other than any portion of such tax basis attributable to accrued but unpaid interest) and will include the Holder's holding period in such Senior Notes Claims.

3. Consequences to Holders of Warren Second Lien Facility Claims

Pursuant to the Plan, Second Lien Facility Claims against Warren will be exchanged for New Common Stock and New Warrants. If the Second Lien Facility Claims are not "securities," a Holder will recognize gain or loss on the exchange of its Second Lien Facility Claims for New Common Stock and New Warrants equal to the difference between (1) the "amount realized" in the exchange and (2) the Holder's adjusted tax basis in the Second

Lien Facility Claims for U.S. federal income tax purposes. The Holder's amount realized will be the sum of the fair market value of the New Common Stock and the New Warrants it receives (other than any portion of such Stock or Warrants received in respect of accrued but unpaid interest). A Holder's adjusted tax basis in its Second Lien Facility Claims (other than Claims for accrued but unpaid interest) is the amount paid for such Claims, increased by OID included in income by the Holder (if any) and reduced by payments of principal and accrued OID (if any). A Holder's gain or loss on the exchange would be capital gain (subject to the "market discount" rules discussed below) if the Second Lien Facility Claims were held as a capital asset and would be long-term capital gain or loss if the Holder held the Second Lien Facility Claims for more than one year on the date of the exchange. Long-term capital gain of a non-corporate Holder is eligible for reduced capital gain tax rates. The deductibility of capital losses is subject to limitations. If any portion of the New Common Stock or the New Warrants are attributable to accrued but unpaid interest or OID that was not previously included in income by the Holder, the Holder will have ordinary interest income equal to the fair market value of such New Common Stock, as discussed below in "Distributions in respect of Accrued But Unpaid Interest." The Holder's initial tax basis in the New Common Stock and New Warrants received in the exchange will be equal to the fair market value of the New Common Stock and New Warrants on the Effective Date. The Holder's holding period in the New Common Stock and New Warrants will begin on the day after the Effective Date.

If the Second Lien Facility Claims were treated as "securities" for U.S. federal income tax purposes, the exchange of the Second Lien Facility Claims for New Common Stock and New Warrants would be treated as a tax-free recapitalization and Holders would not recognize gain or loss on the exchange of their Second Lien Facility Claims for New Common Stock and New Warrants (except for amounts received in respect of accrued but unpaid interest, which would be treated as discussed below in "Distributions in Respect of Accrued but Unpaid Interest"). A Holder's tax basis in the New Common Stock and New Warrants received in the tax-free recapitalization (other than in respect of accrued but unpaid interest) would be equal to the Holder's adjusted tax basis in its Second Lien Facility Claims surrendered therefor (other than any portion of such tax basis attributable to accrued but unpaid interest) and would be allocated between the New Common Stock and the New Warrants in proportion to their relative fair market value. A Holder's holding period for the New Common Stock received would include the Holder's holding period in the Second Lien Facility Claims surrendered therefor.

The exercise of a New Warrant by the Holder will not give rise to taxable gain or loss. The holding period of the New Common Stock acquired upon exercise of the New Warrants will begin on the date of exercise, and will not include the period during which such New Warrants or the Second Lien Facility Claims were held. The Holder's tax basis in the New Common Stock acquired upon exercise of New Warrants will include the Holder's tax basis in the New Warrants increased by the amount paid upon exercise. In the event that a Holder sells its New Warrants in a taxable transaction, the Holder will recognize gain or loss upon such sale in an amount equal to the difference between the amount realized in the sale and the Holder's tax basis in the New Warrants. Such gain or loss will be capital gain or loss if the New Common Stock received upon exercise would be a capital asset in the hands of the Holder. If such sale gives rise to capital gain or loss to the Holder, such gain or loss will be long-term or short-term in character based upon the length of time such Holder has held his or her New

Warrants. Long-term capital gain of a non-corporate Holder is eligible for reduced capital gain tax rates. The deductibility of capital losses is subject to limitations.

If New Warrants held by a Holder expire unexercised, the expiring New Warrants are deemed to have been sold or exchanged on the date of expiration. Expiration therefore generally gives rise to capital loss, unless the Holder claimed a deduction in a previous taxable period for the worthlessness of the New Warrants. The deductibility of capital losses is subject to limitations.

The rules applicable to the treatment of warrants are complex, particularly in the case of warrants acquired in a complex transaction such as this one. Holders of the New Warrants are urged to consult their own tax advisors regarding the tax consequences to them of the receipt, ownership and disposition of New Warrants.

4. Consequences to Holders of Unsecured Claims

Pursuant to the Plan, Holders of Unsecured Claims will receive, at the Plan Sponsor's option, either Cash or an unsecured note in satisfaction of their Claims. Holders of Unsecured Claims will recognize gain or loss for U.S. federal income tax purposes equal to the difference between (1) the "amount realized" in the exchange and (2) the Holder's adjusted tax basis in such Claims (other than any portion of such tax basis that is attributable to accrued but unpaid interest). A Holder's amount realized will be equal to either the amount of Cash received in exchange for such Claims or the "issue price," for U.S. federal income tax purposes, of the unsecured note (other than any portion of such note that is received in respect of accrued but unpaid interest) received in exchange for such Claims. If a Holder receives an unsecured note, such Holder's initial tax basis in the unsecured note received for its Claim will be equal to the issue price of such unsecured note on the Effective Date and its holding period for such unsecured note will begin on the day after the exchange. Whether the gain or loss will be capital gain or loss will depend on whether such general Unsecured Claims are held as a capital asset. Whether any such capital gain or loss is long-term or short-term will depend on whether the Claims were held for more than one year. Long-term capital gain of a non-corporate Holder is eligible to be taxed at reduced capital gain rates. The deductibility of capital losses is subject to limitations.

5. Bad Debt Deduction

To the extent that a Claim is construed not to be a security for purposes of Section 165(g)(2)(C) of the Tax Code, a Holder, who receives in respect of a Claim an amount less than the Holder's tax basis in the Claim, may have been or may be entitled to a bad debt deduction in some amount under Section 166(a) of the Tax Code or a loss on a sale or exchange of the Claim under Section 165. The rules governing the character, timing and amount of bad debt deductions place considerable emphasis on the facts and circumstances applicable to each Holder, with respect to the specific Claim for which a bad debt deduction would be claimed. Holders of Claims, therefore, are urged to consult their own tax advisors with respect to the Holder's entitlement to a bad debt deduction for a particular Claim.

6. Distributions in Respect of Accrued but Unpaid Interest

The receipt of consideration (including New Common Stock or New Warrants) in respect of a Claim for accrued but unpaid interest or OID will be taxed as interest income if the Holder did not previously include the accrued interest in income for U.S. federal income tax purposes. Conversely, a Holder recognizes a deductible loss to the extent accrued interest that was previously included in income for U.S. federal income tax purposes is not paid in full. It is uncertain whether an ordinary loss deduction is allowable for OID that was previously included in income for U.S. federal income tax purposes and is not paid in full. The IRS has taken the position that a holder of a security, in an otherwise tax-free exchange, cannot claim a current deduction for unpaid OID. The IRS may also take the position that the security holder would recognize a capital loss, rather than an ordinary loss, in a taxable exchange in which OID that was previously included in income is not paid in full.

Consistent with the Plan, for U.S. federal income tax purposes, the Debtors intend to allocate Plan consideration first to the principal amount of a Holder's Claim, as determined for U.S. federal income tax purposes and, only if such principal amount has been paid in full, to accrued interest or OID, if any, on the Claim. However, there is no assurance such allocation will be respected by the IRS. Holders are urged to consult their own tax advisors regarding the allocation of consideration received under the Plan between principal and interest.

7. Market Discount

If a First Lien Facility Claim, Second Lien Facility Claim, or Senior Notes Claim was purchased by a Holder at a discount (i.e., for less than the amount owed or, if the Senior Note has OID, for less than its adjusted issue price) and the discount was not *de minimis* (i.e., more than 0.25% of the amount owed for each complete year remaining until maturity), the discount would be treated as "market discount," which would accrue over the remaining term of the debt. If the Holder did not elect to include the market discount in income as it accrued, gain realized by the Holder on a taxable disposition of the First Lien Facility Claim, Second Lien Facility Claim, or Senior Notes Claim, including a taxable disposition pursuant to the Plan, would be treated as ordinary income to the extent of the market discount that accrued while the Claims were held by the Holder. If the Holder made an election to include market discount in income as it accrued, the holder's adjusted tax basis in the First Lien Facility Claim, Second Lien Facility Claim, or Senior Notes Claim would be increased by the market discount that was included in income by the Holder. If the First Lien Facility Claim, Second Lien Facility Claim, or Senior Notes Claim that was acquired with market discount is exchanged in a tax-free transaction (including a tax-free recapitalization pursuant to the Plan) any market discount that had accrued up to the time of the exchange but was not previously taken into account by the Holder would carry over to the property (for example, the New Common Stock or New Warrants) received in the exchange.

Holders should consult their own tax advisors concerning the tax consequences to them of market discount with respect to their First Lien Facility Claims, Second Lien Facility Claims, or Senior Notes Claims.

8. Consequences to Holders of Warren Equity Interests

A "worthless stock deduction" is allowed to a shareholder for the taxable year in which an identifiable event occurs that establishes the worthlessness of the stock. If not previously satisfied, the "worthlessness" requirement generally is satisfied when a debtor corporation's stock is cancelled without consideration pursuant to a plan of bankruptcy reorganization. Pursuant to the Plan, all Warren Equity Interests are being extinguished without consideration. Therefore, a holder of Warren Equity Interests generally would be allowed a "worthless stock deduction" in an amount equal to the holder's adjusted tax basis in its Warren Equity Interests (provided the holder has not previously claimed a worthless stock deduction with respect to the Warren Equity Interests). If the holder held the Warren Equity Interest as a capital asset, the loss would be treated as a capital loss. The deductibility of capital losses is subject to limitations. The capital loss would be long-term if the Warren Equity Interests were held for more than one year and otherwise would be short-term.

D. INFORMATION REPORTING AND WITHHOLDING

Distributions under the Plan are subject to applicable tax reporting and withholding requirements. Under U.S. federal income tax law, interest, dividends and other reportable payments may, under certain circumstances, be subject to "backup withholding." Backup withholding generally applies if the Holder (a) has failed to furnish its social security number or other taxpayer identification number ("TIN"), (b) has furnished an incorrect TIN, (c) has failed properly to report interest or dividends or (d) under certain circumstances, has failed to provide a certified statement, signed under penalty of perjury, that the TIN provided is correct and the Holder is a United States person that is not subject to backup withholding. Backup withholding is not an additional tax but merely an advance payment, which may be refunded to the extent it results in an overpayment of tax, provided the refund claim and required information are timely provided to the IRS. Certain persons are exempt from backup withholding, including, in most circumstances, subchapter C corporations and financial institutions.

Treasury Regulations generally require taxpayers to disclose certain transactions on their U.S. federal income tax returns. Such transactions include, among others, certain transactions that result in a tax loss in excess of a specified threshold. Holders are urged to consult their own tax advisors as to whether they are required to disclose the transactions contemplated by the Plan on their U.S. federal income tax returns under those or other disclosure or information reporting rules.

E. CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES TO NON-U.S. HOLDERS

This following discussion includes only certain U.S. federal income tax consequences for Holders who are Non-U.S. persons ("Non-U.S. Holders"). This discussion of the tax consequences to Non-U.S. Holders does not include any discussion of the foreign tax consequences of the Plan or any other non-U.S. tax considerations that may be relevant to Non-U.S. Holders. The rules governing the U.S. federal income tax consequences of the Plan to Non-U.S. Holders are complex. Each Non-U.S. Holder should consult its own tax advisor regarding the U.S. federal, state, local and foreign tax

consequences of the Plan and of the ownership and disposition of New Term Notes and New Common Stock, as applicable.

If a Non-U.S. Holder is subject to U.S. federal income tax on the exchange of its Claim (or would be subject to U.S. federal income tax if the exchange were taxable for U.S. federal income tax purposes), the treatment of the exchange as taxable or tax-free is determined, and the amount of gain or loss that would be recognized by the Non-U.S. Holder is measured, for U.S. federal income tax purposes, in the same manner that it would be by a U.S. Holder.

1. Gain Recognition

Gain recognized by a Non-U.S. Holder on the exchange of its Claim generally will not be subject to U.S. federal income taxation, except if (i) the Non-U.S. Holder is an individual who is present in the United States for 183 days or more during the taxable year in which the exchange occurs and certain other conditions are met or (ii) such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business in the United States (and if an income tax treaty applies, such gain is also attributable to a permanent establishment maintained by the Non-U.S. Holder in the United States).

If the first exception (for individual Non-U.S. Holders present in the U.S. for 183 days or more during the year of the exchange) applies, to the extent any gain is taxable (other than as accrued interest on the Non-U.S. Holder's Claim), the Non-U.S. Holder generally would be subject to U.S. federal income tax at a rate of 30 percent (or at a reduced or zero rate to which the Non-U.S. Holder is entitled under an applicable income tax treaty) on the amount by which, in the year of the exchange, the Non-U.S. Holder's capital gains allocable to U.S. sources exceed the Non-U.S. Holder's capital losses allocable to U.S. sources. If the second exception (for effectively connected income) applies, gains recognized by the Non-U.S. Holder generally would be subject to U.S. federal income tax in the same manner that they would be if recognized by a U.S. Holder. In order to claim an exemption from withholding tax for effectively connected income, a Non-U.S. Holder will be required to provide a properly executed IRS Form W-8ECI or, if applicable, a properly executed IRS Form W-8BEN or W-8BEN-E, to claim an exemption from tax by treaty (references to IRS Forms W-8 include any successor forms that the IRS may designate). In addition, if the Non-U.S. Holder is a corporation, it may be subject, in addition to the tax on effectively connected income, to a U.S. federal branch profits tax, at a 30 percent rate (or such reduced or zero rate to which the Non-U.S. Holder is entitled under an applicable treaty) of its effectively connected earnings and profits for the taxable year, subject to certain adjustments.

2. Accrued Interest

Payments to a Non-U.S. Holder that are attributable to accrued, but not previously taxed, interest income generally are not subject to U.S. federal income or withholding tax, provided that the withholding agent has received or receives, prior to payment, appropriate documentation (generally, IRS Form W-8BEN in the case of an individual or W-8BEN-E in the case of a corporation) establishing that the Non-U.S. Holder is not a U.S.

person, unless one of the following exceptions applies to cause consideration received by the Non-U.S. Holder as accrued interest to be subject to U.S. federal income and withholding tax:

(i) the Non-U.S. Holder actually or constructively owns 10 percent or more of the total combined voting power of all classes of the Debtor's voting stock;

(ii) the Non-U.S. Holder is a "controlled foreign corporation" that is a "related person" to the Debtor (within the meaning of the Tax Code);

(iii) the Non-U.S. Holder is a bank receiving interest described in Section 881(c)(3)(A) of the Tax Code; or

(iv) the accrued interest is effectively connected with the conduct by the Non-U.S. Holder of a trade or business within the United States (in which case, provided the Non-U.S. Holder provides a properly executed IRS Form W-8ECI to the withholding agent, the Non-U.S. Holder (1) generally will not be subject to U.S. withholding tax, but (2) will be subject to U.S. federal income tax in the same manner as a U.S. Holder (unless an applicable income tax treaty provides otherwise and the Non-U.S. Holder provides a properly executed IRS Form W-8BEN or W-8BEN-E)). A Non-U.S. Holder that is a corporation for U.S. federal income tax purposes also may be subject to U.S. federal branch profits tax on the corporate Non-U.S. Holder's effectively connected earnings and profits that are attributable to the accrued interest, at a rate of 30 percent (or such reduced or zero rate of withholding to which the Non-U.S. Holder is entitled under an applicable income tax treaty).

A Non-U.S. Holder that does not qualify for an exemption from withholding tax on accrued interest that is not effectively connected with a U.S. trade or business of the Non-U.S. Holder is generally subject to withholding of U.S. federal income tax, at a 30 percent rate (or such reduced or zero rate of withholding to which the Non-U.S. Holder is entitled under an applicable income tax treaty) on payments that are attributable to accrued but not previously taxed interest income. Treasury Regulations provide special procedures for filing IRS Form W-8BEN or W-8BEN-E with respect to payments through qualified foreign intermediaries or certain financial institutions that hold customers' securities in the ordinary course of their trade or business.

3. Dividends on New Common Stock

Distributions received by Non-U.S. Holders on New Common Stock will constitute dividends for U.S. federal income tax purposes to the extent of the Reorganized Debtors' current or accumulated earnings and profits as determined for U.S. federal income tax purposes. To the extent distributions in excess of such current and accumulated earnings and profits are received by a Non-U.S. Holder, such distributions are treated first as a non-taxable return of capital that reduces the Non-U.S. Holder's federal income tax basis in its shares. To the extent the distributions exceed both current and accumulated earnings and profits and the Non-U.S. Holder's tax basis in its shares (determined on a share-by-share basis), such excess

generally is treated as capital gain from a sale or exchange (and the respective excess distributions as proceeds from a sale or exchange); *see* "Sale, Redemption, or Repurchase of New Common Stock," below. Except as described below, dividends paid to a Non-U.S. Holder on New Common Stock are subject to U.S. federal withholding tax at a rate of 30 percent (or such lower or zero rate to which the Non-U.S. Holder is entitled under an applicable income tax treaty, provided the Non-U.S. Holder certifies its entitlement to treaty benefits by providing a properly executed IRS Form W-8BEN or W-8BEN-E to the withholding agent). If dividends on the New Common Stock held by a Non-U.S. Holder are effectively connected with a U.S. trade or business of the Non-U.S. Holder and no tax treaty applies, the dividends will be subject to U.S. federal income tax in the same manner that they would be if received by a U.S. Holder (but will not be subject to U.S. withholding tax, provided the Non-U.S. Holder provides a properly executed IRS Form W-8ECI to the withholding agent). If an income tax treaty applies, but the dividends on the New Common Stock are attributable to a permanent establishment maintained by the Non-U.S. Holder in the U.S., the dividends will be subject to U.S. federal income tax in the same manner that they would be if received by a U.S. Holder but will not be subject to U.S. withholding tax if the Non-U.S. Holder provides the withholding agent with a properly executed IRS Form W-8ECI. If an income tax treaty applies, dividends that are not attributable to a U.S. permanent establishment of the Non-U.S. Holder will not be subject to U.S. federal income tax (even if the dividends are effectively connected with a U.S. trade or business of the Non-U.S. Holder), but will be subject to U.S. withholding tax at the rate prescribed by the treaty provided the Non-U.S. Holder gives the withholding agent a properly executed IRS Form W-8BEN or W-8BEN-E certifying its entitlement to such treaty benefits.

A Non-U.S. Holder that is a corporation for U.S. federal income tax purposes also may be subject to a U.S. federal branch profits tax on the corporate Non-U.S. Holder's effectively connected earnings and profits that are attributable to the dividends, at a rate of 30 percent (or such reduced or zero rate of withholding to which the non-U.S. Holder is entitled under an applicable income tax treaty).

4. Sale, Redemption, or Repurchase of New Common Stock

A Non-U.S. Holder generally is not subject to U.S. federal income tax on gain from a sale or other taxable disposition (including a cash redemption) of New Common Stock unless:

(i) the Non-U.S. Holder is an individual who is present in the United States for 183 days or more in the taxable year of the disposition or who is subject to special rules applicable to former citizens and residents of the United States; or

(ii) the gain is effectively connected with the Non-U.S. Holder's conduct of a U.S. trade or business (and if an income tax treaty applies, is attributable to a permanent establishment maintained by the Non-U.S. Holder in the U.S.); or

(iii) as discussed further below under FIRPTA, the Reorganized

Debtors are, or during a specified testing period have been a "U.S. real property holding corporation" for U.S. federal income tax purposes. See also "FATCA" below.

If the first exception (for individual Non-U.S. Holders present in the U.S. for 183 days or more during the year of the exchange) applies, to the extent any gain is taxable (other than as accrued interest on the Non-U.S. Holder's Claim), the Non-U.S. Holder generally would be subject to U.S. federal income tax at a rate of 30 percent (or at such reduced or zero rate to which the Non-U.S. Holder is entitled under an applicable income tax treaty) on the amount by which, in the year of the exchange, the Non-U.S. Holder's capital gains allocable to U.S. sources exceed the Non-U.S. Holder's capital losses allocable to U.S. sources. If the second exception (for effectively connected income) applies and no income tax treaty applies, gain that is effectively connection with a U.S. trade or business of the Non-U.S. Holder will be subject to U.S. federal income tax in the same manner that it would be if received by a U.S. Holder (but will not be subject to U.S. withholding tax, provided the Non-U.S. Holder provides a properly executed IRS Form W-8ECI to the withholding agent). If the gain is effectively connected income and if an income tax treaty applies, and the gain is also attributable to a permanent establishment maintained by the Non-U.S. Holder in the U.S., the gains generally will be subject to U.S. federal income tax in the same manner that it would be if recognized by a U.S. Holder, but will not be subject to U.S. withholding tax if the Non-U.S. Holder provides the withholding agent with a properly executed IRS Form W-8ECI. If an income tax treaty applies and the gain is effectively connected to a U.S. trade or business, but is not attributable to a U.S. permanent establishment, in order to claim an exemption from withholding tax, or a reduced withholding rate, a Non-U.S. Holder will be required to provide a properly executed IRS Form W-8BEN or W-8BEN-E, to claim such exemption from tax or reduced withholding rate. In addition, a Non-U.S. Holder that is a corporation for U.S. federal income tax purposes also may be subject to a U.S. federal branch profits tax with respect to earnings and profits effectively connected with a U.S. trade or business that are attributable to such gains, at a 30 percent rate (or such reduced or zero rate to which the Non-U.S. Holder is entitled under an applicable income tax treaty). See "Dividends on New Common Stock" to the extent a redemption of New Common Stock from a Non-U.S. Holder is treated as a dividend, as therein described.

5. Payments Under the New Term Loans

Payments to a Non-U.S. Holder of interest or OID on the New Term Loans generally will not be subject to U.S. federal income or withholding tax, provided that the withholding agent has received or receives, prior to payment, appropriate documentation (generally, IRS Form W-8BEN or W-8BEN-E) establishing that the Non-U.S. Holder is not a U.S. person, unless one of the following exceptions applies to cause such payments to be subject to U.S. federal income and withholding tax:

(i) the Non-U.S. Holder actually or constructively owns 10 percent or more of the total combined voting power of all classes of the Reorganized Debtor's stock entitled to vote;

(ii) the Non-U.S. Holder is a "controlled foreign corporation" that is a "related person" with respect to Reorganized Debtor (within the meaning of the Tax Code);

(iii) the Non-U.S. Holder is a bank receiving interest described in Section 881(c)(3)(A) of the Tax Code; or

(iv) such interest is effectively connected with the conduct by the Non-U.S. Holder of a trade or business within the United States (and if an income tax treaty applies, such interest is also attributable to a permanent establishment maintained by the Non-U.S. Holder in the United States) (in which case, provided the Non-U.S. Holder provides a properly executed IRS Form W-8ECI to the withholding agent, the Non-U.S. Holder (1) generally will not be subject to U.S. federal withholding tax, but (2) will be subject to U.S. federal income tax in the same manner as a U.S. Holder (unless an applicable income tax treaty provides otherwise and the Non-U.S. Holder provides a properly executed IRS Form W-8BEN or W-8BEN-E to claim such treaty exemption). A Non-U.S. Holder that is a corporation for U.S. federal income tax purposes also may be subject to a U.S. federal branch profits tax on the corporate Non-U.S. Holder's effectively connected earnings and profits that are attributable to the interest or OID, at a 30 percent rate (or such reduced or zero rate to which the Non-U.S. Holder is entitled under an applicable income tax treaty)).

A Non-U.S. Holder that does not qualify for exemption from withholding tax on interest that is not effectively connected with a U.S. trade or business of the Non-U.S. Holder is generally subject to withholding of U.S. federal income tax, at a 30 percent rate (or such reduced or zero rate to which the Non-U.S. Holder is entitled under an applicable income tax treaty) on payments that are attributable to interest, including any OID.

Treasury Regulations provide special procedures for filing IRS Form W-8BEN or W-8BEN-E with respect to payments through qualified foreign intermediaries or certain financial institutions that hold customers' securities in the ordinary course of their trade or business.

6. Sale, Exchange or Other Disposition of the New Term Loans

Gain recognized by a Non-U.S. Holder on the sale, exchange or other disposition of New Term Loans (computed without taking into account consideration attributable to accrued but unpaid interest on the loans, which is subject to the rules discussed above under "Payments under the New Term Loans") generally will not be subject to U.S. federal income taxation, unless one of the following exceptions applies:

(i) the Non-U.S. Holder is an individual who was present in the United States for 183 days or more during the taxable year in which the disposition occurs and certain other conditions are met, or

(ii) the gain is effectively connected with the conduct by the Non-U.S.

Holder of a trade or business in the United States (and if an income tax treaty applies, is attributable to a permanent establishment maintained by such Non-U.S. Holder in the United States).

If the first exception applies, to the extent that any gain is taxable (other than as accrued unpaid interest on the New Term Loans), the Non-U.S. Holder generally will be subject to U.S. federal income tax at a 30 percent rate (or such reduced or zero rate to which the Non-U.S. Holder is entitled an applicable income tax treaty) on the amount by which, in the year of the exchange, the Non-U.S. Holder's capital gains allocable to U.S. sources exceed the Non-U.S. Holder's capital losses allocable to U.S. sources. If the second exception applies, gains recognized by the Non-U.S. Holder generally would be subject to U.S. federal income tax in the same manner that they would be if recognized by a U.S. Holder. In order to claim an exemption from withholding tax, such Non-U.S. Holder will be required to provide a properly executed IRS Form W-8ECI. In addition, a Non-U.S. Holder that is a corporation also may be subject to a U.S. federal branch profits tax, at a 30 percent rate (or such reduced or zero rate to which the Non-U.S. Holder is entitled under an applicable income tax treaty) on its effectively connected earnings and profits for the taxable year, subject to certain adjustments.

7. FATCA

Under the Foreign Account Tax Compliance Act ("FATCA"), foreign financial institutions and certain other foreign entities must report certain information with respect to their U.S. account holders and investors or be subject to withholding on the receipt of "withholdable payments." For this purpose, "withholdable payments" are generally U.S. source payments of fixed or determinable, annual or periodical income (including dividends, if any, on shares of New Common Stock), and also include gross proceeds from the sale of any property of a type which can produce U.S. source interest or dividends (which would include New Common Stock). FATCA withholding will apply even if the applicable payment would not otherwise be subject to U.S. federal nonresident withholding tax.

As currently proposed, FATCA withholding rules would apply to payments of gross proceeds from the sale or other disposition after December 31, 2018 of property of a type which can produce U.S. source interest or dividends.

Each Non-U.S. Holder should consult its own tax advisor regarding the impact of these rules on such Non-U.S. Holder's ownership of New Common Stock or New Term Loans.

8. FIRPTA

Under the Foreign Investment in Real Property Tax Act ("FIRPTA"), Non-U.S. persons are subject to federal income tax in the same manner as U.S. persons on gain realized on the disposition of an interest, other than an interest solely as a creditor, in U.S. real property (a "USRPI"). A USRPI also includes any interest, other than solely as a creditor, in a domestic corporation unless it is established that the corporation was not a U.S. real property holding corporation ("USRPHC") at any time during the period the interest was held or, if shorter, the 5-year period ending on the date of disposition. While the Debtors have not made a determination

that the Reorganized Debtor will be a USRPHC, the Debtors believe it is likely that the Reorganized Debtor will be a USRPHC and that the New Common Stock will therefore be a USRPI (unless the New Common Stock is regularly traded on an established securities exchange and the Non-U.S. Holder qualifies for the "5% Public Shareholder Exception" discussed below). Non-U.S. Holders should consult their own tax advisor regarding whether their disposition of New Common Stock is subject to FIRPTA.

Tax Code Section 897(c)(3) provides an exception to FIRPTA gain recognition if the New Common Stock is regularly traded on an established securities exchange and the stockholder does not own more than 5% of the New Common Stock at any time during the five-year period ending on the date the stockholder disposes of the New Common Stock. Under the regulations, interests regularly traded on an established securities market located in the United States or on a foreign national securities exchange that is officially recognized, sanctioned, or supervised by any government authority or any over-the-counter market qualify as publicly traded for purposes of the 5% Public Shareholder Exception. The determination of whether stock is regularly traded for purposes of the 5% Public Shareholder Exception is made under a strict test prescribed in the FIRPTA regulations. In determining whether any person holds more than 5% of the New Common Stock for purposes of the 5% Public Shareholder Exception, the constructive ownership rules of Tax Code Section 318(a) apply, with certain adjustments, to treat persons as owning stock that is actually owned by certain related individuals and entities.

Whether a Non-U.S. Holder of the New Common Stock qualifies for the 5% Public Shareholder Exception will depend upon application of the above rules at the time of the Non-U.S. Holder's disposition of the New Common Stock. No determination has been made whether the New Common Stock will be regularly traded on an established securities exchange and whether the New Common Stock will otherwise qualify for the 5% Public Shareholder Exception in the hands of a particular Non-U.S. Holder.

In order to ensure that tax is paid on the FIRPTA gain recognized by a Non-U.S. Holder, transferees of USRPIs are generally required to withhold and pay to the U.S. a tax equal to 15 percent of the amount realized on the disposition of a USRPI by a Non-U.S. Holder that does not otherwise qualify for an exception from FIRPTA withholding. Under certain circumstances, Non-U.S. Holders may apply to the IRS for a withholding certificate entitling the Non-U.S. Holder to a reduced rate of withholding on the disposition of a USRPI if the Non-U.S. Holder is able to demonstrate that its tax liability will be less than the amount that otherwise would be withheld. FIRPTA withholding is separate from the withholding tax imposed on dividends paid to Non-U.S. Holders of New Common Stock, as discussed above.

Withholding (except in the case of FATCA withholding) is not an additional tax. Rather it is an advance payment, which may be refunded to the extent it results in an overpayment of tax, provided the appropriate information is supplied to the Internal Revenue Service and the other applicable procedural requirements are met to obtain a refund.

Each Non-U.S. Holder should consult its own tax advisor regarding the impact of these rules on the Non-U.S. Holder's ownership of New Common Stock.

THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN ARE COMPLEX. THE FOREGOING SUMMARY DOES NOT DISCUSS ALL ASPECTS OF U.S. FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO A PARTICULAR HOLDER OF A CLAIM OR INTEREST IN LIGHT OF SUCH HOLDER'S PARTICULAR CIRCUMSTANCES. ALL HOLDERS OF CLAIMS AND INTERESTS ARE URGED TO CONSULT WITH THEIR OWN TAX ADVISORS REGARDING THE TAX CONSEQUENCES TO THEM OF THE PLAN AND THE OWNERSHIP OF NEW COMMON STOCK OR NEW TERM LOANS ISSUED TO THEM PURSUANT TO THE PLAN, INCLUDING THE EFFECT OF APPLICABLE STATE, LOCAL, NON-U.S., OR OTHER TAX LAWS, AND OF ANY CHANGES IN APPLICABLE TAX LAWS.

The foregoing summary is provided for informational purposes only. Holders of Claims are urged to consult their own tax advisors concerning the federal, state, local and foreign tax consequences of the Plan to them.

VI. FEASIBILITY OF THE PLAN AND THE BEST INTERESTS OF CREDITORS TEST

A. FEASIBILITY OF THE PLAN

In connection with Confirmation of the Plan, section 1129(a)(11) of the Bankruptcy Code requires that the Bankruptcy Court find that Confirmation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtors. This is the so-called "feasibility" test. To support their belief in the feasibility of the Plan, the Debtors, with the assistance of Jefferies LLC ("Jefferies"), as investment banker and financial advisor to the Debtors, have prepared the Financial Projections attached hereto as **Exhibit B**. Additionally, included in the Financial Projections is a projected consolidated balance sheet for the Debtors immediately after confirmation of the Plan.

The Financial Projections indicate that the Reorganized Debtors should have sufficient cash flow to make the payments required under the Plan on the Effective Date, repay and service debt obligations as they become due, and maintain operations on a going-forward basis. Accordingly, the Debtors believe that the Plan complies with section 1129(a)(11) of the Bankruptcy Code. As noted in the Financial Projections, however, the Debtors caution that no representations can be made as to the accuracy of the Financial Projections or as to the Reorganized Debtors' ability to achieve the projected results. Many of the assumptions upon which the Financial Projections are based are subject to uncertainties outside the control of the Debtors. Some assumptions inevitably will not materialize, and events and circumstances occurring after the date on which the Financial Projections were prepared may be different from and may adversely affect the Reorganized Debtors' financial results. See Section VIII — "CERTAIN FACTORS TO BE CONSIDERED" for a discussion of certain risk factors that could affect financial feasibility of the Plan.

THE FINANCIAL PROJECTIONS WERE NOT PREPARED WITH A VIEW TOWARD COMPLIANCE WITH THE GUIDELINES ESTABLISHED BY THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS OR THE RULES AND REGULATIONS OF THE SECURITIES AND EXCHANGE COMMISSION REGARDING FINANCIAL PROJECTIONS. FURTHERMORE, THE FINANCIAL PROJECTIONS HAVE

NOT BEEN AUDITED BY THE DEBTORS' INDEPENDENT CERTIFIED ACCOUNTANTS. ALTHOUGH PRESENTED WITH NUMERICAL SPECIFICITY, THE FINANCIAL PROJECTIONS ARE BASED UPON A VARIETY OF ASSUMPTIONS, SOME OF WHICH HAVE NOT BEEN ACHIEVED TO DATE AND MAY NOT BE REALIZED IN THE FUTURE, AND ARE SUBJECT TO SIGNIFICANT BUSINESS, LITIGATION, ECONOMIC, AND COMPETITIVE UNCERTAINTIES AND CONTINGENCIES, MANY, IF NOT ALL, OF WHICH ARE BEYOND THE CONTROL OF THE DEBTORS. CONSEQUENTLY, THE FINANCIAL PROJECTIONS SHOULD NOT BE REGARDED AS A REPRESENTATION OR WARRANTY BY THE DEBTORS, OR ANY OTHER PERSON, THAT THE FINANCIAL PROJECTIONS WILL BE REALIZED. ACTUAL RESULTS MAY VARY MATERIALLY FROM THE THOSE PRESENTED IN THE FINANCIAL PROJECTIONS.

B. BEST INTERESTS TEST

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

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

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

In a chapter 7 liquidation, no junior Class of Claims or Equity Interests may be paid unless all Classes of Claims or Equity Interests senior to such junior Class are paid in full. Section 510(a) of the Bankruptcy Code provides that subordination agreements are enforceable

in a bankruptcy case to the same extent that such subordination is enforceable under applicable non-bankruptcy law. Therefore, no Class of Claims or Equity Interests that is contractually subordinated to another Class would receive any payment on account of its Claims or Equity Interests, unless and until such senior Classes were paid in full.

Once the Bankruptcy Court ascertains the recoveries in liquidation of the Debtors' secured and priority creditors, it would then determine the probable distribution to unsecured creditors from the remaining available proceeds of the liquidation. If this probable distribution does not provide for recoveries to unsecured creditors at least equal to the value of their Distributions under the Plan, then the Plan is in the best interests of creditors and can be confirmed by the Bankruptcy Court. As shown in the Liquidation Analysis attached hereto as **Exhibit D**, the Debtors believe that each member of each Class of Impaired Claims and Equity Interests will receive at least as much, if not more, under the Plan as it would receive if the Debtors were liquidated. Under either scenario, holders of Equity Interests would not receive any distribution.

Notwithstanding the difficulty in quantifying recoveries to holders of Allowed Claims and Interests in Class 1, 2A and 2B with precision, the Debtors believe that the financial disclosures and Projections contained herein imply a greater or equal recovery to holders of Claims and Interests in Classes 1, 2A and 2B than the recovery available in a chapter 7 liquidation. As set forth in the Liquidation Analysis:

- Holders of Allowed Claims in Class 1 are estimated to receive a recovery of 21.8% (low) to 27.5% (high) in a chapter 7 liquidation.
- Holders of Allowed Claims in Classes 2A and 2B are estimated to receive no recovery in a chapter 7 liquidation.
- Holders of Allowed Claims and Equity Interests in Classes 3, 4, 5, and 6 are estimated to receive no recover in a chapter 7 liquidation.

C. LIQUIDATION ANALYSIS

To calculate the probable Distribution to members of each Impaired Class of Holders of Claims or Equity Interests if the Debtors were liquidated under chapter 7, a Bankruptcy Court must first determine the aggregate dollar amount that would be generated from the Debtors if these Chapter 11 Cases were converted to chapter 7 cases under the Bankruptcy Code. This "liquidation value" would consist primarily of the proceeds from a forced sale of the Debtors' assets by a chapter 7 trustee.

The amount of liquidation value available to unsecured creditors would be reduced by the claims of secured creditors to the extent of the value of their collateral and by the costs and expenses of liquidation, as well as by other administrative expenses and costs of both the chapter 7 case and the chapter 11 case. Costs of a liquidation under chapter 7 of the Bankruptcy Code would include the compensation of a chapter 7 trustee, as well as of counsel and other professionals retained by the trustee, asset disposition expenses, all unpaid expenses incurred by the Debtors in the Chapter 11 Cases (such as compensation of attorneys, financial advisors, and accountants) that are allowed in the chapter 7 cases, litigation costs, and claims arising from the operations of the Debtors during the pendency of the bankruptcy case. The liquidation itself

would trigger certain priority payments that otherwise would be due in the ordinary course of business. Those priority claims would be paid in full from the liquidation proceeds before the balance would be made available to pay Unsecured Claims or to make any distribution in respect of Equity Interests. The liquidation would also prompt the rejection of executory contracts and unexpired leases and thereby create a significantly greater amount of Unsecured Claims.

Once the Bankruptcy Court ascertains the recoveries in liquidation of the secured creditors and priority claimants, it must determine the probable distribution to holders of Unsecured Claims and Equity Interests from the remaining available proceeds in liquidation. If such probable distribution has a value greater than the distributions to be received by Holders of Unsecured Claims and Equity Interests under the Debtors' Plan, then such Plan is not in the best interests of such Holders of Unsecured Claims and Equity Interests.

As shown in the Liquidation Analysis prepared by the Debtors with the assistance of Jefferies and attached as **Exhibit D** to this Disclosure Statement, the Debtors believe that each Class of Claims will receive more under the Plan than they would receive if the Debtors were liquidated in chapter 7. More specifically, a liquidation of the Debtors would significantly impair recoveries to all Holders of Claims and clearly is not in the best interests of estate constituencies.

As indicated in the liquidation analysis prepared by the Debtors with the assistance of Jefferies and attached as **Exhibit D** hereto, the assets of the Debtors would generate between $72.9 million and $87.6 million of net cash proceeds for distribution to creditors in the event of liquidation (the "Liquidation Analysis"). The liquidation values demonstrate that the Class 1 – First Lien Secured Claims would be the only Class to receive a recovery from liquidation, with estimated recoveries ranging from 21.8% to 27.5%. The remaining Classes would not receive a distribution on account of their Allowed Claims or Equity Interests if the Debtors were to be liquidated.

D. VALUATION OF THE REORGANIZED DEBTORS[8]

THE VALUATION INFORMATION CONTAINED HEREIN IS NOT A PREDICTION OR GUARANTEE OF THE ACTUAL MARKET VALUE THAT MAY BE REALIZED THROUGH THE SALE OF ANY SECURITIES TO BE ISSUED PURSUANT TO THE PLAN. THIS VALUATION IS PRESENTED SOLELY FOR THE PURPOSE OF PROVIDING ADEQUATE INFORMATION AS REQUIRED BY SECTION 1125 OF THE BANKRUPTCY CODE TO ENABLE THE HOLDERS OF CLAIMS ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN TO MAKE AN INFORMED JUDGMENT ABOUT THE PLAN AND SHOULD NOT BE USED OR RELIED UPON FOR ANY OTHER PURPOSE, INCLUDING THE PURCHASE OR SALE OF CLAIMS AGAINST THE DEBTOR.

[8] Nothing reflected or contained in the Debtors' projections, valuation analysis or liquidation analysis contained in this Disclosure Statement and related exhibits shall be binding upon, constitute an admission or acknowledgment of, or impair or constitute a waiver of any of the rights or remedies of the Consenting Senior Noteholders in any manner or for any purpose, and all such rights and remedies of the Consenting Senior Noteholders are expressly preserved.

1. Estimated Enterprise Valuation

Solely for purposes of the Chapter 11 Plan of Reorganization of Warren Resources, Inc. and its Debtor Affiliates and this Disclosure Statement, Jefferies has estimated the total enterprise value (the "Total Enterprise Value") and implied equity value (the "Equity Value") of the Reorganized Debtors on a going concern basis and pro forma for the transactions contemplated by the Plan.

In preparing the estimates set forth below, Jefferies has relied upon the accuracy, completeness, and fairness of financial and other information furnished by the Debtors. Jefferies did not attempt to independently audit or verify such information, nor did it perform an independent appraisal of the assets or liabilities of the Reorganized Debtors.

The valuation information set forth in this section represents a valuation of the Reorganized Debtors based on the application of standard valuation techniques. The estimated values set forth in this section:

(a) do not purport to constitute an appraisal of the assets of the Reorganized Debtors;

(b) do not constitute an opinion on the terms and provisions or fairness from a financial point of view to any person of the consideration to be received by such person under the Plan;

(c) do not constitute a recommendation to any Holder of Allowed Claims as to how such person should vote or otherwise act with respect to the Plan; and

(d) do not necessarily reflect the actual market value that might be realized through a sale or liquidation of the Reorganized Debtors.

In estimating the Total Enterprise Value of the Debtors, Jefferies consulted with the Debtors' senior management team to discuss the Debtors' operations and future prospects, reviewed the Debtor's historical financial information, reviewed certain of the Debtor's internal financial and operating data, including the Debtors' 3rd party engineered reserve report and reviewed the Financial Projections (as defined below).

The Debtors' financial projections for the Reorganized Debtor are attached as Exhibit B to this Disclosure Statement (the "Financial Projections"). The estimated values set forth herein assume that the Reorganized Debtors will achieve their Financial Projections in all material respects. Jefferies has relied on the Debtors' representations and warranties that the Financial Projections (a) have been prepared in good faith; (b) are based on fully disclosed assumptions, which, in light of the circumstances under which they were made, are reasonable; (c) reflect the Debtors' best currently available estimates; and (d) reflect the good faith judgments of the Debtors. Jefferies does not offer an opinion as to the attainability of the Financial Projections. As disclosed in the Disclosure Statement, the future results of the Reorganized Debtors are

dependent upon various factors, many of which are beyond the control or knowledge of the Debtors and Jefferies, and consequently are inherently difficult to project.

This report contemplates facts and conditions known and existing as of June 16, 2016. Events and conditions subsequent to this date, including updated projections, as well as other factors, could have a substantial effect upon the Total Enterprise Value. Among other things, failure to consummate the Plan in a timely manner may have a materially negative effect on the Total Enterprise Value. For purposes of this valuation, Jefferies has assumed that no material changes that would affect value will occur between June 16, 2016 and the contemplated Effective Date.

The following is a summary of analyses performed by Jefferies to arrive at its recommended range of estimates Total Enterprise Value of the Reorganized Debtor.

a. Net Asset Value

The value of the Debtors' proved oil and gas reserves were estimated using a net asset value ("NAV") analysis. The NAV analysis estimates the value of the business by calculating the sum of the present value of future cash flows generated by the Debtor's 3rd party engineered reserve report. Under this methodology, various discount factors are applied to future cash flows from the Debtor's 3rd party engineered reserve projections depending on reserve category based on guidance from The Society of Petroleum Evaluation Engineers, 34ths Annual Survey of Parameters Used in Property Evaluation dated June 2015. In projecting the Debtors' cash flows from the undrilled acreage, Jefferies utilized the (a) Debtors' 3rd party engineering firm's type curves, (b) Debtors' 3rd party engineering firm's capital expenditures assumptions, (c) Debtors' 3rd party engineering firm's inventory of wells. The Total Enterprise Value of the Reorganized Debtors is then calculated by adjusting the aggregate risk adjusted cash flows for the present value of future general & administrative costs and value of other assets not reflected in the reserve report. The 3rd party engineering firm adjusted the reserve report to reflect updated pricing as of June 6, 2016 and rolled the report forward to July 31, 2016.

b. Comparable Company Analysis

The comparable company analysis estimates the value of a company based on a relative comparison with other publicly traded companies with similar operating and financial characteristics. Under this methodology, the enterprise value for each selected public company is determined by examining the trading prices for the equity securities of such company in the public markets and adding the outstanding net debt for such company. Such enterprise values are commonly expressed as multiples of various measures of financial and operating statistics (i.e. EBITDA and other operating metrics). The Total Enterprise Value is then calculated by applying these multiples to the Reorganized Debtors' projected financial metrics. The selection of public comparable companies for this purpose was based upon the assets, reserves, size and other characteristics of the comparable companies that were deemed relevant.

2. Total Enterprise Value and Implied Equity Value

As a result of the analysis described herein, Jefferies estimated the Total Enterprise Value of the Reorganized Debtors to be approximately $143 million to $211 million, with a mid-point of $177 million. Based on assumed pro forma total debt of $138 million as of an assumed Effective Date, the Total Enterprise Value implies an Equity Value range of $5 to $73 million, with a midpoint of $39 million.

The estimate of Total Enterprise Value set forth herein is not necessarily indicative of actual outcomes, which may be significantly more or less favorable than those set forth herein depending on the results of the Debtors' operations or changes in the financial markets. Additionally, these estimates of value represent hypothetical enterprise and equity values of the Reorganized Debtors as the continuing operator of their businesses and assets, and do not purport to reflect or constitute appraisals, liquidation values or estimates of the actual market value that may be realized through the sale of any securities to be issued pursuant to the Plan, which may be significantly different than the amounts set forth herein. Such estimates were developed solely for purposes of formulation and negotiation of the Plan and analysis of implied relative recoveries to creditors thereunder. The value of an operating business such as the Debtors' businesses is subject to uncertainties and contingencies that are difficult to predict and will fluctuate with changes in factors affecting the financial condition and prospects of such businesses.

Jefferies' estimated valuation range of the Reorganized Debtors does not constitute a recommendation to any holder of Allowed Claims or Interests as to how such person should vote or otherwise act with respect to the Plan. The estimated value of the Reorganized Debtors set forth herein does not constitute an opinion as to the fairness from a financial point of view to any person of the consideration to be received by such person under the Plan or of the terms and provisions of the Plan. Because valuation estimates are inherently subject to uncertainties, none of the Debtors, Jefferies or any other person assumes responsibility for their accuracy or any differences between the estimated valuation ranges herein and any actual outcome.

VII. ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

The Debtors believe that the Plan affords Holders of Claims and Equity Interests the potential for the greatest realization on the Debtors' assets and, therefore, is in the best interests of such Holders. If the Plan is not subsequently confirmed and consummated, the theoretical alternatives include: (i) formulation of an alternative plan or plans of reorganization or (ii) liquidation of the Debtors under chapter 7 or 11 of the Bankruptcy Code.

A. ALTERNATIVE PLAN(S)

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

To that extent, the Debtors would be required to obtain continued use of cash collateral, or potentially identify debtor in possession financing, neither of which it is certain to obtain. Thus, there is no assurance that such alternative plan, if any, would provide more value to Holders. As such, the confirmation and consummation of any alternative plan is highly speculative.

B. LIQUIDATION UNDER CHAPTER 7

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

There is a strong probability that a chapter 7 trustee in these cases would not possess any particular knowledge about the Debtors. The Debtors believe that the value of the Debtors' assets would be greatly diminished thereby. Additionally, a trustee would be entitled to seek the assistance of professionals, all or some of which may not have any significant background or familiarity with these cases. The trustee and any professionals retained by the trustee likely would expend significant time familiarizing themselves with these cases. This would result in duplication of effort, increased expenses, and delay in payments to creditors.

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

Further, Distributions under the Plan probably would be made earlier than would distributions in a chapter 7 case. In contrast to the Plan, which contemplates Distributions to Holders of Allowed Claims as soon as practicable after the Effective Date, distributions of the proceeds of a chapter 7 liquidation might not occur until one or more years after the completion of the liquidation in order to afford the chapter 7 trustee the opportunity to resolve claims and prepare for distributions.

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

VIII. CERTAIN FACTORS TO BE CONSIDERED

PRIOR TO VOTING TO ACCEPT OR REJECT THE PLAN, ALL HOLDERS OF CLAIMS AND EQUITY INTERESTS SHOULD READ AND CAREFULLY CONSIDER THE FACTORS SET FORTH BELOW, AS WELL AS ALL OTHER INFORMATION SET FORTH OR OTHERWISE REFERENCED IN THIS DISCLOSURE STATEMENT. THESE FACTORS SHOULD NOT, HOWEVER, BE REGARDED AS CONSTITUTING THE ONLY

RISKS INVOLVED IN CONNECTION WITH THE PLAN AND ITS IMPLEMENTATION. ADDITIONAL RISKS AND UNCERTAINTIES NOT PRESENTLY KNOWN TO THE DEBTORS OR THAT THEY CURRENTLY DEEM IMMATERIAL MAY ALSO HARM THEIR BUSINESSES.

A. GENERAL

While the Debtors hoped that a chapter 11 filing would not be seriously disruptive to their businesses, the Debtors cannot be certain that this will be the case going forward. Although the Plan is designed to conclude the Chapter 11 Cases, it is impossible to predict with certainty the amount of additional time that the Debtors may spend in chapter 11 or to assure that the Plan will be confirmed.

Even if confirmed on a timely basis, a chapter 11 proceeding to confirm the Plan could continue to have an adverse effect on the Debtors' businesses. Among other things, it is possible that a bankruptcy proceeding could continue to adversely affect (i) the Debtors' relationships with their key vendors, (ii) the Debtors' relationships with their customers, (iii) the Debtors' relationships with their employees and (iv) the legal rights and obligations of the Debtors under agreements that may be in default as a result of the Chapter 11 Cases.

A chapter 11 proceeding also involves additional expenses and will continue to divert the attention of the Debtors' management from operation of their business.

The extent to which a chapter 11 proceeding disrupts the Debtors' businesses will likely be directly related to the length of time it takes to complete the reorganization proceeding. If the Debtors are unable to obtain Confirmation of the Plan on a timely basis because of a challenge to the Plan or a failure to satisfy the conditions to the Plan, they may be forced to continue to operate in chapter 11 for an extended period while they try to develop a different reorganization plan that can be confirmed. That would increase both the probability and the magnitude of the adverse effects described in this Disclosure Statement.

B. CERTAIN RISKS RELATED TO THE DEBTORS' BUSINESS, INDUSTRY AND NEW SECURITIES

1. The Debtors' Current Financial Condition Has Adversely Affected Their Business Operations And Their Business Prospects.

The Debtors' current financial condition and the surrounding bankruptcy proceedings have been disruptive to the business. Management has devoted substantial time and attention to the current bankruptcy proceedings, thereby reducing its focus on operating the business. In addition, the Debtors have laid-off a substantial number of employees prior to the bankruptcy filing which have not been replaced. These lay-offs have negatively impacted employee morale and productivity and caused voluntary employee resignations. Further, the Debtors' current financial condition and the resulting uncertainty associated with the current bankruptcy proceedings have caused vendors to terminate their relationships with the Debtors or to refuse to extend credit to the Debtors on acceptable terms or at all. These developments have had a material adverse effect on the Debtors' business, operations, financial condition and cash flows.

2. The Debtors' Asset Carrying Values Have Been Impaired Based, In Part, On Natural Gas And Oil Prices And They May Be Further Impaired If Oil And Gas Prices Continue To Decline.

The substantial decline in oil and gas prices and reduced capital spending on certain fields based on this lower price environment over the past several months and has negatively impacted the estimated net cash flows from the Debtors' oil and natural gas reserves, which estimates are used to determine impairments of the Debtors' oil and natural gas properties. As a result of the decline in oil and gas prices, the Debtors have revised their estimated reserves downward and have significantly reduced their estimated future cash flows.

3. Even If The Debtors Successfully Emerge From Bankruptcy And Enter Into The New First Lien Facility, The Debtors Will Continue To Have Substantial Capital Needs Which They May Not Be Able To Meet In The Future.

Assuming the successful emergence of the Debtors from bankruptcy and availability of the New First Lien Facility, the Debtors will continue to have substantial capital requirements to fund the development of their reserves. The Debtors may not be able to generate sufficient cash flow from operations to meet their ongoing obligations since such cash flows will be subject to a range of economic, competitive and business risk factors. Additionally, the amounts available under the New First Lien Facility may not be sufficient for the Debtors' capital requirements and they may not be able to access additional financing resources due to a variety of reasons, including restrictive covenants in the New First Lien Facility, decreases in oil and gas prices, and the lack of available capital due to the tightening of the global credit markets. If the Debtors are unable to make scheduled payments on the New First Lien Facility, or if their financing requirements are not met by the New First Lien Facility and they are unable to access additional financing, the Debtors' business, operations, financial condition and cash flows may be negatively impacted.

4. Properties Of The Debtors May Not Produce As Projected, And The Debtors May Not Have Fully Identified Liabilities Associated With These Properties Or Obtained Adequate Protection From Sellers Against Liabilities.

In the past, the Debtors acquired producing properties from third parties, and these acquisitions required assessments of many factors, which are inherently inexact and may be inaccurate, including:

- the amount of recoverable reserves and the rates at which those reserves will be produced;
- future oil and natural gas prices;
- estimates of operating costs;
- estimates of future development costs;

- estimates of the costs and timing of plugging and abandonment activities; and

- potential environmental and other liabilities.

The Debtors' assessments may not have revealed all existing or potential problems, nor permitted them to become adequately familiar with the properties to evaluate fully their deficiencies and capabilities. In the course of their due diligence, the Debtors may not have inspected every well, platform or pipeline. The Debtors' inspections may not have identified structural and environmental problems, such as pipeline corrosion or groundwater contamination. The Debtors may not have obtained contractual indemnities from the seller for liabilities that it created. The Debtors may have assumed the risk of the physical condition of the properties in addition to the risk that the properties may not perform in accordance with their expectations.

5. Loss Of Key Management And Failure To Attract Qualified Management Could Negatively Impact The Debtors' Operations.

Successfully developing and implementing their strategies will depend, in part, on the Reorganized Debtors' management team. The potential loss of members of the Reorganized Debtors' management team could have an adverse effect on their business.

6. Exploring For And Producing Oil And Natural Gas Are High-Risk Activities With Many Uncertainties That Could Adversely Affect The Debtors' Business, Financial Condition Or Results Of Operations.

The Reorganized Debtors' success will depend on the success of their exploration and production activities. The Reorganized Debtors' oil and natural gas exploration and production activities are subject to numerous risks beyond their control, including the risk that drilling will not result in commercially viable oil or natural gas production. The Reorganized Debtors' decisions to purchase, explore, develop or otherwise exploit prospects or properties will depend in part on the evaluation of data obtained through geophysical and geological analyses, production data and engineering studies, the results of which are often inconclusive or subject to varying interpretations. The Reorganized Debtors' cost of drilling, completing and operating wells is often uncertain before drilling commences. Overruns in budgeted expenditures are common risks that can make a particular project uneconomical. Further, many factors may curtail, delay or cancel drilling activity, including the following:

- pressure or irregularities in geological formations;

- shortages of or delays in obtaining equipment and qualified personnel;

- equipment failures or accidents;

- adverse weather conditions;

- reductions in oil and natural gas prices;

- title problems;

- limitations in the demand for oil and natural gas;
- cost of services to drill, complete, operate, and work over wells; and
- changes in federal, state, and local regulatory and taxing regulations.

7. A Substantial Or Extended Decline In Oil And Natural Gas Prices May Have A Material Adverse Effect On The Reorganized Debtors' Businesses, Financial Condition, Results Of Operations, Cash Flows And Their Ability To Meet Their Obligations, Operating Cost Requirements, Capital Expenditure Requirements And Other Financial Commitments.

The price the Reorganized Debtors receive for their oil and natural gas production heavily influences their revenue, profitability, financial condition, cash flow, access to capital and future rate of growth. Oil and natural gas are commodities and, as a result, their prices are subject to wide fluctuations in response to relatively minor changes in supply and demand. Historically, the markets for oil and natural gas have been volatile. These markets will likely continue to be volatile in the future. The prices the Reorganized Debtors receive for their production, and the levels of their production, depend on numerous factors beyond their control. These factors include:

- changes in the global and regional supply, demand and inventories of oil;
- domestic natural gas supply, demand and inventories;
- the actions of the Organization of Petroleum Exporting Countries ("OPEC");
- the price and quantity of foreign imports of oil;
- the price and availability of liquefied natural gas imports;
- political conditions, including embargoes, in or affecting other oil-producing countries;
- economic and energy infrastructure disruptions caused by actual or threatened acts of war, or terrorist activities, or national security measures deployed to protect the United States from such actual or threatened acts or activities;
- economic stability of major oil and natural gas companies and the interdependence of oil and natural gas and energy companies;
- the level of worldwide oil and natural gas exploration and production activity;

- weather conditions, including energy infrastructure disruptions resulting from those conditions;

- technological advances effecting energy consumption; and

- the price and availability of alternative fuels.

In addition to decreasing the Reorganized Debtors' revenues and cash flows on a per unit basis, lower oil and natural gas prices may reduce the amount of oil and natural gas that the Debtors can produce economically.

8. The Reorganized Debtors May Incur Substantial Losses And Be Subject To Substantial Liability Claims As A Result Of Their Oil And Natural Gas Operations. Their Insurance Coverage May Not Be Sufficient Or May Not Be Available To Cover Some Of These Losses And Claims.

Losses and liabilities arising from uninsured and underinsured events could materially and adversely affect the Debtors' business, financial condition or results of operations. The Reorganized Debtors' oil and natural gas exploration and production activities are subject to all of the operating risks associated with drilling for and producing oil and natural gas, including the possibility of:

- environmental hazards, such as uncontrollable flows of oil, natural gas, brine, well fluids, toxic gas or other pollution into the environment, including groundwater and shoreline contamination;

- abnormally pressured formations;

- mechanical difficulties;

- fires and explosions;

- personal injuries and death; and

- natural disasters.

Any of these risks could adversely affect the Reorganized Debtors' ability to conduct operations or result in substantial losses. The Reorganized Debtors maintain insurance at levels that they believe are consistent with industry practices and their particular needs, but they are not fully insured against all risks. The Reorganized Debtors may elect not to obtain insurance for certain risks or to limit levels of coverage if they believe that the cost of available insurance is excessive relative to the risks involved. In addition, pollution and environmental risks generally are not fully insurable. If a significant accident or other event occurs and it is not fully covered by insurance, it could adversely affect the Reorganized Debtors' financial condition, results of operations and cash flows and could reduce or eliminate the funds available for exploration, exploitation and acquisitions or result in loss of equipment and properties.

9. Reserve Estimates Depend On Many Assumptions That May Prove To Be Inaccurate. Any Material Inaccuracies In These Reserve Estimates Or Underlying Assumptions Will Materially Affect The Quantities And Estimated Values Of The Reorganized Debtors' Reserves.

The process of estimating oil and natural gas reserves is complex, requiring interpretations of available technical data and many assumptions, including assumptions relating to economic factors. Any significant inaccuracies in these interpretations or assumptions could materially affect the estimated quantities and present value of reserves disclosed in Warren's filings with the SEC prior to the Effective Date.

Estimates of oil and natural gas reserves are inherently imprecise. The preparation of the Reorganized Debtors' reserve estimates requires projections of production rates and timing of development expenditures, analysis of available geological, geophysical, production and engineering data, and assumptions about oil and natural gas prices, drilling and operating expenses, capital expenditures, taxes and availability of funds. The extent, quality and reliability of this data can vary. Actual future production, oil and natural gas prices, revenues, taxes, development expenditures, drilling and operating expenses and quantities of recoverable oil and natural gas reserves will vary from the Reorganized Debtors' estimates.

The present value of future net revenues from the Reorganized Debtors' proved reserves and the standardized measure of discounted future net cash flows referred to in Warren's filings with the SEC prior to the Effective Date should not be assumed to represent or approximate the current market value of the Reorganized Debtors' estimated proved oil and natural gas reserves. In accordance with SEC requirements, the estimated discounted future net cash flows from the Reorganized Debtors' proved reserves are computed using the 12-month average price for each product, calculated as the simple arithmetic average of the first day-of-the-month price for the prior twelve month period, except where such guidelines permit alternate treatment, including the use of fixed and determinable contractual price escalation. Actual future prices and costs may differ materially from those used in the Reorganized Debtors' reserve estimates.

If the Reorganized Debtors' estimates of the recoverable reserve volumes on a property are revised downward, or if development costs exceed previous estimates, or if commodity prices decrease, as discussed elsewhere in these risk factors, the Reorganized Debtors may be required to record an impairment to their property and equipment, which could have a material adverse effect on their financial position and results of operations. Once recorded, an impairment of property and equipment may not be reversed at a later date. In addition, under SEC requirements, if provided undeveloped reserves are not expected to be developed within a five-year timeframe, these reserves are to be removed from proved reserves. The Reorganized Debtors' ability to obtain financing depends in part on their estimate of the proved oil and natural gas reserves for properties that will serve as collateral. If proved reserves on a property are revised downward, the Reorganized Debtors' ability to acquire adequate funding may be significantly reduced.

10. If The Reorganized Debtors Are Unable To Replace The Reserves That They Have Produced, Their Reserves And Revenues Will Decline.

The Reorganized Debtors' future success depends on their ability to find, develop and acquire additional oil and natural gas reserves that are economically recoverable. Lower commodity prices and increased costs associated with exploration and production may lower the threshold of economic recoverability. Additionally, the Debtors substantially cut their capital expenditure budget in 2015 and 2016 in order to conserve cash resources, which has negatively impacted the ability of the Reorganized Debtors to replace current reserves produced. Without continued successful acquisition or exploration activities, the Reorganized Debtors' reserves and revenues will decline as a result of their current reserves being depleted by production. The Reorganized Debtors may not be able to find or acquire additional reserves on an economic basis.

11. The Reorganized Debtors' Businesses Will Require Substantial Capital Investment And Maintenance Expenditures, And Their Capital Resources May Not Be Adequate To Provide For All Of Their Cash Requirements.

The Debtors' operations are capital intensive. The Reorganized Debtors' ability to replace their oil and natural gas production and maintain their production levels and reserves requires extensive capital investment. The Debtors' businesses also require substantial expenditures for routine maintenance. Without access to new capital, the Debtors may not be able to maintain their production levels and reserves.

12. Impediments To Transporting The Reorganized Debtors' Products May Limit Their Access To Oil And Natural Gas Markets Or Delay Their Production.

The Reorganized Debtors' ability to market their oil and natural gas production will depend on a number of factors, including the proximity of their reserves to pipelines and terminal facilities, the availability and capacity of gathering systems, pipelines and processing facilities owned and operated by third parties, and the availability of satisfactory oil and natural gas transportation arrangements. These facilities and systems may be shut-in due to factors outside of the Reorganized Debtors' control. If any of these third party services and arrangements become partially or fully unavailable, or if the Debtors are unable to secure such services and arrangements on acceptable terms, the Reorganized Debtors' production could be limited or delayed and their revenues could be adversely affected.

13. The Reorganized Debtors' Undeveloped Acreage Must Be Drilled Before Lease Expiration In Order To Hold The Acreage By Production.

In the highly competitive market for acreage, failure to drill sufficient wells to hold acreage will result in a substantial lease renewal cost, or if renewal is not feasible, loss of our lease and prospective drilling opportunities. Unless production is established within the

spacing units covering the undeveloped acres on which some of the locations are identified, the leases for such acreage could expire. The cost to renew such leases may increase significantly, and the Reorganized Debtors may not be able to renew such leases on commercially reasonable terms or at all. In addition, on certain portions of the Reorganized Debtors' acreage, third-party leases become immediately effective if the Reorganized Debtors' leases expire.

14. The Reorganized Debtors Will Be Exposed To Counterparty Risk If They Engage In Hedging Activities Using Commodity Derivative Instruments Or Through Insurance And Other Arrangements They Enter Into With Financial And Other Institutions.

The Reorganized Debtors may enter into transactions with counterparties such as commercial banks, investment banks, insurance companies, and other financial institutions. These transactions would expose the Reorganized Debtors to credit risk in the event of default of any of these counterparties.

The Reorganized Debtors may create exposure to these financial institutions in the form of oil and natural gas derivative contracts, which may protect a portion of the Reorganized Debtors' cash flows when commodity prices decline. During periods of low oil and natural gas prices, the Reorganized Debtors may have heightened counterparty risk associated with these derivative contracts because the value of the Reorganized Debtors' derivative positions may provide a significant amount of cash flow. If a hedging counterparty defaults on its obligations, the Reorganized Debtors may not realize the benefit of some or all of their derivative instruments.

The Debtors also maintain insurance policies with insurance companies to protect them against certain risks inherent in their business. If an insurer defaults on its obligation to the Reorganized Debtors, they may not be reimbursed for losses they have insured against. In addition, if any lender under a future credit facility is unable or unwilling to fund its commitment, the Reorganized Debtors' liquidity may be reduced by an amount up to the aggregate amount of such lender's unfunded commitment under a future credit facility.

15. The Reorganized Debtors Will Be Subject To Extensive Governmental Laws And Regulations, Including Environmental Regulations, Which Can Adversely Affect The Cost, Manner Or Feasibility Of Doing Business And Could Result In Restrictions On Their Operations Or Civil Or Criminal Liability.

The Debtors' exploration, development and production operations, their activities in connection with storage and transportation of oil and other hydrocarbons and their use of facilities for treating, processing or otherwise handling hydrocarbons and related wastes are subject to various federal, state and local laws, orders and regulations. Failure to comply with these laws and regulations may result in the assessment of administrative, civil and criminal fines and penalties or the imposition of injunctive relief.

Future compliance with laws and regulations, including environmental, production, transportation, sales, rate and tax rules and regulations, and any changes to such laws

or regulations, may reduce the Reorganized Debtors' profitability and have a material adverse effect on their financial position, liquidity and cash flows. Such laws and regulations may require more stringent and costly waste handling, storage, transport, disposal or cleanup requirements.

16. Potential Legislative And Regulatory Actions Could Increase The Reorganized Debtors' Costs, Reduce Their Revenue And Cash Flow From Oil And Natural Gas Sales, Reduce Their Liquidity Or Otherwise Alter The Way They Conduct Their Business.

Proposals that would significantly affect the Reorganized Debtors include, but are not limited to, repealing the expensing of intangible drilling costs, repealing the percentage depletion allowance, repealing the manufacturing tax deduction for oil and natural gas companies and increasing the amortization period of geological and geophysical expenses. It is unclear, however, whether any such changes will be enacted or how soon such changes could be effective. The passage of any legislation as a result of the budget proposals or any other similar change in U.S. federal income tax law could eliminate certain tax deductions that are currently available with respect to oil and natural gas exploration and development, and any such change (i) would make it more costly for the Reorganized Debtors to explore for and develop its oil and natural gas resources, and (ii) could negatively affect the Reorganized Debtors' financial condition, results of operation and cash flows.

17. Competition In The Oil And Natural Gas Industry Is Intense, Which May Adversely Affect The Debtors.

The Debtors operate in a highly competitive environment for acquiring oil and natural gas properties, marketing oil and natural gas and attracting and retaining trained personnel. Many of their competitors possess and employ financial, technical and personnel resources substantially greater than the Debtors. Those companies may be able to pay more for productive oil and natural gas properties and exploratory prospects and to define, evaluate, bid for and purchase a greater number of properties and prospects than the Reorganized Debtors' financial or personnel resources permit. The Reorganized Debtors' ability to acquire additional properties and to discover reserves in the future will depend on their ability to evaluate and select suitable properties and to consummate transactions in a highly competitive environment. Also, there is substantial competition for capital available for investment in the oil and natural gas industry. There can be no assurance that the Reorganized Debtors will be able to compete successfully in the future in acquiring prospective reserves, developing reserves, marketing hydrocarbons, attracting and retaining quality personnel and raising additional capital. If the Reorganized Debtors are unable to compete successfully in these areas in the future, their future revenues and growth may be diminished or restricted.

18. Adverse Publicity About The Debtors, Including Their Chapter 11 Filings, May Harm The Reorganized Debtors' Ability To Compete In A Highly Competitive Environment.

Recent adverse publicity concerning the Debtors' financial condition may harm its ability to operate and to maintain favorable relationships with existing service providers,

suppliers and working-interest partners. For example, it may be more challenging for the Reorganized Debtors to engage in drilling operations, and some of the Reorganized Debtors' suppliers may require cash payments rather than extending credit, which adversely affects the Reorganized Debtors' liquidity. The Reorganized Debtors may also experience difficulty attracting and retaining key employees.

19. The Reorganized Debtors May Not Have Access To Capital Markets

Because the Reorganized Debtors may not be traded on a national securities exchange, its access to capital markets may be limited, making it more difficult to raise funds for operations. The exploration and production of oil and natural gas is a capital intensive industry, so a limitation on access to capital markets could significantly impair the Reorganized Debtors' ability to develop their assets.

20. The New First Lien Facility May Contain Certain Restrictions And Limitations That Could Significantly Affect The Reorganized Debtors' Ability To Operate Their Businesses, As Well As Significantly Affect Their Liquidity.

The New First Lien Facility may contain a number of significant covenants that could adversely affect the Reorganized Debtors' ability to operate their businesses, as well as significantly affect their liquidity, and therefore could adversely affect the Reorganized Debtors' results of operations. These covenants may restrict (subject to certain exceptions) the Reorganized Debtors' ability to incur additional indebtedness; grant liens; consummate mergers, acquisitions consolidations, liquidations and dissolutions; sell assets; pay dividends and make other payments in respect of capital stock; make capital expenditures; make investments, loans and advances; make payments and modifications to subordinated and other material debt instruments; enter into transactions with affiliates; consummate sale-leaseback transactions; change their fiscal year; and enter into hedging arrangements (except as otherwise expressly permitted). In addition, the Reorganized Debtors may be required to maintain a minimum interest coverage ratio and a maximum leverage ratio.

The breach of any covenants or obligations in the New First Lien Facility, not otherwise waived or amended, could result in a default under the New First Lien Facility and could trigger acceleration of such obligations. Any default under the New First Lien Facility could adversely affect the Reorganized Debtors' growth, financial condition, results of operations, and ability to make payments on debt.

21. The Value Of The New Securities May Be Adversely Affected By A Number Of Factors.

The value of the New Securities may be adversely affected by a number of factors, including many of the risks described in this Disclosure Statement. If, for example, the Reorganized Debtors fail to comply with the covenants in the New First Lien Facility, resulting in an event of default thereunder, certain of the Reorganized Debtors' outstanding indebtedness could be accelerated, which could have a material adverse effect on the value of the New Securities.

22. The New Securities May Be Illiquid.

An important consideration in the valuation of any equity securities is the market for and the circumstances under which such securities can be sold. After Consummation of the Plan, the New Securities may not be listed on a national securities exchange or subject to SEC reporting obligations. This illiquidity will substantially limit the universe of potential purchasers of the New Securities, which, in turn, may adversely affect the value of same.

C. CERTAIN BANKRUPTCY LAW CONSIDERATIONS

1. Parties-In-Interest May Object To The Plan And Confirmation

Section 1129 of the Bankruptcy Code provides certain requirements for a chapter 11 plan to be confirmed, parties-in-interest may object to confirmation of a plan based on an alleged failure to fulfill these requirements or other reasons. The Debtors believe that the Plan complies with the requirements of the Bankruptcy Code.

2. Parties-In-Interest May Object To The Debtors' Classification Of Claims And Equity Interests

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

The Debtors believe that the classification of Claims and Equity Interests under the Plan complies with the requirements set forth in the Bankruptcy Code because each class of Claims and Equity Interests encompasses Claims or Equity Interests that are substantially similar to the other Claims or Equity Interests in each such Class. Nevertheless, there can be no assurance that the Bankruptcy Court will reach the same conclusion.

3. Undue Delay In Confirmation May Disrupt The Business Of The Debtors And Have Potential Adverse Effects

The Debtors cannot accurately predict or quantify the impact on their business of not confirming the Plan and thus prolonging the Chapter 11 Cases. A lengthy time in bankruptcy could continue to adversely affect the Debtors' relationships with their customers, oil and gas lessors, suppliers, and employees, which, in turn, could adversely affect the Debtors' competitive position, financial condition, results of operations and cash flows.

Furthermore, not confirming the Plan and thus prolonging the Chapter 11 Cases could adversely affect the Debtors' ability to seek out and take advantage of new business opportunities. So long as the Chapter 11 Cases continue, the Debtors' senior management will be required to spend a significant amount of time and effort dealing with the Debtors' reorganization instead of focusing on the Debtors' current business, and developing future business opportunities for the Debtors.

4. The Debtors May Not Be Able To Obtain Confirmation Of The Plan

The Debtors cannot ensure they will receive the votes required to confirm the Plan. In the event that votes are received in number and amount sufficient to enable the Bankruptcy Court to confirm the Plan, the Debtors intend to seek, as promptly as practicable thereafter, Confirmation of the Plan. In the event that sufficient votes are not received, the Debtors may seek to cramdown the Plan on any Classes that vote to reject the Plan or to confirm an alternative chapter 11 plan. There can be no assurance that the terms of any such alternative chapter 11 plan would be similar or as favorable to the Holders of Allowed Claims and Allowed Interests as those proposed in the Plan.

Even if the Debtors do receive sufficient votes, there can be no assurance that the Bankruptcy Court will confirm the Plan. Even if a sufficient number of votes are received and, with respect to those Classes deemed to have rejected the Plan, the requirements for "cramdown" are met, the Bankruptcy Court, which as a court of equity may exercise substantial discretion, may choose not to confirm the Plan or may require additional solicitations or consents prior to confirming the Plan. Section 1129 of the Bankruptcy Code requires, among other things, a showing that Confirmation of the Plan will not be followed by liquidation or the need for further financial reorganization of the Debtors (see Section VI.A — "FEASIBILITY OF THE PLAN AND THE BEST INTERESTS OF CREDITORS TEST — FEASIBILITY OF THE PLAN") and that the value of Distributions to dissenting Holders of Claims may not be less than the value such Holders would receive if the Debtors were liquidated under chapter 7 of the Bankruptcy Code. See Section VI.B — "FEASIBILITY OF THE PLAN AND THE BEST INTERESTS OF CREDITORS TEST — BEST INTERESTS TEST." Although the Debtors believe that the Plan will meet such tests, there can be no assurance that the Bankruptcy Court will reach the same conclusion.

The Debtors' ability to propose and confirm an alternative reorganization plan is uncertain. Confirmation of any alternative reorganization plan under chapter 11 of the Bankruptcy Code would likely take significantly more time and result in delays in the ultimate distributions to the Holders of Claims. If confirmation of an alternative plan of reorganization is not possible, the Debtors would likely be liquidated. Based upon the Debtors' analysis, liquidation under chapter 7 would result in distributions of reduced value, if any, to Holders of Claims. See Section VI — "FEASIBILITY OF THE PLAN AND THE BEST INTERESTS OF CREDITORS TEST." In a liquidation under chapter 11, the Debtors' assets could be sold in an orderly fashion over a more extended period of time than in a liquidation under chapter 7. However, it is unlikely that any liquidation would realize the full going concern value of their businesses. Consequently, the Debtors believe that a liquidation under chapter 11 would also result in smaller distributions to the Holders of Claims than those provided for in the Plan.

5. The First Lien Lenders, the Second Lien Lenders And The Consenting Senior Noteholders May Withdraw Their Support For The Plan

If (i) this Disclosure Statement is not approved in form and substance consistent with the terms of the RSA on or before July 25, 2016, and/or (ii) the Confirmation Order is not entered confirming the Plan on or before September 15, 2016 in form and substance consistent

with the terms of the RSA, the First Lien Lenders, the Second Lien Lenders and/or Consenting Senior Noteholders may, unless an extension to either or both such deadlines has been agreed to pursuant to the terms of the RSA, have the right to withdraw their support of the Plan. In such event, the Debtors may not pursue confirmation of the Plan, which could result in the liquidation of the Debtors or less favorable treatment under an alternative plan or plans, if any.

6. Failure To Consummate The Plan

Consummation of the Plan is conditioned upon, among other things, entry of the Confirmation Order and an order (which may be the Confirmation Order) approving the assumption and assignment to the Reorganized Debtors of all or substantially all executory contracts and unexpired leases (other than those specifically rejected by the Debtors) to the Reorganized Debtors or their assignees. As of the date of this Disclosure Statement, there can be no assurance that any or all of the foregoing conditions will be met (or waived) or that the other conditions to Consummation set forth more fully in the Plan will be satisfied. Accordingly, even if the Plan is confirmed by the Bankruptcy Court, there can be no assurance that the Plan will be consummated and the Restructuring completed. For risks associated with failure to consummate the Plan, see SECTION VII — "ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN."

7. Risk Of Non-Occurrence Of The Effective Date

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

8. Risk Of Post-Confirmation Default

At the Confirmation Hearing, the Bankruptcy Court will be required to make a judicial determination that the Plan is feasible, but that determination does not serve as any guarantee that there will not be any post-Confirmation defaults.

The Debtors believe that the cash flow generated from operations and post-Effective Date borrowings will be sufficient to meet the Debtors' operating requirements, their obligations under the New First Lien Facility , and other post-Confirmation obligations under the Plan.

9. Claims Estimation

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

D. CERTAIN TAX CONSIDERATIONS

THERE ARE A NUMBER OF MATERIAL INCOME TAX CONSIDERATIONS, RISKS AND UNCERTAINTIES ASSOCIATED WITH CONSUMMATION OF THE PLAN.

INTERESTED PARTIES SHOULD READ CAREFULLY THE DISCUSSION SET FORTH IN SECTION V - "CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN" FOR A DISCUSSION OF CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE TRANSACTIONS CONTEMPLATED UNDER THE PLAN BOTH TO THE DEBTORS AND TO HOLDERS OF CLAIMS THAT ARE IMPAIRED UNDER THE PLAN.

E. INHERENT UNCERTAINTY OF FINANCIAL PROJECTIONS

The Financial Projections for the Debtors cover the September 1, 2016 years ending December 31, 2020. These Financial Projections are based upon numerous assumptions that are an integral part of the Financial Projections, including Confirmation and Consummation of the Plan in accordance with its terms, the anticipated future performance of the Reorganized Debtors, industry performance, general business and economic conditions, competition, adequate financing, absence of material contingent or unliquidated litigation or indemnity claims, and other matters, many of which are beyond the control of the Reorganized Debtors and some or all of which may not materialize. In addition, unanticipated events and circumstances occurring subsequent to the date of this Disclosure Statement may affect the actual financial results of the Reorganized Debtors' operations. These variations may be material and may adversely affect the ability of the Reorganized Debtors to pay the obligations owing to certain Holders of Claims entitled to Distributions under the Plan and other post-Effective Date indebtedness. Because the actual results achieved throughout the periods covered by the Financial Projections may vary from the projected results, the Financial Projections should not be relied upon as a guaranty, representation, or other assurance of the actual results that will occur.

IX. THE SOLICITATION; VOTING PROCEDURES

A. VOTING DEADLINE

The period during which Ballots with respect to the Plan will be accepted by the Debtors will terminate on the Voting Deadline. Except to the extent the Debtors so determine or as permitted by the Bankruptcy Court, Ballots that are received after the Voting Deadline will not be counted or otherwise used by the Debtors in connection with the Debtors' request for Confirmation of the Plan (or any permitted modification thereof).

B. VOTING PROCEDURES

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

The Debtors are providing the appropriate Solicitation Package to Holders of Claims whose names (or the names of whose Nominees) appear as of the Voting Record Date in the records maintained by the Debtors. Nominees should provide copies of the Solicitation Package to the beneficial owners of the Senior Notes Claims. Any beneficial owner of Senior Notes Claims who has not received a Solicitation Package should contact his/her or its Nominee; other Holders of Claims should contact the Solicitation Agent.

Holders of Claims should provide all of the information requested by the Ballots and return all Ballots in the return envelope provided with each such Ballot.

C. FIDUCIARIES AND OTHER REPRESENTATIVES

If a Ballot is signed by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation, or another acting in a fiduciary or representative capacity, such Person should indicate such capacity when signing and, if requested by the Debtors, must submit proper evidence satisfactory to the Debtors of authority to so act. Authorized signatories should submit the separate Ballot of each claimant for whom they are voting.

UNLESS THE APPLICABLE BALLOT BEING FURNISHED IS TIMELY SUBMITTED TO THE SOLICITATION AGENT ON OR PRIOR TO THE VOTING DEADLINE, SUCH BALLOT WILL BE REJECTED AS INVALID AND WILL NOT BE COUNTED AS AN ACCEPTANCE OR REJECTION OF THE PLAN. IN NO CASE SHOULD A BALLOT BE DELIVERED TO ANY ENTITY OTHER THAN THE NOMINEE OR THE SOLICITATION AGENT, AS APPLICABLE.

D. PARTIES ENTITLED TO VOTE

Under section 1124 of the Bankruptcy Code, a class of claims or equity interests is deemed to be "impaired" under a plan unless (i) the plan leaves unaltered the legal, equitable, and contractual rights to which such claim or equity interest entitles the holder thereof or (ii) notwithstanding any legal right to an accelerated payment of such claim or equity interest, the plan cures all existing defaults (other than defaults resulting from the occurrence of events of bankruptcy) and reinstates the maturity of such claim or equity interest as it existed before the default.

In general, a holder of a claim or equity interest may vote to accept or to reject a plan if the claim or equity interest is "allowed," which means generally that no party-in-interest has objected to such claim or equity interest, and the claim or equity interest is impaired by the plan. If, however, the holder of an impaired claim or equity interest will not receive or retain any distribution under the plan on account of such claim or equity interest, the Bankruptcy Code deems such holder to have rejected the plan, and, accordingly, holders of such claims and equity interests do not actually vote on the plan. If a claim or equity interest is not impaired by the plan, the Bankruptcy Code deems the holder of such claim or equity interest to have accepted the plan and, accordingly, holders of such claims and equity interests are not entitled to vote on the plan.

Classes 1, 2A and 2B of the Plan are Impaired. Therefore, the Holders of Claims in Classes 1, 2A and 2B are being solicited for votes in favor of the Plan.

Classes 3, 4, 5, and 6 of the Plan are Impaired and will not receive or retain any Distribution or property under the Plan on account of the such Classes Claims or Equity Interests. Accordingly, under section 1126(g) of the Bankruptcy Code, Holders of Claims and Equity Interests in Classes 3, 4, 5, and 6 are deemed to have rejected the Plan and are not entitled to vote on the Plan.

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

E. AGREEMENTS UPON FURNISHING BALLOTS

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

F. WAIVERS OF DEFECTS, IRREGULARITIES, ETC.

All questions as to the validity, form, eligibility (including time of receipt), acceptance, and revocation or withdrawal of Ballots will be determined the Bankruptcy Court at the Confirmation Hearing. As indicated in Section IX.G, effective withdrawals of Ballots must be delivered to the Solicitation Agent prior to the Voting Deadline. The Debtors reserve the absolute right to contest the validity of any such withdrawal. The Debtors also reserve the right to reject any and all Ballots not in proper form, the acceptance of which would, in the opinion of the Debtors or their counsel, be unlawful. The Debtors further reserve the right to waive any defects or irregularities or conditions of delivery as to any particular Ballot. Any interpretation (including of the Ballot and the respective instructions thereto) of the validity of the Ballots will be made by the Bankruptcy Court. Unless waived, any defects or irregularities in connection with deliveries of Ballots must be cured within such time as the Bankruptcy Court determines. Neither the Debtors nor any other Person will be under any duty to provide notification of defects or irregularities with respect to deliveries of Ballots nor will any of them incur any liabilities for failure to provide such notification. Unless otherwise directed by the Bankruptcy Court, delivery of such Ballots will not be deemed to have been made until such irregularities have been cured or waived. Ballots previously furnished (and as to which any irregularities have not theretofore been cured or waived) will be invalidated.

G. WITHDRAWAL OF BALLOTS; REVOCATION

Any party who has delivered a valid Ballot for the acceptance or rejection of the Plan may withdraw such acceptance or rejection by delivering a written notice of withdrawal to the Solicitation Agent at any time prior to the Voting Deadline. A notice of withdrawal, to be valid, must (i) contain the description of the Claim(s) to which it relates and the aggregate principal amount represented by such Claim(s), (ii) be signed by the withdrawing party in the same manner as the Ballot being withdrawn, (iii) contain a certification that the withdrawing party owns the Claim(s) and possesses the right to withdraw the vote sought to be withdrawn, and (iv) be received by the Solicitation Agent in a timely manner at the address set forth in Section IX.I before the Voting Deadline. After the Voting Deadline, the Debtors intend to consult with the Solicitation Agent to determine whether any withdrawals of Ballots were received and whether the required number of votes to confirm the Plan have been received. As stated above, the Debtors expressly reserve the absolute right to contest the validity of any such withdrawals of Ballots.

A purported notice of withdrawal of Ballots which is not received in a timely manner by the Solicitation Agent will not be effective to withdraw a previously cast Ballot.

In the case where more than one timely, properly completed Ballot is received, the last properly executed Ballot that is received prior to the Voting Deadline shall be deemed to reflect the voter's intent and to thus supersede any prior Ballot(s), without prejudice to the Debtors' right to object to the validity of the second Ballot on any basis permitted by law; and, if the objection to such second Ballot or subsequent Ballot is sustained, to account the first Ballot for all purposes.

The Debtors will pay all costs, fees and expenses relating to the Solicitation, including customary mailing and handling costs of Nominees.

H. NO REQUIREMENT TO DELIVER EXISTING SECURITIES

The Debtors are not at this time requesting the delivery of, and neither the Debtors nor the Solicitation Agent will accept, certificates representing any Equity Interests. On the Effective Date, all Equity Interests, other than Warren Subsidiary Debtor Interests, will be cancelled.

I. FURTHER INFORMATION; ADDITIONAL COPIES

If you have any questions or require further information about the voting procedure for voting your Claim, or about the Solicitation Package; or if you wish to obtain an additional copy of the Plan, the Disclosure Statement, the Plan Supplement or any exhibits to such documents (at your own expense, unless otherwise specifically required by Rule 3017(d) of the Federal Rules of Bankruptcy Procedure), please contact the Solicitation Agent:

Warren Resources, Inc., Ballot Processing
c/o Epiq Bankruptcy Solutions, LLC
10300 SW Allen Blvd.
Beaverton, OR 97005
Telephone: (646) 282-2500
Email: tabulation@epiqsystems.com, with a reference to "Warren" in the subject line.

RECOMMENDATION AND CONCLUSION

For all of the reasons set forth in this Disclosure Statement, the Debtors believe that Confirmation and Consummation of the Plan is preferable to all other alternatives discussed herein. Consequently, the Debtors, urge all Holders of Claims entitled to vote to accept the Plan, and to complete and return their Ballots so that they will be received by the Solicitation Agent on or before _____, central time, on _____, 2016.

[Remainder of Page Intentionally Left Blank]

Dated: July 18, 2016
Houston, Texas

WARREN RESOURCES, INC.

By: /s/ James A. Watt
Name: James A. Watt
Title: President, Chief Executive Officer, and Chief Restructuring Officer

WARREN E&P, INC.

By: /s/ James A. Watt
Name: James A. Watt
Title: President

WARREN RESOURCES OF CALIFORNIA, INC.

By: /s/ James A. Watt
Name: James A. Watt
Title: President

WARREN MANAGEMENT CORP.

By: /s/ James A. Watt
Name: James A. Watt
Title: President

WARREN ENERGY SERVICES, LLC

By: /s/ James A. Watt
Name: James A. Watt
Title: President

WARREN MARCELLUS LLC

By: /s/ James A. Watt
Name: James A. Watt
Title: President