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*Proposed Counsel for the Debtors and
Debtors in Possession*

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

-----X
In re : Chapter 11
: :
MPM Silicones, LLC, et al.,¹ : Case No. 14-_____ ()
: :
Debtors. : (Joint Administration Pending)
-----X

**DEBTORS’ MOTION FOR INTERIM AND FINAL
ORDERS AUTHORIZING DEBTORS TO HONOR
CERTAIN PREPETITION OBLIGATIONS TO
CUSTOMERS AND TO CONTINUE CUSTOMER PROGRAMS**

TO THE HONORABLE UNITED STATES BANKRUPTCY JUDGE:

The debtors and debtors in possession in the above-captioned cases (collectively, the “**Debtors**”) hereby move for entry of an interim order (the “**Interim Order**”) and final order (the “**Final Order**”), pursuant to sections 105(a) and 363(b) of title 11 of the United States Code (the “**Bankruptcy Code**”), authorizing the Debtors, in their discretion, to honor certain

¹ The last four digits of the taxpayer identification numbers of the Debtors follow in parentheses: (i) Juniper Bond Holdings I LLC (9631); (ii) Juniper Bond Holdings II LLC (9692); (iii) Juniper Bond Holdings III LLC (9765); (iv) Juniper Bond Holdings IV LLC (9836); (v) Momentive Performance Materials China SPV Inc. (8469); (vi) Momentive Performance Materials Holdings Inc. (8246); (vii) Momentive Performance Materials Inc. (8297); (viii) Momentive Performance Materials Quartz, Inc. (9929); (ix) Momentive Performance Materials South America Inc. (4895); (x) Momentive Performance Materials USA Inc. (8388); (xi) Momentive Performance Materials Worldwide Inc. (8357); and (xii) MPM Silicones, LLC (5481). The Debtors’ executive headquarters are located at 260 Hudson River Road, Waterford, NY 12188.



prepetition obligations to customers and to continue their existing customer programs in the ordinary course of business (the “**Motion**”). In support of the Motion, the Debtors rely upon and incorporate by reference the Declaration of William H. Carter, Chief Financial Officer of Momentive Performance Materials Inc., in Support of Chapter 11 Petitions and First Day Pleadings (the “**First Day Declaration**”), which was filed with the Court concurrently herewith. In further support of the Motion, the Debtors, by and through their undersigned proposed Counsel, respectfully represent:

BACKGROUND

1. On the date hereof (the “**Petition Date**”), MPM Silicones, LLC (“**MPM**”) and each of the other Debtors filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. The Debtors intend to continue in the possession of their respective properties and the management of their respective businesses as debtors in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code. The Debtors have requested that these chapter 11 cases be consolidated for procedural purposes. As of the date hereof, no trustee, examiner or official committee has been appointed in any of the Debtors’ cases.

2. The events leading up to the Petition Date and the facts and circumstances supporting the relief requested herein are set forth in the First Day Declaration.

JURISDICTION

3. This Court has jurisdiction to consider this Motion pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue of these cases and this Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409. The predicates for the relief requested herein are sections 105(a), 363(b), 1107(a) and 1108 of the Bankruptcy Code.

RELIEF REQUESTED

4. By this Motion, the Debtors seek entry of an order, pursuant to sections 105(a), 363(b), 1107(a) and 1108 of the Bankruptcy Code, authorizing the Debtors, in their discretion, (a) to perform their prepetition obligations related to their customer programs in the ordinary course of business and (b) to continue, renew, replace or terminate the customer programs, as they determine advisable, in the ordinary course of business, without further application to this Court.

CUSTOMER PROGRAMS

5. In the ordinary course of business, the Debtors maximize sales, develop and sustain a positive reputation in the marketplace, attract new customers and enhance existing customer loyalty through the implementation of certain customer programs (collectively, the “**Customer Programs**”), including, without limitation, honoring accrued obligations under a warranty program, return policies, rebate programs, and a channel marketing program.

A. Warranty Program

6. The Debtors historically offered warranty programs for certain product lines that have since been discontinued. The Debtors currently do not offer warranty programs on existing product lines, but continue to accrue obligations on account of their warranty program for a certain roof coat product previously sold by the Debtors (the “**Warranty Program**”).

7. The Debtors ceased providing warranties on their roof coat product in 2006, but the Debtors continue to honor obligations under the Warranty Program for any roof coat products sold prior to 2006. Under the Warranty Program, the Debtors offered warranties that ranged from ten to twenty years from the purchase date for product defects. The Debtors

estimate that there are approximately 1,260 customers with warranties under the Warranty Program, with the latest warranty expiring in August of 2027. As of the Petition Date, the Debtors estimate that their potential maximum liability under the Warranty Program is approximately \$507,000.

8. Although the Debtors have discontinued the Warranty Program, it is still critical that they continue to honor all accrued historical obligations. Many of the retailers and distributors that have purchased the product covered under the Warranty Program continue to purchase other products from the Debtors. Failure to continue the Warranty Program will cause these customers to lose confidence in the Debtors and their products, potentially resulting in significant deterioration in sales, which may drastically impact any reorganization efforts. By this Motion, the Debtors seek to honor all prepetition accrued obligations under the Warranty Program in the ordinary course of business.

B. Return Policies

9. As a large manufacturer of complex chemicals, the Debtors, from time to time, have instances where products are supplied to their customers that do not conform to requested specifications. In other instances, while rare, the wrong product may be delivered to a customer or the product may be damaged during shipment. To remedy these situations, the Debtors have typically implemented one of the following two policies: (a) the Debtors and the customer will agree to adjust the amount owed, and the customer's invoice will be accordingly adjusted or (b) the Debtors, at their discretion, will ship the customer a replacement product (combined, the "**Return Policies**").

10. The Debtors believe that a refusal to honor the Return Policies will engender substantial ill will among the Debtors' customers who expect Return Policies as

standard industry practice. As of the Petition Date, the Debtors may have prepetition obligations to customers under the Return Policies of up to \$1.1 million. The cost of honoring and paying such obligations is less than the harm that could be caused by not paying such amounts. Indeed, the failure to honor the Return Policies could damage customer satisfaction and damage the Debtors' reputation to the detriment of the Debtors' estates, creditors, and all other parties in interest. Accordingly, the Debtors request that they be authorized to continue their Return Policies in the ordinary course of business consistent with their prepetition practices and pay any prepetition amounts owed in respect of such policies.

C. Rebate Programs

11. In the ordinary course of business, the Debtors offer rebate programs in an effort to, among other things, attract new customers, incentivize customers to purchase more products, and support the development, promotion, and marketing of their products.

12. The Debtors offer two types of rebate programs. A volume incentive rebate program is provided to certain customers who act as distributors or direct sellers of the Debtors' products, which offers a percent revenue rebate (usually between one and six percent) if certain revenue targets are met (the "**Volume Incentive Rebates**"). The Volume Incentive Rebates are offered in an effort to build and maintain relationships with key retailers or distributors of the Debtors' products. This program provides an important source of revenue for the Debtors — whether directly, through increased sales, or indirectly through relationship building. For the 2013 fiscal year, the Debtors made payments of approximately \$8.1 million to various customers on account of the Volume Incentive Rebates. In addition, to ensure promotion of their products, certain of the Debtors' agreements provide rebates in the form of funding to customers for marketing purposes ("**Marketing Rebates**," and with the Volume Incentive

Rebates, the “**Rebate Programs**”). Examples of marketing activities that may qualify for such rebates include, without limitation: (a) new product roll outs; (b) tradeshows; (c) product giveaways; (d) new store promotions; and (e) promotional merchandise. These activities are critical to ensuring that the Debtors’ products are effectively promoted. Payments under the Marketing Rebates aggregated approximately \$6.6 million in 2013.

13. The Debtors’ customers play an integral role in the promotion, sale, and marketing of the Debtors’ products. The Rebate Programs incentivize customers to purchase the Debtors’ products. Discontinuation of the Rebate Programs would put the Debtors at a competitive disadvantage in the various markets they serve, as it is standard customary practice to offer such rebate programs. As a result, the Debtors’ revenues would be significantly diminished if the Rebate Programs were discontinued. The Debtors estimate that as of the Petition Date, they will owe approximately \$3.3 million in prepetition amounts to their customers on account of the Rebate Programs. By this Motion, the Debtors seek authority to continue to honor all commitments in connection with the Rebate Programs, including payment of all prepetition obligations, in the ordinary course of business.

D. Channel Marketing Program

14. The Debtors also have a program, managed by the Advertising Checking Bureau, Inc. (“**ACB**”), that provides channel marketing services to their customers (the “**Channel Marketing Program**”). Under the Channel Marketing Program, certain third party vendors (the “**Marketing Vendors**”) assist the Debtors’ customers in selling the Debtors’ products by providing a variety of marketing services, including, but not limited to, developing promotional materials, designing product displays, printing advertising materials, and administering certain of the Rebate Programs. ACB, in turn, handles the administration of the

Channel Marketing Program, including verifying that the Marketing Vendors have provided adequate services to the Debtors' customers and in making payments to the Marketing Vendors on the Debtors' behalf. The Channel Marketing Program is instrumental in the marketing and selling of the Debtors' products, and in some cases, is required by the Debtors' customers. As of the Petition Date, the Debtors' estimate that they owe approximately \$200,000 in prepetition amounts on account of the Channel Marketing Program. The Debtors seek authority to continue to honor all commitments in connection with the Channel Marketing Program, including payment of all prepetition obligations, in the ordinary course of business.

BASIS FOR RELIEF

15. The Court may authorize the continuation of the Customer Programs under section 363(b) of the Bankruptcy Code. Section 363(b) of the Bankruptcy Code provides, in relevant part, that “[t]he trustee, after notice and a hearing, may use, sell or lease, other than in the ordinary course of business, property of the estate.” 11 U.S.C. § 363(b)(1) (2006). Under this section, a court may authorize a debtor to pay certain prepetition claims. See In re Ionosphere Clubs, Inc., 98 B.R. 174, 175 (Bankr. S.D.N.Y. 1989) (authorizing payment of prepetition claims where the debtors articulate “some business justification, other than the mere appeasement of major creditors”); see also In re Columbia Gas Sys., Inc., 171 B.R. 189, 192 (Bankr. D. Del. 1994) (authorizing payment of prepetition claims where such payments are essential to continue operating the debtor's business).

16. Additionally, section 105(a) of the Bankruptcy Code authorizes the Court to issue “any order, process, or judgment that is necessary or appropriate to carry out the provisions of [the Bankruptcy Code].” 11 U.S.C. § 105(a) (2006). Under section 105(a) of the Bankruptcy Code, the Court “can permit pre-plan payment of a prepetition obligation when

essential to the continued operation of the debtor.” In re NVR L.P., 147 B.R. 126, 127 (Bankr. E.D. Va. 1992). This equitable common law principle “was first articulated by the United States Supreme Court in Miltenberger v. Logansport C. & S.W.R. Co., 106 U.S. 286 (1882), and is commonly referred to as either the ‘doctrine of necessity’ or the ‘necessity of payment’ rule.” Ionosphere Clubs, 98 B.R. at 175-76; see also In re Just for Feet, Inc., 242 B.R. 821, 826 (D. Del. 1999) (“To invoke the necessity of payment doctrine, a debtor must show that payment of the pre-petition claims is ‘critical to the debtor’s reorganization.’”). “The necessity of payment doctrine recognizes that paying certain pre-petition claims may be necessary to realize the goal of chapter 11 — a successful reorganization.” Id. at 825-26.

17. A bankruptcy court’s use of its equitable powers to “authorize the payment of pre-petition debt when such payment is needed to facilitate the rehabilitation of the debtor is not a novel concept.” Ionosphere Clubs, 98 B.R. at 175. Federal courts have permitted postpetition payment of prepetition obligations where necessary for the debtor to survive and to achieve a successful reorganization. See, e.g., In re Equalnet Comms. Corp., 258 B.R. 368 (Bankr. S.D. Tex. 2000); Just for Feet, 242 B.R. 821; Ionosphere Clubs, 98 B.R. 174; and In re Gulf Air, LLC, 112 B.R. 152 (Bankr. W.D. La. 1989).

18. Where retaining loyalty and patronage of customers is critical to a debtor’s business, courts in this and other districts have granted similar relief to that requested herein. See, e.g., In re American Roads LLC, Case No. 13-12412 (BRL) (Bankr. S.D.N.Y. July 26, 2013); In re Broadview Networks Holdings, Inc., Case No. 12-13581 (SCC) (Bankr. S.D.N.Y. Sept. 14, 2012); In re Houghton Mifflin Harcourt Publishing Co., Case No. 12-12171 (REG) (Bankr. S.D.N.Y. May 22, 2012); In re Eastman Kodak Co., Case No. 12-10202 (ALG) (Bankr. S.D.N.Y. Feb. 15, 2012); In re Hostess Brands, Inc., Case No. 12-22052 (RDD) (Bankr.

S.D.N.Y. Jan. 27, 2012); In re AMR Corporation, Case No. 11-15463 (SHL) (Bankr. S.D.N.Y. Dec. 22, 2011); In re Alexander Gallo Holdings LLC, Case No. 11-141220 (AGL) (Bankr. S.D.N.Y. Sept. 27, 2011); and In re Club Ventures Investments LLC, Case No. 11-10891 (ALG) (Bankr. S.D.N.Y. Mar. 4, 2011). The Debtors respectfully submit that similar relief is warranted in these chapter 11 cases.

19. The commencement of the Debtors' chapter 11 cases will no doubt create apprehension on the part of customers or potential customers regarding their willingness to commence or to continue doing business with the Debtors. The Debtors believe that without the requested relief, the stability of the Debtors' businesses will be significantly undermined, and otherwise loyal customers may explore alternative sources for their needs.

20. Here, the importance of the Debtors' customers to their businesses cannot be overstated. The Debtors' customers are the life-blood of their businesses. The success of the Debtors' businesses are dependent upon the Debtors' ability to attract and retain customers. Any curtailment of the Debtors' ability to continue the Customer Programs, and the resulting negative public perception, may enable the Debtors' competitors to take advantage of the Debtors' reorganization proceedings, causing substantial harm to the Debtors' businesses and relationships with their customers.

21. To preserve the value of their businesses, the Debtors must be permitted, in their discretion, to continue honoring or paying all prepetition and postpetition Customer Program obligations without interruption or modification, including expending a maximum cash amount of \$5,107,000 on account of prepetition Customer Programs. Considering the relatively minimal expense of the relief requested herein, as compared to the size of these chapter 11 cases, and the critical importance of the Customer Programs to the Debtors' continued viability as a

going concern, entry of an order granting the relief requested herein is appropriate and, indeed, essential to enable them to reorganize successfully.

22. In furtherance of the relief requested herein, the Debtors request that the Court authorize and direct banks and financial institutions (the “**Banks**”) at which the Debtors maintain disbursement and other accounts, at the Debtors’ instruction, to receive, honor, process and pay, to the extent of funds on deposit, any and all checks or electronic funds transfers requested or to be requested by the Debtors relating to the Customer Programs, including those checks or electronic funds transfers that have not cleared the Banks as of the Petition Date, without the need for further Court approval.

23. In addition, Rule 6003 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”) provides that the relief requested herein may be granted if “the relief is necessary to avoid immediate and irreparable harm.” Fed. R. Bankr. P. 6003. For all the reasons set forth herein, if the Debtors are not authorized to perform their prepetition obligations with respect to the Customer Programs, it is almost certain that immediate and irreparable harm would be caused to the Debtors’ estates. Accordingly, the Debtors submit that the requirements of Bankruptcy Rule 6003 have been satisfied.

24. In order to successfully implement the relief the Debtors request in this Motion, the Debtors also request that the Court waive the stay imposed by Bankruptcy Rule 6004(h) and the notice requirements of Bankruptcy Rule 6004(a). As discussed above, the relief requested herein must be granted without delay in order for the Debtors to continue operating their businesses and for preservation of the estates. Therefore, the Debtors respectfully request that the stay and notice requirements imposed by Bankruptcy Rules 6004(h) and 6004(a), respectively, be waived.

NOTICE

25. Notice of this Motion will be given to: (a) the United States Trustee for the Southern District of New York; (b) the Debtors' fifty (50) largest unsecured creditors on a consolidated basis; (c) counsel to JPMorgan Chase Bank, N.A., as the administrative agent under the Debtors' prepetition secured credit agreements; (d) counsel to the administrative agent under the Debtors' postpetition credit agreement; (e) counsel to the indenture trustee for the 8.875% First-Priority Senior Secured Notes; (f) counsel to the indenture trustee for the 10% Senior Secured Notes; (g) counsel to the indenture trustee for the 9.0% / 9.5% Second-Priority Springing Lien Notes; (h) counsel to the indenture trustee for the 11.5% Senior Subordinated Notes; (i) counsel to GE Capital Equity, Inc.; (j) counsel to the Ad Hoc Group of Second Lien Noteholders; (k) counsel to Apollo Global Management, LLC and certain affiliated funds; and (l) counsel to Momentive Performance Materials Holdings LLC. The Debtors submit that, under the circumstances, no other or further notice is required.

26. No previous motion for the relief requested herein has been made to this or to any other court.

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CONCLUSION

WHEREFORE, the Debtors respectfully request that the Court enter the Interim and Final Orders, substantially in the forms annexed hereto as Exhibit A and Exhibit B, granting the relief requested in the Motion and such other and further relief as may be just or proper.

Dated: April 13, 2014
New York, New York

WILLKIE FARR & GALLAGHER LLP
*Proposed Counsel for the Debtors and
Debtors in Possession*

By: /s/ Jennifer J. Hardy
Matthew A. Feldman
Rachel C. Strickland
Jennifer J. Hardy

787 Seventh Avenue
New York, New York 10019
Telephone: (212) 728-8000
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EXHIBIT A

Proposed Interim Order

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

-----X
 In re : Chapter 11
 :
 MPM Silicones, LLC, et al.,¹ : Case No. 14-_____ ()
 :
 Debtors. : Jointly Administered
 -----X

INTERIM ORDER AUTHORIZING DEBTORS TO HONOR CERTAIN PREPETITION OBLIGATIONS TO CUSTOMERS AND TO CONTINUE CUSTOMER PROGRAMS

Upon the motion (the “**Motion**”) of the debtors and debtors in possession in the above-captioned cases (collectively, the “**Debtors**”) for an interim order, pursuant to sections 105(a), 363(b), 1107(a) and 1108(b) of title 11 of the United States Code (the “**Bankruptcy Code**”), authorizing the Debtors, in their discretion, to perform their prepetition obligations related to the Customer Programs (as defined in the Motion) in the ordinary course of business; and upon consideration of the Motion and all pleadings related thereto, including the Declaration of William H. Carter, Chief Financial Officer of Momentive Performance Materials Inc., in Support of Chapter 11 Petitions and First Day Pleadings; and due and sufficient notice of the Motion having been given; and it appearing that no other or further notice need be provided; and it appearing that the relief requested by the Motion is in the best interests of these estates, their creditors and other parties-in-interest; and it appearing that the requirements of Rule 6003 of the Federal Rules of Bankruptcy Procedure have been satisfied because the relief granted herein is

¹ The last four digits of the taxpayer identification numbers of the Debtors follow in parentheses: (i) Juniper Bond Holdings I LLC (9631); (ii) Juniper Bond Holdings II LLC (9692); (iii) Juniper Bond Holdings III LLC (9765); (iv) Juniper Bond Holdings IV LLC (9836); (v) Momentive Performance Materials China SPV Inc. (8469); (vi) Momentive Performance Materials Holdings Inc. (8246); (vii) Momentive Performance Materials Inc. (8297); (viii) Momentive Performance Materials Quartz, Inc. (9929); (ix) Momentive Performance Materials South America Inc. (4895); (x) Momentive Performance Materials USA Inc. (8388); (xi) Momentive Performance Materials Worldwide Inc. (8357); and (xii) MPM Silicones, LLC (5481). The Debtors’ executive headquarters are located at 260 Hudson River Road, Waterford, NY 12188.

necessary to avoid immediate and irreparable harm to the Debtors' estates; and after due deliberation and sufficient cause appearing therefor, it is hereby

ORDERED, ADJUDGED AND DECREED that:

1. The Motion is granted on an interim basis to the extent set forth herein.
2. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Motion.
3. The Debtors are authorized, in their discretion and in the ordinary course of business, to honor and perform all obligations in respect of the Customer Programs, without regard to whether the Debtors' obligations arose before or after the Petition Date, including making any payments that accrued prior to the Petition Date in an amount not to exceed \$4,000,000 on an interim basis; provided further, that in no event shall the Debtors pay any amounts before such amounts are due and payable and this Interim Order shall not be deemed to allow the Debtors to accelerate payment of any amounts on account of the Customer Programs that may be due and owing by the Debtors.
4. The Debtors are authorized, but not directed, to continue, renew, replace, modify and/or terminate the Customer Programs as they deem appropriate, in their discretion, and in the ordinary course of business, without further application to the Court.
5. The Banks are authorized and directed to receive, honor, process and pay, to the extent of funds on deposit, any and all checks or electronic funds transfers drawn on the Debtors' bank accounts relating to the Customer Programs, including those checks or electronic funds transfers that have not cleared the Banks as of the Petition Date.

6. Nothing contained in this order shall be deemed to increase, reclassify, elevate to an administrative expense status or otherwise affect the performance, payments or credits provided under the Customer Programs to the extent they are not satisfied.

7. The relief granted herein shall not constitute an approval or assumption of the Customer Programs or any agreement or policy pursuant to section 365 of the Bankruptcy Code.

8. Within three (3) business days after entry hereof, the Debtors shall serve a copy of this Order upon: (a) the United States Trustee for the Southern District of New York; (b) the Debtors' fifty (50) largest unsecured creditors on a consolidated basis; (c) counsel to JPMorgan Chase Bank, N.A., as the administrative agent under the Debtors' prepetition secured credit agreements; (d) counsel to the administrative agent under the Debtors' postpetition credit agreement; (e) counsel to the indenture trustee for the 8.875% First-Priority Senior Secured Notes; (f) counsel to the indenture trustee for the 10% Senior Secured Notes; (g) counsel to the indenture trustee for the 9.0% / 9.5% Second-Priority Springing Lien Notes; (h) counsel to the indenture trustee for the 11.5% Senior Subordinated Notes; (i) counsel to GE Capital Equity, Inc.; (j) counsel to the Ad Hoc Group of Second Lien Noteholders; (k) counsel to Apollo Global Management, LLC and certain affiliated funds; and (l) counsel to Momentive Performance Materials Holdings LLC.

9. Any objections to entry of a final order on the Motion must be (a) filed with the Court no later than 4:00 p.m. prevailing Eastern time on [_____], 2014 (the "**Objection Deadline**") and (b) served so as to be actually received by the following parties by the Objection Deadline: (i) Momentive Performance Materials Inc., 260 Hudson River Road, Waterford, NY 12188 (Attn.: Douglas A. Johns, Esq.); (ii) counsel for the Debtors, Willkie

Farr & Gallagher LLP, 787 Seventh Avenue, New York, NY 10019 (Attn: Matthew A. Feldman, Esq. and Rachel C. Strickland, Esq.); (iii) the Office of the United States Trustee, 201 Varick Street, Suite 1006, New York, NY 10014 (Attn: Brian S. Matsumoto, Esq. and Richard W. Fox, Esq.); (iv) counsel to the administrative agent under the Debtors' postpetition secured credit agreement, Simpson Thacher & Bartlett LLP, 425 Lexington Avenue, New York, NY 10017 (Attn: Steven M. Fuhrman, Esq. and Nicholas Baker, Esq.); (v) counsel to GE Capital Equity, Inc.; (vi) counsel to the Ad Hoc Group of Second Lien Noteholders; (vii) counsel to Apollo Global Management, LLC and certain affiliated funds; and (viii) counsel to Momentive Performance Materials Holdings LLC.

10. Any objections or responses to the Motion shall be filed and served on parties-in-interest as required by the Local Rules.

11. A hearing shall be held to consider the relief granted herein on a final basis on _____, 2014, at __.m., before the Honorable Robert D. Drain, United States Bankruptcy Judge, in Courtroom _____ 300 Quarropas Street, White Plains, New York 10601 (the "**Final Hearing**") and, pending entry of an order following the conclusion of the Final Hearing, the relief granted herein shall remain in effect on an interim basis.

12. Notwithstanding anything to the contrary contained herein, any payment to be made, and any authorization contained, hereunder shall be subject to the requirements imposed on the Debtors under the Debtors' postpetition financing agreements (the "**DIP Loan Agreements**") and any order governing the Debtors' use of cash collateral and entry into the DIP Loan Agreements (such order, the "**DIP Financing Order**") and nothing herein shall alter the rights of the secured parties under the DIP Financing Order or DIP Loan Agreements. To the

extent of any conflict between the terms of this Order and the terms of the DIP Financing Order, the terms of the DIP Financing Order shall govern.

13. This Order, and all acts taken in furtherance of or reliance upon this Order, shall be effective notwithstanding the filing of an objection.

14. Bankruptcy Rule 6003(b) has been satisfied because the relief requested in the Motion is necessary to avoid immediate and irreparable harm to the Debtors. The requirements of Bankruptcy Rules 6004(a) and 6004(h) are waived.

15. The Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation of this Order.

Dated: _____, 2014
White Plains, New York

THE HONORABLE ROBERT D. DRAIN
UNITED STATES BANKRUPTCY JUDGE

EXHIBIT B

Proposed Final Order

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

-----X
 In re : Chapter 11
 :
 MPM Silicones, LLC, et al.,¹ : Case No. 14-_____ ()
 :
 Debtors. : Jointly Administered
 -----X

FINAL ORDER AUTHORIZING DEBTORS TO HONOR CERTAIN PREPETITION OBLIGATIONS TO CUSTOMERS AND TO CONTINUE CUSTOMER PROGRAMS

Upon the motion (the “**Motion**”) of the debtors and debtors in possession in the above-captioned cases (collectively, the “**Debtors**”) for a final order, pursuant to sections 105(a), 363(b), 1107(a) and 1108(b) of title 11 of the United States Code (the “**Bankruptcy Code**”), authorizing the Debtors, in their discretion, to perform their prepetition obligations related to the Customer Programs (as defined in the Motion) in the ordinary course of business; and upon consideration of the Motion and all pleadings related thereto, including the Declaration of William H. Carter, Chief Financial Officer of Momentive Performance Materials Inc., in Support of Chapter 11 Petitions and First Day Pleadings; and due and sufficient notice of the Motion having been given; and it appearing that no other or further notice need be provided; and it appearing that the relief requested by the Motion is in the best interests of these estates, their creditors and other parties-in-interest; and it appearing that the requirements of Rule 6003 of the Federal Rules of Bankruptcy Procedure have been satisfied because the relief granted herein is

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necessary to avoid immediate and irreparable harm to the Debtors' estates; and after due deliberation and sufficient cause appearing therefor, it is hereby

ORDERED, ADJUDGED AND DECREED that:

1. The Motion is granted on a final basis to the extent set forth herein.
2. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Motion.
3. The Debtors are authorized, in their discretion and in the ordinary course of business, to honor and perform all obligations in respect of the Customer Programs, without regard to whether the Debtors' obligations under the Customer Programs arose before or after the Petition Date.
4. The Debtors are authorized, but not directed, to continue, renew, replace, modify and/or terminate the Customer Programs as they deem appropriate, in their discretion, and in the ordinary course of business, without further application to the Court.
5. The Banks are authorized and directed to receive, honor, process and pay, to the extent of funds on deposit, any and all checks or electronic funds transfers drawn on the Debtors' bank accounts relating to the Customer Programs, including those checks or electronic funds transfers that have not cleared the Banks as of the Petition Date.
6. Nothing contained in this order shall be deemed to increase, reclassify, elevate to an administrative expense status or otherwise affect the performance, payments or credits provided under the Customer Programs to the extent they are not satisfied.
7. The relief granted herein shall not constitute an approval or assumption of the Customer Programs or any agreement or policy pursuant to section 365 of the Bankruptcy Code.

8. Notwithstanding anything to the contrary contained herein, any payment to be made, and any authorization contained, hereunder shall be subject to the requirements imposed on the Debtors under the Debtors' postpetition financing agreements (the "**DIP Loan Agreements**") and any order governing the Debtors' use of cash collateral and entry into the DIP Loan Agreements (such order, the "**DIP Financing Order**") and nothing herein shall alter the rights of the secured parties under the DIP Financing Order or DIP Loan Agreements. To the extent of any conflict between the terms of this Order and the terms of the DIP Financing Order, the terms of the DIP Financing Order shall govern.

9. The requirement of Bankruptcy Rule 6004(h) is waived.

10. The Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation of this Order.

Dated: _____, 2014
White Plains, New York

THE HONORABLE ROBERT D. DRAIN
UNITED STATES BANKRUPTCY JUDGE