A. U.S. Federal Income Tax Consequences To The Debtors

For U.S. federal income tax purposes, WTI is a common parent to subsidiaries that are members of an affiliated group of corporations (the "Debtor Group") that files a single consolidated U.S. federal income tax return. The Debtor Group has consolidated net operating losses and net operating loss carryovers (collectively, "NOLs") for U.S. federal income tax purposes of approximately $172 million as of September 30, 2010. As the Debtor Group experienced an "ownership change" under Section 382 of the IRC ("Section 382") in February 2007, approximately $98 million of the consolidated net operating loss carryovers is subject to an annual Section 382 limitation (as defined below) of approximately $1.3 million for U.S. federal income tax purposes. Accordingly, approximately $72 million of such consolidated net operating loss carryovers subject to an annual Section 382 limitation imposed as a result of the February 2007 ownership change generally will expire unutilized based on a 20-year carryforward period. However, such net operating loss carryovers may be utilized to offset COD income realized by the Debtors in connection with the consummation of the Plan. In addition, the Debtors expect the Debtor Group to incur additional losses for the current taxable year ending December 31, 2010. The amount of any such losses remains subject to audit and adjustment by the IRS. The Debtors are currently analyzing whether the Debtor Group has undergone any ownership changes under Section 382 since the February 2007 ownership change in connection with certain transactions in 2008 and 2009. If there were any ownership changes since February 2007, a greater amount (if not the majority) of the Debtor Group's consolidated NOLs will be subject to an annual Section 382 limitation for U.S. federal income tax purposes and the amount of NOLs available to offset the Debtors' expected future taxable income would be further limited. In connection with the Plan, the amount of the Debtor Group's consolidated NOLs as well as other tax attributes may be significantly reduced.

1. Cancellation of Indebtedness Income

Under the IRC, a taxpayer generally recognizes cancellation of indebtedness ("COD") income in an amount equal to the difference between the "adjusted issue price" of the indebtedness discharged and the sum of (i) the amount of any cash, (ii) the "issue price" of any new debt instruments, and (iii) the fair market value of any stock or other property transferred in satisfaction of the discharged indebtedness. COD income also includes any interest that the taxpayer deducted on the accrual method of accounting but remains unpaid at the time the indebtedness is discharged. COD income generally does not include the discharge of indebtedness to the extent payment of the liability would have given rise to a deduction.

The Debtors will realize substantial COD income upon the issuance of the New Common Stock and the New First Lien Notes and the transfer of any Net Distributable Cash in satisfaction of the Note Claims in an amount equal to the excess of (i) the adjusted issue price of the Note Claims over (ii) the sum of the issue price of the New First Lien Notes (as discussed below) and the fair market value of the New Common Stock issued in exchange for the Note Claims and any Net Distributable Cash paid in respect of the Note Claims. The Debtors should not realize any COD income in connection with the discharge of PBGC Claims because COD income is not realized where the discharge of indebtedness relates to a liability which payment would have given rise to a deduction. The exact amount of any COD income that will be realized by the Debtors will not be determinable until the consummation of the Plan.

Taxpayers that realize COD income generally are required to include such amounts in gross income for purposes of determining their U.S. federal income tax for the year. However, because the Debtors are under the jurisdiction of the bankruptcy court in a Title 11 case, the Debtors will not be required to include the COD income in its gross income. Instead, the Debtors (and, if applicable, other members of the Debtor Group) will be required to reduce certain tax attributes (e.g., NOLs, general business credit carryovers and tax basis in property (collectively, "Tax Attributes")) by the amount of the COD income (but not always on a dollar for dollar basis) excluded from gross income. If the amount of COD income exceeds the available Tax Attributes, such excess is permanently excluded from income. The reduction in Tax Attributes occurs on the first day of the taxable year following the taxable year in which such COD income is realized.

An election is available to defer the recognition of the COD income for exchanges occurring in 2009 or 2010. Pursuant to the election, for exchanges occurring in 2010, COD income is deferred until the fourth taxable year following the taxable year in which the exchange creating the COD income occurs. Beginning in that fourth taxable year, the deferred COD income would be includable in gross income ratably over a five year period from 2014 through 2018. Once made, this election is irrevocable and the exclusion of income described above would not be available (and the reduction in Tax Attributes would not apply). As the exchange of the Note Claims for New First Lien Notes, New Common Stock and any Net Distributable Cash is expected to occur in 2011, the Debtors expect that this election will not be available to the Debtors.

2. Utilization of NOLs and Net Unrealized Built-in Losses

In general, when a corporation undergoes an "ownership change," generally a more than 50 percent increase in the ownership of stock of the common parent by five-percent shareholders at any time during a rolling three year testing period, Section 382 limits the corporation's ability to utilize its NOLs and, if, at the time of the ownership change, the corporation has a net unrealized built-in loss in its assets (i.e., where the tax basis in its assets exceeds its fair market value by more than the lesser of $10 million or 15 percent of the fair market value of its assets), limits the recognition of those built-in losses upon the sale or depreciation of those assets during the five-year period following the ownership change. The Debtor Group will undergo an ownership change as a result of the consummation of the Plan (the "Plan Ownership Change"), which may limit the future benefits to the Debtors of any such remaining NOLs or other tax attributes. The annual limitation on a corporation's use of NOLs and certain recognized built-in losses following an ownership change ("annual Section 382 limitation") is generally equal to the product of the value of the stock of the corporation (with certain adjustments) immediately before the ownership change and the applicable "long-term tax-exempt rate" (currently 3.86% for ownership changes occurring in November of 2010). For these purposes, the annual Section 382 limitation and built-in losses generally are determined on a consolidated group basis as though the consolidated group were one entity.

Section 382 provides a complete exception from the application of the annual Section 382 limitation for corporations under jurisdiction of a court in a Title 11 case if qualifying creditors and shareholders immediately prior to the ownership change own 50 percent or more of the corporation (as a result of being creditors or shareholders prior to the ownership change) immediately thereafter (the "Bankruptcy Exception") and if the corporation does not elect out of this exception. "Qualifying creditors" are persons that were creditors as of a date eighteen months before filing of the petition under Title 11 or persons whose claims arose in the ordinary course of the trade or business of the loss corporation and, in each case, the debt was at all times beneficially owned by such persons. Any debt owned immediately before an ownership change by a creditor who does not become a direct or indirect five-percent shareholder of the reorganized debtor generally will be treated as always having been owned by such creditor, except in the case of any creditor whose participation in formulating the plan of reorganization makes evident to the debtor that such creditor has not owned the debt for the requisite period.

If the Debtors are able to apply the Bankruptcy Exception, there would be no annual Section 382 limitation imposed in connection with the Plan Ownership Change on the use of NOLs or built-in losses incurred prior to the Plan Ownership Change to offset taxable income that arise after the Effective Date. However, NOLs incurred prior to the February 2007 ownership change and prior to any other ownership change thereafter that occurred before the commencement of this Title 11 case will be subject to the annual Section 382 limitations imposed in connection with such ownership change. Furthermore, under the Bankruptcy Exception, the amount of NOLs incurred prior to the Plan Ownership Change (subject to the limitations discussed above) available to be carried over to a post-Effective Date year would be reduced by the amount of interest that had been deducted on the Note Claims exchanged for New Common Stock during the taxable year of the Effective Date of the Plan and during the three preceding taxable years (the "Interest Reduction Rule").

In addition, if the Bankruptcy Exception is applicable and is applied, a second ownership change within two years will result in the Bankruptcy Exception being inapplicable for any taxable year ending after the date of such second ownership change, and the annual Section 382 limitation for the second ownership change will be zero. The Debtors have not yet determined whether, if the Bankruptcy Exception is applicable, to seek to have the Bankruptcy Exception apply to the ownership change arising from the consummation of the Plan or to elect out of it because, depending on the application of the Interest Reduction Rule, it may substantially reduce the Debtor Group's NOLs.

If the Bankruptcy Exception does not apply, or the Debtors elect out of it, a special rule under Section 382, applicable to corporations under the jurisdiction of a court in a Title 11 case, will apply in calculating the appropriate annual Section 382 limitation. Under this special rule, the annual Section 382 limitation will be calculated by reference to the value of New Common Stock (with certain adjustments) immediately after the Effective Date (as opposed to immediately before the Effective Date).

3. U.S. Federal Alternative Minimum Tax

The Debtors may be subject to the alternative minimum tax (the "AMT") which imposes a tax equal to the amount by which 20% of a corporation's alternative minimum taxable income ("AMTI") exceeds the corporation's regular tax liability. AMTI is calculated pursuant to specific rules in the IRC which eliminate or limit the availability of certain tax deductions and which include as income certain amounts not generally included in computing a corporation's regular tax liability (however, any COD income excluded from Debtors' regular taxable income, as described above, would also be excluded from its AMTI). In particular, even though a corporation otherwise might be able to offset all of its taxable income for regular tax purposes by available NOL carryovers, only 90 percent of a corporation's taxable income for AMT purposes may be offset by available NOL carryforwards (as computed for AMT purposes). Additionally, a consolidated group with a net unrealized built-in loss in its assets that undergoes an ownership change, within the meaning of Section 382, must adjust the tax basis of its assets for AMT purposes to their fair market values. Due to the possibility of ownership changes following the February 2007 ownership change and occurring prior to the commencement of this Title 11 case, the Debtors are uncertain as to the amount of the adjustment, if any, arising out of the Plan Ownership Change, and whether any such adjustment will have a material tax effect.

Any AMT a corporation pays will generally be allowed as a nonrefundable credit against its regular federal income tax liability in future tax years when the corporation is subject to regular federal income tax.

B. U.S. Federal Income Tax Consequences To U.S. Holders

1. Holders of Note Claims (Class 3)

Taxable Exchange. Pursuant to the Plan, Holders of the Note Claims will receive New Common Stock, New First Lien Notes and any Net Distributable Cash in exchange for their Note Claims. For Holders of the Note Claims, this exchange will be a taxable exchange for U.S. federal income tax purposes, unless the exchange qualifies as a recapitalization for U.S. federal income tax purposes (see "*Recapitalization*" below). If the exchange is a taxable exchange, as a result of the Plan, a U.S. Holder will recognize gain or loss equal to the difference between the amount realized in exchange for the Note Claims and the U.S. Holder's adjusted tax basis in the Note Claims surrendered. The amount realized in exchange for the Note Claims generally would equal the sum of the fair market value of the New Common Stock, the issue price of the New First Lien Notes and any Net Distributable Cash received in the exchange. A U.S. Holder's adjusted tax basis in a Note Claim generally will be equal to the amount paid for such Note Claim, increased by any original issue discount ("OID") previously included in income and reduced by the amount of any payments on a Note Claim other than payments of "qualified stated interest." If applicable, a U.S. Holder's tax basis in a Note Claim will also be increased by any market discount previously included in income by such U.S. Holder pursuant to an election to include market discount in income currently as it accrues and reduced by any amortizable bond premium which the U.S. Holder has previously deducted.

If the exchange is a taxable exchange, a U.S. Holder's holding period in the New Common Stock and New First Lien Notes will begin the day after the Effective Date. A U.S. Holder's tax basis in the New Common Stock received in such exchange will equal the fair market value of the New Common Stock on the Effective Date, and a U.S. Holder's tax basis in the New First Lien Notes received in such exchange will equal the issue price of the New First Lien Notes. Any gain or loss recognized on such exchange generally would be treated as capital gain or loss and would be long-term capital gain or loss if the Note Claims were held by the U.S. Holder for more than one year, except to the extent that any gain is recharacterized as ordinary income pursuant to the market discount rules discussed below. The deductibility of capital losses is subject to limitations.

Recapitalization. The U.S. federal income tax consequences of the Plan may depend upon whether the Note Claims and the New First Lien Notes are viewed as "securities" for purposes of the U.S. federal income tax rules regarding "recapitalizations." Whether a debt instrument constitutes a security depends upon a variety of factors, including the term of the instrument (which is regarded as one of the most significant factors). As a general rule, a debt instrument with a term of less than five years will not be considered a security, and a debt instrument with a term of ten years or more will be considered a security. Whether a debt instrument with a term between five or more years and less than ten years is a security is unclear. While the Note Claims were issued in April 2009 and had an original term of three years, they were issued pursuant to an exchange offer in exchange for notes that had been issued in March 2002 and had an original term of seven years. It is unclear whether, in an exchange of a security for a debt instrument with a maturity of less than five years, the new debt instrument may nonetheless qualify as a security to support recapitalization treatment. Hence, it is unclear whether the Note Claims and the New First Lien Notes would be viewed as securities for purposes of the recapitalization rules.

If the Note Claims and the New First Lien Notes are treated as securities for purposes of the recapitalization rules, the exchange of Note Claims for New Common Stock, New First Lien Notes and any Net Distributable Cash may qualify as a "recapitalization" for U.S. federal income tax purposes. Under the rules applicable to recapitalizations, U.S. Holders generally would not recognize any gain or loss on the exchange of the Note Claims for New Common Stock, New First Lien Notes and any Net Distributable Cash, except Holders would recognize gain, but not in excess of any Net Distributable Cash received, to the extent that their amount realized in exchange for the Note Claims exceeded their adjusted tax basis in the Note Claims surrendered. Gain recognized where the exchange is treated as a recapitalization generally would be treated as capital gain and would be long-term capital gain if the Note Claims were held by the U.S. Holder for more than one year, except to the extent that any gain is recharacterized as ordinary income pursuant to the market discount rules discussed below. No loss may be recognized as a result of a recapitalization.

Where the exchange is treated as a recapitalization, a U.S. Holder generally would have an initial tax basis in the New Common Stock and New First Lien Notes received equal to such Holder's adjusted tax basis in the Note Claims surrendered, increased by the amount of any gain recognized and reduced by the amount of any Net Distributable Cash received, which should be allocated among such New Common Stock and New First Lien Notes based upon the relative fair market values thereof. Such U.S. Holder would have a holding period in such New Common Stock and New First Lien Notes that included such Holder's holding period in the Note Claims surrendered.

Issue Price. The issue price of the New First Lien Notes may depend, in part, upon whether the New First Lien Notes or Note Claims are "publicly traded" as defined for U.S. federal income tax purposes. To be considered "publicly traded," the notes generally must (i) be listed on a securities exchange or similar market, (ii) appear in a quotable medium that provides a reasonable basis for determining fair market value, or, (iii) subject to certain safe harbors, have price quotations readily available from dealers brokers or traders. Debtors believe that the New First Lien Notes and Note Claims are not "publicly traded" for these purposes. Accordingly, the issue price of the New First Lien Notes should generally be equal to their stated principal amount (i.e., their face amount). If, however, the Note Claims were treated as "publicly traded," then the issue price of the New First Lien Notes would generally be equal to the fair market value of the Note Claims, on the Effective Date, for which the New First Lien Notes were issued. If the issue price of the New First Lien Notes is determined under the rules applicable to public trading and is less than the face amount of the New First Lien Notes, there will be additional OID includable in the income of a Holder of the New First Lien Notes in an amount equal to the difference between the New First Lien Note's face amount and the issue price and in the manner described in *"Interest on New First Lien Notes"* below. No assurance can be given that the IRS would not assert, or that a court would not sustain, that the Note Claims or the New First Lien Notes are "publicly traded."

Accrued Interest. The Plan provides that the consideration distributed to Holders of the Note Claims is entirely attributed to unpaid principal and no consideration is attributed to accrued but unpaid interest. A U.S. Holder generally recognizes a deductible loss to the extent that accrued but unpaid interest (other than OID) was previously included in income for U.S. federal income tax purposes and 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 manner in which consideration is allocated between accrued but unpaid interest and principal for U.S. federal income tax purposes in connection with a debt restructuring under which the full amount of the principal of the debt is not repaid is unclear under present law. There is no assurance that the allocation set forth above will be respected by the IRS for U.S. federal income tax purposes. If any consideration were attributed to accrued but unpaid interest, a U.S. Holder of Note Claims would be required to recognize such consideration as ordinary income if such interest income has not previously been included in income by the Holder. The basis in any property received in exchange for a Note Claim that is attributable to accrued but unpaid interest would equal the fair market value of such property when received and the holding period for such property would begin on the day following the Effective Date. Holders should consult their own tax advisors regarding the allocation of consideration received under the Plan between principal and interest.

Market Discount. A U.S. Holder who acquired a Note Claim after its original issuance at a market discount (generally defined as the amount, if any, by which a Holder's tax basis in a debt obligation immediately after its acquisition is exceeded by the adjusted issue price of the debt obligation at such time, subject to a de minimis exception) generally will be required to recognize any gain realized pursuant to the exchange as ordinary income to the extent of the market discount accrued during the U.S. Holder's period of ownership, unless such Holder elected to include the market discount in income as it accrued.

If the exchange of Note Claims for New Common Stock, New First Lien Notes and any Net Distributable Cash were treated as a recapitalization, a U.S. Holder would only recognize accrued market discount up to the amount of any Net Distributable Cash received. Any remaining market discount would be carried forward onto the New Common Stock and New First Lien Notes and recognized in accordance with the market discount rules on a disposition of the New Common Stock or on a later payment of principal or disposition of the New First Lien Notes. If the Note Claims or the New First Lien Notes are treated as "publicly traded" and, therefore, the issue price of the New First Lien Notes is below the face amount of the New First Lien Notes resulting in OID, see "*Issue Price*" above, the accrued market discount on the Note

Claims (to the extent not recognized on the exchange) that is carried forward onto the New First Lien Notes is limited to the difference between the issue price and the U.S. Holder's tax basis in the New First Lien Notes.

If a U.S. Holder acquired Note Claims with market discount and did not elect to include market discount in income as it accrued, then interest that the market discount provisions require the U.S. Holder to defer on debt incurred or maintained to purchase or carry its Note Claims should become deductible at the time of the exchange. The market discount rules are complex. Holders whose Note Claims have or may have market discount should consult their own tax advisors as to the effects of these rules.

2. Holders of Old Preferred Stock Interests and Old Common Stock Interests (Classes 6 and 7)

Pursuant to the Plan, U.S. Holders of Old Preferred Stock Interests or Old Common Stock Interests will not receive any property or interest in exchange for the cancellation of their Old Preferred Stock or Old Common Stock. A U.S. Holder holding such Old Preferred Stock Interest or Old Common Stock Interest as a capital asset will be able to take a worthless stock deduction. Section 165(g) of the IRC provides that if a security that is held as a capital asset becomes wholly worthless during the taxable year, the Holder is entitled to a capital loss which is treated as recognized from the sale or exchange of such security on the last day of such taxable year. The definition of securities includes shares of stock in a corporation. The amount of loss deductible is limited to the U.S. Holder's basis in the Old Preferred Stock Interest or Old Common Stock Interest.

3. Ownership and Disposition of New Common Stock and New First Lien Notes

Distributions on New Common Stock. Any distributions made on the New Common Stock will constitute dividends for U.S. federal income tax purposes to the extent the distribution is paid out of current or accumulated earnings and profits, as determined under U.S. federal income tax principles. The gross amount of any such dividend to a U.S. Holder will be included in the income of the U.S. Holder, as ordinary dividend income from U.S. sources. In general, distributions in excess of current or accumulated earnings and profits will not be taxable to a U.S. Holder to the extent that such distributions to the U.S. Holder do not exceed the U.S. Holder's adjusted tax basis in the New Common Stock with respect to which the distribution is paid, but rather will reduce the U.S. Holder's adjusted tax basis in such New Common Stock (but not below zero). To the extent that distributions exceed current and accumulated earnings and profits as well as the U.S. Holder's adjusted tax basis in the New Common Stock, such distributions generally will be taxable as capital gain realized in respect of the New Common Stock.

U.S. Holders that are corporations may be eligible for a dividends-received deduction with respect to dividend distributions that are paid in respect of the New Common Stock, subject to certain conditions and requirements, such as minimum holding period requirements. There can be no assurance that there will be sufficient current or accumulated earnings and profits for distributions in respect of the New Common Stock to qualify as dividends for U.S. federal income tax purposes.

Further, U.S. Holders that are corporations should be aware that under certain circumstances, a corporation that receives an "extraordinary dividend" (as defined in Section 1059 of the IRC) is required to reduce its stock basis by the portion of such dividend that is not taxed because of the dividends-received deduction. U.S. Holders who are individuals and who receive an "extraordinary dividend" would be required to treat any losses on the sale of New Common Stock as long-term capital losses to the extent such dividends received by them qualify for the reduced 15 percent tax rate. Investors should consult their tax advisers with respect to the potential application of the extraordinary dividend rules to an investment in the New Common Stock.

Interest on New First Lien Notes. The amount of stated interest payable in cash on a New First Lien Note generally will be taxable as ordinary interest income in accordance with the U.S. Holder's regular method of accounting for U.S. federal income tax purposes at the time such payments are accrued or received. The amount of stated interest payable on a New First Lien Note payable in-kind will give rise to OID, and U.S. Holders will be required to include such OID in income accordingly as described below.

An obligation generally is treated as having been issued with OID if its "stated redemption price at maturity" exceeds its issue price, see "*Issue Price*"above, by more than a de minimis amount. "Stated redemption price at maturity" is the total of all payments provided for by the obligation that are not payments of "qualified stated interest." "Qualified stated interest" only includes stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually at a single specified rate.

Treasury Regulations generally deem an issuer to exercise a call option in a manner that minimizes the yield on the debt instrument for purposes of determining whether a debt instrument is issued with OID. The yield on the New First Lien Notes would be minimized if Reorganized WTI calls the New First Lien Notes immediately prior to the first interest rate step-up—an increase in the interest rate to 12% per annum (6% payable in cash and 6% PIK). Thus, the New First Lien Notes will be assumed to be called (solely for purposes of the OID rules) immediately prior to the first interest rate step-up (solely for OID purposes, "First Year Notes"). This assumption is made solely for U.S. federal income tax purposes of determining whether the note is issued with OID and is not an indication of Reorganized WTI's intention to call or not to call the New First Lien Notes at any time. Reorganized WTI will satisfy the obligation to pay interest on the First Year Notes solely with cash payments. Accordingly, the First Year Notes will not be treated as issued with OID for federal income tax purposes and the interest on such First Year Notes will be taxable to a U.S. Holder as ordinary interest income at the time it accrues or is received in accordance with the U.S. Holder's normal method of accounting for tax purposes.

However, if Reorganized WTI does not call the First Year Notes immediately prior to the first interest rate step-up as so assumed, the New First Lien Notes will be deemed to be retired and reissued (solely for purposes of the OID rules) at their adjusted issue price at such time. Such New First Lien Notes deemed to be reissued at such time (solely for OID purposes, "Second Year Notes") would similarly be assumed to be called immediately before the second interest rate step-up—an increase in the interest rate to 16% (6% payable in cash and 10% PIK). Reorganized WTI will satisfy the obligation to pay interest on the Second Year Notes in part through issuing additional New First Lien Notes. Such interest paid through issuing additional New First Lien Notes will not be treated as qualified stated interest and the stated redemption price of the Second Year Notes will therefore include these amounts. Thus, the Second Year Notes will be treated as issued with OID for U.S. federal income tax purposes. For U.S. federal income tax purposes, each U.S. Holder (regardless of its accounting method) generally must include in gross income a portion of the OID in each taxable year during which the Second Year Notes are held in an amount equal to the OID that accrues during such period, determined using a constant yield to maturity method. Accordingly, U.S. Holders will have to include OID in income before the receipt of cash attributable to such income. A U.S. Holder's tax basis in a New First Lien Note will be increased by the amount of OID includible in the U.S. Holder's gross income as it accrues.

Sale, Exchange, Retirement, Redemption or Other Taxable Disposition of New Common Stock. Subject to the treatment of a portion of any gain as ordinary income to the extent of any market discount carried over to the New Common Stock from the Note Claims, any gain or loss recognized on a sale, exchange, retirement, redemption or other taxable disposition of New Common Stock generally will be capital gain or loss in an amount equal to the difference, if any, between the amount realized and the U.S. Holder's adjusted tax basis in the New Common Stock immediately before the sale, exchange, retirement, redemption or other taxable disposition. Any such gain or loss will be long-term capital gain or loss if the holding period for the New Common Stock is more than one year at the time of such sale, exchange, retirement, redemption or other taxable disposition. The deductibility of capital losses is subject to limitations.

Sale, Exchange, Retirement, Redemption or Other Taxable Disposition of New First Lien Notes. Subject to the treatment of a portion of any gain as ordinary income to the extent of any market discount carried over to the New First Lien Notes from the Note Claims, any gain or loss recognized on a sale, exchange, retirement, redemption or other taxable disposition of New First Lien Notes generally will be capital gain or loss in an amount equal to the difference, if any, between (i) the amount realized less any amount attributable to accrued but unpaid interest, which will be taxable as such; and (ii) the U.S. holder's adjusted tax basis in the New First Lien Notes immediately before the sale, exchange, retirement, redemption or other taxable disposition. The U.S. Holder's adjusted tax basis in a New First Lien Note generally equals the issue price of the New First Lien Note, increased by accrued OID with respect to the New First Lien Note, and decreased by payments on the New First Lien Notes other than payments of "qualified stated interest." Any such gain or loss will be long-term capital gain or loss if the holding period for the New Common Stock is more than one year at the time of such sale, exchange, retirement, redemption or other taxable disposition. The deductibility of capital losses is subject to limitations.

New Legislation Relating to Surtax on Unearned Income. Newly enacted legislation may require certain U.S. holders who are individuals, estates or trusts to pay a 3.8% surtax on, among other things, dividends on the New Common Stock, interest on the New First Lien Notes, and capital gains from the sale, exchange, redemption, retirement, redemption or other taxable disposition of the New Common Stock and New First Lien Notes. This legislation would apply for taxable years beginning after December 31, 2012. U.S. holders should consult their own tax advisors regarding the effect, if any, of this legislation on their ownership and disposition of the New Common Stock and New First Lien Notes.

Backup Withholding and Information Reporting. Certain payments, including certain distributions pursuant to the Plan, payments of dividends, if any, on the New Common Stock, payments of interest on the New First Lien Notes, and the proceeds from the sale, exchange, redemption, retirement or other taxable disposition of the New First Lien Notes or the New Common Stock, may be subject to information reporting to the IRS. Moreover, such reportable payments may be subject to backup withholding at the rate of 28% (which rate currently is scheduled to increase to 31% for taxable years beginning on or after January 1, 2011) unless the taxpayer: (i) comes within certain exempt categories and, when required, demonstrates this fact or (ii) provides a correct taxpayer identification number and certifies under penalty of perjury that the taxpayer identification number is correct and that the taxpayer is not subject to backup withholding because of a failure to report all dividend and interest income. U.S. Holders of Note Claims shall be required to provide an IRS Form W-9. See Section V.F. "Distributions Under the Plan—Distributions to Holders of Allowed Claims Only." WTI and any "significant holder" of Note Claims, defined as a holder of securities in WTI with a tax basis of $1 million or more, that believes the exchange is a recapitalization qualifying as a reorganization are required, pursuant to Treasury Regulations, to include a statement with their tax returns for the taxable year of the exchange setting forth information, as specified in the Treasury Regulations, pertaining to the reorganization. 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 and the appropriate information is timely supplied to the IRS.

In addition, from an information reporting perspective, Treasury Regulations generally require disclosure by a taxpayer on its U.S. federal income tax return of certain types of transactions in which the taxpayer participated, including, among other types of transactions, certain transactions that result in the taxpayer's claiming a loss in excess of specified thresholds.

C. Importance Of Obtaining Professional Tax Assistance

THE FOREGOING DISCUSSION IS INTENDED ONLY AS A SUMMARY OF CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS OF THE PLAN AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING WITH A TAX PROFESSIONAL. THE ABOVE DISCUSSION IS FOR INFORMATION PURPOSES ONLY AND IS NOT TAX ADVICE. THE TAX CONSEQUENCES ARE IN MANY CASES UNCERTAIN AND MAY VARY DEPENDING ON A HOLDER'S INDIVIDUAL CIRCUMSTANCES. ACCORDINGLY, HOLDERS SHOULD CONSULT THEIR TAX ADVISORS ABOUT THE U.S. FEDERAL, STATE, LOCAL AND NON-U.S. INCOME AND OTHER TAX CONSEQUENCES OF THE PLAN.

IX. CERTAIN FEDERAL AND STATE SECURITIES LAW CONSIDERATIONS

A. Exemption From Registration Requirements For New Securities Issued Pursuant to Plan

With respect to the New Common Stock and New First Lien Notes to be issued on the Effective Date, the Debtors intend to rely upon the exemption from the registration requirements of the Securities Act (and the equivalent state securities or "blue sky" laws) provided by section 1145(a)(1) of the Bankruptcy Code. Generally, section 1145(a)(1) of the Bankruptcy Code exempts the issuance of securities from the requirements of the Securities Act and the equivalent state securities and "blue sky" laws if the following conditions are satisfied: (i) the securities are issued by a debtor, an affiliate participating in a joint plan of reorganization with the debtor, or a successor of the debtor under a plan of reorganization, (ii) the recipients of the securities hold a claim against, an interest in, or a claim for an administrative expense against, the debtor, and (iii) the securities are issued entirely in exchange for the recipient's claim against or interest in the debtor, or are issued "principally" in such exchange and "partly" for Cash or Property. The Debtors believe that the issuance of securities contemplated by the Plan will satisfy the aforementioned requirements and therefore is exempt from federal and state securities laws, although as discussed in Section B below, under certain circumstances, subsequent transfers of such securities may be subject to registration requirements under such securities laws.

B. Subsequent Transfers Of New Securities

The securities issued pursuant to the Plan may be resold by the holders thereof without restriction unless, as more fully described below, any such holder is deemed to be an "underwriter" with respect to such securities, as defined in section 1145(b)(1) of the Bankruptcy Code. Generally, section 1145(b)(1) of the Bankruptcy Code defines an "underwriter" as any person who (1) purchases a claim against, or interest in, a bankruptcy case, with a view towards the distribution of any security to be received in exchange for such claim or interest, (2) offers to sell securities issued under a bankruptcy plan on behalf of the holders of such securities, (3) offers to buy securities issued under a bankruptcy plan from persons receiving such securities, if the offer to buy is made with a view towards distribution of such securities, or (4) is an issuer as contemplated by section 2(11) of the Securities Act. Although the definition of the term "issuer" appears in section 2(4) of the Securities Act, the reference (contained in section 1145(b)(1)(D) of the Bankruptcy Code) to section 2(11) of the Securities Act purports to include as "underwriters" all persons who, directly or indirectly, through one or more intermediaries, control, are controlled by, or are under common control with, an issuer of securities. "Control" (as such term is defined in Rule 405 of Regulation C under the Securities Act) means the possession, direct or indirect, of the power to direct or cause the direction of the policies of a person, whether through the ownership of voting securities, by contract or otherwise. Accordingly, an officer or director of a reorganized debtor (or its successor) under a plan of reorganization may be deemed to be a "control person," particularly if such management position is coupled with the ownership of a significant percentage of the debtor's (or successor's) voting securities. Moreover, the legislative history of section 1145 of the Bankruptcy Code suggests that a creditor who owns at least 10% of the voting securities of a reorganized debtor may be presumed to be a "control person."

THE FOREGOING SUMMARY DISCUSSION IS GENERAL IN NATURE AND HAS BEEN INCLUDED IN THIS DISCLOSURE STATEMENT SOLELY FOR INFORMATIONAL PURPOSES. THE DEBTORS MAKE NO REPRESENTATIONS CONCERNING, AND DO NOT HEREBY PROVIDE ANY OPINION OR ADVICE WITH RESPECT TO, THE SECURITIES LAW AND BANKRUPTCY LAW MATTERS DESCRIBED ABOVE. IN LIGHT OF THE COMPLEX AND SUBJECTIVE INTERPRETIVE NATURE OF WHETHER A PARTICULAR RECIPIENT OF SECURITIES UNDER THE PLAN MAY BE DEEMED TO BE AN "UNDERWRITER" WITHIN THE MEANING OF SECTION 1145(b)(1) OF THE BANKRUPTCY CODE

AND/OR AN "AFFILIATE" OR "CONTROL PERSON" UNDER APPLICABLE FEDERAL AND STATE SECURITIES LAWS AND, CONSEQUENTLY, THE UNCERTAINTY CONCERNING THE AVAILABILITY OF EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND EQUIVALENT STATE SECURITIES AND "BLUE SKY" LAWS, THE DEBTORS ENCOURAGE POTENTIAL RECIPIENTS OF NEW COMMON STOCK TO CONSIDER CAREFULLY AND CONSULT WITH HIS, HER, OR ITS OWN LEGAL ADVISOR(S) WITH RESPECT TO SUCH (AND ANY RELATED) MATTERS.

X. ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

If the Plan is not confirmed, the alternatives include (a) continuation of the Chapter 11 Cases and formulation of an alternative plan or plans of reorganization or (b) liquidation of the Debtors under chapter 7 or chapter 11 of the Bankruptcy Code. Each of these possibilities is discussed in turn below.

A. Continuation Of The Chapter 11 Cases

If the Debtors remain in chapter 11, the Debtors could continue to operate their businesses and manage their properties as debtors-in-possession, but they would remain subject to the restrictions imposed by the Bankruptcy Code and could require additional financing both to fund operations and to pay administrative expenses of their Estates. It is not clear whether the Debtors could continue as viable going concerns in protracted Chapter 11 Cases. The Debtors could have difficulty operating with the high operating and financing costs and the eroding confidence of their customers and trade vendors, if the Debtors remained in chapter 11. If the Debtors were able to obtain financing and continue as viable going concerns, it is possible that the Debtors (or other parties in interest) could ultimately propose another plan or attempt to liquidate the Debtors under chapter 7 or chapter 11. Such alternative plans might involve either a reorganization and continuation of the Debtors' businesses, or an orderly liquidation of their assets, or a combination of both. The Debtors believe that the Plan represents the best and most certain alternative to maximize values and recoveries under the circumstances.

B. Liquidation Under Chapter 7 Or Chapter 11

If the Plan is not confirmed, the Debtors' Chapter 11 Cases could be converted to liquidation cases under chapter 7 of the Bankruptcy Code. In chapter 7, a trustee would be appointed to promptly liquidate the assets of the Debtors.

Although it is impossible to predict precisely how the proceeds of a liquidation would be distributed to the respective Holders of Claims against or Interests in the Debtors, the Debtors believe that in a liquidation under chapter 7, before creditors received any distributions, additional administrative expenses involved in the appointment of a trustee and attorneys, accountants, and other professionals to assist such trustee, along with an increase in expenses associated with an increase in the number of unsecured Claims that would be expected, would cause a substantial diminution in the value of the Estates. The assets available for distribution to creditors and Interest Holders would be reduced by such additional expenses and by Claims, some of which would be entitled to priority, which would arise by reason of the liquidation and from the rejection of leases and other executory contracts in connection with the cessation of the Debtors' operations and the failure to realize the greater going concern value of the Debtors' assets. As discussed earlier in this Disclosure Statement, attached as Exhibit D hereto is a chapter 7 liquidation analysis prepared by the Debtors. Based on that liquidation analysis, the Debtors believe that if the Chapter 11 Cases were converted to chapter 7 liquidations, Holders of Note Claims would receive less than they will receive under the Plan and Holders of other Claims and Interests would receive no distributions.

The Debtors could also be liquidated pursuant to the provisions of a chapter 11 plan of reorganization. In a liquidation under chapter 11, the Debtors' assets could be sold in a more orderly fashion over a longer period of time than in a liquidation under chapter 7. Thus, a chapter 11 liquidation might result in larger recoveries than in a chapter 7 liquidation, but the delay in distributions could result in lower present values being received and higher administrative costs. Because a trustee is not required in a chapter 11 liquidation, expenses for professional fees could be lower than in a chapter 7 liquidation, in which a trustee must be appointed. Any distributions to the Holders of Claims under a chapter 11 liquidation plan probably would be delayed substantially.

It is highly unlikely that Interest Holders would receive any distribution in a liquidation under either chapter 7 or chapter 11.

Although a chapter 11 liquidation is preferable to a chapter 7 liquidation, the Debtors believe that any liquidation is a much less attractive alternative for creditors than the Plan because of the greater return the Debtors anticipate will be provided by the Plan. The Debtors believe that the Plan affords substantially greater benefits to Holders of Impaired Claims than would any other reasonably confirmable reorganization plan or liquidation under any chapter of the Bankruptcy Code.

XI. CONCLUSION AND RECOMMENDATION

The Debtors believe that confirmation of the Plan is preferable to the alternatives described above because it provides the best opportunity to maximize recoveries to Holders of Allowed Claims under the circumstances. In addition, any alternative to confirmation of the Plan could result in extensive delays, substantially increased administrative expenses, and significant uncertainty regarding the prospects for the Debtors and recoveries to creditors.

[SIGNATURE PAGE FOLLOWS]

Accordingly, the Debtors strongly recommend confirmation of the Plan and urge all Holders of Impaired Claims entitled to vote to accept the Plan, and evidence such acceptance by returning their Ballots so that they are received no later than 5:00 p.m., prevailing Eastern Time, on __________, 2010.

Dated: November 15, 2010

WOLVERINE TUBE, INC., *et al.*,
Debtors and Debtors in Possession

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