

Motion of the Official Committee of Equity Security Holders for an Order, Pursuant to Section 1121(d) of the Bankruptcy Code, Terminating the Exclusive Periods During Which Only the Debtors May File a Chapter 11 Plan and Solicit Acceptances Thereof (the “Termination Motion”).

By the Termination Motion, the Official Committee of Equity Security Holders (the “Equity Committee”) seeks entry of an order terminating the exclusive period during which only the Debtors may file a chapter 11 plan and solicit acceptances thereof.

The Debtors’ current exclusivity filing period is set to expire on September 18, 2010 with the corresponding solicitation exclusivity period to expire on November 17, 2010. The Equity Committee contends that the current exclusivity period should be cut short and terminated immediately in order to permit the Equity Committee to file a competing reorganization plan (the “Equity Committee Plan”) which can be solicited and presented for confirmation simultaneously with the reorganization plan proposed by the Debtors on June 17, 2010 (the “Debtors’ Plan”).

The Equity Committee maintains that the Debtors’ Plan is flawed because its fundamental premise is not the maximization of value to all stakeholders, but rather the desire to run a company with an unnecessarily low leverage profile. Specifically, the Equity Committee takes issue with the following provisions of the Debtors’ Plan: (i) the retirement of the Debtors’ senior notes due 2016 (the “2016 Notes”) and the payment of a \$50 million make-whole settlement in connection therewith; (ii) the payment of \$20 million to satisfy the no-call claims of the holders of Chemtura Corporation’s senior notes due 2026 (the “2026 Notes”); (iii) the proposed \$50 million payment to the Debtors’ pension plan; and (iv) the funding of a reserve account to be used to settle diacetyl claims.

The Equity Committee contends that the salient features of its proposed reorganization plan are as follows:

- Infusion of \$470 million in new equity;
- Providing significantly more of the reorganized equity to current stockholders, even absent participation in the contemplated rights offering under the Equity Committee Plan;
- Reinstating the 2016 Notes, thereby (a) eliminating a \$50 million “make whole” settlement and (b) preserving a valuable asset of the estate (i.e. low cost debt);
- Eliminating the \$20 million in full payment in respect of the 2026 Notes since the holders of this low coupon debt will receive a benefit from repayment and thus have no valid claim to damages;
- Emerging with an allegedly sustainable amount of leverage at \$1.3 billion (consisting of \$800 million in new debt and reinstating the \$500 million of 2016 Notes), which provides existing stockholders with a greater recovery than under the Debtors’ Plan;
- Reinstating diacetyl claims and paying those claims in the ordinary course;

- Forgoing \$50 million in contributions to the Debtors' U.S. pension plans, which the Equity Committee asserts is neither required by law nor likely to result in a forced termination if not paid; and
- Granting existing stockholders the opportunity to invest \$135 million more in a rights offering than is contemplated by the Debtors' Plan.

Additionally, the Equity Committee asserts that investors are willing to fund the Equity Committee Plan. The Equity Committee bases this assertion on a highly confident letter provided by UBS which purportedly outlines UBS' ability to raise financing for the Equity Committee Plan.

In support of the Termination Motion, the Equity Committee makes several additional arguments. First, the Equity Committee contends that in light of the fact that the Debtors have already filed a proposed plan of reorganization, continued exclusivity serves no purpose in these cases except to pressure the Equity Committee to accept the Debtors' Plan. Second, the Equity Committee asserts that the Debtors will not be prejudiced by the termination of exclusivity because the Debtors will be permitted to proceed to solicitation and confirmation of the Debtors' Plan. Third, the Equity Committee alleges that terminating exclusivity at this time may even save the Debtors' estates money because the Equity Committee will be able to seek solicitation and confirmation of its plan at the same time as the Debtors' Plan. Fourth, the Equity Committee argues that it is entitled to a vote on its proposed plan because the equity holders, as the fulcrum security holders, in the Debtors' reorganization should have a leading voice in how the Debtors' value is created and maximized. Fifth, the Equity Committee also contends that the Debtors, by refusing to take advantage of the alleged ability to reinstate the 2016 Notes are failing to take advantage of improved market conditions and squandering an opportunity to preserve and create equity value in the current economic climate.

Finally, the Equity Committee argues that terminating exclusivity will create an opportunity to market test both the Debtors' Plan and the Equity Committee's Plan which in turn will ensure that the Debtors are maximizing the value of their estates.