

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. 14-22503 (RDD)
 :
Debtors. : Jointly Administered
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**INTERIM ORDER: (I) AUTHORIZING
DEBTORS TO PAY (A) PREPETITION EMPLOYEE
WAGES, SALARIES AND OTHER COMPENSATION,
(B) PREPETITION EMPLOYEE BUSINESS EXPENSES AND
(C) OTHER MISCELLANEOUS EMPLOYEE EXPENSES AND
EMPLOYEE BENEFITS; AND (II) GRANTING RELATED RELIEF**

Upon the motion (the "**Motion**") of the debtors and debtors in possession in the above-captioned cases (collectively, the "**Debtors**"), requesting entry of an interim order, pursuant to sections 105(a), 363(b) and 507(a) of title 11 of the United States Code (the "**Bankruptcy Code**") and Rule 6003 of the Federal Rules of Bankruptcy Procedure (the "**Bankruptcy Rules**"): (i) authorizing, but not directing, the Debtors to pay (a) prepetition employee wages, salaries and other compensation, (b) prepetition employee business expenses and (c) other miscellaneous employee expenses and employee benefits; and (ii) granting related relief, as set forth therein; 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 it appearing that no other or further notice need be provided; and it appearing

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.



that the relief requested by this Motion is necessary to avoid immediate and irreparable harm to the Debtors, and is in the best interests of the Debtors, their estates, their creditors and other parties-in-interest; and it appearing that the relief requested is essential to the continued operation of the Debtors' businesses and the preservation of the value of their assets; 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 have the meanings ascribed to such terms in the Motion.
3. The Debtors shall be and hereby are authorized to pay, in their discretion, the Prepetition Employee Obligations, including, but not limited to, Employee Wage Claims and prepetition obligations that have accrued under the Employee Benefit Programs and Employee Expense Obligations, to the extent such claims do not exceed \$12,475 per Employee, and to remit all Withholdings and Employer Tax Contributions to the appropriate third parties, as and when such obligations are due, upon entry of this Order; provided, however, that nothing in this Order shall be deemed to authorize any transfers in violation of section 503(c) of the Bankruptcy Code.
4. The Debtors shall be and hereby are authorized, in their discretion, to continue to honor their obligations, including any prepetition obligations, to Employees for Employee Expense Obligations in accordance with the Debtors' stated policies and prepetition practices; provided, however, that nothing in this Interim Order shall permit the Debtors to reimburse any Employees for prepetition Employee Expense Obligations in excess of \$1,000

without the prior consent of the official committee appointed to represent the Debtors' general unsecured creditors.

5. The Debtors shall be and hereby are authorized, in their discretion, to honor and continue their Employee Benefit Programs that were in effect as of the Petition Date.

6. The Debtors shall be and hereby are authorized, but not directed, to remit monthly premiums to the applicable providers under the Employee Benefit Programs and to pay, in their discretion, any obligations, including prepetition obligations, in respect of the Employee Benefit Programs in the ordinary course of business.

7. No obligations or payments in connection with the 401(k) Plan shall cause the Debtors to exceed the priority cap imposed by section 507(a)(5) of the Bankruptcy Code.

8. The Debtors shall be and hereby are authorized, but not required, to pay costs and expenses incidental to the payment of the Prepetition Employee Obligations, including all administration and processing costs and payments to outside professionals, in the ordinary course of business, in order to facilitate the administration and maintenance of the Debtors' programs and policies related to the Prepetition Employee Obligations, in an aggregate amount not to exceed \$176,000.

9. The Debtors shall be and hereby are authorized to maintain, at their discretion, the Severance Policy for non-insider Employees terminated after the Petition Date.

10. The Debtors shall be and hereby are authorized, in their discretion, to honor and continue SERO and IEA, including making any payments to any Employees who separated under IEA prior to the Petition Date in an amount not to exceed \$45,000 on an interim basis. For the avoidance of doubt, none of the Employees covered under SERO and

IEA are “insiders” of the Debtors, as such term is defined in section 101 of the Bankruptcy Code.

11. The Debtors shall be and hereby are authorized, but not directed, to pay the Temporary Employee Claims and Independent Contractor Claims.

12. All Banks shall be and hereby are authorized and directed to receive, process, honor and pay all checks drawn on the Debtors’ accounts with the Banks and fund transfers on account of the Prepetition Employee Obligations, whether presented before or after the Petition Date, provided that (a) sufficient funds are on deposit in the applicable accounts to cover such payments, and (b) within two (2) business days from the date hereof, the Debtors provide the Banks with a list of checks that are outstanding as of the Petition Date, which relate to Prepetition Employee Obligations.

13. The Debtors shall be and hereby are authorized to issue, in their discretion, new postpetition checks or effect new postpetition fund transfers on account of the Prepetition Employee Obligations to replace any prepetition checks or fund transfer requests that may be dishonored or rejected; provided, however, that any check drawn or issued by the Debtors before the Petition Date may be honored by any Bank to the extent provided herein or by another order of this Court.

14. Notwithstanding any other provision of this Order, no Payroll Bank that honors a prepetition check or other item drawn on any account that is the subject of this Order: (a) at the direction of the Debtors; (b) in a good faith belief that the Court has authorized payment of 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 Order.

15. Neither this Order nor any payment or performance by the Debtors authorized hereunder shall be deemed an assumption of any executory contract, including any Employee Benefit Programs, or otherwise affect the Debtors' rights under section 365 of the Bankruptcy Code to assume or reject any executory contract with an Employee.

16. Authorizations given to the Debtors in this Order empower but do not direct the Debtors to effectuate the payments specified herein, and the Debtors shall retain the business judgment to make or not make such payments, in all instances subject to the condition that funds are available to effect any payment. In no event shall any person (director, creditor, officer, manager, member, Employee or otherwise of the Debtors), solely as a result of this Order, be personally liable for any amounts authorized for payment herein but not paid, and nothing in this Order shall be deemed to increase, reclassify, elevate to administrative expense status or otherwise effect such claims.

17. Within three (3) business days after entry hereof, 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.*

18. Any objections to entry of a final order on the Motion must be (a) filed with the Court no later than 12:00 p.m. prevailing Eastern time on May 8, 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.

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

20. A hearing shall be held to consider the relief granted herein on a final basis on May 15, 2014, at 9:30 a.m., before the Honorable Robert D. Drain, United States Bankruptcy Judge, in Courtroom 118 at 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.

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

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 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.

23. 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) and Local Rule 9013-1(a) are waived.

24. This Court shall retain jurisdiction over any and all matters arising from or related to the implementation or interpretation of this Order.

Dated: April 14, 2014
White Plains, New York

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