

Bidding Procedures

Set forth below are the bidding procedures (the “**Bidding Procedures**”)¹ to be employed with respect to the sale (the “**Sale**”) of Chemtura Corporation’s (“**Chemtura**” or the “**Seller**”) ownership interests in (i) all of the issued and outstanding capital stock (the “**Shares**”) of Chemtura Vinyl Additives GmbH, a non-Debtor company organized in accordance with the laws of the Federal Republic of Germany (the “**Acquired Company**”) and (ii) certain assets (as defined in the Purchase Agreement, the “**Purchased Assets**”) relating to the design, manufacture, assembly, marketing, sale and distribution of tin and mixed metal stabilizers and related intermediaries organic based stabilizers, expoxidized soybean oil, liquids phosphate esters, chemical foaming agents and impact modifiers, as engaged in by the Seller at its Taft, Louisiana facility, and by the Acquired Company.

As contemplated by and incorporated in the *Order (A) Approving Bidding Procedures and Overbid Protections in Connection With the Sale of Chemtura Corporation’s Polyvinyl Chloride Additives Business And Related Assets, (B) Approving the Form and Manner of Notice and (C) Scheduling an Auction and Sale Hearing* (the “**Bidding Procedures Order**”), the Bidding Procedures provided herein shall be the exclusive mechanism governing the Sale.

I. Determining Potential Bidders

To participate in the bidding process and to receive non-public information concerning the Acquired Company and the Purchased Assets, each interested person or entity (other than the Purchaser) must deliver (unless previously delivered) to counsel to the Debtors, Kirkland & Ellis LLP, 601 Lexington Avenue, New York, New York 10022 (Attn: M. Natasha Labovitz, Esq.) and counsel for the Official Committee of Unsecured Creditors (the “**Committee**”), Akin Gump Straus Hauer & Feld LLP, One Bryant Park, New York, New York, 10036, Attn: Philip C. Dublin, Esq. (together, the “**Bid Notice Parties**”) the following materials (the “**Potential Bid Package**”) on or before **February 9, 2010 at 4:00 p.m.** (prevailing Eastern Time) (the “**Bid Deadline**”):

A. Non-Binding Indication of Interest

An executed non-binding indication of interest, which shall include certain indicative information as set forth in a separate schedule to be provided by the Seller upon request.

B. Confidentiality Agreement

An executed confidentiality agreement in a form and substance reasonably acceptable to

¹ All capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Share and Asset Purchase Agreement, dated December 23, 2009 (the “**Purchase Agreement**”), by and between the Seller and SK Atlas, LLC and SK Capital Partners II, LP (SK Atlas, LLC and SK Capital Partners II, LP together, “**SK Capital**” or the “**Purchaser**”), which is publicly available as Exhibit 2 to the Bidding Procedures Order at www.kccllc.net/chemtura or upon request to Ignacio Buil Aldana, Kirkland & Ellis LLP, 601 Lexington Avenue, New York, NY 10022, Telephone: (212) 446-4778, email: ignacio.builaldana@kirkland.com.

the Seller.

C. Evidence of Financial Bona Fides.

Evidence, including audited financial statements (or such other form of financial disclosure and credit-quality support or enhancement reasonably acceptable to the Seller), sufficient to establish the financial wherewithal of the interested party to complete the contemplated transactions and, to the extent the interested party will rely upon the financial wherewithal of an affiliate, bid partner or other sponsor (the “**Sponsor**”), evidence sufficient to establish the financial wherewithal and intent of the Sponsor to provide appropriate financial support.

II. Determination of Potential Bidders; Notification

A. Determination of Potential Bidders

The Seller shall determine, after consultation with the Committee, whether a party (other than the Purchaser) may participate in an auction (the “**Auction**”) (each such party, a “**Potential Bidder**”) based upon the Seller’s evaluation of the content of the Potential Bid Package submitted by such party as well as other commercial and competitive considerations.

B. Notification of Potential Bidders

Upon the determination by the Seller, after consultation with the Committee, that a party qualifies as a Potential Bidder, the Seller shall immediately notify the party in writing, with a copy to the Committee, and provide such Potential Bidder with access to (i) the same confidential evaluation materials and information provided by the Seller to each other Potential Bidder and (ii) such other financial information and other data related to the Seller, the Acquired Company and the Purchased Assets as the Potential Bidder may reasonably request, which requests may include reasonable access to the senior management of the Business and shall be deemed to include, in any event, the Seller’s good faith estimate of the potential Cure Costs associated with each Included Contract related to the Business, provided, however, that the Seller shall not be obligated to provide to any Potential Bidder more information or more extensive due diligence access than that provided to the Purchaser before Purchaser’s entry into the Purchase Agreement; and, provided, further, that the Seller shall not be required to provide to any Potential Bidder any information or due diligence access after the Bid Deadline.

III. Determining Qualified Bids and Qualified Bidders

A. Terms and Conditions of a Qualified Bid

In order to be deemed a “**Qualified Bid**” and for a Potential Bidder (other than the Purchaser) to be deemed a “**Qualified Bidder**”, each offer, solicitation or proposal (a “**Bid**”) from a Potential Bidder (other than the Purchaser) must be in writing and must:

- (i) state that the Potential Bidder offers to purchase all or substantially all of the Shares of the Acquired Company and the Purchased Assets upon terms and conditions substantially

similar to, or more favorable to the Seller than, the Purchase Agreement or through an alternative structure on such different or additional terms as appropriate and desirable for that transaction structure;

- (ii) state that the Potential Bidder is prepared to enter into a legally binding purchase and sale agreement or similar agreement for the acquisition of the Shares of the Acquired Company and the Purchased Assets on terms and conditions no less favorable to the Seller than the terms and conditions contained in the Purchase Agreement (as determined by the Seller in its reasonable business judgment, in consultation with the Committee);
- (iii) be accompanied by a clean and duly executed modified Purchase Agreement and a marked modified Purchase Agreement reflecting the Potential Bidder's proposed variations from the Purchase Agreement;
- (iv) state that the Potential Bidder's offer is irrevocable until the closing of the Sale if such Potential Bidder is determined at the Auction to be the Successful Bidder or the Alternate Bidder (each as defined below);
- (v) contain such financial and other information that will allow the Seller, after consultation with the Committee, to make a reasonable determination as to the Potential Bidder's financial and other capabilities to consummate the transactions contemplated by the Sale, including, without limitation, financial and other information setting forth adequate assurance of future performance under section 365 of the Bankruptcy Code in form and substance as requested by the Seller;
- (vi) identify with particularity each and every executory contract as to which assumption and assignment to the Potential Bidder is a condition to closing under the proposed transaction;
- (vii) represent that the Potential Bidder will not request or assert entitlement to any transaction or break-up fee, expense reimbursement or similar type of payment;
- (viii) fully disclose the identity of any sponsor and each other entity that will be a purchaser of the Shares of the Acquired Company and the Purchased Assets or otherwise participate in connection with such Bid, together with the complete terms of any such participation;

- (ix) be likely to result in a value to the Seller, in the Seller's reasonable judgment after consultation with its financial and legal advisors and the Committee, that is more than the sum of (i) the Breakup Fee in the amount of \$500,000, (ii) \$750,000 for Reimbursement and (iii) an initial bid increment of at least \$100,000 higher than the purchase price, as set forth in the Purchase Agreement;
- (x) be free from any due diligence or financing contingencies of any kind;
- (xi) include evidence of authorization and approval from the Potential Bidder's board of directors (or comparable governing body), as well as the board of directors or comparable governing body of any Sponsor or other bid participant, with respect to the submission, execution, delivery and closing of the Sale pursuant to the terms of the Purchase Agreement (as proposed to be modified by the Potential Bid);
- (xii) be accompanied by a deposit at least equal to the Deposit Amount contemplated by the Purchase Agreement (the "**Good Faith Deposit**"); and
- (xiii) be received by the Seller on or before the Bid Deadline of **February 16, 2009 at 4:00 p.m.** (prevailing Eastern Time).

FOR THE AVOIDANCE OF DOUBT, POTENTIAL BIDDERS SHOULD BE AWARE THAT ANY POTENTIAL BIDDER THAT DOES NOT SUBMIT A QUALIFIED BID BY THE BID DEADLINE WILL NOT BE ALLOWED TO (1) PARTICIPATE IN THE AUCTION UNDER ANY CIRCUMSTANCES OR (2) SUBMIT ANY OFFER AFTER THE BID DEADLINE OR AFTER THE AUCTION.

B. Qualified Bidders

1. Purchaser

Notwithstanding anything in these Bidding Procedures to the contrary, the Purchaser is deemed a Qualified Bidder, and the Purchaser's Bid shall be deemed a Qualified Bid for all applicable purposes under these Bidding Procedures with respect to the Sale, any Auction, or otherwise.

2. Other Potential Bidders

After the Seller has determined that a Bid satisfies each of the conditions set forth in part III.A., above, the Seller shall notify promptly the Potential Bidder who submitted such Qualified Bid that it has been selected as a Qualified Bidder; provided, however, that the Seller reserves the right, after consultation with the Committee, to reject any Potential Bid (other than the Purchaser's offer pursuant to the Purchase Agreement) if the Seller determines that such

Potential Bid is inadequate or insufficient or the Seller determines that such Potential Bid is not in conformity with the requirements of the Bankruptcy Code or any related rules or is otherwise contrary to the best interests of the Seller and its estate; provided, further, that the Seller reserves the right, after consultation with the Committee, to accept a Potential Bid as a Qualified Bid if the Seller determines that such Potential Bid substantially complies with the requirements set forth herein.

Promptly after determining that any Potential Bidder who has submitted a Bid does not appear to qualify as a Qualified Bidder, the Seller shall notify such Potential Bidder of this determination and in good faith seek to resolve any impediment to the Potential Bidder becoming a Qualified Bidder. Any party may seek the Court's review of the determination that a Potential Bidder is not a Qualified Bidder; provided, however, that any such challenge must be raised and concluded before the commencement of the Auction. The determination of the Qualified Bidders shall become irrevocable and unreviewable once the Auction has commenced.

3. Negotiation and Modification of Qualified Bids

Between the Bid Deadline and the Auction, the Seller may discuss, negotiate or seek clarification of any Qualified Bid from a Qualified Bidder. Without the written consent of the Seller a Qualified Bidder may not modify, amend or withdraw its Qualified Bid, except for proposed amendments to increase the purchase price or otherwise improve the terms of the Qualified Bid for the Seller, during the period that such Qualified Bid remains binding as specified herein; provided, however, that any Qualified Bid may be improved at the Auction as set forth herein.

4. Notice of the Auction

If the Bid Notice Parties receive a Qualified Bid in addition to the Purchaser's Bid, the Auction will be held on **February 22, 2010 at 9:00 a.m.** (prevailing Eastern Time) at the offices of Kirkland & Ellis LLP, 601 Lexington Avenue, New York, New York 10022, or at any such other location as the Seller may hereafter designate (with notice of such alternate location given to all Qualified Bidders). On or before **February 18, 2010 at 5:00 p.m.** (prevailing Eastern Time), the Seller shall provide each Qualified Bidder (including the Purchaser) and the Committee with the following:

- (i) written notice of the Auction; and
- (ii) a copy of the Qualified Bid the Seller has determined, after consultation with the Committee, constitutes the highest or otherwise best offer among the Qualified Bids and with which it intends to commence the Auction (the "**Pre-Auction Successful Bid**").

IV. The Auction

A. Attendance at and Participation in the Auction

In addition to the Debtors and its advisors, the only parties eligible to participate in the Auction shall be: (i) the Purchaser and its representatives and advisors; (ii) representatives and advisors of the Committee; (iii) representatives and advisors of the Debtors' postpetition secured lenders; (iv) those Qualified Bidders who have submitted a Qualified Bid to the Seller (as well as such Qualified Bidder's advisors and representatives); and (v) the United States Trustee for the Southern District of New York. The Purchaser and the Qualified Bidders shall appear in person at the Auction, or through a duly authorized representative. In addition, each Qualified Bidder shall be required to confirm that it has not engaged in any collusion with respect to the bidding or the Sale.

B. The Auction Process

The Auction shall be governed by the following procedures:

- (i) the Seller and its professionals shall direct and preside over the Auction;
- (ii) at the commencement of the Auction, the Seller shall announce and describe the terms of the Pre-Auction Successful Bid, as determined by the Seller, after consultation with the Committee;
- (iii) only the Purchaser and the Qualified Bidders shall be entitled to make any subsequent bids at the Auction;
- (iv) bidding shall commence at the amount of the Pre-Auction Successful Bid plus a minimum overbid increment of \$100,000 and shall continue with successive bids in minimum increments of \$50,000 over the immediately preceding bid (each such bid, an "**Overbid**"); *provided, however*, that the Seller shall retain the right, after consultation with the Committee, to modify the bid increment requirements at the Auction;
- (v) the Seller shall announce the material terms of each Overbid at the Auction, and shall disclose its valuation of the total consideration offered in each such Overbid (and the basis for its determination) in order to confirm that each Overbid meets the requisite bid increment and to provide a floor for further Overbids; and
- (vi) all Qualified Bidders shall have the right to submit additional Overbids and make additional modifications to the Purchase Agreement at the Auction, provided that each such Overbid must be made within a reasonable period of time, as determined by the Seller after consultation with the Committee, following the announcement of the immediately preceding Overbid.

V. Identification of the Successful Bidder and Acceptance of Successful Bid

A. Identification of the Successful Bidder and Alternate Bidder

At the close of the Auction, the Seller, in its sole discretion and in exercise of its business judgment after consultation with the Committee, shall identify which Qualified Bidder has (i) the highest or otherwise best bid (the “**Successful Bid**,” and such bidder, the “**Successful Bidder**”) and (ii) the next highest or otherwise best bid (the “**Alternate Bid**,” and such bidder, the “**Alternate Bidder**”), all of which will be determined by considering, among other things:

- (i) the number, type and nature of any changes to the Purchase Agreement requested by each Qualified Bidder and whether such Qualified Bid is on different terms than those set forth in the Purchase Agreement; it being understood that certain modifications (including those that (a) increase the certainty of closing without delay, (b) limit or eliminate seller indemnities, (c) limit or eliminate any restrictions of the sale proceeds and (d) increase certainty with respect to liquidated damages for a buyer breach) may be viewed as improving the value of a Bid;
- (ii) the extent to which any requested modifications to the Purchase Agreement are likely to delay the closing, and the likely cost to the Seller of any such modifications or delay;
- (iii) the total consideration to be received by the Seller under the terms of each Qualified Bid;
- (iv) each Qualified Bidder’s ability to timely close a transaction and make any deferred payments, if applicable; and
- (v) the net benefit to the Seller’s estate (taking into account, among other things, the requirement that the Seller is obligated to pay the Purchaser the amount of the Breakup Fee and the Reimbursement if the Purchaser is not the Successful Bidder) and the likely timing and amount of distributions to creditors resulting from each Bid.

In announcing the Successful Bid and the Alternate Bid, the Seller shall announce the material terms of each such Bid, the basis for determining the total consideration offered and the resulting calculated benefit of each such Bid to the Seller’s estate. After announcing the Successful Bidder and Alternate Bidder and after the Successful Bidder has submitted a fully executed Purchase Agreement memorializing the terms of the Successful Bid, the Seller shall declare the Auction closed. If no Auction is held, then the Bid of the Purchaser as represented by the Purchase Agreement shall be deemed to be the Successful Bid and the Purchaser shall be deemed to be the Successful Bidder and the Seller will proceed to effectuate the Sale as set forth in the Purchase Agreement.

B. Acceptance of Bid from Successful Bidder

The Seller presently intends to sell the Shares of the Acquired Company and the

Purchased Assets to the Successful Bidder, pursuant to the Purchase Agreement agreed to by the Seller and the Successful Bidder. The Seller shall be bound by the Successful Bid only when such Bid has been approved by the Court at the Sale Hearing.

Except as otherwise provided in the form of the Purchase Agreement agreed to by the Seller, after consultation with the Committee, and the Successful Bidder, and to the fullest extent permitted by the jurisdiction of the Bankruptcy Court, all of the Seller's right, title and interest in and to the Shares and the Purchased Assets shall be sold free and clear of all Claims other than the Assumed Liabilities, with such Claims attaching to the proceeds of the Shares of the Acquired Company and the Purchased Assets with the same validity and priority as the Claims had on the Shares of the Acquired Company the Purchased Assets immediately prior to their sale.

If, and solely to the extent that, the Purchaser shall become entitled to the Breakup Fee and the Reimbursement pursuant to Article VII of the Purchase Agreement, Seller shall pay the Breakup Fee and the Reimbursement in accordance therewith.

C. Sale Hearing

The hearing (the "**Sale Hearing**") on whether to grant the relief sought in the Sale Motion shall be held on **February 23, 2010 at 9:45 a.m.** (prevailing Eastern Time) or as soon thereafter as counsel may be heard, in the Courtroom of the Honorable Robert E. Gerber, and may be adjourned from time to time without further notice other than an announcement in open court at the Sale Hearing.

At the Sale Hearing, if no other Qualified Bid was received, the Seller will seek entry of an order, *inter alia*, authorizing and approving the sale of the Shares of the Acquired Company and the Purchased Assets to the Purchaser pursuant to the terms and conditions set forth in the Purchase Agreement, or, if a Qualified Bid other than the Qualified Bid of Purchaser as set forth in the Purchase Agreement was identified as the Successful Bid at the Auction, to the Successful Bidder pursuant to the form of the Purchase Agreement agreed to by the Seller.

VI. Second Highest or Best Bid

The Alternate Bidder will be required to keep the Alternate Bid open, binding and irrevocable until the closing of the Sale; provided, however, that in the event the Purchaser is the Alternate Bidder, then the Alternate Bidder shall be entitled to terminate the Purchase Agreement, and cease to keep the Alternate Bid open, binding and irrevocable, pursuant to the terms and conditions set forth in the Purchase Agreement. If for any reason the Successful Bidder fails to consummate the purchase of the Shares of the Acquired Company and the Purchased Assets within the time permitted in the Purchase Agreement, the Alternate Bidder will automatically be deemed to have submitted the highest or otherwise best bid and the Seller will be authorized, but not required, to consummate the Sale with the Alternate Bidder without further order of the Court. At the Sale Hearing, the Seller will seek approval to sell the Shares of the Acquired Company and the Purchased Assets to the Alternate Bidder on the terms of the Alternate Bid without further notice or order of the Court.

If the failure to consummate the Sale with the Successful Bidder is the result of a breach by such Bidder, the Seller specifically reserves the right to seek damages from such Successful Bidder and its Sponsors and other bid participants, if any.

VII. Treatment of Good Faith Deposit

Each Good Faith Deposit shall be held by the Seller and will be forfeited to the Seller if (a) the applicable Qualified Bidder attempts to modify, amend or withdraw its Bid, except for proposed amendments to increase the purchase price or otherwise improve the terms of the Bid for the Seller, during the time the Bid remains binding and irrevocable under these Bid Procedures, or (b) the Qualified Bidder is selected as the Successful Bidder or Alternate Bidder (except where the Seller determines not to consummate the Sale with the Alternate Bidder, after consultation with the Committee) and fails to consummate the purchase of the Shares of the Acquired Company and the Purchased Assets according to these Bid Procedures; *provided, however*, that the foregoing (a) and (b) shall in no way modify the Purchaser's right to the return of its deposit as contemplated by the Purchase Agreement, including, but not limited to, section 7.1(e) and section 7.2(c) of the Purchase Agreement. The Seller shall promptly return to the applicable Qualified Bidder any Good Faith Deposit accompanying (a) a Bid that the Seller determines not to be a Qualified Bid, (b) any Qualified Bid that the Seller does not select as the Successful Bid or Alternate Bid at the Auction and (c) any Alternate Bid, upon the closing of the Sale with the Successful Bidder.

VIII. Reservation of Rights; Deadline Extension

The Seller reserves its rights, after consultation with the Committee and in the exercise of its fiduciary obligations, to modify the Bidding Procedures or impose, at or before the Auction, additional customary terms and conditions on the sale of the Shares of the Acquired Company and the Purchased Assets, including, without limitation, extending the deadlines set forth in the Bidding Procedures, modifying bidding increments (provided, that there shall be no reduction of the Breakup Fee or the Reimbursement), adjourning the Auction at the Auction and/or adjourning the Sale Hearing in open court without further notice, withdrawing from the Auction any or all of the Shares of the Acquired Company and the Purchased Assets at any time prior to or during the Auction, or canceling the Auction, and rejecting all Qualified Bids if, in the Sellers' business judgment, after consultation with the Committee, no such bid is for a fair and adequate price.

New York, New York
Dated: _____, 2010

/s/ M. Natasha Labovitz

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