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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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: In re: : Chapter 11
: :
: Chemtura Corporation, *et al.*, : Case No. 09-11233 (REG)
: :
: Debtors. : Jointly Administered
-----X
: CHEMTURA CORPORATION, :
: Plaintiff, :
: :
: -against- : Adversary No. 09-01282 (REG)
: :
: Karen Smith, *et al.*, and John Does 1-1000, :
: :
: Defendants. :
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**JOINDER OF THE OFFICIAL COMMITTEE OF
UNSECURED CREDITORS OF CHEMTURA CORPORATION,
ET AL. TO CHEMTURA CORPORATION’S MOTION FOR A TEMPORARY
RESTRAINING ORDER AND PRELIMINARY INJUNCTION STAYING THE
DIACETYL LITIGATION AND FUTURE DIACETYL ACTIONS AGAINST
CHEMTURA CANADA CORPORATION AND CITRUS & ALLIED ESSENCES, LTD.**

The Official Committee of Unsecured Creditors (the “Committee”) of Chemtura Corporation, et al. (collectively, the “Debtors”), by and through its undersigned counsel, joins (the “Joinder”) in Chemtura Corporation’s (“Chemtura”) Motion (the “Motion”) for a Temporary Restraining Order and Preliminary Injunction Staying the Diacetyl Litigation and Future Diacetyl Actions Against Chemtura Canada Corporation (“Chemtura Canada”) and Citrus &

Allied Essences, Ltd. (“Citrus”).¹ In support of this Joinder, the Committee respectfully submits as follows:

THE COMMITTEE’S JOINDER²

1. By the Motion, Chemtura seeks (i) entry of an order extending the automatic stay to the continuation of Diacetyl Litigation or commencement of Future Diacetyl Actions against Chemtura Canada and Citrus or, in the alternative, (ii) an injunction staying the Diacetyl Litigation and Future Diacetyl Actions against Chemtura Canada and Citrus. For the reasons set forth herein and in the Motion, the Committee joins in the Motion and requests that the relief requested therein be granted.

2. The Motion is part of Chemtura’s well-designed approach to address its potential diacetyl-related liability, while at the same time exercising its fiduciary obligations to maximize the value of its estate for the benefit of its creditor constituencies. Indeed, temporarily staying Diacetyl Litigation will not unfairly prejudice the Diacetyl Claimants but is essential to the Debtors’ restructuring efforts and fostering the public policy of providing a debtor an opportunity to reorganize.³

¹ Pursuant to the memorandum of law filed contemporaneously with the Motion, the Debtors also objected to (i) Motion of Citrus and Allied Essences, Ltd. for Relief from the Automatic Stay Pursuant to 11 U.S.C. § 362(d) to (I) Permit Discovery from the Debtor Chemtura Corporation and (II) Pursue Litigation in Non-Bankruptcy Forum Against Debtor Chemtura Corporation and (ii) Motion of Irma Ortiz, Victor Mancilla, and Ricardo Corona for Relief from the Automatic Stay Pursuant to 11 U.S.C. § 362(d) (together, the “Lift Stay Motions”) filed in the Debtors’ chapter 11 cases (Case No. 09-11233 (REG)). The Committee respectfully requests that this Joinder also be deemed an objection to the Lift Stay Motions.

² Capitalized terms not defined herein shall have the meanings ascribed to them in the Motion.

³ As recognized by this Court in the Lyondell chapter 11 cases, a stay is appropriate where the following four-part standard is met: (i) there is a likelihood of a successful reorganization; (ii) the action sought to be enjoined would embarrass, burden, delay, or otherwise impede the reorganization proceedings or deplete estate property; (iii) the balance of harms favors the moving party; and (iv) public interest weighs in favor of an injunction. *See, e.g., Lyondell Chem. Co. v. CenterPoint Energy & Gas Servs., Inc. (In re Lyondell Chem. Co.)*, 402 B.R. 571, 588-89 (Bankr. S.D.N.Y. 2009). The Committee believes that the Debtors have met their burden of proof with respect to the foregoing factors, and that the stay should therefore be extended to Chemtura Canada and Citrus.

3. Central to the Debtors' ability to reorganize successfully is the complete focus of their senior management team. As noted in the Motion, to the extent the Diacetyl Litigation is permitted to proceed unabated, key employees will be diverted from critical tasks necessary for the Debtors to emerge from chapter 11 including, without limitation, (i) preparing financial projections and financial analyses and otherwise developing various aspects of the Debtors' business plan that ultimately will form the basis of a plan of reorganization (Motion at 11); (ii) assessing which executory contracts and leases of non-residential real property should be assumed or rejected within the applicable statutory limitations (Motion at 9); (iii) analyzing and coordinating the Debtors' environmental remediation obligations (Motion at 9); (iv) ensuring Chemtura's compliance with the European REACH program thereby enabling the Debtors to remain in business in Europe; and (v) performing other functions necessary for the Debtors' day-to-day operations and plan of reorganization formulation (Motion at 9-12). If the Debtors' key employees are distracted from performing the foregoing tasks, among others, the Debtors' ability to emerge from chapter 11 timely will be compromised and the value of the Debtors' estates will erode to the detriment of all unsecured creditors, including the Diacetyl Claimants.

4. Allowing the Diacetyl Litigation to proceed at this time will also deplete estate assets. First, the Debtors share product liability insurance coverage with Chemtura Canada. To the extent the Diacetyl Litigation is not stayed as to Chemtura Canada, Chemtura Canada's expenses associated with defending the litigation and ensuing liability, if any, may consume all or a substantial portion of the shared insurance. Second, although the shared insurance policies may provide coverage for claims arising in connection with the Diacetyl Litigation, the policies do not shield the Debtors or Chemtura Canada from potentially millions of dollars in self-insured retention obligations even if the insurance providers concede coverage. As explained in the

Motion, the applicable insurance coverage is multi-layered and complex, and is comprised of multiple occurrence- or claims-based policies underwritten by multiple providers. Each policy has a self-insured retention ranging from \$2.5 million to \$10 million, meaning that for *each* claim or occurrence (as dictated by the applicable policy), Chemtura and/or Chemtura Canada may be responsible for covering the amount of the self-insured retention in full before insurance proceeds can be accessed.

5. The Committee is currently reviewing the Debtors' general liability policies to better understand how and if the claims-based and occurrence-based policies will apply to the Diacetyl Litigation. More specifically, the Committee requires additional time to determine, among other things, whether the Debtors' self-insured retention obligations are required to be satisfied once for all diacetyl-related claims, or once per proceeding, or once per plaintiff. Based on the results of this analysis, the Committee will also need to determine whether Chemtura should fund any of their self-insured retentions in light of projected unsecured creditor recoveries.

6. Chemtura is currently party to 14 diacetyl actions involving 46 Diacetyl Claimants. The Debtors expect additional claims and additional claimants to surface over the course of these chapter 11 cases. Without a better understanding of, among other things, (i) the magnitude of the claims that have been and may be asserted against Chemtura in connection with the Diacetyl Litigation and Future Diacetyl Actions; (ii) the Debtors' self-insured retention obligations; (iii) the aggregate projected claims to be asserted against the Debtors' estates; and (iv) the Debtors' reorganization value, it is impossible for the Committee (and the Debtors) to ascertain the proper strategy for defending diacetyl-related claims and the impact such strategy may have on the Debtors' estates, their restructuring efforts and unsecured creditor recoveries.

7. Finally, temporarily staying the Diacetyl Litigation will provide Chemtura with the opportunity to remove the Diacetyl Litigation to the United States District Court for the Southern District of New York and ensure that Chemtura is not prejudiced by the outcome of litigation against the other defendants. Indeed, the risk of collateral estoppel, stare decisis and evidentiary prejudice will be avoided through a stay of the Diacetyl Litigation. Removal and consolidation will also promote judicial economy and preserve resources not only for Chemtura, but for the other defendants and the plaintiffs.

8. In sum, the Committee submits that the Debtors have met their burden for an extension of the automatic stay to the Diacetyl Litigation and Future Diacetyl Actions against Chemtura Canada and Citrus or, in the alternative, the issuance of an injunction temporarily staying the litigation against such parties.

CONCLUSION

For all of the foregoing reasons and the reasons set forth in the Motion, the Committee respectfully requests that the Court (a) grant the relief requested in the Motion, and (b) grant the Committee such other and further relief as the Court deems just, proper and equitable.

Dated: New York, New York
 June 19, 2009

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