

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

-----	X	
	:	
<b>In re</b>	:	<b>Chapter 11 Case No.</b>
	:	
<b>LEHMAN BROTHERS HOLDINGS INC., et al.,</b>	:	<b>08-13555 (JMP)</b>
	:	
<b>Debtors.</b>	:	<b>(Jointly Administered)</b>
	:	
-----	X	

**STIPULATION AND AGREEMENT AMONG  
THE DEBTORS, THE BANK OF NEW YORK MELLON  
TRUST COMPANY, N.A., AND MAIN STREET NATURAL GAS, INC.**

TO THE HONORABLE JAMES M. PECK  
UNITED STATES BANKRUPTCY JUDGE:

This Stipulation and Agreement (the “Stipulation and Agreement”) is entered into by and among Lehman Brothers Holdings Inc. (“LBHI”) and its affiliated debtors in the above referenced chapter 11 cases, as debtors in possession (together, the “Debtors”), The Bank of New York Mellon Trust Company, N.A., in its capacity as indenture trustee for the Main Street Bonds (as defined below) (“BNYM”), and Main Street Natural Gas, Inc. (“Main Street”). The Debtors, BNYM, and Main Street shall each be referred to individually as a “Party” and collectively as the “Parties.”

**RECITALS**

A. WHEREAS, BNYM is the indenture trustee for the publicly issued \$709,060,000 in aggregate principal amount of Main Street Natural Gas, Inc. Gas Project Revenue Bonds, Series 2008A (the “Main Street Bonds”) issued by Main Street pursuant to the terms of a Trust Indenture, dated as of April 1, 2008, between Main Street and BNYM.

B. WHEREAS, on September 15, 2008 and periodically thereafter, LBHI and other Debtors commenced with this Court voluntary cases under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”).

C. WHEREAS, on July 2, 2009, this Court issued an *Order Pursuant to Section 502(b)(9) of the Bankruptcy Code and Bankruptcy Rule 3003(c)(3) Establishing the Deadline for Filing Proofs of Claim, Approving the Form and Manner of Notice Thereof and Approving the Proof of Claim Form* [ECF No. 4271] (the “Bar Date Order”).

D. WHEREAS, on September 22, 2009, BNYM filed, pursuant to the Bar Date Order, (i) a proof of claim, assigned claim number 30106 by the Debtors’ claims agent, in connection with that certain Agreement for Purchase and Sale of Natural Gas, dated as of April 1, 2008 (the “Gas Purchase Agreement”), between Lehman Brothers Commodity Services, Inc. (“LBCS”) and Main Street (the “BNYM LBCS Proof of Claim”), and (ii) a proof of claim, assigned claim number 29890 by the Debtors’ claims agent, in connection with that certain Guarantee of Lehman Brothers Holdings Inc., dated as of April 1, 2008 (the “Guarantee”), in respect of LBCS’s obligations under the Gas Purchase Agreement (the “BNYM LBHI Proof of Claim,” and, together with the BNYM LBCS Proof of Claim, the “BNYM Proofs of Claim”).

E. WHEREAS, on September 21, 2009, Main Street filed, pursuant to the Bar Date Order, (i) a proof of claim, assigned claim number 21164 by the Debtors’ claims agent, in connection with the Gas Purchase Agreement (the “Main Street LBCS Proof of Claim”), and (ii) a proof of claim, assigned claim number 21257 by the Debtors’ claims agent, in connection with the Guarantee (the “Main Street LBHI Proof of Claim,” and, together with the Main Street

LBCS Proof of Claim, the “Main Street Proofs of Claim,” and, collectively with the “BNYM Proofs of Claim,” the “Proofs of Claim”).<sup>1</sup>

F. WHEREAS, the Debtors have informed BNYM and Main Street that they dispute the amounts set forth in the Proofs of Claim.

G. WHEREAS, on August 31, 2011, the Debtors filed the Third Amended Chapter 11 Plan [ECF No. 19628] (the “Plan”), and related disclosure statement.

H. WHEREAS, BNYM has informed the Debtors that it may have objections to confirmation of the Plan.

I. WHEREAS, BNYM has consulted with holders of the Main Street Bonds that hold over 75.7% of the Main Street Bonds, each of whom has directed the Trustee to enter into this Stipulation and Agreement.

J. WHEREAS, in light of the foregoing, the Parties have agreed on the terms set forth herein.

**IT IS HEREBY STIPULATED AND AGREED by and among the Debtors, BNYM, and Main Street through their undersigned attorneys, that:**

1. This Stipulation and Agreement shall be effective immediately upon the approval of this Stipulation and Agreement by the Bankruptcy Court (the “Effective Date”).

2. The BNYM LBHI Claim shall be an Allowed (as defined in the Plan) guarantee claim for all purposes under the Plan in LBHI Class 9A (Third Party Guarantee Claims Other Than Those of the Racers Trusts) in the amount of \$722,000,000. The BNYM LBCS

---

<sup>1</sup> On September 16, 2011, the Debtors, BNYM and Main Street entered into an Stipulation and Agreement [ECF No. 20083] by which the parties agreed, among other things, that: (i) the holders of the Main Street Bonds would receive ballots directly from the Debtors for purposes of voting on the Plan and no ballots would be sent to BNYM or Main Street based on the Proofs of Claims; (ii) BNYM and Main Street would retain authority and standing to prosecute their respective Proofs of Claim, and the ability to exercise, for the benefit of any bond holders, rights either BNYM or Main Street may hold related thereto, including, without limitation, the establishment of any reserves under the Debtors’ chapter 11 plan; and (iii) as between the proofs of claim filed by BNYM and Main Street only a single set of claims in connection with the Gas Purchase Agreement and the Guarantee would survive.

Claim shall be an Allowed claim for all purposes under the Plan in LBCS Class 4 (General Unsecured Claims, of third parties) in the amount of \$722,000,000. These Allowed claims shall not be subject to any further objection, reduction, recoupment, setoff, defense or counterclaim by the Debtors or amendment by BNYM. These claims shall be the only claims Allowed against the Debtors based on the Gas Purchase Agreement and the related transactions.

3. Upon the Effective Date of this Stipulation and Agreement, Epiq Bankruptcy Solutions, the Court-appointed claim's agent (the "Claims Agent"), shall reflect the terms of this agreement on the official claims register.

4. BNYM, solely in its role as indenture trustee for the Main Street Bonds, and Main Street each agrees that it will not participate in the formulation of, file, prosecute, consent to or support any chapter 11 plan in the chapter 11 cases other than the Plan, or take any other action to alter, delay or impede the confirmation and consummation of the Plan.

5. The Debtors shall file a motion with the Bankruptcy Court in form and substance reasonably acceptable to BNYM on or prior to November 15, 2011 seeking approval of this Stipulation and Agreement pursuant to Bankruptcy Rule 9019 (the "Motion"). The proposed order shall include the following language:

ORDERED that, all holders of the Main Street Bonds are bound by, and are deemed to have consented to the settlement of the BNYM Proofs of Claims and each of the other terms and conditions of the Stipulation and Agreement; and it is further

ORDERED that, the Court having found the compromises set forth in the Motion and the Stipulation and Agreement to be fair and reasonable, there is no bona fide basis for any claims or actions by any holder of the Main Street Bonds, in such capacity, against the Debtors, BNYM (as indenture trustee for the Main Street Bonds or in its individual capacity), Main Street, or any of their respective legal counsel and/or financial advisors in any way related to the matters that are the subject of the Motion, the Stipulation and Agreement, this Order, and the prosecution of the BNYM Proofs of Claim or the Main Street Proofs of Claim; *provided, however,*

that (i) nothing in this Order shall relieve Main Street from its obligations to perform under the Indenture, if any, or restrict the ability of the holders of Main Street Bonds or BNYM, as indenture trustee to enforce such obligations against Main Street, (ii) nothing in this Order shall relieve BNYM from its obligations to perform under the Indenture or restrict the ability of the holders of Main Street Bonds to enforce such obligations against BNYM, and (iii) nothing in this Order shall relieve any party from its respective obligations under the Stipulation and Agreement; and it is further

ORDERED that the Debtors, BNYM (as indenture trustee for the Main Street Bonds or in its individual capacity), Main Street and each of their respective legal counsel and/or financial advisors shall have no liability for any claims, demands, suits, actions or causes of action in any way related to the matters that are the subject of the Motion, the Stipulation and Agreement, this Order, and the prosecution of the BNYM Proofs of Claim or the Main Street Proofs of Claim; *provided, however*, that (i) nothing in this Order shall relieve Main Street from its obligations to perform under the Indenture, if any, or restrict the ability of the holders of Main Street Bonds or BNYM, as indenture trustee to enforce such obligations against Main Street, (ii) nothing in this Order shall relieve BNYM from its obligations to perform under the Indenture or restrict the ability of the holders of Main Street Bonds to enforce such obligations against BNYM, and (iii) nothing in this Order shall relieve any party from its respective obligations under the Stipulation and Agreement; and it is further

ORDERED that any holder of the Main Street Bonds, in such capacity, shall be forever barred, estopped and permanently enjoined from asserting, prosecuting or otherwise pursuing claims against BNYM, individually or as indenture trustee, Main Street or the Debtors that are in any way related to the matters that are the subject of the Motion, the Stipulation and Agreement, this Order, or the prosecution of the BNYM Proofs of Claim or the Main Street Proofs of Claim; *provided, however*, that (i) nothing in this Order shall relieve Main Street from its obligations to perform under the Indenture, if any, or restrict the ability of the holders of Main Street Bonds or BNYM, as indenture trustee to enforce such obligations against Main Street, (ii) nothing in this Order shall relieve BNYM from its obligations to perform under the Indenture or restrict the ability of the holders of Main Street Bonds to enforce such obligations against BNYM, and (iii) nothing in this Order shall relieve any party from its respective obligations under the Stipulation and Agreement; and it is further

6. Monies held by BNYM in the Debt Service Fund, the Operating Reserve Fund, the General Fund (as such terms are defined in the Gas Purchase Agreement) or any of the

other funds and accounts established by BNYM or Main Street for the benefit of the holders of the Main Street Bonds or Main Street pursuant to Section 5.01 of the Indenture, are not property of the Debtors' estates and are not subject to the automatic stay, and the Debtors hereby relinquish any and all rights, if any, that they may have in these funds.

7. Upon the Effective Date of this Stipulation and Agreement, the Main Street Proofs of Claim shall be deemed withdrawn with prejudice and the Claims Agent shall be authorized to reflect the withdrawal of such claims on the official register.

8. BNYM represents and warrants to the Debtors that BNYM filed the BNYM Proofs of Claim and has not sold, assigned or transferred the BNYM Proofs of Claim. Main Street represents and warrants to the Debtors that Main Street filed the Main Street Proofs of Claim and has not sold, assigned or transferred the Main Street Proofs of Claim.

9. This Stipulation and Agreement may only be amended or otherwise modified by a signed writing executed by the Parties.

10. Each person who executes this Stipulation and Agreement by or on behalf of a Party represents and warrants that he or she has been duly authorized and empowered to execute and deliver this Stipulation and Agreement on behalf of such Party.

11. This Stipulation and Agreement may be executed in counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument, and it shall constitute sufficient proof of this Stipulation and Agreement to present any copy, copies, electronic copies, or facsimiles signed by the Parties.

12. This Stipulation and Agreement shall be governed by, construed, and enforced in accordance with the laws of the State of New York without giving effect to the provisions, policies, or principles thereof relating to choice of law or conflict of laws.

13. Any disputes or controversies arising from this Stipulation and Agreement shall be within the exclusive jurisdiction of the Court.

Dated: November 9, 2011  
New York, New York

/s/ Amy Caton  
Gregory A. Horowitz  
Amy Caton

KRAMER LEVIN NAFTALIS & FRANKEL LLP  
1177 Avenue of the Americas  
New York, New York 10036  
Telephone: (212) 715-9100  
Facsimile: (212) 715-8000

Attorneys for The Bank of New York Mellon Trust  
Company, N.A., as Indenture Trustee for the Main  
Street Bonds

Dated: November 9, 2011  
Atlanta, Georgia

/s/ John. C. Weitnauer  
John C. (Kit) Weitnauer

ALSTON & BIRD LLP  
One Atlantic Center  
1201 West Peachtree Street  
Atlanta, Georgia 30309  
Telephone: (404) 881-7000  
Facsimile: (404) 881-7777

Attorneys for Main Street Natural Gas, Inc.

[SIGNATURE PAGE CONTINUED]

Dated: November 9, 2011  
New York, New York

/s/ Stephen A Youngman

Robert J. Lemons

Stephen A. Youngman

WEIL, GOTSHAL & MANGES LLP

767 Fifth Avenue

New York, New York 10153

Telephone: (212) 310-8000

Facsimile: (212) 310-8007