

Hearing Date: May 15, 2014, at 9:30 a.m. (ET)

Related to Docket Nos. 4, 7, 8, 9, 10, 11, 12, 95, 96, 97, 98, 99, 100, 101

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UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

In re:	)	Chapter 11
	)	
MPM Silicones, LLC, <i>et al.</i> , <sup>1</sup>	)	Case No. 14-22503 (RDD)
	)	
Debtors.	)	Jointly Administered
	)	

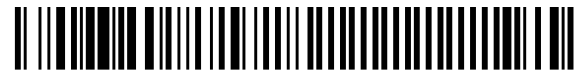
**RESERVATION OF RIGHTS OF THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS WITH RESPECT TO THE DEBTORS' FIRST AND SECOND DAY MOTIONS SET FOR HEARING ON MAY 15, 2014**

The Official Committee of Unsecured Creditors (the "Committee") of the debtors (the "Debtors") in the above-captioned cases (the "Chapter 11 Cases") files this reservation of rights (the "Reservation of Rights") with respect to certain First Day Motions and Second Day Motions (each as defined below, and collectively the "Motions")<sup>2</sup> and the correlative proposed final orders attached to the Motions filed by the Debtors and scheduled for hearing on May 15, 2014.

In support of the Reservation of Rights, the Committee respectfully represents as follows:

<sup>1</sup> 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.

<sup>2</sup> The Debtors continued the deadline for the Committee to object or respond to the Motions to May 9, 2014, at 12:00 Noon (ET). The Debtors further continued the deadline for the Committee to object or respond to the Cash Management Motion and the Employee Wage Motion (each as defined below) to May 12, 2014, at 12:00 Noon (ET).



## I. BACKGROUND

1. On April 13, 2014 (the "Petition Date"), the Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code.

2. On the Petition Date, the Debtors filed several motions, including, among others, the following motions (collectively, the "First Day Motions"):

- (a) *Debtors' Motion for 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* [Docket No. 4] (the "Case Management Motion");
- (b) *Debtors' Motion for Interim and Final Orders Authorizing Debtors to Honor Certain Prepetition Obligations to Customers and to Continue Customer Programs* [Docket No. 7] (the "Customer Programs Motion");
- (c) *Debtors' Motion Pursuant to Sections 105(a), 363(b), 507(a)(8) and 541 of the Bankruptcy Code and Bankruptcy Rules 6003 and 6004 for Interim and Final Orders Authorizing Payment of Sales, Use and Other Taxes and Regulatory Fees* [Docket No. 8] (the "Taxes and Fees Motion");
- (d) *Debtors' Motion for Order Authorizing Payment of Prepetition Common Carrier, Warehouse, Freight Forwarder, Toll Processor, Mechanic's Lien and Related Obligations* [Docket No. 9] (the "Common Carrier Motion");
- (e) *Debtors' Motion for Interim and Final Orders: (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* [Docket No. 10] (the "Employee Wage Motion");
- (f) *Debtor's Motion for Interim and Final Orders Authorizing: (A) Continues 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* [Docket No. 11] (the "Cash Management Motion"); and
- (g) *Debtors' Motion for Interim and Final Orders Pursuant to Sections 105(a), 363(b), 503(b) and 507(a) of the Bankruptcy Code Authorizing Debtors to Pay Prepetition Claims of Critical Vendors, Foreign Vendors and Suppliers of Goods Entitled to Administrative Priority* [Docket No. 12] (the "Critical Vendor Motion").

3. On April 22, 2014, the Office of the United States Trustee for the Southern District of New York appointed the Committee to represent the interests of unsecured creditors of the Debtors pursuant to Bankruptcy Code section 1102, as more fully set forth in the *Notice of Appointment of Committee of Unsecured Creditors* [Docket No. 73]. The Committee currently consists of seven members.<sup>3</sup> The Committee first convened on April 22, 2014, and duly selected Klee, Tuchin, Bogdanoff & Stern LLP (“KTBS”) to serve as its counsel, subject to the approval of the Court. Also on April 22, 2014, the Committee voted to retain FTI Consulting (“FTI”) as its financial advisor and Jefferies LLC (“Jefferies”) as its investment banker and financial advisor, subject to the approval of the Court.

4. On April 28, 2014, the Debtors filed the following additional motions (collectively, the “Second Day Motions”):

- (a) *Debtors’ Motion for Entry of an Order Authorizing Debtors to Continue Honoring Prepetition Insurance Premium Finance Agreements* [Docket No. 95] (the “Insurance Finance Agreement Motion”);
- (b) *Debtors’ Motion for an Order Pursuant to 11 U.S.C. §§ 105(a) and 331 Establishing Procedures for Monthly Compensation and Reimbursement of Expenses of Professionals* [Docket No. 96] (the “Professional Compensation Motion”);
- (c) *Debtors’ Motion for Order (I) Prohibiting Utility Companies from Altering or Discontinuing Services; (II) Providing Utility Companies with Adequate Assurance of Payment; and (III) Establishing Procedures for Resolving Requests for Additional Assurance of Payment* [Docket No. 97] (the “Utilities Motion”);
- (d) *Debtors’ Motion for Order Authorizing Debtors to Employ and Retain Professionals Utilized in the Ordinary Course of Business Pursuant to Sections 105(a), 327(e), 328 and 330 of the Bankruptcy Code* [Docket No. 98] (the “Ordinary Course Professionals Motion”);
- (e) *Debtors’ Application to Employ and Retain AlixPartners, LLP as Restructuring Advisor to the Debtors Pursuant to Sections 327(a), 328, 331 and 1107(b) of the Bankruptcy Code Nunc Pro Tunc to the Petition Date* [Docket No. 99] (the “AlixPartners Employment Application”);

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<sup>3</sup> The Committee is currently comprised of the following members: (i) US Bank National Association, as Indenture Trustee; (ii) BlueMountain Credit Alternatives Master Fund L.P.; (iii) Aurelius Capital Partners, LP; (iv) Unimin Corporation; (v) Fischbach USA Inc.; (vi) Pension Benefit Guaranty Corporation; and (vii) IUE-CWA, AFL-CIO.

- (f) *Application of the Debtors Pursuant to 11 U.S.C. § 327(a) and Fed. R. Bankr. P. 2014 for Authorization to Employ and Retain Kurtzman Carson Consultants LLC as Administrative Agent Nunc Pro Tunc to the Petition Date* [Docket No. 100] (the “KCC Employment Application”); and
- (g) *Application of the Debtors and Debtors in Possession for Entry of an Order Authorizing the Employment and Retention of Moelis & Company LLC as Investment Banker and Financial Advisor Nunc Pro Tunc to the Petition Date* [Docket No. 101] (the “Moelis Employment Application”).

## II. RESERVATION OF RIGHTS

5. Since their respective selection as proposed legal counsel and financial advisors to the Committee on April 22, 2014, KTB&S, FTI, and Jefferies have engaged in a series of productive discussions with the Debtors’ counsel and financial advisors with respect to the Motions and the relief requested therein.

6. With respect to the following seven Motions, the Committee raised certain concerns with the Debtors and worked diligently to negotiate revised forms of proposed orders that resolve the Committee’s concerns: the Customer Programs Motion; the Taxes and Fees Motion; the Common Carrier Motion; the Critical Vendor Motion; the Insurance Finance Agreement Motion; the Utilities Motion; and the Ordinary Course Professionals Motion. The Debtors have represented that they will submit such revised orders to the Court. However, in the event that the final proposed orders submitted by the Debtors differ from those agreed to between the Committee and the Debtors, the Committee reserves all rights to object to any of those seven Motions and the correlative proposed orders.

7. With respect to the Cash Management Motion and the Employee Wage Motion, the Debtors continued the Committee’s objection deadline to Monday, May 12, 2014, at 12:00 Noon (ET). The Committee intends to continue to negotiate in good faith with the Debtors prior to the objection deadline in an effort to reach agreement on proposed forms of orders that address the Committee’s concerns regarding the Cash Management Motion and the Employee Wage

Motion, but reserves all rights to object to the Cash Management Motion and the Employee Wage Motion if resolutions have not been reached by the continued objection deadline.

8. With respect to the five remaining Motions,<sup>4</sup> the Committee has no concerns regarding the proposed orders attached to such Motions. However, to the extent that the Debtors submit proposed final orders that differ from the orders attached to such Motions, the Committee reserves all rights to object to any of those five motions and the correlative proposed orders.

### III. CONCLUSION

WHEREFORE, the Committee respectfully requests that the Court grant relief consistent with the foregoing and such other and further relief as it deems just and proper.

May 9, 2014

Respectfully submitted,

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Unsecured Creditors*

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<sup>4</sup> The remaining Motions are the Case Management Motion; the Professional Compensation Motion; the AlixPartners Employment Application; the KCC Employment Application; and the Moelis Employment Application.