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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	:	Chapter 11
CHEMTURA CORPORATION, et al.,	:	Case No. 09-11233 (REG)
Debtors.	:	Jointly Administered

MOTION OF THE OFFICIAL COMMITTEE OF EQUITY SECURITY HOLDERS FOR AN ORDER, PURSUANT TO SECTION 1121(D) OF THE BANKRUPTCY CODE, TERMINATING THE EXCLUSIVE PERIODS DURING WHICH ONLY THE DEBTORS MAY FILE A CHAPTER 11 PLAN AND SOLICIT ACCEPTANCES THEREOF

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The Official Committee of Equity Security Holders (the "**Equity Committee**") appointed in the above-captioned jointly-administered chapter 11 cases (the "**Chapter 11 Cases**") of Chemtura Corporation ("**Chemtura**") and its affiliated debtors and debtors in possession (collectively, the "**Debtors**"), by and through its undersigned counsel, hereby moves this Court (this "**Termination Motion**") for the entry of an order, substantially in the form attached hereto as **Exhibit A** terminating the exclusive periods during which only the Debtors may file a chapter 11 plan (the "**Filing Exclusivity Period**") and solicit acceptances thereof (the "**Solicitation Exclusivity Period**," and together with the Filing Exclusivity Period, the "**Exclusivity Periods**"). In support of the Termination Motion, the Equity Committee respectfully represents as follows:

Introduction

1. Based largely upon the persistent efforts of a robust Equity Committee, the Debtors now acknowledge (at least tacitly) in their proposed plan of reorganization (the "**Debtors' Plan**") that there is value for equity. The Debtors' Plan is fatally flawed because it woefully sells short the current equity holders by providing them a mere 5% ownership stake in the reorganized company -- and then only if the Equity Committee votes in favor of the Debtors' Plan; otherwise, the projected recovery to equity ranges from a negligible 0.5% to 9%.

2. In sponsoring their plan, the Debtors have rejected the premise behind the Equity Committee's alternative plan of reorganization (the "**EC Plan**") which, as set forth below, is fully funded, pays all creditors in full, and provides substantially more value to the current equity holders. As the Debtors now acknowledge that the equity holders are the fulcrum security, whose interests therefore should be paramount, they should be faithfully executing their fiduciary duties by actively supporting and sponsoring the superior EC Plan.

3. Instead, the Debtors have chosen to align themselves with their creditors, whose support they procured by proposing a plan that would distribute to creditors more value than the amount of their properly allowed claims -- and this improper largesse is proposed to be paid out of the equity holders' pockets. Under these circumstances, the Debtors must bear a heavy burden to justify the continued privilege of their oft-extended period of exclusivity to facilitate what clearly is a non-confirmable plan.

4. As there is no justification for the Debtors' actions, the exclusivity period should be terminated now. The Debtors' Plan is fatally flawed because its fundamental underlying premise is not the maximization of value to all stakeholders. Rather, the driving force behind the Debtors' Plan is the Debtors' desire to run a company with an unnecessarily low leverage profile, as evidenced by the Debtors repeatedly informing the Equity Committee that it was "more comfortable" operating a post-emergent company with less leverage than is contemplated under the fully funded EC Plan.

5. The Debtors' Plan is tailored to hit management's "comfort zone" rather than maximize value. Thus, in order to lower the Company's leverage, the Debtors propose transferring substantial value out of the equity holders' pockets in order to make unnecessary up front settlement payments to creditors whose claims clearly should ride through bankruptcy or be reinstated.

6. For example, the Debtors propose to retire the 2016 Notes, including paying an unnecessary $50 million up-front "make-whole" settlement, and to pay $20 million up front to satisfy completely meritless "no-call" claims by the 2026 Noteholders. As the 2016 Notes have extremely Debtor-friendly terms under current market conditions, there is no sound reason to pay them off 5 years early under the best of circumstances, but the offer to pay a $50

million "penalty" (not supported by fact or law) out of the pockets of the equity owners is a fiscally unwise decision that borders on the absurd.

7. The Debtors also propose to make an up front payment of $50 million to the Debtors' pension plan, allegedly to mollify the Pension Benefit Guaranty Corporation (the "**PBGC**"), notwithstanding that these payments are not legally required, and there is no basis for the PBGC to terminate the pension plans – and the Debtors have proffered no evidence to the contrary.

8. Finally, the Debtors also propose to make unknown and potentially huge up front payments into a reserve to settle diacetyl claims that should properly be paid in the ordinary course if and when they ever materialize – just as the many other companies facing such liabilities do.

9. These economically irrational up front payments can only be explained by the Debtors' animating goal to hit management's leverage bogey of $750 million of post-emergence debt. In order to arrange support for that goal, the Debtors' Plan provides an unjustified windfall to creditors, and funds this windfall on the backs of the equity owners. Thus, the Debtors are sponsoring a plan that is inimical to their primary fiduciary duty to maximize value for all stakeholders, including the true owners of the Company. And, because the Debtors' Plan pays creditors more than the allowed amount of their claims, it is non-confirmable as a matter of law.

10. In stark contrast, the Equity Committee's alternative plan is the only existing plan that can be confirmed. As set forth below, it is fully funded, pays creditors in full, reinstates the Debtor-friendly 2016 Notes, provides commitments for at least $470 million in new equity investments, maintains an eminently sustainable $1.3 billion of leverage, and

provides substantially more value to the current equity holders than the Debtors' Plan. As between these two competing plans, there can be little doubt that the EC Plan truly maximizes value for all stakeholders.

11. The Equity Committee respectfully suggests that the Court not be sidetracked by the Debtors' and the Official Committee of Unsecured Creditors' (the "**UCC**") expected response that the EC Plan is flawed from a feasibility standpoint. The Equity Committee is confident that its plan is feasible and the time for resolving feasibility disputes is at the confirmation stage, not now. Having said that, it bears emphasis that the Equity Committee's financial advisors have tested the ultimate arbiter of feasibility -- the free market-- and the verdict is in. Investors are willing to put up their money based on the EC Plan, and UBS has provided a highly confident letter on its ability to raise financing for the fully funded alternative plan (the "**Highly Confident Letter**").

12. Moreover, given the Debtors' and the UCC's initial vociferous insistence, now discredited, that the Debtors were hopelessly insolvent, their untested views on feasibility surely do not merit deference. To the contrary, this case exemplifies the need to subject the Debtors' views of feasibility to the rigors of full discovery and cross-examination. Every dollar the Debtors give away in meritless settlements – $120 million in make-whole, no-call and PBGC payments alone - is a dollar that belongs to the stockholders, and every dollar of debt that the Debtors refuse to incur because they are wedded to an unreasonably low amount of leverage dilutes existing equity’s percentage ownership at emergence, which in turn limits existing equity’s participation in a future share of any growth in equity value.

13. In contrast, the Equity Committee seeks to promptly file the EC Plan, which maximizes value for the benefit of <u>all</u> stakeholders while achieving recoveries to

Chemtura's stockholders superior to the recoveries presented in the Debtors' Plan. The EC Plan is not a "pie-in-the-sky" negotiating position. It is a reasonably financed plan that is premised on committed new equity capital and raising debt financing at a sustainable amount of leverage, reinstating certain noteholder claims and eliminating meritless settlement payments.

14. As more fully set forth in the term sheet of the EC Plan, attached hereto as **Exhibit B**,[1] the salient features of the EC Plan include:

- Infusion of $470 million in new equity;
- Providing significantly more of the reorganized equity to current stockholders, even absent participation in the contemplated rights offering under the EC Plan;
- Reinstating the 2016 Notes, thereby (a) eliminating a $50 million "make whole" settlement and (b) preserving a valuable asset of the estate (i.e. low cost debt);
- Eliminating the $20 million in full payment in respect of the 2026 Notes since the holders of this low coupon debt will receive a benefit from repayment and thus have no valid claim to damages
- Emerging with a sustainable amount of leverage at $1.3 billion (consisting of $800 million in new debt and reinstating the $500 million of 2016 Notes), which provides existing stockholders with a greater recovery than the 9% under the Debtors' Plan;
- Reinstating diacetyl claims and paying those claims in the ordinary course;
- Forgoing $50 million in contributions to the Debtors' U.S. pension plans (which were only proposed to pacify the PBGC -- a member of the UCC), which is neither required by law nor likely to result in a forced termination if not paid; and
- Granting existing stockholders the opportunity to invest $135 million more in a rights offering than is contemplated by the Debtors' Plan.

15. Thus, under the terms of the EC Plan, the Debtors will emerge from these Chapter 11 Cases with sufficient cash flow to meet both near term and long term obligations,

[1] This term sheet was initially proffered to the Debtors as a settlement proposal in furtherance of settlement discussions. Certain information that is non-public has been redacted from the attached term sheet. Also attached as **Exhibit C** is the Highly Confident Letter from UBS.

making the EC Plan a superior and viable alternative to the Debtors' proposal in that, among other things: (a) contingent claims are passed through rather than settled at existing equity's expense, (b) leverage is set at a more appropriate level which in turn limits dilution of the Debtors' stockholders, (c) certain low cost debt instruments are reinstated in order to achieve significant savings in future interest expense, (d) the gratuitous "make whole" settlement embodied in the Debtors' Plan is eliminated, and (e) "no call" penalties and incremental pension contributions that have no legal basis are eliminated.

16. Because the equity holders have the most at risk if the reorganized Debtors are too highly levered, the EC Plan strikes a balance between the amount of equity and debt to be funded upon emergence. Notably, the willingness of certain sophisticated investors to invest $470 million in new funds under the EC Plan behind $1.3 billion in total debt (consisting of $800 million in new debt and reinstatement of the $500 million of 2016 Notes), together with UBS' Highly Confident Letter, supports the leverage embodied in the EC Plan and the feasibility of reorganization on these terms. These sophisticated market participants have thoroughly analyzed the EC Plan and concluded that the Debtors will have sufficient cash flow to meet its obligations both in the near and long term.

17. Under the circumstances, cause undeniably exists to terminate exclusivity. It is now abundantly apparent that the Debtors are unwilling to pursue a plan that maximizes value for equity and have instead elected to (a) improvidently settle questionable claims to unnecessarily pacify noteholders and other creditors who are already being paid in full with a settlement amount that dwarves the total value of equity recoveries under the Debtors' Plan, and (b) restrict current equity holders from a meaningful participation in a rights offering in favor of creditors who are already receiving windfall recoveries at the expense of the fulcrum security

holders. Given that the Equity Committee stands ready, willing, and able to propose an alternate plan that provides greater value for all stakeholders and does not squander recoveries on unnecessary and gratuitous settlements and payments, the Court should terminate exclusivity and permit the Equity Committee to pursue the EC Plan on a parallel track with the Debtors' Plan.

Background

18. On March 18, 2009, the Debtors filed voluntary petitions under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Southern District of New York (the "**Court**"). Since the petition date, the Debtors have sought and obtained four extensions of their Exclusivity Periods. On June 17, 2010, the Court entered an order granting the Debtors' fourth exclusivity motion. The Debtors' Filing Exclusivity Period is now set to expire on September 18, 2010 and the Solicitation Exclusivity Period is now set to expire on November 17, 2010.

19. On December 29, 2009, the Office of the United States Trustee for the Southern District of New York (the "**U.S. Trustee**") appointed the Equity Committee, which is now comprised of Chemtura's Employee Stock Fund, two individual investors and two institutions.[2] Since its appointment, the Equity Committee has zealously pursued proposal of a plan of reorganization that maximizes value for all stakeholders.

20. Since its appointment, the Equity Committee has tried to work constructively with the Debtors to develop a consensual plan of reorganization that maximizes value for the estates. The Debtors led the Equity Committee to believe that the Debtors were

[2] On January 7, 2010, the U.S. Trustee filed the First Amended Appointment of Committee of Equity Security Holders and on January 12, 2010, the U.S. Trustee filed the Second Amended Appointment of Committee of Equity Security Holders. The current members of the Equity Committee are: Strategic Value Master Fund, Ltd. c/o Strategic Value Partners, Kwok S. Wong, Canyon Capital Advisors LLC, Chemtura Corporation Employee Savings Plan Fiduciary Counselors Inc., and Pete Esmet.

willing to work cooperatively with the Equity Committee toward developing a consensual plan of reorganization. However, in stark contrast to their professed desire to reach a consensus with the Equity Committee, the Debtors have filed the Debtors' Plan, which transfers value that rightfully belongs to the Debtors' stockholders to creditors. Indeed, although the Equity Committee has been able to obtain information from management after many efforts and constant prodding, the Equity Committee believes that portions of the Debtors' Plan remain unsupported and fail to maximize value for all stakeholders.[3]

21. On June 17, 2010, the Debtors filed the Debtors' Plan and a related disclosure statement (the "**Disclosure Statement**"). The Debtors' Plan and Disclosure Statement project recoveries to existing Chemtura stockholders ranging from 0.5% to 9% of the equity in reorganized Chemtura if the stockholder class votes to reject the Debtors' Plan, and Chemtura's stockholders receiving 5% of the equity in the reorganized Chemtura if the stockholder class votes in favor of the Debtors' Plan. One of the reasons that the Debtors' Plan returns such a low level of ownership to shareholders is the payment of meritless cash settlements to various noteholder and other constituents that do not make financial sense or have any legal basis, and an unreasonably low level of leverage. For example, the Debtors' Plan includes settlements, such as paying the holders of the 2016 Notes a $50 million "make whole" settlement, that is not supported by law and, it cannot be disputed, becomes unnecessary if the 2016 Notes are reinstated, as they should be. In addition, a proposed $50 million cash contribution to the Debtors' U.S. pension plans is without legal support and should not be paid. Incredibly, in addition to the unwarranted cash settlements, the Debtors' Plan caps the amount of new equity

[3] Moreover, despite many requests, the Equity Committee is still lacking information essential to evaluating many items that form the basis for the Debtors' Plan, including, most notably, the propriety of the various settlements.

that may be purchased by the equity holders through the rights offering and thus captures the lion's share of the equity upside for their preferred constituents.

22. By choosing this course, the Debtors have turned a blind eye to the superior plan proposals presented by the Equity Committee during months of negotiations with the Debtors and have unjustly foreclosed the Equity Committee's participation in plan negotiations. Instead, the Debtors are neglecting the fulcrum security holders to propose a plan that grants a windfall to creditors, undertakes an unnecessarily low debt level, and effectively equitizes payments to creditors. Left out of the Debtors' largesse are the Debtors' stockholders – holders of the fulcrum security and the actual owners of Chemtura – including the retail investors who bought Chemtura stock as a long- or short-term investment and the employees whose pensions are funded with that stock.

23. The Debtors' de facto admission of solvency in the Debtors' Plan is consistent with prior indicators that there is significant value for stockholders. Since filing the Chapter 11 Cases, the Debtors' operational and financial performance has improved. Moreover, business conditions have generally improved in the U.S. market, further strengthening the Debtors' turnaround efforts. For example, the Debtors refinanced their DIP facility on favorable terms, and on April 30, 2010, successfully closed on the sale of their PVC business for $20.225 million in cash and non-cash consideration plus assumed liabilities – an order of magnitude greater than the amount of the stalking-horse bid of $2.056 million. Further, the Court has expunged thousands of proofs of claim, including tort claims relating to PBDE, representing over $9 billion in asserted liabilities. See Chemtura Corp., Annual Report (Form 10-K), at 111 (Mar. 2, 2009); Order Granting Objection of the Official Committee of Unsecured Creditors of

Chemtura Corp., et. al. to the Council for Research on Toxics' Claims Nos. 12051, 12053, and 12055 (May 17, 2010) (Dkt. No. 2689).

Jurisdiction

24. This Court has jurisdiction over the Termination Motion pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2). Venue is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409. The statutory basis for the relief sought herein is 11 U.S.C. § 1121(d).

Argument

25. Except as may be extended by a court for cause, section 1121 of the Bankruptcy Code limits the period of time during which a debtor has the exclusive right to file a plan of reorganization and solicit acceptances thereof to 120 and 180 days, respectively. See 11 U.S.C. §§ 1121(b), (c). Section 1121(d) of the Bankruptcy Code authorizes a Court to terminate a debtor's exclusive periods "for cause."

26. In determining whether cause exists to terminate exclusivity, courts apply a list of non-exclusive factors, including: (a) the size and complexity of the case; (b) the necessity of sufficient time to permit the debtor to negotiate a plan of reorganization and prepare adequate information to allow a creditor to determine whether to accept such plan; (c) the existence of good faith progress towards reorganization; (d) the fact that the debtor is paying its bills as they become due; (e) whether the debtor has demonstrated reasonable prospects for filing a viable plan; (f) whether the debtor has made progress in negotiations with its creditors; (g) the amount of time which has elapsed in the case; (h) whether the debtor is seeking an extension of exclusivity in order to pressure creditors to submit to the debtor's reorganization demands; and (i)

whether an unresolved contingency exists. In re Adelphia Commcn's Corp., 336 B.R. 610, 674 (Bankr. S.D.N.Y.) (citations omitted), aff'd, 342 B.R. 122 (S.D.N.Y. 2006).[4]

27. Notwithstanding these factors, determining whether exclusivity should continue or terminate depends primarily on whether termination "will move the case forward," which amounts to "'a practical call that can override a mere toting up of the factors.'" In re Adelphia Commcn's Corp., 352 B.R. 578, 590 (Bankr. S.D.N.Y. 2006) (quoting In re Dow Corning Corp., 208 B.R. 661, 670 (Bankr. E.D. Mich. 1997)). In other words, "the test is better expressed as determining whether terminating exclusivity would move the case forward materially, to a degree that wouldn't otherwise be the case. Certain practical considerations, or other considerations in the interest of justice, could override, in certain cases, the results after analysis of the nine factors." Id.

28. In the context of exclusivity, "[t]he Bankruptcy Code, 'recognizes the legitimate interest of [parties in interest], whose money is in the enterprise as much as the debtor's, to have a say in the future of the company. '" In re Crescent Beach Inn, Inc., 22 B.R. 155, 160 (Bankr. D. Me. 1982) (citing H.R.Rep.No.595, 95th Cong., 1st Sess., 231-32 (1977) reprinted in 2 App. Collier on Bankruptcy 231-32 (15th ed. 1982)).

29. As a chapter 11 case progresses, a debtor's burden to continue exclusivity increases while the burden on those seeking to terminate exclusivity lightens. See In re Mirant Corp., No. 4-04-CV-476-A, 2004 WL 2250986, at *2 (N.D. Tex. Sept. 30, 2004) ("The debtor's burden gets heavier with each extension it seeks as well as the longer the period of exclusivity

[4] These factors, although referring to creditors, undoubtedly protect equity holders as well. See In re Pub. Serv. Co. of N.H., 88 B.R. 521, 537 (Bankr. D.N.H. 1988) (the "cause" inquiry involves a "general balancing analysis to avoid allowing the debtor to hold the creditors and other parties in interest 'hostage' so that the debtor can force its view of an appropriate plan upon the other parties").

lasts."); In re Dow Corning Corp., 208 B.R. 661, 664 (Bankr. E.D. Mich. 1997) (noting that a debtor's "burden gets heavier with each extension . . . and a creditor's burden to terminate gets lighter with the passage of time").

A. Exclusivity Cannot be Employed as a Tool to Pressure Stockholders

30. Continued exclusivity serves no purpose in these Chapter 11 Cases except to pressure the Equity Committee and its constituency into accepting the Debtors' sub par Plan. The Debtors have already filed their Plan and profess to have the support of creditor constituents.[5] Consequently, the Debtors gain no advantage with continued exclusivity. In contrast, stockholders—who are the true owners of the company—stand to lose millions of dollars of recoveries under the Debtors' Plan.

31. The Equity Committee has formulated a plan that maximizes value for all stakeholders, which is supported by (a) commitments from existing stockholders for at least $470 million in a new equity investment and (b) a letter from UBS indicating it is highly confident of being able to raise the debt financing called for by the EC Plan. Thus, continuing the Debtors' Exclusivity Periods serves only to hinder the Equity Committee's pursuit of the EC Plan, insulate the Debtors' Plan from challenge, and pressure parties to accept the Debtors' Plan.

32. Exclusivity should not be used in this way: the equity holders who are the rightful owners of Chemtura should not be marginalized when there are superior plan structures available. Courts terminate exclusivity when a debtor uses it as a sword, forcing stakeholders to accept its view of an appropriate plan instead of taking the time to negotiate a consensual plan. See, e.g., Teachers Ins. & Annuity Ass'n of Am v. Lake in the Woods (In re Lake in the Woods),

[5] This is not surprising inasmuch as the Debtors have purchased creditor support by allocating payments to creditor constituents for amounts that they are not entitled to out of shareholder recoveries.

10 B.R. 338, 345-46 (E.D. Mich. 1981) ("extensions [of exclusivity] are impermissible if they are for the purpose of allowing the debtor to prolong reorganization while pressuring a creditor to accede to its point of view on an issue in dispute"); In re Curry Corp., 148 B.R. 754, 756 (Bankr. S.D.N.Y. 1992) (exclusivity extensions should not be "a tactical device" used to pressure creditors into accepting an unsatisfactory plan); see also Official Comm. of Unsecured Creditors v. Henry Mayo Newhall Mem'l Hosp. (In re Henry Mayo Newhall Mem'l Hosp.), 282 B.R. 444, 457 (B.A.P. 9th Cir. 2002) (Marlar, J., concurring) (whether there is "cause" to terminate exclusivity is a practical question because "Congress simply intended that reason, rather than tactics, should control a case").

B. The Debtors Will Not be Prejudiced if Exclusivity is Terminated

33. Terminating exclusivity in no way forecloses the Debtors from proceeding with the Debtors' Plan; it simply grants others the right to file a plan at the same time. See In re Grossinger's Assocs., 116 B.R. 34, 36 (Bankr. S.D.N.Y. 1990) (debtor may still propose a plan after exclusivity terminated). Indeed, allowing the Equity Committee the opportunity to file the EC Plan might well facilitate discussions and move the parties towards one consensual plan. See, e.g., In re Pub. Serv. Co. of N.H., 99 B.R. 155, 176 (Bankr. D.N.H. 1989) (termination of exclusive period created a "level playing field" and fostered the negotiation of a consensual plan of reorganization) (citation omitted); see also In re Mother Hubbard, Inc., 152 B.R. 189, 195 (Bankr. W.D. Mich. 1993) (observing that competing plans "may additionally motivate the debtor to more earnestly negotiate an acceptable consensual plan").

34. Nor will terminating exclusivity impose increased costs on the Debtors' estates. In fact, terminating exclusivity at this time may reduce costs to the estates, because plan solicitations could go forward together. Appropriate procedures can be implemented so that the

competing plan and disclosure statement can be filed, solicited and presented for confirmation simultaneously with the Debtors' Plan. See, e.g., In re Young Broad., Inc., ___ B.R. ___, No. 09-10645 (AJG), 2010 WL 1544401, at *3 (Bankr. S.D.N.Y. Apr. 19, 2010) (confirmation opinion recounting that the Court approved disclosure statements and solicitation procedures for competing plans on the same days, and that acceptances of competing plans were solicited on one ballot). Although there is a hearing on the Disclosure Statement currently scheduled for July 21, 2010, solicitation and confirmation may still be coordinated. See In re Landmark Park Plaza Ltd. P'ship, 167 B.R. 752, 757-58 (Bankr. D. Conn. 1994) (shortening time on hearing to consider disclosure statement of competing plan). Indeed, the pending hearing on the Disclosure Statement makes this Termination Motion all the more timely, because, as described more fully below, a competing EC Plan would afford the Court the benefit of the market's valuation of the Debtors' new equity. Absent a competing plan to satisfy the Supreme Court's market test requirement, described below, a protracted confirmation battle will likely ensue. Thus, allowing the Equity Committee the opportunity to file the EC Plan may lower costs to the estates and may lessen the burned burden on all parties and the Court relating with respect to discovery and confirmation-related litigation.

C. Holders of the Fulcrum Security Should Have a Leading Voice in How the Debtors' Value is Created and Maximized

35. Given the Debtors' own admission of equity value in these cases, together with the appointment of the Equity Committee tasked with safeguarding existing stockholders' interests, the Debtors' stockholders are entitled to a leading voice in these reorganization proceedings through a vote on the EC Plan that fully preserves and protects their interests. See Crescent, 22 B.R. at 160. As the Court is well aware, many of the Debtors' stockholders have been actively engaged in these Chapter 11 Cases. This diverse group includes the Debtors' own

employees, both long- and short-term retail investors, and institutions whose business model is based on recognizing and rehabilitating undervalued enterprises. All of these diverse interests are represented on the Equity Committee. Indeed, to deny the Equity Committee the opportunity to propose an EC Plan that maximizes value for all constituencies and provides certain and fair value to current stockholders undercuts the U.S. Trustee's appointment of the Equity Committee in the first place, especially when the Debtors propose a plan that provides existing stockholders with a pittance while transferring equity value to its creditors.

D. The Debtors are Turning a Blind Eye to the Opportunity to Preserve and Create Equity Value Achievable in the Current Economic Climate

36. Chemtura's stockholders are entitled to pursue opportunities to maximize value, particularly in light of the positive developments in the capital markets since the Chapter 11 Cases were filed. The timing of the Debtors' Plan and about-face on plan discussions with the Equity Committee could not be more ill-timed. Despite recent setbacks, the long-awaited thaw of the credit markets has finally come to pass and the growth of equity values are commonplace occurrences in pending reorganizations, as cases such as General Growth and Extended Stay have recently demonstrated.

37. The Debtors are similarly enjoying the phenomenon of increased values during the pendency of these Chapter 11 Cases, which is evidenced by the market price for the Debtors' debt instruments and the sale of the PVC business for ten times more than the stalking horse bid. With the dramatic rise in the capital markets and the significant improvement in the high-yield and lending markets since these Chapter 11 Cases were filed, these markets can and should be accessed to maximize values for all constituencies. Additionally, where the terms of existing debt are more attractive than that which can be obtained at market, then the Debtors should take advantage of the reinstatement provisions of the Bankruptcy Code and leave those

obligations in place. Specifically, the Equity Committee proposes to reinstate the claims of holders of the 2016 Notes, which will nullify any assertion that a "make whole" premium is due, which premium would only divert value from stockholders without any tangible benefit.[6]

38. The Debtors insist on turning a blind eye to undeniable barometers of market value, consequently, cause exists to terminate the Exclusivity Periods to allow the Equity Committee to file the EC Plan that capitalizes on the strength of these market forces through sustainable and affordable exit financing and new equity investment, thereby maximizing value for all stakeholders.

E. Terminating Exclusivity Creates an Opportunity to Market Test Both the Debtors' and the Equity Committee's Proposals

39. The EC Plan is superior to the Debtors' Plan because the EC Plan provides greater and more certain recoveries to Chemtura's stockholders. It is well-accepted that the most appropriate way to determine the value of a debtor is to subject the plan process to a market test. Bank of America Nat'l Trust & Sav. Ass'n v. 203 N. LaSalle St. P'ship, 526 U.S. 434, 457-58 (1999). Affording the Equity Committee the same opportunity to propose and solicit acceptances for an EC Plan premised on returns to existing stockholders will satisfy LaSalle's market test requirement.

40. The market has spoken. Highly sophisticated third parties have committed $470 million of new equity financing behind $1.3 billion of debt (consisting of $800 million in

[6] A "make-whole" or "no-call" provision in a bond is designed to protect the holder from reinvestment risk and provide the benefit of duration. As the issuer's prospects improve or interest rates drop after the issuance, the bondholder benefits at a rate above that which the issuer would pay if it were to refinance the instrument and the holder were forced to take repayment and reinvest at a lower rate. The Debtors' proposed settlement of the make-whole and no-call provisions leads to an absurd result because they (i) pay the bondholder in full in cash and (ii) pay a penalty where the bondholders themselves would object if the Debtors offered to give them the "benefit" of remaining in their investment and receiving continued payments of low interest.

new debt and reinstatement of $500 million of 2016 Notes). Significantly, the Equity Committee has been able to obtain these commitments while the Debtors' Plan was on file. This is reinforced by the fact that UBS is highly confident that it can raise the debt financing. The prudent course is to allow both plans to go forward so that the various constituencies can reach an informed judgment.

41. Indeed, LaSalle holds that a competing-plan approach, such as that sought here, is the favored way to market test a debtor's equity value: "Under a plan granting an exclusive right, making no provision for competing bids or competing plans, any determination that the price was top dollar would necessarily be made by a judge in bankruptcy court, whereas the best way to determine value is exposure to a market." Id. at 457 (emphasis added). Courts have recently terminated exclusivity because of vastly different views of value. See In re TCI 2 Holdings, LLC, No. 09-13654 (JHW) (Bankr. D.N.J. Aug. 27, 2009) (terminating exclusivity and relying on LaSalle's mandate for a market test) (relevant transcript portion attached hereto as **Exhibit D**); see also In re Magnachip Semiconductor Fin. Co., et al., No. 09-12008 (PJW) (Bankr. D. Del. July 30, 2009) (sua sponte terminating exclusivity when plan sale was challenged as undervalued) (relevant transcript portion attached hereto as **Exhibit E**); In re Seitel, Inc., et al., No. 03-12227 (PJW) (Bankr. D. Del. Nov. 3, 2003) (terminating exclusivity and allowing the equity committee to file a competing plan based on a determination that the values espoused by the debtors and the equity committee were disparate and, "in the interest of giving to the equity holders a full picture of all that is in the cards here, that they should be able to see what the Equity Committee is offering") (relevant transcript portion attached hereto as **Exhibit F**).

Motion Practice

42. This Termination Motion includes citations to the applicable rules and statutory authorities upon which the relief requested herein is predicated, and a discussion of their application to this Termination Motion. Accordingly, the Equity Committee submits that this Termination Motion satisfies Local Rule 9013-1(a).

Notice

43. Notice of this Termination Motion has been provided to (a) the U.S Trustee; (b) the Debtors and counsel to the Debtors; (c) counsel to the Official Committee of Unsecured Creditors appointed in the Chapter 11 Cases; (d) counsel to the agent for the Debtors' prepetition and postpetition secured lenders; (e) counsel to the ad hoc committee of bondholders; (f) the indenture trustee for each of the Debtors' outstanding bond issuances; (g) the SEC; (h) the Internal Revenue Service; and (i) the United States Environmental Protection Agency. The Equity Committee submits that no other or further notice need be provided.

Conclusion

WHEREFORE, based upon all of the foregoing facts and authorities, the Equity Committee respectfully requests the Court grant the Termination Motion, terminate the Debtors' exclusivity periods and permit the Equity Committee to propose and solicit acceptances of an alternative plan of reorganization.

Dated: New York, New York
July 9, 2010

SKADDEN, ARPS, SLATE, MEAGHER & FLOM, LLP

By: */s/ Jay M. Goffman*
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Exhibit A

Proposed Order

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	:	Chapter 11
CHEMTURA CORPORATION, et al.,	:	Case No. 09-11233 (REG)
Debtors.	:	Jointly Administered

ORDER TERMINATING THE DEBTORS' EXCLUSIVE PERIODS DURING WHICH ONLY THE DEBTORS MAY FILE A CHAPTER 11 PLAN AND SOLICIT ACCEPTANCES THEREOF

Upon the Motion (the " **Motion**")[1] of the Official Committee of Equity Security Holders (the "**Equity Committee**") of Chemtura Corporation, for an Order, Pursuant to Section 1121(d) of the Bankruptcy Code, Terminating the Exclusive Periods During Which Only the Debtors May File a Chapter 11 Plan and Solicit Acceptances Thereof; and it appearing that the relief requested in the Motion is necessary and in the best interests of the Debtors' estates; and it appearing that the Court has jurisdiction over this matter; and due and sufficient notice of the Motion having been given under the particular circumstances; and it appearing that no other or further notice need be provided; and it appearing that the record, as supplemented at a hearing held July 21, 2010, contains sufficient evidence for the Court to come to a conclusion; and after due deliberation thereon; and sufficient cause appearing therefor, it is hereby

ORDERED, ADJUDGED, AND DECREED THAT:

1. The Motion is granted.

[1] All capitalized terms not otherwise defined in this Order shall have the meaning ascribed to them in the Motion.

2. Pursuant to 11 U.S.C. § 1121(d), the Debtors' exclusivity periods in which to file a Chapter 11 plan and solicit acceptances thereof are terminated.

3. The terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

4. This Court shall retain jurisdiction with respect to all matters relating to the interpretation or implementation of this Order.

Dated: New York, New York
_____, 2010

THE HONORABLE ROBERT E. GERBER
UNITED STATES BANKRUPTCY
JUDGE

Exhibit B

Proposed Plan Term Sheet

Chemtura Corporation, *et al.*

PLAN TERM SHEET

July 9, 2010

This term sheet outlines the material terms of a proposed joint plan of reorganization (the "**Plan**") pursuant to chapter 11 of title 11 of the United States Code (the "**Bankruptcy Code**") for Chemtura Corporation ("**Chemtura**" and, as reorganized pursuant to the Plan, "**Reorganized Chemtura**") and its affiliates that are the debtors and debtors in possession (the "**Debtors**" and, as reorganized pursuant to the Plan, the "**Reorganized Debtors**") in their respective chapter 11 cases pending in the United States Bankruptcy Court for the Southern District of New York (the "**Bankruptcy Court**"). The transactions contemplated by this term sheet are subject to conditions to be set forth in definitive documents. **This term sheet does not constitute an offer of securities, nor is it an offer or solicitation for any chapter 11 plan of reorganization within the meaning of section 1125 of the Bankruptcy Code, and is being presented for discussion and settlement purposes only.** This term sheet assumes that the effective date of the Plan (the "**Effective Date**") is September 30, 2010.

I. Overview of the Plan

A. Separate Plans for Each Debtor

The Plan shall comprise separate plans of reorganization for each of the Debtors (i.e., the Debtors will not be substantively consolidated), in which each Debtor will satisfy claims against it and its equity interests through distribution of a combination of stock in the Reorganized Debtors, cash, reinstatement or such other treatment as agreed between the Debtors (with the consent of the official committee of equity security holders appointed in these chapter 11 cases (the "**Equity Committee**") and the Commitment Parties (defined below), which consent shall not be unreasonably withheld) and any creditor, all as set forth in more detail below.

B. Overview of Treatment of Claims and Interests

In general, and except to the extent provided in the Plan, the Plan will provide for the discharge of all claims against, and interests in, any Debtor. The Plan generally will provide that holders of allowed secured claims, DIP financing claims and allowed unsecured claims that are entitled to priority status under section 507(a) of the Bankruptcy Code shall be paid in full (including postpetition interest on the terms set forth below) or, in the case of secured claims other than funded indebtedness, will otherwise be left unimpaired or granted such other treatment as agreed between the Debtors (with the consent of the Equity Committee and the Commitment Parties, which consent shall not be unreasonably withheld) and the applicable creditor. The Plan will also provide that holders of administrative expense and priority tax claims shall be paid in full in cash or will otherwise be left unimpaired or granted such other treatment as agreed between the Debtors (with the consent of the Equity Committee and the Commitment Parties, which consent shall not be unreasonably withheld) and the applicable creditor.

Except with respect to allowed claims in respect of the 2016 Notes (defined below), which will be reinstated and left unimpaired as described in greater detail below, the Plan generally will provide that the allowed claims of each Debtor's nonpriority unsecured creditors ("**Allowed Unsecured Claims**") shall be paid in cash, in the full amount of the Allowed Unsecured Claims for such Debtor, plus postpetition interest on the terms set forth below. The Plan will provide that all equity interests in any Debtor other than Chemtura (each, a "**Subsidiary Debtor**") are reinstated or cancelled at the option of the Debtors with the consent of the Equity Committee and the Commitment Parties, which consent shall not be unreasonably withheld. Finally, the Plan will provide that the holders of Chemtura's equity securities will receive, in exchange for their existing equity securities, shares of Class A Common Stock of Reorganized Chemtura ("**Class A Common Stock**") plus certain rights to acquire shares of Class A Common Stock as described below.[1]

C. Sources of Capital for the Plan

All cash consideration necessary for the Reorganized Debtors to make payments or distributions pursuant to the Plan will be obtained from the Exit Financing (defined below), the Rights Offering (defined below), the Equity Offering (defined below), and other cash on hand of the Debtors, including cash derived from business operations.

1. Exit Financing

The Plan will contemplate, and will be conditioned upon, the Reorganized Debtors entering into incremental exit financing consisting of (i) new secured notes in an aggregate principal amount equal to $800.0 million, minus the gross proceeds, if any, received in the Supplemental Equity Offering (defined below), and (ii) a new $250.0 million asset based lending (ABL) facility, which will be undrawn at emergence, to provide adequate working capital for post-emergence operations (the "**Exit Financing**"). The terms of the Exit Financing, including sizing, fees, interest rates, and maturity will be acceptable to the Equity Committee and the Commitment Parties and the indentures, agreements and other documents and instruments evidencing the Exit Financing will be set forth in the Plan Supplement (defined below).

2. Rights Offering

The Plan will contemplate a rights offering, as described in more detail below, in which holders of equity interests in Chemtura shall, in connection with the Plan, be granted rights to acquire shares of Class A Common Stock having a value of up to $235.0 million, if fully subscribed, in a rights offering at a price per share equal to $1.01 (the "**Rights Offering**"). Notwithstanding the foregoing, the number of shares of Class A Common Stock for which any eligible holder of equity interests may subscribe in the Rights Offering may be decreased in the event reasonably required, after consultation with counsel or as required by the Bankruptcy Court, in each case to allow the Rights Offering to be exempt from registration under the

[1] For the avoidance of doubt, regardless of whether noted, all common stock distributed under the Plan, including, without limitation, common stock distributed to holders of equity interests and participants in the Rights Offering, if applicable, and in connection with the Equity Offering, shall be subject to dilution by the management incentive plan.

Securities Act of 1933 pursuant to section 1145 of the Bankruptcy Code (a "**Section 1145 Cutback**").

3. Equity Offering

On the Effective Date, Reorganized Chemtura will issue and sell to Canyon Capital Advisors, LLC, Strategic Value Master Fund, Ltd. and Strategic Value Special Situations Master Fund, LP (the "**Commitment Parties**"), and the Commitment Parties will purchase from Reorganized Chemtura, shares of Class B Common Stock of Reorganized Chemtura ("**Class B Common Stock**") and warrants to purchase shares of Class B Common Stock (the "**New Warrants**") in an aggregate amount equal to (x) $470.0 million, minus (y) the gross proceeds received by the Debtors in the Rights Offering (the "**Equity Offering**"). In addition, the Commitment Parties have the right, but not the obligation, to purchase additional shares of Class B Common Stock in an amount equal to the lesser of (i) $235.0 million and (ii) the unsubscribed portion of the Rights Offering (the "**Supplemental Equity Offering**"). The terms and conditions of the Equity Offering and the Supplemental Equity Offering are described in more detail in the purchase commitment term sheets from each of the Commitment Parties attached hereto as Exhibit A (the "**Purchase Commitment Term Sheets**").

D. Equity Interests in Chemtura

The Plan will contemplate that Reorganized Chemtura will issue 242.9 million shares of Class A Common Stock for distribution to holders of equity interests in Chemtura as described herein. In addition, the Plan will contemplate that Reorganized Chemtura will issue (i) up to 232.7 million shares of Class A Common Stock to participants in the Rights Offering and (ii) up to 465.3 million shares of Class B Common Stock and New Warrants to purchase an aggregate of 155.1 million additional shares of Class B Common Stock to the Commitment Parties in the Equity Offering. The Reorganized Debtors will use their commercially reasonable best efforts to list the Class A Common Stock, the Class B Common Stock and the New Warrants on a national securities exchange, with an initial goal of listing on the New York Stock Exchange or NASDAQ as of the Effective Date.

The Class B Common Stock will be convertible at the option of the holder thereof into Class A Common Stock on a share-for-share basis, will rank senior in liquidation to the Class A Common Stock and other capital stock of Reorganized Chemtura, will have a liquidation preference of $1.01 per share, and will vote on an as-converted basis with the Class A Common Stock as a single class on all matters. Otherwise, the rights, preferences and privileges of the Class B Common Stock will be substantially similar to the Class A Common Stock. The New Warrants will have a strike price of $1.01 per share and, if unexercised, will expire on the seven year anniversary of the date of issuance. The terms of the Class B Common Stock and the New Warrants are described in more detail in the Purchase Commitment Term Sheets.

The Commitment Parties will be entitled to registration rights with respect to the securities issued to them in the Equity Offering as described in more detail below.

II. Classification and Treatment of Claims and Interests

This section provides a summary of classes, treatment, voting rights, estimated claim amounts and estimated recoveries. The treatment set forth below shall be in full satisfaction of each class of claims and interests.

Administrative Expense Claims and Priority Tax Claims:

On or as soon as practicable after the Effective Date, each holder of an allowed administrative expense claim or allowed priority tax claim will receive cash equal to the full amount of its claim, unless the holder and the Reorganized Debtors (with the consent of the Equity Committee and the Commitment Parties, which consent shall not be unreasonably withheld) otherwise agree to a different treatment.

Voting Rights: Unclassified
Estimated Claim Amount: $8.7 million[2]
Estimated Percentage Recovery: 100%

Secured Claims:

- *DIP Claims*

On the Effective Date, indebtedness under the Debtors' $450,000,000 Amended and Restated Secured Senior Superpriority Debtor-in-Possession Credit Agreement (as amended from time to time, the "**DIP Refinancing Facility**") will be satisfied and paid in full in cash as follows:

- **Revolver DIP Claims.** Secured claims arising from the revolving credit facility portion of the DIP Refinancing Facility ("**Revolver DIP Claims**") shall be allowed in the amount of $28 million,[3] plus contingent and unliquidated claims arising under the DIP Refinancing Facility.
- **Term DIP Claims.** Secured claims arising from the term facility portion of the DIP Refinancing Facility ("**Term DIP Claims**") shall be allowed in the amount of $300 million,[4] plus contingent and unliquidated claims arising under the DIP Refinancing Facility.

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[2] This represents the midpoint of the range set forth in the Debtors' Disclosure Statement.

[3] The amount of Revolver DIP Claims depends on the amount outstanding under the revolving credit facility at the time of chapter 11 exit. It is expected that substantially all of the amounts outstanding under the Revolving Credit Facility will consist of amounts in respect of undrawn letters of credit, which letters of credit will be replaced by the Exit Financing. Accordingly, the amount of cash required to satisfy the Revolver DIP Claims is expected to be negligible.

[4] The amount of the Term DIP Claims is subject to adjustment downward pursuant to the terms of the DIP Refinancing Facility on account of any mandatory prepayments made with respect to, among other things, proceeds received from significant asset sales during the chapter 11 cases.

	Voting Rights: Unclassified Estimated Claim Amount: $328 million,[5] plus contingent and unliquidated claims arising under the DIP Refinancing Facility Estimated Percentage Recovery: 100%
• *Secured Lender Claims*	Secured claims arising from the Debtors' $350 million prepetition credit facility financing agreement, dated as of July 31, 2007 (as amended from time to time, the "**Prepetition Credit Agreement**," and such claims "**Secured Lender Claims**"), between Citibank, N.A. ("**Prepetition Agent**"), as agent, and the Debtors, as borrowers and guarantors, shall be allowed in the amount of $52.7 million, plus unpaid postpetition interest, if any, at the waiver rate and unpaid reasonable, documented and necessary out-of-pocket fees and expenses of the Prepetition Agent through and including the Effective Date, if any, and shall be paid in full, in cash, on the Effective Date. As a result of the holders of Secured Lender Claims receiving interest at the waiver rate, such holders are not entitled to receive default rate interest and will be unimpaired under the Plan. Voting Rights: Unimpaired and Deemed to Accept Estimated Claim Amount: $52.7 million, plus unpaid interest and fees, if any, as described in more detail above Estimated Percentage Recovery: 100% plus postpetition interest
• *Lien Claims*	All holders of claims secured by valid liens (including mechanics', materialsmens', artisans', tax and any other lien) against property not abandoned (a "**Lien**," and such claim, a "**Lien Claim**") will receive, at the Debtors' option (with the consent of the Equity Committee and the Commitment Parties, which consent shall not be unreasonably withheld): (a) payment, on the later of the Effective Date or as soon as practicable after a particular Lien Claim becomes allowed, of the allowed Lien Claim in full in cash and, to the extent such allowed Lien Claim is oversecured, postpetition interest from and after the later of the date such Lien Claim (i) became due in the ordinary course of business or (ii) was invoiced to the applicable Debtor, with such interest to be payable at the non-

[5] As noted above, it is expected that substantially all of the amounts outstanding under the revolving credit facility will consist of amounts in respect of undrawn letters of credit, which letters of credit will either be rolled into or replaced by the Exit Financing. Accordingly, the amount of cash required to satisfy the Revolver DIP Claims is expected to be negligible.

	default contract rate to the extent allowable under applicable law or, if no allowable contract rate is specified, the federal judgment rate as of the date of commencement of these chapter 11 cases; (b) such other treatment as may be otherwise agreed to; or (c) the holder of a Lien Claim shall retain its Lien on the subject property. Voting Rights: Unimpaired and Deemed to Accept Estimated Claim Amount: $1.1 million Estimated Percentage Recovery: 100% plus postpetition interest
• Other Priority Claims	Each holder of a claim accorded priority in right of payment pursuant to section 507(a) of the Bankruptcy Code, other than administrative expense or priority tax claims, will receive cash equal to the full amount of its claim, unless the holder and the Reorganized Debtors (with the consent of the Equity Committee and the Commitment Parties, which consent shall not be unreasonably withheld) otherwise agree to a different treatment.[6] Voting Rights: Unimpaired and Deemed to Accept Estimated Claim Amount: $0.1 million Estimated Percentage Recovery: 100%
Unsecured Claims:	
• *Unsecured Lender Claims*	Unsecured claims arising from the Prepetition Credit Agreement (such claims, the "**Unsecured Lender Claims**") shall be allowed in the amount of $120.2 million plus fees associated with unfunded letters of credit against Chemtura and each of the Subsidiary Debtors, as guarantors. Each holder of an allowed Unsecured Lender Claim shall receive, in full and final satisfaction of such claim, payment in full, in cash.[7]

[6] The Plan does not provide for payment of postpetition interest with respect to Other Priority Claims. Any entitlements to postpetition interest for any Holders of Other Priority Claims shall be as determined by the Bankruptcy Court. If the Bankruptcy Court determines that holders of such claims are entitled to postpetition interest, the financing contemplated by the Plan would allow for the payment of such interest based upon estimates that have been provided by the Debtors.

[7] The Plan does not provide for payment of postpetition interest with respect to Unsecured Lender Claims. Any entitlements to postpetition interest for any Holders of Unsecured Lender Claims shall be as determined by the Bankruptcy Court. If the Bankruptcy Court determines that holders of such claims are entitled to postpetition interest, the financing contemplated by the Plan would allow for the payment of such interest based upon estimates that have been provided by the Debtors.

Voting Rights: Unimpaired and Deemed to Accept
Estimated Claim Amount: $120.2. million
Estimated Percentage Recovery: 100%

- *2016 Note Claims*

Claims arising from the 6.875% unsecured notes due 2016 (the "**2016 Notes**," and such claims, "**2016 Note Claims**") shall be allowed as unsecured claims against Chemtura and each of the Subsidiary Debtors as guarantors, in the amount of $508.3 million. The 2016 Notes will be reinstated and rendered unimpaired in accordance with section 1124 of the Bankruptcy Code, notwithstanding any contractual provision or applicable non-bankruptcy law that entitles the holder of a 2016 Note Claim to demand or receive payment of such claim prior to the stated maturity of the 2016 Notes from and after the occurrence of a default. Prepetition interest of $8.3 million shall be paid in full, in cash on the Effective Date.[8]

Voting Rights: Unimpaired and Deemed to Accept
Estimated Claim Amount: $508.3 million
Estimated Percentage Recovery: 100%

- *2009 Note Claims*

Claims arising from the 7% unsecured notes due 2009 (the "**2009 Notes**" and such claims, "**2009 Note Claims**") shall be allowed as unsecured claims against Chemtura and GLCC in the amount of $374.4 million. Each holder of an allowed 2009 Note Claim shall receive, in full and final satisfaction of such claim, payment in full, in cash.[9]

Voting Rights: Unimpaired and Deemed to Accept
Estimated Claim Amount: $374.4 million
Estimated Percentage Recovery: 100%

- *2026 Note Claims*

Claims arising from the 6.875% debentures due 2026 (the "**2026 Notes**," and such claims, "**2026 Note Claims**") shall be allowed as unsecured claims against Chemtura in the amount

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[8] The Plan does not provide for payment of postpetition interest with respect to 2016 Note Claims. Any entitlements to postpetition interest for any Holders of 2016 Note Claims shall be as determined by the Bankruptcy Court. If the Bankruptcy Court determines that holders of such claims are entitled to postpetition interest, the financing contemplated by the Plan would allow for the payment of such interest based upon estimates that have been provided by the Debtors.

[9] The Plan does not provide for payment of postpetition interest with respect to 2009 Note Claims. Any entitlements to postpetition interest for any Holders of 2009 Note Claims shall be as determined by the Bankruptcy Court. If the Bankruptcy Court determines that holders of such claims are entitled to postpetition interest, the financing contemplated by the Plan would allow for the payment of such interest based upon estimates that have been provided by the Debtors.

of $151.3 million. Each holder of an allowed 2026 Note Claim shall receive, in full and final satisfaction of such claim, payment in full, in cash.[10]

Voting Rights: Unimpaired and Deemed to Accept
Estimated Claim Amount: $151.3 million
Estimated Percentage Recovery: 100%

- *General Unsecured Claims*

General Unsecured Claims Against Chemtura: On or as soon as practicable after the Effective Date, each holder of an allowed general unsecured claim that is not an Unsecured Lender Claim, a 2016 Note Claim, a 2009 Note Claim, a 2026 Note Claim, an Intercompany Claim (defined below), a Diacetyl Claim (defined below), an Environmental Claim (defined below) or an Other Litigation Claim (defined below) (a "**General Unsecured Claim**") against Chemtura: (a) shall receive, in full and final satisfaction of such claim, payment in full, in cash; or (b) shall otherwise be left unimpaired, unless the holder and the applicable Debtor (with the consent of the Equity Committee and the Commitment Parties, which consent shall not be unreasonably withheld) otherwise agree to a different treatment.[11]

Voting Rights: Unimpaired and Deemed to Accept
Estimated Claim Amount: $[REDACTED]
Estimated Percentage Recovery: 100%

General Unsecured Claims Against Subsidiary Debtors: On or as soon as practicable after the Effective Date, each holder of an allowed General Unsecured Claim against a Subsidiary Debtor: (a) shall receive, in full and final satisfaction of such claim, payment in full, in cash; or (b) shall otherwise be left unimpaired, unless the holder and the applicable Debtor (with the consent of the Equity Committee and the Commitment Parties, which consent shall not be

[10] The Plan does not provide for payment of postpetition interest with respect to 2026 Note Claims. Any entitlements to postpetition interest for any Holders of 2026 Note Claims shall be as determined by the Bankruptcy Court. If the Bankruptcy Court determines that holders of such claims are entitled to postpetition interest, the financing contemplated by the Plan would allow for the payment of such interest based upon estimates that have been provided by the Debtors.

[11] The Plan does not provide for payment of postpetition interest with respect to General Unsecured Claims. Any entitlements to postpetition interest for any Holders of General Unsecured Claims shall be as determined by the Bankruptcy Court. If the Bankruptcy Court determines that holders of such claims are entitled to postpetition interest, the financing contemplated by the Plan would allow for the payment of such interest based upon estimates that have been provided by the Debtors.

	unreasonably withheld) otherwise agree to a different treatment.[12] Voting Rights: Unimpaired and Deemed to Accept Estimated Claim Amount: $[REDACTED] Estimated Percentage Recovery for all Subsidiary Debtors: 100%
• *Diacetyl, Environmental and Other Litigation Claims*	Claims resulting from alleged exposure to diacetyl or acetoin (collectively, the "**Diacetyl Claims**"), prepetition environmental claims ("**Environmental Claims**") and prepetition litigation claims other than Diacetyl Claims, Environmental Claims and prepetition litigation claims that are subject to a final, non-appealable order of a court of competent jurisdiction ("**Other Litigation Claims**") will be reinstated and rendered unimpaired in accordance with section 1124 of the Bankruptcy Code. All Diacetyl Claims, Environmental Claims and Other Litigation Claims shall be litigated on the merits in the District Court for the Southern District of New York following the Effective Date. Voting Rights: Unimpaired and Deemed to Accept
• *Intercompany Claims*	The plan supplement compiling the documents and forms of documents, schedules and exhibits to the Plan to be filed by the Debtors (the "**Plan Supplement**") will set forth the final treatment of claims between (a) a Debtor and another Debtor or (b) a Debtor and a non-Debtor affiliate (each, an "**Intercompany Claim**"), which shall, at the Debtors' option (with the consent of the Equity Committee and the Commitment Parties, which consent shall not be unreasonably withheld), either (a) be reinstated, (b) remain in place subject to certain revised documentation, (c) be modified or cancelled as of the Effective Date, or (d) with respect to certain intercompany claims in respect of goods, services, interest and other amounts that would have been satisfied in cash directly or indirectly in the ordinary course of business had they not been outstanding as of the Petition Date, may be settled in cash in an amount not to exceed $25 million.

[12] The Plan does not provide for payment of postpetition interest with respect to General Unsecured Claims. Any entitlements to postpetition interest for any Holders of General Unsecured Claims shall be as determined by the Bankruptcy Court. If the Bankruptcy Court determines that holders of such claims are entitled to postpetition interest, the financing contemplated by the Plan would allow for the payment of such interest based upon estimates that have been provided by the Debtors.

	Voting Rights: Deemed to Accept because holders of Intercompany Claims are all either Plan proponents or affiliates of Plan proponents
Equity Interests in Chemtura:	All existing stock of Chemtura will be cancelled on the Effective Date and each holder of an equity interest in Chemtura shall receive, in full and final satisfaction of such equity interest, on the Effective Date: (a) for each share of stock of Chemtura held of record by such holder, one share of Class A Common Stock; and (b) such holder's pro rata share of the rights to participate in the Rights Offering. The Rights Offering will be offered to holders of Chemtura's existing common stock as of the rights offering distribution date ("Eligible Holders") and shall be conducted according to procedures reasonably acceptable to the Debtors, the Equity Committee and the Commitment Parties. Each Eligible Holder will be granted non-transferable subscription rights to purchase up to such holder's pro rata share of 232.7 million shares of Class A Common Stock at a price equal to $1.01 per share. The number of shares of Class A Common Stock for which any Eligible Holder may subscribe in the Rights Offering may be decreased in the event of a Section 1145 Cutback. Such rights will be non-transferable except in connection with a transfer of the shares of Chemtura stock to which such rights attach. Voting Rights: Impaired and Entitled to Vote
Equity Interests in Debtors Other than Chemtura:	At the option of the Debtors, with the consent of the Equity Committee and the Commitment Parties, which consent shall not be unreasonably withheld, all existing stock of the Subsidiary Debtors will either remain outstanding on and after the Effective Date or will be cancelled on the Effective Date. Voting Rights: Deemed to Accept because all class members are Plan proponents

III. Other Features of the Restructuring / Key Assumptions Regarding Claim Amounts

Foreign and U.S. Qualified Pension Obligations:	The Plan shall provide for the Debtors' U.S. qualified pension obligations and foreign pension obligations of the Debtors, if any, to pass through the chapter 11 cases and to be reinstated upon the Effective Date. The Plan shall not provide for any cash contribution to be made on the Effective Date to the

	Debtors' U.S. pension plans.
"No-Call" Penalties	The Plan shall not provide for any payment for claims arising from or relating to any "no-call" penalties in respect of the 2026 Notes.
Subordinated Claims:	All asserted claims subject to subordination under section 510(b) of the Bankruptcy Code have been settled using insurance proceeds, with no resulting claims against the Debtors' estates.
Settlements	Any settlements of foreign and U.S. pension claims, Diacetyl Claims, Environmental Claims, Other Litigation Claims and/or claims relating to make-whole premiums, prepayment penalties or no-call penalties must be approved by the Equity Committee and the Commitment Parties.

IV. Other Features of the Plan and Means for Implementation

Vesting of Assets:	On the Effective Date, pursuant to sections 1141(b) and (c) of the Bankruptcy Code, all operating assets of the Debtors' estates shall vest in the Reorganized Debtors free and clear of all claims, liens, encumbrances, charges and other interests.
Emergence Incentive Plan:	The board of directors of Reorganized Chemtura shall approve an equity compensation program on account of awards earned under the Bankruptcy Court's Order (A) Approving the Debtors' Key Employee Incentive Plan and (B) Authorizing the Debtors to Honor Certain Prepetition Bonus Programs (Docket No. 847) and Order Approving the Debtors' 2010 Key Employee Incentive Plan (Docket No. 2707). In addition, certain Class A Common Stock shall be reserved for issuance under a long-term incentive plan that will become effective upon the Effective Date, pursuant to new management contracts that will be adopted and become effective upon the Effective Date and pursuant to future incentive programs that may be approved by the board of directors of Reorganized Chemtura following the Effective Date. The terms of the incentive plan and new management contracts that will be effective upon the Effective Date shall be set forth in the Plan Supplement and shall be consistent with such agreements regarding compensation as may be reached among the Debtors, the Equity Committee and the Commitment Parties, which agreements shall be set forth in the Plan Supplement
Organizational Documents:	The Reorganized Debtors will adopt revised by-laws and revised certificates of incorporation, forms of which shall be

	included in the Plan Supplement and will be subject to the consent of the Equity Committee and the Commitment Parties, which consent shall not be unreasonably withheld. Subject to the consent of the Equity Committee and the Commitment Parties, which consent shall not be unreasonably withheld, the certificate of incorporation for Chemtura may include certain trading restrictions designed to protect Chemtura's tax attributes.
Discharge and Injunction:	Except as otherwise provided and effective as of the Effective Date: (a) the rights afforded in the Plan and the treatment of all claims and interests shall be in exchange for and in complete satisfaction, discharge and release of all claims and interests of any nature whatsoever, including any interest accrued on such claims from and after the Petition Date, against the Debtors or any of their assets, property or estates; (b) the Plan shall bind all holders of claims and interests, notwithstanding whether any such holders failed to vote to accept or reject the Plan or voted to reject the Plan; (c) all claims and interests shall be satisfied, discharged and released in full, and the Debtors' liability with respect thereto shall be extinguished completely, including any liability of the kind specified under section 502(g) of the Bankruptcy Code; and (d) all entities shall be precluded from asserting against the Debtors, the Debtors' estates, the Reorganized Debtors, their successors and assigns and their assets and properties any other claims or interests based upon any documents, instruments or any act or omission, transaction or other activity of any kind or nature that occurred prior to the Effective Date. From and after the Effective Date, all entities will be permanently enjoined from commencing or continuing in any manner any cause of action released pursuant to the Plan or the confirmation order.
Releases and Exculpation:	In consideration of the discharge of debt and all other good and valuable consideration paid pursuant to the Plan and the services of the Debtors' present and former officers and directors in facilitating the expeditious implementation of the Restructuring contemplated by the Plan, the Debtors, the Equity Committee and the Commitment Parties (each, an "**Exculpated Party**") and each of their respective members, officers, directors, agents, financial advisors, accountants, investment bankers, consultants, attorneys, employees, partners, affiliates and representatives, in each case, only in their capacity as such (each a "**Releasing Party**" and collectively, the "**Debtor Releasees**"), shall release all other

	Releasing Parties from any and all claims, rights and causes of action, whether known or unknown, whether for tort, fraud, contract, violations of federal or state securities laws, or otherwise, arising from or related in any way to the Debtors, including those that any of the Debtors or the Reorganized Debtors would have been legally entitled to assert in their own right (whether individually or collectively) or that any holder of a claim or equity interest or other entity, including the holders of claims and equity interests, would have been legally entitled to assert on behalf of any of the Debtors or any of their estates, and further including those in any way related to the chapter 11 cases or the Plan to the fullest extent of the law; provided, however, that the foregoing "**Debtor Release**" shall not operate to waive or release any Releasing Party from any causes of action expressly set forth in and preserved by the Plan, any Plan Supplement or related documents; provided, further, that the foregoing release shall not operate to waive or release any Releasing Party from any claims, rights and causes of action arising out of or relating to any act or omission of a Releasing Party that constitutes gross negligence, willful misconduct or fraud. The Plan shall include a full exculpation from liability, except for gross negligence, willful misconduct or fraud, in favor of the Debtors, the Reorganized Debtors, the, Equity Committee and the Commitment Parties and all of their respective current and former officers, directors, members, employees, advisors, attorneys, professionals, accountants, investment bankers, financial advisors, consultants, agents, affiliates or other representatives (including their respective officers, directors, employees, members and professionals), in each case, only in their capacity as such, from any claims and causes of action arising on or after the Petition Date, including any act taken or omitted to be taken in connection with, or related to, formulating, negotiating, preparing, disseminating, implementing, administering, confirming or consummating the Plan, the Disclosure Statement or any contract, instrument, release, or other agreement or document created or entered into in connection with the Plan or any other postpetition act taken or omitted to be taken in connection with or in contemplation of the restructuring of the Debtors.
Indemnification:	Except as otherwise provided in the Plan, all indemnification provisions currently in place (whether in the by-laws, certificates of incorporation, articles of limited partnership, board resolutions, contracts or otherwise) for the directors, officers, employees, attorneys, other professionals and agents

	of the Debtors as of the Petition Date and such directors' and officers' respective affiliates shall be reinstated (or assumed, as the case may be) and shall survive effectiveness of the Plan.
Director and Officer Liability Policy:	The Reorganized Debtors will obtain reasonably sufficient tail coverage under a directors and officers' liability insurance policy for the current and former directors and officers for a period of five years to be determined. As of the Effective Date, the Debtors will assume their current director and officer liability insurance policy pursuant to section 365(a) of the Bankruptcy Code to the extent such policy is an executory contract. The Plan Supplement shall set forth the terms of the directors and officers' liability insurance policies.
Other Key Proposed Plan Provisions:	• **Cancellation of Notes, Instruments, Certificates and Other Documents:** On the Effective Date, except to the extent otherwise provided, all notes, instruments, certificates and other documents evidencing claims or interests shall be cancelled and the obligations of the Debtors or Reorganized Debtors and their affiliates thereunder or in any way related thereto shall be discharged. • **Registration Rights:** The Commitment Parties will be entitled to registration rights in connection with the shares of Class B Common Stock and the New Warrants purchased by the Committed Parties in the Equity Offering, as well as the shares of Class B Common Stock issuable upon exercise of the New Warrants, in each case to the extent provided in the Purchase Commitment Term Sheets. • **Issuance of New Securities; Execution of Plan Documents:** On the Effective Date or as soon as reasonably practicable thereafter, the Reorganized Debtors shall issue all securities, notes, instruments, certificates and other documents required to be issued pursuant to the Plan. • **Executory Contracts and Unexpired Leases:** The Plan shall provide for the assumption or rejection, as the case may be, of executory contracts and unexpired leases. • **Avoidance Actions and Other Claims of the Estates:** The Reorganized Debtors shall retain all rights to commence and pursue any causes of action.

- **Resolution of Disputed Claims:** The Plan shall provide customary terms for the resolution of disputed claims and any reserves therefor.

- **Retention of Jurisdiction:** The Plan shall provide for the customary retention of jurisdiction by the Bankruptcy Court for resolution of claims and certain other purposes.

- **Indenture Trustee Fees:** As and under the terms required by the 2009 Notes, 2016 Notes and 2026 Notes and the applicable indentures and related documents, the Plan shall provide for the cash payment of the reasonable fees and expenses of the indenture trustees under the 2009 Notes, 2016 Notes and 2026 Notes.

- **Conditions to Confirmation and Consummation:** The Plan shall provide for the following conditions precedent to confirmation of the Plan that must be satisfied or waived by the Debtors with the consent of the Equity Committee and the Commitment Parties, which consent shall not be unreasonably withheld: (a) the Bankruptcy Court shall have entered a final order, in form and substance acceptable to the Debtors, the Equity Committee and the Commitment Parties approving the Disclosure Statement with respect to the Plan as containing adequate information within the meaning of section 1125 of the Bankruptcy Code; (b) all of the schedules, documents, supplements and exhibits to the Plan shall have been filed in form and substance acceptable to the Debtors, the Equity Committee and the Commitment Parties; and (c) the proposed Confirmation Order shall be in form and substance acceptable to the Debtors, the Equity Committee and the Commitment Parties and shall include a finding by the Bankruptcy Court that the securities to be issued on the Effective Date (other than the securities issued to the Commitment Parties in the Equity Offering and the Supplemental Equity Offering) will be authorized and exempt from registration under applicable securities law pursuant to section 1145 of the Bankruptcy Code.

  The following are conditions precedent to consummation of the Plan that must be satisfied or waived by the Debtors, the Equity Committee, and the Commitment Parties: (a) the Bankruptcy Court shall have entered one or more Final Orders (which may include the Confirmation Order) authorizing the assumption and

rejection of executory contracts and unexpired leases by the Debtors as contemplated in the Plan; (b) the indentures, agreements and other documents and instruments evidencing the Exit Financing shall have been executed and delivered by all of the entities that are parties thereto, and all conditions precedent to the consummation thereof shall have been satisfied in accordance with the terms thereof or, to the extent permitted by applicable law, waived by the Debtors with the consent of the Equity Committee and the Commitment Parties, which consent shall not be unreasonably withheld, and funding of the Exit Financing shall have occurred; (c) the Confirmation Order shall have become a Final Order in form and substance acceptable to the Debtors, the Equity Committee and the Commitment Parties; (d) all of the schedules, documents, supplements and exhibits to the Plan shall have been filed in form and substance acceptable to the Debtors, the Equity Committee and the Commitment Parties; (e) the board of directors of Reorganized Chemtura shall be reconstituted in a manner mutually acceptable to the Debtors, the Equity Committee and the Commitment Parties; (f) the Debtors shall have received the funds contemplated by the Equity Offering and the Commitment Parties shall have fulfilled all of their respective obligations thereunder; and (g) the Effective Date shall occur on or before November 30, 2010.

Exhibit A to Proposed Plan Term Sheet

Purchase Commitment Term Sheets

CONFIDENTIAL TERM SHEET
PURCHASE COMMITMENT

Per this term sheet, the contemplated transactions will provide $470.0 million in cash equity, fully backstopped, to pay creditors of Chemtura Corporation (the "Company").

Plan	Company's Plan of Reorganization, of which the Equity Offerings (as defined below) are a part. The Plan of Reorganization contemplated and funded herein will satisfy all creditor claims in CASH in FULL or reinstate certain claims.
Rights Offering	Up to 232.7 million shares of Class A Common Stock at a subscription price of $1.01 per share, or up to $235.0 million[1] in aggregate. Rights Offering for existing common equity holders will be structured to avail of exemption from Securities Act registration under Section 1145 of the Bankruptcy Code.
Equity Backstop	Commitment parties (including the Commitment Party) will commit to purchase Class B Common Stock in an aggregate liquidation preference of $470.0 million ("Equity Backstop"). Class B Common Stock acquired by the commitment parties will be equal to the Equity Backstop *minus* the gross proceeds from the Rights Offering so that aggregate Class A Common Stock and Class B Common Stock equity proceeds will be no less than $470.0 million. Class B Common Stock and the Warrants described below will be offered and sold to the Commitment Parties in a private placement exempt from Securities Act registration under Section 4(2) thereof.

[1] Size of Rights Offering will be maximized based on Section 1145 considerations, among other factors, but in any event not to exceed $235 million in the aggregate.

Commitment Party and Purchase Commitment	Canyon Capital Advisors LLC Commitment Party, severally but not jointly with the other commitment party, will commit to purchase $345.0 million of equity (the "Purchase Commitment"). Other commitment party, severally but not jointly with the Commitment Party, will commit to purchase in aggregate $125.0 million of equity.
Terms of Class B Common Stock	Class B Common Stock will provide for marketable terms, incl. following: - Convertible to Class A Common Stock on a share-for-share basis. - Perpetual, subject to conversion right. - Initial Purchase Price per Share of Class B Common Stock/Liquidation Preference Amount: $1.01. - Liquidation Preference: Upon liquidation, dissolution or winding-up of the Company, subject to the payment or provision for payment of the debts and other liabilities of the Company, each share of Class B Common Stock will receive out of the Company's assets available for distribution an amount equal to the Liquidation Preference Amount before any distribution is made to the holders of the Class A Common Stock. - Ranking: Class B Common Stock will rank senior in liquidation to the Class A Common Stock and the Company's other capital stock. Except with respect to Liquidation Preference and Voting Rights (see below), the Class B Common Stock will have the same rights, entitlements and preferences as the Class A Common Stock. - Voting Rights: Class A and Class B Common Stock will vote as one class on all matters. Each share of Class B Common Stock shall be

	entitled to one vote. - No mandatory conversion or conversion at Company's option. - Anti-dilution protection. The number of share of Class A Common Stock into which a share of Class B Common Stock is convertible will be adjusted in the event of any stock split of stock dividend relating to the Class B Common Stock, which does not also relate to Class A Common Stock in a pro rata manner, or *vice versa*.
Supplemental Class B Common Stock Offering	In the event, and to the extent, of cut backs in the purchases of commitment parties in the Equity Backstop as a result of participation in the Rights Offering, the commitment parties shall have the right (but not the obligation) to purchase additional shares of Class B Common Stock in an aggregate amount of up to $235.0 million at a per share price of $1.01, *pro rata* based upon their purchase commitments; proceeds from Supplemental Class B Common Stock Offering shall be used to reduce the funded debt requirement under the Plan. Supplemental Class B Common Stock Offering will be offered in a private placement exempt from Securities Act registration under Section 4(2) thereof.
Use of Equity Funding	Proceeds from Rights Offering, Equity Backstop and Supplemental Class B Common Stock Offering (collectively, the "Equity Offerings") to pay creditor claims as set forth in the Plan. Together with funded debt and $165.0 million of the Company's cash, proceeds from Equity Offerings can satisfy ALL creditor claims that are not passed through or reinstated.
Issuance Date of Shares	Plan Effective Date.
Commitment Period	90 days from date of definitive agreement, as

	required to confirm Plan.
Documentation for Purchase Commitment	Purchase Agreement to be executed by the Commitment Party, the Company and any other relevant parties.
MFN	No other commitment party or other person shall make an equity investment (incl. convertible instruments) in the Company on or prior to the Plan Effective Date on terms more favorable than those received by the Commitment Party.
Certain Covenants and Agreements of the Company in Purchase Agreement	Seek order approving Purchase Agreement (incl. Warrants (see below)). Non-solicitation, subject to fiduciary out for Competing Transactions. Prompt notice of Competing Transactions. Waiver of any ownership limitations; any other facilitation or cooperation as required or reasonably requested. Approval from the Commitment Party for any cash used to settle Pass-Through Claims.[2] On or prior to the Plan Effective Date, Company will not issue equity securities (incl. convertible instruments) other than pursuant to the Plan, subject to fiduciary out for Competing Transactions. Clear market for 180 days from Plan Effective Date, subject to customary exceptions to be mutually agreed. Other customary covenants to be mutually agreed.
Certain Conditions Precedent of the Commitment Party's Purchase Obligations in Purchase Agreement	Order approving Purchase Agreement (incl. Warrants) becomes a Final Order.

[2] Including but not limited to US and UK Pensions, Diacetyl, other Litigation and Environmental Claims.

	Confirmation of Plan. Rights Offering and rest of Equity Offerings have been conducted and consummated. Equity Backstop obligations (other than the Purchase Commitment) fully satisfied. $1.3 billion debt financing (consisting of $800 million of new debt financing and the reinstatement of $500 million in principal amount of 6.875% unsecured notes due 2016) contemplated in the Plan is consummated; provided, however, that if the court denies the reinstatement of the 2016 Notes, such new debt financing shall be $1.3 billion. Company has at least $124.8 million in cash after creditor payments under the Plan. Entry into Registration Rights Agreement as described below. Confirmation of due diligence; comfort letters, legal opinions, officers certificates and other customary or appropriate closing documents. Representations and warranties remain accurate in all material respects, no material breaches and satisfaction of all material covenants and agreements. HSR and any other required approvals obtained. No legal impediment. No MAC, incl. following: - 10% or more off EBITDA or net debt in Company's Long Range Plan (4/2010 version). - Any material business relationship, incl. with customers or suppliers, terminated or modified in any material respect. - Material uncured default on any DIP

	financing. - Creditor forecloses on any material assets.
Step-in	Commitment Party has right, but not obligation, to step in and take up all or part of the defaulting commitment party's purchase obligation and succeed to all rights of the defaulting commitment party.
Certain Termination Provisions in Purchase Agreement	Terminable by the Commitment Party as to itself in the event: Representation or warranty untrue in any material respect, material breach by Company, failure of a condition to the Commitment Party's obligations, or any condition being incapable of fulfillment. Approval motion is not filed within 5 business days of the date of the Purchase Agreement. Order approving Purchase Agreement (incl. Warrants) is not obtained within 35 days of the date of execution of the Purchase Agreement. Plan is denied or Plan Effective Date does not occur prior to the end of the Commitment Period. Company withdraws the Approval Motion. Company publicly announces its support of a Competing Transaction. Material uncured default on DIP financing. Creditor forecloses on any material assets.
Warrants	7-year Warrants will be issued to the Commitment Party on a 1:3 basis with the shares of Class B Common Stock underlying its pro rata share of the Equity Backstop (i.e., Warrants for 113.9 million shares of Class B Common Stock); each Warrant will entitle the holder to subscribe for one share of Class B

	Common Stock at an exercise price of $1.01; the Warrants shall be awarded on approval of the Purchase Agreement and issued upon the effective date of the Plan or any other plan (provided such Commitment Party has not terminated its commitment prior to the effective date based on a material adverse change or the Commitment Party has defaulted); issuance shall be irrevocable; Warrants will contain a net share settlement feature (in whole or in part, at the election of the holder).
Fees	Upfront fee (cash only) of 3% of Equity Backstop ($14.1 million) payable to the commitment parties upon the effective date of the Plan (provided such Commitment Party has not terminated its commitment prior to the effective date based on a material adverse change or the Commitment Party has defaulted). Termination fee (cash only), subject to Bankruptcy Court approval, of 3% of Equity Backstop ($14.1 million) payable to the commitment parties in the event that the Company consummates a Competing Transaction. For the avoidance of doubt, under no circumstances will the Commitment Party be entitled to receive both an upfront fee and a termination fee.
Costs and Expenses	Reasonable out-of-pockets costs and expenses of the Commitment Party (including reasonable legal and advisory fees) will be reimbursed as incurred.
Listing	The Company will use its commercially reasonable best efforts to list the Class A Common Stock, the Class B Common Stock and the Warrants on a national securities exchange, with an initial goal of listing on the New York Stock Exchange or NASDAQ as of the Plan Effective Date.

Registration Rights Agreement	Shares of Class A Common Stock and Class B Common Stock and Warrants of the Commitment Party (including Class B Common Stock issuable upon exercise of Warrants and Class A Common Stock issuable upon conversion of the Class B Common Stock) will be registered for resale pursuant to a Registration Rights Agreement on terms to be mutually agreed. Demand rights for underwritten offerings (first priority *pro rata* only with the other commitment party) and piggyback registration rights (first priority *pro rata* only with the other commitment party) until securities may be sold freely, subject to primary offerings by the Company to reduce funded debt.

CONFIDENTIAL TERM SHEET
PURCHASE COMMITMENT

Per this term sheet, the contemplated transactions will provide $470.0 million in cash equity, fully backstopped, to pay creditors of Chemtura Corporation (the "Company").

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Equity Backstop	Commitment parties (including the Commitment Party) will commit to purchase Class B Common Stock in an aggregate liquidation preference of $470.0 million ("Equity Backstop"). Class B Common Stock acquired by the commitment parties will be equal to the Equity Backstop *minus* the gross proceeds from the Rights Offering so that aggregate Class A Common Stock and Class B Common Stock equity proceeds will be no less than $470.0 million. Class B Common Stock and the Warrants described below will be offered and sold to the Commitment Parties in a private placement exempt from Securities Act registration under Section 4(2) thereof.
Commitment Party and Purchase	Strategic Value Master Fund, Ltd. or Strategic

[1] Size of Rights Offering will be maximized based on Section 1145 considerations, among other factors, but in any event not to exceed $235 million in the aggregate.

Commitment	Value Special Situations Master Fund, LP or any designee Commitment Party, severally but not jointly with the other commitment party, will commit to purchase $125.0 million of equity (the "Purchase Commitment"). Other commitment party, severally but not jointly with the Commitment Party, will commit to purchase in aggregate $345.0 million of equity.
Terms of Class B Common Stock	Class B Common Stock will provide for marketable terms, incl. following: - Convertible to Class A Common Stock on a share-for-share basis. - Perpetual, subject to conversion right. - Initial Purchase Price per Share of Class B Common Stock/Liquidation Preference Amount: $1.01. - Liquidation Preference: Upon liquidation, dissolution or winding-up of the Company, subject to the payment or provision for payment of the debts and other liabilities of the Company, each share of Class B Common Stock will receive out of the Company's assets available for distribution an amount equal to the Liquidation Preference Amount before any distribution is made to the holders of the Class A Common Stock. - Ranking: Class B Common Stock will rank senior in liquidation to the Class A Common Stock and the Company's other capital stock. Except with respect to Liquidation Preference and Voting Rights (see below), the Class B Common Stock will have the same rights, entitlements and preferences as the Class A Common Stock. - Voting Rights: Class A and Class B Common Stock will vote as one class on all matters. Each share of Class B Common Stock shall be

	entitled to one vote. - No mandatory conversion or conversion at Company's option. - Anti-dilution protection. The number of share of Class A Common Stock into which a share of Class B Common Stock is convertible will be adjusted in the event of any stock split of stock dividend relating to the Class B Common Stock, which does not also relate to Class A Common Stock in a pro rata manner, or *vice versa.*
Supplemental Class B Common Stock Offering	In the event, and to the extent, of cut backs in the purchases of commitment parties in the Equity Backstop as a result of participation in the Rights Offering, the commitment parties shall have the right (but not the obligation) to purchase additional shares of Class B Common Stock in an aggregate amount of up to $235.0 million at a per share price of $1.01, *pro rata* based upon their purchase commitments; proceeds from Supplemental Class B Common Stock Offering shall be used to reduce the funded debt requirement under the Plan. Supplemental Class B Common Stock Offering will be offered in a private placement exempt from Securities Act registration under Section 4(2) thereof.
Use of Equity Funding	Proceeds from Rights Offering, Equity Backstop and Supplemental Class B Common Stock Offering (collectively, the "Equity Offerings") to pay creditor claims as set forth in the Plan. Together with funded debt and $165.0 million of the Company's cash, proceeds from Equity Offerings can satisfy ALL creditor claims that are not passed through or reinstated.
Issuance Date of Shares	Plan Effective Date.
Commitment Period	90 days from date of definitive agreement, as

	required to confirm Plan.
Documentation for Purchase Commitment	Purchase Agreement to be executed by the Commitment Party, the Company and any other relevant parties.
MFN	No other commitment party or other person shall make an equity investment (incl. convertible instruments) in the Company on or prior to the Plan Effective Date on terms more favorable than those received by the Commitment Party.
Certain Covenants and Agreements of the Company in Purchase Agreement	Seek order approving Purchase Agreement (incl. Warrants (see below)). Non-solicitation, subject to fiduciary out for Competing Transactions. Prompt notice of Competing Transactions. Waiver of any ownership limitations; any other facilitation or cooperation as required or reasonably requested. Approval from the Commitment Party for any cash used to settle Pass-Through Claims.[2] On or prior to the Plan Effective Date, Company will not issue equity securities (incl. convertible instruments) other than pursuant to the Plan, subject to fiduciary out for Competing Transactions. Clear market for 180 days from Plan Effective Date, subject to customary exceptions to be mutually agreed. Other customary covenants to be mutually agreed.
Certain Conditions Precedent of the Commitment Party's Purchase Obligations in Purchase Agreement	Order approving Purchase Agreement (incl. Warrants) becomes a Final Order.

[2] Including but not limited to US and UK Pensions, Diacetyl, other Litigation and Environmental Claims.

	Confirmation of Plan. Rights Offering and rest of Equity Offerings have been conducted and consummated. Equity Backstop obligations (other than the Purchase Commitment) fully satisfied. $1.3 billion debt financing (consisting of $800 million of new debt financing and the reinstatement of $500 million in principal amount of 6.875% unsecured notes due 2016) contemplated in the Plan is consummated; provided, however, that if the court denies the reinstatement of the 2016 Notes, such new debt financing shall be $1.3 billion. Company has at least $124.8 million in cash after creditor payments under the Plan. Entry into Registration Rights Agreement as described below. Confirmation of due diligence; comfort letters, legal opinions, officers certificates and other customary or appropriate closing documents. Representations and warranties remain accurate in all material respects, no material breaches and satisfaction of all material covenants and agreements. HSR and any other required approvals obtained. No legal impediment. No MAC, incl. following: - 10% or more off EBITDA or net debt in Company's Long Range Plan (4/2010 version). - Any material business relationship, incl. with customers or suppliers, terminated or modified in any material respect. - Material uncured default on any DIP

	financing. - Creditor forecloses on any material assets.
Step-in	Commitment Party has right, but not obligation, to step in and take up all or part of the defaulting commitment party's purchase obligation and succeed to all rights of the defaulting commitment party.
Certain Termination Provisions in Purchase Agreement	Terminable by the Commitment Party as to itself in the event: Representation or warranty untrue in any material respect, material breach by Company, failure of a condition to the Commitment Party's obligations, or any condition being incapable of fulfillment. Approval motion is not filed within 5 business days of the date of the Purchase Agreement. Order approving Purchase Agreement (incl. Warrants) is not obtained within 35 days of the date of execution of the Purchase Agreement. Plan is denied or Plan Effective Date does not occur prior to the end of the Commitment Period. Company withdraws the Approval Motion. Company publicly announces its support of a Competing Transaction. Material uncured default on DIP financing. Creditor forecloses on any material assets.
Warrants	7-year Warrants will be issued to the Commitment Party on a 1:3 basis with the shares of Class B Common Stock underlying its pro rata share of the Equity Backstop (i.e., Warrants for 41.3 million shares of Class B Common Stock); each Warrant will entitle the holder to subscribe for one share of Class B

	Common Stock at an exercise price of $1.01; the Warrants shall be awarded on approval of the Purchase Agreement and issued upon the effective date of the Plan or any other plan (provided such Commitment Party has not terminated its commitment prior to the effective date based on a material adverse change or the Commitment Party has defaulted); issuance shall be irrevocable; Warrants will contain a net share settlement feature (in whole or in part, at the election of the holder).
Fees	Upfront fee (cash only) of 3% of Equity Backstop ($14.1 million) payable to the commitment parties upon the effective date of the Plan (provided such Commitment Party has not terminated its commitment prior to the effective date based on a material adverse change or the Commitment Party has defaulted). Termination fee (cash only), subject to Bankruptcy Court approval, of 3% of Equity Backstop ($14.1 million) payable to the commitment parties in the event that the Company consummates a Competing Transaction. For the avoidance of doubt, under no circumstances will the Commitment Party be entitled to receive both an upfront fee and a termination fee.
Costs and Expenses	Reasonable out-of-pockets costs and expenses of the Commitment Party (including reasonable legal and advisory fees) will be reimbursed as incurred.
Listing	The Company will use its commercially reasonable best efforts to list the Class A Common Stock, the Class B Common Stock and the Warrants on a national securities exchange, with an initial goal of listing on the New York Stock Exchange or NASDAQ as of the Plan Effective Date.

Registration Rights Agreement	Shares of Class A Common Stock and Class B Common Stock and Warrants of the Commitment Party (including Class B Common Stock issuable upon exercise of Warrants and Class A Common Stock issuable upon conversion of the Class B Common Stock) will be registered for resale pursuant to a Registration Rights Agreement on terms to be mutually agreed. Demand rights for underwritten offerings (first priority *pro rata* only with the other commitment party) and piggyback registration rights (first priority *pro rata* only with the other commitment party) until securities may be sold freely, subject to primary offerings by the Company to reduce funded debt.

Exhibit C

Highly Confident Letter from UBS Securities LLC

UBS Investment Bank

UBS Securities LLC
555 California Street, 36th Floor
San Francisco, CA 94104

www.ubs.com

UBS SECURITIES LLC
299 Park Avenue
New York, New York 10171

June 23, 2010

Official Committee of Equity Security Holders of Chemtura Corporation
c/o Jay M. Goffman
Skadden, Arps, Slate, Meagher & Flom LLP
Four Times Square
New York, New York 10036

Attn: Strategic Value Master Fund, Ltd., Chairperson

Highly Confident Letter

Ladies and Gentlemen:

The Official Committee of Equity Security Holders ("you") appointed in the Chapter 11 cases (the "Bankruptcy Cases") of Chemtura Corporation and its affiliated debtors and debtors-in-possession (collectively, the "Company") has advised UBS Securities LLC ("UBSS", "us" or "we") that the Company will require exit financing in connection with a plan of reorganization (the "Plan") in the Bankruptcy Cases. All references to "dollars" or "$" in this letter are references to United States dollars. All references to the Company herein shall be deemed to include the Company, its affiliates and its subsidiaries.

We understand that in order for the Company to emerge from its Bankruptcy Cases, the Company will need exit financing to pay (i) claims under the debtor-in-possession financing facility, (ii) administrative expenses (including professional fees) and priority claims, (iii) secured and unsecured claims under the Company's prepetition credit facility, (iv) other secured claims, (v) other unsecured claims, including trade claims and claims with respect to the Company's unsecured notes and debentures, and (vi) accrued interest (to the extent holders are so entitled), fees, commissions and expenses in connection therewith, and other emergence-related payments. Further, we understand that you are evaluating a post-emergence capital structure of the Company that would include (i) new senior secured notes in an aggregate principal amount of (x) $1,300 million, minus (y) the amount (if any) of the Company's existing 2016 notes that are reinstated pursuant to the Plan (the "Reinstated Debt"), (ii) $250 million of undrawn availability under a new asset based lending (ABL) facility (clauses (i) and (ii), collectively, the "Debt Financing"), (iii) cash equity of no less than $470 million plus any additional amounts required to satisfy environmental claims, diacetyl claims, non-diacetyl pending litigation claims, and certain other claims that are settled by the Debtors and payable at emergence, and (iv) adequate reserves for environmental claims, diacetyl claims and non-diacetyl pending litigation claims that are not satisfied in connection with the Bankruptcy Cases. In addition to the foregoing, you have advised that the Company will have $165 million of available cash to satisfy claims at emergence. You have further advised that no other financing will be required for the uses described above.

Based upon a review of certain information relating to the Company that has been provided by you and the Company, we are pleased to inform you that, as of the date hereof and subject to the post-emergence capital structure noted above and factors listed below, we are highly confident of our ability to arrange the Debt Financing.

We have assumed that the structure, covenants, terms and conditions of the Debt Financing will be as determined by UBSS and its affiliates in consultation with you and the Company based on (i) market conditions at the time of the syndication, offering or placement of the Debt Financing, (ii) the structure and documentation of the Debt Financing and related transactions, (iii) the plan of reorganization, (iv) the financial prospects of the Company at the time of the Debt Financing, and (v) the terms and conditions of the Reinstated Debt, if any. In addition, our view is based upon the assumption that UBSS' business, financial, legal, tax, environmental, claims and accounting due diligence relating to the Company will be completed and the results thereof up to the closing date will be satisfactory to UBSS.

This letter is not a commitment to lend, or to arrange, underwrite, purchase or place the Debt Financing, and we express no view as to our willingness to hold any portion of the Debt Financing. Our views herein are expressed on the basis of the facts and circumstances that exist on the date hereof and do not take into account any changes that may occur after the date hereof. We are under no obligation to update, revise, or reaffirm statements made in this letter. This letter is solely for use by you. This letter is for your benefit and is not intended to confer any benefits upon any other persons.

[Signature Page Follows]

UBS Securities LLC
555 California Street, 36th Floor
San Francisco, CA 94104

www.ubs.com

We look forward to working with you in connection with the exit financing for the Company.

Very truly yours,

UBS SECURITIES LLC

By: _____
Name: Doug Lane
Title: Managing Director

By: _____
Name: Daniel Paulin.k
Title: Director

Exhibit D

In re TCI 2 Holdings, LLC, Case No. 09-13654 (JHW) (Bankr. D.N.J.)

In re TCI 2 Holdings, LLC, Case No. 09-13654 (JHW) (Bankr. D.N.J.) (Dkt. Nos. 613, 621)

An ad hoc committee of noteholders filed a motion to terminate exclusivity. (Dkt No. 530). Former shareholders and the indenture trustee for a series of notes joined in the ad hoc committee's motion. (Dkt. Nos. 547, 561). Two creditors (Dkt. Nos. 557, 560) and the debtors (Dkt. No. 563) filed responses, arguing that the ad hoc committee had not shown cause for terminating exclusivity. The ad hoc committee, former shareholders and certain creditors filed additional papers supporting the ad hoc committee's motion (Dkt. Nos. 586, 588, 589, 591). After a notice and a hearing held on August 27, 2009, the Court entered an order terminating the debtors' exclusive periods. (Dkt. Nos. 613, 621).

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF NEW JERSEY
Caption in compliance with D.N.J. LBR 9004-2(c)

LOWENSTEIN SANDLER PC
Kenneth A. Rosen (KR 4963)
Jeffrey D. Prol (JP 7454)
65 Livingston Avenue
Roseland, New Jersey 07068
Tel: 973-597-2500
Fax: 973-597-2400

-and-

STROOCK & STROOCK & LAVAN LLP
Kristopher M. Hansen (KH 4679)
Curtis C. Mechling (CM 5957)
Erez E. Gilad (EG 7601)
Sayan Bhattacharyya
180 Maiden Lane
New York, New York 10038
Tel: 212-806-5400
Fax: 212-806-6006

Co-Counsel to Ad Hoc Committee of Holders of 8.5% Senior Secured Notes Due 2015

In re:	Case No.: 09-13654 (JHW)
TCI 2 HOLDINGS, LLC, et al.,	Judge: Judith H. Wizmur
Debtors.	Chapter 11
	Hearing Date: August 27, 2009

**ORDER GRANTING MOTION OF TH OF 8.5%
SENIOR SECURED NOTES DUE 2(THE
DEBTORS' EXCLUSIVE PEI
REORGANIZATION AND SO
(B) ADJOURNING THE HEARING TO APPROVE THE DEBTORS' DISCLOSURE STATEMENT FOR DEBTORS' JOINT PLAN OF REORGANIZATION**

DATED: 8/31/2009

Judith H. Wizmur, Chief Judge
United States Bankruptcy Court

The relief set forth on the following pages, numbered two (2) through three (3), is hereby **ORDERED**.

Upon consideration of the emergency motion dated August 11, 2009 [D.I. 530] (the "Motion") of the ad hoc committee (the "Ad Hoc Committee") of certain holders of the 8.5% Senior Secured Notes Due 2015 issued by Trump Entertainment Resorts Holdings, L.P. and Trump Entertainment Resorts Funding, Inc., seeking entry of an order (a) pursuant to sections 105(a) and 1121(d) of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (the "Bankruptcy Code"), terminating the exclusive periods of the above-captioned debtors and debtors-in-possession (the "Debtors") to file a plan of reorganization and solicit acceptances thereof, respectively (together, the "Exclusive Periods") in connection with the Debtors' chapter 11 cases, and (b) pursuant to sections 105(a) and 1125 of the Bankruptcy Code adjourning the hearing to consider the Debtors' proposed disclosure statement dated August 3, 2009 [D.I. 519] in respect of the Debtors' proposed plan of reorganization dated August 3, 2009 [D.I. 518]; and sufficient notice of the Motion having been given; and the Court having considered the filings in support of and in opposition to the Motion, including the objections to the Motion filed by each of Donald J. Trump [D.I. 557], Beal Bank [D.I. 560] and the Debtors [D.I. 563], and the responses and joinders to the Motion filed by each of U.S. Bank National Association, as Indenture Trustee [D.I. 562], certain former shareholders [D.I. 547, 586], Coastal Marina, LLC and Coastal Development, LLC [D.I. 588] and New Century Investment Partners, L.P. [D.I. 589], and the omnibus reply of the Ad Hoc Committee [D.I. 591]; and for the reasons, findings and conclusions stated on the record at the hearing held before the Court and

incorporated herein; and sufficient cause existing for the Court to grant the relief requested in the Motion;

IT IS ORDERED as follows:

1. Pursuant to 11 U.S.C. §§ 105(a) and 1121(d), the Exclusive Periods are each hereby terminated as of the entry of this Order.

2. This Order is effective immediately upon entry.

UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY

IN THE MATTER OF	)	
	)	Case No.: 09-13654
TCI2 HOLDINGS, LLC,	)	
	)	Camden, New Jersey
Debtor.	)	August 27, 2009
	)	

TRANSCRIPT OF HEARING
BEFORE THE HONORABLE JUDITH H. WIZMUR
UNITED STATES BANKRUPTCY JUDGE

APPEARANCES:

For the Debtors:	CHARLES A. STANZIALE, JR., ESQ. LISA S. BONSALL, ESQUIRE McCarter & English Four Gateway Center 100 Mulberry Street Newark, New Jersey 07102
For the Trustee:	JEFFREY M. SPONDER, ESQUIRE Office of the U.S. Trustee One Newark Center Suite 2100 Newark, New Jersey 07102
For the Ad Hoc Committee:	KRISTOPHER HANSEN, ESQUIRE EREZ GILAD, ESQUIRE CURTIS MECHLING, ESQUIRE JENNIFER ARNETT, ESQUIRE Stroock & Stroock & Lavan, LLP 180 Maiden Lane New York, New York 10038 KENNETH A. ROSEN, ESQUIRE JASON C. DIBATTISTA, ESQUIRE Lowenstein Sandler, P.C. 65 Livingston Avenue Roseland, New Jersey 07068
For TER:	MICHAEL WALSH, ESQUIRE Weil, Gotshal & Manges 767 Fifth Avenue New York, New York 10153

in opposition to the motion to terminate exclusivity? Brief reply, if you choose.

MR. HANSEN: I couldn't be brief, Your Honor, because there's an awful lot to say. So if you have questions, I'm happy to answer them, but rather than -- there's -- there's a lot to respond to. But I think Your Honor's questions were very germane. I think you get it. And if you have questions, I'm happy to respond to them. But otherwise, I won't take -- burden the Court.

THE COURT: That's fine. Appreciate it. Let me take five minutes, and I will issue a decision on the motion, and then we'll go right to the examiner issue.

(Recess)

COURTROOM DEPUTY: All rise.

THE COURT: Please be seated. Let me thank all parties for a very thorough presentation of the issues. Let me, for the record, reflect the basic facts upon which I rely. We understand, of course, that these cases were filed on February 17, 2009. The basic capital structure of the debtors includes a $486 million first lien position held by Beal Bank and secured noteholders of upwards of $1.25 billion. The debtors claim in their disclosure statement that the entire enterprise value of these debtors is about $456 million.

At some point after the filing of the petitions, the debtors determined to ask two main constituencies, Beal Bank

and the second lienholders -- I don't know if they directed an inquiry to Mr. Trump himself, the record's not clear on that -- to submit offers. Indeed their financial advisor Lizard shopped the assets, as well, without result. The process of each of those sides, the Beal/Trump side and the second lienholders -- the noteholders, we'll call them -- went forward. And when the debtors extended exclusivity expired on August 3rd -- the first exclusivity period expired June 17th -- and was extended by 45 days, there was a plan submitted by the debtors, the Beal/Trump, the debtors, had apparently considered the two options and chose that plan.

That plan, the so-called Beal/Trump plan, envisions a restated credit agreement for Beal Bank, extending maturity by Beal Bank's consent to 2020. That's an eight-year extension, with a reduced interest rate, presumably below market, unknown in this record, in any event, as well to infuse the debtor with $100 million, in exchange for the issuance of all of the equity in the debtors -- in the reorganized debtors, with no recovery to the noteholders or unsecured creditors.

The noteholders, the Ad Hoc Committee of noteholders, filed this motion seeking to terminate exclusivity. With that motion, they filed under seal, appropriately so. And we understand that that filing, obviously, is not in violation of the exclusivity rights of the debtor in the form that it was filed. But it does -- no one has contested the opportunity to

discuss the provisions of that plan, notwithstanding the exclusivity of the debtors still in place. Their plan contemplates the sale of the marina to Coastal Development for $75 million.

There is a history of a contract between the debtors and Coastal Development to sell to -- to Coastal Development the marina. We need not detain the record on this, but the deal contemplates a dismissal of the Florida litigation as well, to provide $175 million into the debtor, with portions of that amount going to Beal Bank. I'm not absolutely clear on how that would work, but, in any event, through a rights offering.

To accredited investors who are noteholders, that rights offering would be backstopped by a group of noteholders with a 5 percent carve out, if you will, of the equity in the debtors to the pool of unsecured creditors small cash pool, and payment of the Beal Bank debt in cash and by re-modified terms of the contractual arrangement. One could quibble with the way that I have characterized those plans, but, hopefully, I've conveyed the general outline of them.

Let me start with the basic proposition, of course, that -- and I think both sides would agree that the debtors exclusive right under 1121 to propose a plan during the exclusivity period is certainly important and must be safeguarded; cannot be disturbed by creditors. And we've seen

lots of cases like this who seek to gain leverage, to -- who offer hypothetical plans, or who seek to disrupt the debtors plan. And the burden is clearly on the movant to establish the requisite cause under 1121(d) for termination of exclusivity.

While the concept of enlargement and termination is flexible, indeed, there is a prospect that the termination of exclusivity could disrupt the so-called, quote, delicate balance, unquote, created by Congress between the debtors' right to have a first shot at submitting a plan, and the creditors' opportunities to prepare a plan. Indeed, as counsel for Beal Bank has pointed out, there is opportunity to -- or perhaps, Mr. Friedman, I'm not sure who -- to inject a level of uncertainty in the process of negotiating a plan during the exclusivity period. And clearly, as well, many cases reflect that just because there is a, quote, better plan, unquote, out there, that is not a basis for terminating the exclusivity period.

But having recognized all of that, it is my firm belief that there has been met the burden, as high as it might be, to terminate the exclusivity period in this case. Indeed, I am impressed with the impact of 203 North LaSalle in this context. It is not the only factor, it is an important factor in this decision. There is a real issue here. I don't resolve the issue, but there is a real issue about whether this is a new value plan. And we understand that issue because of Mr.

Trump's previous association with the debtors. Not because there is any assumption on my part that there is anything untoward that happened, any undue influence, any exertion of improper forces in connection with the submission of this plan, but rather with the recognition that the plan that Mr. Trump was chairman of the board and held the most substantial portion of shares of this company up until four days before the filing.

And the serious questions, which I don't resolve either, about whether those interests were actually abandoned -- I mean, he intended to abandon them, apparently, when he made his announcement on February 13th. Whether he could have accomplished that abandonment is unclear, and is left for further resolution. If it is a new valued plan and there is -- and we also understand that he continues to hold some interest. For instance, in the Ace (phonetic) -- I don't have the exact name of the company but -- and it is a small -- as low as .01 percent interest held by Ace, but in any event, it seems to be recognized that Mr. Trump continues to be an equity security holder of some portion of the debtors' shares. If it is a new valued plan, it certainly might run afoul of 203 North LaSalle.

We all understand that in that case, all -- old equity submitted a plan to purchase new equity within the exclusivity period of the debtors, and that that plan was rejected by the United States Supreme Court, who underscored the -- the significance and the requirement of market exposure

to such a new valued plan. Indeed, there was no specific expression or decision made about the form of that market exposure. The statement made reflected that it -- presumably, it could be a competing plan, or it could be a bidding process. It did not address whether that bidding process could be held before the plan was submitted.

But, frankly, I think Mr. Hansen's arguments in that regard are well founded. It -- it doesn't make much sense to require market exposure of a plan to reject a plan that presents a new value contribution, and to underscore the importance of testing such a plan in the marketplace at the same time that you have a -- that you approve a process, that you can reconcile that process with a pre-planned marketing procedure.

The Court focused on the need to extend an opportunity -- and here I'm quoting -- to anyone else, either to compete for that equity, or to propose a competing reorganization plan, unquote. Indeed, the debtors argue that the noteholders did compete for that equity and lost. But I think the competition that was envisioned by the Supreme Court was in a more open process.

Indeed, I do not contradict, I -- I don't think, by this concept that the PWS Holdings Court case at 228 F. 3rd. 224, from the Third Circuit in 2000, which declined to broaden the interpretation of the LaSalle case to accept the argument

that a new valued plan would per se require the rejection of exclusivity, because we're talking about terminating exclusivity here, a subject that was not taken up by the Third Circuit in that decision.

There are significant factors here, aside from, frankly, the LaSalle case, that require this process to be opened. And I specifically reject the consideration of the actual process of negotiation by which the debtors reached the decision that they did. It's certainly the definitive proposal, albeit, questioned by the debtors and others offered by the noteholders with committed financing, committed sufficiently for this purpose, along with the possibility of other offers.

And I don't know how seriously to take them. I don't give particular evidential weight to them, but I simply note that we have a definitive offer on the table. I don't even make any judgment about whether that plan is better or -- or is as good as the debtors' proposal. But in any event, there is a real proposal out there, and that is significant in this scheme.

I note that there is no formal Creditors Committee appointed in this case. I saw that the -- the noteholders requested a Committee. I -- I'm not sure if it was an unsecured Creditors Committee or a bondholders -- a noteholders Committee that was requested. I didn't know, although I heard

mention of a request for an unsecured Creditors Committee that was rejected. Frankly, I'm puzzled by that, since there -- there is a very large segment of unsecured debt in this case by certainly the debtors' valuation. So I leave that open. But I -- it's not a major factor in this context, but it -- it counts to underscore the difficulty with retaining the exclusivity period and the -- the kinds of considerations that point to terminating it.

Indeed, the potential benefit to the estate cannot be overstated. This is not, I certainly agree -- perhaps Mr. Walsh made the point -- a balancing act. There is a burden to be met, and that -- it's not a question necessarily of gauging harm against benefit. But the so-called harm of a short period of time for this process of competing plans to unfold is -- is not the kind of harm that would prevent this from -- this, meaning the termination of exclusivity, from happening. Rather, the potential benefit to the estate of -- of producing some return to a very large group of creditors, who are -- would be wiped out completely by the plan that is presently offered by the debtors, is a significant basis for termination.

Indeed, I note that the debtors were on an extension, although a 45-day one. I do not accuse the debtors of any delay. This has gone forward fairly expeditiously. But there is authority for the proposition that as you depart from the 12-day exclusivity period, there is a lesser burden down the

road.

Indeed, it's difficult for me to comment about the confirmability, or lack of it, of the debtors' plan. I was not able to review the disclosure statement objections that apparently were filed yesterday. And I don't know whether -- certainly the -- the LaSalle concerns will be discussed and resolved in the context of the confirmability of the debtors plan, and that certainly is a critical component of this decision. As well, Mr. Trump apparently is, or purports to be, a substantial creditor of the debtors.

It -- I wonder whether the plan could be found to discriminate unfairly in his favor if he is afforded this exclusivity right, which, of course, has substantial value. I will reject the questions raised about the noteholder's plan in terms of concerns with it. Of course, those concerns, I take it, are real and need to be addressed. But they are not the basis for rejecting the termination motion, nor are the so-called bad-faith allegations, including the 2019 deficiencies, which may be addressed at any time by any party, or the conflicts of interest that are asserted. They've been responded to. I don't rule on those issues. And any party is free to bring those forward.

I stand by the February 2, 2005 transcript in terms of the basic principles regarding termination of exclusivity. But, indeed, as we've discussed in the context of this

dialogue, that was a vastly different circumstance than this. Here, there is a need to have a fair and open process. I am not convinced that it will harm the debtors. I'm more convinced that it will be a substantial benefit to the debtors. Indeed, uncertainty is always problematic, but uncertainty that has the -- only the upside, if you will, for the debtors' estates is less detrimental than it otherwise might be.

I share concerns about the ongoing operations of the debtors. And those kinds of concerns, of course, will be considered in determining what is the best plan when we decide among competing plans. So those kinds of considerations are not lost. But in -- in terms of a process that cries out, and, indeed, it is the extraordinary circumstance, it is the very unusual case that this comes up in, and is not easily transferable, even to, perhaps, a more run-of-the-mill new value kind of case. But here we are. And I am willing and able to enter an order to terminate exclusivity on this record.

So we proceed to the -- well, let's discuss time frames and circumstances for implementing this decision. Indeed, we do not want extensive delay. The noteholders have indicated ability to immediately file their plan. Frankly, in light of prospects of discussion, possibilities of other offers, perhaps, a small window of time frame would be appropriate before those plans are filed, before the noteholder's plan is filed, to allow that to go forward in a

more deliberate way. I'm thinking about, say, a 30-day period for that process to unfold. I'll gladly hear from reactions to that.

MR. HANSEN: Your Honor, for the noteholders, we -- certainly, as we've said to you in our argument, would -- we hope that your decision results in a consensual process before you. I think what we would prefer would be to file the plan, have those negotiations, so that you can establish hearing dates for a disclosure statement, confirmation, et cetera, so that we have those all calendared, and then we'd negotiate.

If we wind up, during the course of those negotiations -- and you can just push those dates out by a month to let this happen. If negotiations are fruitful and result in a plan that everyone agrees on, we can, of course, then move very quickly to keep those dates and put on a -- on a joint plan. But I -- I think on behalf of the ad hoc noteholders, Your Honor, it would be better to permit us to file the plan, and then to have negotiations amongst all the parties, so that we can actually keep the track. Because if we wait a month to have a negotiation, I don't know where this -- and if nothing happens and we wind up -- we've then got to spend another 25 days to get ourselves out to hearings, et cetera. So I think it would be our preference to file it.

Your comments on the record today, in reading the opinion, have clearly stated to us, to the debtors, and to

Exhibit E

In re Magnachip Semiconductor Finance Co., Case No. 09-12008 (PJW) (Bankr. D. Del.)

In re Magnachip Semiconductor Finance Co., Case No. 09-12008 (PJW) (Bankr. D. Del.) (Dkt. Nos. 168, 205)

The debtors sought approval of their disclosure statement, which contemplated a sale of substantially all of their assets. (Dkt. No. 55). The creditors committee objected. (Dkt. No. 141). The debtors and the agent for a prepetition credit agreement responded, arguing, *inter alia*, that the proposed plan provided the best value. (Dkt. Nos. 144, 145). At a July 30, 2009 hearing on the debtors' disclosure statement, the Court *sua sponte* terminated exclusivity to ensure that the proposed plan was fair to all stakeholders. (Dkt. No. 205). An order was entered a few days later. (Dkt. No. 168).

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	Chapter 11
MAGNACHIP SEMICONDUCTOR FINANCE COMPANY, *et al.*[1],	Case No. 09-12008 (PJW)
	Jointly Administered
Debtors.	Re : #141, 144

ORDER PURSUANT TO 11 U.S.C. §§ 105(a) AND 1121(d) TERMINATING THE DEBTORS' EXCLUSIVE PERIODS

Upon consideration of the objection (the "Objection") of the the Official Committee of Unsecured Creditors (the "Committee") appointed in the chapter 11 cases of the above-captioned debtors and debtors-in-possession (collectively, the "Debtors") to the Disclosure Statement (the "Disclosure Statement") in Respect of Joint Chapter 11 Plan of Liquidation for MagnaChip Semiconductor Finance Company *et al.* and UBS AG, Stamford Branch as Credit Agreement Agent and Priority Lien Collateral Agent; and the court having considered the Committee's Objection; and the Court having conducted a hearing to consider approval of the Disclosure Statement on July 30, 2009 (the "Disclosure Statement Hearing"); and for the reasons, findings and concusions stated on the record at the Disclosure Statement Hearing; and for good cause shown;

IT IS ORDERED, ADJUGED AND DECREED as follows:

1. Pursuant to 11 U.S.C. §§ 105(a) and 1121(d), the Debtors' Exclusive Periods in which to file a plan are hereby terminated, as to the Committee only.

2. This Order is effective immediately upon entry.

The Honorable Peter J. Walsh
United States Bankruptcy Judge

[1] The Debtors in these cases are: MagnaChip Semiconductor Finance Company; MagnaChip Semiconductor LLC; MagnaChip Semiconductor, Inc.; MagnaChip Semiconductor SA Holdings LLC; MagnaChip Semiconductor S.A.; and MagnaChip Semiconductor B.V.

UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE

IN RE:	.	Chapter 11
MagnaChip Semiconductor Finance Company, et al.,	.	
Debtor(s).	.	Bankruptcy #09-12008 (PJW)

Wilmington, DE
July 30, 2009
3:00 P.m.

TRANSCRIPT OF OMNIBUS HEARING
BEFORE THE HONORABLE PETER J. WALSH
UNITED STATES BANKRUPTCY JUDGE

APPEARANCES:

For The Debtor(s):

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through F of the plan has general unsecured claims; not Avenue Capital, not second liens. They get money under their plan. They get money -- General Unsecured Creditors other than Avenue Capital, other than the second liens, get dollars, part of the million dollars under their plan. How come they can do it under their plan, but I can't do it under a plan that I would propose? Thank you, Your Honor.

THE COURT: Okay, I indicated earlier that I don't recall ever having a plan like this where the sale transaction was a done deal pre-petition and would be consummated under non-bankruptcy law, and here's my suggestion. If Avenue Capital feels so strongly about the report and the value that they believe can be achieved, then I would think they would step up and take out UBS for the same price that UBS is going to pay to -- for the transaction that is being proposed with the Korean outfit. I think that I'm going to give the Committee some time, but what I'm going to do is we're going to have a conference on the 3rd to see how we proceed, and it strikes me that one way to proceed is to allow -- to terminate exclusivity and allow the Committee to put a plan on the table. And hopefully we could have both solicitations go out at the same time with a view to achieving the September 27th confirmation date. So I don't know whether -- given that ruling, would it be helpful to reconvene on Monday the 3rd and to find out exactly what the Committee is going to propose and

whether it's feasible within the timeframe of September 27?

MR. PACHULSKI: I think it would, Your Honor.

THE COURT: Okay. What time would you like to do it?

MR. SHERWOOD: Well, I'm just coming from an hour away. Is it possible to do it by telephone, Your Honor? I just --

THE COURT: You want to do it by phone?

MR. PACHULSKI: That would be fine with us, Your Honor. In fact, I would prefer it rather than fly back if it's a conference.

THE COURT: Then why don't we do it in the afternoon.

MR. PACHULSKI: We'll do it any time that works for Your Honor.

THE COURT: How about 2 o'clock?

MR. PACHULSKI: That's fine, Your Honor. And just so I understand, I didn't know if Your Honor had completed want you were going to say because I just have a couple of questions. I think I understand the ruling but I --

THE COURT: Sure, go ahead.

MR. PACHULSKI: Because my client will undoubtly ask, is -- I understand that the Committee will either make an determination that they will -- I guess - let me go back. One, I assume we'll argue termination of exclusivity, or is that what, Your Honor, is gonna rule --

THE COURT: I'm ruling that -- on that today.

Exhibit F

In re Seitel, Inc., Case No. 03-12227 (PJW) (Bankr. D. Del.)

In re Seitel, Inc., Case No. 03-12227 (PJW) (Bankr. D. Del.) (Dkt. Nos. 391, 449)

An official committee of equity security holders filed a motion seeking to terminate exclusivity in order to file a competing plan. (Dkt. No. 317). The debtors and two prepetition creditors opposed the motion. (Dkt. Nos. 339, 340). After a notice and a hearing held on November 3, 2003, the Court granted the motion to terminate exclusivity. (Dkt. No. 391, 449).

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

---------- X

	Chapter 11
In re:	
	Case No. 03-12227 (PJW)
SEITEL, INC., et al.,	(Jointly Administered)
Debtors.	Related Docket No. 317

---------- X

ORDER TERMINATING THE DEBTORS' EXCLUSIVITY PERIOD TO FILE A PLAN OF REORGANIZATION AND SOLICIT ACCEPTANCES THERETO

Upon the motion dated October 27, 2003 (the "Motion")[1] of the Official Committee of Equity Security Holders (the "Equity Committee") of Seitel, Inc.[2] by and through their co-counsel Kronish Lieb Weiner & Hellman LLP and The Bayard Firm, seeking entry of an order, pursuant to Section 1121(d) and 105(a) and Bankruptcy Rules 9006 and 9024 of the Bankruptcy Code (1) terminating the Debtors' exclusivity periods to file a plan of reorganization and solicit acceptances thereto and (2) to adjourn the confirmation hearing scheduled for November 17, 2003 on the Debtors; First Amended Joint Plan of Reorganization, and it appearing that the Court has jurisdiction to consider the Motion and the relief requested therein in accordance with 28 U.S.C. §§ 157 and 1334; and due notice of the Motion having been provided to the Office of the United States Trustee, counsel for the Debtors, counsel to the

---

1 Any capitalized term not defined herein shall have the meaning ascribed to it in the Motion.

2 The Debtors are the following entities: Seitel, Inc.; Seitel Management, Inc.; N360X, L.L.C.; Seitel Delaware, Inc.; Seitel Data Corp.; Seitel Data, Ltd.; Seitel Offshore Corp.; Datatel, Inc.; Seitel Solutions, Inc.; Seitel Solutions, L.L.C.; Seitel Solutions, Ltd.; SI Holdings, G.P.; Seitel Solutions Holdings, L.L.C.; Seitel Canada Holdings, Inc.; SEIC, Inc.; SEIC, L.L.C; DDD Energy, Inc.; Energy Venture Holdings, L.L.C.; Endeavor Exploration L.L.C.; Seitel Geophysical, Inc.; Seitel Gas & Energy Corp.; Seitel Power Corp.; Geo-Bank, Inc.; Alternative Communications Enterprises, Inc.; EHI Holdings, Inc.; Exsol Inc.; Seitel IP Holdings, LLC; Seitel Natural Gas, Inc.; Seitel Canada L.L.C.; Matrix Geophysical, Inc.; and Express Energy I, LLC.

Debtors' pre- and post-petition lenders, counsel to the Note Purchaser, counsel to the Plan Funders and any party having filed with the Court a request for notice; and it appearing that no other or further notice need be provided; and it further appearing that the relief requested in the Application is in the best interests of the Debtors and their estates; and upon all of the proceedings had before the Court; and after due deliberation and sufficient cause appearing therefor, it is hereby

ORDERED, that the Debtors' exclusivity periods to file a plan of reorganization and solicit acceptances thereto are terminated; and it is further

ORDERED, that the Equity Committee is permitted to file a competing plan of reorganization and accompanying disclosure statement; and it is further

ORDERED, that the Equity Committee's request to continue the hearings on confirmation of the Debtors' Plan is denied.

Dated: Wilmington, Delaware
November 7, 2003

Honorable Peter J. Walsh
United States Bankruptcy Judge

UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE

IN RE:	)	Case No. 03-12227(PJW)
	)	
SEITEL, INC., et al.,	)	
	)	Courtroom No. 2
	)	824 Market Street
Debtors.	)	Wilmington, Delaware 19801
	)	
	)	
	)	November 3, 2003
	)	1:31 P.M.

TRANSCRIPT OF OMNIBUS HEARING
BEFORE HONORABLE PETER J. WALSH
UNITED STATES CHIEF BANKRUPTCY JUDGE

APPEARANCES:

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with us.

The -- Berkshire and Ranch never talked to us about a plan. When we told them we had a plan, they never sat down with us to see if it was something better for the other side. They knew it, that was their plan from the beginning, that's what they're saying to Your Honor today, look, Your Honor, let's have a vote and then we'll see what happens. And they're banking on that vote being positive because equity doesn't know.

We have a plan that's confirmable. We have some impaired classes that will vote for the plan. And we think we can proceed. And all we're asking is a dual track. I don't even know the delay is that long. The dual track, let the equity vote, we'll have a valuation hearing at confirmation and it's resolved and it's fair. And ultimately, I would think that's where Your Honor would want to be.

THE COURT: I think it's important for the equity holders to know what the alternative is. And so I'm going to terminate the exclusivity.

However, we're going to stay on the same schedule so that we will have the debtors' plan up for confirmation hearing -- and I suspect that the November 17 hearing is not going to do much if this is going to be contested until the real hearing will spill over to December 3. And we'll determine on December 3 whether the debtors' plan is confirmable. And if it's not,

then obviously the Equity Committee can then tee up its plan.

But I think in the interest of giving to the equity holders a full picture of all that is in the cards here, that they should be able to see what the Equity Committee is offering.

And, quite frankly, the numbers that Mr. Gottlieb has thrown out, it's pretty obvious that the parties are polls apart in terms of the enterprise value here and we'll see at confirmation hearing on the debtors' plan who's right in that regard.

MR. GOTTLIEB: Your Honor, may I ask you -- one technical problem. We can file our plan and disclosure statement right away. The problem we have is that the ballots actually have to be received by November 7th, which is this Friday.

The other motion we filed may be slightly -- may be no help, but it may be slightly helpful. We ask for another week. That would enable some shareholders out there to have at least a chance to have heard about our plan before they send back the ballot. Otherwise, anyone who hears about it tomorrow probably doesn't have a chance to get a ballot and get it back.

So, if we could have an extra week, Your Honor, and if Your Honor could ask that the balloting agent make sure that if people called and asked for ballots, that they could get a ballot, it would be slightly helpful, I think.