

**Debtors' Application for Entry of an Order Expanding the Ordinary Course Retention of Mayer Brown LLP by Authorizing the Employment and Retention of Mayer Brown LLP as Special Litigation Counsel for the Debtors and Debtors in Possession *Nunc Pro Tunc* to March 18, 2009 (the "Mayer Brown Application").**

By the Mayer Brown Application, the Debtors seek entry of an order authorizing the Debtors to retain and employ Mayer Brown LLP ("Mayer Brown") as special litigation counsel, *nunc pro tunc* to March 18, 2009 (the "Petition Date").

As set forth in the Mayer Brown Application, the Debtors originally retained Mayer Brown pursuant to the Order Authorizing the Debtors' Retention and Compensation of Certain Professionals Utilized in the Ordinary Course of Business (the "OCP Order"). Prior to the Petition Date and continuing thereafter, Mayer Brown has represented the Debtors in connection with several corporate and litigation matters and is the Debtors' defense counsel in various personal injury lawsuits related to products formerly manufactured or distributed by the Debtors, including diacetyl (the "Diacetyl Litigation").

Pursuant to the terms of the Debtors' insurance coverage, the fees and expenses of Mayer Brown relating to the Diacetyl Litigation were to be paid by the Debtors' insurance providers who had assumed the costs of the Debtors' defense in the diacetyl litigation. However, the Debtors' insurance providers have, to date, failed to pay Mayer Brown's fees and expenses and have recently commenced litigation against the Debtors regarding their duty to defend the Debtors in the Diacetyl Litigation. Additionally, the insurance providers have recanted their agreement to defend the Debtors, leaving over \$2 million in unpaid fees and expenses owed to Mayer Brown. The Debtors firmly believe that all defense costs for the Diacetyl Litigation should be paid by their insurance providers.

Accordingly, the Debtors now seek permission to (i) expand the scope of Mayer Brown's ordinary course retention by retaining Mayer Brown pursuant to Bankruptcy Code section 327(e), (ii) pay Mayer Brown \$2,536,408 of accrued postpetition fees owed in connection with its defense of the Debtors in the Diacetyl Litigation in ten monthly installments in accordance with a payment plan to be entered into between the Debtors and Mayer Brown, and (iii) pay all fees and expenses incurred by Mayer Brown from and after April 1, 2010 during the pendency of the Debtors' chapter 11 cases while reserving the Debtors' rights to seek reimbursement from their insurance providers. The Debtors contend that the relief requested is necessary to secure Mayer Brown's continued services in connection with the Diacetyl Litigation.

To date, the Debtors' payments to Mayer Brown have been within the limits imposed by the OCP Order. Because the monthly fee cap for ordinary course professionals is set at \$50,000, however, the Debtors believe it is necessary to expand the scope of Mayer Brown's retention. The Debtors assert that Mayer Brown's representation will involve, among other things (i) defending the Debtors in the Diacetyl Litigation, (ii) helping the Debtors evaluate the 375 diacetyl-related proofs of claim asserted against Chemtura Corporation, (iii) assisting the Debtors in the insurance litigation as it relates to diacetyl issues, (iv) otherwise providing legal advice and defense with respect to the diacetyl claims and (v) representing the Debtors in general corporate matters.

The Debtors believe Mayer Brown is well suited to serve as special litigation counsel in the Debtors' chapter 11 cases because Mayer Brown has represented the Debtors and their affiliates in connection with the Diacetyl Litigation and other matters for over five years and, accordingly, is familiar with the Debtors' businesses. The Debtors contend that as special litigation counsel, Mayer Brown will not duplicate the services that other firms may provide to the Debtors.

The Debtors propose to compensate Mayer Brown for legal services provided in its capacity as special litigation counsel in accordance with the firm's customary hourly rates less a voluntary 10% discount. By category, the hourly rates of Mayer Brown professionals are as follows: (i) partners - \$580.50; (ii) of counsel - \$531.00; (iii) associates - \$373.50 – \$436.50; and (iv) trainees/paralegals - \$216.00. The Debtors also propose to reimburse Mayer Brown for expenses incurred in connection with the provision of legal services to the Debtors. Mayer Brown will apply to the Court for allowance of compensation and reimbursement of expenses in accordance with the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Bankruptcy Rules and any further orders of the Court.

During the 90-day period prior to the Petition Date, Mayer Brown received \$245,478.03 from the Debtors for professional services. In addition, Mayer Brown filed a \$1,221,748.80 proof of claim against the Debtors for outstanding prepetition fees.<sup>1</sup>

The Debtors believe that Mayer Brown has no disqualifying connections to the Debtors, their creditors or any other parties in interest in the Debtors' chapter 11 cases, and that Mayer Brown does not hold or represent any interest adverse to the Debtors or their estates with respect to the matters on which it is to be engaged. Mayer Brown has represented certain of the Debtors' creditors and other parties in interest in matters unrelated to the Debtors' chapter 11 cases.

***The Mayer Brown Application has been scheduled for presentment on June 3, 2010 at 12:00 p.m. (ET), with a corresponding objection deadline of June 3, 2010 at 11:30 a.m. (ET).***

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<sup>1</sup> The Debtors scheduled Mayer Brown's claim at \$414,940.28 in Chemtura Corporation's Amended and Restated Schedules of Assets and Liabilities and intend to address the discrepancy as part of the claims reconciliation process.