

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

In re:)	
)	Chapter 11
SEA CONTAINERS LTD., <i>et al.</i>)	
)	Case No. 06-11156 (KJC)
Debtors.)	
)	Jointly Administered
)	Related Docket No. 1806

**RESPONSE OF THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS OF
SEA CONTAINERS SERVICES LIMITED TO THE MOTION OF CONTRARIAN
CAPITAL ADVISORS, LLC, J.P. MORGAN SECURITIES INC., CREDIT TRADING
GROUP, POST ADVISORY GROUP, LLC, TRILOGY CAPITAL LLC, AND VARDE
INVESTMENT PARTNERS, L.P. FOR ACCESS TO CONFIDENTIAL INFORMATION**

The Official Committee of Unsecured Creditors of Sea Containers Services Limited (the “SCSL Committee”) hereby responds (the “Response”) to the Motion of Contrarian Capital Advisors, LLC, J.P. Morgan Securities Inc., Credit Trading Group, Post Advisory Group, LLC, Trilogy Capital LLC, and Varde Investment Partners, L.P. (collectively, the “Bondholder Group”) for Access to Confidential Information (the “Motion”). In opposition to the Motion, the SCSL Committee respectfully responds as follows:

1. To be clear, neither the SCSL Committee nor the Pensions Schemes have any objection to providing the Bondholder Group with information that has been designated as “confidential” under the Stipulation Governing the Protection and Exchange of Documents (the “Confidentiality Stipulation”) [Docket No. 1473], which was entered by the Court on February 26, 2008 [Docket No. 1497], provided that the Bondholder Group complies with the requirements of Rule 2019 of the Federal Rules of Bankruptcy Procedure.

2. On May 19, 2008, the Court entered an order (the “Order”) providing, among other things, that “to be heard collectively through Kramer Levin in connection with the Debtors’ motion to approve the Settlement, the Noteholders shall (i) amend their 2019 Statement to provide all of the information required by Bankruptcy Rule 2019(a)(1)-(3).” [Docket No. 1794] The Bondholder Group indeed filed its Second Amended and Restated Verified Statement Pursuant to Bankruptcy Rule 2019 of Kramer Levin Naftalis & Frankel LLP (the “Second 2019 Statement”) on May 19, 2008 [Docket No. 1788].

3. Despite purporting to amend its 2019 Statement to comply with the Court’s Order, the Second 2019 Statement continues to omit certain information required under the rule. In particular, the Second 2019 Statement fails to disclose the identity of the entities that hold the bonds, as required by Rule 2019(a)(1) (the rule requires disclosure of “(1) the name and address of the creditor or equity security holder”), and it is also deficient because it discloses only the aggregate principal amount of bonds held and the dates of acquisition, but not the acquisition amounts by date of acquisition, as required by Rule 2019(a)(2) (the rule requires disclosure of the “nature and amount of the claim or interest and the time of acquisition thereof”). The Bondholder Group’s failure to identify the holders was raised before the Court at the May 14, 2008 hearing and the Bondholder Group did not assert that such information was not required.

4. On May 17, 2008, counsel for the SCSL Committee wrote to the Bondholder Group’s counsel and advised counsel of its position that the Second 2019 Statement remained deficient. (Ex. 1 (5/17/08 Email Chain)) Counsel for the Bondholder Group responded on May 19, 2008, stating that it did not see any need to file a revised 2019(a) statement at that time. (Id.) Counsel for the Bondholder Group further advised that it planned to raise the issues presented

herein with the Court at the hearing on May 20, 2008. (Id.) Counsel for the SCSL Committee responded that it would be prepared to address the issue at the hearing. (Id.)

5. For reasons unknown to the SCSL Committee, the Bondholder Group did not raise these issues at the May 20 hearing. Counsel for the SCSL Committee, on behalf of the SCSL Committee and the Pension Schemes, wrote to counsel for the Bondholder Group after the hearing, setting forth its position that the Second 2019 Statement continues to be deficient.¹ (Id.)

6. The Bondholder Group's right to participate and be heard as a group in connection with the Debtors' motion to approve the settlement of the Pension Schemes' claims (and logically its ability to access confidential information) should be conditioned on its full compliance with Rule 2019(a)(1)-(3). The Second 2019 Statement identifies the "bondholders" as Kramer Levin's clients. However, the Engagement Letter between Kramer Levin and its clients states that the clients are managers of funds or accounts that hold the bonds. (Second 2019 Statement, Ex. B, p. 1) Thus, it appears that Kramer Levin's clients are not themselves the holders of the bonds.

7. The identity of the actual holders of the bonds is relevant here. The Official Committee of Unsecured Creditors of Sea Containers Limited (the "SCL Committee") has repeatedly championed its desire to protect the interests of U.S. creditors in these cases, particularly with respect to the application of U.K. law to such issues as the appropriate methodology for calculating the Pension Schemes' claims. Whether the actual holders of the bonds are U.S. creditors or, instead, off-shore hedge funds managed by Kramer Levin's clients is

¹ The Motion states that the Pension Schemes have not responded at all to the Bondholder Group's request to review the confidential information. (Motion at par. 2) Clearly, that is an incorrect statement.

relevant information particularly if the Bondholder Group intends to join in the objection of the SCL Committee to the settlement of the Pension Schemes' claims and advocate application of U.S. rather than U.K. law.

8. The Bondholder Group should also be required to disclose the acquisition amounts on each acquisition date. It is apparent from the information provided in Exhibit A to the Second 2019 Statement that the holders of the bonds purchased a large majority of the bonds postpetition and as recently as April 24, 2008, after the Pension Schemes' claims and the SCL Committee's objection were filed. To the extent the Bondholder Group intends to join in the SCL Committee's objection, which urges that U.S. creditors' expectations with respect to the application of U.S. law, not U.K. law, to the Pension Schemes' claims should be considered by the Court, it would be of interest to know the volume of the Bondholder Group's purchases on the acquisition dates rather than simply their aggregate holdings.

9. Even if the Court were not disposed to require the Bondholder Group to supplement its Second 2019 Statement, the Bondholder Group should be required to disclose the omitted information in response to the discovery served on the Bondholder Group by the SCSL Committee, with respect to which the Bondholder Group moved to quash. [Docket No. 1566] Now that the Bondholder Group seeks confidential information to prepare an objection to the settlement of the pension schemes' claims, there is no reason why the SCSL Committee is not entitled to the discovery it sought.

CONCLUSION

WHEREFORE, for the foregoing reasons, the SCSL Committee requests that the Motion be denied and the Court enter an Order requiring that the Bondholder Group supplement its Second 2019 Statement to provide the information required by Bankruptcy Rule 2019(a)(1)-(3), in order to be heard collectively through Kramer Levin in connection with the Debtors' motion to approve the settlement of the Pension Schemes' claims.

Dated: May 22, 2008
Wilmington, Delaware

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