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**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

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

**REORGANIZED DEBTORS' THIRD POST-CONFIRMATION STATUS  
REPORT FOR THE PERIOD FROM APRIL 1, 2011 THROUGH JUNE 30, 2011**

Chemtura Corporation (“**Chemtura**”) and its debtor affiliates in the above-captioned chapter 11 cases (collectively, the “**Reorganized Debtors**” and, before the effective date of the chapter 11 plan confirmed by the Court, the “**Debtors**”) hereby submit their third post-confirmation status report in accordance with section 1106(a)(7) of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (the “**Bankruptcy Code**”), and Local Rule 3021-1(c) of the Local Rules of Bankruptcy Procedure for the Southern District of New York.

**Background**

1. On November 10, 2010 (the “**Effective Date**”), the Debtors substantially consummated the *Joint Chapter 11 Plan of Reorganization of Chemtura Corporation, et al.*



[Dkt. No. 4409, Ex. A] (the “**Plan**”)<sup>1</sup> and emerged from protection under chapter 11 of the Bankruptcy Code.<sup>2</sup>

2. On January 21, 2011, the Reorganized Debtors filed the *Reorganized Debtors’ First Post-Confirmation Status Report* [Dkt. No. 4890] (the “**First Post-Confirmation Status Report**”). On April 15, 2011, the Reorganized Debtors filed the *Reorganized Debtors Second Post-Confirmation Status Report for the Period from January 1, 2011 to March 31, 2011* (the “**Second Post-Confirmation Status Report**,” and together with the First Post-Confirmation Status Report, the “**Status Reports**”). The Status Reports are incorporated herein by reference.

3. This report discusses the progress of the chapter 11 cases since the Second Post-Confirmation Status Report.

### **Distributions Pursuant to the Plan**

#### **A. Distributions to Holders of Disputed Claims that Have Become Allowed**

4. In accordance with Sections 1.1.127, 7.3 and 8.4 of the Plan, pursuant to settlements that were approved by order of the Court, the Reorganized Debtors made distributions from the Disputed Claims Reserve to certain holders of Disputed Claims that were resolved and became Allowed Claims after the First Periodic Distribution Date as summarized on Exhibit A attached hereto. Under the Plan, the Second Periodic Distribution Date occurred on July 8, 2011.<sup>3</sup> The next Periodic Distribution Date is scheduled to occur on or about November 7, 2011.

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<sup>1</sup> Capitalized terms used herein but not otherwise defined have the meaning ascribed to such terms in the Plan.

<sup>2</sup> On November 10, 2010, the Debtors filed the *Notice of (A) the Occurrence of the Effective Date Under the Joint Chapter 11 Plan of Chemtura Corporation, et al.; (B) Administrative Claim Bar Date; and (C) Deadline for Professionals to File Final Fee Applications* [Dkt. No. 4550].

<sup>3</sup> Because distributions made in connection with the Second Periodic Distribution Date occurred after June 30, 2011, these distributions are not reflected in the amounts set forth in Exhibit A attached hereto.

5. As of June 30, 2011, the remaining amount of distributable value in the Non-Objecting Creditors' Reserve was approximately \$44 million.<sup>4</sup> The remaining amount of distributable value in the other reserves established in connection with the Plan was as follows:<sup>5</sup>

<b>Diacetyl Reserve and Environmental Reserves</b>	<b>Amount of Reserve</b>
Diacetyl Reserve	\$0
Environmental Reserve	\$0
<b>Segregated Reserves</b>	<b>Amount of Reserve</b>
Spartech Polycom, Inc.	\$0
Pentair Water Pool and Spa, Inc.	\$1,365,066
Oildale Energy LLC	\$3,870,000
The BKK Joint Defense Group	\$200,000
Cooper Drum Cooperating Parties Group	\$2,000,000
Beacon Heights Coalition	\$0
FLABEG Technical Glass US Corporation	\$0
The Dow Chemical Company	\$0
<b>Total Segregated Reserves</b>	<b>\$7,435,066</b>

**B. Second Supplemental Distribution to Class 13a Interest Holders**

6. Since the Second Post-Confirmation Status Report, the Reorganized Debtors have obtained Court approval settlements of the claims asserted by the Beacon Heights Coalition and the BKK Joint Defense Group, and have reached agreements in principle to settle the claims of Pentair Water Pool and Spa, Inc., the Cooper Drum Cooperating Parties Group and Oildale Energy LLC. Each of the foregoing claimants was subject to a separate segregated reserve

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<sup>4</sup> This amount includes approximately \$5.3 million of excess distributable value that was added to the Non-Objecting Creditors' Reserve on account of the reduction of the Oildale Energy Segregated Reserve but which the Court authorized the distribution of to Holders of Class 13a Interests for Chemtura Corporation at a hearing on July 14, 2011 as described in Section B below.

<sup>5</sup> The establishment of the reserves in connection with the Plan is more thoroughly described in the First Post-Confirmation Status Report.

established pursuant to the *Order Establishing a Distribution Reserve Amount with Respect to Disputed Claims in Connection with Confirmation of the Joint Chapter 11 Plan of Chemtura Corporation, et al.* [Dkt. No. 4383] (the “**Reserve Order**”). In addition, on April 19, 2011, this Court issued its *Bench Decision on Estimation of Claims of Creditor Oildale Energy LLC* [Dkt. No. 5134], which resulted in the consensual reduction of the segregated reserve for the Oildale Energy LLC claims from \$14,487,386 to \$3,870,000.<sup>6</sup>

7. On June 23, 2011, in accordance with the Section 8.5(b) of the Plan, the Reorganized Debtors filed a *Motion for Entry of an Order Authorizing the Distribution of Excess Value Released from the Oildale Segregated Claims Reserve to the Holders of Class 13a Interests for Chemtura Corporation* [Dkt. No. 5275] (the “**Oildale Reserve Distribution Motion**”) seeking authorization for the Reorganized Debtors to distribute all of the excess value released from the Oildale Energy segregated reserve as a result of the Court’s April 13, 2011 Bench Decision to holders of Interests in Class 13a for Chemtura. At the hearing on July 14, 2011, the Court granted the relief requested in the Oildale Reserve Distribution Motion. The Reorganized Debtors anticipate making a supplemental distribution to holders of Interests in Class 13a in the coming weeks with respect to the amounts authorized for distribution in the Oildale Reserve Distribution Motion and one-half of any excess amounts that may exist in segregated reserves following the consensual reduction of the segregated reserve for the Oildale Claim and settlement of the claims subject to such reserves (all in accordance with the Reserve Order).

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<sup>6</sup> See *Second Amended Consent Order Establishing a Revised Segregated Distribution Reserve Amount with Respect to Disputed Claim of Oildale Energy LLC in Connection with Confirmation of the Joint Chapter 11 Plan of Chemtura Corporation, et al.* [Dkt. No. 5197]. The Reorganized Debtors’ settlement in principle with Oildale Energy LLC was achieved after the consensual reduction of the segregated reserve.

## **Resolution of Disputed Claims**

8. As of the Effective Date, there were approximately 4,100 Disputed Claims remaining on the Debtors' claims register. Pursuant to the Plan, in consultation with the Equity Committee and the Creditors' Committee, the Reorganized Debtors have been actively engaged in reconciling and resolving the Disputed Claims. As of June 30, 2011, the Reorganized Debtors estimate that there were approximately 1,360 Disputed Claims yet to be resolved.<sup>7</sup>

9. Since the filing of the Second Post-Confirmation Status Report and through June 30, 2011, the Reorganized Debtors have, among other things:

- obtained Court approval for stipulations that settled certain Disputed Claims, including the claims of:
  - WS Packaging Group, Inc. [Dkt. No. 5132];
  - Beacon Heights Coalition and Goodrich Corporation [Dkt. No. 5137];
  - Excel Express, Inc. [Dkt. No. 5138];
  - Cadbury Beverages, Inc. f/k/a Cadbury Schwepps, Unisys Corporation, The Kerite Company, CR USA, Inc. f/k/a Risdon Corporation, Coltec Industries and the Laurel Park Coalition [Dkt. No. 5146];
  - Carella, Byrne, Bain, Gilfillan, et al. [Dkt. No. 5165];
  - Connecticut Department of Revenue [Dkt. No. 5167];
  - Bayou Sorrel Trust Fund and Bayou Sorrel Superfund Site Potentially Responsible Parties Group [Dkt. No. 5201];
  - Curney, Garcia, Farmer, Pickering & House, P.C. [Dkt. No. 5223];
  - PPG Industries, Inc. [Dkt. No. 5224];
  - Arizona Chemical Company, LLC [Dkt. No. 5225];

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<sup>7</sup> In the Oildale Reserve Motion, Reorganized Debtors had indicated that approximately 790 Disputed Claims remained on the Debtors' claims register as of the Effective Date, including approximately 450 Disputed Claims filed by two law firms with respect to which the Reorganized Debtors have settlements in principle that are subject to documentation and Court approval. The estimate excluded approximately 570 Disputed Claims filed by Lemberg and Associates on behalf of claimants for the possible future modification of post-employment benefits, as to which an objection is pending.

- Aviation Technology & Turbine Services, Inc. [Dkt. No. 5226];
  - Wright Rubber Products PTY Ltd. [Dkt. No. 5241];
  - Philip Services Site PRP Group [Dkt. No. 5258];
  - Longacre Opportunity Fund, L.P. [Dkt. No. 5270]; and
  - Lower Passaic River Study Area Site Subscribing Parties [Dkt. No. 5271].
- obtained Court approval for a consent order granting the *Debtors' Forty-Second Tier I Omnibus Objection to Certain Proofs of Claim (Late Filed, Insufficient Documentation and Duplicate)* with respect to proof of claim numbered 10816 filed by Groot Industries, Inc. [Dkt. No. 5216];
  - filed the *Reorganized Debtors' Fifty-Second Omnibus Objection to Certain Proofs of Claim (Settled Claims)* [Dkt. No. 5247], which was subsequently granted by the Court at a hearing held on July 14, 2011;
  - filed a stipulation with the Court to resolve the Disputed Claims of BASF Sparks LLC C/O BASF Corporation [Dkt. No. 5255];
  - obtained Court approval of the settlement agreement with the Commonwealth of Pennsylvania, the Pennsylvania Department of Environment Protection and Sensient Technologies Corporation resolving Disputed Claims relating to environmental obligations at the Gibraltar Site [Dkt. No. 5268];
  - obtained Court approval for amendment and assumption of a pre-petition settlement agreement with certain plaintiffs that had asserted personal injury Claims [Dkt. No. 5269];
  - obtained Court approval for a consent decree between Great Lakes Chemical Corporation and the Equal Employment Opportunity Commission resolving certain litigation matters and proofs of claim numbered 1748 and 1774 filed by the Equal Employment Opportunity Commission [Dkt. No. 5273] and entered into related settlement agreements resolving two individual proofs of claim arising from the same matter;
  - obtained orders at a hearing on May 3, 2011 granting the following objections:
    - the *Reorganized Debtors' Fifty-First Omnibus Objection to Certain Proofs of Claim* with respect to proof of claim numbered 15404 filed by Texas Comptroller of Public Accounts [Dkt. No. 5168]
    - the *Debtors' Forty-First Tier I Omnibus Objection to Certain Proofs of Claim* with respect to proof of claim numbered 9754 filed by Duke Realty Limited Partnership [Dkt. No. 5169]; and

- the Reorganized Debtors' supplemental objection to proof of claim numbered 14337 filed by Norfolk Southern Railway Company, pursuant to section 502(e)(1)(B) of the Bankruptcy Code [Dkt. No. 5170];
- filed a stipulation with the Court to resolve the Disputed Claims of BKK Joint Defense Group [Dkt. No. 5280], which stipulation has subsequently been approved by the Court [Dkt. No. 5295];
- prepared and filed a motion for approval of a settlement agreement resolving the Disputed Claims of Kurt and Amy Stetler and substantially all of the Disputed Claims of Pentair Water Pool & Spa, Inc. [Dkt. No. 5274], which was approved by the Court at a hearing held on July 14, 2011;
- prepared and filed supplemental objections to the Disputed Claims of Continental Carbon Company and China Synthetic Rubber Corporation [Dkt. Nos. 5245, 5246], as to which further proceedings are pending before the Court;
- prepared and filed a supplemental objection to the Disputed Claim of S.H. Data Site Protection Co., Inc., which was granted by consent order at the hearing held on July 14, 2011;
- entered into settlement agreements to resolve eight claims that were Disputed Claims in accordance with Section 8.1 of the Plan; and
- resolved through settlement or objection three disputes concerning the amount of postpetition interest with respect to claims that had been previously allowed.

10. The Reorganized Debtors will continue to prosecute objections to, and pursue the consensual resolution of, the Disputed Claims during the next quarterly reporting period.

New York, New York  
 Dated: July 15, 2011

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**Exhibit A**

Distributions Made From April 1, 2011 Through June 30, 2011

<b>Claims</b>	<b>Total Value of Shares of New Common Stock Issued</b>	<b>Total Cash Payment Amount</b>	<b>Total Distributions</b>
<u>Class 1:</u> Prepetition Secured Lender Claims	N/A	N/A	N/A
<u>Class 2:</u> Lien Claims	N/A	N/A	N/A
<u>Class 3:</u> Other Priority Claims	N/A	N/A	N/A
<u>Class 4a:</u> General Unsecured Claims against Chemtura	\$652,211	\$829,568	\$1,481,779
<u>Class 4b:</u> General Unsecured Claims against the Subsidiary Debtors			
<u>Class 4c:</u> General Unsecured Claims against Chemtura Canada	N/A	N/A	N/A
<u>Class 5:</u> Prepetition Unsecured Lender Claims	N/A	N/A	N/A
<u>Class 6:</u> 2016 Notes Claims	N/A	N/A	N/A
<u>Class 7:</u> 2009 Notes Claims	N/A	N/A	N/A
<u>Class 8:</u> 2026 Notes Claims	N/A	N/A	N/A
<u>Class 9:</u> Unsecured Convenience Claims	N/A	N/A	N/A
<u>Class 10:</u> Diacetyl Claims	N/A	N/A	N/A
<u>Class 11:</u> Environmental Claims	N/A	\$35,000	\$35,000
<u>Class 12:</u> Intercompany Claims	N/A	N/A	N/A
<u>Class 13a:</u> Interests in Chemtura Corporation	N/A	N/A	N/A
<b>Total</b>	\$652,211	\$864,568	\$1,516,779