

3

1 James O. Johnston (SBN 167330)
Charlotte S. Wasserstein (SBN 279442)
2 JONES DAY
555 South Flower Street, 50th Floor
3 Los Angeles, CA 90071
Telephone: (213) 489-3939
4 Facsimile: (213) 243-2539
Email: jjohnston@jonesday.com
5 cswasserstein@jonesday.com

Joshua D. Morse (SBN 211050)
JONES DAY
555 California Street, 26th Floor
San Francisco, CA 94104
Telephone: (415) 626-3939
Facsimile: (415) 875-5700
Email: jmorse@jonesday.com

6 *Attorneys for Franklin High Yield Tax-Free*
7 *Income Fund and Franklin California High*
8 *Yield Municipal Fund*

9 **UNITED STATES BANKRUPTCY COURT**
10 **EASTERN DISTRICT OF CALIFORNIA**
11 **SACRAMENTO DIVISION**

12 In re:
13 CITY OF STOCKTON, CALIFORNIA,
14 Debtor.

Case No. 12-32118 (CMK)
Chapter 9

**ORDER CONFIRMING LACK OF
PREJUDICE TO FRANKLIN HIGH
YIELD TAX-FREE INCOME FUND
AND FRANKLIN CALIFORNIA
HIGH YIELD MUNICIPAL FUND
AND LACK OF PREJUDICE TO
RETIRES BY NOT OBJECTING
TO THE ALLOWANCE OF
RETIREE HEALTH BENEFIT
CLAIMS LISTED ON THE
AMENDED CREDITOR LIST**

Date: May 12, 2014
Time: 9:30 a.m.
Dept: Courtroom 35
Judge: Hon. Christopher M. Klein

25 RECEIVED

26 April 11, 2014

27 CLERK, U.S. BANKRUPTCY COURT
28 EASTERN DISTRICT OF CALIFORNIA
0005173078

ORDER CONFIRMING LACK OF
PREJUDICE TO FRANKLIN AND RETIREES

1 Pursuant to the *Stipulation For Order Confirming Lack Of Prejudice To Franklin High Yield*
2 *Tax-Free Income Fund And Franklin California High Yield Municipal Fund And Lack Of Prejudice*
3 *To Retirees By Not Objecting To The Allowance Of Retiree Health Benefit Claims Listed On The*
4 *Amended Creditor List* (the “Stipulation”)¹ entered into by the Stipulating Parties, and good cause
5 appearing therefore,

6 IT IS HEREBY ORDERED that:

7 1. Neither the City nor the Retirees Committee shall argue or contend that Franklin’s
8 failure to object to the allowance of the Retiree Health Benefit Claims listed on the Amended List of
9 Creditors on the grounds that they have not been discounted to present value has estopped or
10 otherwise prejudiced Franklin from arguing that such claims should be discounted to present value in
11 the context of prosecuting its objection to confirmation of the Plan at the Confirmation Hearing.

12 2. Any ruling made by the Court regarding the Retiree Health Benefit Claims in the
13 context of confirmation shall not constitute an order of disallowance or modification of the Retiree
14 Health Benefit Claims and shall not preclude any Retiree Health Benefit Claimant from asserting
15 that Retiree Health Benefit Claims should not be discounted to present value in any objection to a
16 Retiree Health Benefit Claim or in connection with any other action or proceeding to change the
17 allowed amount of any Retiree Health Benefit Claim. Any objection to the allowance of the Retiree
18 Health Benefit Claims, or any modification of the Amended List of Creditors, shall be made on
19 notice to the holders of such claims in accordance with the applicable provisions of the Bankruptcy
20 Code and the Federal Rules of Bankruptcy Procedure.

21
22
23
24
25
26
27
28 ¹ Capitalized terms not otherwise defined herein shall have the meaning ascribed to such terms in the Stipulation.

1 Prepared by:

2 JONES DAY

3

4 By /s/ Joshua D. Morse

5 Joshua D. Morse
6 Attorneys for Franklin High Yield Tax-Free
Income Fund and Franklin California High
Yield Municipal Fund

7 Dated: April 11, 2014

8 Approved as to Form:

9 ORRICK, HERRINGTON & SUTCLIFFE LLP

10

11 By /s/ Marc A. Levinson

12 Marc A. Levinson
Attorneys for City of Stockton, Debtor

13 Dated: April 11, 2014

14 Approved as to Form:

15 FELDERSTEIN, FITZGERALD, WILLOUGHBY &
16 PASCUZZI LLP

17 By /s/ Steven H. Felderstein

18 Steven H. Felderstein
Attorneys for the Official Committee of Retirees

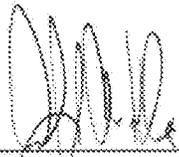
19 Dated: April 11, 2014

20 Dated: April 14, 2014

21

22

23


United States Bankruptcy Judge

24

25

26

27

28