

**FIFTH AMENDED PLAN FOR THE ADJUSTMENT OF
DEBTS OF THE CITY OF DETROIT (THE "FIFTH AMENDED PLAN")**

SUMMARY OF MATERIAL CHANGES

- LTGO Settlement
 - The Fifth Amended Plan incorporates the terms of a settlement with Ambac Assurance Corporation (an insurer of Limited Tax General Obligation Bonds) ("Ambac") and BlackRock Financial Management, a holder of Limited Tax General Obligation Bonds ("BlackRock").
 - Ambac and each holder uninsured Limited Tax General Obligation Bonds will receive (i) a *pro rata* share of either, at the City's option, (A) \$55 million in cash or (B) New LTGO Bonds and (ii) under certain circumstances, distributions from the reserve established for disputed COP Claims.
 - The Fifth Amended Plan provides for the exculpation, with certain express limitations, of Ambac and BlackRock (solely as it relates to the LTGO Settlement Agreement), and certain entities and individuals related to such parties.
 - Provisions of the LTGO Settlement regarding the COP Litigation
 - The City will transfer its rights and interests in the COP Litigation to a Litigation Trust, the beneficiaries of which will be Ambac, the VEBA Trust Representatives (*i.e.*, each chair of the boards of trustees of the Detroit General VEBA and the Detroit Police and Fire VEBA), the City and holders of Allowed Other Unsecured Claims. Such transfers are commonplace in bankruptcy. This transfer allows the creditors, who are just as motivated as the debtor to prevail in the litigation or settle favorably, to step into the shoes of City and continue the suit. Here, the creditors assume certain stakes in the outcome—the VEBAs have a 65% interest, LTGOs have a 20% interest, and the general unsecured creditors have a 15% interest. The prior concept of a "Creditor Representative" that would, among other things, control the COP Litigation has been eliminated.
 - A Litigation Trustee will be selected by Ambac and the Retiree Committee, with the City's approval, to, among other things, prosecute and defend the COP Litigation under the day-to-day direction of the VEBA Trust Representatives.
- ASF Recoupment
 - The Fifth Amended Plan provides an option for individuals who previously took a lump sum distribution from their ASF Accounts and who are subject to ASF Recoupment to elect to make a single lump-sum cash payment rather than having ASF Recoupment

effected by a diminution in monthly pension payments. The City will mail a notice regarding this option to each ASF Distribution Recipient no later than seven days after the Effective Date of the Plan.

- The Fifth Amended Plan clarifies that, for an individual subject to ASF Recoupment who does not elect the lump-sum payment option, such individual's Annuity Savings Fund Excess Amount will be annuitized using common actuarial assumptions and amortized using a 6.75% interest rate.
- To implement a settlement with the holders thereof, the Fifth Amended Plan creates a new class of Indirect 36th District Court Claims (Class 17). "Indirect 36th District Court Claims" are any prepetition claims arising in connection with Causes of Action against the 36th District Court (e.g. tort claims brought against the Court by individuals) that, if successful, ultimately would give rise to reimbursement obligations by the City (*i.e.*, because the City is obligated to fund the Court's costs). If the City were to reimburse the 36th District Court 100% on account of such claims, it would be tantamount to the City paying 100% on the 36th District Court's direct prepetition claims against the City (which claims are properly subject to compromise under the Plan). The Plan addresses these "indirect" claims separately to close this loophole.
 - Each holder of an Indirect 36th District Court Claim will receive 33% of the allowed amount of such claim, payable in a single cash payment if such claim is less than \$100,000, and payable in five installments (with interest) if such allowed claim equals or exceeds \$100,000.
 - The Plan clarifies that the injunction provisions of the Plan do not enjoin holders of Indirect 36th District Court Claims from taking actions against the State or the State Related Entities to the extent that such claims are not satisfied under the Plan.
- The Fifth Amended Plan provides new detail regarding post-Effective Date governance, including referencing the Financial Review Commission established in accordance with the Financial Review Commission Act.
- The Fifth Amended Plan provides for the appointment, by the Bankruptcy Court, of a Plan Monitor, who will evaluate the City's ongoing compliance with the Plan and the Confirmation Order and submit written quarterly reports to the Bankruptcy Court.
- The Fifth Amended Plan clarifies the procedures for filing Administrative Claims and provides, among other things, that holders of claims for post-petition ordinary course liabilities need not file a request for payment or take any further action; the City will continue to pay such claims in the ordinary course of its operations.
- The Fifth Amended Plan clarifies that the exclusive sources of contributions to GRS through Fiscal Year 2023 will be pension-related administrative and restructuring payments from DWSD equal to approximately \$428.5 million, a portion of the State Contribution, certain DIA Proceeds, a portion of the Assigned UTGO Bond Tax Proceeds and certain revenues from City departments and the Detroit Public Library.

- The Fifth Amended Plan provides additional information regarding the boards of trustees for the Detroit General VEBA and the Detroit Police and Fire VEBA. Each board will consist of seven members. With respect to the initial board of trustees for the Detroit General VEBA, the Detroit Retired City Employees Association and the Retiree Committee each will appoint two board members, and the City will appoint three board members. The Retired Detroit Police and Fire Fighters Association and the Retiree Committee each will appoint two members of the board of trustees of the Detroit Police and Fire VEBA, and the City will appoint the remaining three board members.
- The Fifth Amended Plan clarifies that, for a minimum of five years following the Effective Date, DWSD rates will be determined by the Board of Water Commissioners.
- The Fifth Amended Plan contains additional detail regarding conditions to the State's participation in the State Contribution Agreement, and conditions to the DIA Funding Parties' participation in the DIA Settlement. The payment of the State Contribution is conditioned on the following (a) the Confirmation Order becoming a Final Order no later than December 31, 2014; (b) the occurrence of the Effective Date no later than April 1, 2015; (c) acceptance of the Plan by Classes 10 and 11; (d) the Retiree Committee's endorsement of the plan; (e) active support of the Plan and covenant not to sue the State by the City, the Retiree Committee, and the Retirement Systems; (f) cessation of all litigation; (g) irrevocable commitment by Foundations to fund \$366 million as part of DIA settlement; and (h) irrevocable commitment by DIA to fund \$100 million.

The Plan includes only aggregate commitments of Foundations (\$366 million) and DIA (\$100 million). Specific commitments from organizations are below.

- *The Foundation commitments totaling \$366 million are as follows:*
 - *Ford Foundation* \$125 million
 - *Kresge Foundation* \$100 million
 - *Kellog Foundation* \$40 million
 - *John S. and James L. Knight Foundation* \$30 million
 - *William Davidson Foundation* \$25 million
 - *Erb Family Foundation* \$10 million
 - *Hudson-Webber Foundation* \$10 million
 - *Community Foundation for SE Michigan* \$10 million
 - *Charles Stewart Mott Foundation* \$10 million
 - *McGregor Fund* \$6 million
- *The DIA commitments totaling nearly \$80 million are as follows:*
 - *General Motors* \$10 million
 - *Mellon Foundation* \$10 million
 - *Penske Corp* \$10 million
 - *Ford Motor Co. Fund* \$10 million
 - *Chrysler Group* \$6 million
 - *Rock Ventures/Quicken* \$5 million
 - *DTE Energy Foundation* \$5 million
 - *A. Paul and Carol C. Schaap Foundation* \$5 million

▪ <i>J. Paul Getty Trust</i>	<i>\$3 million</i>
▪ <i>Max and Marjorie Fisher Foundation</i>	<i>\$2.5 million</i>
▪ <i>Blue Cross Blue Shield of Michigan</i>	<i>\$2.5 million</i>
▪ <i>Comerica Bank</i>	<i>\$1 million</i>
▪ <i>JP Morgan Chase</i>	<i>\$1 million</i>
▪ <i>Meijer</i>	<i>\$1 million</i>
▪ <i>Consumers Energy</i>	<i>\$800,000</i>
▪ <i>Delta Airlines Foundation</i>	<i>\$500,000</i>

- The concept of the Plan COP Settlement has been removed from the Fifth Amended Plan.
- The Fifth Amended Plan adds language clarifying what constitutes a COP Claim.
- The Fifth Amended Plan provides for the exculpation, with certain express limitations, of the settling UTGO bond insurers (Assured, National Public Finance Guarantee and Ambac) (solely as it relates to the UTGO Settlement Agreement), and of the COP Swap Counterparties, and certain entities and individuals related to such parties.