

Chemtura CORP
Form 10-K
March 17, 2008

U.S. SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2007
OR
- 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
(State or other jurisdiction of incorporation or organization)

52-2183153
(I.R.S. Employer Identification Number)

199 Benson Road
Middlebury, Connecticut
(Address of principal executive offices)

06749
(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	New York Stock Exchange

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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 No

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 No

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 No

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.

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 filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

(Do not check if a smaller reporting company)

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant, computed as of June 29, 2007 was \$2,676,529,352.

The number of voting shares of Common Stock of the registrant outstanding as of February 1, 2008 was 242,130,355.

DOCUMENTS INCORPORATED BY REFERENCE

Proxy Statement for Annual Meeting of Stockholders on May 14, 2008

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PART I.

ITEM 1. BUSINESS

Overview

Chemtura Corporation, together with its consolidated subsidiaries, is among the largest publicly-traded specialty chemical companies in the United States.

Our headquarters are located in Middlebury, Connecticut. We also have offices in other locations in North America, as well as throughout the world.

Certain disclosures included in this Annual Report on Form 10-K 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 the Corporation, Company, Registrant, we, us and our, unless otherwise indicated or the context otherwise requires, we are referring to Chemtura Corporation and its consolidated subsidiaries (Chemtura).

(a) General Development of Business

Chemtura is the successor to Crompton & Knowles Corporation, which was incorporated in Massachusetts in 1900, and engaged in the manufacture and sale of specialty chemicals beginning in 1954. 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 merger with Great Lakes Chemical Corporation (Great Lakes).

Today, we are a global diversified producer of specialty chemicals and polymer products and are a leading U.S. supplier of home pool and spa chemicals. Our products are used in a wide variety of end-use markets, including automotive, transportation, construction, packaging, agriculture, lubricants, plastics for durable and non-durable goods, electronics and the home pool and spa chemical markets. 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 pool and spa chemicals are sold to dealers, distributors and major retailers. We are a market leader in many of our key product lines. We manufacture and sell more than 3,500 products and formulations in more than 100 countries. Of our \$3.7 billion net sales in 2007, approximately 53% were to customers in the United States and Canada, 29% to Europe and Africa, 14% to Asia/Pacific, and 4% to Latin America.

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Divestitures and Acquisitions

On March 12, 2008, the Company purchased the remaining 50% outstanding shares of GLCC Laurel, LLC.

On February 29, 2008, the Company completed the sale of its oleochemicals business. The oleochemicals business had revenue of approximately \$175 million in 2007.

On February 29, 2008, the Company purchased the remaining 46.5% outstanding shares of Baxenden Chemicals Limited.

On January 31, 2008, the Company completed the sale of its fluorine chemical business located at the Company's El Dorado, Arkansas facility. The fluorine chemical business had revenue of approximately \$49 million in 2007. The Company has presented the results of the fluorine chemical business as a discontinued operation in the accompanying financial statements included in Part II Item 8 of this Form 10-K.

On October 31, 2007, the Company completed the sale of its optical monomers business, which includes the Company's Ravenna, Italy manufacturing facility, for cash proceeds of \$24 million resulting in a net loss of \$1

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million. As a result, the Company has presented the results of the optical monomers business as a discontinued operation in the accompanying financial statements included in Part II Item 8 of this Form 10-K.

On July 31, 2007, the Company completed the sale of its organic peroxides business located at its Marshall, Texas facility. This sale transaction did not have a material impact on the Company's earnings, financial position or cash flows.

On June 29, 2007, the Company completed the sale of its EPDM business, the Celogen® foaming agents product line related to rubber chemicals, and its Geismar, Louisiana facilities for cash proceeds at closing and promissory notes since collected totaling \$153 million. The Company reported a net of tax gain of \$8 million (\$23 million related to the sale of the EPDM business in discontinued operations and a loss of \$15 million related to the sale of foaming agents in continuing operations).

On January 31, 2007, the Company completed the acquisition of the stock of Kaufman Holdings Corporation (Kaufman) in an all-cash transaction. The net cash paid for this transaction on closing was \$165 million. The Kaufman acquisition compliments the Company's existing Performance Specialties segment in offering related products in key customer areas, providing the opportunity to strengthen alliances with major suppliers, and offering potential distribution synergies.

Strategic Initiatives

The Company's strategy is to focus on its core businesses, rationalizing its manufacturing footprint and cost structure while developing products and applications that generate profitable organic revenue growth. To implement this strategy, the Company is rationalizing its business portfolio by divesting non-core and underperforming businesses and assets and has implemented a number of restructuring programs to reduce manufacturing and functional costs. The Company continues to focus its resources on generating growth from new product and application development and geographic expansion. We may supplement these organic growth initiatives by acquiring businesses and assets that will facilitate growth. The Company announced three strategic cost saving restructuring initiatives in the second quarter of 2007 and launched an initiative in the fourth quarter of 2007 to consolidate its multiple ERP systems onto a single SAP platform.

On December 10, 2007, the Company announced the formation of the Office of the Chairman, designed to increase organizational focus, speed decision making and improve execution.

On December 18, 2007, the Company announced that its Board of Directors has authorized management to consider a wide range of strategic alternatives available to the Company to enhance shareholder value.

(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 23 Business Segment Data in the Notes to Consolidated Financial Statements.

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Our businesses are grouped into five reporting segments: Polymer Additives (antioxidants, brominated performance products, flame retardant polymer additives, fumigants, polymer additives & initiators, PVC additives and surfactants), Performance Specialties (petroleum additives and urethanes), Consumer Products, Crop Protection, and Other (principally industrial water additives and rubber chemicals). Details on the various types of products and services provided by each segment are summarized in the Narrative Description of the Business section below.

(c) Narrative Description of Business

Products and Services

We manufacture and market a wide variety of polymer and specialty chemical products. The majority of our products are sold to industrial customers for use as additives, ingredients or intermediates that impart particular characteristics to the customers' end products. Our consumer products are sold to dealers, distributors and major national retailers. We manufacture and sell more than 3,500 products and formulations in more than 100 countries. The end-use markets we serve include agriculture, automotive, construction, electronics, packaging, industrial lubricants, and pool and spa chemical.

The principal products and services offered are described below.

Polymer Additives

We are a global leader in supplying a broad line of additives to the plastics, agricultural, fine chemical and oilfield industries. Polymer additives are chemical additives designed to improve the performance of polymers in their end-use applications. The Polymer Additives segment manufactures and sells products that serve a broad range of industries. Polymer Additives products include antioxidants, brominated performance products, flame retardants, fumigants, polymerization additives and initiators, 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 to industry distributors.

The Polymer Additives segment had net sales of \$1.8 billion for 2007, \$1.7 billion for 2006 and \$1.2 billion for 2005. This segment represents 48%, 50% and 46% of the Company's total net sales in 2007, 2006, and 2005, respectively. The major product offerings of this segment are:

Antioxidants

Our antioxidant business consists of a wide range of additives that inhibit the degradation of polymers caused by oxidation and light. Incorporating such additives into resin systems improves the durability and longevity of plastics used in food packaging, consumer durables, automotive components and electrical components. We are proficient in blending a variety of these materials into specialized formulations uniquely tailored to customer specific end-use requirements.

Brominated Performance Products

We are back integrated to 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. Bromine is also a key raw material for certain of our flame retardant products. On December 18, 2006, the Company entered into several long-term supply and purchase agreements with TETRA Technologies, Inc., primarily to sell bromine to TETRA on an exclusive basis over a 23 year period and to purchase sodium chloride over a period of 20 years.

Flame Retardant Polymer Additives

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.

Fumigants

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 safe and effective alternatives are not available, our products continue

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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.

Polymerization Additives & Initiators

Catalysts and inhibitors are chemicals used to initiate and terminate the polymerization reactions that transform monomers into polymers. Polymer modifiers are materials incorporated into resins to improve tensile strength and impact resistance or to modulate density and impart elasticity.

PVC Additives

Our polyvinyl chloride (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. As the trend to reduce the use of traditional heavy metal stabilizers (lead and cadmium) continues, Chemtura is well positioned with a family of commercially proven, greener organic based heat stabilizers.

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, the Company completed the sale of its oleochemicals business. The oleochemical business had revenues of approximately \$175 million in 2007.

Performance Specialties

Performance Specialties are engineered chemical solutions. Performance Specialties 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 used in various types of coatings such as clear floor finishes, high-gloss paints and textiles treatments. These products are sold directly to manufacturers and through distribution channels.

On January 31, 2007, the Company completed the acquisition of the stock of Kaufman, which compliments the Company's existing Performance Specialties segment offering related products in key customer areas, providing the opportunity to strengthen alliances with major suppliers, and offering potential distribution synergies.

The Performance Specialties reporting segment had net sales of \$911 million for 2007, \$670 million for 2006 and \$619 million for 2005 which represents 24%, 19%, and 23% of the Company's total net sales, respectively. This segment is further defined as petroleum additives and urethanes.

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 antioxidants. These chemicals are widely used by our customers in engine oils, gear oils, industrial oils and greases.

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We provide a variety of other highly specialized, high value products. Foremost, our high-viscosity polyalphaolefins (PAOs), marketed as Synton®, and our broad portfolio of esters marketed as Hatcol®, 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 anti-wear.

We are also a specialty supplier of high performance finished lubricants serving the aviation and industrial market segments. Our product line has extensive original equipment manufacturer (OEM) 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 castable urethane polymers, with more than 200 variations in our product offering. 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 golf ball covers and skate wheels.

Adiprene®/Vibrathane® urethane prepolymers are sold directly by a dedicated sales force in the United States, Canada and Australia and through direct sales distributorships in Europe, Latin America and the Far East. Customers are serviced worldwide 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 very cost effectively. 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 additives business provides key products to global polyurethane processors. The urethane additives business is comprised of two product lines: Fomrez® saturated polyester polyols and Witcobond® polyurethane dispersions. Polyester polyols are employed in industrial applications such as flexible foam for seating. Our polyurethane dispersions are sold to a larger and more diverse customer base primarily for coating applications such as flooring, fiberglass sizing, and textiles. The major markets served by our urethane additives business are automotive, construction, leather/textile finishing, and furniture. Sub-markets include coatings, adhesives, sealants, elastomers and insulation.

Baxenden Chemicals Limited, our 53.5% owned consolidated subsidiary, is engaged in the manufacture and marketing of isocyanate derivatives, polyester polyols and specialty polymer systems used in a wide range of applications. The major markets served by Baxenden are transportation, construction, surface coatings, leather and textile finishing. Baxenden is focused on specialty polymer and resin chemistry and novel curing mechanisms for such polymers. The core technology is urethane and acrylic chemistry and also includes novel polyesters and esterification processes. On February 29, 2008, the Company purchased the remaining 46.5% of Baxenden Chemicals Limited.

Consumer Products

Consumer Products are performance chemicals that are sold to consumers for in-home and outdoor use. Consumer 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 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, algicides, biocides, oxidizers, pH balancers, mineral balancers and other specialty chemicals and accessories. Our primary channels of distribution are pool and spa dealers, wholesale distributors, and mass-market retailers throughout North America, Europe, Australia and South Africa. We believe that we hold the 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®, Aquachem®, Pooltime®, Omni®, Sun®, Hydrotech®, Guardex®, Bayrol®, Poolbrite®, Miami®, and Crystal®.

The Consumer 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 retailers in the do-it-yourself, hardware, mass market, club, and discount sectors.

The Consumer Products segment had net sales of \$567 million for 2007, \$566 million for 2006 and \$261 million for 2005. This segment represents 15%, 16% and 10% of the Company's total net sales in 2007, 2006 and 2005, respectively.

Crop Protection

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Our Crop Protection business focuses on specific target markets in five major product lines: fungicides, miticides, insecticides, growth regulants and herbicides. We have primarily developed our products for use on high-value target markets, 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, the Company 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 serves to enhance the Company's offerings in this fast growing crop market.

The Crop Protection 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 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 markets that have been less sensitive to competitive pricing pressures than broad commodity segments of the market. 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 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, the Crop Protection business's direct sales force services over 1,400 distributors, dealers, cooperatives, seed companies and large growers.

The Crop Protection reporting segment had net sales for 2007 of \$352 million, \$311 million for 2006 and \$330 million for 2005, which represents 9%, 9% and 12% of the Company's total net sales in 2007, 2006 and 2005, respectively.

Other

The Other segment consists of the Company's non-core businesses that are in the process of being sold or are undergoing strategic assessment. This category presently includes industrial water additives and rubber chemicals. The polymer processing equipment business was also included until it was sold in April 2005. The rubber chemicals business sold the Celogen® foaming agents product line in the second quarter of 2007, and its antioxidants, secondary accelerators, bonding agents, waxes, and some antiozonants were realigned under our Polymer Additives segment. Rubber chemicals represented in this segment are 6PPD antiozonants and their derivatives, and primary accelerators.

Industrial Water Additives (IWA) are used in the desalination processes and include antiscalants, corrosion inhibitors, dispersants, antifoams and superior bromine-based non-oxidizing and oxidizing microbiological control products. The IWA business was divested in the second quarter of 2006, however the Company continues to manufacture and sell these products to the purchaser of this business under supply agreements.

Rubber Chemicals are antiozonants which protect rubber compounds from cracking and deteriorating from exposure to ozone as well as providing resistance to oxygen and heat. The primary accelerators are used to accelerate the rubber curing during fabrication.

The Other reporting segment had net sales of \$111 million in 2007, \$199 million in 2006 and \$280 million in 2005, which represents 3%, 6% and 10% of the Company's total net sales in 2007, 2006 and 2005, respectively.

Sources of Raw Materials

Hydrocarbon-based and inorganic chemicals constitute most 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 ethylene, propylene, benzene, chlorine, caustic, petrochemicals, tin, soybean oil, and tallow in many of our chemical manufacturing processes. 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 are generally

available. However, their continuing availability and price are subject to domestic and world market and political conditions and regulations. Major requirements for key raw materials are typically purchased pursuant to multi-year contracts.

Seasonal Business

With the exception of the Crop Protection business and the pool and spa product line in our Consumer Products segment, no material portion of any segment of our business is significantly seasonal. Our crop business is seasonal in nature and corresponds to agricultural cycles. Similarly, the largest portion, approximately 80%, of our pool chemicals business serves the U.S. recreational water market and generally records higher sales in the later part of the second quarter and the early part of the third quarter of each year.

Customers

No one customer's business accounts for more than ten percent of our consolidated net sales.

Employees

The Company has approximately 5,100 full time employees of its wholly owned operations at December 31, 2007.

Competitive Conditions

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

We have a broad client 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 markets in which we operate as a result of 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 or better distribution

capability than we do for specific products or geographical areas.

Research and Development

Our research and development expenditures totaled \$62 million in 2007, \$61 million in 2006 and \$50 million in 2005. Research and development works with each business within the Company to help bring safe and effective new products to market in a timely manner while also maintaining existing product registrations required by regulatory agencies around the world.

Intellectual Property and Licenses

We have approximately 2,600 United States and foreign patents and pending applications and have trademark protection for approximately 900 product names. Patents, trade names, trademarks, know-how, trade secrets, formulae, and manufacturing techniques assist in maintaining the competitive position of certain of our products. Patents, formulae, and know-how are of particular importance in the manufacture of a number of specialty chemicals manufactured and sold by us. We are licensed to use certain patents and technologies 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 to our consolidated financial results. Products to which we have such rights include certain crop protection chemicals.

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 and local laws and regulations regarding health and safety matters.

Environmental Health and Safety Regulation We believe that our business, operations and facilities have been and are being operated in substantial compliance, in all material respects, with applicable environmental and 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, such as increasingly strict requirements of environmental and health and safety laws and regulations and enforcement policies there under, could bring into question the handling, manufacture, use, emission or disposal of substances or pollutants at facilities owned, used or controlled by us or our manufacture, use or disposal of certain products or wastes and could involve potentially significant expenditures. 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 \$27 million of costs for capital projects and \$77 million for operating and maintenance costs related to environmental health and safety programs at our facilities during 2007. In 2008, we expect to incur approximately \$37 million of costs for capital projects and \$67 million for operating and maintenance costs related to environmental health and safety programs at our facilities. During 2007, we paid \$30 million to clean up previously utilized waste disposal sites and to remediate current and past facilities. We expect to spend approximately \$27 million during 2008 to clean up such waste disposal sites and to remediate current and former facilities.

Pesticide Regulation Our Crop Protection 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, authorizes 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 (EU) Commission has established procedures whereby all existing crop protection active ingredient chemicals commercially available in the EU are to be reviewed. The regulation 91/414 came into force in 1993 and the process was updated in 2007 and 2008. The original list of existing chemicals was prioritized and divided into 4 parts; Chemtura 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 the Company for commercial reasons. The remainder of our products will be reviewed in future years 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

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cancellation of registrations if it is determined that a product poses an unacceptable risk.

Chemical Regulation - REACH In December 2006, the European Union signed the Registration, Evaluation and Authorization of Chemicals (REACH) legislation. This legislation will require chemical manufacturers and importers in the European Union to prove the safety of their products. The effective date of the legislation was June 1, 2007 and it requires all covered substances to be pre-registered by November 30, 2008. Products

containing covered substances cannot be manufactured or imported into the EU after this date unless they are pre-registered. The full registration requirements of REACH will be phased in over the next ten years. The Company does not anticipate any significant impact to its financial position or results of operations in 2008; however, the impact of this legislation in 2009 and beyond is unknown at this time and the Company will need to incur additional expense to affect the registration of its products under these regulations. It is possible that REACH may affect our ability to manufacture and sell certain products.

(d) Geographic Information

The information with respect to 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 23 - Business Segment Data in the Notes to Consolidated Financial Statements.

We consider that the risks relating to operations of our foreign subsidiaries are comparable to those of other U.S. companies which operate subsidiaries in developed countries. These risks include risks of political change, change in tax regulations, change in business climate, economic changes and foreign currency volatility.

(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 (SEC).

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.

ITEM 1A. RISK FACTORS

The factors described below represent the principal risks that could materially adversely affect our financial condition, results of operations and cash flows. Except as otherwise indicated, these factors may or may not occur and we cannot predict the likelihood of any such factor occurring. Other risk factors may exist that we do not consider significant based on information that is currently available. In addition, new risks may emerge at any time, and we cannot predict those risks or estimate the extent to which they may affect our financial performance.

A decline in general economic conditions and other external factors may adversely impact our results of operations.

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 markets. 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.

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

We face significant competition in many of the markets in which we operate as a result of 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 results of operations and 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 cyclical nature of the chemicals industry may cause significant fluctuations in our operating results and 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 cyclical nature of the markets 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. As a result of excess industry capacity, rising energy costs and rising raw materials costs, 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, 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 may 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 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.

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

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Sales volumes for our Crop Protection business, as with all agricultural products, are subject to the sector's dependency on weather, disease, and pest infestation conditions. Adverse conditions in a particular region could materially adversely affect our Crop Protection 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. Also, Crop Protection products typically are 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 business susceptible to losses from receivables during economic downturns and may adversely affect our operating results and our cash flows.

Our pool and spa products in the Consumer Products business are primarily used in swimming pools and hot tubs. 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.

Current and future litigation, governmental investigations and administrative claims, including antitrust-related governmental investigations and lawsuits, could harm our financial condition, results of operations and 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 expense in the future in connection with antitrust-related matters, including expenses related to our cooperation with governmental authorities and defense related civil lawsuits.

We are also involved in several significant lawsuits and claims relating to environmental 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 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, results of operations or cash flows.

Environmental, health and safety regulation matters could have a substantial negative impact on our results of operations and 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 flow 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

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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 results of operations or cash flow.

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 results of operations.

We are dependent, in large part, on the economies of the countries in which we manufacture and market our products. Of our 2007 net sales, 53% were to customers in the U.S. and Canada, 29% to Europe and Africa, 14% to Asia/Pacific and 4% to Latin America. Our net property, plant and equipment at December 31, 2007 was located 64% in the U.S. and Canada, 29% in Europe and Africa, 4% in Asia/Pacific and 3% 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, social instability and other political, economic or social developments that may materially affect, positively or negatively, our 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 trademarks and other intellectual property overseas due to uncertainty of laws and enforcement in a number of countries relating to the protection of intellectual property rights; and 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.

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

In December 2006, the European Union signed the Registration, Evaluation and Authorization of Chemicals (REACH) legislation. This legislation will require chemical manufacturers and importers in the European Union to prove the safety of their products. The effective date of the legislation was June 1, 2007 and it requires all covered substances to be pre-registered by November 30, 2008. Products containing covered substances cannot be manufactured or imported into the EU after this date unless they are pre-registered. The full registration requirements of REACH will be phased in over the next ten years. The Company does not anticipate any significant impact to its financial position or results of operations in 2008; however, the impact of this legislation in 2009 and beyond is unknown at this time and the Company will need to incur additional expense to affect the registration of its products under these regulations. It is possible that REACH may affect our ability to sell and manufacture certain products.

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. The following table shows the impact of foreign currency exchange rates on our pre-tax loss from continuing operations and net sales for 2007, 2006 and 2005:

(In millions)	Year Ended December 31		
	2007	2006	2005
Pre-tax loss from continuing operations	\$ (41)	\$ (147)	\$ (166)
Impact of favorable (unfavorable) foreign currency translation on pre-tax earnings (loss) from continuing operations	\$ (6)	\$ (3)	\$ 1
Net sales	\$ 3,747	\$ 3,458	\$ 2,739
Impact of favorable foreign currency translation on net sales	\$ 61	\$ 6	\$ 20

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.

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We will face risks arising from the imposition of exchange controls and currency devaluations. 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 a devaluation. Actions of this nature could adversely affect our earnings or cash flow.

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 results of operations or cash flows.

We have unfunded obligations under our domestic tax-qualified defined benefit pension plans, totaling approximately \$44 million on a projected benefit obligation basis as of December 31, 2007. A significant decline in the value of the plan investments in the future 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 \$182 million on a projected benefit obligation basis as of December 31, 2007. In addition, we sponsor post-retirement health care plans under which there are substantial unfunded liabilities, totaling approximately \$156 million on a projected benefit obligation basis as of December 31, 2007. 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 flow.

Changes in our sales strategy may impact our results of operations and our ability to service our customers.

We use third-party distributors for sales and service to some customers that purchase small annual quantities of our products. We believe that this action will lower our costs associated with serving smaller customers, thus enhancing profitability and reducing our investment in inventory. However, it is possible that changing our sales strategy with respect to these customers could result in the loss of volume to some customers or some disruption in selling and in inventory management during the transition.

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.

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

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, 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, and liabilities and could have a material adverse effect on our business, financial condition, results of operations or cash flows.

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.

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We have over 2,600 United States and foreign patents and pending applications and have trademark protection for approximately 900 product names. 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 as a result of 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 European Union 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 European Union, 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.

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 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.

Convergence of our information systems could have an adverse effect on our internal controls over financial reporting or our results of operations.

We are consolidating our multiple ERP systems on a single SAP platform in order to standardize our business process and data, together with creating efficiencies in processing information. The transition from these systems or the inability to transition to one standard system could adversely affect our business and operations and the timeliness with which we report our internal and external operating results.

Any discord with our venture partners could potentially adversely affect the business and operations of the ventures and in turn the business and operations of the Company.

A portion of our operations is conducted through certain ventures. We share control of these ventures with third parties and in the event that our venture partners do not observe their venture obligations, it is possible that the affected venture would not be able to operate in accordance with its business plans or that we would have to increase our level of commitment to the venture to give effect to those plans. By making these arrangements with third parties we run the risk of encountering differences of opinion or having difficulty reaching consensus with respect to

certain business issues.

An inability to execute our portfolio transformation plan could adversely affect our financial condition.

The assessment of the current businesses in our portfolio continues to be a multi-year task and we are in discussions regarding potential transactions. Announcements will be made as agreements become firm. There can be no assurance that any of these transactions can be successfully completed or that we will realize the proceeds or cost savings we anticipate receiving.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

The following table sets forth information as to the principal operating properties and other significant properties of the Corporation and its subsidiaries as of February 6, 2008. All properties are owned except where otherwise indicated:

Location	Facility	Reporting Segment
UNITED STATES		
Alabama		
Bay Minette	Plant	Polymer Additives
Arkansas		
El Dorado	Plant	Polymer Additives
California		
McFarland	Repackaging Warehouse	Polymer Additives
Connecticut		
Middlebury	Corporate Offices, Research Center*	Corporate Headquarters
Naugatuck	Research Center	Polymer Additives
Georgia		
Conyers	Plant	Consumer Products
Lawrenceville	Office, Laboratory*	Consumer Products
Illinois		
Mapleton	Plant	Polymer Additives
Pekin	Plant, Warehouse*	Crop Protection
Indiana		
Ashley	Plant	Consumer Products
West Lafayette	Office, Laboratory	Polymer Additives
Louisiana		
Taft	Plant	Polymer Additives
Lake Charles	Plant	Consumer Products
Michigan		
Adrian	Plant	Consumer Products, Other
New Jersey		
East Hanover	Plant	Performance Specialties
Fords	Plant	Performance Specialties
Perth Amboy	Plant	Polymer Additives, Performance Specialties

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North Carolina		
Gastonia	Plant	Polymer Additives, Performance Specialties, Crop Protection, Other
Tennessee		
Memphis	Plant	Polymer Additives
West Virginia		
Morgantown	Plant, Research Center	Polymer Additives, Performance Specialties, Other
INTERNATIONAL		
Argentina		
Buenos Aires	Office*	Crop Protection
Australia		
Adelaide	Office*	Crop Protection
Seven Hills	Office, Laboratory*	Performance Specialties
Belgium		
Antwerp	Office*	Corporate
Herentals	Laboratory*	Polymer Additives

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Location	Facility	Reporting Segment
Brazil		
Rio Claro	Plant	Polymer Additives, Performance Specialties, Crop Protection, Other
Sao Paulo	Office*	Polymer Additives, Performance Specialties, Crop Protection, Other
Canada		
Elmira	Plant	Polymer Additives, Performance Specialties, Crop Protection, Other
Guelph	Research Center	Crop Protection
Oakville	Plant*	Performance Specialties
Scarborough	Plant*	Performance Specialties
West Hill	Plant	Performance Specialties
France		
Catenoy	Plant	Polymer Additives
Dardilly	Office*	Consumer Products
Germany		
Bergkamen	Plant, Research Center*	Polymer Additives
Lampertheim	Plant, Research Center	Polymer Additives
Waldkraiburg	Plant	Polymer Additives
Planegg	Office*	Consumer Products
Italy		
Latina	Plant	Polymer Additives, Performance Specialties, Crop Protection, Other
Milan	Office (1)	Performance Specialties
Pedrengo	Plant	Polymer Additives
Mexico		
Altamira	Plant	Polymer Additives, Performance Specialties, Other
Reynosa	Plant	Polymer Additives
The Netherlands		
Amsterdam	Plant	Crop Protection
Republic of China		
Nanjing	Plant	Performance Specialties
Shanghai	Office*	Corporate
Russia		
Kazan City	Office*	Crop Protection
Moscow	Office*	Crop Protection, Performance Specialties, Polymer Additives
Singapore		
	Administrative, Sales Office*	Polymer Additives, Performance Specialties, Corporate
South Africa		
Atlantis	Plant	Consumer Products
South Korea		
Pyongtaek	Plant (2)	Polymer Additives
Switzerland		
Frauenfeld	Office*	Polymer Additives, Corporate
Taiwan		
Kaohsiung	Plant (3)	Polymer Additives, Performance Specialties, Other
United Kingdom		

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Accrington	Plant (4)	Performance Specialties
Droitwich	Plant (4)	Performance Specialties
Evesham	Research Center	Crop Protection
Langley	Office*	Performance Specialties, Crop Protection
Trafford Park	Plant	Polymer Additives, Performance Specialties, Other

* Facility leased by the Corporation.

- (1) Facility leased by Anderol Italia S.r.l, which is 51% owned by the Corporation.
- (2) Facility owned by Asia Stabilizers Co. Ltd., which is 65% owned by the Corporation.
- (3) Facility owned by Uniroyal Chemical Taiwan Ltd., which is 80% owned by the Corporation.
- (4) Facility owned by Baxenden Chemicals Limited, which is 53.5% owned by the Corporation. On February 29, 2008, the Company purchased the remaining 46.5% of Baxenden Chemicals Limited.

ITEM 3. LEGAL PROCEEDINGS

The Corporation is involved in claims, litigation, administrative proceedings and investigations of various types in a number of jurisdictions. A number of such matters involve, or may involve, claims for a material amount of damages and relate to or allege environmental liabilities, including clean-up costs associated with hazardous waste disposal sites, natural resource damages, property damage and personal injury.

Environmental Liabilities

Each quarter, the Company evaluates and reviews estimates for future remediation and other costs to determine appropriate environmental reserve amounts. For each site where the cost of remediation is probable and estimable, a determination is made of the specific measures that are believed to be required to remediate the site, the estimated total cost to carry out the remediation plan, the portion of the total remediation costs to be borne by the Company and the anticipated time frame over which payments toward the remediation plan will occur. At sites where the Company expects to incur ongoing operations and maintenance expenditures, the Company accrues on an undiscounted basis for a period, which is generally 10 years, where it believes that such costs are estimable. The total amount accrued for such environmental liabilities at December 31, 2007, was \$118 million. The Company estimates the environmental liability could range up to \$160 million at December 31, 2007. The Company's reserves include estimates for determinable clean-up costs. The Company recorded a pre-tax charge of \$4 million in 2007, \$7 million in 2006 and \$3 million in 2005 to increase its environmental liabilities and made payments of \$30 million in 2007 and \$25 million in 2006 for clean-up costs, which reduced its environmental liabilities. At certain sites, the Company has contractual agreements with certain other parties to share remediation costs. The Company has a receivable of \$13 million at December 31, 2007 to reflect probable recoveries. At a number of these sites, the extent of contamination has not yet been fully investigated or the final scope of remediation is not yet determinable. The Company intends to assert all meritorious legal defenses and will pursue other equitable factors that are available with respect to these matters. However, the final cost of clean-up at these sites could exceed the Company's present estimates and could have, individually or in the aggregate, a material adverse effect on the Company's financial condition, results of operations and cash flows. It is reasonably possible that the Company's estimates for environmental remediation liabilities may change in the future should additional sites be identified, further remediation measures be required or undertaken, current laws and regulations be modified or additional environmental laws and regulations be enacted.

The Company and some of its subsidiaries have been identified by federal, state or local governmental agencies, and by other potentially responsible parties (a PRP) under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, or comparable state statutes, as a PRP with respect to costs associated with waste disposal sites at various locations in the United States. Because in certain circumstances these laws have been construed to authorize joint and several liability, the EPA could seek to recover all costs involving a waste disposal site from any one of the PRPs for such site, including the Company, despite the involvement of other PRPs. In many cases, the Company is one of several hundred PRPs so identified. In a few instances, the Company is the sole or one of only a handful of parties performing investigation and remediation. Where other financially responsible PRPs are involved, the Company expects that any ultimate liability resulting from such matters will be apportioned between the Company and such other parties. In addition, the Company is involved with environmental remediation and compliance activities at some of its current and former sites in the United States and abroad. The more significant of these matters are described below.

Vertac On April 22, 2007, the Supreme Court denied the petitions for writs of certiorari. This decision lets stand prior rulings under which Uniroyal Chemical Co./Cie has liability to the United States for approximately \$3 million and liability to Hercules Incorporated for approximately \$1 million. Adding accrued interest, Chemtura paid a total of approximately \$4 million in 2007 to satisfy its obligation to the United States and Hercules under the judgment.

Conyers Clean Air Act Investigation The U.S. EPA is investigating alleged violations of law by the Company arising out of the General Duty Clause of the Clean Air Act, the emergency release notification requirements of the Comprehensive Environmental Response, Compensation and Liability Act and/or the Emergency Planning and Community Right to Know Act, and the Clean Water Act and is seeking a penalty and other relief in excess of one hundred thousand dollars. The Company intends to assert all meritorious legal defenses and will continue to assess relevant facts and attempt to negotiate an acceptable settlement with the EPA. The Company does not believe that the resolution of this matter will have a material adverse effect on the Company's financial condition.

Petrolia - In April 2004, the Company and other owners of property near the Company's former Petrolia, Pennsylvania facility were named as defendants in a toxic tort class action lawsuit alleging contamination in and around the named areas that gave rise to certain property damage and personal injuries. The plaintiffs also sought clean-up by the defendants of the alleged contamination. On October 18, 2005, the Court issued its Memorandum Opinion and Order denying the plaintiffs' motion for class certification, and on August 2, 2006, the Pennsylvania Superior Court affirmed the lower court's opinion. Multiple lawsuits have been filed against the Company by individuals who were a part of the putative class. The matter has proceeded to the discovery phase. The company believes that it has meritorious defenses and will be filing dispositive motions.

Scarborough - In 2006, the Ontario Ministry of the Environment brought an action against Chemtura Co./Cie in connection with a 2004 release of naphtha sulfonic acid at Chemtura Co./Cie's Scarborough, Ontario, Canada facility. In 2007, Chemtura Co./Cie paid a penalty in the amount of approximately one hundred thousand CDN dollars (approximately one hundred thousand U.S. dollars) to settle this matter.

Legal Proceedings

Tricor - This case involves two related properties in Bakersfield, California; the Oildale Refinery (the Refinery) and the Mt. Poso Tank Farm (Mt. Poso). The Refinery and Mt. Poso were previously owned and operated by a division of Witco Corp., a predecessor of the Company. In 1997, the Refinery and portions of Mt. Poso was sold to Golden Bear Acquisition Corp. Under the terms of sale, Witco retained certain environmental obligations with respect to the Refinery and Mt. Poso. Golden Bear operated the refinery for several years before filing bankruptcy in 2001. Tricor Refining LLC (Tricor) purchased the Refinery and related assets out of bankruptcy. In 2004, Tricor commenced an action against the Company alleging that the Company failed to comply with its environmental obligations.

In July 2007, the Court entered an order finding liability against Chemtura. A second phase of the trial, which will determine the damages to which Tricor may be entitled, is scheduled to take place in July 2008. The Company will continue to defend this case vigorously. The Company does not believe that the resolution of this matter will have a material adverse effect on the Company's financial condition.

Conyers - The Company and certain of its former officers and employees were named as defendants in five putative state class action lawsuits filed in three counties in Georgia and one putative class action lawsuit filed in the United States District Court for the Northern District of Georgia pertaining to the fire at the Company's Conyers, Georgia warehouse on May 25, 2004. Of the five putative state class actions, two were voluntarily dismissed by the plaintiffs, leaving three such lawsuits, all of which are now pending in the Superior Court of Rockdale County, Georgia. These remaining putative state class actions, as well as the putative class action pending in federal district court, seek recovery for economic and non-economic damages allegedly arising from the fire. Punitive damages are sought in the Davis case in Rockdale County, Georgia and in the Martin case in the United States District Court for the Northern District of Georgia. The Martin case also seeks a declaratory judgment to reform certain settlements, as well as medical monitoring and injunctive relief. The Company intends to vigorously defend against these lawsuits.

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The Company was also named as a defendant in fifteen lawsuits filed by individual or multi-party plaintiffs in the Georgia and Federal courts pertaining to the May 25, 2004 fire at its Conyers, Georgia warehouse. Eight of these lawsuits remain. The plaintiffs in these remaining lawsuits seek recovery for economic and non-economic damages, including punitive damages in five of the eight remaining lawsuits. One of the lawsuits, the Diana Smith case, was filed in the United States District Court for the Northern District of Georgia against the Company, as well as the City of Conyers and Rockdale County, and included allegations similar to those in the other lawsuits noted above, but adding claims for alleged civil rights violations, federal Occupational Safety and Health Administration violations, Georgia Racketeer Influenced and Corrupt Organizations Act violations, criminal negligence, reckless endangerment, false imprisonment, and kidnapping, among other claims. The federal law claims were dismissed with prejudice and the state law claims were dismissed without prejudice. The Court has also dismissed without prejudice the plaintiffs' claims against the City of Conyers and Rockdale County. The Diana Smith case was subsequently refiled and is pending in the Superior Court of Rockdale County, Georgia. The Company intends to vigorously defend against these lawsuits.

On or about January 8, 2007, the Company was named as a defendant in a lawsuit filed by an individual, George J. Collins, in the Superior Court of Gwinnett County, Georgia. The lawsuit includes allegations pertaining to the May 25, 2004 fire at its Conyers, Georgia warehouse, and seeks recovery for economic and non-economic

damages, including punitive damages. The action has been transferred to the State Court for Gwinnett County, Georgia. The Company intends to vigorously defend against this lawsuit.

Within one day of the fire, the Company established a claims office to resolve all legitimate economic and personal injury claims in the Rockdale County, Georgia area. The Company still maintains a claims office in Conyers, and continues to negotiate the settlement of claims whether submitted through the claims office or otherwise. At the time of the fire, the Company maintained, and continues to maintain, property and general liability insurance. The Company believes that its general liability policies will adequately cover any third party claims and legal and processing fees in excess of the amounts that were recorded through December 31, 2007.

Albemarle Corporation - In May 2002, Albemarle Corporation filed two complaints against the Company in the United States District Court for the Middle District of Louisiana, one alleging that the Company infringed three process patents held by Albemarle Corporation relating to bromine vacuum tower technology, and the other alleging that the Company infringed or contributed to or induced the infringement of a patent relating to the use of decabromodiphenyl ethane as a flame retardant in thermoplastics. On a motion by the Company and over Albemarle's objection, the cases were consolidated. In addition, the Company filed a counterclaim with the District Court in the flame retardant cases, alleging, among other things, that the Albemarle patent is invalid or was obtained as a result of inequitable conduct from the United States Patent and Trademark Office. In March 2004, Albemarle amended its consolidated complaint to add additional counts of patent infringement and trade secret violations. The Company believes that the allegations of Albemarle in the consolidated complaint, as well as the allegations in the additional counts, are without basis, factually or legally, and intends to defend the case vigorously. On October 25, 2005, Albemarle filed a complaint against Chemtura Corporation and Great Lakes Chemical Corporation in the United States District Court for the Middle District of Louisiana alleging that Chemtura and Great Lakes infringed a recently granted U.S. patent held by Albemarle relating to a decabromodiphenyl ethane wet cake intermediate product. The Company believes that the allegations of the complaint are without basis, factually or legally, and intends to defend the case vigorously.

OSCA - Great Lakes previously held interests in OSCA, Inc., which interests were divested to BJ Services Company in May 2002. OSCA is a party to certain pending litigation regarding a blowout of a well in the Gulf of Mexico operated by Newfield Exploration Company. In the lawsuit, the plaintiffs claimed that OSCA and the other defendants breached their contracts to perform work-over operations on the well and were negligent in performing those operations. Pursuant to an indemnification agreement between Great Lakes and BJ Services entered into at the time of the sale of OSCA, Great Lakes agreed to remain responsible for 75% of any uninsured liability and costs in excess of \$3 million incurred by OSCA upon settlement or final determination of this pending litigation. In April 2002, a jury found OSCA and the other defendants responsible for those claims and determined OSCA's share of the damages. In connection with the lawsuit, OSCA asserted claims against its insurers and insurance brokers in support of insurance coverage for this incident. Following a related trial on these insurance coverage claims, the court issued its final judgments on the underlying liability claims and the insurance coverage claims, entering judgment against OSCA for a net amount of approximately \$13 million plus interest and finding that such amount was not covered by insurance. The Company and BJ Services appealed certain of the liability and insurance coverage decisions. In April 2006, the United States Fifth Circuit Court of Appeals affirmed the jury's verdict on liability against OSCA, but reversed in part the District Court's decision regarding insurance coverage available to OSCA and remanded the matter to the District Court. After the case was remanded, OSCA's insurer agreed to provide coverage for about half of the outstanding judgment against OSCA, leaving approximately \$6 million at issue for the District Court to address on remand. Thereafter, the parties filed cross motions for summary judgment with the District Court on the remaining coverage

issues. On September 30, 2007, the District Court granted summary judgment in OSCA's favor on two out of the three remaining categories of costs in dispute. This ruling requires AISLIC, OSCA's insurer, to cover an additional \$4 million (plus interest) of OSCA liability to Newfield, leaving approximately \$2 million still at issue. On or about February 25, 2008, AISLIC agreed to cover virtually all of the \$2 million remaining at issue. The only remaining matter is AISLIC's obligation to pay OSCA's attorney's fees and costs associated with the underlying liability action (approximately \$2 million). This matter will be mediated in the second quarter of 2008.

Each quarter the Company evaluates and reviews pending claims and litigation to determine appropriate reserve amounts. As of December 31, 2007, the Company's accrual for probable loss in the aforementioned legal proceeding cases is immaterial. In addition, the related receivable to reflect probable insurance recoveries is also immaterial.

The Company intends to assert all meritorious legal defenses and will pursue other equitable factors that are available with respect to these matters. The resolution of the legal proceedings now pending or hereafter asserted against the Company or any of its subsidiaries could require the Company to pay costs or damages in excess of

its present estimates, and as a result could, either individually or in the aggregate, have a material adverse effect on the Company's financial condition, results of operations and cash flows.

In addition to the matters referred to above, the Company is subject to routine litigation in connection with the ordinary course of its business. These routine matters have not had a material adverse effect on the Company, its business or financial condition in the past, and the Company does not expect this litigation, individually or in the aggregate, to have a material adverse effect on its business or its financial condition in the future, but it can give no assurance that such will be the case.

Antitrust Investigations and Related Matters

Antitrust Investigations

Rubber Chemicals

On May 27, 2004, the Company pled guilty to a one-count information charging the Company with participating in a combination and conspiracy to suppress and eliminate competition by maintaining and increasing the price of certain rubber chemicals sold in the United States and elsewhere during the period from July 1995 to December 2001. The U.S. federal court imposed a fine of \$50 million, payable in six annual installments, without interest, beginning in 2004. In light of the Company's cooperation with the U.S. Department of Justice (the DOJ), the court did not impose any period of corporate probation. On May 28, 2004, the Company pled guilty to one count of conspiring to lessen competition unduly in the sale and marketing of certain rubber chemicals in Canada. The Canadian federal court imposed a sentence requiring the Company to pay a fine of CDN \$9 million (approximately U.S. \$7 million), payable in six annual installments, without interest, beginning in 2004. The Company paid (in U.S. dollars) \$2 million in 2005, \$7 million in 2006 and \$12 million in 2007. Remaining cash payments for the U.S. and Canadian fines are expected to equal (in U.S. dollars) approximately \$17 million in 2008; and \$19 million in 2009. At December 31, 2007, reserves of \$17 million and \$17 million related to these settlements have been included in accrued expenses and other liabilities, respectively, on the Company's consolidated balance sheet.

The Company and certain of its subsidiaries were previously the subject of a coordinated civil investigation by the European Commission (the EC) with respect to the sale and marketing of rubber chemicals. On December 21, 2005, the Company announced that the EC imposed a fine of Euro 14 million (approximately U.S. \$16 million) on the Company in connection with the EC's rubber chemicals investigation. The amount of the fine reflects the EC's maximum leniency of a 50 percent reduction in the fine, resulting from the Company's continual cooperation with the EC throughout its investigation. In December 2005, the Company recorded a pre-tax charge of \$16 million for the EC fine. The Company paid this fine in April 2006. At December 31, 2006, there were no remaining EC investigations of the Company with respect to its sale and marketing of rubber chemicals.

European Union (EU) Investigations

The Company and certain of its subsidiaries are subjects of, and continue to cooperate in, coordinated criminal and civil investigations being conducted by the European Commission (the EC) with respect to possible antitrust violations relating to the sale and marketing of various classes of heat stabilizers and nitrile rubber. Such investigations concern anticompetitive practices, including price fixing and customer or

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market allocations, undertaken by the Company and such subsidiaries and certain of their officers and employees. The Company and its subsidiaries that are subject to the investigations have received from each the EC and the EU verbal or written assurances of conditional amnesty from prosecution and fines with respect to nitrile rubber and conditional amnesty with respect to certain classes of heat stabilizers. The assurances of amnesty are conditioned upon several factors, including continued cooperation with the EU. The Company is actively cooperating with the EU regarding such investigations.

Civil Lawsuits

The actions described below under "U.S. Civil Antitrust Actions" are in various procedural stages of litigation. Although the actions described below have not had a material adverse impact on the Company, we cannot predict the outcome of any of those actions. The Company will seek cost-effective resolutions of the various pending and threatened legal proceedings against the Company; however, the resolution of any civil claims now pending or hereafter asserted against the Company or any of its subsidiaries could have a material adverse effect on the Company's financial condition, results of operations or cash flows. The Company has established reserves for all direct and indirect purchaser claims as of December 31, 2007.

The Company reviews its reserves for civil lawsuits on a quarterly basis. The Company also adjusts its reserves quarterly to reflect its current best estimates.

U.S. Civil Antitrust Actions

Direct and Indirect Purchaser Lawsuits. The Company, individually or together with its subsidiary Uniroyal Chemical Company, Inc., now known as Chemtura USA Corporation (referred to as Uniroyal for the purposes of the description of the Company's lawsuits), and other companies, are defendants in various proceedings filed in state and federal courts, described below.

Federal Lawsuits. The Company and certain of its subsidiaries continues to be a defendant in two lawsuits pending in the federal courts. One of these suits is a Massachusetts indirect purchaser claim premised upon violations of state law. In both of these actions, and in all actions pending in state courts (further described below), the plaintiffs seek, among other things, treble damages, costs (including attorneys' fees) and injunctive relief preventing further violations or the improper conduct alleged in the complaint. As described above, one such federal suit was originally filed in Massachusetts state court in May 2005 as an indirect purchaser claim, and was subsequently removed to the United States District Court, District of Massachusetts. This complaint initially related to purchases of any product containing rubber and urethane products, defined to include EPDM, nitrile rubber, urethanes, but is now limited to urethanes only. The Company has reached a settlement agreement in principle with the plaintiffs, which has not yet been finalized. The other suit, described separately below under the sub-heading Bandag was originally filed as a direct purchaser suit on June 29, 2006 in the United States District Court, Middle District of Tennessee and was subsequently transferred to the United States District Court, Northern District of California. Neither of these federal suits is expected to have a material adverse effect on the Company.

Bandag. This suit was originally brought by Bridgestone Americas Holding, Inc, Bridgestone Firestone North American Tire, LLC, and Pirelli Tire, LLC (all of whom have since settled) along with the remaining plaintiff, Bandag Incorporated, with respect to purchases of rubber chemicals from the Company, Uniroyal and several of the world-wide leading suppliers of rubber chemicals. This suit alleges that the Company and Uniroyal, along with other rubber chemical manufacturers conspired to fix the prices of the rubber chemicals, and to divide the rubber chemicals markets in violation of Section 1 of the Sherman Act. Bandag Incorporated, a designer and manufacturer of tire re-treading, directly purchased from the Company and from the other defendants to this suit, and in doing so, claims to have paid artificially inflated prices for rubber chemicals. Bandag has requested treble damages, costs (including attorneys' fees) and such other relief as the court may deem appropriate. Discovery in this suit is currently on-going, with an expected trial date of early 2009.

State Lawsuits The Company, individually or together with Uniroyal, also continues to be a defendant in certain indirect purchaser antitrust class action lawsuits filed in state courts involving the sale of urethanes and urethane chemicals. The complaints in these actions principally allege that the defendants conspired to fix, raise, maintain or stabilize prices for urethanes and urethane chemicals, as applicable, sold in the United States in violation of certain antitrust statutes and consumer protection and unfair or deceptive practices laws of the relevant jurisdictions and that this caused injury to the plaintiffs who paid artificially inflated prices for such products as a result of such alleged anticompetitive activities. There are currently 22 separate state actions pending. The Company has reached a settlement agreement in principle with the plaintiffs in 2 of these actions, and has received preliminary court approval of a settlement agreement in 7 of these actions. The Company has settled 12 indirect purchaser antitrust class action lawsuits that were pending on January 1, 2007. None of these state lawsuits individually or in the aggregate are expected to have a material adverse effect on the Company.

At December 31, 2007, the Company had a remaining reserve of \$43 million included in accrued expenses on its consolidated balance sheet relating to the remaining U.S. direct and indirect purchaser lawsuits, the federal securities class action lawsuit described under *Federal Securities Class Action* below and the shareholder derivative lawsuit described under *Shareholder Derivative Lawsuit* below. These reserves cover all direct and indirect purchaser antitrust claims. The Company periodically reviews its accruals as additional information becomes available, and may adjust its accruals based on actual settlement offers and other later occurring events. The Company is unable to estimate the reasonably possible loss, if any, in excess of the accrual as none of these claims have been reduced to judgment.

Australian Civil Antitrust Matters

On September 27, 2007, the Company was sued in the Federal Court of Australia for alleged price fixing violations with respect to the sale of rubber chemicals in Australia. The Company has not yet responded to the complaint, nor at this early stage assessed its merits. The Company does not expect this matter will be material.

The reserve activity for antitrust related litigation is summarized as follows:

Governmental Reserves:

(In millions)	Canada			
	U.S. DOJ Fines	Federal Fines	Total U.S. and Canada Fines	European Commission
Balance January 1, 2005	\$ 40	\$ 6	\$ 46	\$
2005 Antitrust costs, excluding legal fees				16
Payments	(2)		(2)	
Accretion - Interest	3		3	
Balance December 31, 2005	\$ 41	\$ 6	\$ 47	\$ 16
Payments	(6)	(1)	(7)	(17)
Accretion - Interest	2	1	3	
Foreign currency translation				1
Balance December 31, 2006	37	6	43	\$
Payments	(10)	(2)	(12)	
Accretion - Interest	2		2	
Foreign currency translation		1	1	
Balance December 31, 2007	\$ 29	\$ 5	\$ 34	

Civil Case Reserves:

(In millions)	U.S. Civil and Securities Matters	Canada Civil Matters	Total Civil and Securities Matters
	Balance January 1, 2005	\$ 93	\$
2005 Antitrust costs, excluding legal fees	9	10	19
Payments	(53)	(4)	(57)
Accretion	2		2
Balance December 31, 2005	\$ 51	\$ 6	\$ 57
2006 Antitrust costs, excluding legal fees	81	(2)	79
Payments	(30)	(4)	(34)
Balance December 31, 2006	102	\$	102
2007 Antitrust costs, excluding legal fees	24		24
Payments	(83)		(83)
Balance December 31, 2007	\$ 43		\$ 43

Federal Securities Class Action

The Company, certain of its former officers and directors (the Crompton Individual Defendants), and certain former directors of the Company's predecessor Witco Corp. are defendants in a consolidated class action lawsuit, filed on July 20, 2004, in the United States District Court, District of Connecticut, brought by plaintiffs on behalf of themselves and a class consisting of all purchasers or acquirers of the Company's stock between October 1998 and October 2002. The consolidated amended complaint principally alleges that the Company and the Crompton Individual Defendants caused the Company to issue false and misleading statements that violated the federal securities laws by reporting inflated financial results resulting from an alleged illegal, undisclosed price-fixing conspiracy. The putative class includes former Witco Corp. shareholders who acquired their securities in the Crompton-Witco merger pursuant to a registration statement that allegedly contained misstated financial results. The complaint asserts claims against the Company and the Crompton Individual Defendants under Section 11 of the Securities Act of 1933, Section 10(b) of the Securities Exchange Act of 1934, and Rule 10b-5 promulgated thereunder. Plaintiffs also assert claims for

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control person liability under Section 15 of the Securities Act of 1933 and Section 20 of the Securities Exchange Act of 1934 against the Crompton Individual Defendants. The complaint also asserts claims for breach of fiduciary duty against certain former directors of Witco Corp. for actions they allegedly took as Witco Corp. directors in connection with the Crompton-Witco merger. The plaintiffs seek, among other things, unspecified damages, interest, and attorneys' fees and costs. The Company and the Crompton Individual Defendants filed a motion to dismiss on September 17, 2004, which is now fully briefed and pending. The former directors of Witco Corp. filed a motion to dismiss in February 2005, which is pending. On July 22, 2005, the court granted a motion by the Company and the Crompton Individual Defendants to stay discovery in the related Connecticut shareholder derivative lawsuit (described below under "Shareholder Derivative Lawsuit"), pending resolution of the motion to dismiss by the Company and Crompton Individual Defendants.

Shareholder Derivative Lawsuit

Certain current directors and one former director and officer of the Company (the "Individual Defendants") are defendants in a shareholder derivative lawsuit filed on August 25, 2003 in Connecticut state court, nominally

brought on behalf of the Company. The Company is a nominal defendant in the lawsuit. The plaintiff filed an amended complaint on November 19, 2004. The amended complaint principally alleges that the Individual Defendants breached their fiduciary duties by causing or allowing the Company to issue false and misleading financial statements by inflating financial results resulting from an alleged illegal, undisclosed price-fixing conspiracy. The plaintiff contends that this wrongful conduct caused the Company's financial results to be inflated, cost the Company its credibility in the marketplace and market share, and has and will continue to cost the Company millions of dollars in investigative and legal fees. The plaintiff seeks, among other things, compensatory and punitive damages against the director defendants in unspecified amounts, prejudgment interest, and attorneys' fees and costs. The Company filed a motion to strike all counts of the complaint on January 12, 2005 for failure to allege adequately that a pre-lawsuit demand on the Company's Board of Directors by the plaintiff would have been futile and was thus excused. This motion was subsequently denied by the court. Discovery in this lawsuit has been stayed by the United States District Court, District of Connecticut, pending resolution of the motion to dismiss filed by Company's and the Crompton Individual Defendants in the related consolidated securities class action lawsuit described above under Federal Securities Class Action.

Other

The Company is routinely subject to other civil claims, litigation and arbitration, and regulatory investigations, arising in the ordinary course of its present business as well as in respect of its divested businesses. Some of these claims and litigations relate to product liability claims, including claims related to the Company's current products and asbestos-related claims concerning premises and historic products of its corporate affiliates and predecessors. The Company believes that it has strong defenses to these claims. These claims have not had a material impact on the Company to date and the Company believes the likelihood that a future material adverse outcome will result from these claims is remote. However, the Company cannot be certain that an adverse outcome of one or more of these claims would not have a material adverse effect on its financial condition, results of operations, or cash flows.

ITEM 4. SUBMISSION OF MATTERS TO VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of security holders during the fourth quarter of the fiscal year covered by this report.

EXECUTIVE OFFICERS OF THE REGISTRANT

The executive officers of the Corporation are as follows:

Robert L. Wood, age 53, has served as President and Chief Executive Officer of the Company since January 2004 and Chairman since April 2004. Previously, Mr. Wood served for 27 years with The Dow Chemical Company in a variety of executive capacities, most recently as business group President for Thermosets and Dow Automotive.

Stephen Forsyth, age 52, has served as Executive Vice President, Chief Financial Officer since April 2007 and Treasurer June 2007. Previously, Mr. Forsyth served for 26 years with Hexcel Corporation in a variety of executive capacities, most recently as Executive Vice President and Chief Financial Officer.

Robert S. Wedinger, PhD, age 50, has served as Chief Business Officer since December 2007 and Group President of Performance Specialties since April 2007. Dr. Wedinger joined Chemtura in 2006 as Vice President and General Manager of Process Chemicals and Polymers. Previously, Dr. Wedinger served in a variety of executive capacities, most recently as Vice President and General Manager of Performance Materials at J.M. Huber Corporation.

David G. Dickey, age 39, has served as Chief Functional and Services Officer since December 2007. Mr. Dickey joined Chemtura in March 2006 as Vice President, Global Supply Chain, Non-Manufacturing. Previously, Mr. Dickey served as General Manager for Carrier, a division of United Technologies Corporation.

Gregory E. McDaniel, age 56, has served as Group President, Crop Protection since April 2007, as Executive Vice President, Strategy, New Business Development and Technology from 2006 to 2007 and as Senior Vice President, Strategy & New Business Development from 2004 to 2006. Previously, Mr. McDaniel served for 28 years with The Dow Chemical Company in a variety of executive capacities, most recently as Vice President and Director of New Business Development and Mergers and Acquisitions within the Polyurethane and Thermosets groups.

Lynn A. Schefsky, age 59, has served as Senior Vice President, General Counsel since 2004 and Secretary since December 2007. Previously, Mr. Schefsky served for 19 years with The Dow Chemical Company in a variety of legal positions, most recently as Global Managing Counsel for Thermosets and Dow Automotive.

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Kevin V. Mahoney, age 53, has served as Senior Vice President and Corporate Controller since October 2006. Previously, Mr. Mahoney spent 18 years with American Express Company, where he most recently was Senior Vice President of Corporate Reporting, responsible for financial reporting globally.

The term of office of each of the above-named executive officers lasts until the first meeting of the Board of Directors following the next annual meeting of stockholders and until the election and qualification of his or her successor.

There is no family relationship between any of such officers, and there is no arrangement or understanding between any of them and any other person pursuant to which any such officer was selected as an officer.

PART II.**ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES**

The following table summarizes the range of market prices for Chemtura Corporation's common stock on the New York Stock Exchange and the amount of dividends per share by quarter during the past two years:

	2007			
	First	Second	Third	Fourth
Dividends per common share	\$ 0.05	0.05	0.05	0.05
Market price per common share:				
High	\$ 12.33	12.02	11.98	10.10
Low	\$ 9.34	10.08	8.42	6.95
	2006			
	First	Second	Third	Fourth
Dividends per common share	\$ 0.05	0.05	0.05	0.05
Market price per common share:				
High	\$ 13.53	12.43	9.40	9.79
Low	\$ 10.15	8.43	7.75	8.00

The number of registered holders of common stock of the Company on February 1, 2008 was approximately 5,500.

Performance Graph

The following graph compares the cumulative total return on the common stock of the Company for the last five fiscal years with the returns on the Standard & Poor's 500 Stock Index and the Chemicals (Specialty) 500 Index, assuming the investment of \$100 in the Company's common stock, the S&P 500 Index and the Chemicals (Specialty) 500 Index on December 31, 2002, 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**

	12/31/02	12/31/03	12/31/04	12/31/05	12/31/06	12/31/07
CHEMTURA CORPORATION	\$ 100.0	\$ 124.8	\$ 211.2	\$ 230.7	\$ 178.5	\$ 147.4
S&P 500	\$ 100.0	\$ 128.7	\$ 142.7	\$ 149.7	\$ 173.3	\$ 182.8
S&P 500 SPECIALTY CHEMICALS	\$ 100.0	\$ 119.2	\$ 137.4	\$ 142.8	\$ 175.2	\$ 202.8

The above graph assumes an initial investment of \$100 on December 31, 2002. Total return includes reinvestments of dividends.

The Chemicals (Specialty)-500 Index companies are as follows: Ecolab Inc., Great Lakes Chemical Corporation, International Flavors & Fragrances Inc., Rohm & Haas Company and Sigma-Aldrich Corporation. Information for Great Lakes Chemical Corporation is included through 2004, as Great Lakes merged with the Company in July 2005.

ITEM 6. SELECTED FINANCIAL DATA

The selected financial data for the Company for each of its last five fiscal years follows:

(In millions of dollars, except per share data)	2007	2006	2005 (a)	2004 (a)	2003 (a)
Summary of Operations					
Net sales	\$ 3,747	3,458	2,739	2,112	1,798
Gross profit	\$ 885	856	720	498	440
Selling, general and administrative	\$ 393	387	326	266	255
Depreciation and amortization	\$ 269	204	150	112	95
Research and development	\$ 62	61	50	47	48
Facility closures, severance and related costs	\$ 36	5	23	62	17
Antitrust costs	\$ 35	90	49	114	78
Merger costs (d)	\$	17	45		
In-process research and development (d)	\$		73		
(Gain) loss on sale of assets and businesses (b)	\$ 15	11	(3)	(95)	(4)
Impairment of long-lived assets (c)	\$ 19	80			
Equity income	\$ (3)	(4)	(2)	(14)	(13)
Operating profit (loss)	\$ 59	5	9	6	(36)
Interest expense	\$ 87	102	108	78	90
Loss on early extinguishment of debt	\$	44	55	20	25
Other expense, net	\$ 13	6	12	11	2
Loss from continuing operations before income taxes and cumulative effect of accounting change	\$ (41)	(147)	(166)	(103)	(153)
Income tax (benefit) provision	\$ 4	126	49	(54)	(35)
Loss from continuing operations before cumulative effect of accounting change	\$ (45)	(273)	(215)	(49)	(118)
Earnings from discontinued operations	\$ 18	20	33	12	25
Gain (loss) on sale of discontinued operations	\$ 24	47	(4)	2	112
Cumulative effect of accounting change (e)	\$		(1)		
Net earnings (loss)	\$ (3)	(206)	(187)	(35)	19
Per Share Statistics					
Basic and Diluted					
Loss from continuing operations before cumulative effect of accounting change	\$ (0.18)	(1.13)	(1.21)	(0.43)	(1.05)
Earnings from discontinued operations	\$ 0.07	0.08	0.18	0.11	0.22
Gain (loss) on sale of discontinued operations	\$ 0.10	0.20	(0.02)	0.02	1.00
Cumulative effect of accounting change	\$				
Net earnings (loss)	\$ (0.01)	(0.85)	(1.05)	(0.30)	0.17
Dividends	\$ 0.20	0.20	0.20	0.20	0.20
Book value	\$ 7.65	6.97	7.40	2.84	2.64
Common stock trading range: High	\$ 12.33	13.53	17.95	11.80	7.75