

Debtors' Objection to the Proof of Claim Filed by Sonneborn Inc. Claim No. 9503 (the "Sonneborn Objection").

By the Sonneborn Objection, the Debtors seek disallowance of the proof of claim filed by Sonneborn, Inc. ("Sonneborn") in the amount of \$14,249,067.57 (the "Sonneborn Claim").

On March 17, 2005, Chemtura Corporation ("Chemtura") entered into an asset purchase agreement (the "APA") with Sonneborn Holding LLC, pursuant to which Chemtura sold and Sonneborn Holding LLC purchased certain assets used in manufacturing, marketing, and distributing various oils and petroleum.

Pursuant to the APA, Chemtura is required to (i) indemnify Sonneborn against remediation costs related to one facility in the United States located at 100 Witco Lane, Petrolia, Pennsylvania, (the "Petrolia Facility") and three facilities located in the Netherlands (collectively, the "Netherlands Facilities"), and (ii) indemnify Sonneborn for certain pension benefit costs related to the Netherlands Facilities.

On October 28, 2009, Sonneborn filed the Sonneborn Claim for \$14,249,067.57, which alleged that Chemtura was obligated to Sonneborn on account of trade accounts receivable claims, environmental liabilities and pension liabilities. The Sonneborn Claim can be broken down as follows:

	United States	Netherlands	Total Liability
Trade Accounts Receivable	\$157,109.28	\$0	\$157,109.28
Environmental Liability	\$1,900,000.00	\$7,998,225.00	\$9,898,225.00
Pension Liability	\$0	\$4,193,733.29	\$4,193,733.29

Trade Accounts Receivable

The Debtors do not contest the portion of the Sonneborn Claim attributable to the trade accounts receivable.

Environmental Liability

(a) The Netherlands Facilities

The Debtors contend that the portion of the Sonneborn Claim asserting liability for costs to remediate the Netherlands Facilities should be disallowed because (i) the claims were asserted by an improper claimant, Sonneborn US, instead of Sonneborn Refined Products B.V., which is the entity liable for certain environmental obligations under the APA, and (ii) the claims are for reimbursement or contribution for which there is co-liability and thus the claims should be disallowed pursuant to Bankruptcy Code § 502(e)(1)(B).

In addition to the grounds stated above, the Debtors believe that the portion of the Sonneborn Claim for remediation costs at the Netherland Facilities should also be disallowed because

Sonneborn has artificially compressed the timetable for remediation to occur by March 17, 2012, thereby inflating the actual costs for remediation by almost \$8 million.

Further, the Debtors assert that if the Court determines that the Debtors are responsible for remediation costs at the Netherlands Facilities, the Court should (i) disallow the remediation costs as they are highly contingent and extremely burdensome to the Debtors' estates, or (ii) at a minimum, reject the compressed remediation schedule proposed by Sonneborn, and reduce the Debtors' liability by any amounts Chemtura has already spent remediating the Netherlands Facilities.

(b) The Petrolia Facility

According to the Debtors, the Sonneborn Claim as it relates to the Petrolia Facility should be disallowed because Chemtura has already posted sufficient collateral with the Pennsylvania Department of Environmental Protection to complete any remediation necessary at the Petrolia Facility.

Pension Liability

The Debtors contend that there is no legal or factual support for the pension liability (the "Pension Liability") portion of the Sonneborn Claim because (i) the claim has not been asserted by the proper claimant, and (ii) the claim is a contingent claim for reimbursement for which there is co-liability pursuant to Bankruptcy Code § 502(e)(1)(B). Moreover, the Debtors believe that to the extent the Court allows any portion of the Pension Liability claim, the claim must be reduced by (i) the \$1,750,000 letter of credit¹ which Sonneborn has already drawn upon, and (ii) additional amounts which Chemtura has already paid in relation to the Pension Liability costs.

A Hearing on the Sonneborn Objection has been scheduled for March 9, 2010 at 9:45 a.m. with a corresponding objection deadline of March 4, 2010 at 4:00 p.m.

¹ On March 17, 2005, the Debtors delivered a \$1,750,000 letter of credit and \$750,000 mortgage note to Sun Capital Inc., who the Debtors believe owns all or substantially all of the assets and entities of Sonneborn, to guarantee the Debtors' indemnification liabilities for the Pension Liabilities.