

Debtors' Second Omnibus Motion to Reject Certain Unexpired Leases and Executory Contracts Pursuant to Section 365(a) of the Bankruptcy Code (the "Sublease Rejection Motion").

By the Sublease Rejection Motion, the Debtors seek entry of an order (the "Order") authorizing them to reject (the "Rejections") certain subleases (collectively, the "Subleases") that the Debtors believe are no longer beneficial to the Debtors' estates, subject to the Debtors' ability to assume and assign the Subleases pursuant to certain procedures (the "Assignment Procedure") described below.

As of the date of the filing of the chapter 11 cases, the Debtors were parties to a number of real and personal property leases (collectively, the "Leases") for office spaces that the Debtors claim are no longer necessary for their operations.¹ In an effort to minimize the cost of ongoing obligations under certain of the Leases, the Debtors entered into the Subleases. The Debtors assert, however, that they receive less rent from each Sublease than the rent the Debtors are obligated to pay on account of each associated Lease. Accordingly, the Debtors have concluded that each Sublease is unnecessary and burdensome and that the Rejections are in the best interests of the Debtors and their estates.

As noted, the Debtors also propose implementing an Assignment Procedure in which the lessor (the "Lessor") under each Lease with a Sublease shall have 30 days from the date of entry of the Order (the "Assignment Period") to give notice of its intent to have the Debtor assume and assign the Sublease to the Lessor. Such assumption and assignment would be effective without further Court order and the applicable sublessee (each, a "Sublessee") would make all subsequent payments under the Sublease directly to the Lessor. In the event a Sublease is not assumed and assigned to a Lessor, such Sublease would be rejected, effective immediately after the Assignment Period, with the Sublessee retaining any and all rights to continued possession under applicable law.

The Debtors assert that the Assignment Procedure is in the best interests of the estates because it provides the Lessors and Sublessees with a mechanism for mitigating damages that could arise from the rejection of the Leases and the Subleases. Without the Assignment Procedure, a Lessor may not be able to secure a new sublease on terms as favorable as those in a Sublease, thereby potentially increasing the costs of damages to the estates.

¹ The Debtors have requested authority to reject all of the Leases pursuant to a separate motion (the "Lease Rejection Motion"). A separate summary of the Lease Rejection Motion has been circulated contemporaneously herewith.