

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

LSP ENERGY LIMITED
PARTNERSHIP, *et al.*,

Debtors.

Chapter 11

Case No. 12-10460 (MFW)
(Jointly Administered)

**[PROPOSED] DISCLOSURE STATEMENT FOR DEBTORS' AMENDED JOINT PLAN
OF
PLAN OF LIQUIDATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE**

WHITEFORD TAYLOR PRESTON LLC

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Counsel to Debtors

LSP Energy Limited Partnership, et al.

Dated: ~~December 21, 2012~~ February 5, 2013

EXHIBITS

- Exhibit 1 Debtors' Amended Joint Plan of Liquidation Under Chapter 11 of the Bankruptcy Code, dated ~~December 21, 2012~~ February 5, 2013
- Exhibit 2 Recovery and Liquidation Analysis

IF YOU ARE ENTITLED TO VOTE TO APPROVE THE PLAN, YOU ARE RECEIVING A BALLOT WITH YOUR COPY OF THIS DISCLOSURE STATEMENT. THE DEBTORS URGE YOU TO VOTE TO ACCEPT THE PLAN.

EACH HOLDER OF A CLAIM AGAINST OR INTEREST IN THE DEBTORS ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN SHOULD READ THIS DISCLOSURE STATEMENT AND THE PLAN IN THEIR ENTIRETY BEFORE VOTING. NO SOLICITATION OF VOTES TO ACCEPT OR REJECT THE PLAN MAY BE MADE EXCEPT PURSUANT TO THIS DISCLOSURE STATEMENT AND SECTION 1125 OF THE BANKRUPTCY CODE. NO HOLDER OF A CLAIM SHOULD RELY ON ANY INFORMATION RELATING TO THE DEBTORS, THEIR PROPERTY OR THE PLAN OTHER THAN THAT CONTAINED IN THIS DISCLOSURE STATEMENT AND THE ATTACHED EXHIBITS.

THIS DISCLOSURE STATEMENT IS THE ONLY DOCUMENT AUTHORIZED BY THE BANKRUPTCY COURT TO BE USED IN CONNECTION WITH THE PLAN. NO SOLICITATIONS FOR OR AGAINST THE PLAN MAY BE MADE EXCEPT THROUGH THIS DISCLOSURE STATEMENT.

THIS DISCLOSURE STATEMENT CONTAINS A SUMMARY OF CERTAIN PROVISIONS OF THE PLAN. ALTHOUGH THE DEBTORS BELIEVE AND HAVE MADE EVERY EFFORT TO ENSURE THAT THIS SUMMARY PROVIDES ADEQUATE INFORMATION WITH RESPECT TO THE PLAN, IT DOES NOT PURPORT TO BE COMPLETE AND IS QUALIFIED TO THE EXTENT IT DOES NOT SET FORTH THE ENTIRE TEXT OF THE PLAN. IF THERE IS ANY INCONSISTENCY BETWEEN THE PLAN AND THE SUMMARY OF THE PLAN CONTAINED IN THIS DISCLOSURE STATEMENT, THE PLAN SHALL CONTROL. ACCORDINGLY, EACH HOLDER OF A CLAIM SHOULD REVIEW THE PLAN IN ITS ENTIRETY.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE BANKRUPTCY CODE AND BANKRUPTCY RULE 3016 AND NOT IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAW OR OTHER APPLICABLE NONBANKRUPTCY LAW. PERSONS—OR—ENTITIES TRADING IN OR OTHERWISE PURCHASING, SELLING OR TRANSFERRING CLAIMS AGAINST THE DEBTORS SHOULD EVALUATE THIS DISCLOSURE STATEMENT AND THE PLAN IN LIGHT OF THE PURPOSE FOR WHICH IT WAS PREPARED. THIS DISCLOSURE STATEMENT SHALL NOT BE CONSTRUED TO BE ADVICE ON THE TAX, SECURITIES OR OTHER LEGAL EFFECTS OF THE LIQUIDATION OF THE DEBTORS AS TO HOLDERS OF CLAIMS AGAINST THE DEBTORS.

IRS CIRCULAR 230 NOTICE: TO ENSURE COMPLIANCE WITH IRS CIRCULAR 230, HOLDERS OF CLAIMS AND EQUITY INTERESTS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES CONTAINED OR REFERRED TO IN THIS DISCLOSURE STATEMENT IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY HOLDERS OF CLAIMS OR EQUITY INTERESTS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON THEM UNDER THE INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS WRITTEN IN CONNECTION WITH THE PROMOTION OR

MARKETING BY THE DEBTORS OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) HOLDERS OF CLAIMS AND EQUITY INTERESTS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

THIS DISCLOSURE STATEMENT HAS NEITHER BEEN APPROVED NOR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION (THE “SEC”) NOR HAS THE SEC PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED HEREIN.

AS TO CONTESTED MATTERS, ADVERSARY PROCEEDINGS AND OTHER ACTIONS OR THREATENED ACTIONS, THIS DISCLOSURE STATEMENT SHALL NOT CONSTITUTE OR BE CONSTRUED AS AN ADMISSION OF ANY FACT OR LIABILITY, STIPULATION OR WAIVER BUT RATHER AS THE DEBTORS’ STATEMENT OF THE STATUS OF THE RESPECTIVE MATTER.

ALL OF THE PROJECTED RECOVERIES TO CREDITORS ARE BASED UPON THE ANALYSES PERFORMED BY THE DEBTORS AND THEIR PROFESSIONALS. ALTHOUGH THE DEBTORS HAVE MADE EVERY EFFORT TO VERIFY THE ACCURACY OF THE INFORMATION PRESENTED HEREIN AND IN THE EXHIBITS ATTACHED HERETO, THE DEBTORS CANNOT MAKE ANY REPRESENTATIONS OR WARRANTIES REGARDING THE ACCURACY OF THE INFORMATION.

THE DEBTORS RECOMMEND THAT CREDITORS SUPPORT AND VOTE TO ACCEPT THE PLAN. IT IS THE OPINION OF THE DEBTORS THAT THE TREATMENT OF CREDITORS UNDER THE PLAN CONTEMPLATES A GREATER RECOVERY THAN THAT WHICH IS LIKELY TO BE ACHIEVED UNDER OTHER ALTERNATIVES FOR THE REORGANIZATION OR LIQUIDATION OF THE DEBTORS. ACCORDINGLY, THE DEBTORS BELIEVE THAT CONFIRMATION OF THE PLAN IS IN THE BEST INTERESTS OF CREDITORS.

GLOSSARY

The following terms are used in the Disclosure Statement and the Plan. When used in this Disclosure Statement, these terms have the meanings ascribed to them in the table unless otherwise indicated. Please see the Plan (or, where indicated, certain other motions filed with the Bankruptcy Court) for the definitions of other capitalized terms used in the Disclosure Statement.

<i>“Acquired Assets”</i>	mean those Assets of LSP that the Buyer has acquired or shall acquire pursuant to the Purchase Agreement, including: all properties, assets and rights of every nature, tangible and intangible, of LSP, real or personal, now existing or hereafter acquired, whether or not reflected on the books or financial statements of LSP as of the Closing that are used or held by LSP in connection with its ownership, lease, use or operation of the Facility, other than the Excluded Assets.
<i>“Administrative Bar Date”</i>	means the date fixed pursuant to Section 2.2 of the Plan and the Confirmation Order by which all Persons asserting certain Administrative Expense Claims arising before the Effective Date must have Filed proofs of such Administrative Expense Claims or requests for payment of such Administrative Expense Claims or be forever barred from asserting such Claims against the Debtors, the Estates or their property, or such other date by which any such Claim must be Filed as may be fixed by order of the Bankruptcy Court.
<i>“Administrative Expense Claim”</i>	means any right to payment constituting a cost or expense of administration of any of the Chapter 11 Cases allowed under sections 503(b), 507(a)(1) and 1114(e) of the Bankruptcy Code, including, without limitation: (i) any actual and necessary costs and expenses of preserving one or more of the Debtors’ Estates; (ii) any actual and necessary costs and expenses of operating one or more of the Debtors’ businesses; (iii) any fees or charges assessed against one or more of the Estates of the Debtors under section 1930 of chapter 123 of title 28 of the United States Code; and (iv) any Allowed Claims that are entitled to be treated as Administrative Expense Claims pursuant to a Final Order of the Bankruptcy Court.
<i>“Allowed Claim”</i>	means a Claim: (a) either (i) proof of which has been timely filed with the Bankruptcy Court or has been deemed timely filed by a Final Order; or (ii) if not so filed, scheduled by the Debtors other than as disputed, contingent or unliquidated; and (b) allowed by a Final Order, by the Plan, or because no party in interest timely has filed an objection, filed a motion to equitably subordinate, or otherwise sought to limit recovery on such Claim. An Allowed Claim shall not include interest accruing after the Petition Date on the amount of any Claim except as expressly provided herein in the Plan.

“Allowed [Class Designation/Type] Claim”	means an Allowed Claim in a specified Class or of a specified type.
“Allowed Prepetition LTSA Claim”	means Siemens Prepetition LTSA Claim which shall be modified and allowed in the amount of \$14,364,127.53.
“Assets”	mean all assets of the Debtors of any nature whatsoever, including, without limitation, all property of the Estates pursuant to section 541 of the Bankruptcy Code, Cash, Avoidance Actions, Causes of Action, equipment, inventory, tax refunds, insurance proceeds, claims of right, interests and property, real and personal, tangible and intangible, and proceeds of any of the foregoing, including without limitation, proceeds of the Asset Sale, any hold back amounts due to the Debtors under the Purchase Agreement, and the proceeds of the sale of any other Assets pending disbursement. When referring to any time period prior to the Closing Date, Assets also includes the Acquired Assets.
“Asset Sale”	means the Debtors’ sale of, and the Buyer’s purchase of, the Acquired Assets, which sale was approved by orders of the Bankruptcy Court entered on September 20, 2012 and December 17, 2012, and, for purposes of section 1146(a) of the Bankruptcy Code, was made and entered into, in furtherance of, under, or in connection with the Plan.
“Assumed Contracts”	mean the prepetition executory contracts and unexpired leases of LSP that shall be assumed and assigned by the Debtors to the Buyer on the Closing Date pursuant to section 365 of the Bankruptcy Code, as set forth in the Sale Order.
“Auction”	means the auction of the Acquired Assets which occurred on August 13, 2012.
“Available Cash”	means Cash available for distribution after payment in full of: (A) Allowed Unclassified Claims, (B) Allowed Bond Claims, (C) Allowed Working Capital Claims, (D) Allowed Secured Tax Claims, (E) Allowed Other Secured Claims, (F) Allowed Non-Tax Priority Claims, (G) the Professional Fee Reserve, and (H) the Plan Expense Reserve.
“Avoidance Action”	means all Causes of Action, suits, choses in action, and claims of the Debtors and/or the Estates against any entity or Person seeking to avoid a transfer of property or recover property pursuant to sections 542 through 550 of the Bankruptcy Code or applicable non-bankruptcy law.
“Bankruptcy Code”	means chapter 11 of title 11 of the United States Code, as now in effect or hereafter applicable to these Chapter 11 Cases.
“Bankruptcy Court”	means the United States Bankruptcy Court for the District of Delaware, or any other court exercising competent jurisdiction over the Chapter 11

	Cases or any proceeding therein.
<i>"Bankruptcy Rules"</i>	mean the Federal Rules of Bankruptcy Procedure, as amended, and the local rules of the Bankruptcy Court, as applicable to these Chapter 11 Cases.
<i>"Bidding Procedures"</i>	mean the procedures for the sale of the Assets or Equity Interests approved by the Bidding Procedures Order.
<i>"Bidding Procedures Order"</i>	means the Order entered by the Bankruptcy Court on March 23, 2012, approving the Bidding Procedures.
<i>"Bond Claim"</i>	means the Claim for amounts owed under the Indenture other than the Make-Whole Premium Claims. <u>For the avoidance of doubt, the Bond Claim includes the compensation and indemnification claims of the Indenture Trustee, including the reasonable fees and disbursements of the Indenture Trustee and its counsel.</u>
<i>"Bond Defendants"</i>	mean collectively, the Indenture Trustee and the Informal Group.
<i>"Bondholders"</i>	mean the holders of the Prepetition Bonds.
<i>"Business Day"</i>	means any day of the calendar week, except Saturday, Sunday, a "legal holiday," as defined in Bankruptcy Rule 9006(a), or any day on which commercial banks are authorized or required by law to close in Wilmington, Delaware.
<i>"Buyer"</i>	means the South Mississippi Electric Power Association and/or such designee(s) that it may designate to acquire some or all of the Acquired Assets pursuant to the Purchase Agreement.
<i>"Cash"</i>	means cash and cash equivalents including, without limitation, checks and wire transfers.
<i>"Cash Proceeds"</i>	mean the Cash portion of the proceeds of the Asset Sale as adjusted pursuant to the Purchase Agreement.
<i>"Cause of Action"</i>	<u>means any action, cause of action, suit, account, controversy, agreement, promise, right to legal remedy, right to an equitable remedy, right to payment and claim means, without limitation, any and all actions, causes of action, demands, suits, obligations, liabilities, accounts, defenses, offsets, powers, privileges, licenses, controversies, agreements, promises, rights to legal remedies, rights to equitable remedies, rights to payment and claims, rights to setoff, counterclaim, or recoupment. Claims on contracts or for breaches of duties imposed by law, rights to object to Claims and Interests, Avoidance Actions, Claims and defenses as fraud, mistake, duress and usury, any and all claims against any</u>

	<u>Person, to the extent such Person asserts a crossclaim, counterclaim, and/or Claim for setoff which seeks affirmative relief against the Debtors, their officers, directors, or representatives, of any kind or character whatsoever, whether known or unknown, reduced to judgment, not reduced to judgment, liquidated, unliquidated, fixed, contingent or non-contingent, matured, unmatured, suspected or unsuspected, disputed, undisputed, secured, unsecured and whether asserted or assertable directly or derivatively, in law, equity or otherwise, whether arising before, on, or after the Petition Date, including through the Effective Date, in contract, in tort, in law, or in equity, or pursuant to any other theory of law.</u>
<i>"Chapter 11"</i>	means chapter 11 of the Bankruptcy Code.
<i>"Chapter 11 Cases"</i>	mean the chapter 11 bankruptcy cases of the Debtors.
<i>"Claim"</i>	means a claim, as defined by section 101(5) of the Bankruptcy Code, against the Debtors or their Assets, whether or not asserted.
<i>"Class"</i>	means a class or category of Claims as classified and described in Section 3 of the Plan.
<i>"Closing"</i>	means the consummation of the Asset Sale.
<i>"Closing Date"</i>	means the date the Asset Sale closed.
<i>"Complaint"</i>	means the Complaint for Declaratory Judgment and Objection to Claim filed by the Debtors to initiate the Make-Whole Adversary.
<i>"Confirmation Date"</i>	means the date on which the clerk of the Bankruptcy Court enters the Confirmation Order on the Bankruptcy Court's docket.
<i>"Confirmation Hearing"</i>	means the hearing on confirmation of the Plan pursuant to section 1129 of the Bankruptcy Code.
<i>"Confirmation Notice"</i>	means the notice of the entry of the Confirmation Order to be filed by the Debtors.
<i>"Confirmation Order"</i>	means the order entered by the Bankruptcy Court confirming the Plan in accordance with Chapter 11 of the Bankruptcy Code.
<i>"CPV"</i>	means CPV Batesville, LLC.
<i>"Creditor"</i>	means a holder of a Claim.
<i>"Cure Amount"</i>	means the payment necessary to cure any existing default under an Assumed Contract in accordance with sections 365(b) and 365(f)(2) of the Bankruptcy Code, in the amount set forth on Exhibit A to the Sale

	Order.
<i>"Debtors"</i>	mean LSP Energy Limited Partnership, LSP Energy, Inc., LSP Batesville Holding, LLC, and LSP Batesville Funding Corporation, debtors and debtors in possession, and includes the Estates, where appropriate.
<i>"Deficiency Claim"</i>	means an unsecured Claim representing the amount, if any, by which the Allowed amount of a Claim exceeds the value of the property owed or held by the Debtors which collateralizes the Claim subject to a valid unavoidable security interest.
<i>"DIP Fees and Expenses"</i>	mean any fees and expenses of the DIP Lenders which are required to be paid by the Debtors pursuant to the DIP Financing Agreement and the DIP Order.
<i>"DIP Financing Agreement"</i>	means that certain Senior Secured Super-Priority Debtor in Possession Credit and Guaranty Agreement, dated as of February 29, 2012, by and among LSP, certain guarantors, Cantor Fitzgerald Securities, as Administrative and Collateral Agent, and various lenders thereunder, as subsequently amended.
<i>"DIP Lenders"</i>	mean collectively, means collectively, Transamerica Life Insurance Company, John Hancock Life Insurance Company (U.S.A.), MSD Credit Opportunity Fund, L.P. and/or its affiliates and any of its managed funds, together with any other fund managed by MSDC Management, L.P., and such other lenders under the DIP Financing Agreement.
<i>"DIP Lenders Claims"</i>	mean collectively, the Claims of the DIP Lenders in respect of the obligations of the Debtors arising under the DIP Financing Agreement and the DIP Order.
<i>"DIP Liens"</i>	mean the security interests in the Debtors' property granted by the Debtors to the DIP Lenders to secure the Debtors' obligations under the DIP Financing Agreement and DIP Order.
<i>"DIP Loans"</i>	mean the post-petition term loans in an aggregate principal amount not to exceed \$20,000,000 pursuant to the DIP Financing Agreement.
<i>"DIP Order"</i>	means the Final Order pursuant to sections 105, 361, 362, 363, 364, 503 and 507 of the Bankruptcy Code, Bankruptcy Rules 2002, 4001, 6004(h) and 9014 and Local Rules 2002-1 and 4001-2 (a) authorizing the Debtors (i) to obtain post-petition secured financing and (ii) to use cash collateral; (b) granting liens and providing for super-priority administrative expense status; (c) providing adequate protection to prepetition secured parties; and (d) modifying the automatic stay, entered by the Bankruptcy Court on February 27, 2012, as amended by

	the Order Approving Scheduling Stipulation entered by the Bankruptcy Court in Adversary Proceeding No. 12-50581 on May 22, 2012, and the Order Approving Stipulation entered by the Bankruptcy Court on October 1, 2012.
<i>"Disallowed Claim"</i>	means any Claim or portion thereof which has been disallowed by a Final Order and includes any Claim which is not an Allowed Claim for any other reason.
<i>"Disclosure Statement"</i>	means this Disclosure Statement for the Debtors' <u>Amended</u> Joint Plan of Liquidation Under Chapter 11 of the Bankruptcy Code, dated December 21, 2012 <u>February 5, 2013</u> , as altered, modified, or amended in accordance with the Bankruptcy Code and the Bankruptcy Rules.
<i>"Disclosure Statement Order"</i>	means the order entered by the Bankruptcy Court approving this Disclosure Statement on [_____, 2013].
<i>"Disputed Claim"</i>	means any Claim that is not an Allowed Claim as of the relevant date.
<i>"Distribution"</i>	means any distribution pursuant to the Plan to the holders of Allowed Claims or Interests.
<i>"Effective Date"</i>	means a Business Day selected by the Debtors, which is, unless the Confirmation Order directs otherwise, five (5) Business Days after the date on which each of the conditions to the effectiveness of the Plan specified in Section 5 of the Plan have either been satisfied or waived in accordance with the Plan.
<i>"Equity Interests"</i>	mean LSP Holding's ownership interests in LSP.
<i>"Estates"</i>	mean the estates of Debtors created by the Debtors' Chapter 11 Cases pursuant to section 541 of the Bankruptcy Code.
<i>"Excluded Assets"</i>	mean Assets not included as Acquired Assets in the Asset Sale, all as more particularly described in the Purchase Agreement.
<i>"Facility"</i>	means LSP's approximately 837 MW (net) three unit, natural gas-fired combined cycle electric generation facility together with LSP's auxiliary equipment, ancillary and associated facilities and equipment, electrical transformers, pipeline and electrical interconnection and metering facilities used for the receipt of fuel and water and the delivery of the electrical output of the generating plant, and LSP's other improvements relating to the ownership, operation and maintenance of the generation facility located in Batesville, Mississippi.
<i>"Fee Claim"</i>	means a Claim for compensation, indemnification or reimbursement of expenses pursuant to sections 327, 328, 330, 331 or 503(b) of the

	Bankruptcy Code in connection with the Chapter 11 Cases incurred after the Petition Date and prior to and including the Effective Date.
<i>“File, Filed or Filing”</i>	means file, filed or filing with the Bankruptcy Court in the Chapter 11 Cases.
<i>“Final Distribution Date”</i>	means the Date that all Distributions shall have been made in accordance with the Plan.
<i>“Final Order”</i>	means an order or judgment of the Bankruptcy Court entered by the Clerk of the Bankruptcy Court on the docket in the Chapter 11 Cases, which has not been reversed, vacated, or stayed and as to which (i) the time to appeal, petition for certiorari, or move for a new trial, reargument, or rehearing has expired and as to which no appeal, petition for certiorari, or other proceedings for a new trial, reargument, or rehearing shall then be pending, or (ii) if an appeal, writ of <i>certiorari</i> , new trial, reargument, or rehearing thereof has been sought, such order or judgment of the Bankruptcy Court shall have been affirmed by the highest court to which such order was appealed, or <i>certiorari</i> shall have been denied, or a new trial, reargument, or rehearing shall have been denied or resulted in no modification of such order, and the time to take any further appeal, petition for <i>certiorari</i> or move for a new trial, reargument, or rehearing shall have expired; <i>provided, however</i> , that the possibility that a motion under Rule 60 of the Federal Rules of Civil Procedure, or Bankruptcy Rule 9024, may be filed relating to such order shall not cause such order to not be a Final Order.
<i>“General Unsecured Claim”</i>	means any Claim asserted against any Debtor that is not secured by property of the Estates or otherwise entitled to treatment as a secured Claim under section 506 of the Bankruptcy Code, is not an Administrative Expense Claim, DIP Lender Claim, Priority Tax Claim, Secured Bond Claim, Working Capital Claim, Other Secured Claim, Non-Tax Priority Claim, Make-Whole Premium Claim or Interest, and is not otherwise entitled to priority under sections 503 or 507 of the Bankruptcy Code.
<i>“GUC Catch-Up Distribution”</i>	means the Distribution of Available Cash after payment in full of the Initial GUC Distribution.
<i>“Indebtedness”</i>	means the amount outstanding principal and accrued interest owed on the Prepetition Bonds.
<i>“Indenture”</i>	means the Trust Indenture dated as of May 21, 1999 (as amended, restated, supplemented or otherwise modified) by and among LSP Energy and LSP Funding as issuers, and The Bank of New York Mellon.
<i>“Indenture Trustee”</i>	means The Bank of New York Mellon (f/k/a The Bank of New York) as

	trustee and securities intermediary under the Indenture.
<i>"Informal Group"</i>	means the informal group of Bondholders that are identified in the revised 2019 Statement filed in the Bankruptcy Cases on March 7, 2012 at Docket No. 112, as may be subsequently amended.
<i>"Initial Distribution Date"</i>	means the Date that the Debtors have Available Cash in the amount necessary to make a distribution of \$2,000,000.00.
<i>"Initial GUC Distribution"</i>	means the Distribution of Available Cash in the maximum amount of \$5,000,000.00 after payment in full of the Initial Make-Whole Distribution.
<i><u>"Initial Make-Whole Distribution"</u></i>	means the Distribution of Available Cash in the maximum amount of \$10,000,000.00.
<i>"Intercompany Claims"</i>	mean all prepetition Claims against any of the Debtors held by a Debtor or a non-Debtor affiliate of any of the Debtors.
<i>"Interest"</i>	means the interest of any holder of an equity security of any Debtor, within the meaning of section 101(16), (17) of the Bankruptcy Code, represented by any issued and outstanding shares of common or preferred stock or other instrument evidencing a present ownership or membership interest in any of the Debtors, whether or not transferable, or any option, warrant, or right, contractual or otherwise, to acquire any such interest, including a partnership, limited liability company or similar interest in a Debtor.
<i>"J. Aron"</i>	means J. Aron & Company.
<i>"Lazard"</i>	means collectively, Lazard Frères & Co. LLC and Lazard Middle Market LLC.
<i><u>"Liquidation Analysis"</u></i>	<u>means the Liquidation Analysis attached hereto as Exhibit 2.</u>
<i><u>"Loan Documents"</u></i>	mean collectively, the Indenture and its related agreements and security documents.
<i>"LSP"</i>	means LSP Energy Limited Partnership.
<i>"LSP Claims"</i>	mean LSP's claims against Siemens with respect to, among other things, the Prepetition Outages.
<i>"LSP Energy"</i>	means LSP Energy, Inc.
<i>"LSP Funding"</i>	means LSP Batesville Funding Corporation.

“LSP Holding”	means LSP Batesville Holding, LLC.
“LTSA”	Means means the Program Parts, Miscellaneous Hardware, Program Management Services, and Scheduled Outage Services Contract, dated February 14, 2008.
“Make-Whole Adversary”	means the adversary proceeding initiated by the Debtors against the Bond Defendants styled as <i>LSP Energy Limited Partnership v. The Bank of New York Mellon, et al.</i>
“ <u>Make-Whole Distribution</u> ”	means the <u>Distribution of Available Cash in the maximum amount of \$10,000,000.00.</u>
“Make-Whole Premium”	means the premium provided for in the Indenture upon the redemption of the Prepetition Bonds prior to maturity.
“Make-Whole Premium Claim”	means the Claim of a Bondholder for the Make-Whole Premium.
“Make-Whole Settlement”	means the settlement of the Make-Whole Adversary, which settlement provides for the allowance of the Make-Whole Premium Claims.
“Make-Whole Settlement Order”	means the order entered by the Bankruptcy Court approving the Make-Whole Settlement on November 15, 2012 -, <u>which shall be filed as an exhibit to the Plan and incorporated therein by reference.</u>
“NAES”	means NAES Corporation.
“Non-Tax Priority Claim”	means a Priority Claim that is not a Priority Tax Claim.
“Other Secured Claim”	means a Secured Claim that is not a DIP Lender Claim, Secured Bond Claim, Working Capital Claim or Secured Tax Claim.
“Person”	means an individual, corporation, partnership, limited liability company, joint venture, association, joint stock company, trust, estate, unincorporated organization, governmental unit, government (or agency or political subdivision thereof), or other entity, including, without limitation, the Debtors.
“Petition Date”	means February 10, 2012.
“Plan”	means the <u>Amended Joint Plan of Liquidation Under Chapter 11 of the Bankruptcy Code, dated December 21, 2012</u> February 5, 2013, the Plan Supplement and all exhibits and schedules hereto, as same may be altered, modified, or amended in accordance with the Bankruptcy Code,

	the Bankruptcy Rules and the terms thereof.
<i>“Plan Expense Reserve”</i>	means that Cash reserve created on the Effective Date and held by the Debtors, in the amounts set forth in the Wind-Down Budget, necessary for payment of the expenses of administering the Plan, including, without limitation, the Debtors’ professional fees and expenses, in respect of the claims reconciliation process, the prosecution, negotiation and settlement of Avoidance Actions and other Causes of Action, the making of Distributions under the Plan, the payment of Trustee Fees, the winding down of the Debtors, the closing of the Chapter 11 Cases, the payment of any expenses incurred in the ordinary course of business in maintaining and disposing of the remaining Assets of the Debtors.
<i>“Plan Releasees”</i>	has the meaning ascribed to such term in Section 6.2 of the Plan.
<i>“Plan Supplement”</i>	means the supplemental appendix to the Plan Filed at least ten (10) days prior to the Confirmation Hearing, which includes the Wind-Down Budget.
<i>“PPAs”</i>	mean LSP’s long term power purchase agreements with J. Aron & Company and the South Mississippi Electric Power Association.
<i>“Prepetition Bonds”</i>	mean collectively, the 7.164% Series C Senior Secured Bonds due January 15, 2014, and the 8.16% Series D Senior Secured Bonds due July 15, 2025, issued by LSP Energy and LSP Funding pursuant to that certain Trust Indenture dated as of May 21, 1999 (as amended, restated, supplemented or otherwise modified).
<i>“Prepetition Bond Parties”</i>	mean collectively, The Bank of New York Mellon (f/k/a The Bank of New York) as trustee and securities intermediary, and the Bondholders.
<i>“Prepetition Collateral”</i>	means the collateral pledged by LSP to secure its obligations under the Prepetition Bonds and Prepetition Working Capital Facility.
<i>“Prepetition Liens”</i>	mean the <i>pari passu</i> liens the Debtors granted to the Indenture Trustee and the Working Capital Lenders to secure the Debtors’ obligations under the Indenture and the Prepetition Working Capital Facility.
<i>“Prepetition Outages”</i>	means collectively, the Unit 1 Outage and the Unit 2 Outage.
<i>“Prepetition Outage Credit”</i>	means the credit Siemens agreed to grant LSP in the aggregate amount of \$1,854,000.00 with respect to amounts owed by LSP to Siemens under the LTSA.
<i>“Prepetition Secured Creditors”</i>	mean collectively, the Prepetition Working Capital Parties and the Prepetition Bond Parties.
<i>“Prepetition Working</i>	means the Working Capital Loan Agreement dated as of October 27,

<i>Capital Facility</i>	2011 (as amended, restated, supplemented or otherwise modified as of the date hereof), by and among LSP Energy as borrower, Gleacher Products Corp. as agent and the lenders thereto.
<i>“Prepetition Working Capital Parties”</i>	mean collectively, Gleacher Products Corp. as agent and the Working Capital Lenders.
<i>“Priority Claim”</i>	means a Claim entitled to priority under sections 507(a)(4) and 507(a)(5) of the Bankruptcy Code, if Allowed.
<i>“Priority Tax Claim”</i>	means a Claim of a governmental unit of a kind entitled to priority under section 507(a)(8) of the Bankruptcy Code, if Allowed.
<i>“Professional Fee Reserve”</i>	means that Cash reserve created on the Effective Date and held by the Debtors for the payment of Professionals and Allowed Fee Claims only, which have accrued but are unpaid.
<i>“Professionals”</i>	mean all professionals employed in these Chapter 11 Cases pursuant to sections 327 and 1103 of the Bankruptcy Code.
<i>“Project”</i>	means the electric power generation facility located in Batesville, Mississippi, which is owned and operated by LSP.
<i>“Pro Rata Share”</i>	means with reference to any distribution on account of any Allowed Claim in any Class, a distribution equal in amount to the ratio (expressed as a percentage) that the amount of such Allowed Claim bears to the aggregate amount of all Allowed Claims in that Class.
<i>“Purchase Agreement”</i>	means that certain Asset Purchase Agreement dated August 14, 2012, by and between LSP and the South Mississippi Electric Power Association.
<i>“Quantum”</i>	means Quantum Batesville Power, LLC, the High Back-Up Bidder named in the Sale Order.
<i>“Representatives”</i>	mean (i) any and all officers, directors, attorneys, advisors and investment bankers of the Debtors, in each case, solely in their respective capacities as such, serving or holding interests immediately prior to the occurrence of the Effective Date, and (ii) CPV Batesville, LLC.
<i>“Sale Hearing”</i>	means the hearing held on September 20, 2012 to consider approval of the Asset Sale.
<i>“Sale Order”</i>	means the order entered by the Bankruptcy Court on September 20, 2012 approving the sale of the Acquired Assets to the Buyer, and the Order Approving Debtors’ Motion for Order Approving Amendment to Asset Purchase Agreement entered by the Bankruptcy Court on December 17,

	2012.
<i>“Secured Claim”</i>	means any Claim to the extent such claim constitutes a secured Claim pursuant to section 506 or 1111(b) of the Bankruptcy Code.
<i>“Secured Tax Claim”</i>	means any Secured Claim that, absent its secured status, would be entitled to priority in right of payment under section 507(a)(8) of the Bankruptcy Code (determined irrespective of any time limitations therein), and including any related Secured Claim for penalties.
<i>“September 2012 Outage”</i>	means the forced outage that occurred at the Facility on or about September 17, 2012.
<i>“Series C Bonds”</i>	mean the 7.164% Series C Senior Secured Bonds issued by LSP in the amount of \$150 million, due January 15, 2014.
<i>“Series D Bonds”</i>	mean the 8.160% Series D Senior Secured Bonds issued by LSP in the principal amount of \$176 million, due July 15, 2025.
<i>“SMEPA”</i>	means the South Mississippi Electric Power Association.
<i>“Siemens”</i>	means Siemens Energy, Inc.
<i>“Siemens Administrative Priority Claim”</i>	means the Claim of Siemens that is entitled to administrative priority pursuant to 11 U.S.C. <u>section 503(b)(9)</u> of the Bankruptcy Code.
<i>“Siemens Agreements”</i>	mean collectively, the LTSA and the T-3000 Contract.
<i>“Siemens Collateral”</i>	means the collateral, including the program parts and hardware, pledged by LSP to secure its obligations under the LTSA.
<i>“Siemens LTSA Claim”</i>	means the prepetition Claim of Siemens for amounts owed by LSP in connection with services performed and parts supplied by Siemens under the LTSA.
<i>“Siemens Parts”</i>	mean the replacement parts provided by Siemens to restore the Facility’s Unit 1 and Unit 2 to commercial service.
<i>“Siemens Repairs”</i>	mean the repairs performed by Siemens to restore the Facility’s Unit 1 and Unit 2 to commercial service.
<i>“Siemens Security Interest”</i>	means the security interest asserted by Siemens in the Siemens Collateral pursuant to the LTSA.
<i>“Siemens Settlement”</i>	means the settlement between the Debtors and Siemens approved by order of the Bankruptcy Court entered on November 14, 2012.

<i>“Stalking Horse Motion”</i>	means the Debtors’ motion seeking, among other things, approval of a “stalking horse” purchase agreement with SMEPA.
<i>“Subordinated Claim”</i>	means a Claim subordinated under section 510 of the Bankruptcy Code.
<i>“T-3000 Contract”</i>	means the contract between LSP and Siemens for the SPPA-T-3000 DCS System, dated as of June 4, 2009, pursuant to which, among other things, Siemens provides a distributed control system for the Facility.
<i>“Trustee Fees”</i>	mean all fees and charges assessed against the Estates of the Debtors under 28 U.S.C. § 1930.
<i>“Unclassified Claims”</i>	mean collectively, Administrative Expense Claims, inclusive of Fee Claims and Trustee Fees, DIP Lender Claims and Priority Tax Claims.
<i>“Unit 1 Outage”</i>	means the forced outage of the Facility’s Unit 1 that resulted in Unit 1 was not available for commercial service during the period from May 28, 2011 through February 14, 2012.
<i>“Unit 2 Outage”</i>	means the forced outage of the Facility’s Unit 2 that resulted in Unit 2 being not available for commercial service during the period from October 10, 2011 through January 21, 2012.
<i>“Units”</i>	mean the Facility’s three gas-fired combined cycle electric generating units.
<i>“Unsecured Deficiency Claim”</i>	means any portion of a Claim to the extent that the value of the Estates’ interest in any property securing the Claim is less than the amount of the Claim, or to the extent that the amount of any such Claim subject to setoff is less than the amount of such Claim, as determined pursuant to section 506(a) of the Bankruptcy Code.
<i>“Voting Deadline”</i>	means the deadline set forth in the Disclosure Statement Order by which holders of Claims or Interests may vote to accept or reject the Plan.
<i>“Wind-Down Budget”</i>	means the budget, approved by the Informal Group, and filed with the Plan Supplement, which budget includes the amounts for the Professional Fee Reserve and Plan Expense Reserve.
<i>“Working Capital Lenders”</i>	mean collectively, the lenders under the Prepetition Working Capital Facility.
<i>“Working Capital Claim”</i>	means the Claim of a Prepetition Working Capital Party.

Interpretation of Terms. Each definition in this Disclosure Statement and in the Plan includes both the singular and the plural, and references in this Disclosure Statement include the masculine and feminine where appropriate. Headings are for convenience or reference and shall not affect the meaning or interpretation of this Disclosure Statement.

I. INTRODUCTION

A. General.

The following introduction is qualified by the Amended Joint Plan of Liquidation of LSP Energy Limited Partnership (“*LSP*”), LSP Energy, Inc. (“*LSP Energy*”), LSP Batesville Holding, LLC (“*LSP Holding*”), and LSP Batesville Funding Corporation (“*LSP Funding*”) (the “*Debtors*”) dated ~~December 21, 2012~~ February 5, 2013 (the “*Plan*”),¹ which is attached hereto as **Exhibit 1**, and the more detailed information and financial statements contained elsewhere in this document. The Debtors believe that confirmation and implementation of the Plan is in the best interest of creditors and that the Plan provides the best available alternative to creditors.

This disclosure statement (“*Disclosure Statement*”) and the other documents described herein are being furnished by the Debtors to holders of Claims in the Debtors’ Chapter 11 Cases pending before the United States Bankruptcy Court for the District of Delaware (the “*Bankruptcy Court*”).

Under the Bankruptcy Code, only holders of Claims and Interests that are “impaired” are entitled to vote to accept or reject the Plan. The Bankruptcy Code further provides that a Class that is left unimpaired under the Plan is deemed to have accepted the Plan and a Class that receives no distribution under the Plan is deemed to have rejected the Plan. To become effective, the Plan must be accepted by certain Classes of Claims and Interests, and confirmed by the Bankruptcy Court.

B. Classification and Treatment of Claims and Interests Under the Plan.

Certain Classes of Claims and Interests are impaired under the Plan and, accordingly, are entitled to vote on the Plan. The Debtors are seeking votes to accept the Plan from holders of Claims and Interests in these Classes. For a description of the Classes of Claims and Interests and their treatment under the Plan, *see* Section 3 of the Plan – Classification and Treatment of Claims and Interests.

Estimated Claim amounts for certain Classes are based upon a preliminary analysis by the Debtors and their Professionals of Claims filed in the Debtors’ Chapter 11 Cases. There can be no assurance that these estimates are correct. The following treatments are possible only if the Plan is approved and the Debtors’ estimate of the Claims is determined to be valid by the Bankruptcy Court. The timing of distributions under the Plan, if any, is subject to conditions and determinations described in later sections of this Disclosure Statement.

Each Class of Claims and Interests, except Administrative Expense Claims (including Fee Claims and Trustee Fees), DIP Lender Claims and Priority Tax Claims are placed in the following Classes and will receive the following treatment under the Plan:

¹ All capitalized terms not defined herein shall have the meanings ascribed to them in the Plan.

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Summary of Classification and Treatment
of Claims and Interests Under the Plan

<u>Class Description</u>	<u>Estimated Amount of Allowed Claims</u>	<u>Estimated Recovery (% of Claim)</u>	<u>Impaired</u>	<u>Treatment</u>
Class 1A - Claims against LSP under the Prepetition Bonds	\$221,347,189.41 (inclusive of all Bond Claims)	100%	Yes	Each holder of an Allowed Bond Claim shall receive Cash in an amount equal to one hundred percent (100%) of the Allowed Bond Claim, including interest at the non-default rate.
Class 1B - Claims against LSP under the Prepetition Working Capital Facility	\$4,013,629.70 (inclusive of all Working Capital Claims)	100%	No	Each holder of an Allowed Working Capital Claim shall receive Cash in an amount equal to one hundred percent (100%) of the Allowed Working Capital Claim.
Class 1C - Secured Tax Claims against LSP	\$9,456,614.73	100%	No	Each holder of an Allowed Secured Tax Claim shall receive Cash in an amount equal to one hundred percent (100%) of the Allowed Secured Tax Claim.
Class 1D - Other Secured Claims against LSP	\$0	100%	No	Each holder of an Allowed Other Secured Claim, that has priority over the DIP Lender Claims, Bond Claims, Working Capital Claims and Secured Tax Claims, will be satisfied at the option of the Debtors by: (a) Cash in an amount equal to one hundred percent (100%) of the Allowed Other Secured Claim; (b) the return of the collateral subject to the senior, perfected and indefeasible lien or security interest; (c) the payment of any amounts owed by the Buyer, as assignee, pursuant to the Asset Sale with respect to the collateral subject to the senior, perfected and indefeasible lien or security interest; or (d) such other treatment as the Debtors and such holder of an Other Secured Claim may agree. Any difference with respect to the amount of an Allowed Other Secured Claim and the fair market value of the subject collateral, and any Other Secured Claim that does not have priority over the Bond Claims, the Working Capital Claims and Secured Tax Claims shall constitute a General Unsecured Claim, which claim shall be classified as a Class 1G Claim.

<u>Class Description</u>	<u>Estimated Amount of Allowed Claims</u>	<u>Estimated Recovery (% of Claim)</u>	<u>Impaired</u>	<u>Treatment</u>
Class 1E - Non-Tax Priority Claims against LSP	\$0	100%	No	Each holder of an Allowed Non-Tax Priority Claim shall receive Cash in an amount equal to such Allowed Non-Tax Priority Claim.
Class 1F - Claims against LSP for the Make-Whole Premium	\$80,000,000 (inclusive of all Make-Whole Claims)	15.2%	Yes	Each holder of an Allowed Make-Whole Premium Claim shall receive Cash equal to such holder's <i>Make-Whole Pro Rata Share</i> of: (i) -the Initial Make-Whole Distribution;— (ii) twenty percent (20%) of the GUC Catch-Up Distribution; and (iii) fifty percent (50%) of the Distribution provided Cash available for in Section 3.3.8(b)(ii) distribution after payment in full of the Plan all Allowed General Unsecured Claims, until all Allowed Make-Whole Premium Claims are paid in full.
Class 1G - General Unsecured Claims against LSP	\$32,00542,939,000	43% ² 32% ²	Yes	Each holder of an Allowed General Unsecured Claim shall receive Cash equal to such holder's <i>Pro Rata Share</i> of: (i) the Initial GUC Distribution; and (ii) eighty percent (80%) of the GUC Catch-Up Distribution. Upon payment in full of all Allowed General Unsecured Claims, any remaining Available Cash shall be distributed pursuant to Section 3.3.8(b) of the Plan.
Class 1H - Interests in LSP	N/A	0%	Yes	Interests in Classes 1H, will be satisfied by the Distribution to holders of Allowed Class 2E Interests set forth in Section 3.3.8 of the Plan.
Class 1I - Subordinated Claims against LSP	\$0	0%	Yes	Each holder of a Subordinated Claim shall receive no distribution under the Plan.
Class 2A - Claims against LSP Holding under the	\$221,397,189.41 (inclusive of all	100%	Yes	Each holder of an Allowed Bond Claim shall receive Cash in an amount

² The estimated recovery of approximately 32% is based upon full allowance of all Class 1G Claims that have been filed or scheduled, and the recovery of assets in the amounts set forth in the Liquidation Analysis. The Debtors believe that based upon the completion of the claims resolution process, the recovery for Class 1G Claims could be approximately 40%, again assuming the recovery of assets in the amounts set forth in the Liquidation Analysis.

<u>Class Description</u>	<u>Estimated Amount of Allowed Claims</u>	<u>Estimated Recovery (% of Claim)</u>	<u>Impaired</u>	<u>Treatment</u>
Prepetition Bonds	Bond Claims)			equal to one hundred percent (100%) of the Allowed Bond Claim, including interest at the non-default rate.
Class 2B - Claims against LSP Holding under the Prepetition Working Capital Facility	\$4,013,629.70 (inclusive of all Working Capital Claims)	100%	No	Each holder of an Allowed Working Capital Claim shall receive Cash in an amount equal to one hundred percent (100%) of the Allowed Working Capital Claim.
Class 2C - General Unsecured Claims against LSP Holding	\$0	0%	Yes	Each holder of an Allowed General Unsecured Claim shall receive Cash equal to such holder's <i>Pro Rata Share</i> of: (i) the Initial GUC Distribution; and (ii) eighty percent (80%) of the GUC Catch-Up Distribution. Upon payment in full of all Allowed General Unsecured Claims, any remaining Available Cash shall be distributed pursuant to Section 3.3.8(b) of the Plan.
Class 2D - Intercompany Claims against LSP Holding	\$200	0%	Yes	Each holder of an Intercompany Claim shall receive no distribution under the Plan.
Class 2E - Interests in LSP Holding	N/A	0%	Yes	Each holder of an Allowed Interest in LSP Holding shall receive Cash equal to such holder's <i>Pro Rata Share</i> of: (i) fifty percent (50%) of the Cash available for Distribution after payment in full all Allowed General Unsecured Claims until all Allowed Make-Whole Premium Claims are paid in full; and (ii) all remaining Available Cash after payment in full of all Allowed Make-Whole Premium Claims.
Class 3A - Claims against LSP Energy under the Prepetition Bonds	\$221,397,189.41 (inclusive of all Bond Claims)	100%	Yes	Each holder of an Allowed Bond Claim shall receive Cash in an amount equal to one hundred percent (100%) of the Allowed Bond Claim, including interest at the non-default rate.
Class 3B - Claims against LSP Energy under the Prepetition Working Capital Facility	\$4,013,629.70 (inclusive of all Working Capital Claims)	100%	No	Each holder of an Allowed Working Capital Claim shall receive Cash in an amount equal to one hundred percent (100%) of the Allowed Working Capital Claim.
Class 3C - General	\$0	0%	Yes	Each holder of an Allowed General

<u>Class Description</u>	<u>Estimated Amount of Allowed Claims</u>	<u>Estimated Recovery (% of Claim)</u>	<u>Impaired</u>	<u>Treatment</u>
Unsecured Claims against LSP Energy				Unsecured Claim shall receive Cash equal to such holder's <i>Pro Rata Share</i> of: (i) the Initial GUC Distribution; and (ii) eighty percent (80%) of the GUC Catch-Up Distribution. Upon payment in full of all Allowed General Unsecured Claims, any remaining Available Cash shall be distributed pursuant to Section 3.3.8(b) of the Plan.
Class 3D - Intercompany Claims against LSP Energy	\$7,542	0%	Yes	Each holder of an Intercompany Claim shall receive no distribution under the Plan.
Class 3E - Interests in LSP Energy	N/A	0%	Yes	Interests in Class 3E will be satisfied by the Distribution to holders of Allowed Class 2E Interests set forth in Section 3.3.8 of the Plan.
Class 4A - Claims against LSP Funding under the Prepetition Bonds	\$221,397,189.41 (inclusive of all Bond Claims)	100%	Yes	Each holder of an Allowed Bond Claim shall receive Cash in an amount equal to one hundred percent (100%) of the Allowed Bond Claim, including interest at the non-default rate.
Class 4B - Claims against LSP Funding under the Prepetition Working Capital Facility	\$4,013,629.70 (inclusive of all Working Capital Claims)	100%	No	Each holder of an Allowed Working Capital Claim shall receive Cash in an amount equal to one hundred percent (100%) of the Allowed Working Capital Claim.
Class 4C - General Unsecured Claims against LSP Funding	\$0	0%	Yes	Each holder of an Allowed General Unsecured Claim shall receive Cash equal to such holder's <i>Pro Rata Share</i> of: (i) the Initial GUC Distribution; and (ii) eighty percent (80%) of the GUC Catch-Up Distribution. Upon payment in full of all Allowed General Unsecured Claims, any remaining Available Cash shall be distributed pursuant to Section 3.3.8(b) of the Plan.
Class 4D - Interests in LSP Funding	N/A	0%	Yes	Interests in Classes 4D will be satisfied by the Distribution to holders of Allowed Class 2E Interests set forth in Section 3.3.8 of the Plan.

C. Plan Overview.

The following is a brief overview of the Plan and it is qualified by reference to the Plan itself. The Plan contemplates the liquidation of substantially all of the Debtors' assets by way of the Asset Sale, pursuant to section 363 of the Bankruptcy Code.

The Plan provides for the payment and/or full satisfaction of all Allowed Administrative Expense Claims, Allowed DIP Lender Claims, Allowed Priority Tax Claims, Allowed Bond Claims, Allowed Working Capital Claims, Allowed Secured Tax Claims, Allowed Other Secured Claims and Allowed Non-Tax Priority Claims. The Plan also provides that the holders of Allowed Bond Claims, Allowed Working Capital Claims, Allowed Make-Whole Premium Claims, Allowed General Unsecured Claims and Allowed Interests in LSP Holding will receive Cash equal to their allocable share of the proceeds from the liquidation or other disposition of all Assets after the payment of (or after an adequate reserve having been made for the payment of) all Allowed Administrative Expense Claims, Allowed DIP Lender Claims, Allowed Priority Tax Claims, Allowed Bond Claims, Allowed Working Capital Claims, Allowed Secured Tax Claims, Allowed Other Secured Claims, Allowed Non-Tax Priority Claims and the costs for administering the Plan (including all professional fees and expenses payable under the Plan).

The potential recoveries provided on the Recovery Analysis are only estimates and the actual recovery will either increase or decrease depending upon the occurrence or non-occurrence of numerous factors, including, but not limited to the risk factors discussed in Article V of this Disclosure Statement.

D. Summary of Confirmation Requirements.

Under the Bankruptcy Code, only certain classes of Claims and Interests that are "impaired" are entitled to vote to accept or reject the Plan. The Bankruptcy Code requires, as a condition to confirmation of a consensual plan of reorganization, that each impaired class of claims accepts such plan. A class of creditors is deemed to accept a plan if the holders of at least two-thirds in dollar amount, and more than one-half in number, of those creditors that actually cast ballots, vote to accept such plan.

Liabilities incurred in the ordinary course of business by the Debtors since the Petition Date that are described in the Plan as Allowed Administrative Expense Claims will be paid on the later of: (1) the tenth (10th) Business Day after the Effective Date; (2) the date on which such Person becomes the holder of an Allowed Administrative Expense Claim; or (3) the date or dates on which that Claim is payable by its terms. Holders of Administrative Expense Claims will not be entitled to vote on the Plan.

Any Claim in an impaired Class that is subject to a pending objection or is scheduled as unliquidated, disputed or contingent is not entitled to vote unless the holder of such Claim has obtained an order of the Bankruptcy Court temporarily allowing the Claim for the purpose of voting on the Plan.

E. Voting Instructions and Deadline.

The Debtors have prepared this Disclosure Statement as required by section 1125 of the Bankruptcy Code and Bankruptcy Rule 3016(c). It is being distributed to holders of

Claims against the Debtors to assist such holders in evaluating the feasibility of the Plan, the manner in which their Claims are treated and in determining that the Plan satisfies the requirements for confirmation set forth in section 1129 of the Bankruptcy Code. A copy of the Plan is attached hereto as **Exhibit 1**. The purpose of this Disclosure Statement is to assist those entitled to vote on the Plan to make an informed judgment in voting to accept or reject the Plan.

On [_____, 2013], the Bankruptcy Court approved this Disclosure Statement. The Bankruptcy Court determined that this Disclosure Statement contains information of a kind, and in sufficient detail, adequate to enable a hypothetical, reasonable creditor typical of each of the Classes whose votes are being solicited to make an informed judgment with respect to the Plan.

THE BANKRUPTCY COURT'S APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE A DETERMINATION WITH RESPECT TO THE MERITS OF THE PLAN. ALL CREDITORS ARE ENCOURAGED TO READ THIS DISCLOSURE STATEMENT AND ITS EXHIBITS CAREFULLY AND IN THEIR ENTIRETY BEFORE DECIDING TO VOTE TO ACCEPT OR REJECT THE PLAN.

This Disclosure Statement describes the background of the Debtors and the significant events leading up to and following the filing of the Chapter 11 Cases on the Petition Date. It summarizes the major events that have taken place during the Debtors' Chapter 11 Cases and describes the Plan, which divides Claims and Interests into Classes and provides for the treatment of Allowed Claims and Interests.

1. General Information. Under the Bankruptcy Code, certain Classes of Creditors are deemed to accept or reject the Plan and the vote of these Classes will not be solicited.
2. Unimpaired Classes Are Deemed to Accept the Plan and Do Not Vote. If a Creditor holds a Claim or Interest included within a Class that is not impaired under the Plan, under section 1126(f) of the Bankruptcy Code, the Creditor is deemed to have accepted the Plan with respect to such Claim or Interest and its vote of such Claim or Interest will not be solicited. Classes 1B, 2B, 3B, 4B, 1C, 1D and 1E are unimpaired under the Plan.
3. Certain Classes Are Deemed to Reject the Plan and Do Not Vote. Under section 1126(g) of the Bankruptcy Code, Classes 1I, 2D and 3D will receive no distribution on account of such Claims. Thus, Classes 1I, 2D and 3D are deemed to have rejected the Plan and the vote of holders of such Claims in Classes 1I, 2D and 3D will not be solicited.

4. Claims Which Are Not Allowed. The Bankruptcy Code provides that only the holders of Allowed Claims are entitled to vote on the Plan. A Claim to which an objection has been filed is not an Allowed Claim unless and until the Bankruptcy Court rules on the objection and allows the Claim. If the Bankruptcy Court has not ruled on the objection or status of such a Claim, but the holder of a Claim wishes to vote, the holder of the Claim may petition the Bankruptcy Court to estimate its claim for voting purposes under Bankruptcy Rule 3018(a). Consequently, although holders of such Claims may receive ballots, their votes will not be counted unless the Bankruptcy Court, prior to the Voting Deadline, rules on the objection and allows the Claim or, on proper request under Bankruptcy Rule 3018(a) prior to the hearing on confirmation, temporarily allows the Claim in an amount that the Bankruptcy Court deems proper for the purpose of voting on the Plan.

5. Voting and Record Date. If a Creditor holds a Claim classified in a voting Class of Claims under the Plan, the Creditor is encouraged to vote to accept or reject the Plan. The record date for determining which creditors may vote on the Plan is [_____, 2013].

- a. How to Vote. IN ORDER FOR A VOTE TO BE COUNTED, THE BALLOT MUST BE PROPERLY COMPLETED IN ACCORDANCE WITH THE VOTING INSTRUCTIONS ON THE BALLOT AND RECEIVED BY THE VOTING DEADLINE BY THE BALLOTING AGENT AS SET FORTH ON THE BALLOT.
- b. Ballots. Creditors must use only the ballot or ballots sent to them with this Disclosure Statement. If a Creditor has Claims in more than one Class, it should receive multiple ballots. IF A CREDITOR RECEIVES MORE THAN ONE BALLOT THE CREDITOR SHOULD ASSUME THAT EACH BALLOT IS FOR A SEPARATE CLAIM AND SHOULD COMPLETE AND RETURN ALL OF THEM.

IF A CREDITOR IS A MEMBER OF A VOTING CLASS AND DID NOT RECEIVE A BALLOT FOR SUCH CLASS, OR IF SUCH BALLOT IS DAMAGED OR LOST, OR IF A CREDITOR HAS ANY QUESTIONS CONCERNING VOTING PROCEDURES, PLEASE CONTACT:

**LSP Energy, Limited Partnership
c/o Epiq Bankruptcy Solutions, LLC
757 Third Avenue, 3rd Floor
New York, NY 10017
Tel: 646-282-2400**

F. The Confirmation Hearing.

The Bankruptcy Court has scheduled a hearing to consider confirmation of the Plan on [_____, 2013 at __: __ .m.] (prevailing Eastern Time), before the Honorable Mary F. Walrath, United States Bankruptcy Court for the District of Delaware, Bankruptcy Court, 824 N. Market Street, 5th Floor, Courtroom No. 4, Wilmington, Delaware 19801. The Bankruptcy Court has ordered that objections, if any, to confirmation of

the Plan be filed and served within the time and in the manner described in the Confirmation Notice and Disclosure Statement Order that accompany this Disclosure Statement. The date of the Confirmation Hearing may be continued at such later time(s) as the Bankruptcy Court may announce during the Confirmation Hearing or any continued hearing without further notice.

If the Plan is confirmed by the Bankruptcy Court, it will be binding on all Claim holders regardless of whether an individual Claim holder has supported or opposed the Plan.

II. BACKGROUND INFORMATION

A. The Debtors and Their Business Operations

The principal debtor in these Chapter 11 Cases, LSP, is a limited partnership formed under the laws of the State of Delaware. Prior to closing of the Sale, LSP owned and operated an electric generation Facility located in Batesville, Mississippi. The Facility consists of three gas-fired combined cycle electric generating Units with a total generating capacity of approximately 837 megawatts and is electrically interconnected into the Entergy and Tennessee Valley Authority transmission systems. Prior to the Sale, LSP's principal assets were the Facility and the fifty-eight (58) acre parcel of real property on which it is located.

Historically, LSP's capacity to produce electricity was sold pursuant to two long term power purchase agreements with J. Aron & Company and SMEPA. The PPA with J. Aron was terminated on October 18, 2012. The PPA with J. Aron covered the capacity of Units 1 and 2. The SMEPA PPA covered the capacity of Unit 3. CPV Batesville, LLC, serves as asset manager for the project. CPV has provided oversight for the Facility operations and management as well as accounting, tax and insurance administrative services. Prior to the Sale, LSP employed NAES Corporation to operate the Facility and to oversee all maintenance work. The plant staff of thirty-three (33) workers at the Facility were employees of NAES prior to closing. LSP has no employees.

B. Events Leading to Bankruptcy

Due to an interruption in the operation of the Facility's Unit 1 combustion turbine, caused by a mechanical failure that began in May 2011, LSP was faced with a substantial repair bill for the damaged Unit as well as a reduction in revenues. As a result of a series of unanticipated events, the interruption lasted longer, and had a greater impact on LSP's operations, than predicted. The initial failure necessitated a complete rebuilding of the affected turbine. During this process, technical field assistance, repair services and necessary parts were provided by Siemens. Following the repair and an attempted restart in December 2011, Siemens concluded (as did the Debtors' own independent experts) that a replacement rotor installed by Siemens in October 2011, was faulty. Siemens replaced the faulty refurbished rotor with a brand new rotor. As a result of the mechanical issues, Unit 1 was not available for commercial service during the period from May 28, 2011 through February 14, 2012.

In addition to the issues with Unit 1, the Facility's operations were also negatively impacted by an outage in both the steam turbine generator and the combustion turbine generator in Unit 2, which resulted in Unit 2 being not available for commercial service during the period from October 10, 2011 through January 21, 2012. These issues were discovered during scheduled preventive maintenance inspections. A portion of LSP's losses resulting from the Unit 1 Outage and the Unit 2 Outage (collectively, the "**Prepetition Outages**") has been covered by insurance. However, such insurance recoveries were insufficient to cover the losses from repair costs and business interruption. LSP has determined that out-of-pocket costs for repairs and lost revenues resulting from the Prepetition Outages not covered by insurance were approximately \$12.7 million.

As a result of the Prepetition Outages, LSP lacked sufficient liquidity to continue fund its operations and also service its secured obligations going forward. LSP filed bankruptcy in order to complete an orderly sale of its Assets or the ownership interests in LSP for the benefit of all stakeholders while preserving its ability to operate the Facility in the interim. The remaining three Debtors filed bankruptcy due to their relationship as affiliates of LSP and their ultimate obligations on a significant portion of LSP's secured bond debt. LSP Energy is the general partner of LSP. LSP Holding is the limited partner of LSP and the 100% equity holder of LSP Energy and LSP Funding. LSP Funding is a co-obligor on the bond debt, and each of LSP Energy and LSP Holding has pledged their equity interests in LSP as collateral for the bond debt.

III. THE DEBTORS' PREPETITION INDEBTEDNESS

A. The Secured Bonds

On May 21, 1999, LSP, together with LSP Funding, issued a series of senior secured bonds pursuant to the Indenture, wherein The Bank of New York, the predecessor to The Bank of New York Mellon, was appointed the Indenture Trustee. Under Section 2.3 of the Indenture, an unlimited principal amount of bonds may be issued in one or more series in conjunction with supplemental indentures for each series. The Series C Bonds were issued in the amount of \$150 million, due January 15, 2014, in exchange for certain previously outstanding bonds. Payment of principal on the Series C Bonds commenced on July 15, 2001. The Series D Bonds were issued in the principal amount of \$176 million, due July 15, 2025, in exchange for certain previously outstanding bonds. Payment of principal on the Series D Bonds is not due to commence until July 15, 2014. As of the Petition Date, there were approximately \$35 million in principal amount of Series C Bonds outstanding and approximately \$176 million in principal amount of Series D Bonds outstanding.

Pursuant to Section 3.2 of the Indenture, and the Loan Documents, LSP granted security interests in substantially all of LSP's assets to secure its obligations under the Prepetition Bonds.

B. Secured Working Capital Facility

On October 26, 2011, LSP entered into a Working Capital Loan Agreement with the Working Capital Lenders pursuant to which LSP obtained the Prepetition Working Capital Facility. The Working Capital Lenders are members of Debtors' ownership group. As of the Petition Date, LSP had drawn down approximately \$3.9 million under the Prepetition Working Capital Facility. The Indenture permits LSP to obtain up to \$10 million in working capital loans on a senior secured basis that is *pari passu* with the liens provided to the Bondholders. As a result, the Working Capital Lenders also assert a security interest in LSP's cash and other Prepetition Collateral. Because the interests of the Working Capital Lenders and the Bondholders are *pari passu* under the Indenture, the claims of each are secured by the Prepetition Collateral.

C. The Security Interests of Siemens

Pursuant to the LTSA between LSP and Siemens, under which Siemens provides to LSP parts, hardware, scheduled outage services and combustion turbine program monitoring

services, LSP granted security interests in the Siemens Collateral, as well as in all proceeds of the Siemens Collateral.

LSP is also a party to the T3000 Purchase and Service Plan, dated June 3, 2009 (the “*T3000 Contract*” and together with the LTSA, the “*Siemens Agreements*”), between LSP and Siemens with respect to the installation and service of a T3000 Distributed Control System. The T3000 Contract incorporates the LTSA, and, consequently, the T3000 Distributed Control System is part of the Siemens Collateral. The maximum security interest granted to Siemens by LSP under the LTSA is \$5 million. The Debtor at the outset of the case took the position that Siemens’ security interest was not properly perfected and, therefore, avoidable.

IV. EVENTS OCCURRING DURING THE CHAPTER 11 CASES

A. Bankruptcy Filing and First Day Orders.

The Debtors commenced the Chapter 11 Cases on February 10, 2012, the Petition Date, by filing voluntary petitions under chapter 11 of the Bankruptcy Code. The Debtors are considered debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. The Debtors remain in possession of their assets and continue to operate their business without interruption.

On February 13, 2012, the Bankruptcy Court held an initial hearing to consider certain “first day” matters and entered orders (i) permitting the joint administration of the Debtors’ Chapter 11 Cases; (ii) authorizing the use of the prepetition secured parties’ cash collateral on an interim basis; (iii) approving the Debtors’ continued use of their existing cash management system and business forms; and (iv) prohibiting utility companies from discontinuing service to the Debtors.

B. DIP Financing

On February 27, 2012, the Bankruptcy Court entered the DIP Order authorizing the Debtors to, among other things, (i) incur post-petition secured indebtedness, (ii) use cash collateral, (iii) grant security interests and superpriority claims, and (iii) provide adequate protection, including modification of the automatic stay pursuant to sections 105(a), 361, 362, 363, 364, 503 and 507 of the Bankruptcy Code, and Bankruptcy Rules 2002, 4001, 6004(h) and 9014, and Local Rules 4001-2 and 2002-1(b). The DIP Order authorized LSP to enter into debtor in possession financing on the terms set forth in the DIP Order and the DIP Financing Agreement with the DIP Lenders to obtain postpetition term loans in an aggregate principal amount not to exceed \$20,000,000. The outstanding principal amount of the DIP Loans bear bore interest at a rate of 8.160% per annum, payable monthly in arrears and on the Maturity Date (as defined in the DIP Financing Agreement).

The Debtors’ obligations under the DIP Financing Agreement are were secured by (i) a perfected first priority security interest pursuant to section 364(c)(2) of the Bankruptcy Code on all prepetition and postpetition unencumbered assets of Debtors, (ii) a perfected junior priority security interest pursuant to section 364(c)(3) of the Bankruptcy Code on all prepetition and postpetition encumbered property of Debtors other than the Prepetition Senior Collateral (as defined in the DIP Order); and (iii) a perfected first priority “priming” security interest pursuant

to section 364(d)(1) of the Bankruptcy Code on all prepetition and postpetition Prepetition Senior Collateral. The DIP Order also granted the DIP Lenders, among other things, certain replacement liens on all of Debtors' unencumbered prepetition assets as well as "super priority" administrative claims pursuant to section 507(b) of the Bankruptcy Code.

The DIP Financing Agreement and DIP Order also provided for certain Milestones in connection with the Chapter 11 Cases, including with respect to the Debtors' sale process described below, and the mandatory prepayment of the DIP Loans with the proceeds of such sale. The Milestones have been extended by agreement of the parties.

As a result of the September 2012 Outage (discussed below), the Debtors were compelled to make a draw on the DIP Financing in order to meet ongoing administrative obligations. On October 29, 2012, following a draw request from LSP, the DIP Lenders provided financing pursuant to the DIP Financing Agreement in the amount of \$20 million.

C. The Asset Sale

1. The Bidding Procedures Order.

As set forth above, the DIP Order (as amended) provides for certain Milestones for the sale of the Assets or the Equity Interests. Generally, subject to certain adjustments set forth in the DIP Order, the Debtors were required to obtain an agreement to purchase the Assets by July 30, 2012, and close on such agreement by September 30, 2012. Accordingly, on March 6, 2012, the Debtors filed a motion seeking an order approving certain bidding procedures that would facilitate the satisfaction of the Original Sale Deadlines. On March 23, 2012, the Bankruptcy Court entered the Bidding Procedures Order, approving the Bidding Procedures and scheduling a timeline for the sale of the Assets or the Equity Interests.

2. Marketing of the Assets and Equity Interests.

On March 12, 2012, the Bankruptcy Court approved the retention of Lazard as investment banker for the Debtors to assist the Debtors in the sale process. Pursuant to the Bidding Procedures, the Debtors conducted a process to seek and determine offers to purchase the Assets or Equity Interests, which culminated in an auction seeking the highest and best bid for the Assets or the Equity Interests. As required by the Bidding Procedures, the Debtors initially sought non-binding indications of interest from potential buyers. Specifically, the Debtors, in consultation with Lazard, identified potential purchasers of the Assets and the Equity Interests, encompassing both potential strategic buyers and potential financial buyers. Under the Bidding Procedures, an interested bidder was required to submit a non-binding Indicative Offer (as defined in the Bidding Procedures) by March 30, 2012. Ten bidders submitted Indicative Offers. Lazard and the Debtors worked with these bidders to provide all necessary due diligence for the second stage of the sale process, which was to culminate in the submission of binding Qualified Bids (as defined in the Bidding Procedures). Qualified Bids were due on or before June 4, 2012, and thereafter, all parties submitting such bids would be eligible to participate in a final auction. Pursuant to a subsequent agreement, certain of the deadlines and dates set forth in the Bidding Procedures were extended.

3. The Motion to Approve the Stalking Horse Purchase Agreement.

Following submission of Indicative Offers and additional due diligence, several of the preliminary bidders withdrew from the sale process and certain remaining bidders expressed that their detailed due diligence indicated that the assets were less valuable and less “financeable” than they had initially estimated in their preliminary bids. The Debtors, while working to solidify and improve the offers of the remaining bidders and consulting with their advisors, concluded that the offer received from SMEPA at that time represented the highest and best preliminary bid for the Assets received to date from bidders. As a result, the Debtors determined that it was in the best interests of the Debtors and their estates to lock in and finalize SMEPA’s proposal as a “stalking horse” binding offer and to seek to modify the Bidding Procedures and process to solicit competing bids and conduct an auction. Consequently, on July 16, 2012, the Debtors filed the Stalking Horse Motion seeking, among other things, approval of a “stalking horse” purchase agreement with SMEPA. The Bankruptcy Court held a hearing on the motion on July 26, 2012. On August 3, 2012, the Bankruptcy Court entered an Order denying the Stalking Horse Motion and modifying the Bidding Procedures, by, among other things, establishing August 6, 2012 as the Bid Deadline, scheduling the Auction for August 13, 2012, and scheduling the Sale Hearing for September 20, 2012. On August 6, 2012, three bidders submitted Qualified Bids, including SMEPA and Quantum.

4. The Auction.

Pursuant to the Bidding Procedures, the Debtors conducted the Auction on August 13, 2012. The three Qualified Bidders participated in the Auction. The Auction was also open to and attended by various creditors including the Informal Group, the DIP Lenders and Siemens. Upon the conclusion of the Auction, the Debtors determined that the Buyer was the High Bidder, having submitted the highest and otherwise best offer to purchase the Assets for the cash price of \$285,876,000. The Debtors determined that Quantum was the High Back-Up Bidder having submitted the next highest and otherwise best bid to purchase the Assets for the cash price of \$278,400,000. Accordingly, the Debtors and the Buyer entered into the Purchase Agreement.

5. The Purchase Agreement and Sale Order.

The Bankruptcy Court held the Sale Hearing on September 20, 2012 and entered the Sale Order approving the Purchase Agreement. The terms of the Purchase Agreement include the following:³

- a. Acquired Assets. LSP will sell, and the Buyer will purchase the Acquired Assets of LSP, free and clear of all liens, claims and encumbrances, which include all properties, assets and rights of every nature, tangible and intangible, of LSP, real or personal, now existing or hereafter acquired, whether or not reflected on the books or financial statements of LSP as of the Closing Date that are used or held by LSP in connection with its ownership, lease, use or operation of the Facility or in connection with the operation of its business, other than the Excluded Assets.
- b. Excluded Assets. The Acquired Assets do not include cash, accounts receivable or payable, LSP's right, title or interest in or to any of the Excluded Assets.
- c. Purchase Price. The purchase price for the Acquired Assets will be an amount equal to \$285,876,000, plus the Estimated Working Capital (as defined in the Purchase Agreement), less certain adjustments.
- d. Assumed Liabilities. The Buyer will assume and pay when due, perform and discharge all of the Assumed Liabilities (as defined in the Purchase Agreement), including, among other things, the Debtors' liabilities under the Assumed Contracts, certain payables and taxes, as more fully set forth in the Purchase Agreement.
- e. Escrow. At Closing, the Buyer will deposit \$5.0 million of the Purchase Price in escrow which shall be held and distributed to satisfy any and all claims made by the Buyer against LSP for certain Working Capital Adjustment Deficits and indemnification obligations (as defined in the Purchase Agreement).
- f. Releases. The Purchase Agreement contains customary mutual general releases of certain claims or causes of action that are in existence at the time of the Closing.

³ This summary of the Purchase Agreement is qualified in their entirety by the Purchase Agreement. In the event of any discrepancy between this summary and the Purchase Agreement, the terms of the Purchase Agreement shall control.

- g. Closing. Closing of the Sale is to take place on the fifth business day following the satisfaction or waiver of the conditions to closing, or such other date as the Parties mutually agree.
- h. Sale Proceeds. On the Closing Date, the Debtors are authorized and directed to pay, or to direct Buyer to pay: (i) all principal, interest, fees and other amounts owed under the DIP Financing, (ii) all principal, interest, fees and other amounts owed under the Working Capital Facility, (iii) all principal, accrued interest, fees and other amounts owed under the Indenture (other than the Make-Whole Premium), and (iv) LSP's and the Buyer's payment obligations under the Panola Partnership Agreement (as defined in the Sale Order) and certain Allowed Tax Claims as provided for in the Sale Order, as well as a reserve for post-closing fees and expenses, including professional fees, in amounts identified by the Informal Group and the Indenture Trustee. All other proceeds of the Sale that have not been paid or applied pursuant to the Sale Order are to be maintained by the Debtors.

6. The September 2012 Outage and the Modification of the Sale Order.

On or about September 17, 2012, the Facility suffered a forced outage which resulted in Units not being available for commercial service. Following an initial analysis of the September 2012 Outage, the Debtors and SMEPA began discussions and negotiations to reach an agreement to amend the Purchase Agreement necessary to allow a timely closing on the sale to SMEPA, despite the outage. During the same period of time the Debtors pursued repairs of the Units. By December 1, 2012, Units 1 and 3 returned to service. The repair of Unit 2 took longer than initially expected, but was completed on December 15, 2012.

On November 28, 2012, the Parties entered into Amendment No. 1 to the Purchase Agreement (the "Amendment"), which provides for closing under the terms of the Purchase Agreement to occur prior to the end of the year. The Amendment was designed primarily to accomplish two goals:

- (i) to complete the sale to SMEPA prior to the end of 2012, while preserving the value of the sale obtained at the Auction; and
- (ii) to have the Debtors complete all of the repairs with regard to the September 2012 Outage prior to, or shortly following, closing and take full financial responsibility for all the repairs necessary to put the Facility back in the same working condition it was prior to the September 2012 Outage (as necessary to complete the sale to SMEPA).

In order to compensate SMEPA for the risk associated with taking ownership of the Facility when all repairs may not have been completed (as well as the risks that many of the repairs will have been completed immediately prior to Closing), LSP agreed to a \$13.25 million price reduction, reducing the gross purchase price from \$285,876,000 to \$272,626,000. The purchase price reduction was also directly related to SMEPA's waiver of the requirement that the insurance policies for the Facility be substantially the same as the insurance policies that existed on the date of the Purchase Agreement. The Debtors' property insurance policies were set to expire on October 31, 2012, and the Purchase Agreement required that the renewed policy terms be substantially similar to the terms of the expiring policies. However, because of the September 2012 Outage the best terms that the Debtors could obtain in the renewal process included substantially larger deductibles. SMEPA agreed to waive the requirement of the Purchase Agreement in this regard.

Because the repairs were, ~~or are to be,~~ completed either on the eve of closing or, in some instances, after closing, SMEPA required that Debtors arrange for Siemens to provide certain warranties to SMEPA for the subject repairs. The required warranties were set forth in Schedule 1.1(e) of the Amendment. Siemens agreed to provide the requested warranties. The warranties from Siemens are a condition to closing for the sale.

On November 29, 2012, the Debtors filed and served a Motion seeking approval of the Amendment. On December 17, 2012, the Court entered an Order approving the Amendment. On December 19, 2012 the Sale closed.