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*Counsel for the Official Committee of Unsecured
Creditors of Motors Liquidation Co., (f/k/a General Motors Corp.) et al.*

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:)	
)	
MOTORS LIQUIDATION COMPANY., <u>et al.</u>)	Chapter 11
(f/k/a General Motors Corp., <u>et al.</u>))	
)	Case No. 09-50026 (REG)
Debtors.)	Jointly Administered
)	

**DECLARATION OF AMY CATON IN SUPPORT OF
THE DEBTORS' MOTION FOR AN ORDER PURSUANT
TO 11 U.S.C. § 363 AUTHORIZING THE DEBTORS TO AMEND THE
TERMS OF THEIR ENGAGEMENT LETTER WITH AP SERVICES, LLC**

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

AMY CATON, under the penalty of perjury, deposes and says that:

1. I am a member of Kramer Levin Naftalis & Frankel LLP (“**Kramer Levin**”). Kramer Levin represents the Official Committee of Unsecured Creditors (the “**Committee**”) of Motors Liquidation Company, (f/k/a General Motors Corp.) and its affiliated debtors (collectively, the “**Debtors**”).

2. In 2009, I had primary responsibility for negotiating the terms of the Debtors’ engagement with AP Services, LLC (“**APS**”). I submit this declaration (the “**Declaration**”) in connection with the Debtors’ Motion for an Order Pursuant to 11 U.S.C. § 363

Authorizing the Debtors to Amend the Terms of their Engagement Letter with AP Services, LLC (the “**Motion**”). Unless otherwise stated in this Declaration, I have personal knowledge of the facts hereinafter set forth.

3. In June and July 2009, Kramer Levin, on behalf of the Committee negotiated with the Debtors, APS and the United States Department of Treasury (“**Treasury**”) over the terms of the Debtors’ engagement with APS. The primary negotiations over the terms of APS’ engagement took place on July 1 and July 2, 2009.

4. On July 1, 2009, Kramer Levin was told that APS was separately negotiating an amendment to their engagement letter with Treasury that would contain certain incentive payments to APS based on potential repayments to Treasury of amounts under the Debtors’ wind-down facility loan that were not used for administrative costs and expenses and other wind-down costs. On behalf of the Committee, I and other Committee representatives informed Treasury representatives that the Committee likely would not object to these incentives, provided that the revised APS engagement letter also contained appropriate incentives intended to maximize recoveries to unsecured creditors. The Committee, the Debtors and APS thereafter agreed that APS would receive certain incentive payments based on their success in reducing the total amount of unsecured claims, and making distributions to general unsecured creditors as quickly and efficiently as possible.

5. On July 23, 2009, the Debtors entered into the first amendment to the engagement letter with APS. This amendment was the result of arms-length negotiations among APS, the Committee and Treasury. The amendment provided for the following: (i) hourly fee reductions, (ii) discretionary fees and (iii) incentive payments. The “discretionary fees” represent contingent payments to APS negotiated by the Committee that would be paid upon the occurrence of certain milestones benefiting unsecured creditors: (i) emergence from bankruptcy by May 28, 2010, (ii) reduction of the size of general unsecured claims pool (with a sliding scale

payment if unsecured claims totaled between \$35 and \$42 billion), and (iii) distribution of 70% of the stock and warrants within 60 days of the effective date of a chapter 11 plan. The “incentive payments” represent contingent payments to APS negotiated by Treasury that would be paid upon certain repayments to Treasury from reductions in priority claims and reduction of other net costs in the Wind-Down Budget.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

Executed: August 12, 2010
New York, New York

/s/ Amy Caton
Amy Caton

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