Chemtura CORP
Form 10-K
March 12, 2010
Table of Contents

U.S. SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2009

OR

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File No. 1-15339

Chemtura Corporation

(Exact name of registrant as specified in its charter)

Delaware	**52-2183153**

(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

1818 Market Street, Suite 3700, Philadelphia, Pennsylvania	**19103**
199 Benson Road, Middlebury, Connecticut	**06749**
(Address of principal executive offices)	(Zip Code)

Registrant s telephone number, including area code: **(203) 573–2000**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Name of each exchange on which registered**
Common Stock, $0.01 par value	**NONE**

Securities registered pursuant to Section 12(g) of the Act: **NONE**

Indicate by check mark whether the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act Yes o No x

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No x

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes o No x

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes o No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of accelerated filer, large accelerated file and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check off):

Large accelerated filer o	Accelerated filer x

Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No x

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant, computed as of June 30, 2009, based on the value of the last sales price of these shares as quoted on Pink Sheets Electronic Quotation Service was $57,973,041.

The number of voting shares of Common Stock of the registrant outstanding as of January 29, 2010 was 242,935,715.

DOCUMENTS INCORPORATED BY REFERENCE

Part III of this Form 10-K will be filed with the Securities and Exchange Commission as an amendment to this Form 10-K in accordance with General Instruction G(3).

Table of Contents

		Page
PART I		
Item 1.	Business	2
Item 1A.	Risk Factors	16
Item 1B.	Unresolved Staff Comments	24
Item 2.	Properties	24
Item 3.	Legal Proceedings	26
Item 4.	Submission of Matters to a Vote of Security Holders	26
PART II		
Item 5.	Market for Registrant s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	27
Item 6.	Selected Financial Data	28
Item 7.	Management s Discussion and Analysis of Financial Condition and Results of Operations	30
Item 7A.	Quantitative and Qualitative Disclosures About Market Risk	60
Item 8.	Financial Statements and Supplementary Data	62
Item 9.	Changes In and Disagreements with Accountants on Accounting and Financial Disclosure	126
Item 9A.	Controls and Procedures	126
Item 9B.	Other Information	127
PART III		
Item 10.	Directors, Executive Officers and Corporate Governance	127
Item 11.	Executive Compensation	128
Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	128
Item 13.	Certain Relationships and Related Transactions and Director Independence	128
Item 14.	Principal Accountant Fees and Services	128
PART IV		
Item 15.	Exhibits and Financial Statement Schedules	129
	Signatures	135

Table of Contents

PART I.

Item 1. Business

CERTAIN DISCLOSURES INCLUDED IN THIS ANNUAL REPORT ON FORM 10-K FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009 CONSTITUTE FORWARD-LOOKING STATEMENTS THAT ARE SUBJECT TO RISK AND UNCERTAINTY. SEE ITEM 7. - MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - FORWARD-LOOKING STATEMENTS.

WHEN WE USE THE TERMS CORPORATION, COMPANY, CHEMTURA, REGISTRANT, WE, US AND OUR, UNLESS OTH INDICATED OR THE CONTEXT OTHERWISE REQUIRES, WE ARE REFERRING TO CHEMTURA CORPORATION AND ITS CONSOLIDATED SUBSIDIARIES.

OVERVIEW

Chemtura Corporation, together with its consolidated subsidiaries is dedicated to delivering innovative, application-focused specialty chemical and consumer products offerings. Our principal executive offices are located in Philadelphia, Pennsylvania and Middlebury, Connecticut. We operate in a wide variety of end-use industries, including automotive, transportation, construction, packaging, agriculture, lubricants, plastics for durable and non-durable goods, electronics, and pool and spa chemicals.

(a) GENERAL DEVELOPMENT OF BUSINESS

Chemtura, incorporated in Delaware in 1999, is the successor to Crompton & Knowles Corporation (Crompton & Knowles), which was incorporated in Massachusetts in 1900 and engaged in the manufacture and sale of specialty chemicals beginning in 1954. Crompton & Knowles traces its roots to the Crompton Loom Works incorporated in the 1840s. We expanded our specialty chemical business through acquisitions in the United States and Europe, including the 1996 acquisition of Uniroyal Chemical Company, Inc. (Uniroyal), the 1999 merger with Witco Corporation (Witco) and the 2005 acquisition of Great Lakes Chemical Corporation (Great Lakes).

We are a global diversified producer of specialty chemicals, polymer products and crop protection chemicals and a leading U.S. supplier of pool and spa chemicals. Most of our chemical products are sold to industrial manufacturing customers for use as additives, ingredients, or intermediates that add value to their end products. Our crop protection products are sold through dealers and distributors to growers. Our pool and spa chemicals are sold through local dealers, large retailers and mass merchants. We are a market leader in many of our key product lines. Of our $2.5 billion of net sales in 2009, approximately 49% were to customers in the United States and Canada, 31% to Europe and Africa, 15% to Asia/Pacific and 5% to Latin America.

Liquidity and Bankruptcy Proceedings

We entered 2009 with significantly constrained liquidity. The fourth quarter of 2008 saw an unprecedented reduction in orders for our products as the global recession deepened and customers saw or anticipated reductions in demand in the industries they served. The impact was more pronounced on those business segments that served cyclically exposed industries. As a result, our sales and overall financial performance deteriorated resulting in non-compliance with the two financial maintenance covenants under our Amended and Restated Credit Agreement, dated as of July 31, 2007 (the 2007 Credit Facility) as of December 31, 2008. On December 30, 2008, we obtained a 90-day waiver of compliance with these covenants from the lenders under the 2007 Credit Facility.

Our liquidity was further constrained in the fourth quarter of 2008 by changes in the availability under our accounts receivable financing facilities in the United States and Europe. The eligibility criteria and reserve requirements under our prior U.S. accounts receivable facility (the U.S. Facility) tightened in the fourth quarter of 2008 following a credit rating downgrade, significantly reducing the value of accounts receivable that could be sold under the U.S. Facility compared with the third quarter of 2008. Additionally, the availability and access to our European accounts receivable financing facility (the European Facility) was restricted in late December 2008 because of our financial performance resulting in the inability to sell additional receivables under the European Facility.

Table of Contents

The crisis in the credit markets compounded the liquidity challenges we faced. Under normal market conditions, we believe we would have been able to refinance our $370 million notes maturing on July 15, 2009 (the 2009 Notes) in the debt capital markets. However, with the deterioration of the credit market in the late summer of 2008 combined with our deteriorating financial performance, we did not believe we would be able to refinance the 2009 Notes on commercially reasonable terms, if at all. As a result, we sought to refinance the 2009 Notes through the sale of one of our businesses.

On January 23, 2009, our special-purpose subsidiary entered into a new three-year U.S. accounts receivable financing facility (the 2009 U.S. Facility) that restored most of the liquidity that we had available to us under the prior U.S. accounts receivable facility before the fourth quarter of 2008 events described above. However, despite good faith discussions, we were unable to agree to terms under which we could resume the sale of accounts receivable under our European Facility during the first quarter of 2009. The balance of accounts receivable previously sold under the European Facility continued to decline, offsetting much of the benefit to liquidity gained by the new 2009 U.S. Facility. During the second quarter of 2009, with no agreement to restart the European Facility, the remaining balance of the accounts receivable previously sold under the facility were settled and the European Facility was terminated.

January 2009 saw no improvement in customer demand from the depressed levels in December 2008 and some business segments experienced further deterioration. Although February and March of 2009 saw incremental improvement in net sales compared to January 2009, overall business conditions remained difficult as sales declined by 43% in the first quarter of 2009 compared to the first quarter of 2008. As awareness grew of our constrained liquidity and deteriorating financial performance, suppliers began restricting trade credit and, as a result, liquidity dwindled further. Despite moderate cash generation through inventory reductions and restrictions on discretionary expenditures, our trade credit continued to tighten, resulting in unprecedented restrictions on our ability to procure raw materials.

In January and February of 2009, we were in the midst of the asset sale process with the objective of closing a transaction prior to the July 15, 2009 maturity of the 2009 Notes. Potential buyers conducted due diligence and worked towards submitting their final offers on several of our businesses. However, with the continuing recession and speculation about our financial condition, potential buyers became progressively more cautious. Certain potential buyers expressed concern about our ability to perform our obligations under a sale agreement. They increased their due diligence requirements or decided not to proceed with a transaction. In March 2009, we concluded that although there were potential buyers of our businesses, a sale was unlikely to be closed in sufficient time to offset the continued deterioration in liquidity or at a value that would provide sufficient liquidity to both operate the business and meet our impending debt maturities.

By March 2009, dwindling liquidity and growing restrictions on available trade credit resulted in production stoppages as raw materials could not be purchased on a timely basis. At the same time, we concluded that it was improbable that we could resume sales of accounts receivable under our European Facility or complete the sale of a business in sufficient time to provide the immediate liquidity we needed to operate. Absent such an infusion of liquidity, we would likely experience increased production stoppages or sustained limitations on our business operations that ultimately would have a detrimental effect on the value of our business as a whole. Specifically, the inability to maintain and stabilize our business operations would result in depleted inventories, missed supply obligations and damaged customer relationships.

Having carefully explored and exhausted all possibilities to gain near-term access to liquidity, we determined that debtor-in-possession financing presented the best available alternative for us to meet our immediate and ongoing liquidity needs and preserve the value of the business. As a result, having obtained the commitment of a $400 million senior secured super-priority debtor-in-possession credit agreement (the DIP Credit Facility), Chemtura and 26 of our subsidiaries organized in the United States (collectively, the Debtors) filed for relief under Chapter 11 of Title 11 of the United States Bankruptcy Code (the Bankruptcy Code) on March 18, 2009 (the Petition Date) in the United States Bankruptcy Court for the Southern District of New York (the Bankruptcy Court). The Chapter 11 cases are being jointly administered by the Bankruptcy Court. Our non-U.S. subsidiaries and certain U.S. subsidiaries were not included in the filing and are not subject to the requirements of the Bankruptcy Code. Our U.S. and worldwide operations are expected to continue

without interruption during the Chapter 11 reorganization process.

Table of Contents

The Debtors own substantially all of our U.S. assets. The Debtors consist of Chemtura and the following subsidiaries:

- A&M Cleaning Products LLC
- Aqua Clear Industries, LLC
- ASEPSIS, Inc.
- ASCK, Inc.
- BioLab, Inc.
- BioLab Company Store, LLC
- Biolab Franchise Company, LLC
- BioLab Textile Additives, LLC
- CNK Chemical Realty Corporation
- Crompton Colors Incorporated
- Crompton Holding Corporation
- Crompton Monochem, Inc.
- GLCC Laurel, LLC
- Great Lakes Chemical Corporation
- Great Lakes Chemical Global, Inc.
- GT Seed Treatment, Inc.
- HomeCare Labs, Inc
- ISCI, Inc.
- Kem Manufacturing Corporation
- Laurel Industries Holdings, Inc.
- Monochem, Inc.
- Naugatuck Treatment Company
- Recreational Water Products, Inc.
- Uniroyal Chemical Company Limited
- Weber City Road LLC
- WRL of Indiana, Inc.

The principal U.S. assets and business operations of the Debtors are owned by Chemtura, BioLab, Inc. and Great Lakes Chemical Corporation.

The Chapter 11 cases were filed to gain liquidity for continuing operations while the Debtors restructure their balance sheets to allow us to continue as a viable going concern. While we believe we will be able to achieve these objectives through the Chapter 11 reorganization process, there can be no certainty that we will be successful in doing so.

Under Chapter 11 of the Bankruptcy Code, the Debtors are operating their U.S. businesses as a debtor-in-possession (DIP) under the protection of the Bankruptcy Court from their pre-filing creditors and claimants. Since the filing, all orders of the Bankruptcy Court sufficient to enable the Debtors to conduct normal business activities, including first day motions and the interim and final approval of the DIP Credit Facility and amendments thereto, have been entered by the Bankruptcy Court. While the Debtors are subject to Chapter 11, all transactions outside the ordinary course of business will require the prior approval of the Bankruptcy Court.

As a consequence of the Chapter 11 cases, substantially all pre-petition litigation and claims against the Debtors have been stayed. Accordingly, no party may take any action to collect pre-petition claims or to pursue litigation arising as a result of pre-petition acts or omissions except pursuant to an order of the Bankruptcy Court.

On August 21, 2009, the Bankruptcy Court established October 30, 2009 as the deadline for the filing of proofs of claim against the Debtors (the Bar Date). Under certain limited circumstances, some creditors may be permitted to file proofs of claim after the Bar Date. Accordingly, it is possible that not all potential proofs of claim were filed as of the filing of this Annual Report.

The Debtors have received approximately 15,300 proofs of claim covering a broad array of areas. Approximately 8,000 proofs of claim have been asserted in unliquidated amounts or contain an unliquidated component that are treated as being asserted in unliquidated amounts. Excluding proofs of claim in unliquidated amounts, the aggregate amount of proofs of claim filed totaled approximately $23.6 billion. See Note 21 - Legal Proceedings and Contingencies in the Notes to Consolidated Financial Statements for a discussion of the types of proofs of claim filed against the Debtors.

Having carefully explored and exhausted all possibilities to gain near-term access to liquidity, we determined that de

We are in the process of evaluating the amounts asserted in and the factual and legal basis of the proofs of claim filed against the Debtors. Based upon our initial review and evaluation, which is continuing, a significant number of proofs of claim are duplicative and/or legally or factually without merit. As to those claims, we have filed and intend to file objections with the Bankruptcy Court. However, there can be no assurance that these claims will not be allowed in full.

Further, while we believe we have insurance to cover certain asserted claims, there can be no assurance that material uninsured obligations will not be allowed as claims in the Chapter 11 cases. Because of the substantial number of asserted contested claims, as to which review and analysis is ongoing, there is no assurance as to the ultimate value of claims that will be allowed in these Chapter 11 cases, nor is there any assurance as to the ultimate recoveries for our stakeholders, including our bondholders and shareholders. The differences between amounts recorded by the Debtors and proofs of claim filed by the creditors will continue to be investigated and resolved through the claims reconciliation process.

Table of Contents

We have recognized certain charges related to expected allowed claims. As we complete the process of evaluating and resolving the proofs of claim, appropriate adjustments to our Consolidated Financial Statements will be made. Adjustments may also result from actions of the Bankruptcy Court, settlement negotiations, rejection of executory contracts and real property leases, determination as to the value of any collateral securing claims and other events. Any such adjustments could be material to our financial condition or results of operations in any given period. For additional information on liabilities subject to compromise, see Note 4 - Liabilities Subject to Compromise and Reorganization Items, Net in the Notes to Consolidated Financial Statements.

As provided by the Bankruptcy Code, the Debtors have the exclusive right to file and solicit acceptance of a plan of reorganization (the Plan) for 120 days after the Petition Date with the possibility of extensions thereafter. On February 23, 2010, the Bankruptcy Court granted our application for an extension of the period during which we have the exclusive right to file a Plan from February 11, 2010 to June 11, 2010. The Bankruptcy Court had previously granted our applications for extensions of the exclusivity period on July 28, 2009 and October 27, 2009. There can be no assurance that a Plan will be filed by the Debtors or confirmed by the Bankruptcy Court, or that any such Plan will be consummated. After a Plan has been filed with the Bankruptcy Court, the Plan, along with a disclosure statement approved by the Bankruptcy Court, will be sent to all creditors and other parties entitled to vote to accept or reject the Plan. Following the solicitation period, the Bankruptcy Court will consider whether to confirm the Plan. In order to confirm a Plan, the Bankruptcy Court must make certain findings as required by the Bankruptcy Code. The Bankruptcy Court may confirm a Plan notwithstanding the non-acceptance of the Plan by an impaired class of creditors or equity security holders if certain requirements of the Bankruptcy Code are met.

On February 9, 2010, the Bankruptcy Court gave interim approval of an Amended and Restated Senior Secured Super-Priority Debtor-in-Possession Credit Agreement (the Amended and Restated DIP Credit Agreement) by and among the Debtors, Citibank N.A. and the other lenders party thereto. The Amended and Restated DIP Credit Agreement provides for a first priority and priming secured revolving and term loan credit commitment of up to an aggregate of $450 million. The proceeds of the loans and other financial accommodations incurred under the Amended and Restated DIP Credit Agreement were used to, among other things, refinance the obligations outstanding under the DIP Credit Facility and provide working capital for general corporate purposes. The Amended and Restated DIP Credit Agreement provided a substantial reduction in our financing costs through interest rate reductions and the avoidance of the extension fees that would have been payable under the DIP Credit Facility in February and May 2010. It also provided us with greater flexibility to operate our business. The Amended and Restated DIP Credit Agreement closed on February 12, 2010 with the drawing of the $300 million term loan. On February 18, 2010, the Bankruptcy Court entered a final order providing full access to the Amended and Restated DIP Credit Agreement. The Amended and Restated DIP Credit Agreement matures on the earlier of 364 days after the closing, the effective date of a Plan or the date of termination in whole of the Commitments (as defined in the Amended and Restated DIP Credit Agreement).

The ultimate recovery by the Debtors creditors and our shareholders, if any, will not be determined until confirmation and implementation of a Plan. No assurance can be given as to what recoveries, if any, will be assigned in the Chapter 11 cases to each of these constituencies. A Plan could result in our shareholders receiving little or no value for their interests and holders of the Debtors unsecured debt, including trade debt and other general unsecured creditors, receiving less, and potentially substantially less, than payment in full for their claims. Because of such possibilities, the value of our common stock and unsecured debt is highly speculative. Accordingly, we urge that appropriate caution be exercised with respect to existing and future investments in any of these securities. Although the shares of our common stock continue to trade on the Pink Sheets Electronic Quotation Service (Pink Sheets) under the symbol CEMJQ, the trading prices may have little or no relationship to the actual recovery, if any, by the holders under any eventual Bankruptcy Court-approved Plan. The opportunity for any recovery by holders of our common stock under such Plan is uncertain as all creditors claims must be met in full, with interest where due, before value can be attributed to the common stock and, therefore, the shares of our common stock may be cancelled without any compensation pursuant to such Plan.

Continuation of our operations as a going concern is contingent upon, among other things, our ability (i) to comply with the terms and conditions of the Amended and Restated DIP Credit Agreement; (ii) to obtain confirmation of a Plan under the Bankruptcy Code; (iii) to return to profitability; (iv) to generate sufficient cash flow from operations; and (v) to obtain financing sources to meet our future obligations. These matters raise substantial doubt about our ability to continue as a going concern. The Consolidated Financial Statements do not reflect any

adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might result from the outcome of these uncertainties. Additionally, a Plan could materially change amounts reported in the Consolidated Financial Statements, which do not give effect to all adjustments of the carrying value of assets and liabilities that may be necessary as a consequence of completing a reorganization under Chapter 11 of the Bankruptcy Code.

Table of Contents

Proposed Divestiture

On December 23, 2009, we entered into a Share and Asset Purchase Agreement with SK Atlas, LLC and SK Capital Partners II, LP (collectively SK), New York-based private equity concerns focusing on the specialty materials, chemicals and healthcare industries, whereby SK has agreed to acquire our global polyvinyl chloride (PVC) additives business. The sale will include certain assets, the stock of a European subsidiary and the assumption by SK of certain liabilities.

On December 23, 2009, we filed a motion with the Bankruptcy Court (the Sale Motion), pursuant to Section 363 of the Bankruptcy Code, seeking, among other things, approval of an auction process and bidding procedures that would govern the sale of the PVC additives business to SK or another bidder with the highest or otherwise best offer and approval of the sale of the PVC additives business in accordance with the auction process and bidding procedures. On January 14, 2010, the Bankruptcy Court entered an order (the Bidding Procedures Order) establishing an auction process and bidding procedures (the Auction) to govern the sale of the PVC additives business. On January 15, 2010, we entered into Amendment No. 3 of the DIP Credit Facility that provided for, among other things, the consent of our DIP lenders to the sale of the PVC additives business. The lenders under the Amended and Restated DIP Credit Agreement also consented to this transaction. Pursuant to the Bidding Procedures Order, the Auction was held on February 22, 2010. At the Auction, Artek Aterian Holding Company and its sponsors, Aterian Investment Partners Distressed Opportunities, LP and Artek Surfin Chemicals Ltd. (collectively, Artek), emerged as the bidder with the highest and otherwise best bid for the PVC additives business.

On February 23, 2010, pursuant to the Bidding Procedures Order and following the Auction, we entered into a Share and Asset Purchase Agreement (Artek SAPA) with Artek whereby Artek agreed to acquire our PVC additives business for cash consideration of $16 million and to assume certain liabilities, including certain pension and environmental liabilities. The purchase price is subject to certain adjustments including a post-closing net working capital adjustment. On February 23, 2010, the Bankruptcy Court held a hearing on the Sale Motion pursuant to Section 363 of the Bankruptcy Code and issued an order approving, among other things, the sale of the PVC additives business to Artek. The transaction is expected to close in the second quarter of 2010. The Artek SAPA resulted in an incremental $14 million of cash proceeds and favorable sales contract modifications compared to the initial share and asset purchase agreement with SK.

The PVC additives business subject to the Artek SAPA had net sales of $236 million in 2009, and $374 million in 2008 and $357 million in 2007.

(b) FINANCIAL INFORMATION ABOUT INDUSTRY SEGMENTS

Information as to the sales, operating profit, depreciation and amortization, assets, capital expenditures and earnings on investments carried on the equity method attributable to each of our business segments during each of our last three fiscal years is set forth in Note 22 - Business Segments in the Notes to Consolidated Financial Statements.

Effective for the quarter ended March 31, 2009, we made component realignments within our reporting segments, which were also renamed. These modifications reflect the changes to our organizational structure announced on January 19, 2009. The renamed reporting segments are: Consumer Performance Products, Industrial Performance Products (petroleum additives, urethanes and antioxidants), Crop Protection Engineered Products and Industrial Engineered Products (flame retardants and brominated performance products, organometallics, PVC

additives and surfactants). Industrial Engineered Products is the former Polymer Additives segment excluding our antioxidant product line and Industrial Performance Products is the former Performance Specialties segment now including our antioxidant product line. The Other segment has been eliminated and absorbed into the Industrial Performance Products and Industrial Engineered Products segments. The presentation of the Consumer Products and Crop Protection segments is unchanged. Prior period segment data has been restated to conform to the current period presentation.

Table of Contents

(c) NARRATIVE DESCRIPTION OF BUSINESS

The table below illustrates each segment s net sales for the year ended December 31, 2009 as well as each segment s major products, end-use markets and brands.

	Consumer Performance Products	Industrial Performance Products	Crop Protection Engineered Products	Industrial Engineered Products
2009 Net Sales	$457 million	$999 million	$332 million	$753 million
Key Products	• Swimming Pool & Spa Chemicals • Cleaning Products	• Petroleum Additives • Urethanes • Antioxidants • UV Stabilizers • Elastomer Additives	• Seed Treatment • Fungicides • Miticides • Insecticides • Growth Regulants • Herbicides	• Brominated Performance Products • Flame Retardants • Fumigants • Organometallics • PVC Additives • Surfactants
Major End-Use Markets	• Pools and Spas • Water Parks • Resorts • Municipal Pools • Cleaners	• Building and Construction • Packaging • Consumer Products • Lubricants • Engine and Gear Oils • Industrial Oils and Greases • Coatings • Adhesives • Sealants • Automotive	• Agriculture	• Plastics • Agriculture • Fine Chemical • Oilfield • Building and Construction • Solar • Coatings • Pharmaceuticals • Electronics • Consumer Durables • Paints and Polymers
Key Brands	BioGuard® Aqua Chem®	Naugalubes® Naugard®	Vitavax® Acramite®	GeoBrom® Firemaster®

BAYROL®	Hybase®	Omite®	Kronitex®
Guardex®	Lobase®	Floramite®	Fyrebloc®
Pool Time®	Synton®	Rimon®	Pyrobloc®
ProGuard®	Hatcol®	ProCure®	Smokebloc®
Spa Essentials®	Adiprene® Vibrathane®	Firestorm®	Thermoguard®
SpaGuard®	Fomrez®	Casoron®	Mark OBS®
Spa Time®	Witcobond®	Royal MH-30®	Timonox®
Omni®	Trixene®	Royaltac®	
Mineral Springs®	Weston®	Off-Shoot T®	
The Works®	Anderol®	Flupro®	
Greased Lightning®	Royco®	Rancona®	
Poolbrite®	Petronate®	Anchor®	
Cristal®	Durad®	Adept®	
Miami®	Calcinate®	Dimilin®	
Sun®	Reolube®	Micromite®	
	Anox®	Blizzard®	
	Ultranox®	B-Nine®	
	Polybond®	Temprano®	
	Royaltuf®	Terraguard®	
	Lowilite®	Viticure®	
	Lowinox®	Pantera®	
		Enhance®	
		Grain Guard®	

Table of Contents

Consumer Performance Products

Consumer Performance Products are performance chemicals that are sold to consumers for in-home and outdoor use. Consumer Performance Products include recreational water purification products sold under a variety of branded labels through local dealers and large retailers to assist consumers in the maintenance of their swimming pools and spas and branded cleaners and degreasers sold primarily through mass merchants to consumers for home cleaning.

Our pool and spa product line produces and distributes sanitizers, algaecides, biocides, oxidizers, pH balancers, mineral balancers and other specialty chemicals and accessories. Our primary channels of distribution are pool and spa dealers and mass-market retailers throughout North America, Europe, Australia and South Africa. We hold a leading position in the North American pool and spa chemical business and we plan to strengthen our position by expanding our dealer channels and our presence with leading mass market retailers. Brands include BioGuard®, Aqua Chem®, BAYROL®, Guardex®, Pool Time®, ProGuard®, Spa Essentials®, SpaGuard®, Spa Time®, Omni®, Mineral Springs®, The Works®, Greased Lightning®, Poolbrite®, Cristal®, Miami® and Sun®.

The Consumer Performance Products business also operates in the specialty and multi-purpose cleaners business with The Works® brand of non-abrasive bathroom cleaners, glass and surface cleaners, toilet bowl cleaners, drain openers and rust and calcium removers, as well as the Greased Lightning® family of multipurpose cleaners. Our primary channels of distribution are to major national and regional retailers in the do-it-yourself, hardware, mass market, club and discount sectors.

The Consumer Performance Products segment had net sales of $457 million for 2009, $516 million for 2008 and $567 million for 2007. This segment represented 18%, 15% and 15% of our total net sales in 2009, 2008 and 2007, respectively.

Industrial Performance Products

Industrial Performance Products are engineered specialty chemicals. Industrial Performance Products include petroleum additives that provide detergency, friction modification and corrosion protection in motor oils, greases, refrigeration and turbine lubricants; castable urethane prepolymers engineered to provide superior abrasion resistance and durability in many industrial and recreational applications; and polyurethane dispersions and urethane prepolymers used in various types of coatings such as wood floor finishes, automotive clear coats and textiles treatments; plastic antioxidants additives that inhibit the degradation of polymers caused by air and heat during manufacture and use; UV stabilizers additives that protect materials against the harmful effects of ultra-violet light; and elastomer additives products that protect elastomers and rubber compounds such as tires from cracking and deteriorating from exposure to ozone as well as providing resistance to oxygen and heat degradation. These products are sold directly to manufacturers and through distribution channels.

On February 29, 2008, we completed the acquisition of the remaining shares of Baxenden Chemicals Ltd (Baxenden). Baxenden complements our existing Witcobond® dispersions and Fomrez® polyester polyols segment offering related products in key customer areas. The acquisition allowed us access to wider applications in the urethanes segment and strengthened our position in Europe.

On January 31, 2007, we completed the acquisition of the stock of Kaufman Holdings Corporation, which complemented our existing Industrial Performance Products segment by offering related products in key customer areas, providing the opportunity to strengthen alliances with major suppliers, and offering potential distribution synergies.

The Industrial Performance Products segment had net sales of $999 million for 2009, $1,465 million for 2008 and $1,513 million for 2007. This segment represented 39%, 41% and 40% of our total net sales in 2009, 2008 and 2007, respectively. The major product offerings of this segment are described below.

Table of Contents

Petroleum Additives

We are a global manufacturer and marketer of high-performance additive components used in transport and industrial lubricant applications. We are the global leader for alkylated diphenylamines antioxidants (ADPAs), which are marketed as Naugalubes® and used predominately in motor oils. These additives play a critical role in meeting rising regulatory standards for engine performance. The component product line also includes overbased and neutral calcium sulfonates used in motor oils and marine lubricants. These sulfonates, marketed as Hybase® and Lobase®, are oil-soluble surfactants whose properties include detergency and corrosion protection to help lubricants keep car, truck, and ship engines clean with minimal wear. Additionally, we manufacture barium and sodium sulfonates, which provide corrosion protection and emulsification in metalworking fluids and other industrial lubricants.

We provide a variety of other highly specialized, high value products including our high-viscosity polyalphaolefins, marketed as Synton®, and our broad portfolio of esters marketed as Hatcol®. These products are used in the production of synthetic lubricants for automotive, refrigeration, aviation, and industrial applications. We are also the world s leader in high performing calcium sulfonate specialty greases and phosphate ester based fluids and additives for power generation fluids and for use in anti-wear agents in a variety of lubricants.

We are also a specialty supplier of high performance finished lubricants serving the aviation and industrial markets. Our product line has extensive original equipment manufacturer approvals and is marketed under our Anderol® and Royco® brands, as well as for private label customers.

Urethanes

We are a leading supplier of high-performance cast urethane polymers with more than 200 variations in our product offerings. Our urethanes offer high abrasion resistance and durability in industrial and performance-specific applications. These characteristics allow us to market our urethanes to niche manufacturers where such qualities are imperative, including for industrial and printing rolls, mining machinery and equipment, mechanical goods, solid industrial tires and wheels, and sporting and recreational goods, including roller board and roller skate wheels.

Adiprene®/Vibrathane® urethane prepolymers are sold by our direct sales force and through distribution partners in the United States, Canada, Australia, Europe, Latin America and the Far East, and are used in cast elastomer applications where durability and chemical resistance is required. Our products are used in applications as diverse as polishing pads for the semiconductor industry to high performance screens for the mining industry. Customers in each region are serviced by a dedicated technical staff whose support is a critical component of the product offering. We believe the relatively low capital requirements of this business provide us with the ability to operate cost effectively. Lastly, our development capabilities allow us to differentiate ourselves in these markets by tailoring our products to the specialized needs of each customer application which sets us apart from our competitors.

Our urethane chemicals business provides products for a variety of end uses and applications. The urethane chemicals business consists primarily of three product lines: Fomrez® saturated polyester polyols, Witcobond® polyurethane dispersions, and Trixene® blocked isocyanates. Fomrez® polyester polyols are employed in industrial applications such as flexible foam for seating. Our Witcobond® polyurethane dispersions are sold to a larger and more diverse customer base primarily for applications such as glass fiber sizing, wood floor

coatings and ballistics protection applications. Our Trixene® product range includes blocked isocyanates and specialty polymer systems used in a wide range of coating, adhesive, sealant and elastomer applications. Our focus on customer intimacy in the urethane chemicals business enables us to tailor specific product offerings to meet our customers most demanding application requirements.

Table of Contents

Antioxidants

Operating worldwide manufacturing facilities to meet the needs of the large global petrochemical producers as well as regional compounders, our antioxidants and UV stabilizer business is comprised of five product families. We are one of the world s largest suppliers of plastic antioxidants additives that inhibit the degradation of polymers caused by air and heat during manufacture and use. Our UV stabilizers additives protect materials against the harmful effects of ultra-violet light. The elastomer additives products protect elastomers and rubber compounds such as tires from cracking and deteriorating from exposure to ozone as well as providing resistance to oxygen and heat degradation. Our inhibitors prevent polymerization in production of certain monomers and the polymer modifier products are used as coupling agents and impact modifiers for polymers for use in engineering applications in markets such as automotive and building and construction.

Incorporating such additives into resin systems improves the durability and longevity of plastics used in packaging, consumer durables, automotive parts and electrical components. Through our proprietary technology, we are able to offer Powder Free solutions so our customers can avoid the hazards of working with powders in a chemical environment. At the same time, we are proficient in blending a variety of these materials into specialized formulations uniquely tailored to customer specific end-use requirements.

Crop Protection Engineered Products

Our Crop Protection Engineered Products business focuses on specific target applications in six major product lines which include seed treatments, fungicides, miticides, insecticides, growth regulants and herbicides. We have developed our products for use primarily on high-value target crops such as tree and vine fruits, ornamentals and nuts and secondarily for commodity row crops such as soybeans, oilseed rape and corn. Our dedicated sales force works with growers and distributors to promote the use of our products throughout a crop s growth cycle and to address selective regional, climate, and growth opportunities. We expand our presence in worldwide targeted markets by developing or acquiring crop protection products and obtaining registrations for new uses and geographies where demand for our products and services has potential for growth. We develop and sell our own products and we also sell and register products manufactured by others on a license and/or resale basis.

Our seed treatments are used to coat seeds in order to protect the seed during germination and initial growth phases. Seed treatment is an environmentally attractive form of crop protection involving localized use of agricultural chemicals at much lower use rates than other agrichemical treatments. We anticipate growth in seed treatment resulting from the expanded use of higher value genetically modified seed. On March 24, 2006, we acquired the Trace Chemicals business from Bayer CropScience LP. Trace Chemicals is a leader in farmer-applied seed treatments in markets serving the United States. The acquisition enhanced our offerings in this fast growing crop application.

The Crop Protection Engineered Products business works closely with our customers, distributors, research stations and individual growers as part of an on-the-ground coordinated effort. We develop products in response to ongoing customer demands, drawing upon existing technologies and tailoring them to match immediate needs. For example, a grower s crops may require varying levels of treatment depending on weather conditions and the degree of infestation. Our research and technology is therefore geared towards responding to threats to crops around the world as they emerge under a variety of conditions.

Our Crop Protection Engineered Products business benefits from nearly 50 years of experience in the field, along with product registrations in more than 90 countries. Our experience with registering products is a valuable asset, as registration is a significant barrier to entry, particularly in developed countries. Registration of products is a complex process in which we have developed proficiency over time. The breadth of our distribution network and the depth of our experience enable us to focus on profitable applications that have been less sensitive to competitive pricing pressures than broad commodity segments. This position allows us to attract licensing and resale opportunities from partner companies providing us new products and technologies to accompany our own existing chemistries.

The Crop Protection Engineered Products business sells its products in North America through a distribution network consisting of more than 100 distributor outlets that sell directly to end use customers. Internationally, our direct sales force services over 1,400 distributors, dealers, cooperatives, seed companies and large growers.

Table of Contents

The Crop Protection Engineered Products segment had net sales of $332 million for 2009, $394 million for 2008 and $352 million for 2007. This segment represented 13%, 11% and 9% of our total net sales in 2009, 2008 and 2007, respectively.

Industrial Engineered Products

We are a global leader in manufacturing and selling an extensive line of additives and organometallic specialties to a broad range of industries including plastics, agriculture, fine chemicals, oilfield, building and construction, electronics and automotive industries. The chemical additives of the Industrial Engineered Products business are designed to improve the performance of polymers in their end-use applications. Segment products include brominated performance products, flame retardants, fumigants, organometallics, PVC additives and surfactants. The products are sold across the entire value chain ranging from direct sales to monomer producers, polymer manufacturers, compounders and fabricators, fine chemical manufacturers and oilfield service companies to industry distributors.

The Industrial Engineered Products segment had net sales of $753 million for 2009, $1,171 million for 2008 and $1,315 million for 2007. This segment represented 30%, 33% and 35% of our total net sales in 2009, 2008 and 2007, respectively. The major product offerings of this segment are described below.

Flame Retardants and Brominated Performance Products

Our flame retardant business holds a leading global position with a comprehensive offering of bromine, phosphorus and antimony-based flame retardants. With increasing regulatory and fire safety performance demands, the use of these products continues to grow in electrical components, construction materials, automotive and furniture/furnishing applications.

We are backward integrated to brine, a primary source of bromine and have a well developed business in supplying other types of brominated performance products to a variety of industries including agricultural, fine chemicals, pharmaceutical, electronics and oil well drilling. We have entered into a series of long-term supply and purchase agreements with TETRA Technologies, Inc. (TETRA), primarily to sell bromine to TETRA on an exclusive basis.

Part of our expertise in bromine-based material is the production and distribution of methyl bromide, a fumigant used to improve crop yields and protect grain in storage from pest infestation. Such materials are regularly used to treat food processing plants, breweries, warehouses and grain elevators, as well as rail cars, truck trailers and intermodal containers. While the use of methyl bromide has been restricted by regulations, it continues to play an important role in protecting the food chain. Where effective alternatives are not available, our products continue to be employed at cargo ports where agricultural commodities need to be treated quickly and comprehensively to prevent transmission of infestation across international borders and as a pre-plant treatment to control weeds, diseases, insects and nematodes in high value food crops leading to increased yields and higher fresh produce quality.

On January 14, 2010, we announced a long-term strategic sourcing agreement with global specialty chemicals company Albemarle Corporation. The transaction represents a key milestone in our flame retardants business strategic reorganization process. The strategic agreement will allow

us to further strengthen operations at our most productive brine field in South Arkansas. In addition, this agreement will provide greater opportunities for us to reinvest in new, innovative flame retardants and brominated performance products designed as part of our Greener is Better program, which is focused on offering customers greener solutions without sacrificing safety or quality.

On January 25, 2010, our Board of Directors approved a restructuring plan involving the consolidation and idling of certain assets within the flame retardants business operations in El Dorado, Arkansas. The restructuring plan was approved by the Bankruptcy Court on February 23, 2010 and is expected to be completed by the fourth quarter of 2010. As a result of the restructuring plan, we expect to record costs of approximately $40 million, primarily in the first half of 2010, consisting of approximately $35 million in accelerated depreciation of property, plant and equipment and approximately $5 million in other facility-related shutdown costs, which include accelerated recognition of asset retirement obligations, decommissioning of wells and pipelines and severance. In addition to the aforementioned costs, we expect cash costs, including capital costs, to be approximately $20 million primarily in 2010 in order to execute the consolidation of operations into remaining facilities.

Table of Contents

Organometallics

Organometallics are a special group of metal containing organic chemicals which play a significant role in a variety of industrial applications. Organometallics are essential components used to initiate the polymerization reactions that transform monomers into polymers. They are also used as precursors in glass coatings, in the production of semiconductors and photovoltaic panels, as well as for the production of many pharmaceutical ingredients and as catalysts for curing certain paints and polymers.

PVC Additives

Our PVC additives consist primarily of heat stabilizers that are essential to the processing of heat sensitive resins. Without the inclusion of such specialty additives, scorching of the resin during fabrication could result, compromising the functionality and appearance of the finished product. High-value end-use applications with such demanding aesthetic standards include vinyl exterior siding, synthetic flooring and window profiles. Other large volume construction-related uses include plumbing and drainage pipe, electrical conduit and wire and cable coatings.

On February 23, 2010, we entered into a Share and Asset Purchase Agreement with Artek, whereby Artek agreed to acquire our PVC additives business. For additional information regarding this divestiture, see Proposed Divestiture above under General Development of Business.

Surfactants

Surfactants help to homogenize multi-component resin systems and to facilitate lubricity in the processing and fabrication of such resins. On February 29, 2008, we completed the sale of our oleochemicals business, which was the largest portion of our surfactants product offering. The oleochemicals business had net sales of approximately $160 million in 2007.

Sources of Raw Materials

Hydrocarbon-based and inorganic chemicals constitute the majority of the raw materials required to manufacture our products. These materials are generally available from a number of sources, some of which are foreign. We use significant amounts of chemicals derived from ethylene, propylene and benzene. In addition, chlorine, caustic, other petrochemicals, tin and soybean oil represent the key materials used in our chemical manufacturing processes. Major requirements for key raw material are purchased typically pursuant to multi-year contracts. Large increases in the cost of such key raw materials, as well as natural gas, which powers some key production facilities, could adversely affect our operating margins if we are not able to pass the higher costs on to our customers through higher selling prices. While temporary shortages of raw materials we use may occur occasionally, key raw materials have generally been available. However, there can be no assurance that unforeseen developments will not affect our raw material supplies and their continuing availability and price are subject to, among other things, domestic and world markets, political conditions and regulations. For additional information related to these risks, see Item 1A. - Risk Factors.

Seasonal Business

With the exception of the Crop Protection Engineered Products segment and the pool and spa product line in our Consumer Performance Products segment, no material portion of any segment of our business is significantly seasonal. Our Crop Protection Engineered Products segment is seasonal in nature and corresponds to agricultural cycles. Similarly, in the Consumer Performance Products segment, approximately 80% of net sales are generated from sales from our pool chemicals business serving the North American and European recreational water market. These markets generally record higher sales in the second and third quarters of each year.

Customers

No one customer accounted for more than ten percent of our consolidated net sales.

Employees

We had approximately 4,400 full time employees at December 31, 2009.

Table of Contents

Backlog

We do not consider backlog to be a significant indicator of the level of future sales activity. In general, we do not manufacture our products against a backlog of orders. Production and inventory levels are based on the level of incoming orders as well as projections of future demand. Therefore, we believe that backlog information is not material to understanding our overall business and should not be considered a reliable indicator of our ability to achieve any particular level of sales or financial performance.

Competitive Conditions

The breadth of our product offering provides multiple channels for growth and lessens our dependence on any one market or end-use application. We sell our products in more than 100 countries. This worldwide presence reduces our exposure to any one country s or region s economy.

We have a broad customer base and believe that our products, many of which we customize for the specific needs of our customers, allow us to enhance customer loyalty and attract customers that value product innovation and reliable supply.

Product performance, quality, price, and technical and customer service are all important factors in competing in substantially all of our businesses.

We face significant competition in many of the industries in which we operate due to the trends toward global expansion and consolidation by competitors. Some of our existing competitors are larger than we are and may have more resources and better access to capital markets for continued expansion or new product development than we do. Some of our competitors also have a greater product range, are more vertically integrated or have better distribution capability than we do for specific products or geographical areas.

Research and Development

All of our businesses conduct research and development activities to increase competitiveness. Our businesses conduct research and development activities to develop new, and optimize existing, production technologies, as well as to develop commercially viable new products and applications while also maintaining existing product registrations required by regulatory agencies around the world. Our research and development expenditures totaled $38 million in 2009, $51 million in 2008 and $62 million in 2007.

Intellectual Property and Licenses

We attach great importance to patents, trademarks, copyrights and product designs in order to protect our investment in research and development, manufacturing and marketing. Our policy is to seek wide protection for significant products and process developments on our major applications. We also seek to register trademarks extensively as a means of protecting the brand names of our products.

We have approximately 3,500 United States and foreign granted patents and pending patent applications and approximately 4,700 United States and foreign registered and pending trademarks. Patents, trademarks, trade secrets in the nature of know-how, formulations, and manufacturing techniques assist us in maintaining the competitive position of certain of our products. Our intellectual property is of particular importance to a number of specialty chemicals we manufacture and sell. However, we do business in countries where protection may be limited and difficult to enforce. We are licensed to use certain patents and technology owned by other companies, including some foreign companies, to manufacture products complementary to our own products, for which we pay royalties in amounts not considered material, in the aggregate, to our consolidated results. Products to which we have such rights include certain crop protection chemicals.

Neither our business as a whole nor any particular segment is materially dependant upon any one particular patent, trademark, copyright or trade secret.

Table of Contents

Environmental Matters

Chemical companies are subject to extensive environmental laws and regulations concerning, among other things, emissions to the air, discharges to land, surface, subsurface strata and water and the generation, handling, storage, transportation, treatment and disposal of waste and other materials. Chemical companies are also subject to other federal, state, local and foreign laws and regulations regarding health and safety matters.

Environmental Health and Safety Regulation - We believe that our business, operations and facilities are being operated in substantial compliance, in all material respects, with applicable environmental, health and safety laws and regulations, many of which provide for substantial fines and criminal sanctions for violations. The ongoing operations of chemical manufacturing plants, however, entail risks in these areas and there can be no assurance that material costs or liabilities will not be incurred. In addition, future developments of environmental, health and safety laws and regulations and related enforcement policies, could bring into question the handling, manufacture, use, emission or disposal of substances or pollutants at facilities we own, use or control. These developments could involve potential significant expenditures in our manufacture, use or disposal of certain products or wastes. To meet changing permitting and regulatory standards, we may be required to make significant site or operational modifications, potentially involving substantial expenditures and reduction or suspension of certain operations. We incurred $9 million of costs for capital projects and $48 million for operating and maintenance costs related to environmental health and safety programs at our facilities during 2009. In 2010, we expect to incur approximately $23 million of costs for capital projects and $66 million for operating and maintenance costs related to environmental health and safety programs at our facilities. During 2009, we paid $9 million to remediate previously utilized waste disposal sites and current and past facilities. We expect to spend approximately $14 million during 2010 to remediate such waste disposal sites and current and former facilities.

Pesticide Regulation - Our Crop Protection Engineered Products business is subject to regulation under various federal, state, and foreign laws and regulations relating to the manufacture, sale and use of pesticide products.

In August 1996, Congress enacted the Food Quality Protection Act of 1996 (FQPA), which made significant changes to the Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA), governing U.S. sale and use of pesticide products and the Federal Food, Drug, and Cosmetic Act (FFDCA), which limits pesticide residues on food. FQPA facilitated registrations and re-registrations of pesticides for special (so called minor) uses under FIFRA and authorized collection of maintenance fees to support pesticide re-registrations. Coordination of regulations implementing FIFRA and FFDCA is now required. Food safety provisions of FQPA establish a single standard of safety for pesticide residue on raw and processed foods, require that information be provided through large food retail stores to consumers about the health risks of pesticide residues and how to avoid them, preempt state and local food safety laws if they are based on concentrations of pesticide residues below recently established federal residue limits (called tolerances), and ensure that tolerances protect the health of infants and children.

FFDCA, as amended by FQPA, authorized the Environmental Protection Agency (EPA) to set a tolerance for a pesticide in or on food at a level which poses a reasonable certainty of no harm to consumers. The EPA is required to review all tolerances for all pesticide products. Most of our products have successfully completed review, others are currently under review and other products will be reviewed under this standard in the future.

The European Union Commission has established procedures whereby all existing crop protection active ingredient chemicals commercially available in the European Union (the EU) are to be reviewed. Regulation 91/414 became effective in 1993 and the process was updated in 2007 and 2008. The original list of existing chemicals was prioritized and divided into 4 parts. We had four chemicals on the first list, three of which were successfully supported through the review, which results in inclusion onto Annex I of 91/414, while the fourth was withdrawn by us for

commercial reasons. The remainder of our products will be reviewed in the future with the overall process expected to be completed by the end of 2010. The process may lead to full registration in member states of the EU or may lead to some restrictions or cancellation of registrations if it is determined that a product poses an unacceptable risk.

Table of Contents

Chemical Regulation In December 2006, the European Union signed the Registration, Evaluation and Authorization of Chemicals (REACh) legislation. This legislation requires chemical manufacturers and importers in the EU to demonstrate the safety of the chemical substances contained in products. The effective date of the legislation was June 1, 2007 and it required all covered substances to be pre-registered by November 30, 2008. Since December 1, 2008, no product containing covered substances can be manufactured in or imported into the EU unless the substances therein have been pre-registered. The full registration of REACh will be phased in over the next ten years. The registration deadlines are as follows: 2010 for chemical substances manufactured or imported in excess of 1,000 metric tons per year and for substances deemed to be particularly harmful to humans or the environment, 2013 for substances manufactured or imported in the EU between 100 and 1,000 metric tons per year and 2018 for substances manufactured or imported in the EU in quantities greater than 1 metric ton per year. The registration process will require expenditures and resource commitments to compile and file comprehensive chemical dossiers on the use and attributes of each chemical substance and to perform chemical safety assessments. In addition, each registration phase carries with it a registration fee, which ranges from 31,000 (approximately $45,000) per substance for high-risk, high tonnage band substances to 1,600 (approximately $2,000) for substances registered in the lowest tonnage band and risk. We pre-registered approximately 1,100 substances and submitted approximately 2,100 pre-registration dossiers covering multiple affiliated legal entities. Our REACh costs in 2009 were approximately $1 million. We anticipate REACh-related costs of approximately $11 million in 2010 (including the first wave of registration fees), $3 million in 2011 and $6 million in 2012. The implementation of the REACh registration process may affect our ability to manufacture and sell certain products in the future.

(d) GEOGRAPHIC INFORMATION

The information with respect to net sales and property, plant and equipment attributable to each of our major geographic areas served for each of our last three fiscal years is set forth in the Note 22 - Business Segments in the Notes to Consolidated Financial Statements.

(e) AVAILABLE INFORMATION

Our internet website address is www.chemtura.com. We make available free of charge on or through our internet website our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission.

Our Corporate Governance Principles, Code of Business Conduct and charters for our Audit Committee and our Organization, Compensation and Governance Committee are available on our website and will be available, free of charge, to any stockholder who requests them from the Corporate Secretary at Chemtura Corporation, 199 Benson Road, Middlebury, CT 06749 USA. The information contained on our website is not incorporated by reference in this Annual Report on Form 10-K and should not be considered a part of this Annual Report.

Table of Contents

Item 1A. Risk Factors

The factors described below represent the most significant risks that could materially and adversely affect our financial condition, results of operations or cash flows. Except as otherwise indicated, these factors may or may not occur and we cannot predict the likelihood of any such factor occurring.

RISK RELATING TO OUR BANKRUPTCY

For the duration of the Chapter 11 cases, our operations, including our ability to execute our business plan, are subject to the risks and uncertainties associated with bankruptcy, which include the following:

- Our ability to prosecute, confirm and consummate a Plan, which has not yet been proposed as of the date of this Annual Report;
- Our ability to consummate strategic sales of our assets or certain business divisions or restructure or consolidate our operations in accordance with the Bankruptcy Code and orders of the Bankruptcy Court;
- The actions and decisions of our creditors, shareholders and other third parties who have interests in the Chapter 11 cases that may be inconsistent with our plans;
- Our ability to obtain Bankruptcy Court approval with respect to motions in the Chapter 11 cases prosecuted from time to time;
- Our ability to obtain and maintain commercially reasonable terms with vendors and service providers;
- Our ability to obtain and maintain financing necessary to carry out our operations and continue to use the cash collateral of our secured lenders under our Amended and Restated DIP Credit Agreement;
- Our ability to maintain contracts and leases that are critical to our operations;
- Risks associated with third parties seeking and obtaining Bankruptcy Court approval to terminate or shorten the exclusivity period for us to confirm a proposed Plan, to appoint a Chapter 11 trustee or to convert our Chapter 11 cases to Chapter 7 proceedings; and
- Our ability to utilize net operating loss carry-forwards.

These risks and uncertainties could affect our business and operations in various ways. For example, negative events or publicity associated with the Chapter 11 cases could adversely affect our revenues and the relationship with our customers, as well as with suppliers and employees, which in turn could adversely affect our operations and financial condition, particularly if the Chapter 11 cases are unexpectedly protracted. Also, transactions outside the ordinary course of business are subject to the prior approval of the Bankruptcy Court, which may limit our ability to respond timely to certain events or take advantage of certain opportunities.

As a result of the Chapter 11 cases, realization of assets and liquidation of liabilities are subject to uncertainty. While operating under the protection of the Bankruptcy Code, and subject to Bankruptcy Court approval or otherwise as permitted in the normal course of business, we may sell or otherwise dispose of assets or certain businesses and liquidate or settle liabilities for amounts other than those reflected in our financial statements. Further, a Plan could materially change the amounts and classifications reported in our Consolidated Financial Statements, which do not give effect to any adjustments to the carrying value of assets or amounts of liabilities that might be necessary as a consequence of confirmation of a Plan.

Because of the risks and uncertainties associated with the Chapter 11 cases, the ultimate impact that events occurring during these proceedings will have on our business, financial condition and results of operations cannot be accurately predicted or quantified. Additionally, the result of any confirmed Plan may result in cancellation of our common stock, the sale of all or substantially all of our assets, and/or the failure of the Company to continue as a public company, which could cause any investment in the Company to become worthless.

In light of the foregoing, trading in our securities during the Chapter 11 cases is highly speculative and poses substantial risks. Holders of our securities may have their securities cancelled and in return receive no payment or other consideration, or a payment or other consideration that is less than the par value or the purchase price of such securities.

Table of Contents

Our stock is no longer listed on a national securities exchange. It will likely be more difficult for stockholders and investors to sell our common stock or to obtain accurate quotations of the share price of our common stock.

Effective March 18, 2009, the NYSE suspended trading of our common stock and delisted the stock on April 16, 2009. Our stock is now traded over the counter and is quoted on the Pink Sheets. We may not be able to re-list our common stock on a national securities exchange and our stock may not continue to be traded on the Pink Sheets. The trading of our common stock over the counter negatively impacts the trading price of our common stock and the levels of liquidity available to our stockholders. In connection with the delisting of our stock, there may also be other negative implications, including the potential loss of confidence in our Company by suppliers, customers and employees and the loss of institutional investor interest in our common stock.

A long period of operations under Chapter 11 protection may harm our business.

A long period of operations under Chapter 11 protection could adversely affect our business and operations. So long as our Chapter 11 cases continue, our senior management will be required to spend a significant amount of time and effort dealing with the reorganization instead of focusing exclusively on our business operations. A prolonged period of operating under Chapter 11 protection may also make it more difficult to attract and retain management and other key personnel necessary to the success and growth of our business. In addition, the longer the Chapter 11 cases continue, the more likely it is that our customers and suppliers will lose confidence in our ability to successfully reorganize our businesses and seek to establish alternative commercial relationships.

Furthermore, so long as the Chapter 11 cases continue, we will be required to incur substantial costs for professional fees and other expenses associated with the administration of the Chapter 11 cases. A prolonged continuation of the Chapter 11 cases may also require us to seek additional financing. If we require additional financing during the Chapter 11 cases and we are unable to obtain the financing on favorable terms or at all, our chances of successfully reorganizing our businesses may be seriously jeopardized, and as a result, any securities in our Company could become devalued or become worthless.

We may not be able to obtain confirmation of a Chapter 11 reorganization plan or consummate strategic assets or business divestitures.

To successfully emerge from Chapter 11 bankruptcy protection as a viable entity, or even to confirm a Plan, we must meet certain statutory requirements with respect to adequacy of disclosure with respect to a Plan, soliciting and obtaining the requisite acceptances of the Plan, and fulfilling other statutory conditions for confirmation, which have not occurred to date. We may not receive the requisite acceptances of constituencies in the Chapter 11 cases to confirm any future Plan. Even if the requisite acceptances of a Plan are received, the Bankruptcy Court may not confirm such a Plan.

If any future Plan is not confirmed by the Bankruptcy Court, it is unclear whether we would be able to reorganize our businesses and what, if anything, holders of claims against us would ultimately receive with respect to their claims.

In the event a Plan is not ultimately confirmed, with Bankruptcy Court approval, it is likely that we will seek to consummate strategic sales of assets in which case it is likely that holders of claims would receive substantially different treatment than they would receive if we were to emerge from Chapter 11 bankruptcy protection as a viable, reorganized entity. We may not be able to consummate strategic sales of our assets on terms that are favorable to us, or at all, and any such sales outside the ordinary course of business would be subject to Bankruptcy Court approval.

A plan of reorganization may result in holders of our common stock receiving no distribution on account of their interests and cancellation of their common stock.

Under the priority scheme established by the Bankruptcy Code, unless creditors agree otherwise, post-petition liabilities and pre-petition liabilities must be satisfied in full, with interest, before stockholders are entitled to receive any distribution or retain any property under a Plan. The ultimate recovery to creditors and/or stockholders, if any, will not be determined until confirmation of a Plan. No assurance can be given as to what values, if any, will be ascribed in the Chapter 11 cases to each of these constituencies or what types or amounts of distributions, if any, they would receive. A Plan could result in holders of our common stock receiving no distribution on account of their interests and could result in the cancellation of their existing stock. If certain requirements of the Bankruptcy Code are met, a Plan can be confirmed notwithstanding its rejection by the class comprising the interests of our equity security holders. Therefore, an investment in our common stock is highly speculative and may become worthless (or be canceled) in the future without any required approval or consent of such shareholders.

Table of Contents

We may be unable to raise the additional capital needed to fund our businesses, which would prevent us from continuing operations, even if substantially all of our debts are discharged through the Chapter 11 cases.

Even if our debts are reduced or discharged through the Chapter 11 cases, we may need to raise additional funds through debt or equity financing or other various means to fund our business after the completion of the Chapter 11 cases. In such a case, adequate funds may not be available when needed or may not be available on favorable terms. If we need to raise additional funds in the future by issuing equity securities and assuming existing stockholders continue to hold shares of common stock after the confirmation of a Plan, dilution to existing stockholders may result, and such securities may have rights, preferences and privileges senior to those of our common stock. We may be unable to raise additional funds by issuing debt due to restrictive covenants contained in our senior debt or other exit financing confirmed as part of a Plan, of which there can be no assurance, which may restrict our ability to expend or raise capital in the future.

The agreements governing our debt contain restrictions that could significantly restrict our ability to operate our business.

Our Amended and Restated DIP Credit Agreement, as was consistent with our DIP Credit Facility, contains a number of covenants which, among other things, limit the incurrence of additional debt, aggregate capital expenditures, additional operating leases, issuance of capital stock, issuance of guarantees, liens, investments, disposition of assets, dividends, certain payments, mergers, change of business, transactions with affiliates, prepayments of debt, repurchases of stock and redemptions of certain other indebtedness and other matters customarily restricted in such agreements. Our ability to comply with the covenants, agreements and restrictions contained in our Amended and Restated DIP Credit Agreement may be affected by events beyond our control, including prevailing economic, financial, and industry conditions. There can be no assurance that we would be able to comply with such covenants, agreements, or restrictions in the future. Additionally, breach of any of the covenants imposed on us by the terms of the Amended and Restated DIP Credit Agreement could result in a default under the agreement. In the event of a default, the lenders could terminate their commitments to us and could accelerate the repayment of all of our indebtedness under the agreement. In such case, we may not have sufficient funds to pay the total amount of accelerated obligations, and our lenders under the Amended and Restated DIP Credit Agreement could proceed against the collateral securing the agreement. Any acceleration in the repayment of our indebtedness or related foreclosure could adversely affect our business.

RISK RELATING TO OUR BUSINESS ENVIRONMENT AND OPERATIONS

The worldwide and general economic factors and difficult conditions in the global capital and credit markets have affected and may continue to adversely affect our business, as well as the industries of many of our customers and suppliers, which are cyclical in nature.

Some of the markets in which our end-use customers participate, such as the automotive, electronics and building and construction industries, are cyclical in nature, thus posing a risk to us which is beyond our control. These markets are highly competitive, to a large extent driven by end-use markets, and may experience overcapacity, all of which may affect demand for and pricing of our products.

External factors, including general economic conditions, international events and circumstances, competitor actions and governmental regulation are beyond our control and can cause fluctuations in demand and volatility in the price of raw materials and other costs that can intensify the impact of economic cycles on our operations. We produce a broad range of products that are used as additives and components in other products in a wide variety of end-use applications. As a result, our products may be negatively impacted by supply and demand instability in other

industries and the effects of that instability on supply chain participants. Economic and political conditions in countries in which we operate may also adversely impact our operations. These same risks may also impact the financial markets and may negatively affect our access to capital. While these external factors may adversely affect our businesses, we believe that the breadth of our product offering lessens our dependence on any one market and that our worldwide presence further reduces our exposure to economic conditions or political instability in any one country or region.

Table of Contents

Declines in late 2008 and in 2009 in consumer and business confidence and spending, together with severe reductions in the availability of credit and volatility in the capital and credit markets, demonstrated the sensitivity of our businesses to changes in economic conditions, caused us to commence the Chapter 11 proceedings and have adversely affected the business and economic environment in which we operate and the profitability of our business. Accordingly, if the global financial crisis and current economic downturn continue or worsen, our business, results of operations and financial condition could be further adversely affected.

Significant competition may force us to reduce prices, which may adversely impact our results of operations.

We face significant competition in many of the industries in which we operate due to the trend toward global expansion and consolidation by competitors. Some of our existing competitors are larger than we are and may have more resources and better access to capital markets to facilitate continued expansion or new product development. Some of our competitors also have greater product range or better distribution capability than we do for specific products or geographic regions. Price competition also exists in some of the markets in which we participate where customers are sensitive to changes in price. Additionally, other factors such as industry overcapacity and lower cost structures have the effect of putting downward pressure on prices. We expect that we will continue to face new competitive challenges as well as additional risks inherent in international operations in developing regions. We also expect to face increased competition from the further use and introduction of generic and alternative products by our competitors. This increased competition could cause us to reduce our prices and take other steps to compete effectively, which could negatively affect our financial condition, results of operations or cash flows. In addition, even if we were to raise prices, the reactions of our competitors and customers to such price increases could cause us to reevaluate and possibly reverse such price increases or risk a loss in sales volumes.

The cyclicality of the chemicals industry may cause significant fluctuations in our operating results or cash flows.

Our historical operating results reflect the cyclical and volatile nature of the supply and demand balance of the chemicals industry. The chemicals industry has experienced alternating periods of inadequate capacity and tight supply, allowing prices and profit margins to increase, followed by periods when substantial capacity is added, resulting in oversupply, over-capacity and corresponding declining utilization rates, causing declining prices and profit margins. The cyclicality of the industries in which we operate may result in volatile operating results and cash flow over our business cycle. Future growth in product demand may not be sufficient to utilize current or future capacity. Excess industry capacity may continue to depress our volumes and margins on some products. Due to excess industry capacity, rising energy costs and rising raw materials costs, our operating results may be volatile.

Any disruption in the availability or price of the raw materials or energy utilized for our products may have a material adverse effect on our operating results.

We purchase large amounts of raw materials and energy for our businesses. The costs of these materials and energy, in the aggregate, represent a substantial portion of our operating expenses. The prices and availability of the raw materials we use vary with market conditions and may be highly volatile. Over the past few years, and particularly in 2008, we have experienced significant cost increases in purchases of petrochemicals, tin, soybean oil, other raw materials and our primary energy source, natural gas. While we have and will continue to attempt to match raw material or energy price increases with corresponding product price increases, we may not be able to immediately raise product prices, if at all. Ultimately, our ability to pass on increases in the cost of raw materials or energy to customers is greatly dependent upon market conditions and raising prices charged to our customers could result in a loss of sales volume. There have been in the past, and will likely be in the future, periods of time during which we are unable to pass raw material and energy price increases on to our customers, in whole or in part. Reactions by our customers and competitors to our price increases could cause us to reevaluate and possibly reverse such price increases, which may

increase our operating expenses and negatively affect our operating results.

Table of Contents

The results of our Crop Protection Engineered Products segment is dependent on weather, disease, and pest conditions and can be affected by local and regional economic circumstances. The results of our Consumer Performance Products business are also dependent on weather conditions. Adverse weather or economic conditions could materially affect our results of operations.

Sales volumes for our Crop Protection Engineered Products business, as with all agricultural products, are subject to the sector s dependency on weather, disease, and pest infestation conditions. Adverse weather conditions in a particular region could materially adversely affect our Crop Protection Engineered Products business. Demand for crop protection products is also influenced by the agricultural policies of governments and regulatory authorities particularly in developing countries in regions where we do business, such as in Asia and Latin America. Changes in governmental policies or product registration requirements could have an adverse impact on our ability to market and sell our products. Our crop protection products are typically sold pursuant to contracts with extended payment terms in Latin America and Europe. Customary extended payment periods, which are tied to particular crop growing cycles, make our Crop Protection Engineered Products business susceptible to losses from receivables during economic downturns and may adversely affect our financial condition, operating results or our cash flows.

Our pool and spa products in the Consumer Performance Products business are primarily used in swimming pools and spas. Demand for these products is influenced by a variety of factors including seasonal weather patterns. An adverse change in weather patterns during pool season could adversely affect the demand for and profitability of our pool and spa products. This occurred in the United States in the 2008 and 2009 pool seasons when weather was unseasonably cold and wet.

Impairment charges may affect our results of operations in the future.

Management regularly tests for goodwill impairment on an annual basis each July 31, and more frequently if events occur or circumstances arise that would more likely than not reduce the fair value of a reporting unit to an amount below its carrying value. We also test for other possible long-lived asset impairments if events occur or circumstances arise that would indicate that the carrying value amount of such long-lived assets may not be recoverable. Any resulting impairment loss would be a non-cash charge and may have a material adverse impact on our results of operations in any future period in which we record a charge.

Our results of operations are subject to exchange rate and other currency risks. A significant movement in exchange rates could adversely impact our results of operations.

Significant portions of our businesses are conducted in currencies other than the U.S. dollar. This means that foreign currency exchange rates affect our operating results.

Effects of exchange rate fluctuations upon our future operating results cannot be predicted because of the number of currencies involved, the variability of currency exposures, and the potential volatility of currency exchange rates. We will face risks arising from the imposition of exchange controls and currency devaluations. Restrictions with our debt agreements and constraints on our liquidity today restrict our ability to hedge foreign exchange exposures. Exchange controls may limit our ability to convert foreign currencies into U.S. dollars or to remit dividends and other payments by our foreign subsidiaries or businesses located in or conducted within a country imposing controls. Currency devaluations result in diminished value of funds denominated in the currency of the country instituting the devaluation. Actions of this nature could adversely affect our earnings or cash flows.

We have unfunded and underfunded pension plans and post-retirement health care plans, which, if changes to the funded status occur, could adversely impact our financial condition, results of operations or cash flows.

We have unfunded obligations under our domestic tax-qualified defined benefit pension plan totaling approximately $249 million on a projected benefit obligation basis as of December 31, 2009. Further declines in the value of the plan investments or unfavorable changes in laws or regulations that govern pension plan funding could materially change the timing and amount of required pension funding. We also sponsor foreign and non-qualified pension plans under which there are substantial unfunded liabilities totaling approximately $191 million on a projected benefit obligation basis as of December 31, 2009. Foreign regulatory authorities may seek to have the Debtors take responsibility for some portion of these obligations. In addition, we sponsor post-retirement health care plans under which there are substantial unfunded liabilities totaling approximately $150 million on a projected benefit obligation basis as of December 31, 2009. Mandatory funding contributions with respect to our tax-qualified pension plans and potential unfunded benefit liability claims could have a material adverse effect on our financial condition, results of operations or cash flows.

Table of Contents

Production facilities are subject to operating risks that may adversely affect our financial condition, results of operations or cash flows.

We are dependent on the continued operation of our production facilities. Such production facilities are subject to hazards associated with the manufacturing, handling, storage, and transportation of chemical materials and products, including pipeline leaks and ruptures, explosions, fires, inclement weather and natural disasters, terrorist attacks, mechanical failure, unscheduled downtime, labor difficulties, transportation interruptions, remediation complications, chemical spills, discharges or releases of toxic or hazardous gases, storage tank leaks, and other environmental risks. These hazards can cause personal injury and loss of life, severe damage to, or destruction of, property and equipment and environmental damage, fines, civil or criminal penalties and liabilities. The occurrence of these events may disrupt production and could have an adverse effect on the production and profitability of a particular manufacturing facility and our business, financial condition, results of operations or cash flows.

An inability to remain technologically innovative and to offer improved products and services in a cost-effective manner could adversely impact our operating results.

Our operating results are influenced in part by our ability to introduce new products and services that offer distinct value to our customers. For example, our Crop Protection Engineered Products business seeks to provide tailored products for our customers often unique problems, which requires an ongoing level of innovation. In many of the markets where we sell our products, the products are subject to a traditional product life cycle. We devote significant human and financial resources to develop new technologically advanced products and services and we may not be successful in our research and development efforts.

We are dependent upon a trained, dedicated sales force, the loss of which could materially affect our operations.

Many of our products are sold and supported through dedicated staff and specifically trained personnel. The loss of this sales force due to market or other conditions could affect our ability to sell and support our products effectively, which could have an adverse effect on our results of operations.

RISKS RELATING TO LEGAL AND REGULATORY MATTERS

Current and future litigation, governmental investigations and administrative claims, including antitrust-related governmental investigations and lawsuits, could harm our financial condition, results of operations or cash flows.

We are involved in several significant lawsuits and claims relating to environmental and chemical exposure matters. In addition, we are routinely subject to other civil claims, litigation and arbitration, and regulatory investigations arising in the ordinary course of our present businesses, as well as with respect to our divested businesses. Some of these claims and lawsuits relate to product liability claims, including claims related to current and former products and asbestos related claims concerning the premises and historic products of our corporate affiliates and predecessors. We also could become subject to additional claims in the future. An adverse outcome of one or more of these claims could have a material adverse effect on our business, financial condition, results of operations or cash flows.

We are currently involved in a number of governmental investigations and administrative claims, including antitrust-related governmental investigations and civil lawsuits. Further, we have incurred and could incur additional expenses in the future in connection with antitrust-related matters, including expenses related to our cooperation with governmental authorities and defense related civil lawsuits.

Table of Contents

Environmental, health and safety regulatory matters could have a substantial negative impact on our financial condition, results of operations or cash flows.

We are subject to extensive federal, state, local and foreign environmental, safety and health laws and regulations concerning, among other things, emissions in the air, discharges to land and water, and the generation, handling, treatment and disposal of hazardous waste and other materials. Our operations entail the risk of violations of those laws and sanctions for violations such as clean-up costs, costs of waste disposal, and payments for property damage and personal injury. Although it is our policy to comply with such laws and regulations, it is possible that we have not been or may not be at all times in compliance with all of these requirements.

In addition, these requirements, and enforcement of these requirements, may become more stringent in the future. The ultimate cost of compliance with any such requirements could be material. Non-compliance could subject us to material liabilities such as government fines or orders, third-party lawsuits, remediations, and settlements or the suspension of non-compliant operations. We may also be required to make significant site or operational modifications at substantial cost. Future regulatory or other developments could also restrict or eliminate the use of or require us to make modifications to our products, packaging, manufacturing processes and technology, which could have a significant adverse impact on our cash flows and results of operations.

At any given time, we are involved in claims, litigation, administrative proceedings, settlements, and investigations of various types in a number of jurisdictions involving potential environmental liabilities, including clean-up costs associated with hazardous waste disposal sites, natural resource damages, property damage, personal injury, and regulatory compliance or noncompliance. The resolution of these environmental matters could have a material adverse effect on our financial condition, results of operations or cash flows.

We are an international company and are exposed to risks in the countries in which we have significant operations or interests. Changes in foreign laws and regulatory requirements, export controls or international tax treaties could adversely affect our financial condition, results of operations or cash flows.

We are dependent, in large part, on the economies of the countries in which we manufacture and market our products. Of our 2009 net sales, 49% were to customers in the U.S. and Canada, 31% to Europe and Africa, 15% to Asia/Pacific and 5% to Latin America. Our net property, plant and equipment at December 31, 2009 was located 64% in the U.S. and Canada, 29% in Europe and Africa, 5% in Asia/Pacific and 2% in Latin America. The economies of countries in these areas are in different stages of socioeconomic development. Consequently, we are exposed to risks from changes in foreign currency exchange rates, interest rates, inflation, governmental spending, political and social instability, natural disasters and other political, economic or social developments that may materially affect our financial condition, results of operations or cash flows. We may also face difficulties managing and administering an internationally dispersed business. In particular, the management of our personnel across several countries can present logistical and managerial challenges. Additionally, international operations present challenges related to operating under different business cultures and languages. We may have to comply with unexpected changes in foreign laws and regulatory requirements which could negatively impact our operations and ability to manage our global financial resources. Export controls or other regulatory restrictions could prevent us from shipping our products into and from some markets. We may not be able to adequately protect our intellectual property overseas due to uncertainty of laws and enforcement in a number of countries relating to the protection of intellectual property rights. Changes in tax regulation and international tax treaties could significantly reduce the financial performance of our foreign operations or the magnitude of their contributions to our overall financial performance.

We are in the process of reviewing various customer incentive, commission and promotional payment practices of the Crop Protection Engineered Products segment in its Europe, Middle East and Africa region, with particular emphasis on certain Central Asian countries that are

considered part of that region. The review is being conducted under the oversight of the Audit Committee of the Board of Directors and with the assistance of outside counsel and forensic accounting consultants. While the review is not yet complete, substantial progress has been made, but it has not yet been possible to determine whether all such practices or payments were consistent with applicable U.S. or international laws and regulations that apply to these operations. We cannot currently predict the timing or the outcome of this review, nor can we it reasonably estimate the likelihood, nature or amount of monetary or other sanctions, if any, that might be imposed should the review identify that certain payments were inconsistent with applicable laws or regulations. We believe that there is no matter connected with this review that would lead to a material change to the financial statements included in this report on Form 10-K.

Table of Contents

The inability to register our products in member states of the EU under the REACh legislation may lead to some restrictions or cancellations of registrations, which could impact our ability to manufacture and sell certain products.

In December 2006, the EU signed the REACh legislation. This legislation requires chemical manufacturers and importers in the EU to demonstrate the safety of the chemical substances contained in products. The effective date of the legislation was June 1, 2007 and it required all covered substances to be pre-registered by November 30, 2008. Since December 1, 2008, no product containing covered substances can be manufactured in or imported into the EU unless the substances therein have been pre-registered. The full registration of REACh will be phased in over the next ten years. The registration deadlines are as follows: 2010 for chemical substances manufactured or imported in excess of 1,000 metric tons per year and for substances deemed to be particularly harmful to humans or the environment, 2013 for substances manufactured or imported in the EU between 100 and 1,000 metric tons per year and 2018 for substances manufactured or imported in the EU in quantities greater than 1 metric ton per year. The registration process will require expenditures and resource commitments to compile and file comprehensive chemical dossiers on the use and attributes of each chemical substance and to perform chemical safety assessments. In addition, each registration phase carries with it a registration fee, which ranges from 31,500 (approximately $45,000) per substance for high-risk, high tonnage band substances to 1,600 (approximately $2,000) for substances registered in the lowest tonnage band and risk. We pre-registered approximately 1,100 substances and submitted approximately 2,100 pre-registration dossiers covering multiple affiliated legal entities. Our REACh costs in 2009 were approximately $1 million. We anticipate REACh-related costs of approximately $11 million in 2010 (including the first wave of registration fees), $3 million in 2011 and $6 million in 2012. The implementation of REACh registration processes may affect our ability to manufacture and sell certain products in the future.

Our business depends upon many proprietary technologies, including patents and licenses. Our competitive position could be adversely affected if we fail to protect our patents or other intellectual property rights, or if we become subject to claims that we are infringing upon the rights of others.

We have approximately 3,500 United States and foreign granted patents and pending patent applications and approximately 4,700 United States and foreign registered and pending trademarks. Patents, trademarks, trade secrets in the nature of know-how, formulations, and manufacturing techniques assist us in maintaining the competitive position of certain of our products. Our intellectual property is of particular importance to a number of specialty chemicals we manufacture and sell. We are licensed to use certain patents and technology owned by other companies, including some foreign companies, to manufacture products complementary to our own products, for which we pay royalties in amounts not considered material, in the aggregate, to our consolidated results. Our trademarks or the patents we own or license may be challenged, and due to such challenges we could lose our exclusive rights to our proprietary technologies, which would adversely affect our competitive position and our results of operations.

We also rely on unpatented proprietary know-how and continuing technological innovation and other trade secrets to develop and maintain our competitive position. While it is our policy to enter into confidentiality agreements with our employees and third parties to restrict the use and disclosure of our trade secrets and proprietary know-how, those confidentiality agreements may be breached. In addition, adequate remedies may not be available in the event of an unauthorized use or disclosure of such trade secrets and know-how, and others could obtain knowledge of such trade secrets through independent development or other access by legal means. The failure of our patents, trademarks or confidentiality agreements to protect our processes, apparatuses, technology, trade secrets, or proprietary know-how could have a material adverse effect on our business, financial condition, results of operations, or cash flows.

Our patents may not provide full protection against competing manufacturers outside of the United States, the EU countries, and certain other developed countries. Weaker protection may adversely impact our sales and results of operations.

In some of the countries in which we operate, such as China, the laws protecting patent holders are significantly weaker than in the United States, the EU and certain other developed countries. Weaker protection may help competing manufacturers be or become more competitive in markets where, but for the weaker protection, they might not otherwise be able to introduce competing products for a number of years. We therefore tend, in these regions, to rely more heavily upon trade secret and know-how protection, as applicable, than we do patents. In addition, for our crop protection products being sold in China, we rely on regulatory protection of intellectual property provided by regulatory agencies that may not provide us with complete protection against competitors.

Table of Contents

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

The following table sets forth information regarding our principal operating properties and other significant properties as of December 31, 2009. The Debtors have the right, subject to Bankruptcy Court approval and certain other conditions, to assume or reject their executory contracts and real property leases. The Debtors are currently in the process of evaluating all executory contracts and real property leases pertaining to owned and leased real estate. All of the following properties are owned except where otherwise indicated:

Location	Facility	Reporting Segment
UNITED STATES		
Alabama		
Bay Minette	Plant	Industrial Performance Products
Arkansas		
El Dorado	Plant	Industrial Engineered Products
California		
McFarland	Repackaging Warehouse	Industrial Engineered Products
Connecticut		
Middlebury*	Executive Offices, Research Center	Corporate Offices
Naugatuck	Research Center	Industrial Performance Products
Georgia		
Conyers	Plant	Consumer Performance Products
Lawrenceville*	Office, Research Center	Consumer Performance Products
Illinois		
Mapleton	Plant	Industrial Engineered Products
Pekin*	Plant	Crop Protection Engineered Products
Indiana		
Ashley(1)	Plant	Consumer Performance Products
West Lafayette	Office, Research Center	Industrial Engineered Products
Louisiana		
Taft(2)	Plant	Industrial Engineered Products
Lake Charles	Plant	Consumer Performance Products
Michigan		
Adrian	Plant	Consumer Performance Products

New Jersey		
East Hanover	Plant	Industrial Performance Products
Fords	Plant	Industrial Performance Products
Perth Amboy	Plant	Industrial Performance Products
North Carolina		
Gastonia	Plant	Industrial Performance Products, Crop Protection Engineered Products
Pennsylvania		
Philadelphia*	Executive Offices	Corporate Offices
West Virginia		
Morgantown	Plant, Research Center	Industrial Engineered Products, Industrial Engineered Products

Table of Contents

Location	Facility	Reporting Segment
INTERNATIONAL		
Brazil		
Rio Claro	Plant	Industrial Engineered Products, Industrial Performance Products, Crop Protection Engineered Products
Sao Paulo*	Office	Industrial Engineered Products, Industrial Performance Products, Crop Protection Engineered Products
Canada		
Elmira	Plant	Industrial Performance Products, Crop Protection Engineered Products, Industrial Engineered Products
Guelph	Research Center	Crop Protection Engineered Products
Scarborough*	Plant	Industrial Performance Products
West Hill	Plant	Consumer Performance Products, Industrial Performance Products
France		
Catenoy	Plant	Industrial Performance Products
Dardilly*	Office	Consumer Performance Products
Germany		
Bergkamen*	Plant, Research Center	Industrial Engineered Products
Lampertheim(2)	Plant, Research Center	Industrial Engineered Products
Waldkraiburg	Plant	Industrial Performance Products
Planegg*	Office	Consumer Performance Products
Italy		
Latina	Plant	Industrial Performance Products, Crop Protection Engineered Products
Milan(3)	Office	Industrial Performance Products
Pedrengo	Plant	Industrial Performance Products
Mexico		
Altamira	Plant	Industrial Engineered Products, Industrial Performance Products
Cuautitlan	Plant	Industrial Engineered Products, Industrial Performance Products
Reynosa	Plant	Industrial Engineered Products
The Netherlands		
Amsterdam	Plant	Crop Protection Engineered Products
Republic of China		
Nanjing	Plant	Industrial Performance Products
Shanghai*	Office	Corporate

Location	Facility	Reporting Segment
Singapore*	Administrative, Sales Office	Industrial Engineered Products, Industrial Performance Products, Corporate
South Africa		
Atlantis	Plant	Consumer Performance Products
South Korea		
Pyongtaek(4)	Plant	Industrial Performance Products
Switzerland		
Frauenfeld*	Office	Industrial Engineered Products, Corporate, Crop Protection Engineered Products
Taiwan		
Kaohsiung(5)	Plant	Industrial Engineered Products, Industrial Performance Products
United Kingdom		
Accrington	Plant	Industrial Performance Products
Droitwich	Plant	Industrial Performance Products
Evesham	Research Center	Crop Protection Engineered Products
Langley*	Office	Crop Protection Engineered Products, Corporate
Trafford Park	Plant	Industrial Engineered Products, Industrial Performance Products

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* Leased property.
(1) We are in the process of terminating production at this facility and moving it to another domestic location. This is expected to be completed in the second quarter of 2010.
(2) We have received an offer to sell this facility. This sale is expected to be completed in the first half of 2010.
(3) Facility leased by Anderol Italia S.r.l, which is 51% owned by us.
(4) Facility owned by Asia Stabilizers Co. Ltd., which is 65% owned by us.
(5) Facility owned by Uniroyal Chemical Taiwan Ltd., which is 80% owned by us.

Item 3. Legal Proceedings

See Note 21 Legal Proceedings and Contingencies in the Notes to Consolidated Financial Statements for a description of our legal proceedings.

Item 4. Submission of Matters to a Vote of Security Holders

None.

Table of Contents

PART II.

Item 5. Market for Registrant s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our common stock traded on the New York Stock Exchange (NYSE) under the symbol CEM until trading was halted after our Chapter 11 bankruptcy filing on March 18, 2009. Effective March 18, 2009, the NYSE suspended trading of our common stock and delisted the stock on April 16, 2009. Our stock is now traded over the counter and is quoted on the Pink Sheet Electronic Quotation Service (Pink Sheets) under the symbol CEMJQ .

The following table summarizes the range of market prices for our common stock as reported by the Pink Sheet or the NYSE as applicable and the amount of dividends per share by quarter during the past two years:

		2009			
		First	Second	Third	Fourth
Dividends per common share (a)	$				
Market price per common share:					
High	$	1.55	0.48	1.14	1.48
Low	$	0.03	0.04	0.19	0.47

		2008			
		First	Second	Third	Fourth
Dividends per common share (a)	$	0.05	0.05	0.05	
Market price per common share:					
High	$	8.75	8.81	6.94	5.31
Low	$	5.77	5.67	4.11	1.02

(a) On October 30, 2008, the Company suspended the payment of dividends.

The number of holders of record of our common stock on January 31, 2010 was approximately 5,300. Trading in our common stock during the pendency of our Chapter 11 cases is highly speculative and poses substantial risks. See Item 1A. Risk Factors for a discussion of additional risks related to our common stock.

PERFORMANCE GRAPH

The following graph compares the cumulative total return on our common stock for the last five fiscal years with the returns on the Standard & Poor s 500 Stock Index and the S&P 500 Specialty Chemicals Index, assuming an investment of $100 on December 31, 2004 and the reinvestment of all dividends.

COMPARISON OF FIVE-YEAR

CUMULATIVE TOTAL RETURN AMONG CHEMTURA CORPORATION,

S&P 500 AND S&P 500 SPECIALTY CHEMICALS

	12/31/04	12/31/05	12/31/06	12/31/07	12/31/08	12/31/09
CHEMTURA CORPORATION	$ 100.0	$ 109.2	$ 84.5	$ 69.8	$ 12.8	$ 11.2
S&P 500	$ 100.0	$ 104.9	$ 121.5	$ 128.1	$ 80.7	$ 102.1
S&P 500 SPECIALTY CHEMICALS	$ 100.0	$ 103.9	$ 127.5	$ 147.6	$ 123.0	$ 175.2

Table of Contents

Item 6. Selected Financial Data

The following reflects selected financial data for Chemtura Corporation for each of its last five fiscal years. The information below should be read in conjunction with Item 7 Management s Discussion and Analysis of Financial Condition and Results of Operations and Item 8 - Financial Statements and Supplementary Data of this Annual Report. The financial information presented may not be indicative of future performance.

(In millions of dollars, except per share data)		2009	2008	2007	2006	2005 (a)
Summary of Operations						
Net sales	$	**2,541**	3,546	3,747	3,458	2,739
Gross profit	$	**594**	736	864	831	703
Selling, general and administrative	$	**293**	332	372	362	309
Depreciation and amortization	$	**173**	237	269	204	150
Research and development	$	**38**	51	62	61	50
Facility closures, severance and related costs	$	**3**	26	36	5	23
Antitrust costs	$	**10**	12	35	90	49
Merger costs (b)	$				17	45
In-process research and development (b)	$					73
Loss (gain) on sale of business (c)	$		25	15	11	(3)
Impairment of long-lived assets (d)	$	**104**	986	19	80	
Changes in estimates related to expected allowable claims (e)	$	**73**				
Equity income	$		(4)	(3)	(4)	(2)
Operating (loss) profit	$	**(100)**	(929)	59	5	9
Interest expense	$	**(70)**	(78)	(87)	(102)	(108)
Loss on early extinguishment of debt	$				(44)	(55)
Other (expense) income, net	$	**(17)**	9	(5)	(5)	(9)
Reorganization items, net (f)	$	**(97)**				
Loss from continuing operations before income taxes and cumulative effect of accounting change	$	**(284)**	(998)	(33)	(146)	(163)
Income tax (provision) benefit	$	**(5)**	27	(4)	(126)	(49)
Loss from continuing operations before cumulative effect of accounting change	$	**(289)**	(971)	(37)	(272)	(212)
Earnings from discontinued operations, net of tax	$			18	20	33
(Loss) gain on sale of discontinued operations, net of tax	$	**(3)**		24	47	(4)
Cumulative effect of accounting change, net of tax	$					(1)
Net (loss) earnings	$	**(292)**	(971)	5	(205)	(184)
Less: net earnings attributable to non-controlling interests	$	**(1)**	(2)	(8)	(1)	(3)
Net loss attributable to Chemtura Corporation	$	**(293)**	(973)	(3)	(206)	(187)
Amounts attributable to Chemtura Corporation common shareholders:						
Loss from continuing operations, net of tax	$	**(290)**	(973)	(45)	(273)	(215)
Earnings from discontinued operations, net of tax	$			18	20	33
(Loss) gain on sale of discontinued operations, net of tax	$	**(3)**		24	47	(4)
Cumulative effect of accounting change, net of tax	$					(1)
Net loss attributable to Chemtura Corporation	$	**(293)**	(973)	(3)	(206)	(187)

Table of Contents

(In millions, except per share data)		2009	2008	2007	2006	2005 (a)
Per Share Statistics						
Loss from continuing operations, net of tax	$	**(1.19)**	(4.01)	(0.18)	(1.13)	(1.21)
Earnings from discontinued operations, net of tax	$			0.07	0.08	0.18
(Loss) gain on sale of discontinued operations, net of tax	$	**(0.01)**		0.10	0.20	(0.02)
Cumulative effect of accounting change, net of tax	$					
Net loss attributable to Chemtura Corporation	$	**(1.20)**	(4.01)	(0.01)	(0.85)	(1.05)
Dividends	$		0.15	0.20	0.20	0.20
Book value	$	**0.71**	2.01	7.84	7.14	7.58
Common stock trading range: High	$	**1.55**	8.81	12.33	13.53	17.95
Low	$	**0.03**	1.02	6.95	7.75	9.89
Average shares outstanding - Basic		**242.9**	242.3	241.6	240.5	178.4
Average shares outstanding - Diluted		**242.9**	242.3	241.6	240.5	178.4
Financial Position						
Working capital (deficiency) (g)	$	**908**	(558)	700	497	566
Current ratio (g)		**2.6**	0.7	2.0	1.6	1.6
Total assets	$	**3,118**	3,057	4,416	4,399	4,986
Total debt, including short-term borrowings (g)	$	**255**	1,204	1,063	1,111	1,370
Stockholders equity	$	**172**	488	1,899	1,719	1,820
Total capital employed (g)	$	**427**	1,692	2,962	2,830	3,190
Debt to total capital % (g)		**59.7**	71.2	35.9	39.3	42.9

(In millions of dollars, except for number of employees)						
Other Statistics						
Net cash provided by (used in) operations	$	**49**	(11)	149	251	(79)
Capital spending from continuing operations	$	**56**	121	115	122	97
Depreciation from continuing operations	$	**134**	192	229	163	122
Amortization from continuing operations	$	**39**	45	40	41	28
Approximate number of employees at end of year		**4,400**	4,700	5,100	6,200	6,600

(a) Due to the inclusion of the operating results of Great Lakes subsequent to the acquisition on July 1, 2005, results are not directly comparable.

(b) Merger costs are non-capitalized costs associated with the merger of the Company and Great Lakes. The write-off of $73 million of in-process research and development is also the direct result of the merger with Great Lakes.

(c) Loss (gain) on sale of business primarily included a $26 million loss relating to the sale of the oleochemicals business in 2008, a $15 million loss on the sale of assets relating to the sale of the Celogen® product line in 2007, a $12 million loss on the sale of the IWA business in 2006, and a $3 million gain in 2005 on the reversal of a reserve related to the 2001 sale of the Industrial Colors business.

(d) The 2009 charge included the impairment of goodwill of $37 million within the Consumer Performance Products segment, and the impairment of property, plant and equipment and intangibles assets, net of $53 million and $14 million, respectively, for the Industrial Engineered Products segments. The 2008 charge primarily included a $985 million impairment of goodwill associated with the Consumer Performance Products, Industrial Performance Products and Industrial Engineered Products segments. The 2007 charge primarily included a $9 million reduction in the value of assets relating to the closure and sale of the Ravenna, Italy facility and a $4 million write-off of construction in progress associated with certain facilities affected by the 2007 restructuring programs. The 2006 charge primarily included a $52 million impairment of the fluorine business as a result of the Company s annual impairment review and a $22 million impairment of non-current assets of the fluorine business due to a loss of a significant customer.

(e) Changes in estimates related to expected allowable claims of $73 million relate to adjustments to liabilities subject to compromise (primarily legal and environmental reserves) as a result of the proofs of claim evaluation process.

(f) Reorganization items, net of $97 million represent professional fees; the write-off of debt discounts, premiums and debt issuance costs; the write-off of deferred financing expenses related to the termination of the 2009 U.S. Facility; impacts from rejections or terminations of executory contracts and real property leases; impacts from the settlement of claims; and reorganization initiatives.

(g) The 2009 amounts exclude liabilities subject to compromise which are included separately on the balance sheet.

29

Table of Contents

Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations

THE FOLLOWING DISCUSSION AND ANALYSIS SHOULD BE READ IN CONJUNCTION WITH OUR CONSOLIDATED FINANCIAL STATEMENTS INCLUDED IN ITEM 8 OF THIS FORM 10-K.

THIS MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS CONTAINS FORWARD-LOOKING STATEMENTS. SEE FORWARD-LOOKING STATEMENTS FOR A DISCUSSION OF CERTAIN OF THE UNCERTAINTIES, RISKS AND ASSUMPTIONS ASSOCIATED WITH THESE STATEMENTS.

PROCEEDINGS UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

On March 18, 2009 (the Petition Date), Chemtura and 26 of our subsidiaries organized in the United States (collectively, the Debtors) filed voluntary petitions for relief under Chapter 11 of Title 11 of the Bankruptcy Code (Bankruptcy Code) in the United States Bankruptcy Court for the Southern District of New York (the Bankruptcy Court). The Chapter 11 cases are being jointly administered by the Court. Our non-U.S. subsidiaries and certain U.S. subsidiaries were not included in the filing and are not subject to the requirements of the Bankruptcy Code. Our U.S. and worldwide operations are expected to continue without interruption during the Chapter 11 reorganization process.

For further discussion of the Chapter 11 cases, see Item 7. - Bankruptcy Proceedings under Liquidity and Capital Resources and Note 1 - Nature of Operations and Bankruptcy Proceedings in the Notes to Consolidated Financial Statements.

EXECUTIVE OVERVIEW

Our primary goal in 2009 was stabilizing our business operations, obtaining sufficient liquidity to operate our business and adjusting to the changes created by our filing for protection under Chapter 11 of the Bankruptcy Code. We believe we have achieved those objectives. Upon filing for Chapter 11, we obtained the commitment of a $400 million senior secured super-priority debtor-in-possession credit agreement (the DIP Credit Facility), which provided liquidity necessary for us to continue operations as a debtor-in-possession (DIP). On February 12, 2010, we refinanced our existing DIP Credit Facility with a $450 million credit facility (the Amended and Restated DIP Credit Agreement) which substantially reduced our financing costs and provided greater flexibility to operate our business. Since filing for protection under Chapter 11, we have reviewed approximately 13,000 executory contracts and real property leases, identifying those that are redundant or onerous, and we have begun the process of rejecting those executory contacts and real property leases that do not further our business objectives. We have developed a long range business plan that sets a course on strengthening and growing our businesses as well as identifying assets and activities that no longer fit our core businesses. As part of our business plan, we also initiated various restructuring activities, including the restructuring in 2010 of certain operations of our flame retardants business and initiated the sale of our polyvinyl chloride (PVC) additives business which we expect will be completed in the first half of 2010.

In 2009, we improved our financial health and met or exceeded our financial objectives by:

- Generating positive cash flow (1) over the last four quarters and accumulating substantial cash balances by both the Debtors and our international subsidiaries;

- Achieving or exceeding performance levels required by the DIP Credit Facility; and

- Identifying, and now working closely with, several financial institutions we expect will lead our exit financing. The support of these institutions offers us the potential to finance our plan of reorganization (the Plan) and emerge as a financially sound, stand-alone global company.

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(1) We define positive cash flow as net cash provided from operating activities, excluding cash inflows and outflows associated with our former accounts receivable financing facilities, less cash flows from investing activities related to capital expenditures. This is not an accounting measure in accordance with U.S. generally accepted accounting principles (GAAP). This measure does not consider cash flows required to meet maturities of debt or repayments under our former accounts receivable financing facilities. For customers, vendors and employees, it does indicate whether our total indebtedness, net of cash and cash equivalents, is increasing or reducing. See our Consolidated Statement of Cash Flows under Item 8 for complete information.

Table of Contents

At the same time, we initiated various actions to reshape our Company into a stronger, leaner global enterprise focused on growth. These initiatives included, among other things:

- Increasing strategic investments to improve efficiency, such as our enterprise resource planning (ERP) initiatives that have enabled the activities related to over 90 percent of net sales now to be managed on a single global instance of SAP and offering simplified and standardized business processes;

- Focusing on investments in research and development (R&D), which is beginning to result in important and innovative new product offerings such as Geobrom , Weston® 705, and two new flame retardant products being produced today on pilot plant scale;

- Improving order processing to enhance responsiveness and delivery to customers;

- Transferring certain operations to third-party logistics providers, enabling us to maintain service levels at a more competitive cost;

- Growing our global antioxidant business with a planned additional expansion of capacity at Gulf Stabilizer Industries (GSI), our joint venture facility in Al Jubail, Saudi Arabia; and

- Advancing towards a joint venture between Al Zamil Group Holding Company and Chemtura Organometallics GmbH, our wholly owned German subsidiary, to build a world-scale metal alkyls manufacturing facility in Jubail Industrial City, Saudi Arabia.

Our key challenges in 2010 will be to implement our business plans and to emerge from Chapter 11. To emerge we must first file a Plan together with a disclosure statement with the Bankruptcy Court. After a Plan has been filed, the Plan, along with a disclosure statement approved by the Bankruptcy Court, will be sent to all creditors and other parties in interest entitled to vote to accept or reject the Plan. Following the solicitation period, the Bankruptcy Court will consider whether to confirm the Plan. In order to confirm a Plan, the Bankruptcy Court must make certain findings as required by the Bankruptcy Code. We continue to face challenges, but we believe our accomplishments in 2009 and our initiatives in 2010 will position us to emerge successfully from Chapter 11 in 2010 as a financially sound and more focused global enterprise.

OUR BUSINESS

We are among the larger publicly traded specialty chemical companies in the United States dedicated to delivering innovative, application-focused specialty chemical solutions and consumer products. Our principal executive offices are located in Philadelphia, Pennsylvania and Middlebury, Connecticut. We operate in a wide variety of end-use industries, including automotive, transportation,

construction, packaging, agriculture, lubricants, plastics for durable and non-durable goods, electronics, and pool and spa chemicals. The majority of our chemical products are sold to industrial manufacturing customers for use as additives, ingredients or intermediates that add value to their end products. Our crop and consumer products are sold to dealers, distributors and major retailers. We are a market leader in many of our key product lines and transact business in more than 100 countries.

The primary economic factors that influence the operations and sales of our Industrial Engineered Products and Industrial Performance Products segments are industrial production, residential and commercial construction, electronic component production and polymer production. In addition, our Crop Protection Engineered Products segment is influenced by worldwide weather, disease and pest infestation conditions. Our Consumer Performance Products segment is also influenced by general economic conditions impacting consumer spending and weather conditions. For additional factors that impact our performance, see Item 1A. - Risk Factors.

Other factors affecting our financial performance include industry capacity, customer demand, raw material and energy costs, and selling prices. Selling prices are influenced by the global demand and supply for the products we produce. Our strategy is to pursue selling prices that reflect the value of our products and to pass on higher costs for raw material and energy to preserve our profit margins.

Table of Contents

2009 OVERVIEW

Annual sales for 2009 decreased $1 billion or 28% compared with 2008. This decrease was attributable to a $912 million reduction in sales volume, $46 million in unfavorable currency translation, a $31 million reduction due to the divestiture in the first quarter of 2008 of the oleochemicals business and reduced selling prices of $16 million. The benefit of the 2008 increase in selling prices for the Consumer Performance Products segment did not fully offset reduced selling prices in the other three segments.

Operating profit for the Consumer Performance Products segment increased 26% compared with 2008 due to increased selling prices, lower selling, general and administrative (SG&A) and research and development (R&D) (collectively SGA&R) expenses, and lower raw material, energy and distribution costs, partially offset by lower volume, unfavorable product mix and higher manufacturing costs.

The Industrial Performance Products segment operating profit decreased 13% compared with 2008 due to lower volume caused by the global economic recession as well as reduced selling prices, lower volume and unfavorable product mix, partially offset by lower raw material, energy, manufacturing, SGA&R, and distribution costs.

The Crop Protection Engineered Products segment operating profit decreased 46% compared with 2008 due to lower volume as crop prices fell and growers had restricted access to credit as well as unfavorable product mix, and higher manufacturing, raw material and energy costs, partially offset by lower SGA&R costs.

The Industrial Engineered Products segment operating profit decreased 165% compared with 2008 due to lower volume caused by the global economic recession as well as unfavorable product mix, reduced selling prices, and higher manufacturing costs, partially offset by lower raw material, energy, SGA&R and distribution costs.

We have undertaken various cost reduction initiatives over the past several years and continue to implement cost reductions. Our long term goal remains to improve gross profit margins and reduce SGA&R expenditures as a percentage of total net sales on a global basis. With the sharp reduction in sales volume due to the global economic recession in 2009, SGA&R expenditures in 2009 were up to 13% of net sales compared with 11% of net sales in 2008 despite a $52 million reduction in SGA&R spending compared with 2008.

LIQUIDITY AND CAPITAL RESOURCES

Bankruptcy Proceedings

We entered 2009 with significantly constrained liquidity. The fourth quarter of 2008 saw an unprecedented reduction in orders for our products as the global recession deepened and customers saw or anticipated reductions in demand in the industries they served. The impact was more

pronounced on those business segments that served cyclically exposed industries. As a result, our sales and overall financial performance deteriorated resulting in our non-compliance with the two financial maintenance covenants under our Amended and Restated Credit Agreement, dated as of July 31, 2007 (the 2007 Credit Facility) as of December 31, 2008. On December 30, 2008, we obtained a 90-day waiver of compliance with these covenants from the lenders under the 2007 Credit Facility.

Our liquidity was further constrained in the fourth quarter of 2008 by changes in the availability under our accounts receivable financing facilities in the United States and Europe. The eligibility criteria and reserve requirements under our prior U.S. accounts receivable facility (the U.S. Facility) tightened in the fourth quarter of 2008 following a credit rating downgrade, significantly reducing the value of accounts receivable that could be sold under the U.S. Facility compared with the third quarter of 2008. Additionally, the availability and access to our European accounts receivable financing facility (the European Facility) was restricted in late December 2008 because of our financial performance resulting in our inability to sell additional receivables under the European Facility.

The crisis in the credit markets compounded the liquidity challenges we faced. Under normal market conditions, we believed we would have been able to refinance our $370 million notes maturing on July 15, 2009 (the 2009 Notes) in the debt capital markets. However, with the deterioration of the credit market in the late summer of 2008 combined with our deteriorating financial performance, we did not believe we would be able to refinance the 2009 Notes on commercially reasonable terms, if at all. As a result, we sought to refinance the 2009 Notes through the sale of one of our businesses.

Table of Contents

On January 23, 2009, our special-purpose subsidiary entered into a new three-year U.S. accounts receivable financing facility (the 2009 U.S. Facility) that restored most of the liquidity that we had available to us under the prior U.S. accounts receivable facility before the fourth quarter of 2008 events described above. However, despite good faith discussions, we were unable to agree to terms under which we could resume the sale of accounts receivable under our European Facility during the first quarter of 2009. The balance of accounts receivable previously sold under the facility continued to decline, offsetting much of the benefit to liquidity gained by the new 2009 U.S. Facility. During the second quarter of 2009, with no agreement to restart the European Facility, the remaining balance of the accounts receivable previously sold under the facility were settled and the European Facility was terminated.

January 2009 saw no improvement in customer demand from the depressed levels in December 2008 and some business segments experienced further deterioration. Although February and March of 2009 saw incremental improvement in net sales compared to January 2009, overall business conditions remained difficult as sales declined by 43% in the first quarter of 2009 compared to the first quarter of 2008. As awareness grew of our constrained liquidity and deteriorating financial performance, suppliers began restricting trade credit and, as a result, liquidity dwindled further. Despite moderate cash generation through inventory reductions and restrictions on discretionary expenditures, our trade credit continued to tighten, resulting in unprecedented restrictions on our ability to procure raw materials.

In January and February of 2009, we were in the midst of the asset sale process with the objective of closing a transaction prior to the July 15, 2009 maturity of the 2009 Notes. Potential buyers conducted due diligence and worked towards submitting their final offers on several of our businesses. However, with the continuing recession and speculation about our financial condition, potential buyers became progressively more cautious. Certain potential buyers expressed concern about our ability to perform obligations under a sale agreement. They increased their due diligence requirements or decided not to proceed with a transaction. In March 2009, we concluded that although there were potential buyers of our businesses, a sale was unlikely to be closed in sufficient time to offset the continued deterioration in liquidity or at a value that would provide sufficient liquidity to both operate the business and meet our impending debt maturities.

By March 2009, dwindling liquidity and growing restrictions on available trade credit resulted in production stoppages as raw materials could not be purchased on a timely basis. At the same time, we concluded that it was improbable that we could resume sales of accounts receivable under our European Facility or complete the sale of a business in sufficient time to provide the immediate liquidity we needed to operate. Absent such an infusion of liquidity, we would likely experience increased production stoppages or sustained limitations on our business operations that ultimately would have a detrimental effect on the value of our business as a whole. Specifically, the inability to maintain and stabilize our business operations would result in depleted inventories, missed supply obligations and damaged customer relationships.

Having carefully explored and exhausted all possibilities to gain near-term access to liquidity, we determined that the DIP Credit Facility presented the best available alternative for us to meet our immediate and ongoing liquidity needs and preserve the value of the business. As a result, having obtained the commitment of the DIP Credit Facility, Chemtura and 26 of our subsidiaries organized in the United States (collectively, the Debtors) filed for relief under the Bankruptcy Code on March 18, 2009 in the Court. The Chapter 11 cases are being jointly administered by the Court. Our non-U.S. subsidiaries and certain U.S. subsidiaries were not included in the filing and are not subject to the requirements of the Bankruptcy Code. Our U.S. and worldwide operations are expected to continue without interruption during the Chapter 11 reorganization process.

The Debtors own substantially all of our U.S. assets. The Debtors consist of Chemtura and the following subsidiaries:

- A&M Cleaning Products LLC
- Aqua Clear Industries, LLC
- Crompton Colors Incorporated
- Crompton Holding Corporation
- Kem Manufacturing Corporation
- Laurel Industries Holdings, Inc.

- ASEPSIS, Inc.
- ASCK, Inc.
- BioLab, Inc.
- BioLab Company Store, LLC
- Biolab Franchise Company, LLC
- BioLab Textile Additives, LLC
- CNK Chemical Realty Corporation
- Crompton Monochem, Inc.
- GLCC Laurel, LLC
- Great Lakes Chemical Corporation
- Great Lakes Chemical Global, Inc.
- GT Seed Treatment, Inc.
- HomeCare Labs, Inc
- ISCI, Inc.
- Monochem, Inc.
- Naugatuck Treatment Company
- Recreational Water Products, Inc.
- Uniroyal Chemical Company Limited
- Weber City Road LLC
- WRL of Indiana, Inc.

The principal U.S. assets and business operations of the Debtors are owned by Chemtura, BioLab, Inc. and Great Lakes Chemical Corporation.

Table of Contents

On March 18, 2009, Raymond E. Dombrowski, Jr. was appointed Chief Restructuring Officer. In connection with this appointment, we entered into an agreement with Alvarez & Marsal North America, LLC (A&M) to compensate A&M for Mr. Dombrowski s services as Chief Restructuring Officer on a monthly basis at a rate of $150 thousand per month and incentive compensation in the amount of $3 million payable upon the earlier of (a) the consummation of a Chapter 11 Plan or (b) the sale, transfer, or other disposition of all or a substantial portion of the assets or equity of the Company. Mr. Dombrowski is independently compensated pursuant to arrangements with A&M, a financial advisory and consulting firm specializing in corporate restructuring. Mr. Dombrowski will not receive any compensation directly from us and will not participate in any of our employee benefit plans.

The Chapter 11 cases were filed to gain liquidity for continuing operations while the Debtors restructure their balance sheets to allow us to continue as a viable going concern. While we believe we will be able to achieve these objectives through the Chapter 11 reorganization process, there can be no certainty that we will be successful in doing so.

Under Chapter 11 of the Bankruptcy Code, the Debtors are operating their U.S. businesses as a debtor-in-possession under the protection of the Bankruptcy Court from their pre-filing creditors and claimants. Since the filing, all orders of the Bankruptcy Court sufficient to enable the Debtors to conduct normal business activities, including first day motions and the interim and final approval of the DIP Credit Facility and amendments thereto, have been entered by the Bankruptcy Court. While the Debtors are subject to Chapter 11, all transactions outside the ordinary course of business will require the prior approval of the Bankruptcy Court.

On March 20, 2009, the Bankruptcy Court approved the Debtors first day motions. Specifically, the Bankruptcy Court granted the Debtors, among other things, interim approval to access $190 million of its $400 million DIP Credit Facility, approval to pay outstanding employee wages, health benefits, and certain other employee obligations and authority to continue to honor their current customer policies and programs, in order to ensure the reorganization process will not adversely impact their customers. On April 29, 2009, the Bankruptcy Court entered a final order providing full access to the $400 million DIP Credit Facility. The Bankruptcy Court also approved Amendment No. 1 to the DIP Credit Facility which provided for, among other things: (i) an increase in the outstanding amount of inter-company loans the Debtors could make to our non-debtor foreign subsidiaries from $8 million to $40 million; (ii) a reduction in the required level of borrowing availability under the minimum availability covenant; and (iii) the elimination of the requirement to pay additional interest expense if a specified level of accounts receivable financing was not available to our European subsidiaries.

On July 13, 2009, the Company and the parties to the DIP Credit Facility entered into Amendment No. 2 to the DIP Credit Facility subject to approvals by the Court and our Board of Directors which approvals were obtained on July 14 and July 15, 2009, respectively. The DIP Credit Facility was amended to provide for, among other things, an option by us to extend the maturity of the DIP Credit Facility for two consecutive three month periods subject to the satisfaction of certain conditions. Prior to Amendment No. 2, the DIP Credit Facility matured on the earlier of 364 days from the first borrowing, the effective date of a Plan or the date of termination in whole of the Commitments (as defined in the DIP Credit Facility).

As a consequence of the Chapter 11 cases, substantially all pre-petition litigation and claims against the Debtors have been stayed. Accordingly, no party may take any action to collect pre-petition claims or to pursue litigation arising as a result of pre-petition acts or omissions except pursuant to an order of the Bankruptcy Court.

On August 21, 2009, the Bankruptcy Court established October 30, 2009 as the deadline for the filing of proofs of claim against the Debtors (the Bar Date). Under certain limited circumstances, some creditors may be permitted to file proofs of claims after the Bar Date. Accordingly, it is possible that not all potential proofs of claim were filed as of the filing of this Annual Report.

The Debtors have received approximately 15,300 proofs of claim covering a broad array of areas. Approximately 8,000 proofs of claim have been asserted in "unliquidated" amounts or contain an unliquidated component that are treated as being asserted in "unliquidated" amounts. Excluding proofs of claim in "unliquidated" amounts, the aggregate amount of proofs of claim filed totaled approximately $23.6 billion. See Note 21 - Legal Proceedings and Contingencies in the Notes to Consolidated Financial Statements for a discussion of the types of proofs of claim filed against the Debtors.

Table of Contents

We are in the process of evaluating the amounts asserted in and the factual and legal basis of the proofs of claim filed against the Debtors. Based upon our initial review and evaluation, which is continuing, a significant number of proofs of claim are duplicative and/or legally or factually without merit. As to those claims, we have filed and intend to file objections with the Bankruptcy Court. However, there can be no assurance that these claims will not be allowed in full.

Further, while the Debtors believe they have insurance to cover certain asserted claims, there can be no assurance that material uninsured obligations will not be allowed as claims in the Chapter 11 cases. Because of the substantial number of asserted contested claims, as to which review and analysis is ongoing, there is no assurance as to the ultimate value of claims that will be allowed in these Chapter 11 cases, nor is there any assurance as to the ultimate recoveries for the Debtors stakeholders, including the Debtors bondholders and shareholders. The differences between amounts recorded by the Debtors and proofs of claims filed by the creditors will continue to be investigated and resolved through the claims reconciliation process.

We have recognized certain charges related to expected allowed claims. As we complete the process of evaluating and resolving the proofs of claim, appropriate adjustments to our Consolidated Financial Statements will be made. Adjustments may also result from actions of the Bankruptcy Court, settlement negotiations, rejection of executory contracts and real property leases, determination as to the value of any collateral securing claims and other events. Any such adjustments could be material to our financial condition or results of operations in any given period. For additional information on liabilities subject to compromise, see Note 4 - Liabilities Subject to Compromise and Reorganization Items, Net in the Notes to Consolidated Financial Statements.

As provided by the Bankruptcy Code, the Debtors have the exclusive right to file and solicit acceptance of a Plan for 120 days after the Petition Date with the possibility of extensions thereafter. On February 23, 2010, the Bankruptcy Court granted our application for an extension of the period during which we have the exclusive right to file a Plan from February 11, 2010 to June 11, 2010. The Bankruptcy Court had previously granted our applications for an extension of the exclusivity period on July 28, 2009 and October 27, 2009. There can be no assurance that a Plan will be filed by the Debtors or confirmed by the Bankruptcy Court, or that any such Plan will be consummated. After a Plan has been filed with the Bankruptcy Court, the Plan, along with a disclosure statement approved by the Bankruptcy Court, will be sent to all creditors and other parties entitled to vote to accept or reject the Plan. In order to confirm a Plan, the Bankruptcy Court must make certain findings as required by the Bankruptcy Code. The Bankruptcy Court may confirm a Plan notwithstanding the non-acceptance of the Plan by an impaired class of creditors or equity security holders if certain requirements of the Bankruptcy Code are met.

On January 15, 2010 we entered into Amendment No. 3 of the DIP Credit Facility that provided for, among other things, the consent of our DIP lenders to the sale of the PVC additives business.

On February 9, 2010, the Bankruptcy Court gave interim approval of an Amended and Restated Senior Secured Super-Priority Debtor-in-Possession Credit Agreement (the Amended and Restated DIP Credit Agreement) by and among the Debtors, Citibank N.A. and the other lenders party thereto. The Amended and Restated DIP Credit Agreement provides for a first priority and priming secured revolving and term loan credit commitment of up to an aggregate of $450 million. The proceeds of the loans and other financial accommodations incurred under the Amended and Restated DIP Credit Agreement were used to, among other things, to refinance the obligations outstanding under the DIP Credit Facility and provide working capital for general corporate purposes. The Amended and Restated DIP Credit Agreement provided a substantial reduction in the Company s financing costs through interest rate reductions and the avoidance of the extension fees that would have been payable under the DIP Credit Facility in February and May 2010. It also provided us with greater flexibility to operate our business. The Amended and Restated DIP Credit Agreement closed on February 12, 2010 with the drawings of the $300 million term loan. On February 18, 2010, the Bankruptcy Court entered a final order providing full access to the Amended and Restated DIP Credit Agreement. The Amended and Restated DIP Credit Agreement matures on the earlier of 364 days after the closing, the effective date of a Plan or the date of termination in whole of the Commitments (as defined in the Amended and Restated DIP Credit Agreement).

Table of Contents

The ultimate recovery by the Debtors creditors and our shareholders, if any, will not be determined until confirmation and implementation of a Plan. No assurance can be given as to what recoveries, if any, will be assigned in the Chapter 11 cases to each of these constituencies. A Plan could result in our shareholders receiving little or no value for their interests and holders of the Debtors unsecured debt, including trade debt and other general unsecured creditors, receiving less, and potentially substantially less, than payment in full for their claims. Because of such possibilities, the value of our common stock and unsecured debt is highly speculative. Accordingly, we urge that appropriate caution be exercised with respect to existing and future investments in any of these securities. Although the shares of our common stock continue to trade on the Pink Sheets Electronic Quotation Service (Pink Sheets) under the symbol CEMJQ, the trading prices may have little or no relationship to the actual recovery, if any, by the holders under any eventual Bankruptcy Court-approved Plan. The opportunity for any recovery by holders of our common stock under such Plan is uncertain as all creditors claims must be met in full, with interest where due, before value can be attributed to the common stock and, therefore, the shares of our common stock may be cancelled without any compensation pursuant to such Plan.

Continuation of our operations as a going concern is contingent upon, among other things, our ability and/or the Debtors ability (i) to comply with the terms and conditions of the Amended and Restated DIP Credit Agreement, as amended; (ii) to obtain confirmation of a Plan under the Bankruptcy Code; (iii) to return to profitability; (iv) to generate sufficient cash flow from operations; and (v) to obtain financing sources to meet our future obligations. These matters raise substantial doubt about our ability to continue as a going concern. The Consolidated Financial Statements do not reflect any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might result from the outcome of these uncertainties. Additionally, a Plan could materially change amounts reported in the Consolidated Financial Statements, which do not give effect to all adjustments of the carrying value of assets and liabilities that may be necessary as a consequence of completing reorganization under Chapter 11 of the Bankruptcy Code.

In addition, as part of our emergence from bankruptcy protection, we may be required to adopt fresh start accounting in a future period. If fresh start accounting is applicable, our assets and liabilities will be recorded at fair value as of the fresh start reporting date. The fair value of our assets and liabilities as of such fresh start reporting date may differ materially from the recorded values of assets and liabilities on our Consolidated Balance Sheets. Further, if fresh start accounting is required, our financial results after the application of fresh start accounting may be different from historical trends.

Restructuring

In 2009, we initiated a comprehensive review process to strengthen our core businesses and improve our financial health, a process that is continuing in 2010. As part of this process, we have undertaken a review of each of our businesses, individually and as part of our portfolio. The review includes a determination of whether to continue in, consolidate, reorganize, exit or expand our businesses, operations and product lines. In each case, we determined whether, on a short-term or long-term basis, the business, operation or product line constitutes a strategic fit with our core business as a global provider of specialty chemical products, contributes to our financial health and will achieve our business objectives. If it does not, we will implement initiatives which may include, among other things, limiting or exiting the business, operation or product line, consolidating operations or facilities or selling or otherwise disposing of the business or asset. Our review process also involves expanding businesses and product lines and bringing new products to market with significant growth opportunities. Our goal is to reshape our Company into a stronger and leaner global enterprise focused on growth.

As a result of our review process, we have identified certain assets for potential sale. In other cases, we have determined that restructuring or consolidating our operations or changing the way we do business or bring our products to market would further our business goals. As the review process continues, additional assets may be sold or restructured, operations may be consolidated or exited and businesses, operations and product lines may be expanded.

In particular, during the fourth quarter of 2009, we initiated the process of selling our PVC additives business which resulted on February 23, 2010 in a definitive purchase agreement to sell our PVC additives business. The proposed transaction is expected to close in the second quarter of 2010. On January 25, 2010, we announced a restructuring plan involving the consolidation and idling of certain assets within the Flame Retardants business operations in El Dorado, Arkansas. We transferred certain operations to third-party logistics providers, enabling us to maintain service levels at a more competitive cost. We also entered into raw material supply agreements that will reduce the costs of our products.

As we implement these initiatives, we also focused on growth opportunities. We plan to expand capacity at Gulf Stabilizer Industries, our joint venture facility in Al Jubail, Saudi Arabia and advance towards a joint venture between Al Zamil Group Holding Company and Chemtura Organometallics GmbH to build a world-scale metal alkyls manufacturing facility in Jubail Industrial City, Saudi Arabia. We have also brought to market new and innovative product offerings.

Table of Contents

We are reviewing approximately 13,000 of our executory contracts and real property leases to determine whether they constitute a strategic fit within our core business and, if not, to evaluate whether they should be assumed, rejected or restructured as permitted under the Bankruptcy Code. While this process is not complete, we have taken actions accordingly, including rejecting various executory contracts and real property leases that do not further our business objectives.

Beginning in 2008 and continuing in 2009, we initiated cost reduction, working capital and other initiatives that generated positive cash flow over the last four quarters and allowed us to accumulate substantial cash balances. We have achieved or exceeded all performance levels required in the DIP Credit Facility.

We believe that these continuing restructuring activities and growth initiatives have improved our financial strength which we believe will allow us to emerge successfully from Chapter 11 in 2010.

Reorganization Items

We have and will continue to incur substantial expenses resulting from our Chapter 11 cases. Reorganization items, net presented in our Consolidated Statement of Operations represent the direct and incremental costs related to our Chapter 11 cases such as professional fees, gains related to the settlement of claims in the Chapter 11 cases and rejections or terminations of executory contracts and real property leases. During 2009, we recorded $97 million of reorganization items, net. We expect that our restructuring activities in 2010 will likely result in additional charges for reorganization items, net that could be material to our results of operations, financial condition or cash flows in any given period. For additional information on reorganization items, net, see Note 4 - Liabilities Subject to Compromise and Reorganization Items, Net in the Notes to Consolidated Financial Statements.

Cash Flows from Operating Activities

Net cash provided by operating activities was $49 million in 2009 compared with $11 million of net cash used in operating activities in 2008. Changes in key accounts are summarized below:

Favorable (unfavorable) **(In millions)**	**2009**	**2008**	**Change**
Accounts receivable	$ 36	$ 89	$ (53)
Impact of accounts receivable facilities	(103)	(136)	33
Inventories	85	(12)	97
Accounts payable	16	(25)	41
Pension and post-retirement health care liabilities	(26)	(46)	20
Liabilities subject to compromise	(31)		(31)

During 2009, accounts receivable decreased by $36 million as compared with an $89 million decrease in 2008. The 2009 and 2008 decreases in accounts receivable were driven by reduced sales and the benefit of our collection efforts. In 2009, the decrease in the proceeds from the sale of

accounts receivable was $103 million, compared with a decrease of $136 million in 2008. The decrease in 2009 was due to the termination of the 2009 U.S. Facility which was a condition of the establishment of the DIP Credit Facility and the restricted availability and access to the European Facility leading to its termination in the second quarter of 2009. The decrease in 2008 related to reduced accounts receivable and changes in the terms of the accounts receivable facilities in both the U.S. and Europe. Inventory decreased by $85 million in 2009 as compared with an increase of $12 million in 2008. The decrease in 2009 was primarily due to lower product costs, inventory reduction initiatives and lower demand. The increase in 2008 was primarily due to the impact of increases in the costs of raw material and packaging. Accounts payable increased by $16 million in 2009 and decreased by $25 million in 2008 primarily due to the timing of vendor payments. Liabilities subject to compromise were affected by payments of $31 million against pre-petition liabilities that were approved by the Bankruptcy Court.

During 2009, our pension and post-retirement healthcare liabilities decreased by $26 million, primarily due to contributions. Contributions amounted to $28 million in 2009, which include $15 million for domestic plans and $13 million for international plans. During 2008, our pension and post-retirement healthcare liabilities decreased by $46 million primarily due to contributions. Contributions amounted to $42 million in 2008, which included $22 million for domestic plans and $20 million for international plans.

Table of Contents

Net cash provided by operating activities in 2009 also reflected the impact of various charges and changes in pre-existing reserves. A summary of these items and the net impact on cash flows provided by (used in) operating activities is as follows:

(In millions)	Net Change per Consolidated Statement of Cash Flows	2009 Expense (Benefit)	2009 Cash Payments
Interest payable	$ 25	$ 70	$ (45)
Income taxes payable	(28)	5	(33)
Facility closure, severance and related costs	(22)	3	(25)
Antitrust settlement costs		6	(6)
Environmental liabilities	11	20	(9)
Management incentive plans	5	9	(4)

Net cash provided by operating activities in 2009 also reflected the impact of certain non-cash charges, including $173 million of depreciation and amortization expense, $104 million in impairment charges, $73 million for changes in estimates related to expected allowable claims, $35 million of reorganization items, net and $11 million related to other non-cash charges.

Cash Flows from Investing and Financing Activities

Net cash used in investing activities was $58 million for 2009, which reflected net proceeds from prior year divestments of the oleochemicals and fluorine chemicals businesses of $3 million offset by $5 million of net cash paid as deferred consideration for a prior year acquisition. Additionally, capital expenditures for 2009 amounted to $56 million as compared with $121 million for 2008 due to our continuing effort to control discretionary cash expenditures and restrictions under our DIP Credit Facility. Expenditures were primarily related to U.S. and foreign facilities, the SAP project and environmental and other compliance requirements.

Net cash provided by financing activities was $173 million for 2009, which included proceeds from the DIP Credit Facility of $250 million, partially offset by payments of debt issuance costs on the DIP Credit Facility of $30 million, net repayments on the 2007 Credit Facility of $28 million, and net payments on other borrowings of $19 million.

Dividend payments totaled $36 million in 2008. On October 30, 2008, we announced that we would suspend the payment of dividends to conserve cash and expand liquidity in a period of economic uncertainty. There were no dividend payments in 2009.

Contractual Obligations and Other Cash Requirements

We have obligations to make future cash payments under contracts and commitments, including long-term debt agreements, lease obligations, environmental liabilities, antitrust settlements, post-retirement health care liabilities, facility closures, severance and related costs, and other long-term liabilities.

The following table summarizes our significant contractual obligations and other cash requirements as of December 31, 2009. Payments associated with liabilities subject to compromise, except for those liabilities approved by the Bankruptcy Court, have been excluded from the table below, as we cannot accurately forecast the future amounts and timing of the payments given the inherent uncertainties associated with our Chapter 11 cases.

Table of Contents

(In millions) Contractual Obligations*		Payments Due by Period Total	2010	2011	2012	2013	2014	2015 and Thereafter
Total debt (including capital leases)	(a)	$ 254	$ 252	$	$ 1	$	$ 1	$
Operating leases	(b)	79	17	10	8	6	6	32
Contractual antitrust settlements	(c)	6	6					
Facility closures, severance and related cost liabilities	(d)	4	4					
Capital expenditures	(e)	12	12					
Interest payments	(f)	29	29					
Subtotal - Contractual Obligations		384	320	10	9	6	7	32
Environmental liabilities	(g)	84	14	18	11	8	6	27
Post-retirement health care liabilities	(h)	17	1	1	1	1	1	12
Other long-term liabilities (excluding pension liabilities)		33	2	7	3	3	1	17
Total cash requirements		$ 518	$ 337	$ 36	$ 24	$ 18	$ 15	$ 88

* Additional information is provided in the Debt, Leases, Legal Proceedings and Contingencies, Pension and Other Post-Retirement Plans, Restructuring and Asset Impairment Activities, and Income Taxes Notes to our Consolidated Financial Statements.

(a) Our debt agreements include various bank loans and future minimum payments under capital leases for which payments will be payable through 2014. As the Amended and Restated DIP Credit Agreement was entered into in February 2010, it is not reflected as an obligation as of December 31, 2009. The future minimum lease payments under capital leases at December 31, 2009 were not significant. Obligations by period reflect stated contractual due dates. Debt obligations in this table exclude $1.2 billion of liabilities subject to compromise.

(b) Represents operating lease obligations primarily related to buildings, land and equipment. Such obligations are net of future sublease income and will be expensed over the life of the related lease contracts. Includes leases renegotiated through the Chapter 11 cases that received Bankruptcy Court approval.

(c) Represents final installment payments of fines provided in the settlement of U.S. and Canadian antitrust cases, which received Bankruptcy Court approval. Under the agreement reached with the U.S. and Canadian authorities, the amount of these payments can increase if general unsecured creditors receive 62% or more of their claims under the terms of the Plan confirmed by the Bankruptcy Court.

(d) Represents estimated payments from accruals related to our cost reduction programs.

(e) Represents capital commitments for various open projects.

(f) Represents interest payments related to various debt agreements. Interest obligations in the table exclude interest payable on $1.2 billion of debt obligations classified as liabilities subject to compromise.

(g) We have environmental liabilities for future remediation and operating and maintenance costs directly related to remediation. We estimate that the environmental liability could range up to $164 million. We have recorded a liability for environmental remediation of $122 million at December 31, 2009 of which $42 million is classified as liabilities subject to compromise. Environmental liability obligations in the table exclude the $42 million classified as liabilities subject to compromise.

(h) We have post-retirement health care plans that provide health and life insurance benefits to certain retired and active employees and their beneficiaries. These plans are generally not pre-funded and expenses are paid by us as incurred, with the exception of certain inactive government related plans that are paid from plan assets. Post-retirement health care liability obligations in the table exclude $133 million of liabilities subject to compromise.

During 2009, we made payments of $31 million and $2 million for operating leases and unconditional purchase obligations, respectively.

Table of Contents

We fund our defined benefit pension plans based on the minimum amounts required by law plus additional voluntary contribution amounts we deem appropriate. Estimated future funding requirements are highly dependent on factors that are not readily determinable. These include changes in legislation, returns earned on pension investment and other factors related to assumptions regarding future liabilities. We made contributions of $28 million in 2009 to our domestic and international pension and post-retirement benefit plans (including payments made by us directly to plan participants). See Critical Accounting Estimates below for details regarding current pension assumptions. To the extent that current assumptions are not realized, actual funding requirements may be significantly different from those described below. Applying the provisions of the Pension Protection Act of 2006, we are not required to contribute to the domestic qualified pension plans in 2010. The following table summarizes the estimated future funding requirements for defined benefit pension plans under current assumptions:

	Funding Requirements by Period				
(In millions)	**2010**	**2011**	**2012**	**2013**	**2014**
Qualified domestic pension plans	$	$ 30	$ 56	$ 45	$ 42
International and non-qualified pension plans	17	17	18	18	20
Total pension plans	$ 17	$ 47	$ 74	$ 63	$ 62

Other Sources and Uses of Cash

We expect to finance our continuing operations and capital spending requirements for 2010 with cash flows provided by operating activities, available cash and cash equivalents, and borrowings under the Amended and Restated DIP Credit Agreement and other sources. Cash and cash equivalents as of December 31, 2009 were $236 million.

Bank Covenants and Guarantees

On March 18, 2009, the Debtors entered into a $400 million DIP Credit Facility arranged by Citigroup Global Markets Inc. with Citibank, N.A. as Administrative Agent. On March 20, 2009, the Bankruptcy Court entered an interim order providing approval for the Debtors to access $190 million of the DIP Credit Facility in the form of a $165 million term loan and a $25 million revolving credit facility. The DIP Credit Facility closed on March 23, 2009 with the drawing of the $165 million term loan. The initial proceeds were used to fund the termination of the 2009 U.S. Facility, pay fees and expenses associated with the transaction and fund business operations.

On April 28, 2009, the Company, certain of our subsidiaries that are guarantors under the DIP Credit Facility, the banks, financial institutions and other institutional lenders party to the DIP Credit Facility (the Lenders), and Citibank, N.A., as Administrative Agent for the Lenders, entered into Amendment No. 1 to the DIP Credit Facility. Amendment No. 1 amended the DIP Credit Facility to provide for, among other things, (i) an increase in the outstanding amount of inter-company loans the Debtors could make to our non-debtor foreign subsidiaries from $8 million to $40 million; (ii) a reduction in the required level of borrowing availability under the minimum availability covenant; and (iii) the elimination of the requirement to pay additional interest expense if a specified level of accounts receivable financing was not available to our European subsidiaries. On April 29, 2009, the Bankruptcy Court granted final approval of the DIP Credit Facility, as amended pursuant to Amendment No. 1 thereto.

The DIP Credit Facility was comprised of the following: (i) a $250 million non-amortizing term loan; (ii) a $64 million revolving credit facility; and (iii) an $86 million revolving credit facility representing the roll-up of certain outstanding secured amounts owed to lenders under the existing 2007 Credit Facility who have commitments under the DIP Credit Facility. In addition, a sub-facility for letters of credit (Letters of Credit) in an aggregate amount of $50 million were available under the unused commitments of the revolving credit facilities.

The DIP Credit Facility was comprised of the following: (i) a $250 million non-amortizing term loan; (ii) a $64 million

The Bankruptcy Court entered a final order providing full access to the $400 million DIP Credit Facility on April 29, 2009. On May 4, 2009, we drew the $85 million balance of the $250 million term loan and used the proceeds together with cash on hand to fund the $86 million roll up of certain outstanding secured amounts owed to certain lenders under the 2007 Credit Facility as approved by the final order.

The Bankruptcy Court entered a final order providing full access to the $400 million DIP Credit Facility on April 29, 2

Table of Contents

On July 13, 2009, the Company and the parties to the DIP Credit Facility entered into Amendment No. 2 to the DIP Credit Facility subject to approvals by the Bankruptcy Court and our Board of Directors which approvals were obtained on July 14 and July 15, 2009, respectively. Amendment No. 2 amended the DIP Credit Facility to provide for, among other things, our option to extend the maturity of the DIP Credit Facility for two consecutive three month periods subject to the satisfaction of certain conditions. Prior to Amendment No. 2, the DIP Credit Facility matured on the earlier of 364 days (from the Petition Date), the effective date of a Plan or the date of termination in whole of the Commitments (as defined in the DIP Credit Facility).

On January 15, 2010, we entered into Amendment No. 3 of the DIP Credit Facility that provided for, among other things, the consent of our DIP lenders to the sale of the PVC additives business.

On February 9, 2010, the Bankruptcy Court gave interim approval of the Amended and Restated DIP Credit Agreement. The Amended and Restated DIP Credit Agreement provides for a first priority and priming secured revolving and term loan credit commitment of up to an aggregate of $450 million. The Amended and Restated DIP Credit Agreement consists of a $300 million term loan and a $150 million revolving credit facility. The proceeds of the term loan and other financial accommodations incurred under the Amended and Restated DIP Credit Agreement were used to, among other things, refinance the obligations outstanding under the DIP Credit Facility and provide working capital for general corporate purposes. The Amended and Restated DIP Credit Agreement provided a substantial reduction in our financing costs through interest rate reductions and avoidance of the extension fees that would have been payable under the DIP Credit Facility in February and May 2010. The Amended and Restated DIP Credit Agreement closed on February 12, 2010 with the drawings of the $300 million term loan and matures on the earlier of 364 days after the closing, the effective date of a Plan or the date of termination in whole of the Commitments (as defined in the Amended and Restated DIP Credit Agreement).

The Amended and Restated DIP Credit Agreement, as was the DIP Credit Facility, is secured by a super-priority lien on substantially all of our U.S. assets, including (i) cash, (ii) accounts receivable; (iii) inventory; (iv) machinery, plant and equipment; (v) intellectual property; (vi) pledges of the equity of first tier subsidiaries; and (vii) pledges of debt and other instruments.

Availability of credit under the Amended and Restated DIP Credit Agreement, as was availability under the DIP Credit Facility, is equal to (i) the lesser of (a) the Borrowing Base (as defined below) and (b) the effective commitments under the DIP Credit Facility minus (ii) the aggregate amount of the DIP Loans and any undrawn or unreimbursed Letters of Credit. Borrowing Base is the sum of (i) 80% of the Debtors eligible accounts receivable, plus (ii) the lesser of (a) 85% of the net orderly liquidation value percentage (as defined in the DIP Credit Facility) of the Debtors eligible inventory and (b) 75% of the cost of the Debtors eligible inventory, plus (iii) $275 million ($125 million under the DIP Credit Facility), less certain reserves determined in the discretion of the Administrative Agent to preserve and protect the value of the collateral. As of December 31, 2009, extensions of credit outstanding under the DIP Credit Facility consisted of the $250 million term loan and Letters of Credit of $19 million.

Borrowings under the DIP Credit Facility term loans and the $64 million revolving facility bore interest at a rate per annum equal to, at our election, (i) 6.5% plus the Base Rate (defined as the higher of (a) 4%; (b) Citibank N.A. s published rate; or (c) the Federal Funds rate plus 0.5%) or (ii) 7.5% plus the Eurodollar Rate (defined as the higher of (a) 3% or (b) the current LIBOR rate adjusted for reserve requirements). Borrowings under the $86 million revolving facility bear interest at a rate per annum equal to, at our election, (i) 2.5% plus the Base Rate or (ii) 3.5% plus the Eurodollar Rate. Additionally, we paid an unused commitment fee of 1.5% per annum on the average daily unused portion of the revolving facilities and a letter of credit fee on the average daily balance of the maximum daily amount available to be drawn under Letters of Credit equal to the applicable margin above the Eurodollar Rate applicable for borrowings under the applicable revolving 2007 Credit Facility. Certain fees were payable to the lenders upon the reduction or termination of the commitment and upon the substantial consummation of a Plan as described more fully in the DIP Credit Facility including an exit fee payable to the Lenders of 2% of roll-up commitments and 3% of all other commitments. These fees were paid upon the funding of the term loan under the Amended and Restated DIP Credit Agreement.

Borrowings under the DIP Credit Facility term loans and the $64 million revolving facility bore interest at a rate per a

Table of Contents

Borrowings under the Amended and Restated DIP Credit Agreement term loan bear interest at a rate per annum equal to, at our election, (i) 3.0% plus the Base Rate (defined as the higher of (a) 3%; (b) Citibank N.A. s published rate; or (c) the Federal Funds rate plus 0.5%) or (ii) 4.0% plus the Eurodollar Rate (defined as the higher of (a) 2% or (b) the current LIBOR rate adjusted for reserve requirements). Borrowings under the $150 million revolving facility bear interest at a rate per annum equal to, at our election, (i) 3.25% plus the Base Rate or (ii) 4.25% plus the Eurodollar Rate. Additionally, we pay an unused commitment fee of 1.0% per annum on the average daily unused portion of the revolving facilities and a letter of credit fee on the average daily balance of the maximum daily amount available to be drawn under Letters of Credit equal to the applicable margin above the Eurodollar Rate applicable for borrowings under the applicable revolving 2007 Credit Facility.

Our obligations as borrower under the Amended and Restated DIP Credit Agreement, as they were under the DIP Credit Facility, are guaranteed by our U.S. subsidiaries who are Debtors in the Chapter 11 cases, which own substantially all of our U.S. assets. The obligations must also be guaranteed by each of our subsidiaries that become party to the Chapter 11 cases, subject to specified exceptions.

All amounts owing by us and the guarantors under the Amended and Restated DIP Credit Agreement and certain hedging arrangements and cash management services, as they were under the DIP Credit Facility, are secured, subject to a carve-out as set forth in the Amended and Restated DIP Credit Agreement (the Carve-Out), for professional fees and expenses (as well as other fees and expenses customarily subject to such Carve-Out), by (i) a first priority perfected pledge of (a) all notes owned by us and the guarantors and (b) all capital stock owned by us and the guarantors (subject to certain exceptions relating to their respective foreign subsidiaries) and (ii) a first priority perfected security interest in all other assets owned by us and the guarantors, in each case, junior only to liens as set forth in the Amended and Restated DIP Credit Agreement and the Carve-Out.

The Amended and Restated DIP Credit Agreement, as did the DIP Credit Facility, requires that we meet certain financial covenants including the following: (a) minimum cumulative monthly earnings before interest, taxes, and depreciation (EBITDA), after certain adjustments, on a consolidated basis; (b) a maximum variance of the weekly cumulative cash flows of the Debtors, compared to an agreed upon forecast; (c) minimum borrowing availability of $20 million; and (d) maximum quarterly capital expenditures. In addition, the Amended and Restated DIP Credit Agreement contains covenants which, among other things, limit the incurrence of additional debt, operating leases, issuance of capital stock, issuance of guarantees, liens, investments, disposition of assets, dividends, certain payments, mergers, change of business, transactions with affiliates, prepayments of debt, repurchases of stock and redemptions of certain other indebtedness and other matters customarily restricted in such agreements. As of December 31, 2009, we were in compliance with the covenant requirements of the DIP Credit Facility.

The Amended and Restated DIP Credit Agreement contains events of default triggered upon, among others things, payment defaults, breaches of representations and warranties, and covenant defaults.

We have standby letters of credit and guarantees with various financial institutions the majority of which were issued under the 2007 Credit Facility. Any additional drawings of letter of credits issued under the 2007 Credit Facility will be classified as liabilities subject to compromise in the Consolidated Balance Sheet. At December 31, 2009, we had $52 million of outstanding letters of credit and guarantees primarily related to liabilities for environmental remediation, vendor deposits, insurance obligations and European value added tax obligations. The outstanding letters of credit include $33 million issued under the 2007 Credit Facility that are pre-petition liabilities and $19 million issued under the DIP Credit Facility letter of credit sub-facility. We also had $17 million of third party guarantees at December 31, 2009 for which we have reserved $2 million at December 31, 2009, which represents the probability weighted fair value of these guarantees.

Table of Contents

RESULTS OF OPERATIONS

(In millions, except per share data)	2009	2008	2007
Net Sales			
Consumer Performance Products	**$ 457**	$ 516	$ 567
Industrial Performance Products	**999**	1,465	1,513
Crop Protection Engineered Products	**332**	394	352
Industrial Engineered Products	**753**	1,171	1,315
Net Sales	**$ 2,541**	$ 3,546	$ 3,747
Operating Profit (Loss)			
Consumer Performance Products	**$ 63**	$ 50	$ 62
Industrial Performance Products	**91**	105	140
Crop Protection Engineered Products	**42**	78	58
Industrial Engineered Products	**(11)**	17	36
Segment Operating Profit	**185**	250	296
General corporate expense including amortization	**(95)**	(98)	(92)
Change in useful life of property, plant and equipment		(32)	(40)
Facility closures, severance and related costs	**(3)**	(26)	(36)
Antitrust costs	**(10)**	(12)	(35)
Loss on sale of businesses		(25)	(15)
Impairment of long-lived assets	**(104)**	(986)	(19)
Changes in estimates related to expected allowable claims	**(73)**		
Total Operating (Loss) Profit	**(100)**	(929)	59
Interest expense	**(70)**	(78)	(87)
Other (expense) income, net	**(17)**	9	(5)
Reorganization items, net	**(97)**		
Loss from continuing operations before income taxes	**(284)**	(998)	(33)
Income tax (provision) benefit	**(5)**	27	(4)
Loss from continuing operations	**(289)**	(971)	(37)
Earnings from discontinued operations, net of tax			18
(Loss) gain on sale of discontinued operations, net of tax	**(3)**		24
Net (loss) earnings	**(292)**	(971)	5
Less: net earnings attributable to non-controlling interests	**(1)**	(2)	(8)
Net loss attributable to Chemtura Corporation	**$ (293)**	$ (973)	$ (3)
EARNINGS (LOSS) PER SHARE - BASIC AND DILUTED - ATTRIBUTABLE TO CHEMTURA CORPORATION:			
Loss from continuing operations	**$ (1.19)**	$ (4.01)	$ (0.18)
Earnings from discontinued operations			0.07
(Loss) gain on sale of discontinued operations	**(0.01)**		0.10
Net loss attributable to Chemtura Corporation	**$ (1.20)**	$ (4.01)	$ (0.01)

The Amended and Restated DIP Credit Agreement contains events of default triggered upon, among others things,

Table of Contents

2009 COMPARED TO 2008

Overview

Consolidated net sales of $2.5 billion for 2009 were $1 billion lower than the prior year. The decrease in net sales was attributable to reduced sales volumes of $912 million primarily due to the global economic slow down and its impact on the industries we supply, unfavorable currency translation of $46 million, the impact of the divestiture of the oleochemicals business in the Industrial Engineered Products segment of $31 million and reduced selling prices of $16 million. The reduction in volume impacted all segments, particularly the Industrial Performance Products and the Industrial Engineered Products segments. All segments experienced a reduction in selling prices, except for the Consumer Performance Products segment. Selling price increases that occurred in 2008 within the Consumer Performance Products segment were in response to increases in the costs of raw materials.

Gross profit decreased by $142 million to $594 million for 2009 as compared with 2008. The decrease in gross profit was primarily driven by a $256 million reduction in sales volume and unfavorable product mix, $28 million from unfavorable manufacturing costs (largely due to lower plant utilization), $16 million from lower selling prices, $9 million in unfavorable foreign currency translation, a $5 million benefit in 2008 from insurance proceeds and other decreases in costs of $1 million. These impacts were partially offset by a $142 million decrease in raw material and energy costs, $22 million in lower distribution costs, a $7 million charge in 2008 for an assumed lease and a $2 million reduction in accelerated asset retirement obligations. Gross profit as a percentage of sales increased to 23% in 2009 from 21% in 2008 mainly due to lower direct product costs.

Selling, general and administrative (SG&A) expense of $293 million for 2009 was $39 million lower than in 2008. The decrease in SG&A reflected the favorable benefit of our restructuring programs and tight control of discretionary spending. Favorable foreign currency translation contributed $7 million to the reduction, which was offset by the benefit of a $4 million pension plan curtailment gain in 2008.

Depreciation and amortization expense of $173 million for 2009 was $64 million lower than in 2008. This decrease is primarily due to accelerated depreciation taken in 2008 related to the divested oleochemicals business and our legacy enterprise resource planning (ERP) systems.

Research and development (R&D) expense of $38 million for 2009 was $13 million lower than in 2008 as a result of cost reduction initiatives.

Facility closure, severance and related costs of $3 million in 2009 and $26 million in 2008 were primarily due to our restructuring program announced in December 2008 which involved a worldwide reduction in our professional and administrative staff of approximately 500 people.

We incurred antitrust costs of $10 million in 2009, which primarily represented a judgment in litigation related to certain rubber chemical claimants and legal costs associated with antitrust investigations and civil lawsuits. Antitrust costs of $12 million in 2008 were primarily related to settlement offers made to certain rubber chemical claimants and legal costs associated with antitrust investigations and civil lawsuits.

Loss on sale of business of $25 million in 2008 was primarily related to the sale of the oleochemicals business.

We recorded a charge of $104 million in 2009 for the impairment of long-lived assets. The 2009 charge included the impairment of goodwill of $37 million for the Consumer Performance Products segment, and the impairment of property, plant and equipment and intangibles assets of $53 million and $14 million, respectively, for the polyvinyl chloride (PVC) additives business, a component of the Industrial Engineered Products segments. The impairment charges were principally the result of underperformance of the reporting units in these segments contributed by weaker industry demand due to the global economic recession. These factors resulted in reduced expectations for future cash flows and lower estimated fair values for the respective assets.

We recorded a charge of $986 million in 2008 for the impairment of long-lived assets. The 2008 charge included the impairment of goodwill of $540 million for the Consumer Performance Products segment, $82 million for the Industrial Performance Products segment and $363 million for the Industrial Engineered Products segment. The impairment charges were primarily the result of updated long-term financial projections and the deteriorating financial performance in the fourth quarter of 2008, coupled with adverse equity market conditions.

Table of Contents

We incurred charges of $73 million for changes in estimates related to expected allowable claims. These charges represent adjustments to liabilities subject to compromise (primarily legal and environmental reserves) as a result of the proofs of claim evaluation process.

We incurred an operating loss of $100 million for 2009 compared with an operating loss of $929 million for 2008. The decrease in the operating loss of $829 million reflected th

The Amended and Restated DIP Credit Agreement contains events of default triggered upon, among other things,