

Debtors' Motion for Modification of the Application of Local Rule 3007-1(f)(ii) and (iii) Pertaining to Substantive Omnibus Claims Objections (the "Rules Modification Motion")

By the Rules Modification Motion, the Debtors seek relief (the "Relief Requested") from application of (i) the numerosity restriction of Rule 3007-1(f)(ii) of the Local Rules of Bankruptcy Procedure of the Delaware Bankruptcy Court (the "Local Rules"), and (ii) the requirement of Local Rule 3007-1(f)(iii) that requires all substantive objections to a claim be raised in a single omnibus objection.

On February 24, 2009, the Court entered an order approving implementation of the alternative dispute resolution procedure in the Debtors' chapter 11 cases (the "ADR Order"). The Debtors maintain that they and their professionals are in the process of conducting a review of the proofs of claim submitted in these cases to determine the validity of such claims and whether such claims should be designated as a Participating Claim in the ADR Procedure (each as defined in the ADR Order). The Debtors maintain that to date, approximately 3,800 proofs of claim have been asserted against the Debtors in an amount exceeding \$56 billion in the aggregate. However, because many claimants filed duplicative claims, amended claims, or asserted the same claim against multiple Debtors, the Debtors believe that the actual amount of allowed claims will ultimately be significantly less.

Local Rule 3007-1(f)(ii). Local Rule 3007-1(f)(ii) restricts the Debtors from filing more than two substantive omnibus objections to claims per month, unless the Court orders otherwise. Taken together with Local Rule 3007-1(f)(i), which restricts the Debtors from filing a single substantive omnibus objection to more than 150 claims, Local Rule 2007-1(f)(ii) restricts the Debtors from filing substantive omnibus objections to more than 300 claims per month – again, unless the Court orders otherwise.

The Debtors maintain that (i) as they complete each stage of their claims reconciliation process, relief from Local Rule 3007-1(f)(ii) will permit the Debtors to file substantive omnibus objections on a rolling basis instead of being required to wait until the two-objection quota renews itself each month, (ii) limiting the Debtors to two substantive omnibus objections per month may impede the Debtors' ability to timely prosecute claims objections to the detriment of the plan process and the legitimate stakeholders in these cases, and (iii) given that Local Rule 3007-1(f)(i) restricts the Debtors from including more than 150 claims in a single substantive omnibus objection, they may be in the position of filing two substantive omnibus objections at once where a common basis for objection is shared among more than 150 claims, creating unnecessary costs.

The Debtors assert that in light of the volume of claims asserted in the Debtors' chapter 11 cases, and the potential importance of the resolution of such claims on an expedited basis in connection with the plan confirmation process, waiver of the numerosity restriction is important to enable the Debtors to reconcile claims in a timely, cost-efficient and complete manner.

Local Rule 3007-1(f)(iii). Local Rule 3007-1(f)(iii) provides, in relevant part, that "[a]n Objection based on substantive grounds shall include all substantive objections to such claim." The Debtors maintain that this requirement (i) has been typically interpreted to require all

substantive grounds for an objection to a particular claim to be raised in a single objection, and (ii) undermines the Debtors' ability to utilize omnibus objections in the first place. Accordingly, the Debtors propose that they be entitled to object to claims on the substantive grounds that the Debtors have so far determined during the claims reconciliation process, while retaining their right to further object to such claims in the future, if necessary. Importantly, claimants will retain their rights to respond to any subsequent objection should the Debtors raise any other grounds in the future. The Debtors assert that requiring them to determine and object to each claim based on the universe of possible grounds for objection, when one omnibus ground may suffice, constitutes an unnecessary burden on the estates' resources.