

Debtors' Objection to Tricor Refining, LLC's Proof of Claim No. 9484 (the "Tricor Objection").

By the Tricor Objection, the Debtors seek to reduce Tricor Refining, LLC's ("Tricor") claim (the "Tricor Claim") from \$57,479,899.20 to \$2,365,050 plus documented fees of approximately \$80,000.

On February 18, 2004, Tricor initiated an action against Chemtura Corporation ("Chemtura") in the Superior Court of California (the "California State Court Litigation") alleging that Chemtura breached an environmental agreement (the "Environmental Agreement") under which it was liable to Tricor. Specifically, Tricor alleged that Chemtura did not diligently pursue "no further action" letters with respect to pre-closing contamination at a refinery that Chemtura sold to a third-party in 1997 (the "1997 Transaction"), which was subsequently acquired by Tricor.

In addition to the Environmental Agreement claims, Tricor asserted claims related to a tank farm consisting of three separate parcels that was sold pursuant to the 1997 Transaction. One of the parcels was initially transferred to a third-party buyer and was subsequently transferred to Tricor (Parcel 11) and the other two parcels were retained by Chemtura (Parcel A and Parcel B) pending the occurrence of certain events. With respect to Parcel B, Chemtura had to obtain a "no further action" letter before Parcel B could be transferred to the buyer. Tricor claimed that it was entitled to terminate the letter. Terminating the letter would relieve Tricor of any obligation to take title to Parcel B. Tricor also argued that it should be relieved of any obligation to take title to Parcel A based on a mistake of fact as to the amount and location of certain contamination on the parcel. Lastly, Tricor contended that Chemtura was solely responsible for any remediation on Parcel 11.

The California State Court Litigation was bifurcated into two separate phases, a liability phase ("Phase I") and a damages phase ("Phase II"). In July 2007, the California Superior Court concluded Phase I finding that Chemtura had breached the Environmental Agreement and ruling that Tricor could, at its option, terminate the Environmental Agreement and seek damages for the reasonable costs incurred by Tricor to obtain a "no further action" letter for the refinery. Immediately thereafter, Tricor terminated the Environmental Agreement and proceeded to Phase II for damages on account of the breach of the Environmental Agreement. Prior to the petition date, on March 16, 2009, the parties completed the trial portion of Phase II.

On October 28, 2009, Tricor filed the Tricor Claim, which is comprised of three components: (i) a claim for \$50,654,099.20 ("Claim 1") based on Tricor's estimate of damages from the California State Court Litigation; (ii) a claim for \$6,525,800 ("Claim 2") based on alleged nuisance and trespass damages related to acid tar migrating from Parcel B to Parcel 11; and (iii) a claim for \$300,000 ("Claim 3") to remove Tricor's equipment located on Parcel A.

On August 17, 2009, the Bankruptcy Court approved a stipulation between Chemtura and Tricor lifting the automatic stay to allow post-trial briefing in connection with Phase II of the California State Court Litigation and allowing Tricor to proceed to final judgment and liquidate its claim against the Debtors' estates. On January 28, 2010, the California Superior Court awarded Tricor \$1,576,700 in damages, plus 10% interest from and after February 18, 2004 and costs in

accordance with California law. On April 5, 2010, the California Superior Court issued a proposed statement of decision at Tricor's request, which statement required Tricor to reconvey title to Parcel 11 to Chemtura. On May 3, 2010, Tricor filed an objection to the proposed final statement of decision asserting, among other things, that it could not rescind the sale of Parcel 11. The Debtors expected to file a response to the Tricor's objection on June 4, 2010, and they expect the California Superior Court to enter a final statement of decision on or before June 25, 2010.

Claim 1

By Claim 1, Tricor seeks \$50,654,099.20 in damages based on the California State Court Litigation. The Debtors believe Claim 1 should be reduced in accordance with the California Superior Court's ruling to \$1,576,700, plus \$788,350 in interest. The Debtors also request that Tricor provide documentation in support of the \$82,422 in costs sought in connection with Claim 1.

Claim 2

By Claim 2, Tricor seeks \$6,525,800 based on Chemtura's alleged nuisance and trespass on Parcel 11 related to the presence of a small amount of acid tar that migrated from Parcel B to Parcel 11. The proposed statement of decision would require Tricor to reconvey Parcel 11 to Chemtura, which would negate any claim Tricor may hold for nuisance or trespass damages relating to Parcel 11. The Debtors contend that even if Tricor retains Parcel 11, Claim 2 should still be disallowed because Tricor has not provided any evidence to support a nuisance or trespass claim. Accordingly, the Debtors request that the Bankruptcy Court disallow Claim 2 in its entirety.

Claim 3

By Claim 3, Tricor seeks \$300,000 to remove Tricor's equipment and other improvements located on Parcel A. As a result of the California Superior Court's ruling in Phase I, Chemtura is required to retain title to Parcel A. Because Tricor did not allege that Chemtura breached any provisions in the Environmental Agreement related to Parcel A, the Debtors assert that Tricor is not entitled to assert a claim for costs related to the removal of equipment on Parcel A. Accordingly, the Debtors request that the Bankruptcy Court disallow Claim 3 in its entirety.

A Hearing on the Tricor Objection has been scheduled for June 17, 2010 at 9:45 a.m. with a corresponding objection deadline of June 10, 2010 at 4:00 p.m.