

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re : Chapter 11
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MPM Silicones, LLC, et al.,¹ : Case No. 14-22503 (RDD)
: :
Debtors. : (Jointly Administered)
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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 except as set forth herein; and upon the record of the hearing held by the Court on the interim relief requested in the Motion on April 14, 2014; and it appearing that the relief requested by the Motion and granted herein 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, subject to section 345 of the Bankruptcy Code and the U.S. Trustee Guidelines, 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 (other than capital contributions or dividends), 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, counsel to Apollo Global Management, LLC and certain affiliated funds, and counsel to any official committee of unsecured creditors, once appointed.

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. Intercompany Claims shall be subject to setoff against other claims amongst the same entities, regardless of whether such claim arose prior to or subsequent to the Petition Date.

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 this Interim Order on the Master Service List as defined in the *Interim Order: (A) Establishing Certain Notice, Case Management, and Administrative Procedures and Omnibus Hearing Dates; (B) Authorizing the*

Debtors to Prepare a Consolidated List of Creditors in Lieu of Mailing Matrix; and (C) Authorizing Debtors to Establish Procedures for Notifying Creditors of Commencement of Cases.

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) 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. The deadline by which objections to the Motion and the Final Order must be filed and received by counsel to the Debtors, with a copy to the Court’s chambers, is May 8, 2014 at 12:00 p.m. (prevailing Eastern Time) (the “**Objection Deadline**”).

16. The Court will hold a final hearing, if required, on the Motion on May 15, 2014 at 9:30 a.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: April 15, 2014
White Plains, New York

/s/Robert D. Drain
THE HONORABLE ROBERT D. DRAIN
UNITED STATES BANKRUPTCY JUDGE