

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION**

-----X
In re :
: Chapter 9
: CITY OF DETROIT, MICHIGAN, :
: Case No. 13-53846
: Debtor. : Hon. Steven W. Rhodes
: :
-----X

**STIPULATION REGARDING PROPOSED ORDER
MODIFYING THE SEVENTH AMENDED PLAN FOR THE
ADJUSTMENT OF DEBTS OF THE CITY OF DETROIT [Docket No. 7502]**

WHEREAS, on September 16, 2014, the City of Detroit, Michigan (the "City") filed the *Seventh Amended Plan for the Adjustment of Debts of the City of Detroit* [Docket No. 7502] (the "Plan").¹

WHEREAS, on September 29, 2014, the Court entered the *Third Order Modifying Order Approving Stipulation By and Between the City of Detroit, Michigan and Creditors Regarding Adjournment of the Hearing on Plan Confirmation*, whereby the time for Merrill Lynch Capital Services, Inc. and UBS AG (together, the "Swap Counterparties") to file supplemental objections to the Plan was extended to September 30, 2014.

¹ Capitalized terms not defined herein have the meanings given to them in the Plan.

WHEREAS, the City has agreed with the Swap Counterparties that neither the City nor any party in its control will commence, join or otherwise voluntarily participate in, or support any other party's participation in, any legal action between any holders of COPs (including Syncora Guarantee, Inc. and Syncora Capital Assurance, Inc. (collectively, "Syncora")) and the COP Swap Counterparties with respect to the COP Swap Counterparties' rights, claims or defenses under or related to the COPs, including with respect to any sharing rights thereunder (a "COP Swap Legal Action"). For the avoidance of doubt, the preceding sentence shall not be construed to apply (a) to the City's prosecution of confirmation of its plan of adjustment, the COP Litigation, or any appeals arising in connection therewith, (b) to prohibit the City or any party in its control from complying with discovery or other obligations imposed by court order, subpoena or similar process on such party in connection with such legal action, or (c) preventing the City or such party in its control from defending itself in connection with any COP Swap Legal Action in which the City is involuntarily joined as a party or participant; *provided* that in the act of defending itself, such party will take no position on the merits of such COP Swap Legal Action.

WHEREAS, the City, the Swap Counterparties and Syncora (collectively, the "Parties") have reached an agreement that resolves the Swap Counterparties' potential supplemental objections to the Plan.

NOW, THEREFORE, the Parties, by and through their respective undersigned counsel, agree and stipulate as follows:

1. The City shall (a) modify the Plan as set forth on Exhibit 1, (b) include the language as set forth in Exhibit 1 in any order it proposes confirming the Plan (as the same may be amended) and use its best efforts to ensure that any order entered by the Court confirming the Plan (as the same may be amended) includes such language and (c) not further amend, supplement or otherwise modify the Plan in a manner that adversely affects Syncora or the Swap Counterparties with respect to the subject matter of language as set forth on Exhibit 1.

2. This Stipulation contains the entire understanding of the Parties hereto concerning the subject matter hereof and supersedes all prior understandings and agreements, whether written or oral, between the Parties hereto on such subject matter. The Parties acknowledge that they are not relying on any promises or representations not contained in this Stipulation.

3. This Stipulation may be executed in counterparts by facsimile, email, or other similar electronic transmission, each of which shall be deemed an original and all of which when taken together shall constitute one document.

Dated: September 30, 2014

/s/ Kelley A. Cornish

Daniel J. Kramer
Richard A. Rosen
Kelley A. Cornish
Stephen J. Shimshak
PAUL, WEISS, RIFKIND, WHARTON
& GARRISON LLP
1285 Avenue of the Americas
New York, New York 10019
(212) 373-3000
dkramer@paulweiss.com
rrosen@paulweiss.com
kcornish@paulweiss.com
sshimshak@paulweiss.com

Attorneys for UBS AG

/s/ Marshall S. Huebner

Marshall S. Huebner
Damian S. Schaible
Elliot Moskowitz
DAVIS POLK & WARDWELL LLP
450 Lexington Avenue
New York, New York 10017
(212) 450-4000
marshall.huebner@davispolk.com
damian.schaible@davispolk.com
elliott.moskowitz@davispolk.com

*Attorneys for Merrill Lynch Capital
Services, Inc.*

/s/ Heather Lennox

David G. Heiman (OH 0038271)
Heather Lennox (OH 0059649)
Thomas A. Wilson (OH 0077047)
JONES DAY
North Point
901 Lakeside Avenue
Cleveland, Ohio 44114
Telephone: (216) 586-3939
Facsimile: (216) 579-0212
dgheiman@jonesday.com
hlennox@jonesday.com
tawilson@jonesday.com

Bruce Bennett (CA 105430)

JONES DAY
555 South Flower Street
Fiftieth Floor
Los Angeles, California 90071
Telephone: (213) 243-2382
Facsimile: (213) 243-2539
bbennett@jonesday.com

Jonathan S. Green (MI P33140)
Stephen S. LaPlante (MI P48063)
MILLER, CANFIELD, PADDOCK
AND STONE, P.L.C.
150 West Jefferson
Suite 2500
Detroit, Michigan 48226
Telephone: (313) 963-6420
Facsimile: (313) 496-7500
green@millercanfield.com
laplante@millercanfield.com

Attorneys for the City

/s/ Ryan Blaine Bennett

James H.M. Sprayregen, P.C.

Ryan Blaine Bennett

Stephen C. Hackney

KIRKLAND & ELLIS LLP

300 North LaSalle

Chicago, Illinois 60654

Telephone: (312) 862-2000

Facsimile: (312) 862-2200

Stephen M. Gross

David A. Agay

Joshua Gadharf

MCDONALD HOPKINS PLC

39533 Woodward Avenue

Bloomfield Hills, MI 48304

Telephone: (248) 646-5070

Facsimile: (248) 646-5075

*Attorneys for Syncora Guarantee Inc.
and Syncora Capital Assurance Inc.*

EXHIBIT 1

Plan Modifications

Section II.B.3.p.iii.A will be modified to add the following:

Nothing in this Section II.B.3.p.iii.A shall or shall be asserted or construed to affect or prejudice any rights, claims or defenses between the COP Swap Counterparties on the one hand and any Settling COP Claimant (including Syncora) on the other hand.

Confirmation Order

The City shall include in any confirmation order it proposes and use its best efforts to include in any order confirming the Plan the following decretal:

Nothing in Section II.B.3.p.iii.A of the Plan shall or shall be asserted or construed to affect or prejudice any rights, claims or defenses between the COP Swap Counterparties on the one hand and any Settling COP Claimant (including Syncora) on the other hand.

EXHIBIT 2

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION**

-----X
: :
In re : Chapter 9
: :
CITY OF DETROIT, MICHIGAN, : Case No. 13-53846
: :
Debtor. : Hon. Steven W. Rhodes
: :
-----X

**ORDER MODIFYING THE SEVENTH AMENDED PLAN FOR THE
ADJUSTMENT OF DEBTS OF THE CITY OF DETROIT [Docket No. 7502]**

This matter came before the Court on the *Stipulation Regarding Proposed Order Modifying the Seventh Amended Plan for the Adjustment of Debts of the City of Detroit* [Docket No. _____] (the "Stipulation"),¹ filed by the City of Detroit (the "City"), Syncora and the Swap Counterparties; the Court having reviewed the Stipulation; the Court finding that (a) the Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and (b) this is a core proceeding pursuant to 28 U.S.C. § 157(b); and the Court being fully advised in the premises;

IT IS HEREBY ORDERED THAT:

1. The Stipulation is APPROVED.

¹ Capitalized terms not defined herein have the meanings given to them in the Stipulation.

2. The City shall amend the Plan in accordance with the Stipulation and otherwise comply with the terms of the Stipulation.

CERTIFICATE OF SERVICE

I, Heather Lennox, hereby certify that the foregoing *Stipulation Regarding Proposed Order Modifying the Seventh Amended Plan for the Adjustment of Debts of the City of Detroit* was filed and served via the Court's electronic case filing and noticing system on this 30th day of September, 2014.

/s/ Heather Lennox_____