Chemtura CORP
Form 10-K
February 25, 2015
Table of Contents

U.S. SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2014

OR

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

For the transition period from to

Commission File No. 1-15339

Chemtura Corporation

(Exact name of registrant as specified in its charter)

Delaware	**52-2183153**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
1818 Market Street, Suite 3700, Philadelphia, Pennsylvania	**19103**
199 Benson Road, Middlebury, Connecticut	**06749**
(Address of principal executive offices)	(Zip Code)

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

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

Title of each class	**Name of each exchange on which registered**
Common Stock, $0.01 par value	**New York Stock Exchange**

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 x No o

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

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

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

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

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

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

(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 o No x

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant, computed as of June 30, 2014, based on the value of the closing price of these shares as quoted on the New York Stock Exchange was $2.3 billion.

The number of voting shares of Common Stock of the registrant outstanding as of January 31, 2015 was 69.3 million.

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes x No o

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement to be delivered to shareholders in connection with the Annual Meeting of Shareholders to be held on May 7, 2015 are incorporated by reference into Part III.

Table of Contents

TABLE OF CONTENTS	PAGES

Table of Contents

Note About Forward-Looking Statements

Certain statements in this report, other than purely historical information, including estimates, projections, statements relating to our business plans, objectives and expected operating results, and the assumptions upon which those statements are based, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements may appear throughout this report, including without limitation, in the following sections: Business , Risk Factors and Management s Discussion and Analysis. These forward-looking statements generally are identified by the words believe, project, expect, anticipate, estimate, intend, strategy, future, opportunity, plan, may, should, will, would, will be, will continue, will likely result, and similar expressions. Forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties which may cause actual results to differ materially from the forward-looking statements. A detailed discussion of risks and uncertainties that could cause actual results and events to differ materially from such forward-looking statements is included in the section entitled Risk Factors (See Part I, Item 1A of this Form 10-K). We undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events, or otherwise.

PART I

Item 1: Business

When we use the terms Corporation, Company, Chemtura, Registrant, We, Us and Our, unless otherwise indicated or the context other requires, we are referring to Chemtura Corporation and our consolidated subsidiaries.

GENERAL

We are a leading global developer, manufacturer and marketer of performance-driven engineered industrial specialty chemicals. Most of our products are sold to industrial manufacturing customers for use as additives, ingredients or intermediates that add value to their end products. We are committed to global sustainability through greener technology and developing engineered chemical solutions that meet our customers evolving needs. Our Industrial Performance Products segment is a global manufacturer and marketer of high-performance lubricant additive components, synthetic lubricant base-stocks, synthetic finished fluids, high-performing calcium sulfonate specialty greases and phosphate and polyester based fluids and a leader in the development and production of hot cast elastomer pre-polymers. Our Industrial Engineered Products segment is a global developer and manufacturer of bromine and bromine-based products and organometallic compounds.

We are the successor to Crompton & Knowles Corporation which was incorporated in 1900 and through several acquisitions and divestitures since that time we renamed ourselves Chemtura Corporation in 2005. Our most recent focus has been on transforming our business portfolio to become a pure-play industrial specialty chemical company and on returning value to our stockholders. In this process, in 2013 we divested our antioxidants and UV stabilizers (Antioxidants) and Consumer Products businesses, and in 2014 we divested our Chemtura AgroSolutions business.

With the completion of the 2013 and 2014 divestitures, we have completed our transformation into an operating company focused primarily on serving the global industrial specialty chemical market. We have now renewed our focus on operations, management structure and operating efficiencies which will position us to grow our net sales and our cash flow.

Our principal executive offices are located at 1818 Market Street, Suite 3700, Philadelphia, Pennsylvania 19103 and at 199 Benson Road, Middlebury, Connecticut 06749. Our telephone number in Connecticut is (203) 573-2000. Our Internet Web site address is www.chemtura.com. We make available free of charge on or through our Internet Web site (www.chemtura.com) 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 to, the Securities and Exchange Commission.

Our Corporate Governance Principles, Code of Business Conduct and charters of our Audit, Compensation & Governance and Environmental, Health & Safety Committees are available on our Internet Web site and free of charge to any stockholder who requests them from the Corporate Secretary at Chemtura Corporation, 199 Benson Road, Middlebury, CT 06749. The information contained on our Internet Web site is not incorporated by reference into this Annual Report on Form 10-K and should not be considered a part of this Annual Report.

Table of Contents

Financial information for each of our segments discussed below can be found in Note 16 - Business Segments in our Notes to Consolidated Financial Statements.

OUR COMPETITIVE STRENGTHS

We believe our key competitive strengths are:

- **Our Key Businesses Have Industry Leading Positions:** Our key businesses and many of our products hold leading positions within the various industries they serve. We believe our scale and global reach in product development and marketing provide us with advantages over many of our smaller competitors.

- **Broad Diversified Business:**

- *Geographic diversity.* Our worldwide manufacturing, sales and marketing network enables us to serve the needs of both local and global customers worldwide. As of December 31, 2014, we operated 21 manufacturing facilities in 11 countries. For the year ended December 31, 2014, 43% of our net sales were generated in the United States and Canada, 29% from Europe and Africa, 20% from Asia/Pacific and 8% from Latin America. Excluding the sales of the Chemtura AgroSolutions segment which was sold in November 2014, sales in Latin America will decline to approximately 3% of our net sales and the other regions will increase proportionately. We market and sell our products in more than 80 countries, providing the opportunity to develop new markets for our products in higher-growth regions. We have built upon our historical strength in the United States and Europe to expand our business geographically, thereby diversifying our exposure to many different economies.

- **GEOGRAPHIC INFORMATION**

- *Product and industry diversity.* We are comprised of a number of distinct businesses based on different chemistries, each of which is subject to a set of varied industry trends. Additionally, the product lines of each of our businesses serve a variety of industries and applications, thereby providing us with further diversification.

- *Diversified customer base.* We have a large and diverse global customer base in a broad array of industries and applications. No single customer comprises more than ten percent of our consolidated 2014 net sales.

- **Unique Industry Positions**: We believe our businesses possess significant differentiation within their respective industry segments. Some of our businesses are vertically integrated into key feedstocks or have long lead time product registrations or technical and formulatory know-how. We believe these attributes are difficult to replicate and allow us to attract customers looking for consistent performance, reliability and cost-effective results, and are distinct competitive advantages. Examples include:

Table of Contents

- Our Industrial Performance Products segment participates in a production joint venture that produces cost competitive alkylated diphenylamine, a building block for our Naugalube® antioxidants used in lubricants, and develops urethane systems, the production of which is enhanced by our technical and formulatory know-how that permits us to engineer our products to meet specific customer needs.

- Our Industrial Engineered Products segment has a strong diversified position in bromine with an extensive brine field operation in South Arkansas and long-term strategic sourcing agreements that provide access to Dead Sea and Arkansas bromine. Bromine is used as a building block for products such as flame retardants used in automotive, electronics, building and construction, and brominated derivatives used in pharmaceutical, agriculture, and energy-based industry segments. Our high-purity organometallics products are based on more than 50 years of innovation and safe handling and provide state of the art solutions to rapidly developing new applications such as the chemical vapor deposition of metal oxide layers in electronics and photovoltaics, pharmaceutical synthesis reagents and next generation polymerization catalysts.

- **Well Positioned to Expand in the Faster Growing Regions:** Our businesses product portfolios have positioned us to benefit from high-growth regions in the future. We derived 28% of our revenues during 2014 from the faster growing regions including Asia/Pacific and Latin America (estimated to be 26% when the sales of Chemtura AgroSolutions are excluded). We will continue to invest in faster growing regions as their polymer production increases, their manufacturing of electronic products expands and their automotive industries build vehicles that have to meet emission standards such that they can be exported to western markets. There are a limited number of suppliers that can supply the products or provide the technical support that customers in these regions require, giving us the opportunity to capture this growth in demand for our products. We are completing the construction of a multi-purpose manufacturing plant in China which has commenced production of high-performance specialty greases and synthetic lubricants and will commence production of high-performance urethane products in 2015.

OUR STRATEGY

Our primary goal is to create value for our stakeholders by driving profitable revenue growth while continuing to manage our costs. We will develop and engineer new products and processes, leverage our global scale for regional growth and manage our portfolio of industrial specialty chemical businesses. Our efforts are directed by the following key business strategies:

- *Technology-Driven Growth through Industry Focused Innovation.* As an industrial specialty chemical developer and manufacturer, our competitive strength lies in continually developing and engineering new products and processes that meet our customers changing needs. We are investing in innovation to strengthen our new product pipelines and to reduce the cost of our products and will license or acquire technologies to supplement these initiatives. We focus on the development of products that are sustainable, meet ecological concerns and capitalize on growth trends in the industries we serve.

- *Growth Expansion in Faster-Growing Regions through Building Global Scale.* We are building our local presence in the faster-growing regions through sales representation, technical development centers, joint ventures and local manufacturing. We empower our regional teams to serve their growing customer base and will supplement these efforts through bolt-on acquisitions that fulfill our goals for our portfolio. We leverage our global scale by sharing service functions and technologies that no one region or business could replicate on its own while utilizing our regional presence to lower raw material costs.

- *Performance-Driven Culture.* We believe we have outstanding people who can deliver superior performance under strong, experienced leaders who instill a culture of accountability. We expect accountability on safety, environmental stewardship, compliance with laws, customer commitments and performance. We are focused on understanding the needs of our customers and meeting such needs by efficiently executing their orders and delivering technology-based solutions that meet their requirements to earn the position as their preferred supplier. We measure our performance against benchmarks and metrics using statistical analysis and drive operational excellence through continuous improvement.

- *Portfolio and Cost Management.* We have now completed the transformation of our business portfolio to one focused on industrial specialty chemicals with the three divestitures in the last two years. We will now build upon this focused portfolio through organic growth complemented by acquisition or merger to expand our global industrial specialty chemical portfolio to maximize their value. As we grow, we may conclude to divest portfolio businesses too. We are intent that any Chemtura portfolio of business have sustainable competitive advantages in the industries and applications

Table of Contents

it serves and can leverage its technology, scale and customer intimacy required to drive profitable growth at returns in excess of its cost of capital. The ability to leverage global demographic and technology trends combined with our in-depth knowledge and expertise will provide our portfolio businesses with the right to play in their chosen applications. We will continue to drive value-accreting growth fueled by our focus on innovation and the faster-growing regions. We will continue to increase the differentiation of our products while pruning or exiting under-performing products, driving continuous improvement and managing costs.

Our Business and Segments

Information as to the sales, operating income, 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, as well as certain geographic information, is set forth in Note 16 - Business Segments in our Notes to Consolidated Financial Statements.

The table below illustrates the Industrial Performance Products and Industrial Engineered Products segments (collectively, the Core Segments) net sales for the year ended December 31, 2014 as well as these segment s major products, end-use markets and brands.

	Industrial Performance Products		**Industrial Engineered Products**	
2014 Net Sales	$987 million		$800 million	
Key Products	• Synthetic Lubricants • Synthetic Basestocks • Specialty Greases	• Lubricant Additives • Urethanes	• Brominated Performance Products • Flame Retardants	• Fumigants • Organometallics
Major End-Use Markets	• Adhesives • Automotive • Aviation • Building and Construction • Coatings • Consumer Products • Energy	• General Industrial • Lubricants • Marine • Mining • Packaging • Refrigeration • Sealants	• Agriculture • Building and Construction • Coatings • Consumer Durables • Electronics • Furniture • Fine Chemical • Fumigants • Oil and Gas Exploration	• Pharmaceuticals • Polymerization Catalysts • Energy - Mercury Control - Oilfield - Photovoltaic - Solar Insulation • Paints and Coatings Polymerization • Transportation

Key Brands				
	Adiprene®	Lobase®	Axion®	Ongard®
	Anderol®	Naugalube®	DayStarTM	Pyrobloc®
	Durad®	Reolube®	Emerald Innovation®	Reofos®
	Duracast®	Royco®	Firemaster®	Smokebloc®
	Everest®	Synton®	Fyrebloc®	Thermoguard®
	Fomrez®	Trixene®	GeoBrom®	Timonox®
	Hatcol®	Vibrathane®	Kronitex®	
	Hybase®	Witcobond®	Meth-o-Gas®	

Industrial Performance Products

The Industrial Performance Products segment develops, manufactures and markets specialty performance chemicals, formulations and polymers. Industrial Performance Products include:

- synthetic base-stocks and petroleum additives that enable engine and machine protection through friction reduction, thermal & oxidative stabilization, detergency, corrosion inhibition, and wear protection in transportation and industrial lubricating fluids and greases;

Table of Contents

- specialty synthetic finished lubricants and greases for aviation, marine, refrigeration, power generation, and general industrial applications;
- thermoset and thermoplastic urethane polymers engineered to provide superior performance properties in a broad range of industrial and recreational applications; and
- polyester polyols for cast polyurethane pre-polymers, flexible polyurethane foams and water-based polyurethane dispersions used in various types of coatings such as wood floor finishes, glass fiber coatings and textile treatments.

These products are supplied to our customers globally through diverse sales channels including selected distribution channel partners.

The Industrial Performance Products segment had net sales of $987 million for 2014, $979 million for 2013 and $891 million for 2012. This segment represented 45%, 44% and 41% of our total net sales in 2014, 2013 and 2012, respectively. The major product offerings of this segment are described below and in the table above.

Petroleum Additives

We are a global manufacturer and marketer of high-performance base-stocks, additive components, finished synthetic lubricants and specialty greases. Our position along multiple parts of the value chain provides us with unique insight into industry needs and requirements, enabling us to design and develop differentiated solutions for our blue-chip customer base.

Our specialty synthetic lubricant base-stocks, including high-viscosity SYNTON® polyalphaolefins, REOLUBE® phosphate esters, and a broad portfolio of HATCOL® esters, are used in automotive, aviation, refrigeration, hydraulic systems, and various industrial applications. These synthetic base-stocks offer performance benefits versus non-synthetic base-stocks, especially when operating under extreme conditions of temperature or load. Benefits of our synthetic base-stocks include improved thermal stability, oxidative stability, and lower volatility, providing extended drain intervals and reduced oil consumption. Additionally, REOLUBE® phosphate esters provide fire-resistant capability that allows the safe operation of equipment under high-risk situations, such as in nuclear power plants.

Our specialty additive components, such as NAUGALUBE® alkylated diphenylamine antioxidants, play a critical role in meeting rising regulatory mandated automotive standards for engine performance and emissions as well as consumer demand for improved fuel economy and longer service intervals. Our oil-soluble HYBASE® and LOBASE® calcium sulfonate surfactants enable lubricants to keep car, truck, and ship engines clean with minimal wear by providing detergency and corrosion protection properties. Additionally, we market a specially-developed overbased magnesium sulfonate detergent to prevent corrosion in turbines which burn heavy fuels for electrical power generation.

Our ANDEROL® and ROYCO® branded specialty and synthetic finished lubricants come with extensive original equipment manufacturer approvals for the aerospace & defense and industrial markets. Additionally, ROYCO® lubricants are approved under the specifications of US military agencies and approving bodies including the US Department of Defense and the Society of Automotive Engineers (SAE). We manufacture and sell calcium sulfonate specialty greases and phosphate ester-based fluids for extreme temperature applications, thereby increasing machine durability under harsh conditions. In addition to our branded lubricants, we also manufacture private label finished lubricants for key customers.

Urethanes

We are a leading global supplier of a broad range of low-free monomer and high-performance conventional cast urethane pre-polymers, thermoplastic polyurethanes, custom curatives, and urethane chemicals serving a variety of industries. We serve our customers in each region with a dedicated technical team, which, together with our product and formulation development capabilities, allow us to differentiate ourselves in these markets by tailoring our products to the specialized needs of each customer application.

Cast polyurethane products produced from our ADIPRENE®, VIBRATHANE®, DURACAST®, and TRIXENE® urethane pre-polymers offer high durability, abrasion resistance, cut resistance, high temperature resistance and chemical resistance for performance-oriented applications. These characteristics allow us to market our urethane pre-polymers for customer applications where such performance qualities are critical, such as oil field pipeline cleaning pigs, industrial printing rolls, mining machinery, semiconductor polishing pads, solid industrial tires and wheels, sporting goods, and roller coaster wheels.

Our ULTRALAST® thermoplastic polyurethane (TPU) polymers can be used in a variety of high performance applications in the oil & gas, mining, construction, and sports equipment industries. ULTRALAST® TPU offers not only superior dynamic properties and longer component life in harsh environments, but also part processing advantages for our customers.

Table of Contents

Our urethane chemicals business consists primarily of two product lines. FOMREZ® polyester polyols serve as raw materials for our pre-polymer line of products and are also utilized in industrial applications such as flexible foam for seating. WITCOBOND® polyurethane dispersions serve a more diverse customer base and are primarily utilized for glass fiber sizing, wood floor coatings, and ballistics protection applications.

Industrial Engineered Products

We are a global leader in manufacturing and selling of engineered specialty chemicals utilized in the plastics, agriculture, fine chemicals, oil and gas, building and construction, insulation, electronics, mercury control, solar energy, pharmaceutical and automotive industries. Our products include catalyst components, surface treatments, flame retardants and an extensive bromine based product line used as agricultural and pharmaceutical intermediates, completion fluids for oil and gas extraction and mercury control products for coal fired power stations. These products are sold across the entire value chain ranging from direct sales to monomer producers, polymer manufacturers, compounders and fabricators, fine chemical and pharmaceutical manufacturers, photovoltaic panel and LED producers, oilfield service and electricity generation companies to industry distributors.

The Industrial Engineered Products segment had net sales of $800 million for 2014, $803 million for 2013 and $896 million for 2012. This segment represented 37%, 36% and 41% of our total net sales in 2014, 2013 and 2012, respectively. The major product offerings of this segment are described below and in the table above.

Great Lakes Solutions

Great Lakes Solutions is a leading global manufacturer and marketer of bromine, bromine intermediates and flame retardant products and solutions. We deliver sustainable value to our customers and shareholders through industry diversification, fire safety advocacy and business excellence. Our flame retardant products are used in applications such as electronic components, electrical enclosures and building products, including insulation and furniture foam, and automotive, while bromine and bromine intermediates are used in the manufacturing of a wide variety of industrial, consumer products and energy producing industries.

Fire kills thousands of people each year throughout the world, but many are spared because fires are slowed or never start due to the use of flame retardants. Great Lakes Solutions is a leading global producer of safe and cost-efficient flame retardants, which reduce or eliminate the flammability of a wide variety of combustible materials. Our additives help stop fire before it starts by resisting ignition and slowing the rate of combustion and are used in a wide variety of applications, including flexible and rigid foams, fabrics and furniture, auto interiors and under the hood, circuit boards and electrical connectors, computer cabinetry and wiring in building and construction. We work tirelessly to advocate for increased fire safety standards in new and developing economies and, for more than 40 years, we have helped our customers by providing the broadest portfolio of flame retardant products and solutions. We continue to offer new products with exceptional performance along with environmentally friendly characteristics leading to enhanced long-term sustainability. Our leading products include the Emerald Innovation® Series, Firemaster® bromine-based flame retardants; Kronitex®, Reofos® phosphorus-based flame retardants; Fyrebloc® flame retardants; Fireshield® LSFR, Ongard®, Oncor®, Pyrobloc®, Smokebloc®, Thermoguard® / Timonox® / Trutint® antimony-based flame retardants/synergists; PetCat® antimony-based catalysts.

Great Lakes Solutions is one of the world s leading manufacturers of bromine and bromine intermediates which are utilized in many industries including agrochemicals, pharmaceuticals, fine chemicals, butyl rubber, polymers and biocides. Bromine and bromine based intermediates serve as building blocks for developing and engineering highly complex organic molecules that meet specific performance, environmental and quality requirements. Our expertise in bromine and bromine based chemicals, both in the lab and in full scale production, is built on a foundation of over 60 years of innovation and continuous improvement. Our state of the art technology center is staffed by a team of highly experienced scientists skilled in a wide array of synthetic methods and chemical manufacturing processes. We also operate multi-purpose, flexible pilot facilities that enable us to readily scale up new products and processes from grams to tonnes before the commitment to full scale production. While primarily focused on providing the highest quality and most reliable bromine and brominated intermediate products, our technology team also provides custom synthesis and process development services to customers seeking a development partner. With access to the world s two main sources of bromine and a modern bromine ISO tank fleet with in-house maintenance capability, Great Lakes Solutions is positioned as the supplier of choice.

Great Lakes Solutions high quality, solids-free clear brine fluids are an important part of oil exploration and development which are used in the preparation of well equipment for production including insertion of liners, screens, packers, and other equipment. Bromide fluids are unique in that they are high density fluids that are suitable for deepwater production and also for high temperature and high pressure oil and gas formations. They allow for well pressure control and help to protect the

Table of Contents

formation so that oil and gas production is both efficient and economical. Our specialty brine fluids are available in a wide range of densities to meet the unique pressure characteristics of each well and meet the stringent requirements of the oil and gas industry. Bromide fluids are also used for deepwater fracturing operations in order to provide the necessary pressure in the well to successfully fracture the geological formation area that supplies oil and gas to the wellbore so that higher volumes flow to the production piping.

Rounding out our portfolio, our GeoBrom® line of bromine and bromine derivative products is another example of environmentally friendly innovation where we deploy our technology expertise to provide a solution to controlling mercury emissions from coal-fired power stations. Great Lakes Solutions has a strong position in the United States for bromine production based on access to quality brine resources in areas of South Arkansas which can be economically developed to manufacture high quality bromine for sale to customers or for use to manufacture products like GeoBrom® mercury control solutions.

Great Lakes Solutions is truly a global business with expanding footprint and services. Through our strategic geographic and operational initiatives, we have significantly expanded our ISO fleet capabilities. We are backwardly integrated to brine, a primary source of bromine and since 2009 we have invested a significant amount of capital in infrastructure to redeploy our assets to produce new sustainable innovative brominated flame retardants and increase the efficiency and reliability of our plants and pipelines. Great Lakes Solutions is well-positioned to support not only growth of our traditional industry segments but also to provide security of supply with expansion capability to our mercury control customers. Operational excellence initiatives are being designed to bring an improved, cost-competitive and service-oriented footprint to our customers globally.

Organometallics

Organometallics are a special group of metals containing organic chemicals which play a significant role in a variety of industrial applications. Organometallics are essential catalyst components used to initiate the polymerization reactions that transform monomers into polymers and cure certain paints. They are also used as precursors in glass coatings, chemical vapor deposition agents in the production of semiconductors, LEDs and photovoltaic panels, as well as reagents used in the production of pharmaceutical intermediates.

DIVESTED BUSINESSES

Chemtura AgroSolutions Business

On November 3, 2014, we sold our Chemtura AgroSolutions business to Platform Specialty Products Corporation (Platform). Under the terms of the sale, we have retained most of the property, plant and equipment used to manufacture products for the Chemtura AgroSolutions business and will continue to manufacture products for Platform under several supply agreements and a tolling agreement (collectively, the supply agreements) with minimum terms between two and four years. The supply agreements include contractual obligations to continue to supply for a period of up to 2 years after the termination of the supply agreement. In alignment with the change in the nature of operations, we changed the name of this segment to Agrochemical Manufacturing.

We evaluated the transaction and determined that it did not meet the criteria to be reported as a discontinued operation due to the continuing involvement in the supply agreements, and therefore, the results of our continuing operations for each of the periods covered in this report includes the results of the Chemtura AgroSolutions business through the date of sale as well as the results of the Agrochemical Manufacturing business associated with the post-closing supply agreements from the date of sale through December 31, 2014.

The Agrochemical Manufacturing segment on a going forward basis will reflect supply of products to Platform in accordance with the terms of the supply agreements. We no longer market the Chemtura AgroSolutions business products to third parties.

Information related to the sale of our Chemtura AgroSolutions business and financial information related to the Agrochemical Manufacturing segment can be found in Note 2 - Divestitures and Acquisitions and Note 16 - Business Segments in our Notes to Consolidated Financial Statements.

Divestitures Reported as Discontinued Operations

On December 31, 2013, we sold our investment in the dedicated legal entities that constituted our Consumer Products business, including dedicated manufacturing plants in the U.S. and South Africa, to KIK Custom Products Inc. (KIK). The Consumer

Table of Contents

Products business developed, manufactured and sold pool and spa cleaning and treatment products and household cleaner products.

In April 2013, we sold our Antioxidant business to SK Blue Holdings, Ltd. (SK), an affiliate of SK Capital Partners III, L.P.. The Antioxidant business was a worldwide manufacturer and supplier of plastic antioxidants used to strengthen polymers and polymer parts as well as protect polymer parts from the harmful effects of UV light.

For further discussion of these divestitures, see Note 2 - Divestitures and Acquisitions in our Notes to Consolidated Financial Statements.

Sources of Raw Materials

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

Seasonal Business

No material portion of our Industrial Performance Products or Industrial Engineered Products business is significantly seasonal.

Employees

We had approximately 2,700 full time employees at December 31, 2014.

Backlog

We do not consider backlog to be a significant indicator of the level of future sales activity. In general, we do not manufacture our products against a backlog of orders. Production and inventory levels are based on the level of incoming orders as well as projections of future demand.

Therefore, we believe that backlog information is not material to understanding our overall business and should not be considered a reliable indicator of our ability to achieve any particular level of sales or financial performance.

Competitive Conditions

The breadth of our product offering provides multiple channels for growth and mitigates our dependence on any one market or end-use application. We sell our products in more than 80 countries. This worldwide presence reduces our exposure to any one country s or region s economy although a majority of our sales are in North America and Europe.

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

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

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

Table of Contents

Research and Development

All of our businesses conduct research and development activities to increase competitiveness. Our businesses conduct research and development activities to develop new and to optimize existing production technologies, as well as to develop commercially viable new products and applications while also maintaining existing product registrations required by regulatory agencies and customers around the world. Our research and development expense totaled $36 million in 2014, $40 million in 2013 and $41 million in 2012.

Intellectual Property and Licenses

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

We have approximately 1,000 United States and foreign granted patents and pending patent applications and approximately 1,000 United States and foreign registered and pending trademarks. Patents, trademarks, trade secrets in the nature of know-how, formulations, and manufacturing techniques assist us in maintaining the competitive position of certain of our products. Our intellectual property is of particular importance to a number of specialty chemicals we manufacture and sell. However, we do business in countries where protection may be limited and difficult to enforce. We are licensed to use certain patents and technology owned by other companies, including some foreign companies, to manufacture products complementary to our own products, for which we pay royalties in amounts not considered material, in the aggregate, to our consolidated results.

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

Regulatory 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 hazardous waste and other materials. Chemical companies are also subject to other federal, state, local and foreign laws and regulations regarding health and safety matters.

Environmental Health and Safety Regulation - We believe that our business, operations and facilities are being operated in substantial compliance, in all material respects, with applicable environmental, health and safety laws and regulations, many of which provide for substantial fines and criminal sanctions for violations. The ongoing operations of chemical manufacturing plants, however, entail risks in these areas and there can be no assurance that material costs or liabilities will not be incurred. In addition, future developments of environmental, health and safety laws and regulations and related enforcement policies, could bring into question the handling, manufacture, use, emission or disposal of substances or pollutants at facilities we own, use or control. These developments could involve potential significant expenditures in our manufacture, use or disposal of certain products or wastes. To meet changing permitting and regulatory standards, we may be required to make significant site or operational modifications, potentially involving substantial expenditures and reduction or suspension of certain operations. We incurred $11 million of costs for capital projects and $59 million for operating and maintenance costs related to environmental, health and safety programs at our facilities during 2014. In 2015, we expect to incur approximately $9 million of costs for capital projects and $57 million for operating and maintenance costs related to environmental, health and safety programs at our facilities. During 2014, we paid $18 million to remediate previously utilized waste disposal sites and current and past facilities. We expect to spend approximately $17 million during 2015 to remediate such waste disposal sites and current and former facilities.

Chemical Regulation - In December 2006, the EU signed the Registration, Evaluation and Authorization of Chemicals (REACh) legislation, requiring chemical manufacturers and importers in the EU to demonstrate the safety of the chemical substances contained in products manufactured in or imported into the EU. Chemtura completed 243 REACh registrations for 204 substances as of December 31, 2014 and is committed to further registration obligations for the May 2018 deadline. REACh related costs were $1 million, $2 million and $4 million in 2014, 2013 and 2012, respectively. We anticipate REACh related costs of approximately $3 million to $6 million over the next two years. These costs include work to obtain authorization of certain uses under REACh for substances of very high concern. The cost estimates could vary based on data availability and cost. The implementation of the REACh registration process may affect our ability to manufacture and sell certain products in the future.

Table of Contents

Item 1A: Risk Factors

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

The cyclical nature of the chemicals industry causes significant fluctuations in our results of operations 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 supply, allowing prices and profit margins to increase, followed by periods when substantial capacity is added, resulting in oversupply, overcapacity, corresponding declining utilization rates and, ultimately, declining prices and profit margins. Some of the markets in which our customers participate, such as the automotive, electronics and building and construction industries, are cyclical in nature, thus posing a risk to us that is beyond our control. These markets are highly competitive, are driven to a large extent by end-use markets and may experience overcapacity, all of which may affect demand for and pricing of our products and result in volatile operating results and cash flows 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. Our operating results, accordingly, may be volatile as a result of excess industry capacity, as well as from rising energy and raw materials costs.

In addition, we may experience excess capacity with respect to the products we have agreed to supply to the purchaser of our Chemtura AgroSolutions business under the post-closing supply agreements. If such supply agreements are terminated at the end of their minimum contract terms and we are unable to find additional production to fill the vacated capacity, we may experience declining utilization rates, prices and profit margins, all of which could have an adverse impact on our operating results.

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

We purchase significant amounts of raw materials and energy for our businesses. The cost of these raw materials and energy, in the aggregate, represents a substantial portion of our operating expenses. The prices and availability of the raw materials we utilize vary with market conditions and may be highly volatile. From time to time in the past, we have experienced significant cost increases in purchase of raw materials and energy which has had a negative impact on our operating results.

Although we have attempted, and will continue to attempt, to match increases in the prices of raw materials or energy with corresponding increases in selling prices for the products produced with these materials, 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 highly dependent upon market conditions. Specifically, there is a risk that raising prices charged to our customers could result in a loss of sales volume. In the past, we have not always been able to pass on increases in the prices of raw materials and energy to our customers, in whole or in part, and there will likely be periods in the future when we will not be able to pass on these price increases. Reactions by our customers and competitors to our price increases could cause us to reevaluate and possibly reverse such price increases, which would negatively affect operating results.

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

Across our businesses, there are a limited number of suppliers for some of our raw materials and utilities and, in some cases, the number of sources for and availability of raw materials and utilities is specific to the particular geographic region in which a facility is located. It is also common in the chemical industries for a facility to have a sole, dedicated source for its utilities, such as steam, electricity and gas. Having a sole or limited number of suppliers may result in our having limited negotiating power, particularly during times of rising raw material costs. Even where we have multiple suppliers for a raw material or utility, these suppliers may not make up for the loss of a major supplier. Moreover, any new supply agreements we enter into may not have terms as favorable as those contained in our current supply agreements. For some of our products, the facilities or distribution channels of raw material and utility suppliers and our production facilities form an integrated system, which limits our ability to negotiate favorable terms in supply agreements.

In addition, as part of an increased trend towards vertical integration in the chemicals industry, other chemical companies are purchasing raw material suppliers. This is further reducing the available suppliers for certain raw materials.

Table of Contents

If one or more of our significant raw material or utility suppliers were unable to meet its obligations under present supply arrangements, raw materials may become unavailable within the geographic area from which they are now sourced, or supplies may otherwise be constrained or disrupted, our businesses could be forced to incur increased costs for our raw materials or utilities, which would have a direct negative impact on plant operations and may adversely affect our results of operations and financial condition.

Decline in general economic conditions and other external factors may adversely impact our operations.

External factors, including domestic and global economic conditions, international events and circumstances, competitor actions and government regulation, are beyond our control and can cause fluctuations in demand and volatility in the prices 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. For example, some countries in Europe have been particularly adversely affected by rising government deficits and debt levels, which require certain countries to adopt deflationary fiscal and monetary policies that could negatively affect our businesses. Although our diversified product portfolio and international presence lessens our dependence on a single market and exposure to economic conditions or political instability in any one country or region, our businesses are nonetheless sensitive to changes in economic conditions. Accordingly, financial crises and economic downturns anywhere in the world could adversely affect our results of operations, cash flows and financial condition.

Competition may adversely impact our results of operations.

We face significant competition in many of the markets in which we operate due to the trend toward global expansion and consolidation by competitors. Some of our existing competitors are larger than we are and may have more resources and better access to capital markets to facilitate continued expansion or new product development. Additionally, some of our competitors have a greater product range and distributional capability than we do for certain products and in specific regions. We also expect that we will continue to face new competitive challenges as well as additional risks inherent in international operations in developing regions. We are susceptible to price competition in certain markets in which customers are sensitive to changes in price. At the same time, we also face downward pressure on prices from industry overcapacity and lower cost structures in certain businesses. The further use and introduction of generic and alternative products by our competitors may result in increased competition and could require us to reduce our prices and take other steps to compete effectively. These measures could negatively affect our financial condition, results of operations and cash flows. Alternatively, if we were to increase prices in response to this competition, 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.

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

In December 2006, the European Union signed the REACh legislation. This legislation requires chemical manufacturers and importers in the European Union to demonstrate the safety of the chemical substances contained in their products via a substance registration process. The full REACh registration process is being phased in over the next several years. The registration process requires capital and resource commitments to compile and file comprehensive chemical dossiers regarding the use and attributes of each chemical substance manufactured or imported by Chemtura and requires us to perform chemical safety assessments. Successful registration under REACh is a functional prerequisite to the continued sale of our products in the European Union market. Thus, REACh presents a risk to the continued sale of our products in the

European Union should we be unable or unwilling to complete the registration process or if the European Union seeks to ban or materially restrict the production or importation of the chemical substances used in our products.

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

We have been involved in several significant lawsuits and claims relating to environmental and chemical exposure matters, and may in the future be involved in similar litigation. Additionally, we are routinely subject to other civil claims, litigation and arbitration and regulatory investigations arising in the ordinary course of our business as well as with respect to our divested businesses. We could become subject to additional claims. An adverse outcome of these claims could have a materially adverse effect on our business, financial conditions, results of operations and cash flows.

Table of Contents

We have also been involved in a number of governmental investigations, prosecutions and administrative claims in the past, including antitrust-related governmental investigations and civil lawsuits, and may in the future be subject to similar claims. Additionally, we have incurred and could again incur expenses in connection with antitrust-related matters, including expenses related to our cooperation with governmental authorities and defense-related civil lawsuits.

Environmental, health and safety regulation matters could have a negative impact on our results of operations and cash flows.

We are subject to extensive federal, state, local and foreign environmental, health and safety laws and regulations concerning, among other things, emissions in the air, discharges to land, surface, subsurface strata and water and the generation, handling, storage, transportation, treatment and disposal of hazardous waste and other materials. Our operations bear the risk of violations of those laws and sanctions for violations such as clean-up and removal costs, long-term monitoring and maintenance costs, costs of waste disposal, natural resource damages 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.

Additionally, these requirements, and enforcement of these requirements, may become more stringent in the future. The ultimate additional cost of compliance with any such requirements could be material. Non-compliance could subject us to material liabilities such as government fines or orders, criminal sanctions, third-party lawsuits, remediations and settlements, the suspension, modification or revocation of necessary permits and licenses, 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 financial condition, results of operations and cash flows.

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

Current environmental, health and safety regulations, including chemical safety regulations, changes in existing regulations, and shifts in perceptions of our products among regulators and the public, could have a negative impact on our results of operations and cash flows.

Recently, there has been increased scrutiny by regulatory authorities, legislative bodies, environmental interest groups and the media in the United States and other countries of certain brominated flame retardants. In a related development, the State of California announced revisions to the required tests to assess the flame retardancy of filling materials used in upholstered furniture that became effective on January 1, 2014. In view of the size of the California market and the historical influence of California regulatory initiatives on regulators and consumers elsewhere in the United States, the impact of this revised California standard has started to reach beyond the state. The threat of additional regulation or concern about the impact of brominated flame retardants on human health or the environment may result in a decline in our net sales of certain brominated flame retardants beyond upholstered furniture applications and adversely affect our results of operations and cash flows.

Federal regulations aimed at increasing security at certain chemical production plants and similar legislation that may be proposed in the future could require us to enhance plant security and to alter or discontinue our production of certain chemical products, thereby increasing our operating costs and causing an adverse effect on our results of operations.

Regulations have been implemented by the U.S. Department of Homeland Security (DHS) aimed at decreasing the risk, and effects, of potential terrorist attacks on chemical plants located within the United States. Pursuant to these regulations, these goals would be accomplished in part through the requirement that certain high-priority facilities develop a prevention, preparedness, and response plan after conducting a vulnerability assessment. In addition, companies may be required to evaluate the possibility of using less dangerous chemicals and technologies as part of their vulnerability assessments and prevention plans and implementing feasible safer technologies in order to minimize potential damage to their facilities from a terrorist attack. We have registered certain of our sites with DHS in accordance with these regulations, have conducted vulnerability assessments at applicable sites and are awaiting DHS review and approval of security plans. Until that is done we cannot determine with certainty the costs associated with any security measures that DHS may require. These regulations may be revised further and additional legislation may be proposed in the future on this topic. It is possible that such future

Table of Contents

legislation could contain terms that are more restrictive than what has recently been passed and which would be more costly to us. We cannot predict the final form of currently pending legislation or other related legislation that may be passed and we can provide no assurance that such legislation will not have an adverse effect on our results of operations in a future reporting period. In addition, we may incur liabilities for subsequent damages in the event that we fail to comply with these regulations.

We operate on an international scale 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 and cash flows.

We are dependent, in large part, on the economies of the countries in which we manufacture and market our products. Of our 2014 net sales, 43% were to customers in the United States and Canada, 29% to Europe and Africa, 20% to the Asia/Pacific region and 8% to Latin America. As of December 31, 2014, our net property, plant and equipment were located in various regions including 56% in the United States and Canada, 26% in Europe and Africa, 17% in the Asia/Pacific region and 1% in Latin America.

The economies of the countries within 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 adversely affect our financial condition, results of operations and 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. Moreover, 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. 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.

Restrictive covenants in our credit facilities may limit our ability to engage in certain transactions.

Our credit facilities contain various covenants that limit our ability to engage in specified types of transactions. The covenants limit our ability to, among other things, incur additional indebtedness or repay certain indebtedness, create liens, pay dividends on or make other distributions on or repurchase capital stock or make other restricted payments, make investments, and enter into acquisitions, dispositions and joint ventures. Such restrictions in our credit facilities could result in us having to obtain the consent of our lenders in order to take certain actions. We may be unable to obtain such consents from our lenders, or obtaining such consents may be difficult or costly for us. Our ability to expand our business or to address declines in our business may be limited if we are unable to obtain (or hindered from obtaining) such consents.

A breach of any of these covenants could result in a default under our credit facilities and other debt obligations. Upon the occurrence of an event of default, the lenders could elect to declare all amounts outstanding under our credit facilities immediately due and payable and terminate all commitments to extend further credit. If we were unable to repay those amounts, the lenders could proceed against the collateral granted to them to secure our indebtedness. Our subsidiaries have pledged a significant portion of their assets as collateral under our credit facilities. If the lenders under credit facilities accelerate the repayment of borrowings, we may not have sufficient assets to repay amounts borrowed under the credit facilities which could have a material adverse effect on our cash flow and on the value of our stock.

If we fail to establish and maintain adequate internal controls over financial reporting, we may not be able to report our financial results in a timely and reliable manner, which could harm our business and impact the value of our securities.

We depend on our ability to produce accurate and timely financial statements in order to run our business. If we fail to do so, our business could be negatively affected and our independent registered public accounting firm may be unable to attest to the fair presentation of our Consolidated Financial Statements in accordance with U.S. generally accepted accounting principles (GAAP) and the effectiveness of our internal control over financial reporting, as required by Section 404 of the Sarbanes-Oxley Act. Effective internal controls are necessary for us to provide reliable financial reports and to effectively prevent fraud. If we cannot provide reliable financial reports and effectively prevent fraud, our reputation and operating results could be harmed. Even effective internal controls have inherent limitations including the possibility of human error, the circumvention or overriding of controls, or fraud. Therefore, even effective internal controls can provide only reasonable assurance with

Table of Contents

respect to the preparation and fair presentation of financial statements. In addition, projections of any evaluation of effectiveness of internal control over financial reporting in future periods are subject to the risk that the control may become inadequate because of changes in conditions or a deterioration in that the degree of compliance with the policies or procedures.

If we fail to maintain adequate internal controls, including any failure to implement new or improved controls, or if we experience difficulties in their implementation, we could fail to meet our reporting obligations, and there could be a material adverse effect on our business and financial results. In the event that our current control practices deteriorate, we may be unable to accurately report our financial results or prevent fraud, and investor confidence and the market price of our securities may be adversely affected.

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. Accordingly, foreign currency exchange rates affect our operating results. Effects of exchange rate fluctuations upon our future operating results cannot be predicted because of the number of currencies involved, the variability of currency exposure and the potential volatility of currency exchange rates. We 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. In certain foreign countries, some components of our cost structure are denominated in U.S. dollars while our revenues are denominated in the local currency. In those cases, currency devaluation could adversely impact our operating margins.

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, results of operations and cash flows.

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

We may experience unexpected difficulties and incur unexpected costs in the construction of new facilities, which may increase our costs, delay the start of production or disrupt our ability to supply our customers.

The construction of new manufacturing facilities entails a number of risks, including the ability to begin production within the cost and timeframe estimated and to attract a sufficient number of skilled workers to meet the needs of the new facility. Additionally, our assessment of the projected benefits associated with the construction of new manufacturing facilities is subject to a number of estimates and assumptions, which in turn are subject to significant economic, competitive and other uncertainties that are beyond our control. If we experience delays or increased costs, our estimates and assumptions are incorrect, or other unforeseen events occur, our business, ability to supply customers, financial condition and results of operations could be adversely impacted.

Security breaches and other disruptions to our information technology systems could compromise our information, disrupt our operations, and expose us to liability, which may adversely impact our operations.

In the ordinary course of our business, we store sensitive data, including intellectual property, our proprietary business information and that of our customers, suppliers and business partners, and personally identifiable information of our employees in our information technology systems, including our in data centers and on our networks. The secure processing, maintenance and transmission of this data is critical to our operations. Despite our security measures, our information

Table of Contents

technology systems may be vulnerable to attacks by hackers or breached or disrupted due to employee error, malfeasance or other disruptions. Any such attack, breach or disruption could compromise our information technology systems and the information stored in them could be accessed, publicly disclosed, lost or stolen and our business operations could be disrupted. Any such access, disclosure or other loss of information or business disruption could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, and damage to our reputation, which could adversely impact our operations.

Our businesses depend upon many proprietary technologies, including patents, licenses and trademarks. 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.

Our intellectual property is of particular importance for a number of the specialty chemicals that we manufacture and sell. The trademarks and patents that we own may be challenged, and because of such challenges, we could eventually lose our exclusive rights to use and enforce such patented technologies and trademarks, which could adversely affect our competitive position and results of operations. We are licensed to use certain patents and technology owned by other companies, including foreign companies, to manufacture products complementary to our own products. We pay royalties for these licenses in amounts not considered material, in the aggregate, to our consolidated results.

We also rely on unpatented proprietary know-how and continuing technological innovation and other trade secrets to develop and maintain our competitive position. Although it is our policy to enter into confidentiality agreements with our employees and third parties to restrict the use and disclosure of trade secrets and proprietary know-how, those confidentiality agreements may be breached. Additionally, 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 and the brands under which we market and sell our products could have a material adverse effect on our business, financial condition, results of operations and cash flows.

We cannot be assured that our products or methods do not infringe on the patents, trademarks or other intellectual property rights of others. Infringement and other intellectual claims or proceedings brought against us, whether successful or not, could result in substantial costs and harm our reputation. Such claims and proceedings can also distract and divert management and key personnel from other tasks important to the success of our business. In addition, intellectual property litigation or claims could force us to do one or more of the following:

- cease selling products that contain asserted intellectual property;
- pay substantial damages for past use of the asserted intellectual property;
- obtain a license from the holder of the asserted intellectual property, which may not be available on reasonable terms; and
- redesign or rename, in the case of trademark claims, our products to avoid infringing the rights of third parties.

Such requirements could adversely affect our revenue, increase costs, and harm our financial condition.

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, countries in the European Union and certain other developed countries. Weaker protection may assist competing manufacturers in becoming more competitive in markets in which they might not have otherwise been able to introduce competing products for a number of years. As a result, we tend to rely more heavily upon trade secret and know-how protection in these regions, as applicable, rather than patents.

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 organometallic business seeks to provide tailored products for our customers   often unique problems, which require 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. Even where we devote significant human and financial resources to develop new technologically advanced products and services, we may not be successful in these efforts.

Table of Contents

Joint venture investments that we enter into could be adversely affected by our lack of sole decision-making authority, our reliance on joint venture partners financial condition and disputes between us and our joint venture partners.

A portion of our operations is conducted through certain ventures in which we share control with third parties. In these situations, we are not in a position to exercise sole decision-making authority regarding the facility, partnership, joint venture or other entity. Investments through partnerships, joint ventures, or other entities may, under certain circumstances, involve risks not present were a third party not involved, including the possibility that joint venture partners might become bankrupt, fail to fund their share of required capital contributions, make poor business decisions or block or delay necessary decisions. Joint venture partners may have economic or other business interests or goals which are inconsistent with our business interests or goals, and may be in a position to take actions contrary to our policies or objectives. Such investments may also have the potential risk of impasses on decisions, such as a sale, because neither we nor our joint venture partners would have full control over the partnership or joint venture. Disputes between us and our joint venture partners may result in litigation or arbitration that would increase our expenses and prevent the members of our management team from focusing their time and effort on our business. Consequently, action by, or disputes with, our joint venture partners might result in subjecting the facilities owned by the partnership or joint venture to additional risk. In addition, we may in certain circumstances be liable for the actions of our joint venture partners. Our joint ventures unfunded and underfunded pension plans and post-retirement health care plans could adversely impact our financial condition, results of operations and cash flows.

Our unfunded and underfunded defined benefit pension plans and post-retirement health care plans could adversely impact our financial condition, results of operations and cash flows.

The cost of our defined benefit pension and post-retirement health care plans is recognized through operations over extended periods of time and involves many uncertainties during those periods of time. Our funding policy for defined benefit pension plans is to accumulate plan assets through our cash contributions and prudent investment returns, such that, over the long run, will approximate the present value of projected benefit obligations. Our pension cost is materially affected by certain factors and assumptions, including the discount rate used to measure pension obligations, changes in the life expectancy of plan beneficiaries, the level of plan assets available to fund those obligations at the measurement date and the expected long-term rate of return on plan assets. Significant changes in investment performance or a change in the portfolio mix of invested assets can result in corresponding increases and decreases in the valuation of plan assets or in a change of the expected rate of return on plan assets. Similarly, our post-retirement health care cost is materially affected by certain factors and assumptions, including the discount rate used to measure these obligations, as well as by changes in the actual cost of providing these medical benefits.

We have underfunded obligations under our U.S. tax-qualified defined benefit pension plans totaling approximately $82 million on a projected benefit obligation basis as of December 31, 2014. Declines in the value of the plan investments, the discount rate used to measure liabilities, increases in life expectancy of beneficiaries or unfavorable changes in law or regulations that govern pension plan funding could materially change the timing and amount of required funding. Additionally, we sponsor other foreign and non-qualified U.S. pension plans under which there are substantial unfunded liabilities totaling approximately $87 million on a projected benefit obligation basis as of December 31, 2014. Foreign regulatory authorities may seek to have Chemtura and/or certain of our non-sponsoring subsidiaries take responsibility for some portion of these obligations. Mandatory funding contributions with respect to these obligations and potential unfunded benefit liability claims could have a material adverse effect on our financial condition, results of operations or future cash flows. In addition, we have unfunded post-retirement health care plan liabilities of approximately $108 million on a projected benefit obligation basis at December 31, 2014. Our actual costs with respect to our post-retirement health care plans could exceed our current actuarial projections.

Future events may impact our deferred tax asset position related to our utilization of net operating losses (NOLs) and U.S deferred federal income taxes on undistributed earnings of international affiliates that are considered to be reinvested indefinitely.

We evaluate our ability to utilize deferred tax assets and our need for a valuation allowance based on available evidence. This process involves significant management judgment about assumptions that are subject to change from period to period based on changes in tax laws or variances between future projected operating performance and actual results. We are required to establish a valuation allowance for deferred tax assets if we determine, based on available evidence at the time the determination is made, that it is more likely than not that some portion or all of the deferred tax assets will not be utilized. In making this determination, we evaluate all positive and negative evidence as of the end of each reporting period. Future adjustments (either increases or decreases), to the deferred tax asset valuation allowance are determined based upon changes in the expected realization of the net deferred tax assets. The utilization of our deferred tax assets ultimately depends on the existence of sufficient taxable income in either the carry-back or carry-forward periods under the tax law. Due to significant estimates used to establish the valuation allowance and the potential for changes in facts and circumstances, it is reasonably

Table of Contents

possible that we will be required to record adjustments to the valuation allowance in future reporting periods. Changes to the valuation allowance or the amount of deferred tax liabilities could have a materially adverse effect on our business, financial condition and results of operations. Further, should we change our assertion regarding the permanent reinvestment of the undistributed earnings in foreign operations, a deferred tax liability may need to be established.

We engage in acquisitions and divestitures, which could adversely affect our financial condition, results of operations and business; we may not realize all of the anticipated benefits of these transactions or these benefits may take longer to realize than expected.

From time to time we engage in strategic acquisitions and divestitures which involve risks. We may not realize the expected benefits of acquisitions, including the synergies, cost savings or sales or growth opportunities that we expect. These benefits may not be achieved within the anticipated time frame, or at all. The integration of an acquired business may result in material unanticipated problems, expenses, liabilities or competitive responses. Other risks associated with past or future acquisitions include: the business culture of the acquired business may not match well with our culture; technological and product synergies, economies of scale and cost reductions may not occur as expected; unforeseen expenses, delays or conditions may be imposed upon the acquisition, including due to required regulatory approvals or consents; we may acquire or assume unexpected liabilities or be subject to unexpected penalties or other enforcement actions; faulty assumptions may be made regarding the integration process; unforeseen difficulties may arise in integrating operations, processes and systems; higher than expected investments may be required to implement necessary compliance processes and related systems, including information technology systems, accounting systems and internal controls over financial reporting; we may fail to retain, motivate and integrate key management and other employees of the acquired business; higher than expected finance costs may arise due to unforeseen changes in tax, trade, environmental, labor, safety, payroll or pension policies in any jurisdiction in which the acquired business conducts its operations; and we may experience problems in retaining customers and integrating customer bases. Many of these factors will be outside of our control and any one of them could result in increased costs, decreases in the amount of expected revenues and diversion of management s time and attention. Failure to implement our acquisition strategy, including successfully integrating acquired businesses, could have an adverse effect on our business, financial condition and results of operations.

Furthermore, we make strategic divestitures from time to time. A successful divestiture depends on various factors, which could impact our financial condition, results of operations or cash flows, including our ability to: effectively transfer liabilities, contracts, facilities and employees to the purchaser; identify and separate the intellectual property to be divested from the intellectual property that we wish to keep; and reduce fixed and other costs previously associated with the divested assets or business. In addition, if customers of the divested business do not receive the same level of service from the new owners, this may adversely affect our other businesses to the extent that these customers also purchase our other products. These divestitures may on occasions, also result in continued financial involvement in the divested businesses, including through guarantees, supply and transition service agreements, deferred purchase consideration and other financial arrangements, any of which could impact our financial condition, results of operations or cash flows.

We may not achieve all of the expected benefits from our recently announced restructuring plan.

We announced a significant restructuring plan in November 2014, which includes plans to (i) eliminate the stranded costs from the sale of our Chemtura AgroSolutions business; (ii) reduce our manufacturing costs at several manufacturing facilities worldwide; and (iii) reduce selling, general and administrative costs at several of our locations. We expect to achieve cost savings of approximately $50 million in 2015. We have made certain assumptions in estimating the anticipated impact of our cost saving initiatives. These assumptions may ultimately be incorrect due to a variety of factors. In addition, our ability to realize the expected benefits from these initiatives is subject to significant business, economic and competitive uncertainties and contingencies. Some of our cost saving measures may not have the effect that we project, or we may be unable to sustain the cost savings. If we are unsuccessful in implementing these initiatives or if we do not achieve our expected results, our results of operations and cash flows could be adversely affected.

We are subject to risks associated with possible climate change legislation, regulation and international accords.

Greenhouse gas emissions have increasingly become the subject of a large amount of international, national, regional, state and local attention. Cap and trade initiatives to limit greenhouse gas emissions have been introduced in the European Union. The Environmental Protection Agency (the EPA) has promulgated rules limiting greenhouse gas emissions and regulation of greenhouse gas also could occur pursuant to future U.S. treaty obligations, statutory or regulatory changes under the Clean Air Act, new climate change legislation or pursuant to Executive Order.

Table of Contents

While not all are likely to become law, this is a strong indication that additional climate change related mandates will be forthcoming, and it is expected that they may adversely impact our costs by increasing energy costs and raw material prices and establishing costly emissions trading schemes and requiring modification of equipment to limit greenhouse gas emissions.

A step toward potential federal restriction on greenhouse gas emissions was taken on December 7, 2009 when the EPA issued its Endangerment Finding in response to a decision of the Supreme Court of the United States. The EPA found that the emission of six greenhouse gases, including carbon dioxide (which is emitted from the combustion of fossil fuels), may reasonably be anticipated to endanger public health and welfare. Based on this finding, the EPA defined the mix of these six greenhouse gases to be air pollution subject to regulation under the Clean Air Act. Although the EPA has stated a preference that greenhouse gas regulation be based on new federal legislation rather than the existing Clean Air Act, absent legislative action, the EPA has begun to regulate many sources of greenhouse gas emissions.

If our goodwill, intangible assets or long-lived assets become impaired, we may be required to record a significant charge to earnings.

Under U.S. GAAP, we review our intangible assets and long-lived assets for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Goodwill is tested for impairment on July 31 of each year, or more frequently if required. Factors that may be considered a change in circumstances, indicating that the carrying value of our goodwill, intangible assets or long-lived assets may not be recoverable, include, but are not limited to, a decline in stock price and market capitalization, reduced future cash flow estimates, and slower growth rates in our industry. We may be required to record a significant charge in our financial statements during the period in which any impairment of our goodwill, intangible assets or long-lived assets is determined, negatively impacting our results of operations.

If we issue additional shares of common stock in the future, it will result in the dilution of our existing stockholders.

Our certificate of incorporation authorizes the issuance of 500 million shares of common stock, of which 100.5 million shares were issued and 71.7 million shares outstanding as of December 31, 2014. Our board of directors (the Board) has the authority to issue additional shares of common stock up to the authorized capital stated in the certificate of incorporation. Our Board may choose to issue some or all of such shares of common stock to acquire one or more businesses or to provide additional financing in the future. The issuance of any such shares of common stock may result in a reduction of the book value or market price of the outstanding shares of our common stock. Additionally, we have an incentive plan that allows for the issuance of up to 11 million shares (currently 4.6 million shares remain available for future grants).

Item 1B: Unresolved Staff Comments

None.

Table of Contents

Item 2: Properties

The following table sets forth information regarding our principal operating properties and other significant properties as of December 31, 2014. All of the following properties are owned except where otherwise indicated and reflect our properties from continuing operations, which exclude properties associated with the sale of our Chemtura AgroSolutions, Antioxidant and Consumer Products businesses. In general, our operating properties are well maintained, suitably equipped and in good operating condition.

Location	Facility	Reporting Segment
NORTH AMERICA		
United States		
Arkansas		
El Dorado	Plant	Industrial Engineered Products
Connecticut		
Middlebury*	Executive Offices	Shared Service Center, Business and Corporate Office
Naugatuck	Research Center	Industrial Performance Products
Illinois		
Mapleton	Plant	Industrial Engineered Products
Indiana		
West Lafayette	Office, Research Center	Industrial Engineered Products
Michigan		
Adrian(1)	Plant	Industrial Engineered Products
New Jersey		
East Hanover	Plant	Industrial Performance Products
Fords	Plant	Industrial Performance Products
Perth Amboy	Plant	Industrial Performance Products
North Carolina		
Gastonia	Plant	Industrial Performance Products, Agrochemical Manufacturing
Pennsylvania		
Philadelphia*	Executive Offices	Corporate Offices
Canada		
Elmira	Plant	Industrial Performance Products, Agrochemical Manufacturing
West Hill	Plant	Industrial Performance Products
EUROPE/AFRICA		
Germany		
Bergkamen*	Plant, Research Center	Industrial Engineered Products
Italy		
Latina *	Plant	Industrial Performance Products, Agrochemical Manufacturing
Milan(2)	Office	Industrial Performance Products
The Netherlands		
Amsterdam *	Plant	Agrochemical Manufacturing, Industrial Performance Products

Table of Contents

Location	Facility	Reporting Segment
EUROPE/AFRICA (continued)		
Switzerland		
Frauenfeld*	Office	Business and Corporate Office
United Kingdom		
Accrington	Plant	Industrial Performance Products
Trafford Park	Plant, Office	Business, Shared Service Center, Corporate
ASIA		
Japan		
Tokyo*	Office	Industrial Engineered Products, Industrial Performance Products
Republic of China		
Nantong	Plant	Industrial Performance Products
Nanjing	Plant, Research Center	Industrial Performance Products
Shanghai*	Office	Shared Service Center, Business and Corporate Office
South Korea		
Hyeongok	Plant	Industrial Engineered Products
Taiwan		
Kaohsiung	Plant	Industrial Engineered Products, Industrial Performance Products
LATIN AMERICA		
Brazil		
Rio Claro *	Plant	Industrial Engineered Products, Industrial Performance Products, Agrochemical Manufacturing, Corporate
Mexico		
Altamira	Plant	Industrial Engineered Products, Industrial Performance Products
Mexico City*	Office	Industrial Engineered Products, Industrial Performance Products
Reynosa	Plant	Industrial Engineered Products

---

* Leased property.

1. Facility will be utilized for supply agreements resulting from the sale of our Consumer Products and Industrial Water businesses.

2. Facility leased by Anderol Italia S.r.l, which is 51% owned by us.

Included in the sale of our Chemtura AgroSolutions business were properties located in Pekin, Illinois; Guelph, Canada; Gajraula, India and Boksburg, South Africa.

Item 3: Legal Proceedings

Information regarding our legal proceedings can be found in Note 15 Legal Proceedings and Contingencies in our Notes to Consolidated Financial Statements and is incorporated by reference herein.

Item 4: Mine Safety Disclosure

Not applicable.

Table of Contents

PART II

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

Our common stock is listed on the New York Stock Exchange (the NYSE) under the ticker symbol CHMT . As of December 31, 2014, 100.5 million shares were issued and 71.7 million shares were outstanding.

We have no current plans to pay any cash dividends on our common stock and instead may retain earnings, if any, for future operations, expansions, debt repayments or purchase shares of our common stock under share repurchase programs. Any decision to declare and pay dividends in the future will be made at the discretion of our Board and will depend on, among other things, our results of operations, cash requirements, financial condition, contractual restrictions and other factors that our Board may deem relevant. In addition, our debt agreements contain covenants restricting the payment of dividends by us and by each of our subsidiaries that are party to such facilities, which is subject to a number of specific exceptions.

The following table summarizes the range of market prices for our common stock as reported by the NYSE, by quarter during the past two years:

	2014			
	First	**Second**	**Third**	**Fourth**
Market price per common share:				
High	**$ 27.94**	**$ 26.26**	**$ 26.81**	**$ 25.11**
Low	**$ 23.42**	**$ 21.96**	**$ 22.88**	**$ 21.02**

	2013			
	First	**Second**	**Third**	**Fourth**
High	$ 24.51	$ 24.48	$ 24.50	$ 28.17
Low	$ 19.05	$ 19.23	$ 20.26	$ 22.33

The number of holders of record of our common stock on December 31, 2014 was approximately 4,300. See Item 1A Risk Factors for a discussion of risks related to our common stock.

Issuer Purchases of Equity Securities During the Fourth Quarter of 2014

In November 2013, the Board authorized an increase in our share repurchase program to $291 million and extended the program through November 9, 2014 (the November 2013 Authorization). In May 2014, the Board authorized a further increase in the share repurchase program by $100 million, up to $391 million when combined with the November 2013 Authorization (the 2013 Authorization). During the quarter ended December 31, 2014, we purchased 2.2 million shares for $50 million under this share repurchase program.

In October 2014, the Board approved a new share repurchase authorization of up to $500 million conditioned upon the sale of the Chemtura AgroSolutions business (the October 2014 Authorization). The new share repurchase authorization will expire on December 1, 2015.

In October 2014, we announced the commencement of modified Dutch auction tender offer to purchase, for cash, shares of our common stock (the Tender Offer). In December 2014, we completed the Tender Offer and repurchased 12.5 million shares of our common stock at a purchase price of $24.20 per share, for an aggregate cost of $302 million, excluding fees and expenses under the October 2014 Authorization. In December 2014, we purchased an additional 1.2 million shares for $28 million through open market purchases under the October 2014 Authorization.

Under both the 2013 Authorization and the October 2014 Authorization, we repurchased a total of 15.9 million shares for $380 million for the quarter ended December 31, 2014. For further discussion of our share repurchase programs, see Note 10 Capital Stock and Earnings per Common Share in our Notes to Consolidated Financial Statements.

Table of Contents

The following table provides information about our repurchases of equity securities during the quarter ended December 31, 2014.

Period	Total Number of Shares Purchased (in millions)		Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (in millions)		Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (in millions)
October 1, 2014 - October 31, 2014	2.2	$	22.41	2.2	$	9
November 1, 2014 -November 30, 2014		$			$	500
December 1, 2014 - December 31, 2014	13.7	$	24.11	13.7	$	170
Total	15.9			15.9		

PERFORMANCE GRAPH

The following graph compares the cumulative total return on our common stock for the period November 11, 2010 through December 31, 2014 with the returns of the Standard & Poor s 500 Stock Index, Standard & Poor s 500 Specialty Chemical Index and the Dow Jones US Chemicals Index, assuming an investment of $100 on November 11, 2010 and the reinvestment of all dividends. Our common stock outstanding on November 10, 2010 was canceled when we emerged from Chapter 11 and our current common stock began trading on the NYSE on November 11, 2010. As such, stock performance prior to November 11, 2010 does not provide a meaningful comparison and therefore has not been provided. We have elected to change one of our comparative indexes from the S&P 500 Specialty Chemicals Index to the Dow Jones US Chemical Index. We believe the Dow Jones US Chemical Index is more representative of our peers than the S&P 500 Specialty Chemicals Index. In addition, we utilize the Dow Jones US Chemical Index as a performance metric for share-based compensation.

COMPARISON OF CUMULATIVE TOTAL RETURN AMONG CHEMTURA CORPORATION,

S&P 500 AND DOW JONES CHEMICAL INDEX

	11/11/2010	12/31/2010	12/31/2011	12/31/2012	12/31/2013	12/31/2014
CHEMTURA CORPORATION	$ 100.0	$ 103.8	$ 73.6	$ 138.1	$ 181.3	$ 160.6
S&P500	$ 100.0	$ 103.9	$ 106.1	$ 122.5	$ 161.0	$ 182.3
DOW JONES US CHEMICAL INDEX	$ 100.0	$ 105.6	$ 103.9	$ 126.7	$ 164.5	$ 178.4
S&P SPECIALTY CHEMICAL INDEX	$ 100.0	$ 105.0	$ 111.8	$ 157.1	$ 212.4	$ 257.8

Table of Contents

Item 6: Selected Financial Data

The following reflects selected financial data for each of our last five fiscal years and has been reclassified to reflect the effects of the Antioxidant and Consumer Products businesses as discontinued operations. The divestiture of our Chemtura AgroSolutions business did not meet the criteria to be accounted for as a discontinued operation and, therefore, we have included the results of that business as part of our continuing operations. The information below should be read in conjunction with Item 7 - Management s Discussion and Analysis of Financial Condition and Results of Operations and Item 8 - Financial Statements and Supplementary Data of this Annual Report. The financial information presented may not be indicative of future performance.

(In millions of dollars, except per share data)		**2014**	**2013**	**2012**	**2011**	**2010**
Summary of Operations						
Net sales		**$ 2,190**	$ 2,231	$ 2,196	$ 2,184	$ 1,914
Gross profit		**508**	510	581	558	460
Selling, general and administrative		**255**	229	246	269	249
Depreciation and amortization		**102**	101	100	103	136
Research and development		**36**	40	41	36	36
Facility closures, severance and related costs		**25**	42	11	3	1
Gain on sale of business (a)		**(529)**			(27)	(2)
Impairment charges (b)					4	57
Changes in estimates related to expected allowable claims (c)					3	35
Equity loss (income)				4	1	(2)
Operating income (loss)		**619**	98	179	166	(50)
Interest expense (d)		**(45)**	(60)	(64)	(63)	(191)
Loss on early extinguishment of debt		**(7)**	(50)	(1)		(88)
Other income (expense), net		**12**	8	15	1	(7)
Reorganization items, net (e)					(19)	(303)
Earnings (loss) from continuing operations before income taxes		**579**	(4)	129	85	(639)
Income tax benefit (expense)		**192**	(18)	(26)	(17)	(15)
Earnings (loss) from continuing operations		**$ 771**	$ (22)	$ 103	$ 68	$ (654)
Per Share information - attributable to Chemtura						
Earnings (loss) from continuing operations - Basic		**$ 8.55**	$ (0.23)	$ 1.04	$ 0.68	$ (2.94)
Earnings (loss) from continuing operations - Diluted		**$ 8.43**	$ (0.23)	$ 1.04	$ 0.68	$ (2.94)
Other Per Share Data						
Common stock trading range:	High (f)	**$ 27.94**	$ 28.17	$ 21.69	$ 19.37	$ 16.10
	Low (f)	**$ 21.02**	$ 19.05	$ 11.36	$ 8.49	$ 0.28
Average shares outstanding - Basic (f)		**90.2**	97.7	98.2	100.1	223.0
Average shares outstanding - Diluted (f)		**91.5**	97.7	98.8	100.3	223.0

Table of Contents

(In millions)		2014		2013		2012		2011		2010
Financial Position										
Working capital	**$**	**811**	$	1,041	$	1,101	$	931	$	932
Current ratio		**3.0**		3.2		3.2		3.4		2.9
Total assets	**$**	**2,667**	$	2,704	$	3,030	$	2,855	$	2,913
Total debt, including short-term borrowings	**$**	**574**	$	898	$	876	$	752	$	751
Total equity	**$**	**1,054**	$	999	$	1,068	$	1,046	$	971
Total capital employed	**$**	**1,628**	$	1,897	$	1,944	$	1,798	$	1,722
Debt to total capital %		**35.3%**		47.3%		45.1%		41.8%		43.6%

(In millions of dollars, except for number of employees)										
Other Statistics										
Net cash (used in) provided by operations (g)	**$**	**(78)**	$	79	$	218	$	182	$	(204)
Capital spending from continuing operations	**$**	**113**	$	159	$	136	$	142	$	105
Depreciation from continuing operations	**$**	**87**	$	82	$	80	$	81	$	115
Amortization from continuing operations	**$**	**15**	$	19	$	20	$	22	$	21
Approximate number of employees at end of year		**2,700**		3,300		4,600		4,500		4,200

(a) Gain on sale of business primarily included a $529 million gain on the sale of our Chemtura AgroSolutions business in 2014, $27 million gain on the sale of our 50% interest in Tetrabrom Technologies Ltd. in 2011 and a $2 million gain relating to the sale of the natural sodium sulfonates and oxidized petrolatum product lines in 2010.

(b) The 2011 and 2010 charges primarily included the impairment of intangible assets of $3 million and goodwill of $57 million, respectively, within the Agrochemical Manufacturing segment.

(c) In March 2009, Chemtura and 26 of our affiliates filed for relief under Chapter 11 of Title 11 of the United States Code (Chapter 11) the United States Bankruptcy Court for the Southern District of New York (the Bankruptcy Court). In November 2010, the Bankruptcy Court entered an order confirming our plan of reorganization (the Plan). Changes in estimates related to expected allowable claims relate to adjustments to liabilities subject to compromise (primarily legal and environmental reserves) as a result of our Chapter 11 proof of claims evaluation process.

(d) Interest expense in 2010 includes $137 million of contractual interest expense recorded, relating to interest obligations on unsecured claims for the period from March 18, 2009 through the November 10, 2010 that were paid based on the Plan (included in this amount is contractual interest expense of $63 million for 2009).

(e) Reorganization items, net, represent professional fees; the write-off of debt discounts, premiums and debt issuance costs; the write-off of deferred financing expenses related to the termination of the U.S. accounts receivable facility; impacts from rejections or terminations of executory contracts and real property leases; impacts from the settlement of claims; and charges for reorganization initiatives.

(f) Upon the effectiveness of our Plan, all previously outstanding shares of common stock were canceled and pursuant to the Plan approximately 100 million new shares of common stock were issued. The weighted average shares for 2010 was based upon 243 million of previously outstanding shares of common stock for approximately 10 months and approximately 100 million new shares of common stock outstanding for approximately 2 months. As a result, the average shares outstanding and the price of our new shares may not be comparable to prior periods.

(g) The 2010 net cash used in operations included $195 million related to cash settlements of claims in connection with the Chapter 11 cases and $50 million of pension contributions in accordance with the Plan.

Table of Contents

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

The following discussion and analysis should be read in conjunction with our Consolidated Financial Statements included in Item 8 of this Form 10-K.

Forward-Looking Statements

In addition to historical information, this Report contains forward-looking statements within the meaning of Section 27(a) of the Securities Act of 1933, as amended and Section 21(e) of the Exchange Act of 1934 as amended. We use words such as anticipate, believe, intend, estimate, expect, continue, should, could, may, plan, project, predict, will and similar expressions to identify forward-looking statements. include, among others, those concerning our expected financial performance and strategic and operational plans, as well as all assumptions, expectations, predictions, intentions or beliefs about future events. You are cautioned that any such forward-looking statements are not guarantees of future performance and that a number of risks and uncertainties could cause actual results to differ materially from those anticipated in the forward-looking statements.

Such risks and uncertainties include, but are not limited to:

- The cyclical nature of the global chemicals industry;
- Increases in the price of raw materials or energy and our ability to recover cost increases through increased selling prices for our products;
- Disruptions in the availability of raw materials or energy;
- Our ability to implement our growth strategies in rapidly growing markets and faster growing regions;
- Our ability to execute timely upon our portfolio management strategies and mid and long range business plans;
- The successful separation of the Chemtura AgroSolutions business from the rest of our businesses;
- Our ability to execute timely on our restructuring plan and achieve the expected cost reductions;
- Declines in general economic conditions;
- The ability to comply with product registration requirements of regulatory authorities, including the U.S. food and drug administration (the FDA) and European Union Registration, Evaluation and Authorization of Chemicals (REACh) legislation;
- Current and future litigation, governmental investigations, prosecutions and administrative claims;
- Environmental, health and safety regulation matters;

- Federal regulations aimed at increasing security at certain chemical production plants;
- Significant international operations and interests;
- Our ability to maintain adequate internal controls over financial reporting;
- Exchange rate and other currency risks;
- Our dependence upon a trained, dedicated sales force;
- Operating risks at our production facilities;
- Our ability to protect our patents or other intellectual property rights;
- Whether our patents may provide full protection against competing manufacturers;
- Our ability to remain technologically innovative and to offer improved products and services in a cost-effective manner;
- Our ability to reduce the risks of cyber incidents and protect our information technology;
- Our unfunded and underfunded defined benefit pension plans and post-retirement welfare benefit plans;
- Risks associated with strategic acquisitions and divestitures;
- Risks associated with possible climate change legislation, regulation and international accords;
- The ability to support the carrying value of the goodwill and long-lived assets related to our businesses;
- Whether we repurchase any additional shares of our common stock that our Board of Directors have authorized us to purchase and the terms on which any such repurchases are made; and
- Other risks and uncertainties detailed in Item 1A. Risk Factors in our filings with the Securities and Exchange Commission.

These statements are based on our estimates and assumptions and on currently available information. The forward-looking statements include information concerning our possible or assumed future results of operations, and our actual results may differ significantly from the results discussed. Forward-looking information is intended to reflect opinions as of the date this Form 10-K was filed. We undertake no duty to update any forward-looking statements to conform the statements to actual results or changes in our operations.

Table of Contents

OUR BUSINESS

We are a global, United States publicly traded specialty chemical company dedicated to delivering innovative, performance-driven engineered specialty chemical solutions which are used as additives, ingredients or intermediates which add value to our customers end products. We are committed to global sustainability through greener technology and developing engineered chemical solutions that meet our customers evolving needs. We operate in a wide variety of end-use industries, including automotive, building and construction, electronics, lubricants, packaging and transportation. We are a leader in many of our key product lines and transact business in more than 80 countries. Our principal executive offices are located in Philadelphia, Pennsylvania and Middlebury, Connecticut.

During 2013 and 2014, through a series of divestitures, we transformed ourselves from a diversified specialty chemical company into a pure-play industrial specialty chemical company and created value for our stockholders. We have renewed our focus on operations, management structure and operating efficiencies which will position us to grow net sales and free cash flow.

Consistent with the transformation, we divested several businesses that did not fit with our strategic objectives. In November 2014, we sold our Chemtura AgroSolutions business, including stock sales of our investment in several legal entities, dedicated manufacturing locations in Gajraula, India and Pekin, Illinois, certain other assets and the assumption of certain liabilities, to Platform Specialty Products Corporation (Platform). In December 2013, we completed a stock sale of our investment in legal entities dedicated to the Consumer Products business, including dedicated manufacturing plants in the U.S. and South Africa, to KIK Custom Products Inc. (KIK). In April 2013, we completed an asset sale of our antioxidant and UV Stabilizer (the Antioxidant) business, including dedicated manufacturing plants in the U.S., France, and Germany, to SK Blue Holdings, Ltd. (SK) and Addivant USA Holdings Corp. (Addivant). A further description of these transactions are provided in Note 2 - Divestitures and Acquisitions in our Notes to Consolidated Financial Statements.

Under the terms of the sale agreement with Platform, we have retained most of the property, plant and equipment used to manufacture products for the Chemtura AgroSolutions business and will continue to manufacture products for Platform under several supply agreements and a tolling agreement (collectively, the supply agreements) with minimum terms of between two and four years. To reflect the change in the nature of operations, we changed the name of our Chemtura AgroSolutions segment to Agrochemical Manufacturing.

Additionally, in November 2014, our Board of Directors (the Board) approved a restructuring plan to reduce the stranded costs associated with our Chemtura AgroSolutions business, reduce the costs of our manufacturing operations and align our remaining operations and management structure for operating efficiencies designed to increase our business net sales, operating income and cash flows. These actions reflect our emphasis on improving the competitiveness and operating effectiveness of our industrial specialty chemicals portfolio and will contribute to the expansion of our profit margins. A further description of this restructuring initiative is provided in Note 3 - Restructuring and Asset Impairment Activities.

The primary economic factors that influence the operations and net sales of our Industrial Performance Products (Industrial Performance) and Industrial Engineered Products (Industrial Engineered) segments (collectively referred to as Industrials) are demand conditions in industrial, electronics, energy, residential and commercial construction, and transportation markets. Other factors affecting our financial performance include industry capacity, customer demand, raw material and energy costs, and selling prices. Selling prices are influenced by the global demand and supply for the products we produce and competitor behavior. We pursue selling prices that reflect the value our products deliver to our customers, while seeking to pass on higher costs for raw material and energy to preserve our profit margins. A complete list of risks that may impact our performance is included in Item 1A - Risk Factors.

OVERVIEW OF OUR PERFORMANCE

During 2014, we finalized our transformation aligning our portfolio businesses with our stated long-term strategic and financial performance criteria. Through these portfolio actions, Chemtura will be a smaller company in 2015, but these actions are expected to progressively improve our operating margins and have a portfolio of strongly differentiated industrial specialty chemical product lines based on proprietary chemical technologies that offer superior organic revenue growth and are positioned to exploit secular industry growth trends in all regions of the globe. Among the many accomplishments in 2014 were:

Table of Contents

Portfolio Management and Other Corporate Initiatives

- In the first quarter of 2014, we eliminated the stranded costs that resulted from the sale of our former Consumer Products business on December 31, 2013.

- During 2014, we took additional restructuring actions to consolidate our Industrials business organizational structure to streamline their activities and gain efficiencies and cost savings. These actions included the progressive implementation of a lean manufacturing operational model, initiatives to reduce the cost of the raw materials and supplies that we procure and streamlining of the SG&A of our businesses.

- In November 2014, we sold our Chemtura AgroSolutions business to Platform for approximately $1 billion, consisting of $950 million in cash and 2 million shares of Platform s common stock.

Share Repurchases

- During 2014, we repurchased 25.8 million shares of our common stock under our share repurchase programs at a cost of $618 million. This included 12.5 million shares for an aggregate cost of $302 million under a modified Dutch auction tender offer. As of December 31, 2014, $170 million remained of our current authorized stock repurchase program.

Debt Repayments

- In January 2014, we repaid $110 million of our senior secured term loan facility due 2016 (the Term Loan) with proceeds from the sale of our Consumer Products business. In November 2014, we repaid an additional $126 million of our Term Loan from the net after-tax proceeds from the sale of our Chemtura AgroSolutions business.

- In December 2014, we purchased the remaining notes under our 7.875% senior notes due 2018 (the 2018 Senior Notes) from the net after-tax proceeds from the sale of our Chemtura AgroSolutions business. This included $101 million in principal and a call premium of $4 million.

- In December 2014, we repaid $5 million of our secured credit facility from Agricultural Bank of China, Nantong Branch from the net after-tax proceeds from the sale of our Chemtura AgroSolutions business. In January 2015, we repaid a further $15 million of this facility.

Other

- During the fourth quarter, we settled certain terminated and vested pension obligations in the United States (U.S.) to reduce our future pension benefit obligations. This eliminated $52 million of projected benefit obligations.

RESULTS OF OPERATIONS

Our management discussion and analysis of our results of operations relates to our business from continuing operations.

The sale of our Chemtura AgroSolutions business in November 2014 did not meet the criteria to be reported as a discontinued operation and, therefore, our results from continuing operations includes the historical financial information of that business through the date of sale. Subsequent to the date of sale, we changed the name of our Chemtura AgroSolutions segment to Agrochemical Manufacturing to reflect the change in the nature of its operations. Following the sale to Platform, Agrochemical Manufacturing will include the results of operations under the post-closing supply agreements with Platform.

The sale of our Antioxidant and Consumer Products businesses are reported as discontinued operations in current and comparable periods and therefore are not included in continuing operations.

For a further discussion on the sale of our Chemtura AgroSolutions business and the ongoing supply agreements with Platform, as well as the sale of our Antioxidant and Consumer Products businesses, see Note 2 - Divestitures and Acquisitions in our Notes to Consolidated Financial Statements.

2014 COMPARED TO 2013

Given the sale of our Chemtura AgroSolutions business to Platform in 2014, our discussion on the results of operations for the consolidated company for the twelve months of 2014 compared with the twelve months of 2013 is less meaningful to investors

Table of Contents

due to the sale and the change in the nature of the operations associated with our Agrochemical Manufacturing business from a market participant to a supplier of products to Platform under the supply agreements.

We have determined that the most effective way to present to investors the change in results of continuing operations for the year ended December 31, 2014 compared with the year ended December 31, 2013, is to provide separate discussions of the changes in our consolidated results for Chemtura excluding the Agrochemical Manufacturing segment and then for the Agrochemical Manufacturing segment. This presentation and discussion is only applicable for the comparison of the 2014 to 2013 annual periods and reports our results of operations under generally accepted accounting principles of the United States.

The following chart presents the results of operations of the consolidated company including the Agrochemical Manufacturing segment through operating income. The chart then segregates the results of operations for the Agrochemical Manufacturing segment separately from the total for our Industrial Performance Products, Industrial Engineered Products and Corporate segments combined (our Core Segments). The discussion of the components of operating income included in the section titled Overview only reflects changes related to the Core Segments. A separate discussion regarding the changes in results of operations of the Agrochemical Manufacturing segment is presented in this section under the heading Agrochemical Manufacturing .

Components of net income which are not included in operating income are not affected by the sale of our Chemtura AgroSolutions business and, therefore, the discussion related to changes in those components for the annual period of 2014 compared with the annual period of 2013 represent changes of all the Company as whole.

	2014			2013		
(in millions)	**Consolidated**	**Agrochemical Manufacturing**	**Core Segments**	**Consolidated**	**Agrochemical Manufacturing**	**Core Segments**
Net Sales	$ 2,190	$ (403)	$ 1,787	$ 2,231	$ (449)	$ 1,782
Cost of goods sold (1)	1,682	(239)	1,443	1,721	(275)	1,446
Gross Profit (1)	508	(164)	344	510	(174)	336
Selling, general and administrative	255	(60)	195	229	(61)	168
Depreciation and amortization	102	(8)	94	101	(12)	89
Research and development	36	(10)	26	40	(14)	26
Facility closures, severance and related costs	25		25	42		42
Gain on sale of business	(529)		(529)			
Equity loss					1	1
Operating Income	$ 619	$ (86)	$ 533	$ 98	$ (88)	$ 10

(1) - Excludes depreciation and amortization expense which are shown separately.

Overview

Consolidated net sales of our Core Segments were $1.8 billion in 2014 or $5 million higher than in 2013 driven by a $12 million increase in volume which was offset in part by a $4 million reduction in average selling prices and $3 million related to the unfavorable effects of foreign currency translation. Our Industrial Performance Products segment reported an $8 million increase in sales which represents an increase in volume of our polyester polyols and selling price increases of our petroleum additive products offset by volume declines in our intermediate, detergents and inhibitor products. Our Industrial Engineered Products segment reported a decline in sales of $3 million due to competition reducing selling prices for a number of our product lines and the decline in demand for our flexible foam application products weakened as the year progressed unfavorably impacting volume. Our Industrial Engineered segment delivered improvement in volume of our brominated performance products which was offset in part by declines in sales volumes for our polymerization co-catalysts products.

Gross profit for our Core Segments in 2014 was $344 million, an increase of $8 million compared to $336 million in 2013. Gross profit as a percentage of sales remained stable at 19% for both years. Gross profit in dollars increased due to the absence of a $21 million charge we took in 2013 related to costs to remediate a legacy non-operating site in France. Our gross profit was unfavorably impacted by the $4 million decrease in selling prices, a $6 million increase in raw material costs, $5 million in increased distribution costs, $4 million of increased manufacturing costs and unfavorable product mix of $4 million offset by $8 million from the elimination of stranded costs associated with the Antioxidant and Consumer Products businesses and $2 million in other savings.

Table of Contents

Selling, general and administrative (SG&A) expense of $195 million was $27 million higher than in 2013, primarily the result of a $21 million charge related to the settlement of pension obligations, $12 million of additional costs in 2014 associated with the sale of our Chemtura AgroSolutions business (exclusive of the amounts reported as part of the gain on sale) and $9 million in costs associated with our investment in business excellence initiatives partially offset by $3 million in other pension matters primarily related to the absence of one-time charges that were recorded in 2013, a $3 million reduction in selling expense and the remainder in savings associated with the reduction of employee costs and benefits associated with our restructuring programs and the elimination of the stranded costs associated with the Antioxidant and Consumer Products businesses.

Facility closures, severance and related costs in 2014 was $25 million compared with $42 million for 2013. The expense related to the cost reduction initiatives we announced in 2014 and 2013. The restructuring plans related to both the elimination of stranded costs associated with the sale of our Chemtura AgroSolutions, Consumer Products and Antioxidant businesses as well as initiatives to reduce manufacturing and SG&A costs within our Industrials businesses. Our restructuring plans are described in more detail in Note 3 - Restructuring and Assets Impairment Activities of our Notes to Consolidated Financial Statements.

The Gain on sale of business of $529 million in 2014 represents the sale of our Chemtura AgroSolutions business to Platform.

Other Non-Operating Income and Expense

The following discussion about income and expense outside of operating income is presented on a total company basis, which is the sum of the Core Segments and the Agrochemical Manufacturing Segment.

Interest expense of $45 million during 2014 was $15 million lower than 2013 due to our debt refinancing actions taken in the second half of 2013. The full benefit of our fourth quarter 2014 redemption of the outstanding 2018 Senior Notes and the pay down of the Term Loan due 2016 with Bank of America, N.A., as administrative agent, and other lenders party thereto, (Term Loan) will be reflected in our 2015 results.

Loss on the early extinguishment of debt of $7 million for 2014 included a call premium and the write-off of unamortized capitalized financing costs and original issuance discount. Loss on early extinguishment of debt of $50 million for 2013 included the difference between the principal amount of the 2018 Senior Notes tendered and the sum of the tender offer consideration and consent payments and the write-off of unamortized capitalized financing costs and original issuance discount.

Other income, net was $12 million for 2014 compared with $8 million for 2013. Other income, net primarily reflected the net impact of foreign exchange gains and losses. In 2014, we realized foreign exchange gains and losses on the repayment of several foreign denominated intercompany loans between our subsidiaries in addition to significant fluctuations in the Euro and British Pound Sterling. In addition, during 2013, we recognized a gain of $13 million related to the release of cumulative translation adjustments associated with the rationalization of certain European subsidiaries that are no longer required.

The income tax benefit in 2014 was $192 million compared with expense of $18 million in 2013. The tax benefit reported in 2014 includes a release of U.S. valuation allowance in the amount of $406 million and the tax expense related to the sale of our Chemtura AgroSolutions business. In 2014, we concluded that the positive evidence that we can utilize our U.S. deferred tax assets before they expire outweighed the negative evidence and as a result we released a majority of our U.S. valuation allowance. In 2013, tax expense was related to taxable income of certain of our international subsidiaries. In 2013, we provided a full valuation allowance against the tax expense associated with our U.S. net operating loss.

Earnings from continuing operations attributable to Chemtura for 2014 was $771 million, or $8.43 per diluted share, as compared with a loss from continuing operations attributable to Chemtura of $22 million or $0.23 per diluted share in 2013.

Earnings from discontinued operations, net of tax attributable to Chemtura for 2014, was $1 million, or $0.01 per share, as compared with $25 million, or $0.26 per share, for 2013. Discontinued operations in 2013 represents the results of operations of our Antioxidants business through its sale in April 2013 and our Consumer Products business through its sale in December 2013. Additionally, in 2013, we recorded an impairment charge of $7 million which included the impairment of property, plant and equipment related to the Consumer Products business.

Loss on sale of discontinued operations, net of tax attributable to Chemtura for 2014, was $9 million, or $0.10, per share. The loss represents customary working capital adjustments of $1 million and $8 million associated with the Antioxidant and Consumer Products business sales, respectively. Loss on sale of discontinued operations, net of tax attributable to Chemtura for 2013, was $180 million, or $1.84, per share which represents a net loss of $155 million and $25 million associated with the Antioxidant and Consumer Products businesses, respectively.

Table of Contents

The following is a discussion of the results of our segments for 2014 compared with 2013.

Industrial Performance Products

Our Industrial Performance segment reported higher net sales and lower operating income in 2014 compared with 2013. We experienced overall volume declines in our intermediate, inhibitor and detergent petroleum additive products which was more than offset by volume improvement in our synthetic basestocks for finished fluid applications, Adiprene®/Vibrathane® products and polyester polyols. Net selling price increases were unable to offset the loss in volume. Overall selling price for our petroleum additive products was favorable to prior year but still fell short of covering increases in our raw material costs. Operating income reflected a favorable product mix of selling higher margin products than in 2013 which was offset in part by higher distribution and SG&A and research and development costs (R&D , collectively, SGA&R).

Net sales increased by $8 million to $987 million for 2014, primarily related to $8 million in higher selling prices.

Operating income was $106 million in 2014, a decrease of $3 million compared with 2013. The decrease reflected higher raw material costs of $14 million, an increase in SGA&R costs of $8 million, additional accelerated depreciation of property, plant and equipment of $4 million and an increase in other costs of $1 million, offset by higher sales volume and favorable product mix of $12 million, higher selling prices of $8 million and favorable foreign currency translation of $4 million.

Industrial Engineered Products

Our Industrial Engineered segment reported lower net sales and operating income in 2014 compared with 2013. During 2014, we felt the effects of excess industry capacity in bromine and in polymerization co-catalysts products (PCC). The resulting competition driven by excess supply drove a reduction in our selling prices and resulted in lower volumes. We saw growth in the sales of our Emerald Innovation 3000TM products as customers switched to this alternative from traditional HBCD flame retardant styrene based insulation foam applications coupled with an increase volume from international markets for our clear brine fluids used in energy markets partly offset the reductions in bromine based products and PCC volumes. Demand for flexible foam flame retardant products declined as the year progressed resulting in lower volumes. Towards the end of the year we saw selling prices for bromine products stabilize, but selling prices did not recover to 2013 levels. While we experienced a decrease in our raw material costs, the benefit was offset by the decline in selling prices, increase in sales of lower margin products, higher manufacturing and other costs and higher SGA&R expenses.

Net sales decreased by $3 million to $800 million for 2014, which reflected lower selling prices of $12 million and unfavorable foreign currency translation of $2 million, offset by an increase in sales volume of $11 million, due to favorable product mix.

Operating income of $16 million in 2014 decreased $39 million compared with last year. The decrease reflected unfavorable volume and product mix of $16 million, lower selling prices of $12 million, higher SGA&R costs of $8 million, unfavorable foreign currency translation of $4 million, higher distribution costs of $2 million and an increase in other costs of $5 million, offset by a decrease in raw material costs of $8 million.

Agrochemical Manufacturing

In 2013 and for the first 10 months of 2014, our Chemtura AgroSolutions business manufactured and resold agrochemical products to third party distributors and customers. In November 2014, we sold our Chemtura AgroSolutions business to Platform. Under the terms of the sale agreement with Platform, we have retained most of the property, plant and equipment used to manufacture products for the Chemtura AgroSolutions business and will continue to manufacture products for Platform under the supply agreements. We operated under the supply agreements for the two months ended December 31, 2014. Therefore, the results of operations for the previous Chemtura AgroSolutions business is not comparable to the Agrochemical Manufacturing business. The following represents a discussion of the Agrochemical Manufacturing segment on a go-forward basis and of the Chemtura AgroSolutions business on a pre-sale basis compared with 2013.

Supply Agreement Results

The supply agreements with Platform are designed to recover the actual cash costs incurred to manufacture the products under the agreement. Accordingly, the supply agreements are considered below-market contracts for their full term. Contemporaneous with the sale, we accrued an obligation of $230 million, on a discounted basis, which represents the loss of profit on these products over the terms of the supply agreements, including contractual obligations to continue supply for a period of up to 2 years after termination of the supply agreements. The recognition of the obligation, along with the accretion of the obligation to its undiscounted value of $345 million, will be recorded as net sales on a straight-line basis over the term of each supply agreement.

Table of Contents

For the two month period ended December 31, 2014, the Agrochemical Manufacturing segment net sales were $22 million, which includes $6 million related to the recognition of the obligation, net of accretion related to the below-market supply agreements.

Operating income for the two months ended December 31, 2014 was $6 million. As the contracts were designed to recover a majority of the costs incurred, operating income reflects only the recognition of the obligation,net of accretion, related to the below market contract, less a small amount of depreciation and amortization that is not included as part of the recoverable costs.

Previous Results of the Chemtura AgroSolutions Business (Pre-Sale)

Net sales of the Chemtura AgroSolutions business for the ten months ended October 31, 2014 were $381 million as compared with net sales of $449 million for the year ended December 31, 2013 and $371 million for the ten months ended October 31, 2013. Operating profit for the ten months ended October 31, 2014 was $80 million compared with $88 million for the year ended December 31, 2013 and $74 million for the ten months ended October 31, 2013.

The Chemtura AgroSolutions business did not have any third party sales subsequent to the date of sale to Platform. Therefore, to assist investors in understanding the business and its results of operations prior to the date of sale, the discussion that follows compares the first ten months of 2014 with the first ten months of 2013.

Chemtura AgroSolutions generated higher net sales and operating income for the first ten months of 2014 as compared with the same ten months of 2013. Net sales increased $10 million representing an $8 million increase in volume and a $10 million increase in selling price which was offset by $8 million in the unfavorable effects of foreign currency translation. Chemtura AgroSolutions experienced strong demand in Latin America due both to a high level of demand for pest control in the soybean market and the growth in cultivated acreage. Our European region experienced favorable weather conditions in Europe toward the end of the first half of 2014. There was some supply constraints on certain miticides in North America which offset some of the volume growth in the first half of 2014. Overall higher volumes and improved selling prices offset the unfavorable effect of foreign currency translation.

Operating income increased $6 million primarily reflecting the benefit of favorable volume and product mix changes of $18 million and $10 million of increased selling prices offset in part by $9 million in higher SGA&R due primarily to an increase in our bad debt reserves related to certain customers in Brazil and Kazakhstan, $4 million in higher raw material, manufacturing and distribution costs and $7 million of unfavorable effects of foreign currency translation.

Corporate

Included in our general corporate expenses are costs of a general nature or managed on a corporate basis. These costs, net of allocations to the business segments, primarily represent corporate stewardship and administration activities together with costs associated with legacy activities and intangible asset amortization. Functional costs are allocated between the business segments and general corporate expense.

Corporate expense was $93 million and $112 million in 2014 and 2013, respectively, which included amortization expense related to intangible assets and depreciation expense of $16 million and $18 million in 2014 and 2013 respectively. Included in corporate expense in 2013 was a charge of $21 million to increase an environmental reserve for the costs to remediate a legacy non-operating site in France. Included in corporate expense in 2014 is a charge for $21 million related to the settlement of a pension obligation, an additional $12 million of costs incurred in the exploration and sale of our Chemtura AgroSolutions business over 2013, exclusive of the amount reported as part of the gain on sale, offset by $24 million related to the elimination of stranded costs associated with our Chemtura AgroSolutions business in 2014 and our Antioxidant and Consumer Products businesses which were sold in 2013.

Table of Contents

2013 COMPARED TO 2012

Overview

Consolidated net sales were $2.2 billion in 2013 or $35 million higher than in 2012 driven by a $61 million increase in volume, offset by a $16 million overall decrease in selling prices and the unfavorable effect of foreign currency translation of $10 million. Our Industrial Performance segment reported a $76 million increase in sales volume primarily from our petroleum additives and certain synthetic products offset by slightly less volume for our urethane product sales due to weakness in the global mining and electronic markets. Our Agrochemical Manufacturing (formerly Chemtura AgroSolutions) segment reported a $34 million increase in sales volume driven by strong sales in North and Latin Americas and strong selling prices driven by higher demand. Our Industrial Engineered segment experienced weak demand from insulated foam applications and an attendant reduction in selling prices. Demand from electronic application products remained weak in 2013. The result was a $49 million decline in sales volume and a $44 million decrease in overall selling prices.

Gross profit for 2013 was $510 million, a decrease of $71 million compared with 2012. Gross profit as a percentage of net sales decreased to 23% for 2013 compared with 26% for 2012. Gross profit was impacted by a $21 million increase in an environmental reserve in 2013 for the costs to remediate a legacy non-operating site in France, a $16 million overall reduction in selling prices, $12 million from unfavorable product mix, $7 million from the unfavorable effect of foreign currency translation, a $10 million increase in our excess inventory reserves due to lower electronics demand for brominated products, $5 million of costs associated with our new facilities in Nantong, China and Ankerweg, The Netherlands, and lower manufacturing and Registration, Evaluation and Authorization of Chemicals (REACh) costs which were offset by higher distribution costs.

SG&A expense of $229 million was $17 million lower than 2012, primarily the result of lower staff count due to our initiatives to eliminate stranded costs related to our divestitures, lower accruals related to employee incentive plans and other cost reductions as well as other restructuring initiatives in 2012 and 2013. Quantitatively, these reductions were a $7 million benefit related to the elimination of stranded costs associated with our Antioxidant business, $11 million of lower non-cash compensation expense due to our overall lower performance in 2013, a gain of $2 million related to an adjustment to a legacy pension plan, a gain of $2 million related to the sale of a non-operating site, a $2 million decrease in an accrual related to one of our U.K. pension plans and $5 million in lower pension expense primarily related to the transfer of pension obligations to Addivant in April 2013 in connection with the sale of our Antioxidant business. These reductions were offset by $6 million in expenses incurred to explore the sale of our Chemtura AgroSolutions business, $2 million associated with the accelerated recognition of asset retirement obligations, the absence of a $2 million gain recorded in 2012 for a settlement related to a UK pension levy and a $3 million increase in workers compensation expense.

Facility closures, severance and related costs in 2013 was $42 million compared with $11 million for 2012. The expense related to the cost saving initiatives we announced in 2013 and 2012. The restructuring plans announced in 2013 related to both the elimination of stranded costs associated with our Antioxidant business as well as initiatives to reduce operating costs within our remaining businesses.

Interest expense of $60 million during 2013 was $4 million lower than 2012, primarily due to higher capitalized interest expense in 2013 and the absence of fees associated with the securitization program in 2012. The reduction in interest expense from our debt refinancing actions was offset by the net effect of higher average borrowings under the Term Loan in 2013 due to the $125 million increase in the fourth quarter of 2012 offset by the $100 million repayment in the third quarter of 2013. We will obtain the full benefit of our 2013 debt refinancing actions in 2014.

Loss on the early extinguishment of debt of $50 million for 2013 included $42 million for the difference between the principal amount of the 2018 Senior Notes tendered and the sum of the tender offer consideration and consent payments and $8 million for the write-off of unamortized capitalized financing costs and original issuance discount with respect to the 2018 Senior Notes purchased due to the tender offer.

Other income, net was $8 million for 2013 compared with $15 million for 2012. During 2013 and 2012, we recognized gains of $13 million and $21 million, respectively, related to the release of cumulative translation adjustments associated with the rationalization of certain European subsidiaries that are no longer required coupled with lower interest income and a less favorable effect of foreign currency translation in 2013.

The income tax expense in 2013 was $18 million compared with $26 million in 2012. The tax expense reported in 2013 and 2012 related to taxable income of certain of our international subsidiaries. In 2013 and 2012, we provided a full valuation allowance against the tax expense associated with our U.S. net operating loss.

Table of Contents

Earnings from discontinued operations, net of tax attributable to Chemtura for 2013, was $25 million, or $0.26 per share, as compared with a loss of $2 million, or $0.02 per share, for 2012. In 2013, we recorded an impairment charge of $7 million which included the impairment of property, plant and equipment related to the Consumer Products business. In 2012, we recorded an impairment charge of $47 million which included the impairment of property, plant and equipment of $35 million and intangible assets of $11 million related to the Antioxidant business. Discontinued operations compromise the Antioxidant and Consumer Products businesses.

Loss on the sale of discontinued operations, net of tax attributable to Chemtura for 2013, was $180 million, or $1.84, per share which represents a net loss of $155 million and $25 million associated with the Antioxidant and Consumer Products businesses, respectively.

The following is a discussion of the results of our segments for 2013 compared with 2012.

Industrial Performance Products

Our Industrial Performance segment reported higher net sales and operating income in 2013 compared with 2012. We experienced some recovery in the sales of our petroleum additive products across all regions as well as the benefit of a modest increase in selling prices. These gains were partially offset by weakness in mining and electronic applications which is affecting our urethanes products globally. Operating income benefited from the higher selling prices over the increase in raw material costs but we did not see the full impact of the volume improvements due to a greater percentage of lower margin products being sold coupled with costs associated with our new facilities in Nantong, China and Ankerweg, The Netherlands and increases in SGA&R expenses.

Net sales totaled $979 million in 2013, an increase of $88 million compared with 2012. The increase reflected higher sales volume of $76 million, higher selling prices of $10 million and favorable foreign currency translation of $2 million.

Operating income was $109 million in 2013, an increase of $7 million compared with 2012. Operating income benefited from the higher selling prices and $8 million in higher sales volume net of unfavorable product mix, offset by an increase in SGA&R costs of $4 million, accelerated recognition of asset retirement obligations of $2 million and $5 million related to the start-up costs of our Nantong, China and Ankerweg, The Netherlands facilities.

Industrial Engineered Products

Our Industrial Engineered segment reported lower net sales and operating income in 2013 compared with 2012. Demand from insulation foam applications for flame retardants sharply deteriorated in the first half of 2013 and selling prices fell significantly. While some recovery in volume was seen in demand in the second half of 2013, selling prices remained weak. As a result, there was a significant reduction in both volume and selling prices in these applications in 2013. Demand for flame retardants used in electronic applications remained weak during 2013 and there were periods of pressure on selling prices during the year. Additionally, due to capacity additions by a competitor, we saw lower volumes and reduced selling prices for our metal alkyl products used as components in polyolefin polymerization catalysts. We benefited from some increase in demand from furniture foam and oil and gas applications coupled with increased selling prices and higher demand during the second half of 2013 for our tin-based products. However, these were not significant enough to offset the impacts from insulation foam and electronic applications. The segment s operating income was further impacted by unfavorable manufacturing costs and variances and the increase in an excess inventory reserve due to the prolonged decline in demand for flame retardants for electronics applications.

Net sales decreased by $93 million to $803 million for 2013 reflecting a $49 million decrease in sales volumes and $44 million in lower selling prices.

Operating income of $55 million in 2013 decreased $85 million compared with last year. The decrease reflected the lower selling prices, $26 million from lower sales volume and unfavorable product mix, a $10 million increase in an excess inventory reserve, $5 million in higher raw material and distribution costs and $3 million from unfavorable foreign currency translation, partly offset by a $3 million net decrease in other costs.

Agrochemical Manufacturing (formerly Chemtura AgroSolutions)

Our Agrochemical Manufacturing segment reported higher net sales and operating income for 2013 compared with 2012. Net sales increased over the prior year period as a result of improved sales volume in both North and Latin America for mitacide and seed treatment products coupled with the introduction of new products and higher selling prices. Operating income reflected the benefit of the increased sales volume and selling prices coupled with increased equity income associated with a gain on the sale of two product lines in our ISEM joint venture and continued focus on the reduction of general expenses.

Table of Contents

Net sales increased by $40 million to $449 million for 2013 from $409 million in 2012. The increase reflected $34 million in higher sales volume and $18 million in higher selling prices partly offset by $12 million of unfavorable foreign currency translation, primarily related to Latin America.

Operating income increased $23 million to $88 million in 2013 compared with $65 million in 2012, reflecting the higher selling prices, $6 million from favorable sales volume and product mix changes, $5 million in lower raw material costs and $4 million of increased equity income of ISEM, offset in part by $6 million from unfavorable foreign currency translation, a $2 million increase in manufacturing and distribution costs and $2 million of other costs.

General Corporate

Corporate expense was $112 million and $117 million in 2013 and 2012, respectively, which included amortization expense related to intangible assets and depreciation expense of $18 million and $19 million in 2013 and 2012 respectively. Included in corporate expense for 2013 was a charge of $21 million to increase an environmental reserve for the costs to remediate a legacy non-operating site in France. Following a detailed engineering study, we received estimates of the costs of a multi-year program to remediate the site to the standards required by the regulatory authorities. Additionally, included within 2013 corporate expense is $6 million in costs related to the exploration of the sale of our Chemtura AgroSolutions business, a $3 million increase in workers compensation expense and the absence of a $2 million gain recorded in 2012 for a UK pension levy settlement, offset by a benefit of $11 million of lower non-cash compensation expense due to our overall lower performance in 2013 and the reduction in staff, $7 million related to the elimination of stranded costs associated with our Antioxidant business, a gain of $2 million related to an adjustment for a legacy pension plan, a gain of $2 million related to the sale of a non-operating site, a $2 million decrease in an accrual related to one of our U.K. pension plans, $7 million in reduced functional and other spending as a result of our restructuring programs and $5 million in lower pension expense primarily related to the transfer of pension obligations to Addivant in April 2013 in connection with the sale of our Antioxidant business.

Certain functional and other expenses that are managed company-wide are allocated to our segments. The portion of such costs allocated to the Antioxidant and Consumer Products businesses have not transferred directly under the respective sale agreements. As such, in historic periods these costs are shown as part of continuing operations in the corporate segment and not included under earnings (loss) from discontinued operations, net of tax. Costs related to the Antioxidant business were $6 million and $13 million in 2013 and 2012, respectively. Costs related to the Consumer Products business were $14 million and $13 million in 2013 and 2012, respectively. Additionally, our Corporate segment included $8 million and $14 million in 2013 and 2012, respectively, of amortization expense related directly to our Antioxidants and Consumer Products businesses which has been included in earnings (loss) from discontinued operations, net of tax in our Consolidated Statement of Operations.

Adjusted EBITDA

Adjusted EBITDA is a financial measure that is not calculated or presented in accordance with generally accepted accounting principles (GAAP). While we believe that such measures are useful in evaluating our performance, investors should not consider them to be a substitute for financial measures prepared in accordance with GAAP. In addition, the financial measures may differ from similarly titled financial measures used by other companies and do not provide a comparable view of our performance relative to other companies in similar industries. Adjusted EBITDA for 2014, 2013 and 2012 is calculated as follows:

35

Table of Contents

(In millions)	2014	2013	2012
Net earnings (loss) attributable to Chemtura	$ **763**	$ (177)	$ 101
Interest expense	**45**	60	64
Loss on early extinguishment of debt	**7**	50	1
Other income, net	**(12)**	(8)	(15)
Income tax (benefit) expense	**(192)**	18	26
(Earnings) loss from discontinued operations, net of tax	**(1)**	(25)	3
Loss on sale of discontinued operations, net of tax	**9**	180	
Net loss attributable to non-controlling interests			(1)
Operating income	**619**	98	179
Depreciation and amortization	**102**	101	100
Operational facility closures, severance and related costs	**25**	42	11
Gain on sale of business	**(529)**		
Non-cash stock-based compensation	**14**	13	22
Agrochemical Manufacturing supply agreements	**(6)**		
Environmental reserves		21	
Pension settlement	**21**		
UK pension benefit matter	**(4)**	(2)	
Other adjustments	**2**	2	1
Adjusted EBITDA	$ **244**	$ 275	$ 313

Adjusted EBITDA in 2014 and 2013 are net of $18 million and $6 million, respectively, of expenses related to our exploration of a sale of our Chemtura AgroSolutions business.

LIQUIDITY AND CAPITAL RESOURCES

We believe that our cash flow from operations, borrowing capacity under our U.S. and international credit facilities and our current cash and cash equivalents provide sufficient liquidity to maintain our current operations and capital expenditure requirements, repurchase shares of our common stock under our share repurchase program, service our debt and pursue other strategic initiatives.

We have implemented restructuring programs to eliminate stranded costs associated with the sale of our Chemtura AgroSolutions business as well as to reduce manufacturing costs and realign our remaining businesses to improve their effectiveness in delivering increased net sales, operating income and cash flows. The following is a discussion on significant factors affecting our liquidity and use of capital resources.

Financing Facilities

Our financing facilities are comprised of public debt, several loans and a revolving line of credit.

Senior Notes

In July 2013, we issued in a registered public offering $450 million of 5.75% Senior Notes due 2021 (the 2021 Senior Notes). As of December 31, 2014, $450 million remains outstanding.

In 2010, we issued $455 million aggregate principal amount of 7.875% Senior Notes due 2018 (the 2018 Senior Notes). In July 2013, we repurchased $354 million of the $455 million 2018 Senior Notes under a cash tender offer with proceeds from the 2021 Senior Notes offering. In December 2014, we purchased the remaining $101 million of our 2018 Senior Notes utilizing a portion of the net after tax cash proceeds from the sale of our Chemtura AgroSolutions business. As of December 31, 2014, no 2018 Senior Notes are outstanding.

Loans

In August 2010, we entered into a Term Loan due 2016 with Bank of America, N.A., as administrative agent, and other lenders party thereto, for an aggregate principal amount of $295 million. On October 31, 2012, we exercised the accordion feature of our Term Loan and borrowed an additional $125 million. In October 2013, we entered into an amendment of our Term Loan (the Amendment) which provided, among other things; a reduction in the interest rate and LIBOR floor on the term loans outstanding under the Term Loan agreement (the term loans) and permitted additional flexibility under certain of our operating covenants (including but not limited to additional flexibility for debt, investments, restricted payments and

Table of Contents

dispositions) in the Term Loan agreement. During 2013, we repaid $102 million of the Term Loan with proceeds from the 2021 Senior Notes offering and cash on hand. In January 2014, we repaid an additional $110 million of the Term Loan with proceeds from the Consumer Products Sale. In December 2014, we repaid an additional $126 million of the Term Loan utilizing a portion of the net after tax cash proceeds from the sale of our Chemtura AgroSolutions business. As of December 31, 2014, $82 million remains outstanding.

We have a 5 year secured credit facility of CNY 250 million (approximately $40 million) available through December 2017 (the China Bank Facility) with Agricultural Bank of China, Nantong Branch (ABC Bank). The China Bank Facility is being used for funding construction of our manufacturing facility in Nantong, China. The China Bank Facility is secured by land, property and machinery of our subsidiary Chemtura Advanced Materials (Nantong) Co., Ltd. At December 31, 2014, we had borrowings of $27 million under the China Bank Facility. Repayments of principal will be made in semi-annual installments from December 2014 through December 2017. In December 2014 and January 2015, we repaid $5 million and $15 million, respectively, of the China Bank Facility with proceeds from the sale of the Chemtura AgroSolutions business.

Revolving Credit Facilities

In December 2013, we amended and restated our existing senior secured revolving credit facility available through 2015 (the ABL Facility). The new five-year senior secured revolving credit facility available through 2018 provides for $175 million available to our domestic subsidiaries (the US ABL Facility) and 60 million available to Chemtura Sales Europe B.V., a Netherlands subsidiary (the Foreign ABL Facility , and together with the US ABL Facility, the 2018 ABL Facility), subject in each case to availability under a borrowing base. The 2018 ABL Facility provides a $125 million letter of credit sub-facility.

At December 31, 2014, we had no borrowings under the 2018 ABL Facility. However, we had $15 million of outstanding letters of credit (primarily related to insurance obligations, environmental obligations and banking credit facilities) which utilized available capacity under the facility. At December 31, 2014, based upon the available borrowing base, we had approximately $211 million of undrawn availability under the 2018 ABL Facility.

Covenants

These financing facilities, excluding the China Bank Facility, contain covenants that limit, among other things, our ability to enter into certain transactions, such as creating liens, incurring additional indebtedness or repaying certain indebtedness, making investments, paying dividends, and entering into acquisitions, dispositions and joint ventures. As of December 31, 2014, we were in compliance with the maintenance covenant requirements of our bank facilities.

Additional discussion of our financing facilities is included in Note 7 Debt in the Notes to our Consolidated Financial Statements.

Share Repurchase Program

In November 2013, the Board authorized an increase in our share repurchase program to $291 million and extended the program through November 9, 2014 (the November 2013 Authorization). In May 2014, the Board authorized a further increase in the share repurchase program by $100 million, up to $391 million when combined with the November 2013 authorization (the 2013 Authorization). During 2014, we purchased 12.1 million shares for $287 million under this share repurchase program. The remaining authorization of $9 million expired in November 2014.

In October 2014, the Board approved a new share repurchase authorization of up to $500 million conditioned upon the sale of our Chemtura AgroSolutions business (the October 2014 Authorization). The new share repurchase authorization will expire on December 1, 2015.

In October 2014, we announced the commencement of modified Dutch auction tender offer to purchase for cash shares of our common stock (the Tender Offer). In December 2014, we completed the Tender Offer and purchased 12.5 million shares of our common stock at a purchase price of $24.20 per share, for an aggregate cost of $302 million, excluding fees and expenses under the October 2014 Authorization. In December 2014, we purchased an additional 1.2 million shares for $28 million through open market purchases under the October 2014 Authorization.

For the full year 2014, we repurchased a total of 25.8 million shares of our common stock under our share repurchase programs at a cost of $618 million of which $170 million from the October 2014 Authorization remains at December 31, 2014.

A further discussion of our share repurchase programs is included in Note 10 - Capital Stock and Earnings per Share in our Notes to Consolidated Financial Statements.

Table of Contents

The shares are expected to be repurchased from time to time through open market purchases. The program, which does not obligate us to repurchase any particular amount of common stock, may be modified or suspended at any time at the Board s discretion. The manner, price, number and timing of such repurchases, if any, will be subject to a variety of factors, including market conditions and the applicable rules and regulations of the Securities and Exchange Commission (SEC).

Divestitures and Other Sources of Cash

Chemtura AgroSolutions Business Divestiture

On November 3, 2014, we completed the sale of our Chemtura AgroSolutions business to Platform Specialty Products Corporation (Platform) for approximately $1 billion, consisting of $950 million in cash and 2 million shares of Platform s common stock. The purchase price is subject to customary post-closing adjustments. Under the terms of the Stock and Asset Purchase Agreement (SAPA), we have retained most of the property, plant and equipment used to manufacture products for the Chemtura AgroSolutions business and will continue to manufacture products for Platform under several supply agreements and a tolling agreement (collectively, the supply agreements) with minimum terms of between two and four years. In alignment with the change in the nature of operations, we changed the name of our Chemtura AgroSolutions segment to Agrochemical Manufacturing.

The net cash after-tax proceeds from this sale were used in part to pay for repurchases of our common stock, retire our 2018 Senior Notes, pre-pay a portion of our Term Loan in December 2014 and pre-pay a portion of our China Facility in two tranches in December 2014 and January 2015.

The supply agreements with Platform are designed to recover the cash costs incurred to manufacture the products under the agreement. As such, the supply agreements are considered below-market contracts for their full term. We have recorded an obligation of $230 million, on a discounted basis, which represents the loss of profit on these products over the terms of the supply agreements, including contractual obligations to continue supply for a period of up to 2 years after the termination of the contracts. The recognition of the obligation, along with the accretion of the obligation to its undiscounted value of $345 million, will be recorded as net sales on a straight-line basis over the term of each supply agreement. Although the recognition of the obligation will be recorded as net sales to the Agrochemical Manufacturing segment over this period, this recognition will not generate cash flows during the term of the supply agreements.

For further discussion of the Chemtura AgroSolutions sale, see Note 2 Divestitures and Acquisitions in our Notes to Consolidated Financial Statements.

Divestitures Reported as Discontinued Operations

In December 2013, we sold our investment in the dedicated legal entities that constituted our Consumer Products business, including dedicated manufacturing plants in the U.S. and South Africa, to KIK for $300 million and the assumption by KIK of pension and other liabilities totaling approximately $8 million. The Consumer Products business developed, manufactured and sold performance chemicals to consumers for in-home and outdoor use.

In April 2013, we sold substantially all the assets of our antioxidant business (the Antioxidant Sale) to SK Blue Holdings, Ltd. (SK), an affiliate of SK Capital Partners III, L.P., and Addivant USA Holding Corp. (Addivant) for $97 million, $9 million in preferred stock issued by Addivant and the assumption by SK and Addivant of pension, environmental and other liabilities totaling approximately $91 million.

For further discussion of our Discontinued Operations, see Note 2 Divestitures and Acquisitions in our Notes to Consolidated Financial Statements.

Other Uses of Cash

Restructuring Initiatives

In June 2014, as a result of KIK not exercising its option to purchase the net assets of the Adrian, MI facility, our Board approved the closure of this facility, which is expected to occur in mid-2015. Additionally, during the second quarter of 2014, our management approved further actions to consolidate our business organizational structure, which are in line with the restructuring actions approved by the Board in 2013. We expect the total cost of these initiatives to be approximately $7 million to $9 million, of which we recorded a pre-tax charge of $4 million in 2014, which included $3 million for severance and related costs and $1 million for accelerated asset retirement obligations related to the Adrian facility. We expect to incur the remaining costs primarily for decommissioning and accelerated depreciation by mid-2015.

Table of Contents

In November 2014, the Board approved a restructuring plan to reduce manufacturing costs, eliminate stranded costs arising from the sale of our Chemtura AgroSolutions business and reduce SG&A costs. The main component of these actions is headcount reductions. The total cash costs approved by the Board to implement this plan is $37 million, of which $21 million has been incurred in the fourth quarter of 2014 for severance and related costs. The remainder could be incurred during 2015 as additional actions are finalized.

Terminated Solaris Acquisition

In September 2012, we announced that we entered into a Business Transfer Agreement (BTA) with Solaris ChemTech Industries Limited (Solaris ChemTech), an Indian Company, and Avantha Holdings Limited, an Indian Company and the parent company of Solaris ChemTech (collectively, Solaris). In September 2014, the BTA was terminated due to the inability to satisfy certain conditions precedent to the closing and the changes in bromine market conditions since 2012. Neither party incurred any early termination penalties.

Cash Flows from Operating Activities

Net cash used in operating activities was $78 million in 2014 and compared with net cash provided by operating activities of $79 million in 2013 and $218 million in 2012. Changes in key accounts are summarized below:

Provided by (used in) **(In millions)**	**2014**	**2013**	**2012**
Accounts receivable	**$ (89)**	$ (20)	$ (8)
Inventories	**(31)**	(13)	(1)
Accounts payable	**4**	20	30
Pension and post-retirement health care liabilities	**(27)**	(59)	(79)

The impact of changes in working capital of the Chemtura AgroSolutions business through the date of sale in November 2014, are included in the above table. During the year ended December 31, 2014, accounts receivable represented a use of cash of $89 million since December 31, 2013, primarily driven by increases in the accounts receivable balances of our Agrochemical Manufacturing and Industrial Engineered segments. The Agrochemical Manufacturing segment s increase was primarily due to the increase in demand particularly in North America and Europe for the 2014 growing season, extended terms for certain products in North America, a reduction in the utilization of financing facilities with banks in Brazil coupled with an increase in amounts due from Platform related to production under the supply agreements. The increase in our Industrial Engineered segment accounts receivable was due primarily to stronger sales and longer payment terms in Asia during the last months of 2014 coupled with slower payments for a customer in Europe.

Inventory represented a use of cash of $31 million over December 31, 2013 primarily driven by increases in inventory balances in our Agrochemical Manufacturing and Industrial Performance segments, offset by a inventory decreases in our Industrial Engineered segment. Our Agrochemical Manufacturing segment continued to build inventory both prior and subsequent to the sale of the Chemtura AgroSolutions business in anticipation of the 2015 growing season. Increased inventory balances in our Industrial Performance segment from December 31, 2013 is primarily the result of higher raw material prices, lower sales volume in intermediate, inhibitor and detergent petroleum additive products and a build of inventory at our new Ankerweg, The Netherlands plant as production increased throughout 2014. These increases were offset by a reduction in inventory in our Industrial Engineered segment primarily related to additional sales volumes in Emerald InnovationTM 3000 products and clear brine fluids and lower unfavorable manufacturing variances capitalized in 2014 compared with 2013, offset by lower sales volumes for bromine based and PCC products.

Accounts payable represented a source of cash of $4 million for the year ended December 31, 2014, primarily in our Industrial Performance Products segment due to higher inventory purchases.

Pension and post-retirement health care liabilities decreased $27 million primarily due to the funding of benefit obligations offset by a charge of $21 million related to the settlement of a pension obligation. Cash contributions to fund pension and post-retirement benefit liabilities amounted to $49 million for the year ended December 31, 2014 which included $27 million for domestic plans and $22 million for international plans.

Cash flows from operating activities in 2014 were adjusted by the impact of certain non-cash and other charges, which primarily included a gain on the sale of our Chemtura AgroSolutions business of $529 million (the cash flows associated with the gain being reported in investing activities), a deferred tax benefit of $274 million primarily related to a release of the U.S valuation allowance on certain of our deferred tax assets, depreciation and amortization expense of $102 million, stock-based compensation expense of $14 million, loss on sale of discontinued operations of $9 million, loss on early extinguishment of debt of $7 million and the recognition of the obligation, net of accretion, for the below-market contract with Platform of $6 million for the period subsequent to the sale.

During 2013, accounts receivable increased by $20 million over 2012 primarily driven by Industrial Performance segment. Our Industrial Performance segment showed some increase in accounts receivable driven primarily by the sales increases this segment experienced at the end of 2013. Inventory increased by $13 million over 2012 primarily driven by our Industrial Performance segment which reported an increase in inventory to support increased demand while our Industrial Engineered segment increased due to the acquisition of the remaining 50% of our Daystar joint venture. Accounts payable increased by $20 million during 2013 primarily relating to our Industrial Performance segment as a result of the inventory increase resulting from higher demand. Pension and post-retirement health care liabilities decreased $59 million primarily due to the funding of benefit obligations. Pension and post-retirement contributions amounted to $57 million during 2013 which included $32 million for domestic plans and $25 million for international plans. Cash flows from operating activities in 2013 were adjusted by the impact of certain non-cash and other charges, which primarily included loss on sale of discontinued operations of $180 million, depreciation and amortization expense of $123 million, loss on early extinguishment of debt of $50 million, stock-based compensation expense of $14 million and impairment charges for long-lived assets of $7 million offset by a gain of $13 million recorded for the release of cumulative translation adjustment associated with the liquidation of certain wholly-owned subsidiaries.

During 2012, accounts receivable increased by $8 million driven by higher sales in the fourth quarter of 2012 compared to the fourth quarter of 2011 particularly for our Agrochemical Manufacturing and Industrial Engineered segments. Overall we experienced improvement in our days sales outstanding. Inventory increased by $1 million during 2012. Accounts payable increased by $30 million during 2012, as we continued to focus on rebuilding trade credit following our Chapter 11 proceedings. Pension and post-retirement health care liabilities decreased due to the funding of benefit obligations. Contributions to our pension plans amounted to $91 million in 2012, including $54 million for domestic plans and $37 million for the international plans. Cash flows from operating activities in 2012 were adjusted by the impact of certain non-cash and other charges, which primarily included depreciation and amortization expense of $139 million, impairment charges for long-lived assets of $47 million and stock-based compensation expense of $24 million offset by a gain of $21 million recorded for the release of cumulative translation adjustment associated with the liquidation of certain wholly-owned subsidiaries.

Cash Flows from Investing and Financing Activities

Investing Activities

Net cash provided by investing activities was $871 million for 2014. Investing activities included proceeds, net of transaction costs and cash transferred of $965 million, $3 million and $3 million from the sale of our Chemtura AgroSolutions, Antioxidant and Consumer Products businesses, respectively, and $13 million from the collection on a receivable from the sale of our 50% interest in Tetrabrom Technologies Ltd in 2011. Investing activities also included capital expenditures of $113 million for U.S. and international facilities, environmental and other compliance requirements.

Net cash provided by investing activities was $184 million for 2013. Investing included capital expenditures of $170 million for U.S. and international facilities, environmental and other compliance requirements along with $3 million for the acquisition of the remaining interest in our Daystar joint venture. Investing activities also included proceeds, net of transaction costs and cash transferred of $78 million and $249 million from the sale of our Antioxidant and Consumer Products businesses, respectively, $20 million return of capital from our ISEM joint venture and $10 million from the collection on a receivable from the sale in 2011 of our 50% interest in Tetrabrom Technologies Ltd.

Net cash used in investing activities was $140 million for 2012. Investing activities were primarily related to $149 million in capital expenditures for U.S. and international facilities, environmental and other compliance requirements, partially offset by $9 million in proceeds from a payment on a note related to the sale of our 50% interest in Tetrabrom Technologies Ltd.

Financing Activities

Net cash used in financing activities was $935 million for 2014. Financing activities primarily included the repurchase of $618 million of our common stock under our share repurchase programs, the repayment of $236 million in principal of the Term Loan, the purchase of the remaining 2018 Senior Notes of $105 million (including the call premium of $4 million) and payments on other long-term borrowings of $9 million, which were funded through our business divestitures and cash on hand. Other financing sources in the period were borrowings for capital improvements related to our facility in Nantong, China of $16 million and proceeds from the exercise of stock options of $10 million.

Net cash used in financing activities was $80 million for 2013. Financing activities primarily included the repurchase of $354 million of the 2018 Senior Notes, payment of the related tender premium and consent fees of $42 million and repayment of

Table of Contents

$102 million in principal of the Term Loan using the proceeds from the issuance of the $450 million of 2021 Senior Notes and cash on hand. Cash on hand was also used to repurchase $54 million of our common stock under our share repurchase program and $12 million of debt issuance costs related to the 2021 Senior Notes financing and amendments to the Term Loan and ABL Facility. Other financing sources in the period were borrowings for capital improvements related to our new facility in Nantong, China of $17 million, a promissory note for information technology software licenses of $7 million and proceeds from the exercise of stock options of $8 million.

Net cash provided by financing activities was $105 million for 2012, which included additional borrowings under our Term Loan of $125 million and the proceeds from the exercise of stock options of $5 million partly offset by shares acquired under our share repurchase program of $20 million, payments on short term borrowings of $3 million and cash costs related to the additional borrowing under the Term Loan of $2 million.

Contractual Obligations and Other Cash Requirements

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

The following table summarizes our significant contractual obligations and other cash commitments as of December 31, 2014.

(In millions)	Payments Due by Period						
Contractual Obligations and Other Cash Commitments*	**Total**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020 and Thereafter**
Total debt	$ 568	$ 18	$ 87	$ 11	$ 2	$	$ 450(a)
Operating leases	40	8	7	6	5	4	10(b)
Interest payments	194	31	30	27	27	26	53(c)
Environmental liabilities	76	17	11	7	9	10	22(d)
Post-retirement health care liabilities	108	9	9	8	8	8	66(e)
Total	$ 986	$ 83	$ 144	$ 59	$ 51	$ 48	$ 601

* Additional information is provided in various footnotes (including Debt, Leases, Legal Proceedings and Contingencies, Pension and Other Post-Retirement Plans, Income Taxes, and Divestitures and Acquisitions) in our Notes to Consolidated Financial Statements.

(a) Our debt agreements include various notes and bank loans for which payments will be payable through 2021. Obligations by period reflect stated contractual due dates.

(b) Represents operating lease obligations primarily related to buildings, land and equipment. Such obligations are net of future sublease income and will be expensed over the life of the applicable lease contracts. During 2014, we made payments of $23 million for operating leases.

(c) Represents interest payments and fees related to our 2021 Senior Notes, Term Loan, ABL Facility and other debt obligations outstanding at December 31, 2014. Assumed interest rates are based upon rates in effect at December 31, 2014.

(d) We have ongoing environmental liabilities for future remediation and operating and maintenance costs directly related to remediation. We estimate that the ongoing environmental liability could range up to $87 million. We have recorded a liability for ongoing environmental remediation of $76 million at December 31, 2014.

(e) We have post-retirement health care plans that provide health and life insurance benefits to certain retired and active employees and their beneficiaries. These plans are generally not pre-funded and expenses are paid by us as incurred, with the exception of certain inactive government related plans that are paid from plan assets.

Each year we spend in the range of $60 million - $70 million in capital spending to sustain existing operations including maintaining our plants, ensuring that they operate safely and generating efficiency improvements that support our other critical business and functional infrastructure.

We fund our defined benefit pension plans based on the minimum amounts required by law plus additional voluntary contribution amounts we deem appropriate. Estimated future funding requirements are highly dependent on factors that are not readily determinable. These include changes in legislation, returns earned on pension investments, labor negotiations and other factors related to assumptions regarding future liabilities. In 2014, we made contributions of $38 million to our domestic and international pension plans, which included a $14 million discretionary contribution to our qualified domestic plan and the final contractual contribution of £8 million ($12 million) to our Great Lakes U.K. Limited Pension Plan (the UK Pension Plan) per our 2011 agreement with the trustees of that UK Pension Plan. We also contributed $11 million to our post-retirement benefit plans (including payments made by us directly to plan participants). See Critical Accounting Estimates below for details regarding current pension assumptions. To the extent that current assumptions are not realized, actual funding requirements may be significantly different from those described below. The following table summarizes the estimated future funding requirements for defined benefit pension plans under current assumptions:

Table of Contents

	Funding Requirements by Period (a)				
(In millions)	2015	2016	2017	2018	2019
Qualified domestic pension plans	$	$	$	$	$
International and non-qualified pension plans	11	11	11	13	11
Total pension plans	$ 11	$ 11	$ 11	$ 13	$ 11

(a) Represents minimum amounts required by law or contractual obligations. We may elect to make additional discretionary contributions as deemed appropriate consistent with our past practice.

We have substantial U.S. net operating losses (NOLs) as described in Note 9 - Income Taxes to our Consolidated Financial Statements. While our utilization of these NOLs is subject to annual federal NOL limitations under Internal Revenue Code (IRC) Section 382, we expect they will substantially reduce the amount of U.S. cash tax payments we are required to make in the foreseeable future.

Other Sources and Uses of Cash

We expect to finance our continuing operations, capital spending requirements and the remainder of our authorized stock repurchase program in 2015 with cash flows provided by operating activities, available cash and cash equivalents, the 2018 ABL Facility and China Bank Facility. Our long-term stated total leverage target remains approximately 2X Adjusted EBITDA.

Cash and cash equivalents as of December 31, 2014 were $392 million, of which $227 million was held by Chemtura and our U.S. subsidiaries and $165 million was held by our direct or indirect foreign subsidiaries and consolidated joint ventures. The cash and cash equivalents of our foreign subsidiaries are used to fund working capital requirements, make cash contributions to various pension plans and fund capital expenditures. In light of these cash requirements, we consider undistributed earnings of certain foreign subsidiaries to be indefinitely invested in their operations.

In addition to the letters of credit of $15 million and $14 million outstanding at December 31, 2014 and 2013, respectively, we have guarantees that have been provided to various financial institutions. At December 31, 2014 and 2013, we had $10 million and $12 million, respectively, in guarantees. The letters of credit and guarantees were primarily related to liabilities for insurance obligations, environmental obligations, banking and credit facilities, vendor deposits and European value added tax (VAT) obligations.

As of December 31, 2014, such undistributed earnings of our foreign subsidiaries totaled $747 million. Proceeds received by non-U.S. subsidiaries related to the divestiture of the Chemtura AgroSolutions business were substantially repatriated during the year. Repatriation of cash held by our foreign subsidiaries could be subject to adverse tax consequences given the potentially higher U.S. effective tax rates and withholding tax requirements in the source country. Estimating the range of tax liabilities that could arise from the repatriation of undistributed earnings of our foreign subsidiaries is not practicable at this time.

CRITICAL ACCOUNTING ESTIMATES

Our Consolidated Financial Statements have been prepared in conformity with GAAP, which require us to make estimates and assumptions that affect the amounts and disclosures reported in our Consolidated Financial Statements and accompanying notes. Accounting estimates and assumptions described in this section are those we consider to be the most critical to an understanding of our financial statements because they inherently involve significant judgments and uncertainties. For all of these estimates, we note that future events rarely develop exactly as forecasted, and the best estimates routinely require adjustment. Actual results could differ from such estimates. The following discussion summarizes our critical accounting estimates. Significant accounting policies used in the preparation of our Consolidated Financial Statements are discussed in our Notes to Consolidated Financial Statements.

Carrying Value of Goodwill and Long-Lived Assets

We have elected to perform our annual goodwill impairment procedures for all of our reporting units in accordance with ASC Subtopic 350-20, *Intangibles Goodwill and Other - Goodwill* (ASC 350-20) as of July 31, or sooner, if events occur or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value. We estimate the fair value of our reporting units utilizing income and market approaches through the application of discounted cash flow and market comparable methods (Level 3 inputs as described in Note 14 Financial Instruments and Fair Value Measurements). The assessment is required to be performed in two steps: step one to test for a potential impairment of goodwill and, if potential impairments are identified, step two to measure the impairment loss through a full fair value allocation of the assets and liabilities of the reporting unit utilizing the acquisition method of accounting.

Table of Contents

We continually monitor and evaluate business and competitive conditions that affect our operations and reflect the impact of these factors in our financial projections. If permanent or sustained changes in business or competitive conditions occur, they can lead to revised projections that could potentially give rise to impairment charges.

For further discussion of impairment charges, see Note - 3 Restructuring and Asset Impairment Activities in our Notes to Consolidated Financial Statements.

Environmental Matters

We are involved in environmental matters of various types in a number of jurisdictions. A number of such matters involve claims for material amounts of damages and relate to or allege environmental liabilities, including cleanup costs associated with hazardous waste disposal sites and natural resource damages.

Each quarter, we evaluate and review estimates for future remediation, operation and management costs directly related to remediation, to determine appropriate environmental reserve amounts. For each site where the cost of remediation is probable and reasonably estimable, we determine 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 us and the anticipated time frame over which payments toward the remediation plan will occur. At sites where we expect to incur ongoing operation and maintenance expenditures, we accrue on an undiscounted basis for a period of generally 10 years, those costs which are probable and reasonably estimable.

In addition, it is possible that our 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.

We intend to assert all meritorious legal defenses and will pursue other equitable factors that are available with respect to these matters. The resolution of environmental matters asserted against us could require us to pay remedial costs or damages, which are not currently determinable, that could exceed our present estimates, and as a result could have, either individually or in the aggregate, a material adverse effect on our financial condition, results of operations or cash flows.

Pension and Other Post-Retirement Benefits Expense

Our calculation of pension and other post-retirement benefits expense is dependent on a number of factors and assumptions. These factors and assumptions include discount rates, health care cost trend rates, expected long-term rates of return on plan assets, mortality rates, expected salary and wage increases, and other relevant factors. Components of pension and other post-retirement benefits expense include interest and service costs on the pension and other post-retirement benefit plans, expected return on plan assets and amortization of certain unrecognized costs and obligations. Actual results that differ from the assumptions utilized are accumulated and amortized over future periods and, therefore, generally affect recognized expense and the recorded obligation in future periods. While we believe that the assumptions used are appropriate, differences in actual experience or significant changes in assumptions would affect our pension and other post-retirement benefits costs and obligations. See Note 13 Pension and Other Post-Retirement Plans in our Notes to Consolidated Financial Statements.

Pension Plans

Pension liabilities are measured on a discounted basis and the assumed discount rate is a significant assumption. At each measurement date, the discount rate is based on interest rates for high-quality, long-term corporate debt securities with maturities comparable to our liabilities. At December 31, 2014, we utilized a discount rate of 3.80% for our domestic qualified pension plan compared to 4.60% at December 31, 2013. For the international and non-qualified plans, a weighted average discount rate of 3.28% was used at December 31, 2014, compared to 4.18% used at December 31, 2013. As a sensitivity measure, a 25 basis point reduction in the discount rate for all plans would result in less than a million dollar decrease in pre-tax earnings for 2014.

Domestic discount rates adopted at December 31, 2014 utilized an interest rate yield curve to determine the discount rate pursuant to guidance codified under ASC Topic 715, *Defined Benefit Plans* (ASC 715). The yield curve is comprised of AA bonds with maturities between zero and thirty years. We discounted the annual cash flows of our domestic pension plans using this yield curve and developed a single-point discount rate matching the respective plan s payout structure.

A similar approach was used to determine the appropriate discount rates for the international plans. The actual method used varies from country to country depending on the amount of available information on bond yields to be able to estimate a single-point discount rate to match the respective plan s benefit disbursements.

Table of Contents

Our weighted average estimated rate of compensation increase was 2.87% for applicable domestic and international pension plans combined at December 31, 2014. As a sensitivity measure, an increase of 25 basis points in the estimated rate of compensation increase would decrease pre-tax earnings for 2014 by an immaterial amount.

The expected return on pension plan assets is based on our investment strategy, historical experience, and expectations for long-term rates of return. We determine the expected rate of return on plan assets for the domestic and international pension plans by applying the expected returns on various asset classes to our target asset allocation.

We utilized a weighted average expected long-term rate of return of 7.50% on all domestic plan assets and a weighted average rate of 6.68% for the international plan assets for 2014.

Asset-class return expectations are set using a combination of historical and forward-looking analyses. Historical returns are evaluated based on an arithmetic average of annual returns derived from recognized passive indices, such as the S&P 500, for the major asset classes. We looked at the arithmetic averages of annual investment returns from passive indices, assuming a portfolio of investments that follow the current target asset allocation for the domestic plans over several business cycles, to obtain an indication of the long-term historical market performance. The historical return estimates that result for each asset class are reviewed and combined with a qualitative assessment of long-term relationships between asset classes before a return estimate is finalized. The qualitative analysis is targeted towards removing the effect of unsustainable short-term valuations or trends, or capturing structural changes that are not yet reflected in the historical data. The resulting capital market assumptions are meant to reflect return levels and behavior that are likely to prevail over longer time periods. The geometric return over the past 19 years, the maximum available period of time for the applicable indices, was 11.90%, and over the past 10 years it was 10.27%. Both of these values exceeded the 7.50% domestic expected return on assets for 2014.

The actual annualized return on plan assets for the domestic plans for the 12 months ended December 31, 2014 was approximately 10.0% (net of investment expenses), which was above the expected return on asset assumption for the year. The international plans realized a weighted average return of approximately 18.5% in local currency terms and approximately 11.2% in U.S. dollar terms. Changes in exchange rates resulted in currency losses of approximately $29 million on plan assets, which were partially offset by currency gains of approximately $41 million on benefit obligations for the international pension arrangements.

Our target asset allocation for the domestic pension plans is based on investing 32% of plan assets in equity instruments, 58% of plan assets in fixed income investments and 10% in all other types of investments. At December 31, 2014, 33% of the portfolio was invested in equities, 53% in fixed income investments and 14% in real estate and other investments.

We have unrecognized actuarial losses relating to our pension plans which have been included in our Consolidated Balance Sheet, but not in our Consolidated Statements of Operations. The extent to which these unrecognized actuarial losses will impact future pre-tax earnings depends on whether the unrecognized actuarial losses are deferred through the asset-smoothing mechanism (the market related value as defined by ASC Topic 715-30, *Defined Benefit Plans Pensions* (ASC 715-30)), or through amortization in pre-tax earnings to the extent that they exceed a 10% amortization corridor, as defined by ASC 715-30, which provides for amortization over the average remaining participant career or life. The amortization of unrecognized net losses existing as of December 31, 2014 will result in a $20 million decrease to pre-tax earnings for 2014 ($14 million for the qualified domestic plans and $6 million for the international and non-qualified plans). Since future gains and losses beyond 2014 are a result of various factors described herein, it is not possible to predict with certainty to what extent the combination of current and future losses may exceed the 10 percent amortization corridor and thereby be subject to further amortization. At the end of 2014, unrecognized net losses amounted to $269 million for the qualified domestic plans and $130 million for the international and non-qualified plans. Of these amounts, $25 million of unrecognized gains for the domestic plans and $45 million of unrecognized gains for the international plans are deferred through the asset smoothing mechanism as required by ASC 715.

The pre-tax pension income for all pension plans was $1 million in 2014, excluding settlement losses. Pension (income) expense is calculated based upon certain assumptions including discount rate, expected long-term rate of return on plan assets, mortality rates and expected salary and wage increases. Actual results that differ from the current assumptions utilized are accumulated and amortized over future periods and will affect pension expense in future periods.

In addition to the pre-tax pension income noted above, we recorded a $21 million settlement loss in the fourth quarter of 2014 related to the lump sum payout made to certain participants in our U.S. qualified pension plan.

The following table estimates the future pension expense (income), based upon current assumptions:

Table of Contents

	Pension Expense (Income) By Year				
(In millions)	2015	2016	2017	2018	2019
Qualified domestic pension plans	$ (1)	$ (3)	$ (5)	$ (6)	$ (7)
International and non-qualified pension plans	3		(2)	(5)	(7)
Total pension plans	$ 2	$ (3)	$ (7)	$ (11)	$ (14)

The impact of a 100 basis point change in the actual return on assets would not have a material impact on the pension (income) expense for the above years.

We participate in a multi-employer pension plan that provides defined benefits to certain employees covered under a collective bargaining agreement. The risks of participating in a multi-employer plan differ from those of a single employer plan. The net pension cost of a multi-employer plan is equal to the annual contribution determined in accordance with the provisions of the collective bargaining agreement. Contributions that we make to the plan are not segregated and may be used to fund benefits to employees of other participating employers. The future cost of the plan is dependent on a number of factors, including the funded status of the plan and the ability of other participating companies to meet ongoing funding obligations. If one employer stops contributing to the plan the unfunded obligation of the plan may have to be assumed by the remaining participating employers.

Our contributions to the multi-employer plan for 2014 and prior years have been insignificant. However, due to the pending withdrawal of certain employers from the plan, there is uncertainty regarding the impact on our future contributions. We will continue to assess our obligations and risks associated to the multi-employer plan, and update our disclosures accordingly.

Other Post-Retirement Benefits

We provide post-retirement health and life insurance benefits for current retired and active employees and their beneficiaries and covered dependents for certain domestic and international employee groups.

The discount rates we adopted for the valuation of the post-retirement health care plans were determined using the same methodology as for the pension plans. At December 31, 2014, we utilized a weighted average discount rate of 3.70% for post-retirement health care plans, compared to 4.35% at December 31, 2013. As a sensitivity measure, a 25 basis point reduction in the discount rate would result in an immaterial change in pre-tax earnings for 2014.

Assumed health care cost trend rates are based on past and current health care cost trends, considering such factors as health care inflation, changes in health care utilization or delivery patterns, technological advances, and the overall health of plan participants. We use health care trend cost rates starting with a weighted average initial level of 5.98% for the domestic arrangements and grading down to an ultimate level of 5%. For the international arrangements, the weighted average initial rate is 7.00%, grading down to 5%.

The pre-tax post-retirement healthcare expense was $2 million in 2014 and is expected to approximate $2 million per year for years 2015 to 2019 based upon the various assumptions discussed above.

Income Taxes

Income taxes payable reflect our current tax provision and management s best estimate of the current tax liability relating to the outcome of uncertain tax positions. If the actual outcome of uncertain tax positions differs from our best estimates, an adjustment to income taxes payable could be required, which may result in additional income tax expense or benefit.

We record deferred tax assets and liabilities based on differences between the book and tax basis of assets and liabilities using the enacted tax rates expected to apply to taxable income in the periods in which the deferred tax liability or asset is expected to be settled or realized. We also record deferred tax assets for the expected future tax benefits of net operating losses and income tax credit carryforwards.

Valuation allowances are established when we determine that it is more likely than not that the results of future operations will not generate sufficient taxable income to realize our deferred tax assets. We consider the scheduled reversal of deferred tax assets and liabilities, projected future taxable income, and tax planning strategies in making this assessment. Thus, changes in future results of operations could result in adjustments to our valuation allowances.

Table of Contents

We anticipate that we will repatriate the undistributed earnings of certain foreign subsidiaries. For the year ended December 31, 2014, we decreased by $25 million the amount of the net deferred tax liability we provide for the U.S. tax consequences of these repatriations, primarily due to the repatriations completed in 2014 as part of the sale of our Chemtura AgroSolutions business. For the year ended December 31, 2013, we increased by $18 million, the amount of the net deferred tax liability we provide for the U.S. tax consequences of these repatriations. In 2013, this increase has been offset by an equal increase to our foreign tax credits, and, as such, had no effect on tax expense recognized in our Consolidated Statements of Operations. We consider undistributed earnings of all other foreign subsidiaries to be indefinitely invested in their operations. At December 31, 2014, such undistributed earnings deemed to be indefinitely reinvested in foreign operations amounted to $747 million. Repatriation of undistributed earnings, currently deemed indefinitely reinvested, would require us to accrue and pay taxes in the future. Estimating the tax liability that would arise if these earnings were repatriated is not practicable at this time.

We file income tax returns in the U.S (including federal and state) and foreign jurisdictions. The income tax returns for our entities taxable in the U.S. and significant foreign jurisdictions are open for examination and adjustment. We assess our income tax positions and record a liability for all years open to examination based upon our evaluation of the facts, circumstances and information available at the reporting date. The economic benefit associated with a tax position will only be recognized if it is more likely than not that a tax position ultimately will be sustained. We adjust these liabilities, if necessary, upon the completion of tax audits or changes in tax law.

We have a liability for unrecognized tax benefits of $28 million and $44 million at December 31, 2014 and 2013, respectively. This decrease is primarily related to actual cash repatriations made during the current year that offset the liability established in prior years for deemed repatriations and settlements of tax audits in various domestic and foreign jurisdictions.

ACCOUNTING DEVELOPMENTS

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. This ASU will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. The new standard is effective on January 1, 2017. Early application is not permitted. The standard permits the use of either the retrospective or cumulative effect transition method. We are evaluating the effect that the ASU will have on our consolidated financial statements and related disclosures. We have not yet selected a transition method nor have we determined the effect of the standard on our ongoing financial reporting.

OUTLOOK

2015 will be our first full year as a focused, pure play , industrial specialty chemicals company. We remain committed to growing our revenues, expanding our profit margins and improving our cash flows. We will meet these objectives through our focus on growth from innovation and from the faster growing regions and through a rigorous focus on reducing the cost of our products and operations.

In the second half of 2014 we accelerated our manufacturing cost reduction programs, applying the operating model we developed and implemented at two of our plant clusters in the earlier part of the year to all of our manufacturing plants worldwide. These actions will generate manufacturing cost reductions of $50 million and we anticipate that $40 million of these reductions will be reflected in our 2015 profitability. In addition, through more closely integrating our businesses, we are making further SG&A cost reductions. These actions will generate SG&A

cost reductions of $12 million and we anticipate that $10 million of these reductions also will be reflected in our 2015 profitability. Following our successful elimination of the stranded costs associated with our former Antioxidant and Consumer Products businesses in 2013 and 2014, we are now eliminating the stranded costs associated with the Chemtura AgroSolutions business and expect to complete these actions by the end of the first quarter of 2015. These cost reduction actions combined with our ongoing continuous improvement programs will permit us to expand profit margins in 2015 without reliance on recovery in volume or selling prices in the applications of our bromine based products.

Many of the product lines within our Industrial segments are exposed to secular growth trends driven by regulation and the application of new technologies. We exploit these trends through innovation,commercial excellence and the efficiency of our manufacturing operations. We also have the potential for cyclical recovery in the applications for bromine although it remains uncertain as to when such recovery will occur. The visible drivers of revenue growth for our Industrial segments in 2015 are:

- Our Industrial Performance Products segment will benefit from volume growth from applications for our additives and finished fluids as well as see the annualized benefit of price increases implemented in 2014

Table of Contents

- Industrial Engineered Products will benefit from customers completing their adoption of new Emerald InnovationTM 3000 flame retardant in styrene based insulation applications as well as organometallic growth from MOCVD (metal organic chemical vapor deposition) agents, tin and pharmaceutical applications.

We also anticipate an increase of about $8 million in our corporate expenses in 2015 compared to 2014 primarily due to higher post-retirement and pension related costs as a result of the change in the mortality tables used in the computation of the value of our pension liabilities and the lower discount rates that applied as of the December 31, 2014 measurement date.

We anticipate improving our cash flow in 2015 as a result of the higher operating profitability resulting from the actions described above, combined with the benefit of lower cash interest expense as a result of the reductions in our outstanding debt at the end of 2014, modest reductions in required cash pension contributions, lower capital expenditure and attention to working capital. Capital expenditures in 2015 are projected in a range of $85-$95 million.

As of December 31, 2014, $170 million remained under our Board authorized stock repurchase program. If we are successful in completing this stock repurchase program in 2015, outstanding shares of common stock will be in a range of 65-70 million shares depending on the prices at which we repurchase our common stock.

To further expand our industrial specialty chemical portfolio, in 2015 we will explore supplementing our organic growth through acquisition or merger.

There are a number of risks to achieving our business plans as described in Item 1A - Risk Factors and summarized below in Forward Looking Statements.

Table of Contents

Item 7A: Quantitative and Qualitative Disclosures About Market Risk

Our activities expose our earnings, cash flows and financial condition to a variety of market risks, including the effects of changes in foreign currency exchange rates, interest rates and energy prices. We have short-term exposure to changes in foreign currency exchange rates resulting from transactions entered into by us and our foreign subsidiaries in currencies other than their local currency (primarily trade payables and receivables). We are also exposed to currency risk on intercompany transactions (including intercompany loans).

The primary currencies to which we have foreign currency exchange rate exposure are the European Union Euro, Canadian Dollar, British Pound Sterling, Taiwanese Dollar, Japanese Yen, Swiss Franc, Brazilian Real and the U.S. Dollar (in certain of our foreign locations). In response to greater fluctuations in foreign currency exchange rates in recent periods, we have increased the degree of exposure risk management activities to minimize the potential impact on earnings.

We manage our foreign currency exposures by balancing certain assets and liabilities denominated in foreign currencies and through the use from time to time of foreign currency forward contracts and other foreign currency options. The principal objective of such contracts is to minimize the risks and/or costs associated with global operating activities. The counterparties to these contractual agreements are major financial institutions with which we generally have other financial relationships. We are exposed to credit loss in the event of non-performance by these counterparties. However, we do not anticipate non-performance by the counterparties. We do not utilize financial instruments for trading or other speculative purposes.

The primary method we use to reduce foreign currency exposure is to identify natural hedges, in which the operating activities denominated in respective currencies across various subsidiaries balance in respect to timing and the underlying exposures. In the event a natural hedge is not available, we may employ a forward contract or other option to reduce exposure, generally expiring within one year. While these contracts are subject to fluctuations in value, such fluctuations are generally offset by the value of the underlying exposures being hedged. Gains and losses on foreign currency forward contracts are recognized currently in income but do not have a significant impact on results of operations.

As of December 31, 2014, we do not have any derivative financial instruments outstanding.

Interest Rate Sensitivity

Our earnings are affected by changes in interest rates due to the impact those changes have on interest expense from variable-rate debt instruments. The interest rate is fixed for $460 million of our debt and capital lease obligations, with the remaining $114 million having variable interest rates. If interest rates on our variable rate debt were, on average, 100 basis points higher in 2015 than they were during 2014, our interest expense would increase by approximately $1 million.

Table of Contents

Item 8: Financial Statements and Supplementary Data

CHEMTURA CORPORATION AND SUBSIDIARIES

Consolidated Statements of Operations

Years ended December 31, 2014, 2013 and 2012

(In millions, except per share data)

	2014	2013	2012
NET SALES	**$ 2,190**	$ 2,231	$ 2,196
COSTS AND EXPENSES			
Cost of goods sold	**1,682**	1,721	1,615
Selling, general and administrative	**255**	229	246
Depreciation and amortization	**102**	101	100
Research and development	**36**	40	41
Facility closures, severance and related costs	**25**	42	11
Gain on sale of business	**(529)**		
Equity loss			4
OPERATING INCOME	**619**	98	179
Interest expense	**(45)**	(60)	(64)
Loss on early extinguishment of debt	**(7)**	(50)	(1)
Other income, net	**12**	8	15
Earnings (loss) from continuing operations before income taxes	**579**	(4)	129
Income tax benefit (expense)	**192**	(18)	(26)
Earnings (loss) from continuing operations	**771**	(22)	103
Earnings (loss) from discontinued operations, net of tax	**1**	25	(3)
Loss on sale of discontinued operations, net of tax	**(9)**	(180)	
Net earnings (loss)	**763**	(177)	100
Less: net loss attributable to non-controlling interests			1
Net earnings (loss) attributable to Chemtura	**$ 763**	$ (177)	$ 101
BASIC PER SHARE INFORMATION - ATTRIBUTABLE TO CHEMTURA:			
Earnings (loss) from continuing operations, net of tax	**$ 8.55**	$ (0.23)	$ 1.04
Earnings (loss) from discontinued operations, net of tax	**0.01**	0.26	(0.02)
Loss on sale of discontinued operations, net of tax	**(0.10)**	(1.84)	
Net earnings (loss) attributable to Chemtura	**$ 8.46**	$ (1.81)	$ 1.02
DILUTED PER SHARE INFORMATION - ATTRIBUTABLE TO CHEMTURA:			
Earnings (loss) from continuing operations, net of tax	**$ 8.43**	$ (0.23)	$ 1.04
Earnings (loss) from discontinued operations, net of tax	**0.01**	0.26	(0.02)
Loss on sale of discontinued operations, net of tax	**(0.10)**	(1.84)	
Net earnings (loss) attributable to Chemtura	**$ 8.34**	$ (1.81)	$ 1.02
Basic weighted - average shares outstanding	**90.2**	97.7	98.2
Diluted weighted - average shares outstanding	**91.5**	97.7	98.8
AMOUNTS ATTRIBUTABLE TO CHEMTURA STOCKHOLDERS:			
Earnings (loss) from continuing operations, net of tax	**$ 771**	$ (22)	$ 103
Earnings (loss) from discontinued operations, net of tax	**1**	25	(2)
Loss on sale of discontinued operations, net of tax	**(9)**	(180)	

Net earnings (loss) attributable to Chemtura	**$ 763**	$ (177)	$ 101

See Accompanying Notes to Consolidated Financial Statements.

Table of Contents

CHEMTURA CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income (Loss)

Years ended December 31, 2014, 2013 and 2012

(In millions)

(In millions)		**2014**		**2013**		**2012**
Net earnings (loss)	**$**	**763**	$	(177)	$	100
Other comprehensive income (loss), net of tax:						
Foreign currency translation adjustments -						
net of income tax benefit (expense) of $10, $(3) and $(4)		**(73)**		(60)		(6)
Unrecognized pension and other post-retirement benefit costs -						
net of income tax benefit (expense) of $39, $(16) and $14		**(39)**		208		(76)
Unrealized loss on available for sale securities		**(5)**				
Comprehensive income (loss)		**646**		(29)		18
Comprehensive loss attributable to the non-controlling interest						1
Comprehensive income (loss) attributable to Chemtura	**$**	**646**	$	(29)	$	19

See Accompanying Notes to Consolidated Financial Statements.

Table of Contents

CHEMTURA CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

As of December 31, 2014 and 2013

(In millions, except par value data)

	2014	2013
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	**$ 392**	$ 549
Accounts receivable, net	**251**	234
Inventories, net	**329**	346
Other current assets	**238**	151
Assets held for sale	**6**	245
Total current assets	**1,216**	1,525
NON-CURRENT ASSETS		
Property, plant and equipment	**704**	717
Goodwill	**172**	179
Intangible assets, net	**99**	114
Deferred tax asset - non-current	**313**	25
Other assets	**163**	144
Total Assets	**$ 2,667**	$ 2,704
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Short-term borrowings	**$ 18**	$ 117
Accounts payable	**146**	148
Accrued expenses	**170**	176
Below market obligation - current	**38**	
Income taxes payable	**24**	5
Liabilities held for sale	**9**	38
Total current liabilities	**405**	484
NON-CURRENT LIABILITIES		
Long-term debt	**556**	781
Pension and post-retirement health care liabilities	**318**	246
Below market obligation - non-current	**185**	
Deferred tax liability - non-current	**25**	34
Other liabilities	**124**	160
Total liabilities	**1,613**	1,705
EQUITY		
Common stock - $.01 par value, authorized - 500.0 shares, issued - 100.5 shares in 2014 and 2013	**1**	1
Additional paid-in capital	**4,383**	4,375
Accumulated deficit	**(2,262)**	(3,025)
Accumulated other comprehensive loss	**(397)**	(280)
Treasury stock at cost - 28.8 shares in 2014 and 4.0 shares in 2013	**(672)**	(73)
Total Chemtura stockholders equity	**1,053**	998
Non-controlling interests	**1**	1
Total equity	**1,054**	999
Total Liabilities and Equity	**$ 2,667**	$ 2,704

See Accompanying Notes to Consolidated Financial Statements.

Table of Contents

CHEMTURA CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Years ended December 31, 2014, 2013 and 2012

(In millions)

Increase (decrease) in cash	**2014**	**2013**	**2012**
CASH FLOWS FROM OPERATING ACTIVITIES			
Net earnings (loss)	**$ 763**	$ (177)	$ 100
Adjustments to reconcile net earnings (loss) to net cash (used in) provided by operating activities:			
Loss on sale of discontinued operations	**9**	180	
Gain on sale of business	**(529)**		
Impairment charges		7	47
Agrochemical Manufacturing supply agreements	**(6)**		
Release of translation adjustment from liquidation of entities		(13)	(21)
Loss on early extinguishment of debt	**7**	50	1
Depreciation and amortization	**102**	123	139
Stock-based compensation expense	**14**	14	24
Deferred tax (benefit) expense	**(274)**	1	3
Excess tax benefit from share-based payment arrangements	**(5)**		
Other non-cash transactions	**8**	(1)	
Changes in assets and liabilities, net:			
Accounts receivable	**(89)**	(20)	(8)
Inventories	**(31)**	(13)	(1)
Other current assets	**(27)**	(14)	(4)
Other assets	**6**	(18)	
Accounts payable	**4**	20	30
Accrued expenses	**(37)**	(18)	(3)
Income taxes payable	**19**	5	(14)
Pension and post-retirement health care liabilities	**(27)**	(59)	(79)
Other liabilities	**12**	15	1
Other	**3**	(3)	3
Net cash (used in) provided by operating activities	**(78)**	79	218
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from divestments, net	**984**	357	9
Payments for acquisitions, net of cash acquired		(3)	
Capital expenditures	**(113)**	(170)	(149)
Net cash provided by (used in) investing activities	**871**	184	(140)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of long term debt	**19**	481	125
Payments on long term debt, includes premium on tendering of notes	**(350)**	(502)	
(Payments on) proceeds from other short term borrowings, net	**(1)**	(1)	(3)
Payments for debt issuance and refinancing costs		(12)	(2)
Common shares acquired	**(618)**	(54)	(20)
Proceeds from exercise of stock options	**10**	8	5
Excess tax benefit from share-based payment arrangements	**5**		
Net cash (used in) provided by financing activities	**(935)**	(80)	105

CASH AND CASH EQUIVALENTS

Effect of exchange rates on cash and cash equivalents	**(15)**	1	2
Change in cash and cash equivalents	**(157)**	184	185
Cash and cash equivalents at beginning of year	**549**	365	180
Cash and cash equivalents at end of year	**$ 392**	$ 549	$ 365

See Accompanying Notes to Consolidated Financial Statements.

Table of Contents

CHEMTURA CORPORATION AND SUBSIDIARIES

Consolidated Statements of Equity

Years ended December 31, 2014, 2013 and 2012

(In millions)

	Shares Outstanding	Common Stock	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Treasury Stock	Total Chemtura Stockholders Equity	Non Controlling Interests	Total Equity
Balance, January 1, 2012	96.3	$ 1	$ 4,353	$ (2,949)	$ (346)	$ (22)	$ 1,037	$ 9	$ 1,046
Net earnings				101			101	(1)	100
Other comprehensive loss					(82)		(82)		(82)
Issuance of reorganized Chemtura common stock	2.1		1				1		1
Dividends attributable to the non-controlling interest								(1)	(1)
Share-based compensation			24				24		24
Stock options exercised	0.3		1			4	5		5
Common shares acquired	(1.4)					(20)	(20)		(20)
Other issuances	0.7		(13)			8	(5)		(5)
Balance, December 31, 2012	98.0	1	4,366	(2,848)	(428)	(30)	1,061	7	1,068
Net loss				(177)			(177)		(177)
Other comprehensive income					148		148		148
Divestiture								(6)	(6)
Share-based compensation			14				14		14
Stock options exercised	0.5		1			7	8		8
Common shares acquired	(2.4)					(54)	(54)		(54)
Other issuances	0.4		(6)			4	(2)		(2)
Balance, December 31, 2013	96.5	1	4,375	(3,025)	(280)	(73)	998	1	999
Net earnings				763			763		763
Other comprehensive loss					(117)		(117)		(117)
Share-based compensation			14				14		14

Stock options exercised	0.6		1			13	14		14
Common shares acquired	(25.8)					(618)	(618)		(618)
Other issuances	0.4		(7)			6	(1)		(1)
Balance, December 31, 2014	71.7	$ 1	$ 4,383	$ (2,262)	$ (397)	$ (672)	$ 1,053	$ 1	$ 1,054

See Accompanying Notes to Consolidated Financial Statements.

Table of Contents

CHEMTURA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

1) NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Chemtura Corporation, together with our consolidated subsidiaries, is a chemical company dedicated to delivering innovative, performance-driven engineered specialty chemical solutions which are used as additives, ingredients or intermediates which add value to our customers end products. We are committed to global sustainability through greener technology and developing engineered chemical solutions that meet our customers evolving needs. We operate in a wide variety of end-use industries, including automotive, building and construction, electronics, energy lubricants, packaging and transportation. We are a leader in many of our key product lines and transact business in more than 80 countries.

With the completion of the sale of our Chemtura AgroSolutions business in 2014 and our antioxidant and UV stabilizer (Antioxidants) and Consumer Products businesses in 2013, we have completed our transformation into an operating company focused primarily on serving the global specialty chemical market.

Our principal executive offices are located in Philadelphia, Pennsylvania and Middlebury, Connecticut.

When we use the terms Corporation, Company, Chemtura, Registrant, We, Us and Our, unless otherwise indicated or the context other requires, we are referring to Chemtura Corporation and our consolidated subsidiaries.

Basis of Presentation

The accompanying Consolidated Financial Statements include the accounts of Chemtura and our wholly-owned and majority-owned subsidiaries that we control. Other affiliates in which we have a 20% to 50% ownership interest or a non-controlling majority interest are accounted for in accordance with the equity method. Other investments in which we have less than 20% ownership are recorded at cost. All significant intercompany balances and transactions have been eliminated in consolidation.

Our Consolidated Financial Statements have been prepared in conformity with U.S. generally accepted accounting principles (GAAP), which require us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Certain prior year amounts have been reclassified to conform to the current year s presentation. These changes did not have a material impact on previously reported results of operations, cash flows or financial position.

Accounting Policies

Revenue Recognition

Substantially all of our revenues are derived from the sale of products. Revenue is recognized when risk of loss and title to the product is transferred to the customer. Revenue is recorded net of taxes collected from customers that are remitted to governmental authorities with the collected taxes recorded as current liabilities until remitted to the respective governmental authorities. Our products are sold subject to various shipping terms. Our terms of delivery are included on our sales invoices and order confirmation documents.

We record the revenue and costs associated with our supply agreements for our Agrochemical Manufacturing segment on a gross basis. Additionally, included in revenue for this segment is the recognition of the below market contract obligation associated with these supply agreements, on a straight-line basis based on our estimate of the timing of shipments.

Customer Rebates

We accrue for the estimated cost of customer rebates as a reduction of sales. Customer rebates are primarily based on customers achieving defined sales targets over a specified period of time. We estimate the cost of these rebates based on the likelihood of the rebate being achieved and recognize the cost as a deduction from sales when such sales are recognized.

Table of Contents

Rebate programs are monitored on a regular basis and adjusted as required. Customer rebates are included as a reduction to accounts receivable on our Consolidated Balance Sheet. Activity in customer rebate accounts is a follows:

(In millions)	2014	2013	2012
Balance, January 1	**$ 10**	$ 14	$ 14
Charged to costs and expenses	**37**	36	8
Payments to customers	**(40)**	(40)	(8)
Other(1)	**(5)**		
Balance, December 31	**$ 2**	$ 10	$ 14

(1) Relates to the sale of Chemtura AgroSolutions in November 2014.

Operating Costs and Expenses

Cost of goods sold (COGS) includes all costs incurred in manufacturing goods, including raw materials, direct manufacturing costs and manufacturing overhead. COGS also includes warehousing, distribution, engineering, purchasing, customer service, environmental, health and safety functions, and shipping and handling costs for outbound product shipments. Selling, general and administrative (SG&A) expenses include costs and expenses related to the following functions and activities: selling, advertising, legal, provision for doubtful accounts, corporate facilities and corporate administration. SG&A also includes accounting, information technology, finance and human resources, excluding direct support in manufacturing operations, which is included as COGS. Research and development (R&D) expenses include basic and applied research and development activities of a technical and non-routine nature. R&D costs are expensed as incurred. COGS, SG&A and R&D expenses exclude depreciation and amortization expenses which are presented on a separate line in our Consolidated Statements of Operations.

Other Income (Expense), Net

Other income (expense), net includes:

(In millions)	2014	2013	2012
Foreign exchange gain (loss)	**$ 10**	$ (7)	$ (6)
Interest income	**3**	3	5
Release of cumulative foreign currency translation adjustments from liquidation of entities		13	21
Reorganization items, net	**(1)**	(1)	(5)
	$ 12	$ 8	$ 15

Allowance for Doubtful Accounts

The allowance for doubtful accounts reflects a reserve representing our estimate of the amounts that may not be collectible. In addition to reviewing delinquent accounts receivable, we consider many factors in estimating our reserves, including historical data, experience, customer types, credit worthiness, and economic trends. From time to time, we may adjust our assumptions for anticipated changes in any of these or other factors expected to affect collection. Allowances for doubtful accounts are included as a reduction to accounts receivable in our Consolidated Balance Sheet. Activity in allowance for doubtful accounts is a follows:

(In millions)	**2014**	**2013**	**2012**
Balance, January 1	**$ 11**	$ 11	$ 15
Charged to costs and expenses	**8**	2	2
Write-offs	**(3)**	(1)	(6)
Other(1)	**(14)**	(1)	
Balance, December 31	**$ 2**	$ 11	$ 11

(1) Relates to the sale of Chemtura AgroSolutions in November 2014.

Table of Contents

Inventory Valuation

Inventories are valued at the lower of cost or market. Cost is determined using the first-in, first-out (FIFO) method.

Property, Plant and Equipment

Property, plant and equipment are carried at cost, less accumulated depreciation. Depreciation expense is principally computed on the straight-line method using the following ranges of asset lives: land improvements - 3 to 20 years; buildings and improvements - 2 to 40 years; machinery and equipment - 2 to 25 years; information systems and equipment - 2 to 10 years; and furniture, fixtures and other - 1 to 10 years. See Note 5 Property, Plant and Equipment for further information.

Renewals and improvements that significantly extend the useful lives of the assets are capitalized. Capitalized leased assets and leasehold improvements are depreciated over the shorter of their useful lives or the remaining lease term. Expenditures for maintenance and repairs are charged to expense as incurred.

Intangible Assets

Patents, trademarks and other intangibles assets are being amortized principally on a straight-line basis using the following ranges for their estimated useful lives: patents - 10 to 20 years; trademarks - 30 to 40 years; customer relationships - 15 to 30 years; production rights - 10 years; and other intangibles - 5 to 50 years. See Note 6 Goodwill and Intangible Assets for further information.

Marketable Securities

We apply the provision of ASC Topic 360 - *Investments - Debt and Equity Securities* (ASC 320), in evaluating and accounting for marketable securities. Our primary marketable security is 2 million shares of Platform Specialty Products Corporation (Platform) common stock of which was acquired as part of the sale of our Chemtura AgroSolutions business in 2014. The stock is restricted from trading for a period of six months from the date of sale. We have deemed these securities to be considered available-for-sale. The valuation of these securities is based upon Level 2 valuation techniques. As of December 31, 2014. the value of the shares of $45 million was included in Other Current Assets on our Consolidated Balance Sheet. Changes in the valuation of these securities is included in Accumulated Other Comprehensive Loss (AOCL) on our Consolidated Balance Sheet.

Asset Retirement Obligation

We apply the provisions of ASC Topic 410, *Asset Retirements and Environmental Obligations* (ASC 410), which requires us to make estimates regarding future events in order to record a liability for asset retirement obligations in the period in which a legal obligation is created. Such liabilities are recorded at fair value, with an offsetting increase to the carrying value of the related long-lived assets. The fair value is estimated by discounting projected cash flows over the estimated life of the assets using our credit adjusted risk-free rate applicable at the time the obligation is initially recorded. In future periods, the liability is accreted to its present value and the capitalized cost is depreciated over the useful life of the related asset. We also adjust the liability for changes resulting from revisions to the timing of future cash flows or the amount of the original estimate. Upon retirement of the long-lived asset, we either settle the obligation for its recorded amount or incur a gain or loss.

Our asset retirement obligations are primarily the result of legal obligations for the removal of leasehold improvements and restoration of premises to their original condition upon termination of leases; legal obligations to close brine supply, brine disposal, waste disposal and hazardous waste injection wells and the related pipelines at the end of their useful lives; and decommissioning and decontamination obligations that are legally required to be fulfilled upon closure of our manufacturing facilities.

During 2014 and 2013, accretion expense recorded to COGS was $3 million. At December 31, 2014, $3 million of the asset retirement obligation balance was included in accrued expenses and $13 million was included in other liabilities in our Consolidated Balance Sheet. At December 31, 2013, $3 million of the asset retirement obligation balance was included in accrued expenses and $13 million was included in other liabilities in our Consolidated Balance Sheet.

Recoverability of Long-Lived Assets and Goodwill

We evaluate the recoverability of the carrying value of long-lived assets, excluding goodwill, whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Under such circumstances, we assess whether the projected undiscounted cash flows of our long-lived assets are sufficient to recover the existing unamortized cost of our long-lived assets. If the undiscounted projected cash flows are not sufficient, we calculate the impairment amount by discounting

Table of Contents

the projected cash flows using our weighted-average cost of capital. The amount of the impairment is written off against earnings in the period in which the impairment is determined.

We have elected to perform our annual goodwill impairment procedures for all of our reporting units in accordance with ASC Subtopic 350-20*, Intangibles Goodwill and Other - Goodwill* (ASC 350-20) as of July 31, or sooner, if events occur or circumstances change that would more likely than not reduce the fair value of a reporting unit below the carrying value. We estimate the fair value of our reporting units utilizing income and market approaches through the application of discounted cash flow and market comparable methods (Level 3 inputs as described in Note 14 Financial Instruments and Fair Value Measurements). The assessment is required to be performed in two steps: step one to test for a potential impairment of goodwill and, if a potential impairment is identified, step two to measure the impairment loss through a full fair valuation of the assets and liabilities of the reporting unit utilizing the acquisition method of accounting. We concluded that no goodwill impairment existed in any of our reporting units based on our reviews in 2014 and 2013.

Income Taxes

We account for income taxes using the asset and liability method. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying amounts and tax bases of assets and liabilities using enacted rates. The effect of a change in tax rates on deferred tax assets is recognized in income in the period that includes the enactment date.

We recognize the financial statement effects of an uncertain income tax position when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. We accrue for other tax contingencies when it is probable that a liability to a taxing authority has been incurred and the amount of the contingency can be reasonably estimated.

Provision is made for taxes on undistributed earnings of foreign subsidiaries and related companies to the extent that such earnings are not deemed to be indefinitely reinvested.

Valuation allowances are established when we determine that it is more likely than not that the results of future operations will not generate sufficient taxable income to realize our deferred tax assets. We consider the scheduled reversal of deferred tax assets and liabilities, projected future taxable income, and tax planning strategies in making this assessment. Thus, changes in future results of operations could result in adjustments to our valuation allowances.

Environmental Liabilities

Each quarter, we evaluate and review our estimates for future remediation, operation and management costs directly related to environmental remediation, to determine appropriate environmental reserve amounts. For each site where the cost of remediation is probable and reasonably estimable, we determine 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 us and the anticipated time frame over which payments to implement the remediation plan will occur. In regards to remediation costs, we accrue on an undiscounted basis, for a period of generally no more than 10 years, those costs which are probable and estimable. At sites where we expect to incur ongoing operations and maintenance expenditures, we accrue on an undiscounted basis, for a period of generally no more than 10 years, those costs which are probable and estimable.

Below-Market Obligation

Contemporaneously with the sale of our Chemtura AgroSolutions business we entered into supply agreements with Platform to manufacture products of that business. The supply agreements were designed to recover the cash costs incurred to manufacture the products under the agreements and do not include reimbursement for depreciation and amortization of property, plant and equipment we have retained to perform under these supply agreements. As such, we have determined that the supply agreements with Platform are below-market. To determine the undiscounted value of this obligation we utilized a Level 3 fair value technique. Our fair value calculation was based upon taking the reduction in selling prices on a before and after basis factoring in the the favorable cost benefit of reduced SG&A, R&D and distribution expense. Historical volumes under the supply agreements are anticipated to represent the requirements of Platform on a going forward basis. We did not consider depreciation or amortization as these amounts are not reimbursable under the terms of the supply agreements. We applied a growth factor to each year to represent inflation over the terms of the supply agreements. We discounted the calculated loss of profits for those products over the period of the supply agreements by applying our internal weighted average cost of capital to determine the amount of the initial obligation.

Table of Contents

Accretion of the obligation to its undiscounted fair value and the recognition of the below market contract obligation is taken to net sales on a straight-line basis over the estimated 6 year life of the supply agreements based on the estimated timing of shipments on an annual basis.

Litigation and Contingencies

In accordance with guidance now codified under ASC Topic 450, *Contingencies* and ASC Topic 460, *Guarantees*, we record in our Consolidated Financial Statements amounts representing our probable and estimable liability for claims, litigation and guarantees. As information about current or future litigation or other contingencies becomes available, management assesses whether such information warrants the recording of additional expenses relating to those contingencies. See Note 15 - Legal Proceedings and Contingencies for further information.

Stock-Based Compensation

We recognize compensation expense for stock-based awards issued over the requisite service period for each separately vesting tranche, as if multiple awards were granted. Stock-based compensation expense is measured at the date of grant, based on the fair value of the award. We used the Monte-Carlo simulation model to determine the fair value of performance shares. We used the Black-Scholes option-pricing model to determine the fair value of nonqualified stock options. See Note 12 - Stock Incentive Plans for further information.

Translation of Foreign Currencies

Balance sheet accounts denominated in foreign currencies are translated at the current rate of exchange as of the balance sheet date, while revenues and expenses are translated at average rates of exchange during the periods presented. The cumulative foreign currency adjustments resulting from such translation are included in accumulated other comprehensive loss. Upon complete or substantial liquidation of any of our subsidiaries, the value of the cumulative translation adjustment of such subsidiaries prior to their liquidation is reported in net earnings.

Derivatives and Hedging

Our activities expose our earnings, cash flows and financial condition to a variety of market risks, including the effects of changes in foreign currency exchange rates, interest rates and energy prices. We maintain a risk management strategy that may utilize derivative instruments to mitigate risk against foreign currency movements and to manage energy price volatility. We do not enter into derivative instruments for trading or speculative purposes.

We have exposure to changes in foreign currency exchange rates resulting from transactions entered into by us and our foreign subsidiaries in currencies other than their functional currency (primarily trade payables and receivables). We are also exposed to currency risk on intercompany transactions (including intercompany loans). We manage these currency risks on a consolidated basis, which allows us to net our exposure.

There were no outstanding derivatives at December 31, 2014.

Cash Flows

Cash and cash equivalents include bank term deposits with original maturities of three months or less.

In March 2009, Chemtura and 26 of our affiliates filed for relief under Chapter 11 of Title 11 of the United States Code (Chapter 11) the United States Bankruptcy Court for the Southern District of New York (the Bankruptcy Court). In November 2010, the Bankruptcy Court entered an order confirming our plan of reorganization (the Plan). In 2012, we settled approximately $5 million in cash relating to our Chapter 11 cases. The $5 million paid in 2012, was paid from restricted cash. Additionally, in 2012 we issued approximately $26 million of common stock for the settlement of liabilities in accordance with the Plan.

Cash payments included interest payments of $46 million in 2014, $57 million in 2013 and $58 million in 2012. Cash payments also included income tax payments, net of refunds of $68 million in 2014, $21 million in 2013 and $45 million in 2012.

Table of Contents

Accounting Developments

In March 2013, the FASB issued ASU No. 2013-05, *Parent s Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity* (ASU 2013-05). The amendments in ASU 2013-05 address the accounting for the cumulative translation adjustment when a parent either sells a part or all of its investment in a foreign entity or no longer holds a controlling financial interest in a subsidiary or group of assets that is a nonprofit activity or a business within a foreign entity. The amendments are effective prospectively for fiscal years (and interim reporting periods within those years) beginning after December 15, 2013 (early adoption is permitted). The adoption of this amendment did not have a material impact on our financial statements.

In July 2013, the FASB issued ASU No. 2013-11, *Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists*, providing guidance on the presentation of unrecognized tax benefits in the financial statements as either a reduction to a deferred tax asset or either a liability to better reflect the manner in which an entity would settle at the reporting date any additional income taxes that would result from the disallowance of a tax position when net operating loss carryforwards, similar tax losses or tax credit carryforwards exist. The amendments in this ASU do not require new recurring disclosures and are effective for fiscal years, and interim periods within those years, beginning after December 15, 2013. The adoption of this guidance did not have a material impact on our financial statements.

In April 2014, the FASB issued ASU No. 2014-08, *Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity.* This guidance improves GAAP by more faithfully representing when a company or other organization discontinues its operations. ASU 2014-08 changed the criteria for reporting a discontinued operation. Under the new guidance, a disposal of part of an organization that has a major effect on its operations and financial results is a discontinued operation. ASU 2014-08 is effective on a prospective basis for interim and annual periods beginning on or after December 15, 2014 although early adoption is permitted. We chose not to early adopt this standard in the quarter ended June 30, 2014 when evaluating the sale of our Chemtura AgroSolutions business as a discontinued operation. See Note 2 - Divestitures and Acquisitions for our analysis of that transaction.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. This ASU will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. The new standard is effective on January 1, 2017. Early application is not permitted. The standard permits the use of either the retrospective or cumulative effect transition method. We are evaluating the effect that the ASU will have on our consolidated financial statements and related disclosures. We have not yet selected a transition method nor have we determined the effect of the standard on our ongoing financial reporting.

Risks and Uncertainties

Our revenues are largely dependent on the continued operation of our manufacturing facilities. There are many risks involved in operating chemical manufacturing plants, including the breakdown, failure or substandard performance of equipment, operating errors, natural disasters, the need to comply with directives of, and maintain all necessary permits from, government agencies as well as potential terrorist attacks. Our operations can be adversely affected by raw material shortages, labor force shortages or work stoppages and events impeding or increasing the cost of transporting our raw materials and finished products. The occurrence of material operational problems, including but not limited to the events described above, may have a material adverse effect on the productivity and profitability of a particular manufacturing facility. With respect to certain facilities, such events could have a material effect on Chemtura as a whole.

Our operations are also subject to various hazards incident to the production of industrial chemicals. These include the use, handling, processing, storage and transportation of certain hazardous materials. Under certain circumstances, these hazards could cause personal injury and loss of life, severe damage to and destruction of property and equipment, environmental damage and suspension of operations. Claims arising from any future catastrophic occurrence at any one of our facilities may result in us being named as a defendant in lawsuits asserting potential claims.

We perform ongoing credit evaluations of our customers financial condition including an assessment of the impact, if any, of prevailing economic conditions. We generally do not require collateral from our customers. We are exposed to credit losses in the event of nonperformance by counterparties on derivative instruments when utilized. The counterparties to these transactions are major financial institutions, which may be adversely affected by global economic impacts. However, we consider the risk of default to be minimal.

Table of Contents

International operations are subject to various risks which may or may not be present in U.S. operations. These risks include political instability, the possibility of expropriation, restrictions on dividends and remittances, instabilities of currencies, requirements for governmental approvals for new ventures and local participation in operations such as local equity ownership and workers councils. Currency fluctuations between the U.S. dollar and the currencies in which we conduct business have caused and will continue to cause foreign currency transaction gains and losses, which may be material. Any of these events could have an adverse effect on our international operations.

2) DIVESTITURES AND ACQUISITIONS

Divestitures

Chemtura AgroSolutions Business

On November 3, 2014 we sold our Chemtura AgroSolutions business to Platform under a Stock and Asset Purchase Agreement (SAPA) for approximately $1 billion, consisting of $950 million in cash and 2 million shares of Platform s common stock. The purchase price is subject to customary post-closing adjustments, primarily for working capital. The agreement specified a value of working capital based upon a twelve-month average against which working capital would be measured. To the extent working capital at closing was lower than this value, Platform would be compensated for the difference. If working capital was higher, we would be compensated. The impact of some of these adjustments was estimated in the cash paid at closing. Under the terms of the SAPA, we will retain most of the property, plant and equipment used to manufacture products of the Chemtura AgroSolutions business and will continue to manufacture products for Platform under several supply agreements and a tolling agreement (collectively, the supply agreements) with minimum terms of between two and four years. In alignment with the change in the nature of operations, we changed the name of this segment to Agrochemical Manufacturing.

The supply agreements with Platform are designed to recover the cash costs incurred to manufacture the products under the agreement. Because of this, the supply agreements are considered below-market contracts for their full term. We have recorded an obligation of $230 million as of November 3, 2014, on a discounted basis, which represents the loss of profit on these products over the terms of the supply agreements, including contractual obligations to continue to supply for a period of up to 2 years after the termination of the contracts. The recognition of this obligation, along with the accretion of the obligation to its undiscounted value of $345 million as of November 3, 2014, will be recorded as net sales on a straight-line basis over the term of each supply agreement based on our estimate of the timing of shipments. Although the recognition of this obligation will be recorded as net sales to the Agrochemical Manufacturing segment over this period, this recognition will not generate cash flows during the term of the supply agreements. As of December 31, 2014, the remaining below market obligation, on a discounted basis was $223 million of which $38 million and $185 million was the current and long-term portions, respectively.

In connection with the sale, we entered into a transitional services agreement which requires us to provide various support services to Platform for periods ranging from 6 months to one year. These services are reimbursable by Platform.

We evaluated the transaction and determined that as of April 30, 2014, upon signing of the SAPA, those assets that form part of the transaction under the SAPA met the criteria to be reported as assets held for sale and we ceased recording depreciation and amortization on these assets as of that date. As of December 31, 2014, we had not transferred ownership of our wholly-owned subsidiary in Russia and our 15% investment in Certis Europe B.V. to Platform as provided in the SAPA due to customary pending approvals. The value ascribed to these investments as part of the purchase price was received at the closing in 2014. We have reported the assets and liabilities, along with the proceeds received for these investments, as assets and liabilities held for sale on our December 31, 2014 consolidated balance sheet. As of January 31, 2015, we have closed on the sale of our subsidiary in Russia.

We further evaluated whether the Chemtura AgroSolutions business met the criteria to be presented as a discontinued operation under the provisions of ASC 205-20-45. Due to the significant gross cash flows associated with the post-closing supply agreements, we concluded that the Chemtura AgroSolutions business did not meet the criteria to be presented as a discontinued operation. As a result, the historical results of the Chemtura AgroSolutions business through the date of sale as well as the results associated with the supply agreements from the date of sale will be presented in continuing operations as the Agrochemical Manufacturing segment.

We recognized a pre-tax gain on the sale of the business of $529 million in operating income, which included a $3 million non-cash gain related to the release of accumulated other comprehensive loss (AOCL) associated with the release of cumulative translation adjustments of the entities sold.

Table of Contents

The following is a summary of the assets and liabilities sold or settled related to the Chemtura AgroSolutions business as of November 3, 2014 and the assets and liabilities held for sale as of December 31, 2014 and December 31, 2013.

(In millions)	December 31, 2014	November 3, 2014	December 31, 2013
Cash and cash equivalents	$	$ 7	$
Accounts receivable, net	3	158	128
Inventories, net	1	94	71
Other current assets		8	7
Property, plant and equipment		11	8
Intangible assets, net		32	28
Other assets	2	3	3
Assets	6	313	245
Accounts payable		21	24
Accrued expenses	9	30	13
Income taxes payable		4	1
Liabilities	9	55	38
Net Assets	$ (3)	$ 258	$ 207

The following table reconciles the adjusted cash proceeds to the pre-tax gain on the sale:

(In millions)	2014
Cash consideration	$ 950
Pre-closing working capital and other adjustments	28
Cash proceeds	978
Platform Stock (1)	51
Less direct items:	
Net assets sold or settled, excluding domestic tax liabilities reversed upon sale and included in tax effect	258
Below market supply contract	230
Transaction costs and other (2)	21
Post-closing adjustments, obligations and other, net	(6)
Less non-cash items:	
Release of AOCL - cumulative translation adjustment	(3)
Pre-tax gain on sale of Chemtura AgroSolutions	$ 529

(1) Represents 2 million shares of PSP common stock at $26.00 per share discounted for the value of a restriction to sell of $1 million.

(2) Transaction costs include success fees to a financial adviser, legal fees and other direct costs incurred to sell the business since October 1, 2014.

Divestitures Reported as Discontinued Operations

Consumer Divestiture

In December 2013, we sold our investment in the dedicated legal entities that constituted our Consumer Products business, including dedicated manufacturing plants in the U.S. and South Africa, to KIK Customer Products Inc. (KIK) for $300 million and the assumption by KIK of pension and other liabilities totaling approximately $8 million. The purchase price was subject to customary post-closing adjustments, primarily for working capital and assumed pension liabilities. The agreement specified a value of working capital based upon a twelve-month average against which working capital would be measured. To the extent working capital at closing was lower than this value, KIK would be compensated for the difference. If working capital was higher, we would be compensated. The impact of some of these adjustments was estimated in the cash paid at closing. In March 2014, KIK made an advance payment of $9 million ahead of the final adjustments. In July 2014, the parties reached agreement on the post-closing working capital and indebtedness adjustments. The remaining payment of $5 million due from KIK was received in July 2014.

Table of Contents

In connection with the sale, we entered into a transition services agreement to provide various support services and a supply contract with KIK to supply products from our Adrian, MI facility. Under the terms of the supply contract, KIK had the option, exercisable for a period of six-months following the closing date, to purchase the net assets of the Adrian facility at a price that is below the carrying value of the net assets. Accordingly, as of December 31, 2013, we concluded the net assets of the Adrian facility met the criteria to be classified as assets held for sale and we recorded an impairment charge in December 2013 of $7 million to write-down the property, plant and equipment to its fair value less the costs to sell. The option expired un-exercised as of June 30, 2014 and the assets and liabilities are now classified as held and used in both the current and prior periods. See Note 3 - Restructuring and Asset Impairment for a further discussion of initiatives related to that plant.

In 2014, we recognized a pre-tax loss of $8 million ($8 million after-tax), primarily for transaction costs and post-closing adjustments and obligations. In 2013, we recognized a pre-tax loss of $24 million ($25 million after-tax), which included a $39 million non-cash gain related to the release of accumulated other comprehensive loss (AOCL) associated with the release of cumulative translation adjustments of the entities sold and the pension obligations transferred.

While the transaction represented the sale of stock in the dedicated legal entities that constituted the Consumer Products business, the below chart presents the underlying assets and liabilities of those legal entities as assets and liabilities of discontinued operations. Earnings and direct costs associated with our Consumer Products business have been presented as earnings (loss) from discontinued operations, net of tax in our Consolidated Statements of Operations for the current and comparative periods. All applicable disclosures included in the accompanying footnotes have been updated to reflect the Consumer Products business as a discontinued operation.

(In millions)		**December 31, 2013**
Cash and cash equivalents	$	13
Accounts receivable, net		55
Inventories, net		64
Current domestic tax assets reversed upon sale		7
Other current assets, includes foreign deferred tax assets		8
Property, plant and equipment		63
Intangible assets, net		195
Other assets		5
Assets		410
Accounts payable		16
Accrued expenses		14
Income taxes payable		
Pension and post-retirement health care liabilities		6
Domestic tax liabilities reversed upon sale		44
Other liabilities, includes foreign deferred tax liabilities		32
Liabilities		112
Net Assets	$	298

The following table reconciles the adjusted cash proceeds to the pre-tax loss on the sale:

(In millions)		**2014**		**2013**
Cash consideration			$	300
Working capital and other adjustments	$	(3)		(36)
Cash proceeds				264

Less direct items:		
Net assets sold or settled, excluding domestic tax liabilities reversed upon sale and included in tax effect		335
Transaction costs and other (1)	5	10
Post-closing adjustments, obligations and other, net		(18)
Less non-cash items:		
Release of AOCL - pension		5
Release of AOCL - cumulative translation adjustment		(44)
Pre-tax loss on sale of discontinued operations	$ (8)	$ (24)

Table of Contents

(1) Transaction costs include legal fees and other direct costs incurred to sell the business since October 1, 2013.

Antioxidant Divestiture

In April 2013, we sold substantially all the assets of our Antioxidant business (the Antioxidant Sale) to SK Blue Holdings, Ltd. (SK), an affiliate of SK Capital Partners III, L.P., and Addivant USA Holdings Corp (Addivant) for $97 million, $9 million in preferred stock issued by Addivant and the assumption by SK and Addivant of pension, environmental and other liabilities totaling approximately $91 million. Additionally, we paid $2 million in cash as part of a pre-closing adjustment. We received the final payment for the remaining working capital adjustment of $4 million in March 2014.

Included as part of the consideration, we received 9.2 million shares of Series A Preferred Stock of Addivant with a face value of $9 million. These shares accrue dividends at escalating rates beginning at 7% in the first year and up to 11% in the third year and beyond which are payable upon declaration and which become preferential payments in liquidation if not declared and paid by Addivant. Addivant did not declare any dividends through December 31, 2014.

In connection with the sale, we entered into several ancillary agreements, including site sharing and supply agreements, a distribution agreement and a transition services agreement.

In 2014, we recognized a pre-tax loss of $1 million ($1 million after-tax) primarily related to the final settlement of the working capital component of the transaction. In 2013, we recognized a pre-tax loss of $164 million ($155 million after-tax), which included $121 million of non-cash charges related to the release of AOCL associated with the pension obligations transferred, the release of cumulative translation adjustments and the release of our non-controlling interest in a Korean joint venture.

Earnings and direct costs associated with the Antioxidant business for the periods prior to the date of the sale have been presented as earnings (loss) from discontinued operations, net of tax for the current and comparative periods. All applicable disclosures included in the accompanying footnotes have been updated to reflect the Antioxidant business as a discontinued operation.

The following is a summary of the assets and liabilities sold or settled related to the Antioxidant business as of April 30, 2013.

(In millions)		**April 30, 2013**
Cash and cash equivalents	$	2
Accounts and trade receivable, net		70
Inventories, net		76
Other current assets		2
Property, plant and equipment		48
Intangible assets, net		14
Other assets		32

Assets		244
Accounts payable		39
Accrued expenses		2
Income taxes payable		
Pension and post-retirement health care liabilities		81
Other liabilities		11
Liabilities		133
Net Assets	$	111

Assets sold or settled consisted primarily of plant facilities located at Morgantown, West Virginia, Bay Minette, Alabama, Waldkraiburg, Germany and Catenoy, France; our shares in the Asia Stabilizers joint venture, located in Korea, a previously controlled consolidated entity; our shares in Gulf Stabilizers Industries, located in Saudi Arabia, a previously 49% owned equity method investment; certain dedicated operating equipment located at Latina, Italy and Elmira, Canada; intangible assets and working capital associated with the Antioxidants business.

We retained ownership of certain manufacturing assets that will be used to meet our obligations under the supply agreements in Canada, Italy, the United States, Taiwan, Mexico, and Brazil. The minimum terms of the supply agreements range from two to five years. Based on the terms of the supply agreements and the forecasted costs to meet our obligations under those

Table of Contents

agreements, we have fair valued the supply agreements using Level 3 fair value techniques and included a $13 million charge in 2013 to the loss on sale of discontinued operations in our Consolidated Statement of Operations.

The following table reconciles the adjusted cash proceeds to the pre-tax loss on the sale:

(In millions)	**2014**	**2013**
Cash consideration		$ 97
Working capital and other adjustments		(10)
Post-closing adjustments	$ (1)	(2)
Cash proceeds		85
Preferred stock		9
Less direct items:		
Net assets sold or settled		111
Transaction costs and other (1)		5
Post-closing obligations and other, net		8
Fair value of supply agreements		13
Less non-cash items:		
Release of AOCL - pension		122
Release of AOCL - cumulative translation adjustment		6
Release of non-controlling interest		(7)
Pre-tax loss on sale of discontinued operations	$ (1)	$ (164)

(1) Transaction costs include legal fees and other direct costs incurred to sell the business since April 1, 2013.

Discontinued Operations - Consumer Products (Consumer   ) and Antioxidant Divestitures

Earnings (loss) from discontinued operations for the years ended December 31, 2014, 2013 and 2012 and the loss from the sale of discontinued operations for the year ended December 31, 2014 and 2013 consists of the following:

					Year Ended				
(In millions)	**2014 Consumer**	**2014 Antioxidant**	**2014 Total**	**2013 Consumer**	**2013 Antioxidant**	**2013 Total**	**2012 Consumer**	**2012 Antioxidant**	**2012 Total**
Net sales	**$**	**$**	**$**	$ 408	$ 123	$ 531	$ 433	$ 387	$ 820
Earnings (loss) from discontinued operations:									
Pre-tax earnings (loss)	**$ 1**	**$**	**$ 1**	$ 24	$ 4	$ 28	$ 33	$ (45)	$ (12)
Income tax (expense) benefit				(3)		(3)	(2)	11	9
Earnings (loss), net of taxes	**1**		**1**	21	4	25	31	(34)	(3)
Net loss attributable to non-controlling interests								1	1
Earnings (loss), net of taxes - attributable to	**$ 1**	**$**	**$ 1**	$ 21	$ 4	$ 25	$ 31	$ (33)	$ (2)

Chemtura												
Loss on sale of discontinued operations:												
Pre-tax loss	**$**	**(8)**	**$**	**(1)**	**$**	**(9)**	$	(24)	$	(164)	$	(188)
Income tax (expense) benefit (a)								(1)		9		8
Net loss	**$**	**(8)**	**$**	**(1)**	**$**	**(9)**	$	(25)	$	(155)	$	(180)

(a) Income tax expense on the sale of our Consumer Products business is primarily a cash tax charge for estimated U.S. Federal alternative minimum tax and state taxes. Deferred taxes in our non-U.S. entities are included in the calculation of the pre-tax loss on sale. However, the reversal of deferred tax assets and liabilities of our U.S. entities are included in tax expense, reflecting the election made to treat the sale of stock of the U.S. legal entities in the transaction as a sale of assets. The reversal of these U.S. net deferred tax liabilities increased the value of our consolidated U.S. net deferred tax assets against which we provide a valuation allowance. The result was that there was no net deferred tax expense. The income tax benefit on the sale of our Antioxidant business is primarily related to the domestic tax impacts of the release of AOCL related to pensions that was not offset by a valuation allowance and reduced by tax expense in various foreign jurisdictions.

A portion of certain functional and other expenses that are managed company-wide that are allocated to the Antioxidant and Consumer Products businesses have not or will not transfer directly under the respective sale agreements. As such, in historic

Table of Contents

periods these costs are shown as part of continuing operations in the corporate segment and not included under earnings (loss) from discontinued operations, net of tax. These costs are as follows:

(In millions)	2013	2012
Antioxidant	$ 6	$ 13
Consumer Products	14	13
Amortization expense (a)	(8)	(14)
Net increase in Corporate Segment	$ 12	$ 12

(a) Our Corporate segment included amortization expense which related directly to the Antioxidant and Consumer Products businesses which is now included in earnings (loss) from discontinued operations, net of tax.

Other Dispositions

Tetrabrom Joint Venture Divestiture

On November 28, 2011, we sold our 50% interest in Tetrabrom Technologies Ltd. for net consideration of $38 million. The consideration was be paid in equal annual installments over a three-year period starting in 2012. In April 2012, we purchased two forward contracts with a notional amount totaling $25 million to reduce the risk of currency exposure related to the remaining two annual installments of proceeds from the sale of our 50% interest in Tetrabrom Technologies Ltd. in 2011. We used fair value accounting methods for these contracts. One contract expired in the second quarter of 2013 and the second contract expired in the second quarter of 2014. We have recorded realized gains of less than $1 million in 2014 and 2013 on these forward contracts.

ISEM Alliance

During 2013 we sold, in two separate transactions, two product lines of our investment in ISEM S.r.l. (ISEM   ), a strategic research and development alliance with Isagro S.p.A., for a sum of   38 million ($51 million). Our remaining investment in ISEM was dissolved during the fourth quarter of 2014.

Acquisitions

Terminated Solaris Acquisition

In September 2012, we announced that we entered into a Business Transfer Agreement (BTA) with Solaris ChemTech Industries Limited (Solaris ChemTech), an Indian Company, and Avantha Holdings Limited, an Indian Company and the parent company of Solaris ChemTech (collectively, Solaris) to purchase from Solaris certain assets used in the manufacture and distribution of bromine and bromine chemicals. In September 2014, the BTA was terminated due to the inability to satisfy certain conditions precedent to the closing and the changes in bromine market conditions since 2012. Neither party incurred any early termination penalties.

DayStar Acquisition

In May 2013, we purchased the remaining 50% interest in DayStar Materials, LLC (Daystar), a joint venture with UP Chemical Co. Ltd. (UP Chemical) and DayStar became a consolidated entity. The purchase price was $3 million in cash which approximated the fair value of the remaining share of the assets and liabilities, primarily inventory and fixed assets, as of the purchase date. In addition, we reimbursed UP Chemical for a $3 million loan they had made to DayStar.

3) RESTRUCTURING AND ASSET IMPAIRMENT ACTIVITIES

Restructuring

In April 2012, our Board approved a restructuring plan providing for, among other things, the closure of our Antioxidant business manufacturing facility in Pedrengo, Italy. The Board also approved actions to improve the operating effectiveness of certain global corporate functions. This plan was intended to achieve significant gains in efficiency and costs. The total cost of the restructuring plan was estimated to be approximately $40 million of which approximately $6 million consisted of non-cash charges. During 2012, we recorded pre-tax charges of $33 million which included $4 million for accelerated depreciation of property, plant and equipment included in depreciation and amortization, $2 million for accelerated asset retirement obligations

Table of Contents

included in cost of goods sold (COGS), $12 million for severance and professional fees related to corporate initiatives, $5 million for severance and other obligations related to the Pedrengo closure and $10 million reflecting the write-off of a receivable for which collection is no longer probable as a result of the restructuring actions. We recorded an additional pre-tax charge of $1 million in 2013, primarily for accelerated depreciation and relocation costs related to the Pedrengo closure. All charges related to the Pedrengo closure have been included in loss from discontinued operations, net of tax, as this plant formed part of our Antioxidants business. The Pedrengo plant ceased operations on March 31, 2013 and asset retirement work has been completed. We have retained this property under the terms of the sale of the Antioxidants business and anticipate selling it after all remediation work is completed.

In February 2013, our Board approved a restructuring plan providing for, among other things, actions to reduce stranded costs related to divestitures. This plan is expected to preserve pre-divestiture operating margins following our portfolio changes. On October 9, 2013, the Board approved additional restructuring actions to consolidate our business organizational structure in an effort to streamline the organization and gain efficiencies and additional cost savings. In December 2013, we substantially completed employee communications and the consultation process regarding the closure of our Droitwich, UK facility and consolidation of those operations into our Perth Amboy, NJ facility, in order to improve our competitiveness in the current economic environment. We recorded a pre-tax charge of $44 million in 2013, which included $27 million for severance and related costs, $15 million for professional fees, $1 million for accelerated depreciation of property, plant and equipment and $1 million for accelerated asset retirement obligations. We recorded a pre-tax charge of $7 million in 2014 which included $1 million related to severance and professional fees, and $5 million for accelerated depreciation of property, plant and equipment, and $1 million for accelerated asset retirement obligations.

In June 2014, as a result of KIK not exercising its option to purchase the net assets of the Adrian, MI facility, our Board of Directors (the Board) approved the closure of this facility, which is expected to occur in mid-2015. Additionally, during the second quarter of 2014, our management approved further actions to consolidate our business organizational structure, which are in line with the restructuring actions approved by the Board in 2013. We expect the total cost of these initiatives to be approximately $7 million to $9 million, of which we recorded a pre-tax charge of $4 million in 2014, which included $3 million for severance and related costs and $1 million for accelerated asset retirement obligations related to the Adrian facility. We expect to incur the remaining costs primarily for decommissioning and accelerated depreciation by mid-2015.

In November 2014, the Board approved a restructuring plan to reduce manufacturing costs, eliminate stranded costs arising from the sale of our Chemtura AgroSoultions business, and reduce SG&A costs. The primary action being implemented to achieve this plan is headcount reductions. The total cash costs approved by the Board to implement this plan is $37 million, of which $21 million has been incurred in the fourth quarter of 2014 for severance and related costs. The remainder could be incurred during 2015 as additional actions are finalized.

A summary of the changes in the liabilities established for restructuring programs is as follows:

(In millions)	**Severance and Related Costs**	**Other Facility Closure Costs**	**Total**
Balance at January 1, 2012	$ 1	$	$ 1
Facility closure, severance and related costs			
Continuing operations	6	5	11
Discontinued operations	6		6
Cash payments	(5)	(5)	(10)
Balance at December 31, 2012	8		8
Facility closure, severance and related costs:			
Continuing operations	27	15	42
Discontinued operations		1	1

Cash payments		(19)	(14)	(33)
Reclassifications		(2)		(2)
Balance at December 31, 2013		14	2	16
Facility closure, severance and related costs:				
Continuing operations		22	3	25
Cash payments		(15)	(5)	(20)
Balance at December 31, 2014	$	21	$	21

66

Table of Contents

At December 31, 2014, the balance of these reserves was included in accrued expenses in our Consolidated Balance Sheet. The remaining liability for prior year initiatives is not material. At December 31, 2013, $15 million of these reserves were included in accrued expenses and $1 million was included in accounts payable in our Consolidated Balance Sheet.

Asset Impairments

In accordance with ASC Topic 350, *Intangibles Goodwill and Other* (ASC 350) and ASC Topic 360, *Property, Plant and Equipment* (ASC 360), we recorded pre-tax charges totaling $7 million in 2013 and $47 million in 2012 to earnings (loss) from discontinued operations, net of tax in our Consolidated Statements of Operations.

We continually monitor and evaluate business and competitive conditions that affect our operations and reflects the impact of these factors in our financial projections. If permanent or sustained changes in business or, competitive conditions occur, they can lead to revised projections that could potentially give rise to impairment charges.

During the third quarter of 2012, we completed an assessment of an initiative to monetize portfolio assets relating to our Antioxidant business. As of September 30, 2012, we considered it more-likely-than-not that the initiative would become effective before the end of 2012. In performing the impairment analysis, we probability weighted the possible outcomes of the initiative as of September 30, 2012. Based on this analysis, the expected undiscounted cash flows were insufficient to recover the carrying values of assets of the component of the segment to which the initiative relates. We estimated the fair value using various income and market approaches to calculate the impairment charge. We recorded an asset impairment charge included in loss from discontinued operations, net of tax on our Consolidated Statement of Operations of $35 million, of which $26 million related to property, plant and equipment, net and $9 million related to intangible assets, net included in non-current assets of discontinued operations on our Consolidated Balance Sheets.

In November 2012, we entered into an asset purchase agreement to sell our Antioxidant business and determined that discontinued operations treatment applied. Accordingly, we compared the carrying value of the net assets to be sold to their estimated fair value based on the proceeds expected to be received per the asset purchase agreement less the estimated costs to sell. As a result, in the fourth quarter of 2012 we recorded an additional asset impairment charge of $11 million included in loss from discontinued operations, net of tax on our Consolidated Statement of Operations to write-down the long-lived assets of the Antioxidant business to their estimated fair value, of which $9 million relates to property, plant and equipment and $2 million related to intangible assets that are classified as non-current assets of discontinued operations on the Consolidated Balance Sheets.

During the first two quarters of 2013, we completed an assessment of the possible sale of the Consumer Products business. As of March 31, 2013 and June 30, 2013, we considered it more-likely-than-not that the initiative would become effective during 2013. In performing the impairment analysis, we probability weighted the possible outcomes of the initiative as of March 31, 2013 and June 30, 2013. Based on this analysis, the expected undiscounted cash flows were sufficient to recover the carrying values of assets of the Consumer Products business. As a result, we concluded that no impairment existed at March 31, 2013 or June 30, 2013.

In September 2013, when we met the criteria to record assets held for sale, we again performed an impairment analysis of the Consumer Products Business. We probability weighted the fair value less cost to sell under different fair value models, as a proxy for an agreed upon purchase price, and found the fair value less cost to sell was sufficient to recover the carrying value of the net assets to be sold as of September 30, 2013. As a result, we concluded that no impairment existed at September 30, 2013.

On December 31, 2013, we completed a stock sale of our investment in dedicated legal entities of our Consumer Products business. In connection with the sale we entered into a supply contact with KIK to supply products from our Adrian, MI facility. Under the terms of the supply contract, KIK has the option, exercisable for a period of six-months following the closing date, to purchase the net assets of the Adrian facility at a price that is below the carrying value of the net assets. Accordingly, we concluded that the net assets of the Adrian facility met the criteria to be classified as assets held for sale and based on the expected selling price we recorded an impairment charge in December 2013 of $7 million to write-down the property, plant and equipment to its estimated fair value which is included in earnings from discontinued operations, net of tax in our Consolidated Statement of Operations.The option expired un-exercised as of June 30, 2014 and the assets are now classified as held and used in both the current and prior periods.

During the third quarter of 2014, the Industrial Engineered Products segment performed a strategic review of the organometallics business included in this segment. As a result, we performed an impairment analysis of the organometallics asset group in which we probability weighted the possible outcomes of the base business case and various initiatives identified

Table of Contents

in the strategic review. Based on this analysis, the estimated undiscounted cash flows were sufficient to recover the carrying value of the net assets of the asset group. As a result we concluded that no impairment existed at September 30, 2014.

4) INVENTORIES

(In millions)	2014	2013
Finished goods	$ 200	$ 223
Work in process	35	35
Raw materials and supplies	94	88
	$ 329	$ 346

Included in the above net inventory balances are inventory obsolescence reserves of approximately $13 million and $19 million at December 31, 2014 and 2013, respectively.

5) PROPERTY, PLANT AND EQUIPMENT

(In millions)	2014	2013
Land and improvements	$ 71	$ 74
Buildings and improvements	209	212
Machinery and equipment	1,248	1,225
Information systems and equipment	167	171
Furniture, fixtures and other	22	24
Construction in progress	82	94
	1,799	1,800
Less: accumulated depreciation	1,095	1,083
	$ 704	$ 717

Depreciation expense from continuing operations amounted to $87 million, $82 million and $80 million for 2014, 2013 and 2012, respectively. Depreciation expense from continuing operations includes accelerated depreciation of certain fixed assets associated with our restructuring programs of $4 million for 2014 and $1 million for 2013.

6) GOODWILL AND INTANGIBLE ASSETS

Goodwill

Our remaining goodwill relates to the Industrial Performance Products segment. Changes in the carrying amount of goodwill were as follows:

(In millions)	Gross Goodwill	Accumulated Impairments	Net Goodwill
Balance at December 31, 2012	$ 267	$ (90)	$ 177
Foreign currency translation	2		2
Balance at December 31, 2013	269	(90)	179
Foreign currency translation	(7)		(7)
Balance at December 31, 2014	**$ 262**	**$ (90)**	**$ 172**

Table of Contents

Intangible Assets

Our intangible assets (excluding goodwill) are comprised of the following:

	2014			2013		
(In millions)	**Gross Value**	**Accumulated Amortization**	**Net Intangibles**	**Gross Value**	**Accumulated Amortization**	**Net Intangibles**
Patents	**$ 26**	**$ (17)**	**$ 9**	$ 33	$ (21)	$ 12
Trademarks	**44**	**(13)**	**31**	45	(12)	33
Customer relationships	**41**	**(20)**	**21**	42	(18)	24
Production rights	**45**	**(41)**	**4**	45	(36)	9
Other	**72**	**(38)**	**34**	74	(38)	36
Total	**$ 228**					