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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	:	Chapter 11
Chemtura Corporation, *et al.*	:	Case No. 09-11233 (REG)
Debtors.	:	(Jointly Administered)

STATEMENT OF THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS OF CHEMTURA CORPORATION, ET AL. WITH RESPECT TO THE DEBTORS' MOTION FOR AN ORDER AUTHORIZING THE DEBTORS TO ENTER INTO A SECOND AMENDMENT TO THEIR DEBTOR-IN-POSSESSION LOAN AGREEMENT AND PAY RELATED FEES IN CONNECTION THEREWITH

TO THE HONORABLE ROBERT E. GERBER
UNITED STATES BANKRUPTCY JUDGE

The Official Committee of Unsecured Creditors (the "Committee") of Chemtura Corporation, *et al*. (collectively, the "Debtors"), by and through its undersigned counsel, hereby files this statement (the "Statement") with respect to the Debtors' Motion for an Order Authorizing the Debtors to Enter into a Second Amendment to their Debtor-in-Possession Loan Agreement and Pay Related Fees in Connection Therewith (the "DIP Amendment Motion"). In support of this Statement, the Committee respectfully submits as follows:

STATEMENT[1]

1. By the DIP Amendment Motion, the Debtors seek authority to enter into a second amendment (the "Second Amendment") to the DIP Loan Agreement previously approved by this Court on a final basis on April 29, 2009. The Second Amendment would provide the Debtors with, among other things, (i) two possible extensions of the maturity date contemplated by the DIP Loan Agreement, and (ii) the ability to make investments of up to $10 million in the Debtors' Foreign Subsidiaries.[2] Although the Second Amendment, if approved, would allow the Debtors to make investments in the Foreign Subsidiaries in the form of capital contributions, subsequent Court approval is required before the Debtors would have authority to make such investments. In that regard, on July 9, 2009, the Debtors filed the Motion for Entry of an Order Authorizing the Debtors to Make Intercompany Loans and Capital Contributions to the Debtors' Non-Debtor Foreign Subsidiaries Pursuant to the Terms of the Debtor-in-Possession Loan Agreement (the "Authorization Motion") (Docket No. 736). While the Committee has no objection to the entry of an order authorizing the Debtors to enter into the Second Amendment (and does not seek a hearing on the DIP Amendment Motion), the Committee will oppose the Authorization Motion to the extent the contemplated capital contributions will result in a windfall for the Debtors' prepetition lenders.

2. As the Court is aware, in connection with approval of the DIP Loan Agreement, the Debtors obtained authority to roll-up $86.5 million of prepetition debt under their prepetition credit facility. The roll-up is subject in all respects to disgorgement and/or recharacterization to

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[1] Capitalized terms not defined herein shall have the meanings ascribed to them in the DIP Amendment Motion.

[2] The DIP Loan Agreement currently authorizes the Debtors to make investments in the form of intercompany loans to any Foreign Subsidiary up to an aggregate amount not to exceed $7.5 million. DIP Loan Agreement at § 5.02(g)(xii).

the extent that, among other things, the Court determines that the value of the collateral securing the prepetition credit facility debt is less than $86.5 million. Included in the collateral package securing the prepetition credit facility debt are liens on 100% of the stock of Chemtura Corporation's ("Chemtura") first-tier domestic subsidiaries (the "Domestic Stock Pledge"), and 66 2/3 % of the stock of Chemtura's first-tier foreign subsidiaries (the "Foreign Stock Pledge" and, together with the Domestic Stock Pledge, the "Equity Collateral").

3. The Committee is currently investigating certain causes of action that the Debtors' estates may have with respect to the prepetition credit facility, including a preference action to avoid liens granted to the prepetition agent on all of the Debtors' inventory during the 90 days prior to the Petition Date and a declaratory judgment action to cap the amount of collateral permitted to secure the prepetition credit facility debt at an amount substantially less than $139.2 million.[3] The successful prosecution of these and other claims against the prepetition agent will, among other things, (a) reduce or eliminate all or substantially all of the liens granted to the prepetition agent during the 90 days prior the Petition Date, (b) result in the unwinding of all or a portion of the roll-up, (c) provide for significant amounts of money to be disgorged to the Debtors' estates, (d) provide the Debtors with greater flexibility in formulating a chapter 11 plan of reorganization, (e) produce a substantial recovery source for unsecured creditors and (f) result in the claims of certain unsecured creditors being treated *pari passu* with the claims of the Debtors' prepetition lenders.

4. Based on the fact that the Committee believes the foregoing actions will result in, among other things, judgments that significantly limit the extent and value of the collateral securing the prepetition credit facility debt, the Committee will object to the Debtors' authority to

[3] The Committee intends to seek standing to pursue such claims prior to the expiration of the Committee's challenge period on July 29, 2009.

make capital contributions to the extent the prepetition lenders are permitted to unfairly take advantage of the increase in the value of the stock of Chemtura's foreign subsidiaries. Indeed, the Committee submits that any order approving the Authorization Motion must expressly provide that the prepetition lenders will not be entitled to benefit from the inherent increase in the value of the Foreign Stock Pledges that will result from the capital contributions. The Committee will work with the Debtors and counsel to the prepetition agent to attempt to resolve this dispute consensually in advance of the hearing on the Authorization Motion currently scheduled for July 28.

Dated: New York, New York
July 13, 2009

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By: *\/s/* Philip C. Dublin

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