

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

In re:

MATTRESS FIRM, INC.,¹

Reorganized Debtor.

Chapter 11

Case No. 18-12241 (CSS)

Hearing Date: July 18, 2019 at 1:00 p.m. (ET)

Objection Deadline: July 2, 2019 at 4:00 p.m. (ET)

**REORGANIZED DEBTOR'S MOTION FOR ENTRY OF AN ORDER
EXTENDING THE REJECTION DAMAGES CLAIMS OBJECTION DEADLINE**

Mattress Firm, Inc., the reorganized debtor in the above-captioned chapter 11 case (the “Reorganized Debtor” and, before the effective date of the chapter 11 plan of reorganization confirmed by the Court, one of the “Debtors”),² hereby submits this motion (this “Motion”) for entry of an order, substantially in the form attached hereto as **Exhibit A** (the “Proposed Order”), pursuant to section 105(a) of title 11 of the United States Code, 11 U.S.C. §§ 101–1532 (the “Bankruptcy Code”), rule 9006(b) of the Federal Rules of Bankruptcy Procedure (“Bankruptcy Rules”), Article VII.B.4 of the Plan, and Paragraph 102 of the Confirmation Order (each as defined below), extending the time within which the Reorganized Debtor may object to Rejection Damages Claims (the “Claims Objection Deadline”).³

JURISDICTION AND VENUE

1. The Court has jurisdiction over this matter pursuant to 28 U.S.C. § 1334 and the *Amended Standing Order of Reference* from the United States District Court for the District of

¹ The last four digits of Mattress Firm, Inc.’s federal tax identification number are 6008. The Reorganized Debtor’s mailing address is 10201 S. Main Street, Houston, Texas 77025. The chapter 11 cases of certain affiliates of the Reorganized Debtor were closed effective as of November 22, 2018. See Case No. 18-12241, Docket No. 965.

² As used herein, the term “Debtors” includes Mattress Firm, Inc. and each of its affiliates that commenced a chapter 11 case on October 5, 2018. Each of the Debtors’ cases was previously jointly administered with the case of the Reorganized Debtor, which remains open.

³ All capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Plan (as defined below).

Delaware, dated February 29, 2012. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2), and the Reorganized Debtor confirms its consent, pursuant to rule 9013-1(f) of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”), to the entry of a final order or judgment by the Court in connection with this Motion if it is determined that the Court, absent consent of the parties, cannot enter final orders or judgments in connection herewith consistent with Article III of the United States Constitution.

2. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

3. The statutory and other bases for the relief requested herein are section 105(a) of the Bankruptcy Code, Bankruptcy Rule 9006(b), Article VII.B.4 of the Plan, and Paragraph 102 of the Confirmation Order (each as defined below).

GENERAL BACKGROUND

4. On October 5, 2018, each of the Debtors filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware (the “Court”).

5. On November 16, 2018, the Court entered the *Findings of Fact, Conclusions of Law and Order (I) Approving the Adequacy of the Disclosure Statement and (II) Confirming the Modified Joint Prepackaged Chapter 11 Plan of Reorganization for Mattress Firm, Inc. and Its Debtor Affiliates* [Docket No. 909] (the “Confirmation Order”). The Confirmation Order confirmed the *Modified Joint Prepackaged Chapter 11 Plan of Reorganization for Mattress Firm, Inc. and Its Debtor Affiliates* (the “Plan”), a copy of which is attached to the Confirmation Order as Exhibit A.

6. Under the Plan and the Confirmation Order, no creditors other than those holding Rejection Damages Claims were required to file a Proof of Claim. All claims other than Rejection Damages Claims were either paid in full, reinstated, or voluntarily contributed to capital under the Plan. As stated in the notice of the Effective Date [Docket No. 939], Proofs of Claim for Rejection Damages Claims were generally required to be filed with the Claims and Noticing Agent by no later than December 26, 2018 (as defined in the Plan, the “Rejection Damages Bar Date”).⁴

7. The Effective Date of the Plan occurred on November 21, 2018.

8. On November 28, 2018, the Court entered an order closing certain of the Reorganized Debtors’ chapter 11 cases [Docket No. 965], with the chapter 11 case of Mattress Firm, Inc. remaining open to administer claims filed against any of the Debtors.

REJECTION DAMAGES CLAIMS OBJECTION DEADLINE

9. Pursuant to Article VII.B.3 of the Plan, after the Effective Date, the Reorganized Debtor has the authority to (a) file, withdraw, or litigate to judgment objections to Rejection Damages Claims and (b) settle or compromise any Disputed Rejection Damages Claim.

10. Article VII.B.4 of the Plan provides that “[a]ny objection to a Rejection Damages Claim shall be filed on or before the Claims Objection Deadline, as such deadline may be extended from time to time.” In addition, Article I.A.16 of the Plan provides, in pertinent part, that the Claims Objection Deadline shall be “the deadline for objecting to a Rejection Damages Claim, which shall be the date that is 180 days after the applicable Rejection Damages Bar Date, subject to extension by order of the Bankruptcy Court.”

⁴ The overwhelming majority of Rejection Damages Claims were required to be filed by the December 26, 2018 Rejection Damages Bar Date; however, Rejection Damages Claims for certain Unexpired Leases were subject to later deadlines. Specifically, the Court entered two orders after the Effective Date authorizing the rejection of a total of fifty-five (55) Unexpired Leases [Docket Nos. 982, 1020]. The Rejection Damages Bar Date for these groups of Unexpired Leases was December 31, 2018 and January 10, 2019, respectively.

11. Because the Rejection Damages Bar Date for the overwhelming majority of Rejection Damages Claims is December 26, 2018, the general Claims Objection Deadline by which the Reorganized Debtor must file objections to Rejection Damages Claims is June 24, 2019 (*i.e.*, 180 days after the general Rejection Damages Bar Date).

THE CLAIMS RESOLUTION PROCESS

12. More than 700 Proofs of Claim have been filed in these Chapter 11 Cases on account of Rejection Damages Claims. The Reorganized Debtor and its advisors have been reviewing and analyzing these Proofs of Claim, including any supporting documentation attached thereto, and reconciling the Proofs of Claim with the Debtors' books and records to determine the validity of the asserted claims.

13. Since the Effective Date, the Reorganized Debtor has evaluated and resolved or filed objections or notices of satisfaction with respect to more than 400 of the Rejection Damages Claims filed in these Chapter 11 Cases. In particular, the Reorganized Debtor has filed six omnibus claims objections [Docket Nos. 1180, 1181, 1207, 1208, 1227 & 1228] and one notice of satisfaction [Docket No. 1226] addressing a total of approximately 145 Rejection Damages Claims.⁵ The Reorganized Debtor has also settled and paid approximately 270 additional Rejection Damages Claims. The Reorganized Debtor is also in the process of finalizing settlement agreements, or is currently negotiating potential settlements, with numerous claimants regarding their respective Rejection Damages Claims. The Reorganized Debtor intends to continue to negotiate with holders of Rejection Damages Claims and, when appropriate, file additional objections.

⁵ As of the date hereof, the Court has entered orders sustaining two of the Reorganized Debtor's omnibus claims objections, which, taken together, disallow in their entirety or modify the amount and/or priority of, approximately 50 claims [Docket Nos. 1200 & 1201].

14. In connection with its claims reconciliation efforts, the Reorganized Debtor has made significant distributions to holders of Allowed Rejection Damages Claims. Since the Effective Date, the Reorganized Debtor has made distributions of approximately \$60 million to holders of Allowed Rejection Damages Claims. In accordance with the terms of the Plan and the Confirmation Order, the Reorganized Debtor has paid all Allowed Rejection Damages Claims in full.

RELIEF REQUESTED

15. By this Motion, the Reorganized Debtor requests entry of the Proposed Order, substantially in the form attached hereto as **Exhibit A**, extending the Claims Objection Deadline by 120 days, from June 24, 2019 to and including October 22, 2019, without prejudice to the Reorganized Debtor's ability to seek further extensions of the Claims Objection Deadline.⁶

BASIS FOR RELIEF

16. The Reorganized Debtor has made good faith progress in reconciling, resolving, settling, and, as necessary, objecting to, Rejection Damages Claims. The Reorganized Debtor has also made significant distributions to holders of Allowed Rejection Damages Claims in accordance with the Plan. Accordingly, the Court should extend the Claims objection Deadline, for cause, up to and including October 22, 2019.

17. Section 105(a) of the Bankruptcy Code provides that "the court may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of [the Bankruptcy Code]." 11 U.S.C. § 105(a). Moreover, Article VII.B.4 of the Plan and Paragraph 102 of the Confirmation Order provide that the Court may extend the Claims Objection Deadline in the manner provided for herein.

⁶ Pursuant to Local Rule 9006-2, the Claims Objection Deadline is automatically extended until the Court acts on this Motion without the necessity for the entry of a bridge order.

18. Further, Bankruptcy Rule 9006(b)(1) provides, in pertinent part, that “when an act is required or allowed to be done at or within a specified time period . . . by order of court, the court for cause shown may at any time in its discretion . . . order the period enlarged if the request therefor is made before expiration of the period originally prescribed” Fed. R. Bankr. P. 9006(b). The Reorganized Debtor is making the request in this Motion before expiration of the Claims Objection Deadline and, accordingly, this request complies with Bankruptcy Rule 9006(b)(1).

19. Although Bankruptcy Rule 9006 does not defined “cause,” it has been noted that “courts should be liberal in granting extensions of time sought before the period to act has elapsed, as long as the moving party has not been guilty of negligence or bad faith and the privilege of extensions has not been abused” 10 COLLIER ON BANKRUPTCY (Alan N. Resnick & Henry J. Somme eds., 15th ed. rev. 2009) at 9006-14. To determine whether “cause” exists regarding requests for extension of time, courts have considered such factors as the size and complexity of the issues involved, the debtor’s good faith progress in resolving issues, the amount of time elapsed in the case, and whether any prejudice will result to creditors. See., e.g., In re Express One Int’l, Inc., 194 B.R. 98, 100 (Bankr. E.D. Tex. 1996).

20. The Reorganized Debtor submits that more than sufficient cause exists to extend the Claims Objection Deadline. As described above, the Reorganized Debtor has made significant good faith progress in resolving a substantial portion of the approximately 700 Rejection Damages Claims filed in these Chapter 11 Cases and making corresponding distributions in accordance with the terms of the Plan, all while conducting its ordinary course post-Effective Date business operations as the largest specialty mattress retailer in the United States. The Reorganized Debtor is also in the process of finalizing settlement agreements, or is

currently negotiating potential settlements, with numerous claimants regarding their respective Rejection Damages Claims. The Reorganized Debtor and intends to continue these negotiations going forward.

21. Although the Reorganized Debtor has worked diligently to make substantial good faith progress in the claims reconciliation process and thereby ensure that distributions to holders of Allowed Rejection Damages Claims are accurate and warranted, the claims reconciliation process is not yet complete. An extension of the Claims Objection Deadline is therefore necessary to allow the Reorganized Debtor sufficient time to complete the evaluation of all outstanding Rejection Damages Claims, many of which involve complex legal issues and require time-consuming factual analysis and coordination among multiple parties.

22. Moreover, the extension requested herein will not prejudice the Reorganized Debtors' creditors. Granting the requested extension will provide the Reorganized Debtor with sufficient time to seek to resolve all Rejection Damages Claims in an orderly fashion, a process that the Reorganized Debtor believes will minimize the need for litigation over disputed Rejection Damages Claims. Further, as described above, the Reorganized Debtor has paid in full all Allowed Rejection Damages Claims in accordance with the Plan, and all future Rejection Damages Claims that become Allowed in due course will be paid in full. The extension requested in this Motion is not sought for the purpose of delay and is in the best interests of the creditors of the Debtors' estates and all parties in interest.

23. Accordingly, the Reorganized Debtor submits that extending the Claims Objection Deadline by approximately 120 days, from June 24, 2019 to and including October 22, 2019, to allow the Reorganized Debtor to continue its claims review and reconciliation process is necessary and appropriate under the circumstances.

NOTICE

24. Notice of this Motion will be provided to (i) the Office of the United States Trustee for the District of Delaware and (ii) any party that has requested notice pursuant to Local Rule 2002-1 as of the date of this Motion. In light of the nature of the relief requested herein, the Reorganized Debtor submits that no other or further notice is necessary.

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WHEREFORE, the Reorganized Debtor respectfully requests that the Court enter the Proposed Order, substantially in the form attached hereto, granting the relief requested herein and such other and any further relief as the Court may deem just and proper.

Dated: June 18, 2019
Wilmington, Delaware

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ATTORNEYS FOR THE REORGANIZED DEBTOR

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

In re:

MATTRESS FIRM, INC.,¹

Reorganized Debtor.

Chapter 11

Case No. 18-12241 (CSS)

Hearing Date: July 18, 2019 at 1:00 p.m. (ET)

Objection Deadline: July 2, 2019 at 4:00 p.m. (ET)

NOTICE OF MOTION

TO: (I) THE OFFICE OF THE UNITED STATES TRUSTEE FOR THE DISTRICT OF DELAWARE AND (II) ANY PARTY THAT HAS REQUESTED NOTICE PURSUANT TO LOCAL RULE 2002-1 AS OF THE DATE OF THIS MOTION

PLEASE TAKE NOTICE that the above-captioned reorganized debtor (the “Reorganized Debtor”) has filed the attached *Reorganized Debtor’s Motion for Entry of an Order Extending the Rejection Damages Claims Objection Deadline* (the “Motion”).

PLEASE TAKE FURTHER NOTICE that any objections or responses to the relief requested in the Motion must be filed on or before **July 2, 2019 at 4:00 p.m. (ET)** (the “Objection Deadline”) with the United States Bankruptcy Court for the District of Delaware, 824 North Market Street, Third Floor, Wilmington, Delaware 19801. At the same time, copies of any objections or responses must be served upon the undersigned counsel to the Reorganized Debtor so as to be received on or before the Objection Deadline.

PLEASE TAKE FURTHER NOTICE THAT A HEARING TO CONSIDER THE MOTION WILL BE HELD ON JULY 18, 2019 AT 1:00 P.M. (ET) BEFORE THE HONORABLE CHRISTOPHER S. SONTCHI AT THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE, 824 NORTH MARKET STREET, FIFTH FLOOR, COURTROOM NO. 6, WILMINGTON, DELAWARE 19801.

PLEASE TAKE FURTHER NOTICE THAT IF NO OBJECTIONS OR RESPONSES TO THE MOTION ARE TIMELY FILED AND RECEIVED IN ACCORDANCE WITH THIS NOTICE, THE COURT MAY GRANT THE RELIEF REQUESTED THEREIN WITHOUT FURTHER NOTICE OR A HEARING.

¹ The last four digits of Mattress Firm, Inc.’s federal tax identification number are 6008. The Reorganized Debtor’s mailing address is 10201 S. Main Street, Houston, Texas 77025. The chapter 11 cases of certain affiliates of the Reorganized Debtor were closed effective as of November 22, 2018. See Case No. 18-12241, Docket No. 965.

Dated: June 18, 2019

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COUNSEL TO THE REORGANIZED DEBTOR

Exhibit A

Proposed Order

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

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MATTRESS FIRM, INC.,¹

Reorganized Debtor.

Chapter 11

Case No. 18-12241 (CSS)

Ref. Docket No. ____

**ORDER EXTENDING THE REJECTION
DAMAGES CLAIMS OBJECTION DEADLINE**

Upon the motion (the “Motion”)² of the Reorganized Debtor requesting entry of an order (this “Order”) extending the Claims Objection Deadline to and including October 22, 2019; and this Court having jurisdiction over this matter pursuant to 28 U.S.C. § 1334 and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware, dated February 29, 2012; and this matter being a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and venue of this proceeding and the Motion being proper pursuant to 28 U.S.C. §§ 1408 and 1409; and adequate notice of, and the opportunity for a hearing on, the Motion having been given; and it appearing that no other or further notice need be provided; and this Court having found that the relief requested in the Motion and provided for herein is in the best interest of the Reorganized Debtor, its estate, and creditors; and this Court having determined that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and upon the record herein, and after due deliberation and sufficient cause appearing therefor, it is HEREBY ORDERED THAT:

1. The Motion is GRANTED as set forth herein.

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² Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Motion.

2. The Claims Objection Deadline, as such term is defined in the Plan, is hereby extended to and including October 22, 2019 as to all Rejection Damages Claims, without prejudice to the Reorganized Debtor's right to seek further extensions of the Claims Objection Deadline.

3. This Court shall retain jurisdiction with respect to all matters, claims, or rights arising from or related to the implementation, interpretation, or enforcement of this Order.