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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re

MOTORS LIQUIDATION COMPANY, et
al.,
f/k/a General Motors Corp., et al.
Debtors.

KELLY CASTILLO, NICHOLE
BROWN, BRENDA ALEXIS
DIGIANDOMENICO, VALERIE
EVANS, BARBARA ALLEN,
STANLEY OZAROWSKI, and
DONNA SANTI,

Plaintiffs,

v.

GENERAL MOTORS COMPANY, f/k/a
NEW GENERAL MOTORS COMPANY,
INC.,

Defendant.

Chapter 11 Case No.

09-50025 (REG)

(Jointly Administrated)

Adv. Proc. No. 09-00509

GENERAL MOTORS LLC, f/k/a GENERAL
MOTORS COMPANY,

Counterclaimant,

v.

KELLY CASTILLO, NICHOLE
BROWN, BRENDA ALEXIS
DIGIANDOMENICO, VALERIE
EVANS, BARBARA ALLEN,
STANLEY OZAROWSKI,
DONNA SANTI, LAKINCHAPMAN LLC,
ROBERT W. SCHMIEDER II, AND
MARK L. BROWN,

Counterdefendants.

**COUNTER-DEFENDANTS' JOINT ANSWER AND AFFIRMATIVE DEFENSES TO
DEFENDANT'S COUNTERCLAIMS**

Counter-Defendants Kelly Castillo, Nichole Brown, Brenda Alexis Digiandomenico, Valerie Evans, Barbara Allen, Stanley Ozarowski, Donna Santi, LakinChapman LLC, Robert W. Schmieder II and Mark L. Brown, for their Joint Answer and Affirmative Defenses to Defendant's Counterclaims, state:

On May 6, 2010, the Court granted Counter-Defendants' motions to dismiss the counterclaims of General Motors Company ("New GM") to the extent the counterclaims related to conduct or proceedings before the U.S. Bankruptcy Court for the Southern District of New York. Counter-Defendants' answer and affirmative defenses are submitted only to the extent the motions to dismiss were denied, and no waiver or admission is intended by any statement or silence herein regarding the counterclaims to the extent they already have been dismissed.

ANSWER

New GM's General Allegations

79. Counter-Defendants admit that Kelly Castillo, Nichole Brown, Brenda Alexis Digiandomenico, Valerie Evans, Barbara Allen, Stanley Ozarowski and Donna Santi are the plaintiffs in this case, and that LakinChapman LLC, Robert W. Schmieder II and Mark L. Brown

are attorneys who commenced this proceeding in state court in Delaware on plaintiffs' behalf and have appeared on their behalf in this Court. Counter-Defendants admit that New GM has purported to add plaintiffs' counsel as parties defendant pursuant to Rule 13(h), Fed.R.Civ.P. Counter-Defendants deny all other allegations in Paragraph 79 of New GM's Counterclaims.

80. Counter-Defendants admit that they have been aware of the ARMSPA and Sale Approval Order, including the provisions defining Assumed and Retained Liabilities and the provisions permanently enjoining all persons from commencing or prosecuting litigation to enforce against New GM certain pre-petition liabilities of MLC other than Assumed Liabilities. They admit that Messrs. Schmieder and Brown and LakinChapman LLC, as attorneys for and authorized agents of the plaintiffs, received from New GM's counsel the September 10, 2009 letter attached as Exhibit A to New GM's Counterclaim. They admit that the letter demanded that they discontinue prosecution of this case, which was then pending in the Chancery Court of the State of Delaware. They admit that counsel for New GM, in its filings in the Chancery Court and in the U.S. Bankruptcy Court for the District of Delaware and in this Court, advised of the position of New GM's counsel that commencement and prosecution of this case violated the Sale Approval Order. They admit that, upon being advised by plaintiffs' counsel of the intent to seek a temporary restraining order from this Court, counsel for New GM directed a second letter to Mr. Brown dated November 12, 2009, attached as Exhibit B to the Counterclaim, advising of New GM's position that continued prosecution of this action, including the threatened TRO proceedings, would violate the injunctive provisions of the Sale Approval Order. Counter-Defendants deny that the ARMSPA and Sale Approval Order prohibit their prosecution of this case. They deny all other allegations in Paragraph 80 of New GM's Counterclaims.

81. Counter-Defendants admit that they have not discontinued prosecution of this case. They deny all other allegations in Paragraph 81 of New GM's Counterclaims.

New GM's First Counterclaim

82. Counter-Defendants incorporate by reference paragraphs 1 through 73 of their First Amended Complaint. They deny each allegation in New GM's affirmative defenses, contained in Paragraphs 74 through 78 of New GM's Answer. They incorporate by reference their responses above to Paragraphs 79 through 81 of New GM's Counterclaims.

83. Counter-Defendants deny each allegation in Paragraph 83 of New GM's Counterclaims.

New GM's Second Counterclaim

84. Counter-Defendants incorporate by reference paragraphs 1 through 73 of their First Amended Complaint. They deny each allegation in New GM's affirmative defenses, contained in Paragraphs 74 through 78 of New GM's Answer. They incorporate by reference their responses above to Paragraphs 79 through 83 of New GM's Counterclaims.

85. Counter-Defendants deny each allegation in Paragraph 85 of New GM's Counterclaims.

Counter-Defendants' Affirmative Defenses to New GM's Counterclaims

For their Affirmative Defenses to New GM's Counterclaims, Counter-Defendants state:

- A. Counter-Defendants have not violated any provision of the Sale Approval Order.
- B. Alternatively, Counter-Defendants have, at a minimum and in good faith, substantially complied with all provisions of the Sale Approval Order.

C. Alternatively, any technical violation of the Sale Approval Order was not intentional or willful but, rather, was the result of a good faith interpretation of the ARMSPA, the Sale Approval Order, and pertinent case law.

Dated: June 11, 2010

Respectfully submitted,

By: /s/ Mark L. Brown

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Attorneys for Plaintiffs

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Chapter 11 Case No.

09-50026 (REG)

(Jointly Administered)

Adv. Proc. No. 09-00509

CERTIFICATE OF SERVICE

I hereby certify that on June 11, 2010, I electronically filed Counter-Defendants' Joint Answer and Affirmative Defenses to Defendant's Counterclaims with the Clerk of Court using the CM/ECF system, which will send notification of such filings(s) to the following:

Gregory Oxford
goxford@icclawfirm.com

By: /s/ Mark L. Brown

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