

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

-----X
: **Chapter 11 Case No.**
: **09-50026 (REG)**
: **(Jointly Administered)**
: **Debtors.**
: **(Jointly Administered)**
: **(Jointly Administered)**
-----X

**STIPULATION AND CONSENT ORDER RESOLVING DEBTORS' 159TH
OMNIBUS OBJECTION TO CLAIMS AS TO ARROWOOD INDEMNITY
COMPANY, ARROWPOINT CAPITAL CORP., AND ARROWPOINT GROUP, INC.**

WHEREAS, on June 1, 2009, Motors Liquidation Company f/k/a General Motors Corporation (“MLC”) and certain of its subsidiaries and affiliates (collectively, the “Debtors”) filed voluntary petitions for relief under Chapter 11 of Title 11 of the United States Code (the “Bankruptcy Code”) in the United States Bankruptcy Court for the Southern District of New York (the “Court”);

WHEREAS, on or about November 24, 2009, Arrowood Indemnity Company (“Arrowood”) timely and properly filed a proof of claim (the “Claim”) against MLC, relating to that certain Confidential Settlement Agreement dated as of July 16, 2008 by and among, *inter alios*, Arrowood and MLC (the “Settlement Agreement”) and that certain Collateral and Reimbursement Agreement dated as of July 16, 2008 by and among, *inter alios*, Arrowood and MLC (the “Collateral Agreement”), which Claim was designated Claim No. 65758 on the claims register maintained by Garden City Group, Inc., and which Claim was subsequently deemed amended by Stipulation and Order to have also been filed on behalf of Arrowpoint Capital Corp. and Arrowpoint Group, Inc. (with Arrowood, collectively, the “Arrowood Parties”);

WHEREAS, GM (as defined in the Settlement Agreement) provided a letter of credit as part of GM's obligations pursuant to the Collateral Agreement, and the Arrowood Parties acknowledge that the letter of credit has been drawn down in full;

WHEREAS, on or about January 26, 2011, the Debtors filed the *Debtors' 159th Omnibus Objection to Claims* (the "Claims Objection," Docket No. 8840), in which the Debtors seek disallowance and expungement of the Claim as a "contingent co-liability claim" pursuant to Section 502(e)(1)(B) of the Bankruptcy Code;

WHEREAS, the Arrowood Parties dispute the Debtors' contentions in the Claim Objection, including the Debtors' argument that the Claim is subject to disallowance and expungement pursuant to Section 502(e)(1)(B) of the Bankruptcy Code;

WHEREAS, the Arrowood Parties and the Debtors have endeavored to negotiate the resolution of the Claim Objection in good faith;

NOW, THEREFORE, in consideration of the premises and agreements contained in this Stipulation and Consent Order, and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged, the Debtors and the Arrowood Parties, by and through their respective undersigned counsel, hereby STIPULATE and AGREE as follows:

1. Upon the entry of this Stipulation and Consent Order by the Court (the "Effective Date"), the Claim Objection shall be and shall be deemed resolved, without any adjudication of the merits of the Claim Objection, as to the Claim in accordance with the terms and conditions of this Stipulation and Consent Order. The execution and entry of this Stipulation and Consent Order shall not be deemed a waiver, relinquishment, or forfeiture of any rights to the proceeds of the letter of credit provided pursuant to the Collateral Agreement (the "Proceeds") that the Arrowood Parties or the Debtors may have under either the Settlement Agreement or the

Collateral Agreement. The Debtors and the Arrowood Parties reserve all rights and defenses with respect to the Proceeds that they would have had this Stipulation and Consent Order not been executed and entered.

2. Upon the occurrence of the Effective Date, the Claim shall be disallowed (subject to paragraph 1 hereof), provided that, the Arrowood Parties reserve the rights, if any: (a) to seek reconsideration of the Claim under Section 502(j) of the Bankruptcy Code, provided further that, the Debtors reserve all defenses thereto, including any defenses and objections with respect to the timeliness of asserting the Claim under Section 502(j); (b) to assert its rights as signatory to the Settlement Agreement or the Collateral Agreement, or both, under the Settlement Agreement or the Collateral Agreement, or both, including, but not limited to, the right to utilize the Proceeds; and (c) to setoff, net, or offset the Arrowood Parties' claims and the Proceeds against claims asserted against the Arrowood Parties, its past and present U.S. domiciled Affiliates (as defined in the Collateral Agreement) and subsidiaries, and Royal U.K. (as defined in the Settlement Agreement), including pursuant to the Settlement Agreement or the Collateral Agreement. For the avoidance of doubt, each of the foregoing is simply a reservation of rights by the Arrowood Parties, and the Debtors reserve the right to assert any defenses and objections thereto on any basis.

3. The Debtors shall seek approval of this Stipulation and Consent Order by the Court, and this Stipulation and Consent Order shall be of no force and effect unless and until the occurrence of the Effective Date.

4. Upon the occurrence of the Effective Date, Garden City Group, Inc., the official claims agent appointed in these cases, is hereby authorized and directed to make revisions to the official claims register necessary to reflect the relief granted pursuant to this Stipulation and

Consent Order.

5. This Stipulation and Consent Order may be executed in multiple counterparts, any of which may be transmitted by facsimile or electronic mail, and each of which shall be deemed an original, but all of which together shall constitute one instrument.

6. This Court shall retain exclusive jurisdiction to hear and determine any matters or disputes arising from or related to this Stipulation and Consent Order.

[Remainder of Page Intentionally Left Blank]

SO STIPULATED AND AGREED:

Dated: New York, New York
March 29, 2011

WEIL, GOTSHAL & MANGES LLP

By: /s/ Joseph H. Smolinsky
Harvey R. Miller
Stephen Karotkin
Joseph H. Smolinsky
767 Fifth Avenue
New York, New York 10153
Telephone: (212) 310-8000
Facsimile: (212) 310-8007

Counsel for the Debtors

Dated: New York, New York
March 29, 2011

SNR DENTON US LLP

By: /s/ Richard M. Zuckerman
Michael H. Barr
Richard M. Zuckerman
Robert B. Millner
Oscar N. Pinkas
1221 Avenue of the Americas
New York, New York 10020
Telephone: (212) 768-6700
Facsimile: (212) 768-6800

*Counsel for Arrowood Indemnity Company, Arrowpoint
Capital Corp., and Arrowpoint Group. Inc.*

SO ORDERED:

Dated: March 31, 2011
New York, New York

s/ Robert E. Gerber
United States Bankruptcy Judge