

**Debtors' Motion to (A) Reject Master Lease of Non-Residential Real Property with Duke Realty Corporation and Sublease of Non-Residential Real Property with Dauby O'Connor and Zaleski Nunc Pro Tunc to August 31, 2009 and (B) Enter into an Agreement with Respect to the Rejection of the Sublease (the "Indianapolis Lease Rejection Motion").**

By the Indianapolis Lease Rejection Motion, the Debtors seek entry of an order authorizing the Debtors to (i) reject *nunc pro tunc* to August 31, 2009 (a) a lease agreement (the "Master Lease") entered into by Debtor Great Lakes Chemical Corporation ("Great Lakes") and Duke Realty Corporation ("Duke Realty") on July 23, 1998, and (b) a sublease agreement (the "Sublease" and, together with the Master Lease, the "Leases") between Great Lakes and Dauby O'Connor and Zaleski ("DOZ"), and (ii) enter into an agreement (the "Rejection Agreement") with respect to certain claims related to or arising from the Sublease.

Pursuant to the Master Lease, Great Lakes leases office space located in Indianapolis, Indiana (the "Indianapolis Facility") that was originally used as Great Lakes' headquarters. Great Lakes' total monthly cost under the Master Lease is approximately \$61,333.83, with monthly base rent accounting for \$56,522.31 of that amount and monthly operating expenses accounting for the remaining \$4,811.52. The Master Lease expires on June 13, 2013.

On February 1, 2006, after determining that it no longer needed the Indianapolis Facility, Great Lakes entered into the Sublease with DOZ. Pursuant to the Sublease, Great Lakes is entitled to receive rent in an amount ranging from \$38,155.79 to \$40,742.63 per month over the course of the remaining term of the Master Lease. In addition, DOZ paid Great Lakes a security deposit (the "Security Deposit") in connection with DOZ's entry into the Sublease. The Security Deposit now totals \$36,862.38, including accrued interest. The Debtors believe that DOZ owes Great Lakes a total of \$64,534.35 (the "Prepetition Payable") for amounts incurred prior to March 18, 2009 (the "Petition Date") and \$4,811.52 (the "Postpetition Payable") for amounts incurred after the Petition Date. DOZ disputes the amount of the Prepetition Payable.

Although Great Lakes has not used the Indianapolis Facility as its headquarters for some time, Great Lakes formally vacated the Indianapolis Facility on August 31, 2009. The Debtors assert that the rejection of the Leases is appropriate because the Debtors have determined that the Indianapolis Facility is not necessary to their businesses. In addition, because the amount of rent that Great Lakes receives pursuant to the Sublease is less than the amount of rent that Great Lakes pays pursuant to the Master Lease, the Debtors maintain that the Leases are a net drain on Great Lakes' estate.

To mitigate damages resulting from a rejection of the Leases, DOZ and Duke Realty have entered into a new lease agreement pursuant to which DOZ will lease the Indianapolis Facility for a shorter period of time than the term provided for under the Leases. In addition, the Debtors and DOZ have entered into the Rejection Agreement pursuant to which the Debtors and DOZ have agreed to the following terms with respect to Great Lakes' rejection of the Sublease:

- Release: DOZ waives its right to assert any claim against any of the Debtors for damages arising from the rejection of the Subleases. In addition, DOZ will have no damage claim whatsoever arising from the rejection of the Sublease.

- Liquidation of Amounts Due Under the Sublease: Great Lakes will be entitled to retain the Security Deposit in partial payment of the Prepetition Payable, and within five business days of the entry of a final order by the Bankruptcy Court approving the Rejection Agreement (the "Final Order"), DOZ will pay Great Lakes \$13,835.99 in satisfaction of the balance of the Prepetition Payable.<sup>1</sup> Additionally, DOZ will pay Great Lakes \$4,811.52 in satisfaction of the Postpetition Payable within five business days of the entry of the Final Order.

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