

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

Case No. 09-11233

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In the Matter of:

CHEMTURA CORPORATION, et al.

Debtors.

- - - - -x

U.S. Bankruptcy Court
One Bowling Green
New York, New York

January 26, 2010
9:49 AM

B E F O R E:

HON. ROBERT E. GERBER
U.S. BANKRUPTCY JUDGE

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HEARING re Debtors' Fourth Omnibus Motion for Entry of an Order
Authorizing the Rejection of Executory Contracts Related to
Certain Separation Agreements

HEARING on Fee Applications

Transcribed by: Sharona Shapiro

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U.S. DEPARTMENT OF JUSTICE

Office of the United States Trustee

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BY: BRIAN S. MASUMOTO, ESQ.

ALSO PRESENT:

JOHN PANNUCCI, In Pro Per (TELEPHONICALLY)

P R O C E E D I N G S

1
2 THE COURT: Good morning. Have seats, please. Okay,
3 Chemtura, shall we begin?

4 Ms. Labovitz, good morning.

5 MS. LABOVITZ: Good morning, Your Honor. After the
6 last hearing in the case we thought, with full deference to
7 your crowded docket, we would try to serve up a fully
8 uncontested hearing, which I think we've managed.

9 THE COURT: Well, I appreciate that. And I have an
10 all-star cast for an uncontested hearing. But let's proceed.
11 Maybe I'll understand why I have the all-star team here.

12 MS. LABOVITZ: I believe you will, Your Honor. There
13 are two matters that we're hearing today. One is a motion to
14 reject contracts, which we can take first if you would like.
15 But the second item on the agenda I believe does explain the
16 all-star cast. It is fee applications, the second interim fee
17 applications.

18 THE COURT: I didn't realize Mr. Goffman was looking
19 to get paid so quickly.

20 MR. GOFFMAN: Absolutely, Your Honor.

21 THE COURT: All right, go ahead.

22 MS. LABOVITZ: My co-counsel has been handling the
23 rejection motion, so he'll do that.

24 THE COURT: Sure. Mr. Catalanello, good morning, come
25 on up.

1 MR. CATALANELLO: Thank you. Good morning, Your
2 Honor, Gerard Catalanello from Duane Morris, conflicts counsel
3 for the debtors and debtors-in-possession.

4 Your Honor, before the Court today is the debtors'
5 fourth omnibus motion seeking to reject five separation
6 agreements with five former executives of the company. The
7 motion was properly served and filed as evidenced by a
8 certificate of service that's on file with the Court.

9 Your Honor, with respect to the background, I think
10 the Court is well aware that the company has been well engaged
11 in a process of reviewing all of its executory contracts and
12 leases in an effort to make a decision as to which agreements
13 would be necessary as part of its ongoing emergence in this
14 Chapter 11 case in which agreements, of course, would not be
15 necessary.

16 In that regard, it brings us to this motion, Your
17 Honor, that seeks to reject five separation agreements with
18 five former executives of the company, all of whom were
19 terminated or severed prepetition.

20 Your Honor, we did receive two objections, one by Mr.
21 Wood and one by Mr. Pannucci. With respect to those
22 objections, Your Honor, we have advised the Court that we are
23 adjourning the motion, as it relates to those two executives,
24 to the February 23rd calendar. We did, Your Honor, file a
25 reply last Friday to those objections, but again, we agreed

1 that we would adjourn those objections to a later date.

2 So Your Honor, essentially, the motion is uncontested
3 as it relates to the three --

4 THE COURT: I assume the deal is that if I do
5 ultimately approve the rejections they'll be nunc pro tunc to
6 the time you first asked for it?

7 MR. CATALANELLO: Correct, Your Honor. That's
8 correct.

9 And so Your Honor, with respect to the three remaining
10 executives there has been no objection. There has been
11 dialogue with those executives as to how the rejection would
12 affect certain of their benefits under the agreements, and
13 we've worked through all of those informal concerns or issues,
14 Your Honor.

15 The motion does have the consent of the creditors'
16 committee, and we would ask, for the reasons set forth in the
17 motion and as briefly stated here this morning, that the Court
18 approve the motion as it relates to the three former executives
19 who have not opposed the motion in any regard.

20 THE COURT: Granted.

21 MR. CATALANELLO: Thank you, Your Honor.

22 THE COURT: Ms. Labovitz?

23 MS. LABOVITZ: Thank you, Your Honor. The only other
24 matter before the Court today is the presentation of the second
25 interim fee applications in these Chapter 11 cases. This

1 governs the time period between July 1, 2009 and October 31st.

2 At the last fee application hearing, Your Honor, I
3 gave a description to the Court of each of the retained
4 professionals at that time. If you would like I can go through
5 that description again or I can simply give an update as to the
6 professionals who've been newly retained during the second fee
7 application period.

8 THE COURT: You can give me a brief update, but I'm
9 mainly interested in the understandings that were reached to
10 obviate U.S. Trustee's Office objections.

11 MS. LABOVITZ: I understand, Your Honor.

12 Very briefly, with respect to the newly retained
13 professionals. Most of the new retentions were simply shifts
14 from professionals who had previously been retained on an
15 ordinary course basis whose retentions were adjusted to full
16 retentions because either the scope of their work had expanded
17 beyond the original expectation, or because as a result of what
18 looks like an increased timeline in the Chapter 11 cases, it
19 looks as though the scope of their work will expand beyond the
20 dollar limits that were originally set forth in the ordinary
21 course professional retentions.

22 And those are Baker & McKenzie. Your Honor, they've
23 been doing the transactional work with respect to the PVC sale
24 that was first brought up at the last hearing, with respect to
25 bidding procedures.

1 Howrey LLP, they're the company's historic outside
2 insurance counsel and they have become very much brought into
3 the forefront in these Chapter 11 cases by some of the tort
4 issues and the need to understand potential insurance coverage.

5 Pillsbury Winthrop, who has handled the Tricor
6 Refining litigation which is one of the potentially more
7 significant litigation claims not related to tort liability in
8 the case. The Tricor litigation was subject to a motion for
9 relief from the automatic stay during the second fee
10 application period and relief was granted solely to allow the
11 original court in that litigation to reach a judgment with some
12 follow-on work necessary from Pillsbury Winthrop.

13 And finally, Roberts Mlotkowski Safran and Cole is an
14 IP firm who provides substantial assistance to the company in
15 IP patent and trademark compliance. They were formerly an
16 ordinary course professional but it looks like with the
17 increased timeline in the cases they will exceed the
18 compensation limits under the ordinary course order.

19 In addition, the company had filed retention
20 applications for French and Swiss counsel. These law firms are
21 advising the parent company, Chemtura Corp., with respect to
22 its investments in its French and Swiss subsidiaries, and as a
23 result they've been retained in the Chapter 11 cases.

24 Duff & Phelps. Your Honor may recall that there was
25 an objection to the retention of Duff & Phelps that was

1 overruled earlier in the cases. They are providing valuation
2 services related to allocation of value among individual assets
3 in preparation for plan and emergence related accounting.

4 And finally, Houlihan Lokey, who's the financial
5 advisor for the creditors' committee, filed its retention
6 application and that was approved during the second fee period.

7 THE COURT: Okay.

8 MS. LABOVITZ: In terms of the U.S. Trustee review of
9 the fee applications, the U.S Trustee, as well as the company,
10 did review each of the fee applications, and in both cases that
11 review resulted in certain informal questions and concerns
12 being raised and in all cases those questions and concerns have
13 been resolved.

14 In the case of the company's review, that primarily
15 took the form of questions being asked after the submission of
16 monthly fee statements which were then resolved in most cases
17 before the fee application was filed. As a result, you will
18 not see any reduction on account of company review of fee
19 statements from the amounts requested in the fee applications
20 because those already had been taken care of beforehand.

21 But you will note on review of the fee applications
22 that in several instances they will reference informal or
23 voluntary reductions in fees and expenses requested, and in
24 many cases that is attributable to review by the company or by
25 the software that they use for submission of professional

1 bills.

2 In addition, the U.S. Trustee has reviewed each of the
3 fee applications, in many instances did discuss the fee
4 applications with professionals, requested reductions in fees
5 or expenses, and in all cases the professionals have reached
6 agreement with the U.S. Trustee as to reductions.

7 The one exception to that, Your Honor, is that in the
8 case of Houlihan Lokey my understanding is that they have
9 agreed in concept to a rejection in certain travel related
10 expenses, but they're waiting for some follow-on information
11 from an outside travel provider to determine the specific
12 amount of their reduction and that will be agreed over the next
13 day or so.

14 The specific amounts of the reduction, Your Honor --
15 and I'll read from an exhibit -- that would be attached to the
16 fee order that we hope to submit to the Court, is as follows,
17 and I believe this is in alphabetical order, so excuse me if it
18 seems a little strange.

19 With respect to Akin Gump, the fees that were
20 requested were approximately 2.4 million dollars. The U.S.
21 Trustee requested and Akin Gump agreed upon a thirty-five
22 thousand dollar reduction, representing just over one percent.

23 In the case of FTI Consulting, the fees requested were
24 approximately 725,000 dollars and there was a consensual
25 reduction in the fees of approximately 5,500 dollars. And Your

1 Honor, if you like I can give you precise dollar and cent
2 amounts, or they also --

3 THE COURT: It's sufficient for my purposes.

4 MS. LABOVITZ: Thank you -- would be reflected on the
5 order.

6 With respect to Katten Muchin -- they're an IP law
7 firm advising the debtors -- their requested fees were just
8 over a million dollars. The reduction is just over ten
9 thousand dollars with respect to fees. And in addition, Katten
10 Muchin have requested expenses of just over 125,000 dollars,
11 and there's a consensual reduction in expenses of 1,100
12 dollars. For Kirkland & Ellis, the fees requested are
13 approximately 4.8 million dollars for the fee period, and
14 there's a consensual reduction of 45,000 dollars which is just
15 under one percent.

16 THE COURT: Let me interrupt you, Ms. Labovitz.

17 MS. LABOVITZ: Um-hum.

18 THE COURT: I'm drawing a blank. I know I've got
19 Kirkland in a bunch of my other cases, but can you refresh my
20 recollection as to what Kirkland's doing in this one?

21 MS. LABOVITZ: In this case? Your Honor, we're
22 debtors' counsel.

23 THE COURT: Oh. Forgive me.

24 MS. LABOVITZ: Indeed, forgiven. I have not spent my
25 entire career at Kirkland.

1 THE COURT: No, my problem is that when I saw you, Ms.
2 Labovitz, in Lyondell --

3 MS. LABOVITZ: Indeed.

4 THE COURT: -- I had flip-flopped the two -- my two
5 chemical cases, and if I'm showing either my increasing age or
6 my fatigue, I apologize to you. Yes, I know the firm at which
7 you and your colleagues are employed.

8 MS. LABOVITZ: Your Honor, there's no need for
9 apology. We have found in the chemical industry that
10 everything gets very incestuous and the roles to get confused.

11 THE COURT: You've got that right.

12 MS. LABOVITZ: So it's quite understood.

13 THE COURT: All right, so forgive me. Kirkland, you
14 took a 45,000 buck cut from your gross of 4.8 million.

15 MS. LABOVITZ: Precisely. Your Honor, and there were
16 no requested reductions to the expenses.

17 For KPMG, the fees requested were just over 1.5
18 million and there was a consensual reduction of --

19 THE COURT: Just a minute --

20 MS. LABOVITZ: Um-hum.

21 THE COURT: -- Ms. Labovitz. I'm sorry, I'm tired.
22 Would you repeat that, please?

23 MS. LABOVITZ: Sure. For KPMG --

24 THE COURT: Yep.

25 MS. LABOVITZ: -- which provides auditing services to

1 the company, the requested fees were 1.5 million dollars and
2 the consensual reduction was 7,500.

3 THE COURT: All right.

4 MS. LABOVITZ: For Lazard, who is the company's
5 financial advisor, there was no reduction in requested fees,
6 Your Honor. That's a contractual monthly amount. But for
7 expenses there was a request of approximately 54,000 dollars
8 and a consensual reduction of somewhat above 10,000 dollars.

9 THE COURT: All right.

10 MS. LABOVITZ: For Ogilvy Renault, who is retained by
11 the debtors as Canadian counsel in a pending arbitration
12 proceeding under NAFTA, the requested fees were for 800,000
13 dollars. Your Honor, during the fee period the arbitration
14 under NAFTA did occur, so that was a substantial expense.
15 There was a consensual reduction of 8,000 dollars and no
16 requested reduction in the expenses.

17 I've been skipping over, Judge, the retained
18 professionals as to whom the U.S. Trustee did not request a
19 reduction after review of the fees and expenses. And with that
20 and the Houlihan point that I had mentioned before, that does,
21 I believe, sum up the U.S. Trustee's requested reductions.

22 THE COURT: All right. Standby and give Mr. Masumoto
23 a chance to come up to a microphone, please.

24 Mr. Masumoto, did she fairly describe your office's
25 understanding with the various professionals?

1 MR. MASUMOTO: Yes, Your Honor. She stated all of the
2 resolutions accurately, and as she indicated, with respect to
3 Houlihan we've agreed to the reduction in principle. They're
4 trying to determine the exact amount of that reduction.

5 THE COURT: All right. And is there anything else you
6 want to be heard on in connection with these applications?

7 MR. MASUMOTO: Not at this time, Your Honor.

8 THE COURT: Okay. Ms. Labovitz?

9 MS. LABOVITZ: Your Honor, in addition to the request
10 for allowance of fees, the debtors are -- well, all of their
11 retained professionals are requesting a release of holdback
12 funds for the first and second fee application periods. The
13 request is for a release of half of the amounts previously held
14 back so that there would be an ongoing holdback of ten percent
15 of allowed fees for both the first and the second fee
16 application periods.

17 Our understanding is that this is consistent with or
18 in some instances less than holdback release amounts that have
19 been approved in Lyondell and certain other cases before Your
20 Honor, and we tried to tailor that, therefore, to Your Honor's
21 practice in this regard.

22 THE COURT: Um-hum. Mr. Masumoto, you want to be
23 heard on that issue?

24 MR. MASUMOTO: Your Honor, again, we typically defer
25 to Your Honor on the amount of the holdback, but we don't

1 object to the proposed amount.

2 THE COURT: All right. On holdback issues, Ms.
3 Labovitz, as many know, as I said in open court on several
4 occasions, although I never thought fee apps weren't writing on
5 the subject, there are two factors involved. One is an
6 incentive to resolve issues and the second is to hedge against
7 uncertainty in the case.

8 I sense that hedging against uncertainty in the
9 debtors' ability to reorganize is not a material concern in
10 this case, but providing an incentive for the parties to get
11 things done nevertheless is.

12 It appears to me, based on what I've seen, recognizing
13 that what I see is the tip of an iceberg, that things have been
14 very cooperative with the creditors' committee in this case but
15 the presence of a new equity committee leaves a wildcard in
16 terms of whether things will continue to be as consensual as
17 they have been to date. And the environmental disputes with
18 the states and the federal government appear to be an elephant
19 in the room.

20 So give me an update on the extent to which you're
21 making progress on plan confirmation issues now that you've got
22 an equity committee, the extent to which you're making progress
23 on resolution of the environmental issues, and what factors
24 might inform the exercise of my discretion on getting this case
25 to a confirmation hearing which may not be quite as soon as I

1 originally thought it might be.

2 MS. LABOVITZ: Indeed, Your Honor, we had originally
3 hoped that we would be farther along in the plan process.
4 You've very correctly hit upon two of the complicating factors
5 in the Chapter 11 case, one of which certainly indeed bodes
6 well for the debtors' prospect of recovery if we have an equity
7 committee in the case arguing that there's equity recovery, the
8 good news is I think a reorganization is at least likely.

9 The third complicating factor, Your Honor, is the
10 diacetyl tort liability. You may recall that early on in the
11 Chapter 11 cases there were some pretty substantial disputes in
12 the courtroom regarding a stay of pending diacetyl litigation.
13 We had objections to our bar date by diacetyl claimants who
14 argued that a bar date was not even appropriate with respect to
15 these claims and they should be treated more in the fashion of
16 asbestos claims so that we should be looking at some kind of a
17 trust.

18 Our view is and has been that while Chemtura does have
19 some tort liability this is not a mass tort case and should not
20 proceed on a mass tort timetable. We have tried to move
21 quickly to analyze claims and be in a position to get the
22 parties in a room to agree on a plan.

23 One of the problems that we hit upon is that when the
24 diacetyl were filed they unfortunately did not have enough
25 information to analyze them and to come up with at least some

1 range of likely uninsured liability.

2 THE COURT: Pause, please, and refresh my
3 recollection. You got some insurance on this but you got big
4 deductibles?

5 MS. LABOVITZ: There are some deductible issues but
6 also, Your Honor, there are very significant differences in
7 amount of coverage, type of coverage, and the way the
8 deductibles work for some years in which an injury occurred as
9 opposed to other years. So in order to match up claims with
10 potential insurance coverage, we need to know which dates the
11 plaintiffs allege they were injured during. And the proofs of
12 claim did not have --

13 THE COURT: Because that could affect the extent to
14 which an insurance policy is in force for that particular
15 plaintiff?

16 MS. LABOVITZ: Exactly. And the proofs of claim that
17 were filed in many instances didn't have that date information
18 and also didn't have some other information that's just
19 fundamental to analyzing the claims, such as a full description
20 of the nature of the injury alleged.

21 So Your Honor, based on that, although we have very
22 much hoped -- and I believe that all the parties in the case
23 worked together in good faith to really try to do this -- we
24 had very much hoped to have substantial plan negotiations in
25 the November and December time frame. It became too difficult

1 to have those negotiations without being able to have a tighter
2 estimate on the diacetyl claims.

3 We were very happy to reach a consensual resolution
4 with the law firms representing the vast majority of the
5 diacetyl plaintiffs in which they've agreed to respond to a
6 short list of questions, including that date question, by
7 February 10th.

8 Our hope is that the information that comes in on
9 February 10th will be complete as promised and that will allow
10 us to, after a brief period for review by the debtors' experts
11 and assumedly by the other key constituencies, that will allow
12 us to then be in a position to answer some of the questions
13 that the equity committee is posing to us and to sit down and
14 really be ready to formulate, propose, and move a plan through
15 the process as quickly as we possibly can. But we have been in
16 a pause mode while we wait for that information that the
17 plaintiffs say they will provide.

18 THE COURT: Um-hum. Now turn to the environmental
19 dispute front.

20 MS. LABOVITZ: The environmental dispute is thorny.
21 And to the extent that we need to litigate the environmental
22 issues to resolution it's going to take a long time, in part
23 because, as I'm sure Your Honor will have seen, in the
24 declaratory judgment action that we filed to determine whether
25 environmental claims were dischargeable for nonowned property,

1 certain of the governments have filed a motion for withdrawal
2 of the reference.

3 THE COURT: Yes, I saw that, and of course the
4 decision as to whether or not to withdraw is a district judge
5 decision, it's not a decision before me.

6 MS. LABOVITZ: Indeed.

7 THE COURT: And the good news is, if it is good news,
8 that if a district judge decides the underlying issues, that's
9 one less thing that I've got to worry about. But the flip side
10 is that some of the issues that are articulated in that
11 withdrawal of the reference motion suggests that the
12 environmental litigation could be another Vietnam.

13 MS. LABOVITZ: Indeed. None of those observations are
14 lost on us. And in addition, to add to the complication, we
15 recognize that the pending litigation resolves only one piece
16 of the environmental puzzle because if the claims are in fact
17 dischargeable, as we believe they are, there still remains the
18 question of the amount and valuation of the claims. And while
19 I'm not suggesting that every claim in these Chapter 11 cases
20 needs to be litigated to conclusion before we can emerge, the
21 federal gov --

22 THE COURT: There gets a point at which the reserves
23 have to be so big that you make your plan a hostage to getting
24 your reserves down to an acceptable level.

25 MS. LABOVITZ: Exactly. The federal environmental

1 claim is asserted in the amount of approximately two billion
2 dollars because they assert joint and several liability for
3 some superfund sites. That's too big to reserve past, Your
4 Honor, so we need to, at a minimum, get that joint and several
5 question resolved.

6 We recognize the difficulty of doing all of that
7 through litigation. We have been engaged in settlement
8 discussions with the federal and the state governments, and
9 we're still hopeful of a consensual resolution. The need for
10 the litigation is really because those discussions have gone
11 much more slowly than we have hoped and we're trying to set
12 some deadlines and create some incentive to come to the table
13 and reach a resolution.

14 I don't want to go too much further because I know our
15 adversaries aren't here today, but that's essentially the
16 status on environmental.

17 THE COURT: Okay. All right. Anybody else want to be
18 heard vis-a-vis the matter of release of holdback before I rule
19 on that? No resp -- oh, Mr. Goffman?

20 MR. GOFFMAN: Thank you, Your Honor. Jay Goffman of
21 Skadden Arps on behalf of the official equity committee. Your
22 Honor, with respect to the holdbacks and the fee applications,
23 we've filed no objections and we certainly leave it to Your
24 Honor's discretion in terms of holdback and how to advance
25 things.

1 But as Your Honor's indicated, with an official equity
2 committee there's certainly a change in the dynamic in this
3 case. We firmly believe this is a solvent company. We expect
4 to be able to work with the debtor and hopefully the creditors'
5 committee over the next two to three months to develop a plan
6 that will pay all claims in full, either in cash or through
7 reinstatement or some other mechanism, leaving the equity
8 intact. Our financial advisor's working on it and we firmly
9 believe we can get that done.

10 As a result, it's the equity that's going to end up
11 funding all of the costs of this case which are substantial. I
12 note that just today people are seeking in excess of twenty
13 million dollars in professional fees. And we're not taking any
14 position as to whether it's appropriate or inappropriate, but
15 we do note that we believe at the end of the case it will be
16 funded by equity, and we'd ask everyone to take that into
17 consideration as we move forward.

18 We hope to move quickly with the debtors to put that
19 plan together so we can cut down on these continuing expenses.
20 We think there are clearly ways to deal with environmental and
21 diacetyl issues that still allows this company to come out
22 quickly, leaving all the claims paid in full, and we intend to
23 work on that in that fashion.

24 But I didn't want to be in court today and not say
25 anything and leave the impression that we have no view that at

1 the end of the case we might look at the reasonableness of the
2 fees that are being presented.

3 THE COURT: All right. Mr. Dublin?

4 MR. DUBLIN: Good morning, Your Honor. For the
5 record, Phil Dublin, Akin Gump, on behalf of the committee.
6 Your Honor, as you would expect, the creditors' committee
7 disagrees with Mr. Goffman with respect to the constituency
8 that's bearing costs of the administration of these cases. My
9 colleague Mr. Qureshi was at the last hearing and mentioned to
10 Your Honor that the committee's in the process of preparing a
11 motion to disband the equity committee because we do not
12 believe there is sufficient value here for equity to obtain
13 recovery, and the continued costs of an equity committee being
14 borne by the unsecured creditors we do not believe to be
15 appropriate.

16 That said, today is not a day to be arguing that.
17 We've been in touch with chambers about a prospective date for
18 a hearing on that motion and we will of course work in
19 accordance with your case management order and consult with Mr.
20 Goffman and his colleagues before that motion is filed and with
21 appropriate scheduling as necessary.

22 That said, Your Honor, the committee, as with the
23 first interim fee applications, reviewed the second interim fee
24 applications, worked with the debtors and their general counsel
25 with respect to minimizing duplication, being able to leverage

1 off each other where appropriate so that where either the
2 committee or the debtors could take on a task and share work
3 product where we don't have issues of privilege or conflict we
4 continue -- we've done that, we continue to do that.

5 Your Honor, I'd like to note with respect to the
6 holdback issue the committee is supportive of the release of
7 half of the first interim and with a retention of ten percent
8 of the fees requested today.

9 I'd like to note that the current fee application
10 period is through the end of October. Therefore, by the time
11 we get to another fee hearing in this case we will have
12 holdbacks for November, December, January, February, probably
13 March as well. I think the professionals, based on the wishes
14 of their clients, are properly incentivized to move this case
15 forward and get the company out of bankruptcy as soon as
16 possible.

17 THE COURT: All right. Everybody had a chance to be
18 heard?

19 (No response)

20 THE COURT: Ladies and gentlemen, I'm going to
21 authorize the release of one half of the previously imposed
22 twenty percent holdback with the effect that we're going to
23 have for that period an effective ten percent holdback, with
24 the early warning that I have enough concerns about the
25 magnitude of the issues relating to the three open matters that

1 have been discussed, that I would likely need to have some
2 comfort that material progress has been made on each of those
3 three fronts, especially those vis-a-vis diacetyl and
4 environmental claims at the time of the next one to have
5 comfort that I can likewise have a partial release of holdback
6 then.

7 The differences in perspective between the creditors'
8 committee and the equity committee, with due respect to each of
9 your needs and concerns, strike me as not uncharacteristic of
10 the jousting that goes on between constituencies when they're
11 trying to grab as much value as they can of an enterprise. But
12 getting the debtors' claims under control, a matter that at
13 least in theory should be of importance to both the creditors'
14 committee and the equity committee, and developing certainty,
15 or at least a greater ability to judge the size of those
16 claims, and getting them down in size consistent with the needs
17 and concerns of the claimants is an important issue that must
18 be addressed if this case is going to proceed on the time table
19 at which I hope and I suspect you hope it should proceed.

20 So for now, especially in light of the consensus, the
21 ten percent release of holdback is authorized. But I'll be
22 looking to see how we stand in the way or progress in this case
23 and if we have a similar discussion three months from now.

24 Okay, folks? What else do you got, Ms. Labovitz?

25 MS. LABOVITZ: I believe that's all, Your Honor.

1 THE COURT: All right. Thank you. And if I'm not
2 mistaken, everybody in the room, whether or not they've spoken,
3 is here on Chemtura. So we're adjourned. Have a good day.

4 MS. LABOVITZ: Thank you, Your Honor.

5 (Proceedings concluded at 10:22 AM)

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I N D E X

R U L I N G S

DESCRIPTION	PAGE	LINE
Debtors' Motion to Reject Executory	8	20
Contracts Related to Certain Separation Agreements Granted		
Ten percent release of holdback authorized.	25	20

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C E R T I F I C A T I O N

I, Sharona Shapiro, certify that the foregoing transcript is a true and accurate record of the proceedings.

SHARONA SHAPIRO (CET**D-492)
AAERT Electronic Certified Transcriber

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Date: January 28, 2010