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Proposed Counsel to Official Committee of Unsecured Creditors

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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

RESERVATION OF RIGHTS OF THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS WITH RESPECT TO THE DEBTORS' CASH MANAGEMENT MOTION AND EMPLOYEE WAGE MOTION

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 the Cash Management Motion and the Employee Wage Motion (each as defined below, and collectively the "Motions")² 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:

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.

² The Debtors continued the deadline for the Committee to object or respond to the Cash Management Motion and the Employee Wage Motion 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, among others, the following motions:
 - (a) *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”); and
 - (b) *Debtor’s 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* [Docket No. 11] (the “Cash Management 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.³ The Committee first convened on April 22, 2014, and duly selected Klee, Tuchin, Bogdanoff & Stern LLP (“KTB&S”) 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.

II. RESERVATION OF RIGHTS

4. 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

³ 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.

productive discussions with the Debtors' counsel and financial advisors with respect to the Cash Management Motion and the Employee Wage Motion and the relief requested therein. The Committee raised certain concerns with the Debtors and worked diligently to negotiate revisions to the Debtors' proposed orders that resolve the Committee's concerns. The Debtors have represented that the proposed orders submitted to the Court will incorporate the revisions agreed to by the Committee and the Debtors. However, in the event that the final proposed orders submitted by the Debtors do not include such revisions, or include additional revisions to which the Committee has not agreed, the Committee reserves all rights to object to the 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 12, 2014

Respectfully submitted,

/s/ Lee R. Bogdanoff

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