

Matthew A. Feldman
Rachel C. Strickland
Jennifer J. Hardy
WILLKIE FARR & GALLAGHER LLP
787 Seventh Avenue
New York, New York 10019
Telephone: (212) 728-8000
Facsimile: (212) 728-8111

*Proposed Counsel for the Debtors and
Debtors in Possession*

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re : Chapter 11
: :
MPM Silicones, LLC, et al.,¹ : Case No. 14-_____ ()
: :
Debtors. : (Joint Administration Pending)
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**DEBTORS’ MOTION FOR INTERIM AND FINAL ORDERS AUTHORIZING:
(A) CONTINUED USE OF THE DEBTORS’ CASH MANAGEMENT
SYSTEM AND PROCEDURES; (B) MAINTENANCE AND CONTINUED USE OF
EXISTING BANK ACCOUNTS; (C) WAIVER OF CERTAIN OPERATING
GUIDELINES RELATING TO BANK ACCOUNTS; AND (D) CONTINUATION OF
INTERCOMPANY TRANSACTIONS AND ACCORDANCE OF
ADMINISTRATIVE EXPENSE STATUS TO INTERCOMPANY CLAIMS**

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 “**Proposed Interim Order**”) and

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.



a final order (the “**Proposed Final Order**”), pursuant to sections 105(a), 345, 363, 364 and 503 of title 11 of the United States Code (the “**Bankruptcy Code**”) and Rules 6003 and 6004 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), authorizing: (a) the continued use of the Debtors’ cash management system and procedures (the “**Cash Management System**”); (b) the maintenance and continued use of their existing bank accounts (the “**Bank Accounts**”) located at the banks (the “**Banks**”) listed on Exhibit A annexed hereto; (c) a waiver of certain operating guidelines relating to bank accounts set forth by the Office of the United States Trustee for the Southern District of New York (the “**U.S. Trustee**”) pursuant to the U.S. Trustee’s Operating Guidelines and Reporting Requirements for Debtors in Possession and Trustees (the “**U.S. Trustee Guidelines**”); and (d) the continuation of intercompany transactions among and between the Debtors and their non-Debtor subsidiaries in the ordinary course of business, consistent with their prepetition practices, and accordance of administrative expense status to claims for such transactions (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 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. 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 statutory predicates for the relief requested herein are sections 105(a), 345, 363, 364 and 503 of the Bankruptcy Code, and Bankruptcy Rules 6003 and 6004.

RELIEF REQUESTED

4. By this Motion, the Debtors seek entry of an order, pursuant to sections 105(a), 345, 363, 364 and 503 of the Bankruptcy Code and Bankruptcy Rules 6003 and 6004, authorizing: (a) the continued use of the Debtors' Cash Management System; (b) maintenance and continued use of their existing Bank Accounts; (c) a waiver of certain operating guidelines relating to bank accounts set forth in the U.S. Trustee Guidelines; (d) the continuation of intercompany transactions among and between the Debtors and their non-Debtor subsidiaries in the ordinary course of business, consistent with their prepetition practices, and accordance of administrative expense status to claims for such transactions; and (e) the Debtors to defer, as long as it is in the best interests of the Debtors, the repayment of due and payable intercompany debt owed to the Debtors by their foreign non-Debtor subsidiaries, including, but not limited to, debt arising out of intercompany trade payables and loans between the Debtors and their foreign non-Debtor subsidiaries.

5. The relief requested herein will help ensure the Debtors' orderly entry into chapter 11 and will avoid many of the possible disruptions and distractions that could divert the Debtors' attention from more pressing matters during the initial days of these cases.

**THE DEBTORS' EXISTING BANK
ACCOUNTS AND CASH MANAGEMENT SYSTEM**

6. In the ordinary course of business prior to the Petition Date, the Debtors used an integrated Cash Management System, which is similar to those utilized by other comparably-sized companies, to efficiently collect, concentrate and disburse the funds generated by the Debtors' business operations. The Cash Management System enables the Debtors to monitor the collection and disbursement of funds and control the administration of their Bank Accounts. Although many aspects of the Cash Management System are automated, the Debtors' employees monitor the system and manage the proper collection and disbursement of funds.

7. The Cash Management System has two main components: (a) cash collection and concentration; and (b) cash disbursements. A schematic illustrating the general flow of funds through the Cash Management System is attached as Exhibit B hereto. The two main components of the Cash Management System are described below.

A. Cash Collection and Concentration

8. The Debtors use the centralized Cash Management System to facilitate the flow of funds collected in the ordinary course of their operations to their concentration accounts. The Debtors' receipts are collected on a divisional basis in three accounts (the "Collection Accounts") located at two separate banking institutions: a lockbox account maintained at PNC Financial Services Group, Inc. in connection with the Debtors' silicones business; and a lockbox account and an account relating to automatic clearing house ("ACH") transfers and wire transfers maintained at Bank of America Merrill Lynch ("BAML") in connection with the

Debtors' quartz business. Payments into the Collection Accounts are typically in the form of checks, credit card payments, ACH transfers and wire transfers.

9. To manage their businesses and coordinate the payment of their outstanding obligations, the Debtors regularly concentrate the cash assets together into a central account. Receipts deposited in the Collection Accounts are swept, on a daily basis, into two intermediary concentration accounts (the "**Sub-Concentration Accounts**"), which are maintained at BAML, one for each of their quartz business and silicones business.² The Sub-Concentration Accounts are linked to the Debtors' concentration account (the "**Concentration Account**") maintained at BAML, which serves as the ultimate collection point for a majority of the funds moving through the Cash Management System. At the close of each business day, the collected available balance of the Sub-Concentration Accounts are zeroed out through an automatic sweep to the Concentration Account.

B. Cash Disbursements

10. The Debtors disburse funds through nine disbursement accounts maintained at BAML (collectively, the "**Disbursement Accounts**") required to satisfy their financial obligations associated with the Debtors' silicones and quartz divisions. The Disbursement Accounts are typically funded by the Concentration Account on a daily basis in the amount of upcoming disbursements.

11. The Debtors pay their payroll and other compensation from two separate payroll accounts at BAML (collectively, the "**Payroll Accounts**") — one maintained by Momentive Performance Materials USA Inc. in connection with the Debtors' silicones business,

² The Debtors also maintain an intermediary account, maintained by Debtor Momentive Performance Materials Worldwide Inc. with BAML, in connection with payments to or receipts received from the Debtors' foreign non-Debtor subsidiaries as part of intercompany-related activity. Receipts collected into this account are swept directly into the Concentration Account as they are received.

and the other by Momentive Performance Materials Quartz, Inc. in connection with the Debtors' quartz business. Funds are manually transferred from the Concentration Account to the Payroll Accounts every Wednesday to fund distributions made on Friday of the same week. The Debtors' payroll service provider, Automatic Data Processing, Inc., then debits the Payroll Accounts and issues checks and direct deposits to the Debtors' employees.

12. Additional Disbursement Accounts are used to pay accounts payable, taxes and other disbursements.

C. Standalone Accounts

13. In addition, the Debtors maintain nine separate accounts, which are not automatically swept into the Concentration Account (the "Standalone Accounts"). The Debtors maintain an investment account with BAML, which holds only cash, as well as an account with Fifth Third Bank, which is used to deposit miscellaneous local receipts. The Debtors also maintain four accounts with BAML used for interest payments in respect of certain intercompany loan transactions. Two additional accounts are also maintained with BAML relating to intercompany activity made in Euros. Finally, receipts generated from the Debtors' transactions in Canada are collected in an account maintained with BAML.

D. Intercompany Claims and Intercompany Transactions

14. The Debtors operate a complex, highly competitive, international business in the silicone and quartz industries. The Debtors, together with their foreign non-Debtor subsidiaries, operate 22 production facilities worldwide, providing services to approximately 4,500 customers throughout 100 countries through a workforce of 4,500 employees. Given the size and global nature of their enterprise, the Debtors, in the ordinary course of business, maintain business relationships with their Debtor and non-Debtor subsidiaries, including foreign subsidiaries, which result in intercompany receivables and payables (the "Intercompany

Claims”) arising from the following types of transactions, among others (the “**Intercompany Transactions**”):

- a. **Intercompany Sales and Purchases**. In the ordinary course of business, the Debtors sell and purchase goods from various Debtor and non-Debtor foreign subsidiaries. The Debtors’ records of Intercompany Transactions reflect the net position of both sales and purchases made between their affiliates.
- b. **Intercompany Cash Management Claims**. In the ordinary course of business, and as a result of the Debtors’ cash management operations, certain Debtors receive checks and wire transfers from customers and fund payables on behalf of various other Debtors and non-Debtor subsidiaries. The Debtors’ intercompany accounts reflect the net position of both receipts and disbursements received or made on behalf of other Debtors and non-Debtor subsidiaries.
- c. **Intercompany Loans**. The Debtors also maintain a well-documented system of intercompany loans to facilitate cash flow between (i) each of the Debtors, and (ii) the Debtors and their foreign non-Debtor subsidiaries.
- d. **Capital Contributions and Dividends**. Certain Debtors and non-Debtor subsidiaries periodically make capital contributions and pay dividends out of their accumulated earnings.
- e. **Intercompany Receivables Servicing**. As part of the Debtors’ strategy to manage its declining liquidity immediately prior to the Petition Date, the Debtors entered into a transaction (the “**Receivables Transaction**”) involving the sale of the receivables of certain Debtor entities to a non-Debtor subsidiary of their ultimate parent Momentive Performance Materials Holdings LLC (“**Holdings LLC**”). Pursuant to the Receivables Transaction, certain receivables of Debtors Momentive Performance Materials USA Inc. and Momentive Performance Materials Quartz, Inc. were sold to Superholdco Finance Corp., a non-Debtor affiliate and subsidiary of Holdings LLC, in exchange for an upfront cash payment, with the proceeds of such receivables, as they are received over time, then owned by Superholdco Finance Corp. The Debtors still act as servicer for such receivables, and will receive payment on such receivables during the course of these cases, which payments they will transfer to a non-Debtor subsidiary for payment to Superholdco Finance Corp. As the Debtors are only servicer for such transactions, any such proceeds received on behalf of Superholdco Finance Corp. would not constitute property of the Debtors’ estates. Therefore, whether received prior to, or following the Petition Date, the Debtors intend to turn over such receivables to Superholdco Finance Corp. in accordance with the relevant documentation underlying the Receivables Transaction.

15. The Intercompany Transactions are made between and among the Debtors and certain of their non-Debtor subsidiaries in the ordinary course of the Debtors' businesses.³ The costs and revenues associated with the Intercompany Transactions are accounted for among the legal entities resulting in Intercompany Claims. As funds are disbursed throughout the Cash Management System, there may be, at any given time, Intercompany Claims owed (i) by one Debtor to another Debtor; or (ii) between one Debtor and a non-Debtor subsidiary. While certain Intercompany Transactions are settled by book entry, others, including the Intercompany Transactions between the Debtors and their non-Debtor subsidiaries, are settled by the actual transfer of cash. The Debtors track all Intercompany Transactions electronically in their accounting system and can ascertain, trace and account for them as needed. The system of Intercompany Transactions is vitally important to the Debtors' ability to manage their cash flow to support the operations of their non-Debtor subsidiaries. If the Intercompany Transactions (including fund transfers) were to be discontinued, the Cash Management System would be disrupted, which could stifle the Debtors' reorganization efforts.

16. Among the different types of Intercompany Transactions are the intercompany loans among the Debtors and their foreign non-Debtor subsidiaries, each of which are documented by note agreements. The Debtors, in the ordinary course of business, periodically are required to infuse capital into certain of their foreign non-Debtor subsidiaries. This infusion of capital usually is in the form of a loan. Because these entities are part of the Debtors' overall corporate ownership structure, the funds remain within the control of the

³ Because the Debtors engage in Intercompany Transactions on a regular basis and such transactions are common among enterprises similar to the Debtors, the Debtors believe the Intercompany Transactions are ordinary course transactions within the meaning of section 363(c)(1) of the Bankruptcy Code and, thus, do not require the Court's approval. Nevertheless, out of an abundance of caution, the Debtors are seeking express authority to engage in such transactions on a postpetition basis. The continued performance of the ordinary course Intercompany Transactions is integral to ensuring the Debtors' ability to operate their business as debtors in possession.

Debtors or their subsidiaries throughout the entirety of these Intercompany Transactions. Such transactions ensure that cash is available to support the operations of the Debtors' non-Debtor subsidiaries. Therefore, the Debtors respectfully submit that continuation of the Intercompany Transactions, including the intercompany trade payables and loans among the Debtors and their foreign non-Debtor subsidiaries, is in the best interests of the Debtors, their estates and all parties in interest, and thus, the Debtors should be permitted, in their discretion, to continue such Intercompany Transactions.

17. The Debtors also seek authority to defer—as long as it is in the best interests of the Debtors—the repayment of due and payable intercompany debt (including trade receivables and intercompany loans) owed to the Debtors by their foreign non-Debtor subsidiaries. Such relief is necessary to preserve the value of the Debtors' equity interest in such entities, and to ensure that the foreign non-Debtor subsidiaries can continue to meet commitments to the Debtors' global customer network. In some instances, failing to defer repayment of intercompany loans or receivables would require the Debtors to draw upon their proposed debtor-in-possession facility to provide cash to the relevant non-Debtor in order to fund such payment, thereby causing additional interest to be incurred. Moreover, the requested relief is particularly important in certain jurisdictions where failure to meet a balance sheet solvency test or a cash flow insolvency test results in an immediate duty to file for insolvency under the applicable law. Without such relief, the Debtors may need to use their own cash, or borrowings under their proposed debtor-in-possession facility, to infuse cash in their subsidiaries, solely to allow such subsidiaries to refund such cash to the Debtors.

18. Therefore, the Debtors request authority to continue the Intercompany Transactions, including, but not limited to, loans between the Debtors and their foreign non-

Debtor subsidiaries, and where necessary, to defer the repayment of due and payable intercompany debt (including loans and trade receivables) owed to the Debtors by their foreign non-Debtor subsidiaries.

U.S. TRUSTEE GUIDELINES

19. The U.S. Trustee Guidelines, which were adopted in order to assist the U.S. Trustee in supervising the administration of chapter 11 cases, require chapter 11 debtors to, among other things:

- (a) close all existing bank accounts;
- (b) open new debtor-in-possession operating, payroll and tax accounts; and
- (c) obtain and utilize new checks for all debtor-in-possession accounts which bear the designation “Debtor-in-Possession” and contain certain other information related to the chapter 11 case.

20. The Debtors’ continued use of the Bank Accounts is essential to their smooth and orderly transition into chapter 11. All parties-in-interest will be best served by the continued use of the Bank Accounts as it will minimize disruption of the Debtors’ businesses. Moreover, change is unnecessary because the Cash Management System allows the Debtors to differentiate between pre and postpetition transactions, account balances and obligations. To ensure that the maintenance of the current Cash Management System does not prejudice parties in interest, the Debtors will separately record the balances of each of their Bank Accounts as of the Petition Date so as to track postpetition activity and ensure that such transactions are adequately and promptly documented in their books and records. Accordingly, the Debtors request a waiver of the U.S. Trustee Guidelines requiring that they close all existing Bank Accounts and open new debtor-in-possession accounts.

21. The Debtors further request that all Banks where the Debtors hold Bank Accounts be authorized to: (a) continue to administer the Bank Accounts in the manner maintained prior to the Petition Date, without interruption, in the usual and ordinary course; and (b) to receive, process and honor and pay any and all checks, drafts, wires or ACH transfers drawn on the Bank Accounts by the holders or makers thereof, as the case may be, drawn or issued by the Debtors (i) after the Petition Date, or (ii) prior to the Petition Date, if such applicable Bank has been specifically authorized to honor such check by order of this Court.

22. The Debtors also seek a waiver of the requirement to establish specific accounts for operating, payroll and tax obligations. The Debtors believe that such obligations can be paid most efficiently out of their existing Bank Accounts, that the U.S. Trustee can adequately monitor the flow of funds into, among, and out of such accounts, and that the creation of new debtor-in-possession accounts designated solely for such obligations would be unnecessary and inefficient.

BASIS FOR RELIEF

A. Continued Use of the Cash Management System Is Warranted

23. The Debtors hereby seek authority to continue to use their Cash Management System. In light of the substantial size and complexity of the Debtors' operations, the preservation and enhancement of the Debtors' respective values as going concerns, as well as the avoidance of disruptions to the Debtors' businesses, cannot be achieved if the Debtors' cash management procedures are substantially disrupted. Therefore, it is essential that the Debtors are permitted to continue to consolidate the management of their cash and transfer monies from entity to entity, as needed, in the amounts necessary to continue the operation of their businesses and in accordance with their existing cash management procedures.

24. The Cash Management System has been utilized by the Debtors for many years and constitutes a customary and essential business practice. The Cash Management System tracks all cash payments relating to the Debtors and their non-Debtor subsidiaries. The Cash Management System is similar to those commonly employed by corporate enterprises comparable to the Debtors in size and complexity. The widespread use of such systems, moreover, is attributable to the numerous benefits they provide, including the ability to: (a) control and monitor corporate funds; (b) invest idle cash; (c) ensure cash availability; and (d) reduce administrative expenses by facilitating the movement of funds and the development of timely and accurate account balance and presentment information. These controls are especially important here, given the significant volume of cash transactions managed through the Cash Management System.

25. It would be difficult and unduly burdensome for the Debtors to establish an entirely new system of accounts and a new cash management system and disbursement system for each separate legal entity. Thus, under the circumstances, the maintenance of the Cash Management System not only is essential, but is also in the best interests of the Debtors' estates and their creditors.⁴ If the Debtors are not permitted to continue to utilize the Cash Management System, their operations would be severely, and perhaps irreparably, disrupted. Accordingly, the Debtors respectfully request that the Court authorize the Debtors' continued use of the Cash Management System described herein.

26. Section 363(c)(1) of the Bankruptcy Code authorizes a debtor to "use property of the estate in the ordinary course of business without notice or a hearing." 11 U.S.C.

⁴ As a matter of course, the Debtors will continue to maintain current records with respect to all transfers of cash, so that all postpetition transactions can be readily ascertained, traced and recorded properly on applicable intercompany accounts.

§ 363(c)(1). The purpose of section 363(c)(1) of the Bankruptcy Code is to provide a debtor with the flexibility to engage in those transactions that make up the bulk of its day-to-day operations without incurring the excessive monitoring costs that would result from the need to provide notice of, and obtain approval for, such ordinary course activities. See, e.g., Medical Malpractice Ins. Ass'n v. Hirsch (In re Lavigne), 114 F.3d 379, 384 (2d Cir. 1997); Chaney v. Official Comm. of Unsecured Creditors of Crystal Apparel, Inc. (In re Crystal Apparel, Inc.), 207 B.R. 406, 409 (S.D.N.Y. 1997); In re Enron Corp., 2003 WL 1562202, at *15 (Bankr. S.D.N.Y. Mar. 21, 2003). The Debtors' ability to continue using the Cash Management System and engaging in related routine transactions falls within the parameters of section 363(c)(1) of the Bankruptcy Code. See In re Amdura Corp., 75 F.3d 1447, 1453 (10th Cir. 1996); In re Charter Co., 778 F.2d 617, 621 (11th Cir. 1985) (holding that a debtor's request for authority to continue using its existing cash management system is consistent with section 363(c)(1) of the Bankruptcy Code).

27. To the extent that use of the existing Cash Management System is beyond the ordinary course of the Debtors' business, such use is permitted by sections 363(b)(1) and 105(a) of the Bankruptcy Code. Section 363(b)(1) 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). Courts generally hold that a debtor's decision to enter into a transaction outside of the ordinary course of business is governed by the business judgment standard. See Comm. of Asbestos-Related Litigants v. Johns-Manville Corp. (In re Johns-Manville Corp.), 60 B.R. 612, 616 (Bankr. S.D.N.Y. 1986). Further, section 105(a) of the Bankruptcy Code empowers the Court to "issue any order, process,

or judgment that is necessary or appropriate to carry out the provisions of this title.” 11 U.S.C. § 105(a).

28. Under the circumstances and in light of the Debtors’ belief that their continued use of the Cash Management System is in the best interests of their estates, the Debtors request that the Court authorize the Debtors to continue using the Cash Management System.

B. Section 345 of the Bankruptcy Code

29. Section 345 of the Bankruptcy Code governs a debtor’s deposit and investment of cash during a chapter 11 case and authorizes the deposits or investments of money “as will yield the maximum reasonable net return on such money, taking into account the safety of such deposit on investment.” 11 U.S.C. § 345(a).

30. Section 345(b) of the Bankruptcy Code provides:

Except with respect to a deposit or investment that is insured or guaranteed by the United States or by a department, agency, or instrumentality of the United States or backed by the full faith and credit of the United States, the trustee shall require from an entity with which such money is deposited or invested—

(1) a bond—

(A) in favor of the United States;

(B) secured by the undertaking of a corporate surety approved by the United States trustee for the district in which the case is pending; and

(C) conditioned on—

(i) a proper accounting for all money so deposited or invested and for any return on such money;

(ii) prompt repayment of such money and return; and

(iii) faithful performance of duties as a depository; or

(2) the deposit of securities of the kind specified in section 9303 of title 31;

unless the court for cause orders otherwise.

11 U.S.C. § 345(b).

31. The Debtors submit that they are in compliance with section 345(b) of the Bankruptcy Code with respect to the Bank Accounts. All of the Bank Accounts are maintained at Banks that have been approved by the U.S. Trustee as an authorized bank depository in accordance with the U.S. Trustee Guidelines. Accordingly, the Debtors believe that any funds that are deposited in their Bank Accounts with the Banks are secure and, thus, the Debtors are in compliance with section 345(b) of the Bankruptcy Code. Therefore, the Debtors do not believe a waiver of the deposit and investment requirements of section 345 of the Bankruptcy Code is necessary in these cases with respect to the Bank Accounts.

C. The Debtors Should Be Authorized to Continue Performing
Under the Intercompany Transactions Involving Debtors and Non-Debtors

32. The Debtors' businesses are operationally and functionally linked to those of their non-Debtor subsidiaries. At any given time, Intercompany Claims exist among the Debtors, and among the Debtors and their non-Debtor subsidiaries. These claims result from the Intercompany Transactions made in the ordinary course of business that are an essential component of the Cash Management System, including intercompany loans to fund the operations of the Debtors' non-Debtor foreign subsidiaries. The Intercompany Transactions ensure that cash and materials are available to support the operations of the Debtors and their non-Debtor subsidiaries.

33. In order to permit ordinary course operations of the Debtors' business and to preserve their investments in their non-Debtor subsidiaries, the Intercompany Transactions must be preserved. If the Intercompany Transactions were discontinued, a number of services currently provided and currently maintained by the Debtors would be disrupted, and would risk

causing serious operational and business disruptions for the Debtors, their non-Debtor subsidiaries, or both. Similarly, if the Debtors' non-Debtor subsidiaries are not funded and cannot meet their obligations and manage their cash as a result of these chapter 11 cases, there is a likelihood that they will decrease substantially in value. Therefore, the Debtors respectfully submit that continuation of the Intercompany Transactions involving Debtors and non-Debtors is in the best interests of the Debtors, their estates and all parties in interest, and thus, the Debtors should be permitted to continue such Intercompany Transactions.

34. Courts have routinely granted such authority in other complex multi-debtor chapter 11 cases to continue in place ordinary course intercompany transactions and, in some circumstances, funds flows. See, e.g., In re RDA Holdings Co., Case No. 13-22233 (RDD) (Bankr. S.D.N.Y. Mar. 25, 2013); In re Eastman Kodak Company, Case No. 12-10202 (ALG) (Bankr. S.D.N.Y. Feb. 16, 2012); In re The Great Atlantic & Pacific Tea Company, Inc., Case No. 10-24549 (RDD) (Bankr. S.D.N.Y. Feb. 4, 2011); In re Reader's Digest Ass'n, Inc., Case No. 09-23529 (RDD) (Bankr. S.D.N.Y. Nov. 23, 2009); In re ION Media Networks, Inc., Case No. 09-13125 (Bankr. S.D.N.Y. May 21, 2009); In re Chemtura Corp., Case No. 09-11233 (REG) (Bankr. S.D.N.Y. Mar. 20, 2009); In re Tronox Inc., Case No. 09-10156 (ALG) (Bankr. S.D.N.Y. Feb. 6, 2009).

35. The Debtors also seek authority to defer—as long as it is in the best interests of the Debtors—the repayment of due and payable intercompany debt owed to the Debtors by their foreign non-Debtor subsidiaries. The Debtors believe such requested relief is necessary to preserve the value of the Debtors' equity interest in such entities, and to ensure that the foreign non-Debtor subsidiaries can continue to meet commitments to the Debtors' global customer network and to maximize the value of the non-Debtor subsidiaries for the benefit of the

Debtors' estates and their creditors. See, e.g., In re Tronox Incorporated, Case No. 09-10156 (ALG) (Bankr. S.D.N.Y. Feb. 6, 2009) (permitting debtors to defer the repayment of due and payable intercompany debt owed to the debtors by their foreign non-debtor affiliates). In some instances, failing to defer repayment of intercompany loans would require the Debtors to draw upon their proposed debtor-in-possession facility to provide cash to the relevant non-Debtor in order to fund such payment, thereby causing additional interest to be incurred. Moreover, certain foreign jurisdictions impose strict insolvency filing duties on management. Most European jurisdictions, for example, follow either a balance sheet solvency test or a cash flow insolvency test, or both. Failure to meet these tests may result in an immediate duty to file for insolvency under the applicable law. The Debtors request the authority to defer the due payment of intercompany loans to avoid any of the non-Debtor subsidiaries running afoul of local cash flow insolvency tests in case they lack the immediately available funds to timely repay a due and payable intercompany debt. Therefore, the Debtors request authority to defer the repayment of due and payable intercompany debt owed to the Debtors by their foreign non-Debtor subsidiaries.

D. Postpetition Intercompany Claims Should Be Treated as Administrative Expenses Pursuant to Sections 503(b)(1) and 364(b) of the Bankruptcy Code

36. If the Court authorizes the continuation of Intercompany Transactions, at any given time there may be balances due and owing among Debtors, and among Debtors and their non-Debtor subsidiaries. These balances represent extensions of intercompany credit. To ensure that the Debtors will not, at the expense of creditors, fund the operation of an affiliated entity, the Debtors respectfully request that the Court, pursuant to sections 364(b) and 503(b)(1) of the Bankruptcy Code, authorize the Debtors to treat all Intercompany Claims arising after the Petition Date in the ordinary course of business owed by a Debtor to another Debtor or a non-

Debtor subsidiary as administrative priority expenses, junior in all respects to the superpriority claims of the Debtors' postpetition secured lenders and subject to (a) the liens granted to the Debtors' prepetition secured lenders as adequate protection for the use of such lenders' cash collateral, (b) the liens granted to the Debtors' postpetition secured lenders, and (c) the carveout under the Debtors' postpetition secured credit facility. If the Court authorizes the Debtors to treat these Intercompany Claims as administrative expenses, then each entity utilizing funds flowing through the Cash Management System will continue to bear ultimate repayment responsibility for such entity's individual obligations.

37. Courts in this district have routinely granted such authority in other chapter 11 cases for similar reasons. See, e.g., In re RDA Holdings Co., Case No. 13-22233 (RDD) (Bankr. S.D.N.Y. Mar. 25, 2013); In re Eastman Kodak Company, Case No. 12-10202 (ALG) (Bankr. S.D.N.Y. Feb. 16, 2012); The Great Atlantic & Pacific Tea Company, Inc., Case No. 10-24549 (RDD) (Bankr. S.D.N.Y. Feb. 7, 2011); In re Citadel Broadcasting Corp., Case No. 09-17442 (BRL) (Bankr. S.D.N.Y. Dec. 21, 2009); In re Lear Corp., Case No. 09-14326 (ALG) (Bankr. S.D.N.Y. July 31, 2009); In re ION Media Networks, Inc., Case No. 09-13125 (JMP) (Bankr. S.D.N.Y. May 21, 2009); In re Charter Communications, Inc., Case No. 09-11435 (JMP) (Bankr. S.D.N.Y. Apr. 15, 2009); In re Chemtura Corp., Case No. 09-11233 (REG) (Bankr. S.D.N.Y. May 1, 2009); In re Tronox Inc., Case No. 09-10156 (ALG) (Bankr. S.D.N.Y. Feb. 6, 2009).

38. Based on the foregoing, the Debtors submit that the relief requested herein is necessary and appropriate, is in the best interests of their estates and all other interested parties, and should be granted in all respects.

39. The Debtors further submit that because the relief requested in this Motion is necessary to avoid immediate and irreparable harm to the Debtors for the reasons set forth herein, Bankruptcy Rule 6003 has been satisfied.

40. To successfully implement the foregoing, the Debtors respectfully seek a waiver of the notice requirements under Bankruptcy Rule 6004(a) and the fourteen-day stay under Bankruptcy Rule 6004(h).

NOTICE

41. 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; (l) counsel to Momentive Performance Materials Holdings LLC; (m) Automatic Data Processing, Inc.; and (n) the Banks listed on Exhibit A. The Debtors submit that, under the circumstances, no other or further notice is required.

42. No previous motion for the relief sought herein has been made to this or any other Court.

CONCLUSION

WHEREFORE, the Debtors respectfully request: (i) entry of an order substantially in the form of the Proposed Interim Order annexed hereto as Exhibit C; (ii) after the final hearing, entry of the Proposed Final Order substantially in the form annexed hereto as Exhibit D; and (iii) 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
Facsimile: (212) 728-8111

EXHIBIT A

Bank Accounts

Bank	Last Four Digits of Account #	Account Description
Bank of America Merrill Lynch	3028	Momentive Performance Materials Inc. Concentration Account
Bank of America Merrill Lynch	3031	Momentive Performance Materials Worldwide Inc. Foreign Intermediary Account
Bank of America Merrill Lynch	7680	Momentive Performance Materials Quartz, Inc. Sub-Concentration and Lockbox Account
Bank of America Merrill Lynch	9527	Momentive Performance Materials Quartz, Inc. ACH and Wire Transfers Collection Account
Bank of America Merrill Lynch	5139	Momentive Performance Materials Quartz, Inc. Payroll Disbursement Account
Bank of America Merrill Lynch	3329	Momentive Performance Materials Quartz, Inc. Accounts Payable Disbursement Account
Bank of America Merrill Lynch	2217	Momentive Performance Materials Quartz, Inc. Accounts Payable Disbursement Account
Bank of America Merrill Lynch	7168	Momentive Performance Materials USA Inc. Sub-Concentration Account
Bank of America Merrill Lynch	7419	Momentive Performance Materials USA Inc. Accounts Payable Disbursement Account
Bank of America Merrill Lynch	3717	Momentive Performance Materials USA Inc. Accounts Payable Disbursement Account
Bank of America Merrill Lynch	5089	Momentive Performance Materials USA Inc. Employee Benefits and Medical Disbursement Account
Bank of America Merrill Lynch	5071	Momentive Performance Materials USA Inc. Payroll Disbursement Account

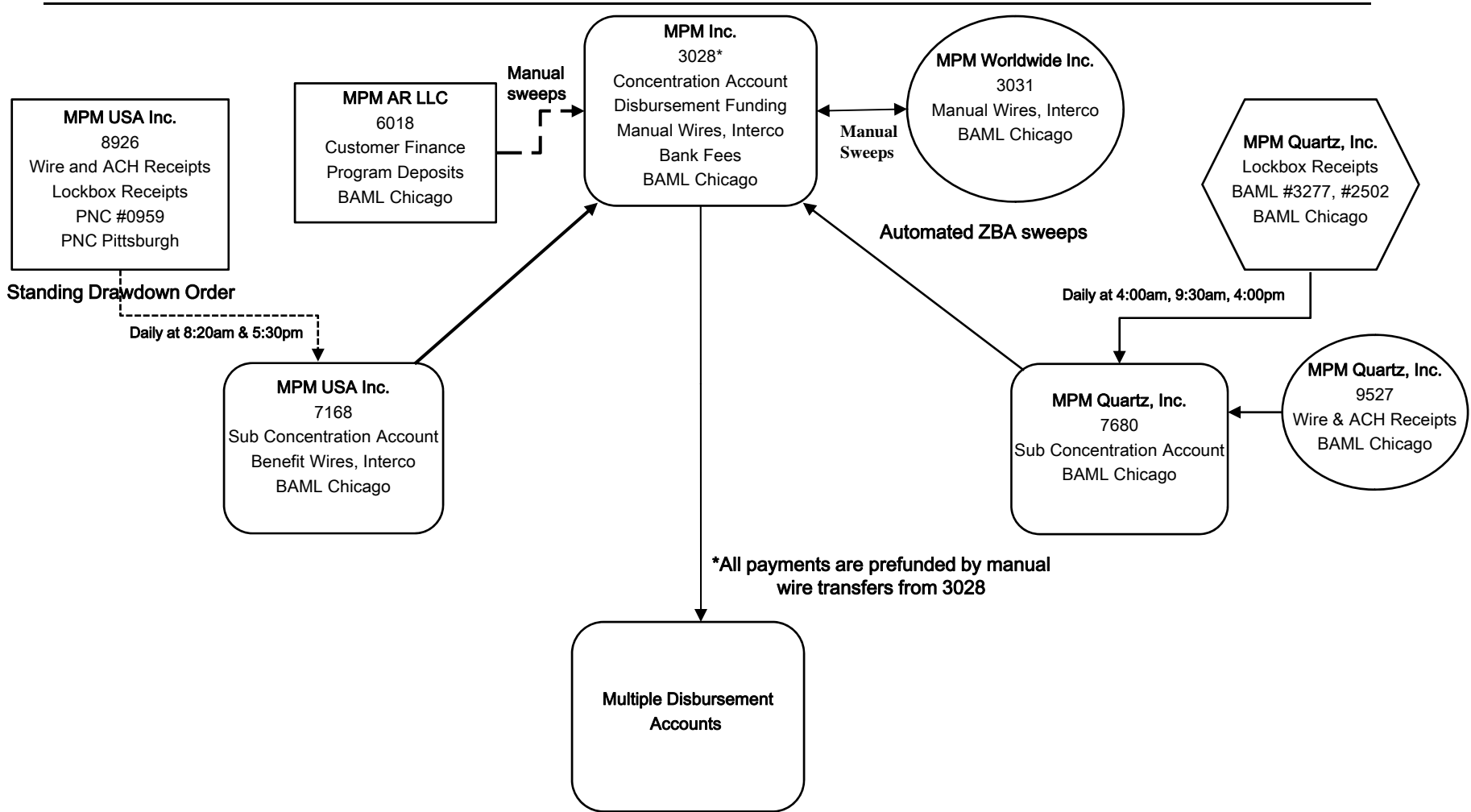
Bank	Last Four Digits of Account #	Account Description
Bank of America Merrill Lynch	6151	Momentive Performance Materials USA Inc. Customs Disbursement Account
Bank of America Merrill Lynch	7344	Momentive Performance Materials USA Inc. Tax Disbursement Account
PNC Financial Services Group, Inc.	8926	Momentive Performance Materials USA Inc. Lockbox

Standalone Accounts

Bank	Last Four Digits of Account #	Account Description
Bank of America Merrill Lynch	6249	Momentive Performance Materials Holdings Inc. Investments Account
Bank of America Merrill Lynch	9021	Juniper Bond Holdings I LLC Japanese Loan Interest Payment Account
Bank of America Merrill Lynch	9034	Juniper Bond Holdings II LLC Japanese Loan Interest Payment Account
Bank of America Merrill Lynch	9050	Juniper Bond Holdings III LLC Japanese Loan Interest Payment Account
Bank of America Merrill Lynch	9063	Juniper Bond Holdings IV LLC Japanese Loan Interest Payment Account
Fifth Third Bank	8762	Momentive Performance Materials USA Inc. Deposit Account
Bank of America Merrill Lynch	3013	Momentive Performance Materials Inc. Euro Intercompany Account
Bank of America Merrill Lynch	7205	Momentive Performance Materials USA Inc. Canadian Receipts Account
Bank of America Merrill Lynch	1012	Momentive Performance Materials USA Inc. Euro Intercompany Account

EXHIBIT B

Cash Flow Schematic



MPM USA Inc.
8762
Local Misc. Deposits
5th 3rd Bank Cincinnati

MPM Inc.
3013
EUR
Interco Lending
BAML Frankfurt

MPM Holdings Inc.
6249
Investments
BAML Chicago

Juniper Bond Holding I LLC
9021
Eurobond Transactions
BAML Chicago

Periodic manual sweeps to
BAML 7168

MPM USA Inc.
7205
CAD
EFT Receipts
BAML Toronto, Canada

MPM USA Inc.
Lockbox Receipts
BAML #5170
BAML Toronto, Canada

Automated Daily Sweeps

Juniper Bond Holding II LLC
9034
Eurobond Transactions
BAML Chicago

Juniper Bond Holding III LLC
9050
Eurobond Transactions
BAML Chicago

MPM USA Inc.
1012
EUR
Interco & DTFD
BAML Frankfurt

Juniper Bond Holding IV LLC
9063
Eurobond Transactions
BAML Chicago

EXHIBIT C

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: (A) CONTINUED USE OF THE DEBTORS' CASH MANAGEMENT SYSTEM AND PROCEDURES; (B) MAINTENANCE AND CONTINUED USE OF EXISTING BANK ACCOUNTS; (C) WAIVER OF CERTAIN OPERATING GUIDELINES RELATING TO BANK ACCOUNTS; AND (D) CONTINUATION OF INTERCOMPANY TRANSACTIONS AND ACCORDANCE OF ADMINISTRATIVE EXPENSE STATUS TO INTERCOMPANY CLAIMS

Upon the motion (the "**Motion**") of the debtors and debtors in possession in the above-captioned cases (collectively, the "**Debtors**") for entry of an interim order, pursuant to sections 105(a), 345, 363, 364 and 503 of title 11 of the United States Code (the "**Bankruptcy Code**") and Rules 6003 and 6004 of the Federal Rules of Bankruptcy Procedure (the "**Bankruptcy Rules**"), authorizing: (a) the continued use of the Debtors' cash management system and procedures (the "**Cash Management System**"); (b) maintenance and continued use of their existing bank accounts; (c) a waiver of certain operating guidelines relating to bank accounts; and (d) the continuation of intercompany transactions among and between the Debtors and their non-Debtor subsidiaries in the ordinary course of business, consistent with their

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 practices, and accordance of administrative expense status to claims for such transactions; and upon 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 the Debtors having complied with section 345(b) of the Bankruptcy Code with respect to the Bank Accounts; and it appearing that no other or further notice need be provided; and it appearing that the relief requested by this Motion is in the best interests of these estates, their creditors, and other parties in interest; 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 not otherwise defined herein shall have the meanings ascribed to such terms in the Motion.
3. The Debtors are authorized and empowered to continue to manage their cash pursuant to the Cash Management System they maintained prior to the Petition Date, and to collect and disburse cash in accordance with the Cash Management System.
4. The requirements of the U.S. Trustee Guidelines that the Debtors close all existing Bank Accounts and open new debtor-in-possession accounts are hereby waived. Further, the requirements of the U.S. Trustee Guidelines that the Debtors establish specific bank accounts for operating, payroll and tax payments are hereby waived.
5. The Debtors may disburse funds from the Bank Accounts by checks, drafts, wires, debits, ACH transfers or by any other means.

6. All applicable Banks and other financial institutions are authorized to accept and hold or invest funds, at the Debtors' direction, in accordance with the Debtors' prepetition investment practices.

7. All Banks where the Debtors maintain Bank Accounts are hereby authorized to: (a) continue to service and administer the Bank Accounts in the manner maintained prior to the Petition Date, without interruption, in the usual and ordinary course; (b) continue to deduct, without further order of this Court, from the appropriate Bank Accounts the Banks' customary fees and expenses associated with the nature of the deposit or cash management or custodial services rendered to the Debtors; and (c) to receive, process and honor and pay any and all checks, drafts, wires or ACH transfers drawn on the Bank Accounts by the holders or makers thereof, as the case may be, drawn or issued by the Debtors (i) after the Petition Date, or (ii) prior to the Petition Date, if such applicable Bank has been specifically authorized to honor such check by order of this Court.

8. Notwithstanding any other provision of this Interim Order, no Bank that honors a prepetition check or other item drawn on any account that is the subject of this Interim Order: (a) at the direction of the Debtors; (b) in a good faith belief that the Court has authorized such prepetition check or item; or (c) as the result of a good faith error made despite implementation of reasonable item handling procedures, shall be deemed to be liable to the Debtors or their estates or otherwise in violation of this Interim Order.

9. The Debtors shall record the consolidated balances of each of their Bank Accounts so that all postpetition transfers and transactions respecting such Bank Accounts shall be adequately and promptly documented in, and readily ascertainable from, their books and

records, to the same extent maintained by the Debtors prior to the commencement of these chapter 11 cases.

10. Nothing contained herein shall prevent the Debtors from opening any additional bank accounts, or closing any existing Bank Accounts, including opening additional accounts to maintain restricted cash to allow for the issuance of letters of credit, as they may deem necessary and appropriate; provided, however, that the opening or closing of any Bank Account shall be without prejudice to the liens, if any, granted to (a) any agents or trustees under the Debtors' prepetition secured debt facilities, (b) any administrative agent (collectively, the "**DIP Agent**") under the Debtors' postpetition financing loan and credit agreements (together with any related loan and security documents, the "**DIP Loan Agreements**"), or any applicable order authorizing cash collateral usage and the incurrence of postpetition financing (any such order, whether an interim or final order, the "**DIP Financing Order**"). The Banks are authorized to honor the Debtors' request to open or close, as applicable, such Bank Accounts or other bank accounts. The Debtors shall notify parties in interest and the U.S. Trustee of the opening of any new Bank Accounts or closing of any existing Bank Accounts by providing information regarding any such new or closed account in the Debtors' monthly operating reports.

11. Subject to the terms and conditions of any DIP Loan Agreements or DIP Financing Order, the Debtors are authorized, but not required, in their business judgment, to continue performing under and honoring the Intercompany Transactions, regardless of when any such obligations are incurred, including, but not limited to, intercompany trade payables and funding to Debtor and non-Debtor subsidiaries; provided, however, that the Debtors shall (a) keep records of any postpetition intercompany transfers and services that occur during the chapter 11 cases, (b) put in place accounting procedures to identify and distinguish between

prepetition and postpetition Intercompany Transactions and to track postpetition Intercompany Transactions, and (c) provide reasonable access to such records and procedures to the DIP Agents and counsel to Apollo Global Management, LLC and certain affiliated funds.

12. Intercompany Claims are hereby granted administrative expense status pursuant to sections 503(b)(1) and 364(b) of the Bankruptcy Code, junior in all respects to the superpriority claims of the Debtors' postpetition secured lenders and DIP Agents and the superpriority claims of the prepetition secured lenders and their agents as adequate protection for the use of such lenders' collateral, in each case, as set forth in the DIP Financing Order, and further subject to (a) the liens granted to the Debtors' prepetition secured lenders as adequate protection for the use of such lenders' cash collateral, (b) the liens granted to the Debtors' postpetition secured lenders or the DIP Agents, and (c) the carveout provided in the DIP Financing Order.

13. The Debtors are authorized, but not required, to defer the repayment of due and payable intercompany debt owed to the Debtors by their foreign non-Debtor subsidiaries.

14. As promptly as possible, but in no event later than five (5) business days after entry of this Interim Order, the Debtors shall serve a copy of the Motion and this Interim Order upon (a) the U.S. Trustee; (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; (l) counsel to Momentive Performance Materials Holdings LLC; (m) Automatic Data Processing, Inc.; and (n) the Banks listed on Exhibit A to the Motion.

15. Any responses or objections to the Motion and entry of an order granting the relief requested in the Motion on a final basis (the “**Final Order**”) must: (a) be made in writing; (b) state with particularity the grounds therefor; (c) conform to the Bankruptcy Rules and the Local Bankruptcy Rules for the Southern District of New York; (d) be filed with the United States Bankruptcy Court for the Southern District of New York; and (e) be served upon (i) the U.S. Trustee, 201 Varick Street, Suite 1006, New York, NY 10014, Attn: Brian S. Matsumoto, Esq. and Richard W. Fox, Esq.; (ii) Momentive Performance Materials Inc., 260 Hudson River Road, Waterford, NY 12188, Attn: Douglas A. Johns; (iii) proposed counsel to the Debtors: Willkie Farr & Gallagher LLP, 787 Seventh Ave, New York, New York 10019, Attn: Mathew A. Feldman, Esq. and Rachel C. Strickland, Esq.; and (iv) counsel to the administrative agent under the Debtors’ postpetition credit agreement, Simpson Thacher & Bartlett LLP, 425 Lexington Avenue, New York, NY 10017, Attn: Steven M. Fuhrman, Esq. and Nicholas Baker, Esq. The deadline by which objections to the Motion and the Final Order must be filed and received by counsel to the Debtors is [_____], 2014 at 4:00 p.m. (prevailing Eastern Time) (the “**Objection Deadline**”).

16. A final hearing, if required, on the Motion will be held on [_____], 2014 at [_____] [__].m. (prevailing Eastern Time). If no objections are filed and served to the Motion and entry of the Final Order on or before the Objection Deadline, the Court may enter the Final Order without further notice or hearing.

17. The relief, rights, and responsibilities provided for in this Interim Order shall be deemed to apply to any and all Bank Accounts maintained in the Debtors' names, whether or not such Bank Accounts are listed on Exhibit A to the Motion.

18. Nothing in this Interim Order or the Motion shall be deemed to constitute the postpetition assumption or adoption of any agreement pursuant to section 365 of the Bankruptcy Code.

19. The requirements set forth in Bankruptcy Rule 6003(b) are satisfied with respect to the relief granted by this Interim Order.

20. The notice requirements of Bankruptcy Rule 6004(a) are deemed waived.

21. Notwithstanding Bankruptcy Rule 6004(h), this Interim Order shall be immediately effective and enforceable upon its entry.

22. 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 DIP Financing Order and the DIP Loan Agreements 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 Interim Order and the terms of the DIP Financing Order, the terms of the DIP Financing Order shall govern.

23. This Court shall retain jurisdiction with respect to all matters arising from or related to the implementation or interpretation of this Interim Order.

Dated: _____, 2014
White Plains, New York

THE HONORABLE ROBERT D. DRAIN
UNITED STATES BANKRUPTCY JUDGE

EXHIBIT D

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: (A) CONTINUED USE OF THE DEBTORS' CASH MANAGEMENT SYSTEM AND PROCEDURES; (B) MAINTENANCE AND CONTINUED USE OF EXISTING BANK ACCOUNTS; (C) WAIVER OF CERTAIN OPERATING GUIDELINES RELATING TO BANK ACCOUNTS; AND (D) CONTINUATION OF INTERCOMPANY TRANSACTIONS AND ACCORDANCE OF ADMINISTRATIVE EXPENSE STATUS TO INTERCOMPANY CLAIMS

Upon the motion (the "**Motion**") of the debtors and debtors in possession in the above-captioned cases (collectively, the "**Debtors**") for entry of a final order, pursuant to sections 105(a), 345, 363, 364 and 503 of title 11 of the United States Code (the "**Bankruptcy Code**") and Rules 6003 and 6004 of the Federal Rules of Bankruptcy Procedure (the "**Bankruptcy Rules**"), authorizing: (a) the continued use of the Debtors' cash management system and procedures (the "**Cash Management System**"); (b) maintenance and continued use of their existing bank accounts; (c) a waiver of certain operating guidelines relating to bank accounts; and (d) the continuation of intercompany transactions among and between the Debtors and their non-Debtor subsidiaries in the ordinary course of business, consistent with their

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prepetition practices, and accordance of administrative expense status to claims for such transactions; and upon 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 the Debtors having complied with section 345(b) of the Bankruptcy Code with respect to the Bank Accounts; and it appearing that no other or further notice need be provided; and it appearing that the relief requested by this Motion is in the best interests of these estates, their creditors, and other parties in interest; 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 not otherwise defined herein shall have the meanings ascribed to such terms in the Motion.
3. The Debtors are authorized and empowered to continue to manage their cash pursuant to the Cash Management System they maintained prior to the Petition Date, and to collect and disburse cash in accordance with the Cash Management System.
4. The requirements of the U.S. Trustee Guidelines that the Debtors close all existing Bank Accounts and open new debtor-in-possession accounts are hereby waived. Further, the requirements of the U.S. Trustee Guidelines that the Debtors establish specific bank accounts for operating, payroll and tax payments are hereby waived.
5. The Debtors may disburse funds from the Bank Accounts by checks, drafts, wires, debits, ACH transfers or by any other means.

6. All applicable Banks and other financial institutions are authorized to accept and hold or invest funds, at the Debtors' direction, in accordance with the Debtors' prepetition investment practices.

7. All Banks where the Debtors maintain Bank Accounts are hereby authorized to: (a) continue to service and administer the Bank Accounts in the manner maintained prior to the Petition Date, without interruption, in the usual and ordinary course; (b) continue to deduct, without further order of this Court, from the appropriate Bank Accounts the Banks' customary fees and expenses associated with the nature of the deposit or cash management or custodial services rendered to the Debtors; and (c) to receive, process and honor and pay any and all checks, drafts, wires or ACH transfers drawn on the Bank Accounts by the holders or makers thereof, as the case may be, drawn or issued by the Debtors (i) after the Petition Date, or (ii) prior to the Petition Date, if such applicable Bank has been specifically authorized to honor such check by order of this Court.

8. Notwithstanding any other provision of this Final Order, no Bank that honors a prepetition check or other item drawn on any account that is the subject of this Final Order: (a) at the direction of the Debtors; (b) in a good faith belief that the Court has authorized such prepetition check or item; or (c) as the result of a good faith error made despite implementation of reasonable item handling procedures, shall be deemed to be liable to the Debtors or their estates or otherwise in violation of this Final Order.

9. The Debtors shall record the consolidated balances of each of their Bank Accounts so that all postpetition transfers and transactions respecting such Bank Accounts shall be adequately and promptly documented in, and readily ascertainable from, their books and

records, to the same extent maintained by the Debtors prior to the commencement of these chapter 11 cases.

10. Nothing contained herein shall prevent the Debtors from opening any additional bank accounts, or closing any existing Bank Accounts, including opening additional accounts to maintain restricted cash to allow for the issuance of letters of credit, as they may deem necessary and appropriate; provided, however, that the opening or closing of any Bank Account shall be without prejudice to the liens, if any, granted to (a) any agents or trustees under the Debtors' prepetition secured debt facilities, (b) any administrative agent (collectively, the "**DIP Agent**") under the Debtors' postpetition financing loan and credit agreements (together with any related loan and security documents, the "**DIP Loan Agreements**"), or any applicable order authorizing cash collateral usage and the incurrence of postpetition financing (any such order, whether an interim or final order, the "**DIP Financing Order**"). The Banks are authorized to honor the Debtors' request to open or close, as applicable, such Bank Accounts or other bank accounts. The Debtors shall notify parties in interest and the U.S. Trustee of the opening of any new Bank Accounts or closing of any existing Bank Accounts by providing information regarding any such new or closed account in the Debtors' monthly operating reports.

11. Subject to the terms and conditions of any DIP Loan Agreements or DIP Financing Order, the Debtors are authorized, but not required, in their business judgment, to continue performing under and honoring the Intercompany Transactions, regardless of when any such obligations are incurred, including, but not limited to, intercompany trade payables and funding to Debtor and non-Debtor subsidiaries; provided, however, that the Debtors shall (a) keep records of any postpetition intercompany transfers and services that occur during the chapter 11 cases, (b) put in place accounting procedures to identify and distinguish between

prepetition and postpetition Intercompany Transactions and to track postpetition Intercompany Transactions, and (c) provide reasonable access to such records and procedures to the DIP Agents and counsel to Apollo Global Management, LLC and certain affiliated funds.

12. Intercompany Claims are hereby granted administrative expense status pursuant to sections 503(b)(1) and 364(b) of the Bankruptcy Code, junior in all respects to the superpriority claims of the Debtors' postpetition secured lenders and DIP Agents and the superpriority claims of the prepetition secured lenders and their agents as adequate protection for the use of such lenders' collateral, in each case, as set forth in the DIP Financing Order, and further subject to (a) the liens granted to the Debtors' prepetition secured lenders as adequate protection for the use of such lenders' cash collateral, (b) the liens granted to the Debtors' postpetition secured lenders or the DIP Agents, and (c) the carveout provided in the DIP Financing Order.

13. The Debtors are authorized, but not required, to defer the repayment of due and payable intercompany debt owed to the Debtors by their foreign non-Debtor subsidiaries.

14. As promptly as possible, but in no event later than five (5) business days after entry of this Final Order, the Debtors shall serve a copy of this Final Order on all Banks whose Bank Accounts are listed on Exhibit A to the Motion.

15. The relief, rights, and responsibilities provided for in this Final Order shall be deemed to apply to any and all Bank Accounts maintained in the Debtors' names, whether or not such Bank Accounts are listed on Exhibit A to the Motion.

16. Nothing in this Final Order or the Motion shall be deemed to constitute the postpetition assumption or adoption of any agreement pursuant to section 365 of the Bankruptcy Code.

17. The requirements set forth in Bankruptcy Rule 6003(b) are satisfied with respect to the relief granted by this Final Order.

18. The notice requirements of Bankruptcy Rule 6004(a) are deemed waived.

19. Notwithstanding Bankruptcy Rule 6004(h), this Final Order shall be immediately effective and enforceable upon its entry.

20. 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 DIP Financing Order and the DIP Loan Agreements 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 Final Order and the terms of the DIP Financing Order, the terms of the DIP Financing Order shall govern.

21. This Court shall retain jurisdiction with respect to all matters arising from or related to the implementation or interpretation of this Final Order.

Dated: _____, 2014
White Plains, New York

THE HONORABLE ROBERT D. DRAIN
UNITED STATES BANKRUPTCY JUDGE