

Chemtura CORP
Form S-1
August 05, 2010
Table of Contents

As filed with the Securities and Exchange Commission on August 5, 2010

Registration No. 333-_____

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-1

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

CHEMTURA CORPORATION

(DEBTOR-IN-POSSESSION)

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of

2820
(Primary Standard Industrial

52-2183153
(I.R.S. Employer

Edgar Filing: Chemtura CORP - Form S-1

(Incorporation or organization)

(Classification Code Number)

(Identification No.)

1818 Market Street, Suite 3700, Philadelphia, PA 19103

199 Benson Road, Middlebury, CT 06749

(203) 573-2000

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Billie S. Flaherty

Senior Vice President, General Counsel and Secretary

Chemtura Corporation

199 Benson Road

Middlebury, CT 06749

(203) 573-2000

(Name, address, including zip code, and telephone number, including area code, of agent for service)

With a copy to:

Robert M. Hayward, P.C.

Theodore A. Peto

Kirkland & Ellis LLP

300 North LaSalle

Chicago, IL 60654

(312) 862-2000

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this Registration Statement.

Edgar Filing: Chemtura CORP - Form S-1

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

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

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company	<input type="checkbox"/>

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Aggregate Offering Price(1)	Amount of Registration Fee
Rights to purchase common stock, par value \$0.01 per share		\$N/A(2)	\$0
Common stock, par value \$0.01 per share, issuable upon exercise of rights		\$100,000,000(3)	\$7,130.00

- (1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) of the Securities Act of 1933, as amended (the Securities Act).
- (2) No separate consideration will be received for the rights to purchase shares of common stock to be distributed to the owners of common stock on the record date.
- (3) Represents the aggregate gross proceeds from the exercise of the maximum number of rights that may be issued pursuant to this registration statement.

The registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

Table of Contents

EXPLANATORY NOTE

(NOT PART OF THE PROSPECTUS)

This registration statement relates to the proposed rights offering to eligible holders of common stock (including equivalent interests) in Chemtura Corporation (Chemtura), a Delaware corporation, for the new common stock of reorganized Chemtura. On March 18, 2009, Chemtura and its 26 U.S. subsidiaries (the Debtors) filed voluntary petitions for reorganization under Chapter 11 of the U.S. Bankruptcy Code in the U.S. Bankruptcy Court for the Southern District of New York (the Bankruptcy Court). On July 9, 2010, the Debtors filed with the Bankruptcy Court a revised joint plan of reorganization (the Plan) and accompanying disclosure statement. The Bankruptcy Court approved the disclosure statement on , 2010. A hearing on confirmation of the Plan is scheduled for September 16, 2010.

The holder of an equivalent interest means an eligible holder as of the rights offering record date of any share of common stock, preferred stock or other instrument evidencing an ownership interest in any of Chemtura, whether or not transferable, and any option, warrant or other right, contractual or otherwise, to acquire any such interest in Chemtura that existed before the effective date of the Plan, any phantom stock or other similar stock unit provided pursuant to Chemtura s prepetition employee compensation programs and any claim related to the purchase of interests subject to subordination pursuant to section 510(b) of the U.S. Bankruptcy Code (the Bankruptcy Code). Unless otherwise noted or the context otherwise suggests, references in this registration statement to rights offered to eligible holders of Chemtura s common stock include eligible holders of equivalent interests.

Through the Plan, Chemtura intends to deleverage its balance sheet and improve liquidity, simplify its corporate structure, and reduce its environmental and other liabilities. To effectuate Chemtura s restructuring and emergence from bankruptcy as a viable company, the Plan provides for the treatment of claims of creditors and interests of equity holders. In developing the Plan, the Debtors engaged in good faith negotiations with the statutory committee of unsecured creditors (the Creditors Committee), the committee of equity security holders (the Equity Committee) and an ad hoc committee representing certain holders of the Debtors notes and unsecured lender claims (the Ad Hoc Bondholders Committee). In furtherance of the restructuring, Chemtura also proposes to raise new equity capital through the rights offering to be implemented under the Plan, as described herein and in the disclosure statement.

Under the rights offering, Chemtura is not required to make distributions of fractional shares of new common stock. Therefore, only eligible holders owning the requisite number of shares of common stock will be entitled to participate in the offering.

It is expected that this registration statement will become effective prior to the effective date of the Plan. Therefore, except as otherwise noted or suggested by context, all references to our new common stock and the capitalization of Chemtura contained in this registration statement mean our new common stock to be outstanding and the capitalization of Chemtura following the effectiveness of the Plan, and all references to our common stock mean our common stock outstanding prior to such date.

In addition, the financial information incorporated by reference into this registration statement reflects the historical consolidated results of operations and financial condition of Chemtura for the periods presented. That financial information does not reflect, among other things, any effects of the transactions contemplated by the Plan or any fresh-start accounting if required. Upon emergence from Chapter 11, Chemtura may be required to adopt fresh start accounting based on a measurement immediately before emergence of the reorganization value of its assets compared to its total liabilities. If liabilities exceed the reorganization value of its assets, we will be required to record Chemtura s assets and liabilities at fair value as of the emergence date in accordance with fresh-start accounting. The fair value of Chemtura s assets and liabilities as of such date may differ materially from the recorded values of assets and liabilities on the historical consolidated results of operations and financial condition of Chemtura. Further, if fresh start accounting is required, the financial results and balance sheet of Chemtura after the application of fresh start accounting may not be comparable to historical trends.

Table of Contents

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion Dated August 5, 2010

Rights Offering for Shares of New Common Stock

CHEMTURA CORPORATION

(Debtor-in-Possession)

We are distributing rights to subscribe for shares of our new common stock to eligible holders of our common stock. If you are an eligible holder of at least shares of common stock as of , 2010, you may be eligible to subscribe, on a pro rata basis, for a portion of the up to shares of our new common stock reserved for issuance in this rights offering at \$ per share.

The rights expire at 5:00 p.m. (EDT) on , 2010, unless the exercise period is extended by us. We currently do not intend to extend the exercise period. Any rights unexercised at the end of the exercise period will expire without any payment, in respect of such rights, to the holders of those unexercised rights. You should carefully consider whether to exercise your rights prior to the expiration of the rights offering. The manner in which rights may be exercised is described in detail under the heading The Rights Offering Exercise of Rights. If you intend to exercise your rights, you should be careful to comply with these procedures.

We anticipate that our new common stock will be listed on under the symbol .

This rights offering is subject to the confirmation of our Plan and holders of Class 13a interests voting in favor of the Plan. The use of proceeds from the rights offering is described under the heading Use of Proceeds.

Investing in our new common stock involves risks. You should carefully consider the information referred to under the heading Risk Factors beginning on page 13 of this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is , 2010.

Table of Contents

As permitted under the rules of the Securities and Exchange Commission, this prospectus incorporates important business information about Chemtura Corporation that is contained in documents that we have previously filed with the Securities and Exchange Commission but that are not included in or delivered with this prospectus. You may obtain copies of these documents, without charge, from the website maintained by the Securities and Exchange Commission at www.sec.gov, as well as other sources. See **Incorporation By Reference of Certain Documents**.

You may also obtain copies of the incorporated documents, without charge, upon written or oral request to the office of our Corporate Secretary, Chemtura Corporation, 199 Benson Road, Middlebury, CT 06749.

You should rely only on the information incorporated by reference or provided in this prospectus. We have not authorized anyone else to provide you with different information. These securities are not being offered in any state where the offer is not permitted. You should not assume that the information in this prospectus or the documents incorporated by reference is accurate as of any date other than the date on the front of those documents.

TABLE OF CONTENTS

<u>ABOUT THIS PROSPECTUS</u>	1
<u>INCORPORATION BY REFERENCE OF CERTAIN DOCUMENTS</u>	3
<u>CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS</u>	4
<u>QUESTIONS AND ANSWERS ABOUT THE RIGHTS OFFERING</u>	6
<u>PROSPECTUS SUMMARY</u>	9
<u>RISK FACTORS</u>	13
<u>USE OF PROCEEDS</u>	19
<u>DIVIDEND POLICY</u>	19
<u>UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION</u>	20
<u>DESCRIPTION OF CAPITAL STOCK</u>	28
<u>THE RIGHTS OFFERING</u>	32
<u>SHARES OF NEW COMMON STOCK ISSUED IN THE REORGANIZATION ELIGIBLE FOR FUTURE SALES</u>	37
<u>PLAN OF DISTRIBUTION</u>	39
<u>CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES</u>	39
<u>LEGAL MATTERS</u>	41
<u>EXPERTS</u>	41
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	41

Table of Contents

ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement on Form S-1 (which includes exhibits) that we filed with the Securities and Exchange Commission (SEC) covering the rights and the shares of our new common stock to be issued upon exercise of the rights. This prospectus does not contain all information contained in the registration statement, certain parts of which are omitted in accordance with the SEC s rules and regulations. Statements made in this prospectus as to the contents of any other document (including exhibits to the registration statement) are not necessarily complete. You should review the document itself for a thorough understanding of its contents. The registration statement and amendments thereto can be read and reviewed on the SEC s website located at www.sec.gov or at the SEC offices mentioned under the heading **Where You Can Find More Information**.

On March 18, 2009, Chemtura and its 26 U.S. subsidiaries (the Debtors) filed voluntary petitions for reorganization under Chapter 11 of the U.S. Bankruptcy Code in the U.S. Bankruptcy Court for the Southern District of New York (the Bankruptcy Court). On July 9, 2010, the Debtors filed with the Bankruptcy Court their revised joint plan of reorganization and accompanying disclosure statement (the Plan). The Bankruptcy Court approved the disclosure statement on , 2010. A hearing on confirmation of the Plan is scheduled for September 16, 2010.

Eligible holders of common stock are acquiring their shares covered by this prospectus pursuant to the Plan, which is more fully described herein and in the documents incorporated by reference herein.

In connection with the Plan, the Debtors were required to prepare projected financial information to demonstrate to the Bankruptcy Court the feasibility of the Plan and the ability of the Debtors to continue operations upon emergence from Chapter 11. These projections should not be considered or relied upon in connection with the purchase of our new common stock. Neither the projections nor any version of the disclosure statement were prepared for the purpose of any offering of our new common stock and have not been, and may not be, updated on an ongoing basis. The projections reflect numerous assumptions concerning our anticipated future performance and prevailing and anticipated market and economic conditions at the time they were prepared that were and continue to be beyond our control and that may not materialize. Projections are inherently subject to uncertainties and to a wide variety of significant business, economic and competitive risks, including those risks discussed under Risk Factors in this prospectus and in the documents incorporated by reference herein.

In addition, while the projections reflect estimates concerning the reorganization and related transactions pursuant to the Plan, the projections do not reflect the comprehensive implementation of fresh start accounting pursuant to Accounting Standards Codification (ASC) Section 852-10-45, Reorganizations Other Presentation Matters. As discussed in detail in the section entitled Unaudited Pro Forma Condensed Consolidated Financial Information, our emergence from Chapter 11, the implementation of the Plan and the potential application of fresh-start accounting may affect our future reported results of operations and make it difficult to compare our historical, pre-emergence results of operations and balance sheets with those that we report in the future. The application of fresh-start accounting may impact our net income for several months due to the mark-up of inventory as of the emergence date, but will not have an effect on our cash generated from operations.

As noted in the unaudited pro forma condensed consolidated financial statements, the estimated effects of the application of fresh-start accounting, if required, are preliminary and have been made solely for purposes of developing the Unaudited Pro Forma Condensed Consolidated Financial Information. Fresh-start accounting requires the adjustment of all asset and liabilities of the Company to fair-value as of the date of emergence. Updates to such preliminary valuations will be completed as of the emergence date and, to the extent such updates reflect valuations different than those used in the Unaudited Pro Forma Condensed Consolidated Financial Information, there may be adjustments in the fair values of certain assets such as property, plant and equipment and inventory. To the extent actual valuations and allocations differ from those used in calculating the Unaudited Pro Forma Condensed Consolidated Financial Information, these differences will be reflected on our balance sheet upon emergence under fresh-start accounting and may also affect the cost of goods sold in the months following the date of emergence that would be recognized in the statement of operations post-emergence from bankruptcy.

Table of Contents

It is expected that the registration statement of which this prospectus forms a part will become effective prior to the effective date of the Plan. Therefore, except as otherwise noted or suggested by context, all references to our new common stock and the capitalization of Chemtura contained in this prospectus mean our common stock to be outstanding and the capitalization of Chemtura following the effective date of the Plan and all references to our common stock mean our common stock outstanding prior to such date.

Table of Contents

INCORPORATION BY REFERENCE OF CERTAIN DOCUMENTS

We are incorporating by reference specified documents that we file with the SEC, which means that we can disclose important information to you by referring you to those documents that are considered part of this prospectus. We incorporate by reference into this prospectus the documents listed below (other than portions of these documents deemed to be furnished or not deemed to be filed, including the portions of these documents that are either (1) described in paragraphs (d)(1), (d)(2), (d)(3) or (e)(5) of Item 407 of Regulation S-K or (2) furnished under Item 2.02 or Item 7.01 of a Current Report on Form 8-K, including any exhibits included with such Items):

our Annual Report on Form 10-K for the year ended December 31, 2009, as amended by Form 10-K/A filed on April 29, 2010;

our Quarterly Report on Form 10-Q for the quarter ended March 31, 2010; and

our Current Reports on Form 8-K filed on January 15, 2010 (only with respect to Item 1.01), January 25, 2010, February 5, 2010, February 25, 2010 (only with respect to Item 1.01), March 16, 2010 (only with respect to Item 5.02), April 13, 2010, May 6, 2010, June 7, 2010, July 26, 2010 (as amended on July 28, 2010) and July 30, 2010.

Any statement contained in a document incorporated or deemed to be incorporated by reference into this prospectus will be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained in this prospectus or any other subsequently filed document that is deemed to be incorporated by reference into this prospectus modifies or supersedes the statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this prospectus.

Our filings with the SEC, including our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports, are available free of charge on our website (www.chemtura.com) as soon as reasonably practicable after they are filed with, or furnished to, the SEC. Our website and the information contained on that site, or connected to that site, are not incorporated into and are not a part of this prospectus. You may also obtain a copy of these filings at no cost by writing or telephoning us at the following address:

Chemtura Corporation

199 Benson Road

Middlebury, CT 06749

Attention: Corporate Secretary

(203) 573-2000

Table of Contents

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements made in this prospectus and the documents incorporated by reference into this prospectus are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the Securities Act) and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act). These statements may be identified by the use of forward-looking terminology such as anticipate, believe, intend, estimate, expect, continue, should, could, may, plan, project, predict, will and similar expressions. In part, our expectations, beliefs, plans, objectives, assumptions or future events or performance contained in this prospectus under the headings Prospectus Summary and Risk Factors and in our Annual Report on Form 10-K for the year ended December 31, 2009, as amended, under the headings Risk Factors and Management s Discussion and Analysis of Financial Condition and Results of Operations are forward-looking statements.

We have based these forward-looking statements on our current expectations, assumptions, estimates and projections. While we believe these expectations, assumptions, estimates and projections are reasonable, such forward-looking statements are only predictions and involve known and unknown risks and uncertainties, many of which are beyond our control. These and other important factors, including those discussed in this prospectus under the headings Prospectus Summary and Risk Factors and in our Annual Report on Form 10-K for the year ended December 31, 2009, as amended, under the headings Risk Factors and Management s Discussion and Analysis of Financial Condition and Results of Operations, could cause our actual results, performance or achievements to differ materially from any future results, performance or achievements expressed or implied by these forward-looking statements. Some of the key factors that could cause actual results to differ from our expectations include:

the ability to complete a restructuring of our balance sheet;

the ability to have the Bankruptcy Court approve motions required to sustain operations during the Chapter 11 cases;

the uncertainties of the Chapter 11 restructuring process including the potential adverse impact on our operations, management, employees and the response of our customers;

our estimates of the cost to settle proofs of claim presented in the Chapter 11 cases;

the ability to confirm and consummate a Chapter 11 plan of reorganization;

the ability to be compliant with our debt covenants or obtain necessary waivers and amendments;

the ability to reduce our indebtedness levels;

general economic conditions;

significant international operations and interests;

the ability to obtain increases in selling prices to offset increases in raw material and energy costs;

Edgar Filing: Chemtura CORP - Form S-1

the ability to retain sales volumes in the event of increasing selling prices;

the ability to absorb fixed cost overhead in the event of lower volumes;

pension and other post-retirement benefit plan assumptions;

the ability to improve profitability in our Industrial Engineered Products segment as the general economy recovers from the recession;

the ability to implement the El Dorado, Arkansas restructuring program;

the ability to obtain growth from demand for petroleum additive, lubricant and agricultural product applications;

the ability to restore profitability levels in our Chemtura AgroSolutions™ segment as demand conditions recover in the agrochemical market. Additionally, demand for the Chemtura AgroSolutions™ Products segment is dependent on disease and pest conditions, as well as local, regional, regulatory and economic conditions;

Table of Contents

the ability to sell methyl bromide due to regulatory restrictions;

changes in weather conditions which could adversely affect the seasonal selling cycles in both our Consumer Performance Products and Chemtura AgroSolutions™ segments;

changes in the availability and/or quality of our energy and raw materials;

the ability to collect our outstanding receivables;

changes in interest rates and foreign currency exchange rates;

changes in technology, market demand and customer requirements;

the enactment of more stringent U.S. and international environmental laws and regulations;

the ability to realize expected cost savings under our restructuring plans, Six Sigma and Lean manufacturing initiatives;

the ability to recover our deferred tax assets;

the ability to support the goodwill and long-lived assets related to our businesses; and

other risks and uncertainties detailed in our filings with the Securities and Exchange Commission.

Given these risks and uncertainties, you are cautioned not to place undue reliance on such forward-looking statements. The forward-looking statements contained in, or incorporated by reference into, this prospectus are made only as of their respective dates. We do not undertake and expressly disclaim any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Table of Contents

QUESTIONS AND ANSWERS ABOUT THE RIGHTS OFFERING

Q: Who is eligible to participate in the rights offering?

A: If you hold at least _____ shares of common stock as of the record date, you are eligible to participate in the rights offering.

Q: What is a right?

A: Each right entitles its holder to purchase one share of new common stock.

Q: What was the record date for the rights offering?

A: The record date for the rights offering was _____, 2010.

Q: How many rights am I receiving?

A: You are receiving one right for every _____ shares of common stock that you own. No eligible holder, however, will be granted or allowed to exercise any fractional rights.

Q: How much does a right cost?

A: The rights are being distributed to you pursuant to the terms of our Plan, initially filed with the bankruptcy court on June 17, 2010. The rights are being distributed to you free of charge.

Q: What is the exercise price?

A: The exercise price is \$ _____ per share. This price was set by agreement among the company and the representatives of its various stakeholder constituencies. If the rights offering is fully subscribed, the exercise price is consistent with our New Chemtura Total Enterprise Value (as such term is defined in the Plan).

Q: May I transfer my rights if I do not want to purchase any shares?

A: No. The rights are not transferable unless you properly sell your common stock prior to the applicable record date, in which case the rights will be transferred to the transferee accordingly.

Q: May I sell my rights?

A: No. You may not sell your rights unless you properly sell your common stock prior to the applicable record date, in which case the rights will be transferred to the transferee accordingly.

Q: Are there any conditions which must be satisfied for the rights offering to occur?

A: Yes. The rights offering is conditioned, among other matters, upon confirmation of the Plan and holders of Class 13a interests voting to approved the Plan. In the event that the Plan is not confirmed or Class 13a claimants vote to reject the Plan, under no circumstances shall any holder of shares of common stock have any rights to participate in the rights offering. In that event, all rights exercise forms received by the subscription agent shall be null and void and any payments received by the subscription agent will be refunded, without interest, to the eligible holders as soon as reasonably practicable after the effective date of the Plan. Under no circumstances shall any holder of common stock that is not entitled to vote on the Plan be eligible to participate in this rights offering.

Q: How will you use the proceeds from the rights offering?

A: In accordance with the settlement reached between Chemtura and its major stakeholders, as more fully described herein and in the disclosure statement, the proceeds of the rights offering will be used to partially fund distributions pursuant to the Plan.

Table of Contents

Q: When will the rights offering commence?

A: The rights offering will commence on the day that rights exercise forms are mailed to eligible holders.

Q: How do I exercise my rights?

A: The procedure for exercising your rights depends on whether you are a registered holder of common stock or hold your stock through a bank or brokerage firm.

If you are a registered holder of common stock, to exercise your rights, you must complete the rights exercise form, by indicating the total number of shares that you want to exercise (which includes the initial pro rata number of shares that a participant is entitled to subscribe for plus any additional shares that such participant subscribes for if the rights offering is undersubscribed) by the expiration deadline. Thereafter, the subscription agent will create an invoice indicating the total number of shares you have subscribed for, the amount owed for such shares and the payment instructions (including the payment deadline) for these shares. And, upon receiving the subscription invoice with the total exercise price listed, you must arrange for payment of the total exercise price to the subscription account, either by wire transfer or by certified bank or cashier's check to be received by the subscription agent on or prior to the payment deadline.

If you hold shares of common stock through a nominee, you must provide instructions to your bank, broker, or other nominee or agent on the number of initial and additional shares that you want to exercise, and that firm must effect the subscription on your behalf prior to the subscription deadline and payment on your behalf on or prior to the payment deadline.

Q: Do I have to exercise my rights in full?

No. You are in no way obligated to exercise your rights in full. Any lesser amount will be accepted. Notwithstanding the foregoing, no eligible holder, however, will be granted or allowed to exercise any fractional rights.

Q: When will I receive the shares I am purchasing by exercising my rights?

A: If you properly exercise your rights, you will be deemed to own the shares immediately on the effective date of our Plan and the registration statement of which this prospectus is a part. If you hold shares through a broker, any shares you purchase will be delivered electronically to the broker. We will not issue share certificates. Instead, your purchase will be recorded on our books and records as maintained by the company's transfer agent.

Q: When do the rights expire?

A: The rights expire, if not exercised, 5:00 p.m. (EDT) on _____, 2010, unless the exercise period is extended by us. We currently do not intend to extend the exercise period. See The Rights Offering Commencement/Expiration of the rights offering.

Q: Am I required to exercise my rights?

A: No. However, if you do not exercise your rights prior to the expiration of the rights offering you will lose any value represented by the rights.

Q: What happens if I do not exercise my rights?

A: If you do not exercise your rights prior to the expiration of the rights offering, your rights will expire and shares of new common stock for which your rights were exercisable, but were not exercised, may be purchased by other eligible holders as part of their oversubscription option.

Q: If I exercise my rights in the rights offering, may I withdraw the exercise?

A: No.

Table of Contents

Q: May I subscribe for more than my pro rata share of the new common stock being offered in the rights offering?

A: Yes. If any of the eligible holders do not subscribe for all of their pro rata allocation of the shares of new common stock for which they are entitled to subscribe, other eligible holders may elect to subscribe for the unsubscribed shares. If the total number of shares subscribed for in this oversubscription option exceeds the number of shares being offered, the number of shares that such oversubscribing holders may purchase will be reduced on a pro rata basis.

Q: Is there a risk that the rights offering will not be consummated?

A: Yes. All exercises of rights are subject to and conditioned upon the confirmation of the Plan and the occurrence of the effective date of the Plan. Furthermore, the rights offering is conditioned upon holders of Class 13a interests voting to accept the Plan.

Q: If the rights offering are not consummated, will my payment be refunded to me?

A: Yes. If the rights offering are not consummated, you will be returned your exercise payments, without interest, as soon as practicable.

Q: Will I be charged a sales commission or a fee if I exercise my rights?

A: No. We will not charge a brokerage commission or a fee to rights holders for exercising their rights. If you exercise your rights through a broker, bank or other nominee, however, you will be responsible for any fees charged by your broker, bank or nominee.

Q: What will happen to the common stock I currently own?

A: All holders of common stock will have those shares cancelled and be of no further force or effect as of the effective date of our Plan and the registration statement of which this prospectus is a part.

Q: Have you or your board of directors made a recommendation as to whether I should exercise my rights?

A: No. Neither we nor our board of directors has made any recommendation as to whether you should exercise your rights. You should make those decisions based upon your own assessment of your best interests.

Q: What are the U.S. federal income tax consequences of the rights offering to me?

A: You generally should not recognize gain or loss on the receipt or exercise of your rights for U.S. federal income tax purposes, though you may recognize a loss on their lapse. You should consult your tax advisor as to the particular tax consequences to you of the receipt of rights in the rights offering and the exercise or lapse of the rights, including the applicability of any state, local or non-U.S. tax laws.

Q: What should I do if I have other questions?

A: If you have any questions about, or require assistance regarding, the procedure for exercising your rights, including the procedure if you have lost your rights exercise form or would like additional copies of this prospectus, or questions about whether your completed rights exercise form or payment has been received, please contact:

Epiq Bankruptcy Solutions

757 Third Avenue, 3rd Floor

New York, New York 10017

For a more complete description of the rights offering, see The rights offering.

Table of Contents

PROSPECTUS SUMMARY

*This summary highlights some of the information contained elsewhere in or incorporated by reference into this prospectus. Because this is only a summary, it does not contain all of the information that may be important to you. You should carefully read this prospectus, including the documents incorporated by reference, which are described under *Incorporation by Reference of Certain Documents* and *Where You Can Find More Information*. You should also carefully consider, among other things, the matters discussed in the section entitled *Risk Factors*.*

In this prospectus, except as otherwise indicated or as the context otherwise requires, Chemtura, we, our and us refer to Chemtura Corporation, a Delaware corporation. In the discussion of our business in this prospectus, we, our and us also refer to our subsidiaries.

Our Company

We are a leading diversified global developer, manufacturer and marketer of performance-driven engineered 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. Our agrochemical products are sold through dealers and distributors to growers and others. Our pool, spa and household chemical products are sold through local dealers, large retailers, independent retailers and mass merchants. Our operations are located in North America, Latin America, Europe and Asia. In addition, we have important ventures primarily in the United States and the Middle East, but also in Asia and Europe. We are committed to global sustainability through green technology and developing engineered chemical solutions that meet our customers' evolving needs.

Our principal executive offices are located at 199 Benson Road, Middlebury, CT 06749 and 1818 Market Street, Suite 3700, Philadelphia, PA 19103 and our telephone number is (203) 573-2000.

The Plan of Reorganization

On March 18, 2009, we and our 26 U.S. subsidiaries filed voluntary petitions for reorganization under Chapter 11 of the Bankruptcy Code in the U.S. Bankruptcy Court for the Southern District of New York. The cases were consolidated for joint administration purposes only and were assigned a lead case number 09-11233(REG). Our non-U.S. subsidiaries and certain U.S. subsidiaries were not included in the Chapter 11 filing.

On June 17, 2010, the Debtors filed the Plan and related disclosure statement with the Bankruptcy Court. On July 9, 2010 and July 20, 2010, the Debtors filed revised versions of the Plan and disclosure statement with the Bankruptcy Court. The Bankruptcy Court approved the disclosure statement on _____, 2010. A hearing on confirmation of the Plan is scheduled for September 16, 2010.

Through the Plan, we intend to deleverage our balance sheet and improve liquidity, simplify our corporate structure, and reduce our environmental and other liabilities.

To effectuate our restructuring and emergence from Chapter 11 as a viable company, the Plan provides for the treatment of claims of creditors and interests of equity holders. In developing the Plan, the Debtors engaged in good faith negotiations with the statutory committee of unsecured creditors (the Creditors Committee), the committee of equity security holders (the Equity Committee) and an ad hoc committee representing certain holders of the Debtors notes and unsecured lender claims (the Ad Hoc Bondholders Committee). In furtherance of the restructuring, we also propose to raise new equity capital through the rights offering to be implemented under the Plan, as described herein and in the disclosure statement.

Table of Contents

The Plan organizes claims against the Debtors into classes according to their relative priority and certain other criteria. For each class, the Plan describes (a) the underlying claim or interest, (b) the recovery available to the holders of claims or interests in that class under the Plan, (c) whether the class is impaired under the Plan, meaning that each holder will receive less than the full value on account of its claim or interest or that the rights of holders under law will be altered in some way (such as receiving stock instead of holding a claim) and (d) the form of consideration (e.g., cash, stock or a combination thereof), if any, that such holders will receive on account of their respective claims or interests. Distributions to creditors under the Plan generally will include a combination of common shares in the capital of the reorganized Company authorized pursuant to the Plan, cash, reinstatement or such other treatment as agreed between the Debtors and the applicable creditor. Certain creditors will be eligible to elect, when voting on the Plan, to receive their recovery in the form of the maximum available amount of cash or the maximum available amount of new common stock. Distributions, if any, under the Plan to holders of interests in us will include shares of new common stock and, potentially, cash, based on whether holders of interests in us vote to accept or reject the Plan.

The Plan provides that if holders of interests in us vote as a class to accept the Plan, they will receive their pro rata share (determined with respect to all holders of interests in us) of 5% of new common stock, plus the right to participate in this rights offering with a value of up to \$100 million, if fully subscribed, at a price consistent with the total enterprise value of the reorganized Debtors under the Plan. If, however, holders of interests in us vote as a class to reject the Plan, they will receive their pro rata share of value available for distribution, if any, after all allowed claims have been paid in full and certain disputed claims reserves have been established in accordance with the terms of the Plan. All new common stock distributed under the Plan to holders of claims and, if applicable, interests, including new common stock distributed in connection with the rights offering, shall be subject to dilution by certain of our incentive plans.

Under the rights offering, we are not required to make distributions of fractional shares of new common stock. Therefore, only eligible holders owning the requisite number of shares of common stock will be entitled to participate in the offering. The Plan is subject to approval by the Bankruptcy Court in accordance with the bankruptcy code as well as various other conditions and contingencies, some of which are not within our control. We cannot provide any assurance that any plan of reorganization ultimately confirmed by the Bankruptcy Court will be consistent with the terms of the Plan. Although the Plan provides for our emergence from bankruptcy as a going concern, there can be no assurance that the Plan, or any other plan of reorganization, will be confirmed by the Bankruptcy Court or that any such plan will be implemented successfully.

The Rights Offering

Through the rights offering, eligible holders of at least _____ shares of common stock will be entitled to purchase, on a pro rata basis, a portion of the _____ shares of new common stock reserved for issuance in this rights offering for an exercise price of \$ _____ per share. If any of the eligible holders do not subscribe for all of their pro rata allocation of the shares of new common stock for which they are entitled to subscribe, other eligible holders may elect to subscribe for the unsubscribed shares. If the total number of shares subscribed for in this oversubscription option exceeds the number of shares being offered, the number of shares that such oversubscribing stockholders may purchase will be reduced on a pro rata basis.

Notwithstanding anything to the contrary, under no circumstances shall any holder of common stock that is not entitled to vote on the Plan be eligible to participate in this rights offering. Notwithstanding anything contained in the Plan to the contrary, in the event that Class 13a claimants vote to reject the Plan, under no circumstances shall any holder of shares of common stock have any rights to participate in the rights offering, all rights exercise forms received by the subscription agent shall be null and void and any payments received by the subscription agent will be refunded, without interest, to the eligible holders as soon as reasonably practicable after the effective date of the Plan.

In accordance with the settlement reached between us and our major stakeholders, all of the proceeds that we receive from the rights offering, which are expected to be up to approximately \$100 million, will be used to partially fund distributions pursuant to the Plan. The registration statement of which this prospectus forms a part relates to the proposed sale of new common stock offered by us under the rights offering.

Table of Contents

THE RIGHTS OFFERING

Securities Offered Each eligible holder shall be entitled to purchase up to its pro rata share of the _____ shares of new common stock made available pursuant to the rights offering. In addition, if the rights offering is under-subscribed, eligible holders through the exercise of additional rights may elect to purchase additional shares, provided that they have already exercised the maximum amount of their initial rights.

If any of the eligible holders do not subscribe for all of their pro rata allocation of the shares of new common stock for which they are entitled to subscribe, other eligible holders may elect to subscribe for the unsubscribed shares. If the total number of shares subscribed for in this oversubscription option exceeds the number of shares being offered, the number of shares that each oversubscribing holder may purchase will be reduced on a pro rata basis.

Exercise Price \$ _____ per share.

Record Date _____, 2010.

Expiration Date The rights expire, if not previously exercised, at 5:00 p.m. (EDT) on _____, 2010, unless the exercise period is extended by us. We currently do not intend to extend the exercise period.

Use of Proceeds The proceeds from the rights offering will be up to approximately \$100 million, which will be used to partially fund distributions pursuant to the Plan.

Transferability of Rights Pursuant to the Plan, the rights are not transferable. Rights may be exercised only by or through the eligible holder entitled to exercise such rights on the record date. Any independent transfer or attempted transfer of the rights will be null and void and the Debtors will not treat any purported transferee as the holder of any rights. Once the rights are exercised, such exercise will not be permitted to be revoked.

Procedures for Exercise For those eligible holders owning shares of common stock in their own name:

(i) Each such eligible holder that intends to exercise its rights shall designate such intention on its rights exercise form. In addition, any eligible holder that exercises all of its rights initially allocated to it may indicate on its rights exercise form how many additional shares of new common stock such eligible holder wishes to purchase if all of the rights in the respective rights offering are not initially subscribed for. Along with the exercise form, a participating holder shall also deliver full payment (including any amount in respect to the oversubscription option) for the subscription price to the subscription agent. If any eligible holder fails to deliver a duly completed rights exercise form (or full payment of the subscription price) so that such form and payment is actually received by the subscription agent on or before the expiration date, such eligible holder shall be deemed to have relinquished and waived its rights.

Table of Contents

For those eligible holders owning shares of common stock through a nominee:

(i) To exercise its rights, such holder must provide instructions to its bank, broker, or other nominee or its agent. The bank, broker, or other nominee or agent, in turn, must then convey the instruction through DTC's Automated Subscription Offer Program (ASOP) on or before the expiration date. Full payment (including any amount in respect to the oversubscription option) for the subscription price will be made automatically through the ASOP system.

If the subscription agent for any reason does not receive a duly completed rights exercise form or equivalent instructions from DTC on or prior to the expiration date, and immediately available funds in an amount equal to the subscription price on or prior to the expiration date, or payment by DTC, then each such eligible participant shall be deemed to have relinquished and waived its right to participate in the rights offering. Each eligible holder intending to participate in the rights offering must affirmatively elect to exercise its rights by the expiration date.

Issuance of New Common Stock	If you properly exercise your rights, you will be deemed to own the shares immediately on the effective date of our Plan and the registration statement of which this prospectus is a part.
No Recommendation	Neither we nor our board of directors has made any recommendation as to whether you should exercise your rights. You should make those decisions based upon your own assessment of your best interests.
Listing of Our New Common Stock	We anticipate that our new common stock will be listed on the _____ under the symbol _____.
Tax Consequences of Rights Offering	You generally should not recognize gain or loss on the receipt, exercise or lapse of your rights for U.S. federal income tax purposes. You should consult your own tax advisor regarding the proper treatment of the rights in your particular circumstances.
Subscription Agent	We have appointed Epiq Bankruptcy Solutions to act as the subscription agent for the rights offering.
Risk Factors	You should read Risk Factors beginning on page 13 before you exercise rights.

KEY DATES TO KEEP IN MIND

Record Date	, 2010.
Expiration Date	The rights expire, if not previously exercised, at 5:00 p.m. (EDT) on _____, 2010, unless the exercise period is extended by us. We currently do not intend to extend the exercise period. Any rights unexercised at the end of the exercise period will expire without any payment to the holders of those unexercised rights.

Table of Contents

RISK FACTORS

You should consider carefully all of the information set forth in this prospectus and the documents incorporated by reference herein, unless expressly provided otherwise, and, in particular, the risk factors described below and those described in our Annual Report on Form 10-K for the year ended December 31, 2009, as amended, and certain of our other filings with the SEC. In addition, those risks described below, elsewhere in this prospectus and in any document incorporated by reference herein are not the only ones we face. Such risks are considered to be the most material. However, there may be other risks and uncertainties not currently known to us or those that we view to be immaterial may become material and adversely affect our future results. Past financial performance may not be a reliable indicator of future performance and historical trends should not be used to anticipate results or trends in future periods.

Risks Related to Chapter 11 and Emergence from Bankruptcy

We may be subject to claims that were not discharged in the Chapter 11 cases, which could have a material adverse effect on our results of operations and profitability.

The Plan will only resolve claims against those of our subsidiaries that were parties to the Chapter 11 proceedings. In addition, certain material claims against the Debtors will not be resolved pursuant to the Plan and will remain with us after we emerge from Chapter 11. Furthermore, certain claims that should have been resolved pursuant to the Plan may not be discharged. Pursuant to the terms of the Plan, the provisions of the Plan constitute a good faith compromise of all claims, interests and controversies relating to the contractual, legal and subordination rights that a holder of a claim or an interest may have with respect to any allowed claim or interest, or any distribution to be made on account of such allowed claim or interest, with respect to the Debtors subject to the Chapter 11 proceedings. Circumstances in which claims and other obligations that arose prior to our Chapter 11 filings may not be discharged include, among other things, instances where a claimant had inadequate notice of the Chapter 11 filings. We anticipate that the largest claims which will not be resolved through the Chapter 11 proceedings will be our ongoing pension liabilities, liabilities for other post employment benefits, certain environmental liabilities for our owned and operated facilities and some off site locations and certain tort liabilities for injuries that are known to us or that do not manifest themselves until after we emerge from Chapter 11.

Our actual financial results may vary significantly from the projections filed with the Bankruptcy Court.

In connection with the disclosure statement and the hearing to consider confirmation of the Plan, we prepared projected financial information to demonstrate to the Bankruptcy Court the feasibility of the Plan and our ability to continue operations upon our emergence from the Chapter 11 cases. This information was not audited or reviewed by our independent public accountants. These projections were prepared for the purpose of the Chapter 11 cases and not for the purpose of this rights offering and have not been, and will not be, updated on an ongoing basis. These projections are not included in, or incorporated by reference into, this prospectus and should not be relied upon in connection with the exercise of rights. At the time they were prepared, the projections reflected numerous assumptions concerning our anticipated future performance and with respect to prevailing and anticipated market and economic conditions that were and remain beyond our control and that may not materialize. Projections are inherently subject to substantial and numerous uncertainties and to a wide variety of significant business, economic and competitive risks, and the assumptions underlying the projections and/or valuation estimates may prove to be wrong in material respects. Actual results may vary significantly from those contemplated by the projections that were prepared in connection with the Disclosure Statement and the hearing to consider confirmation of the Plan. As a result, you should not consider or rely on such projections in deciding whether to exercise your rights.

Following our emergence from Chapter 11, our historical consolidated financial information included in this prospectus may not be comparable to financial information for future periods.

Following our emergence from Chapter 11, we will operate our existing businesses under a new capital structure, and we may have to adopt fresh-start accounting. If required, under fresh-start accounting, assets and liabilities will be recorded at fair value, based on values determined in connection with the implementation of our Plan. Certain reported assets do not yet give effect to the adjustments that would result from the adoption of fresh-start accounting and, as a result, would change materially. Accordingly, our balance sheet and results of operations from and after the date of our emergence from Chapter 11 may not be comparable to the balance sheet or results of operations reflected in our historical consolidated financial statements included elsewhere in this prospectus.

Table of Contents

We have made certain assumptions regarding the effects of the application of fresh-start accounting, which may differ materially from the actual effect of the adoption of fresh-start accounting, if required.

In preparing the unaudited condensed consolidated pro forma financial information included in this prospectus, we have made certain assumptions regarding the application of fresh-start accounting to our historical consolidated financial information. For example, we have made certain assumptions regarding the reorganization value of our assets upon emergence and the fair values of identifiable assets and liabilities. In the event we are required to adopt fresh-start accounting, it is possible that the final reorganization value of our assets and the final fair value of our identifiable assets and liabilities will be different from the amounts used in the preparation of the unaudited condensed consolidated pro forma financial information contained in this prospectus. Therefore, actual amounts of identifiable assets and liabilities may differ from the amounts reflected in our unaudited condensed consolidated pro forma financial information. The fair value adjustment to plant, property and equipment together with intangibles may result in different depreciation and amortization expenses than reflected in the unaudited condensed consolidated pro forma financial information, although this amortization would have no impact on our cash flows. In addition, fair value adjustments of inventory upon the adoption of fresh-start accounting will increase our cost of goods sold, reducing profitability until that inventory is sold. As a result, our financial statements prepared after we emerge from Chapter 11 may be materially different from those set forth in this prospectus.

Our historical consolidated financial statements state that uncertainties related to our emergence from Chapter 11 protection raise substantial doubt about our ability to continue as a going concern.

This prospectus incorporated by reference our audited consolidated financial statements as of December 31, 2009, 2008 and 2007 and for each of the years in the three-year period ended December 31, 2009 prepared in accordance with U.S. generally accepted accounting principles (GAAP). Our financial statements as of December 31, 2009 and 2008 state that uncertainties inherent in our Chapter 11 process and recurring losses from continuing operations raise substantial doubt about our ability to continue as a going concern. Although we believe that as of the date of our emergence from Chapter 11, the basis for the uncertainties relating to our ability to continue as a going concern will no longer exist, we cannot assure you that a similar disclosure will not be included in future financial statements.

Regardless of the foregoing, our historical consolidated financial statements have been prepared in accordance with GAAP applicable to a going concern, which assumes that we will be able to meet our obligations and continue our operations over a reasonable length of time. Realization values may be substantially different from carrying values as shown and these financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should we be unable to continue as a going concern.

We cannot be certain that the Chapter 11 proceedings will not adversely affect our operations going forward.

We cannot assure you that our operations going forward will not be adversely affected by our Chapter 11 filing. Our Chapter 11 filing may impair our ability to successfully negotiate favorable terms from suppliers, hedging counterparties and others and to attract and retain customers, employees and managers. The failure to obtain such favorable terms and retain customers and employees could adversely affect our business, financial condition and results of operations. For example, the public disclosure of our liquidity constraints and the Chapter 11 cases has impaired our ability to maintain normal credit terms with certain of our suppliers. As a result, we have been required to pay cash in advance to certain vendors and have experienced restrictions on the availability of trade credit, which has further reduced our liquidity. If liquidity problems persist following our emergence from Chapter 11, our suppliers could refuse to provide key products and services.

Risks Related to Ownership of Our New Common Stock

The market price of our new common stock is subject to volatility.

The market price of our new common stock could be subject to wide fluctuations in response to numerous factors, many of which are beyond our control. These factors include, among other things, actual or anticipated variations in our operational results and cash flow, our and our competitors' earnings, changes in financial estimates by securities analysts, trading volume, market conditions in the industry, the general state of the securities markets and the market for stocks of companies in our industry, governmental legislation or regulation and currency and exchange rate fluctuations, as well as general economic and market conditions, such as recessions.

Table of Contents

A liquid trading market for our new common stock may not develop.

We intend to apply to list our new common stock on the New York Stock Exchange or other exchange. However, we may not be able to satisfy the requirements for listing our new common stock on the exchange. Even if we are able to list our new common stock on the New York Stock Exchange or other exchange, a liquid trading market for our new common stock may not develop or be sustained. The liquidity of the trading market for our new common stock will depend, among other things, upon the number of holders of our new common stock, our financial performance and the number of research analysts covering Chemtura, none of which can be determined or predicted with certainty.

Substantial sales of or trading in our new common stock could occur in connection with emergence from Chapter 11, which could cause our stock price to be adversely affected.

Shares distributed in connection with the Plan generally may be sold in the public markets immediately following our emergence from Chapter 11 or thereafter from time to time. Some of our creditors or other investors who receive shares of our new common stock in connection with the Plan may sell our shares shortly after emergence from Chapter 11 for any number of reasons. The sale of significant amounts of our new common stock or substantial trading in our new common stock or the perception in the market that substantial trading in our new common stock will occur may adversely affect the market price of our new common stock.

Certain holders of claims may acquire a substantial amount of our new common stock upon consummation of the Plan.

During our chapter 11 cases, there has been no limitation on the trading of claims. Accordingly, upon consummation of the Plan, certain holders of claims are likely to receive distributions of our new common stock representing a substantial amount of the outstanding shares of our new common stock. If holders of a significant number of shares of our new common stock were to act as a group, they could be in a position to control the outcome of actions requiring stockholder approval, including, among other things, election of directors. This concentration of ownership could also facilitate or hinder a negotiated change of control of Chemtura and, consequently, impact the value of our new common stock. Furthermore, the possibility that one or more holders of a significant number of shares of our new common stock may sell all or a large portion of its shares of new common stock in a short period of time may adversely affect the trading prices of our new common stock.

Issuances under our Plan and future sales of our common stock will cause you to incur substantial dilution and may depress our stock price.

In connection with the consummation of the Plan, we anticipate the issuance of 100 million shares of new common stock, including approximately _____ shares reserved for issuance in this rights offering. If the holders of Class 13a interest vote against the Plan or this rights offering is undersubscribed, all or a portion of shares reserved for issuance in this rights offering, as applicable, will be reallocated to creditors. In addition, in the future we may grant equity securities to our employees, consultants and directors under certain stock option and incentive plans. Furthermore, we may issue equity securities in connection with future investments or acquisitions. Such grants or issuances could constitute a substantial portion of our then-outstanding common stock. This will cause you to suffer potentially substantial dilution in your ownership of our common stock and may adversely affect the price of our common stock.

Table of Contents

Provisions in Delaware law and our amended and restated certificate of incorporation and bylaws may discourage, delay or prevent a change in control of our company or changes in our management and therefore depress the trading price of our new common stock.

Our amended and restated certificate of incorporation and bylaws, which will be effective upon our emergence from bankruptcy, will contain provisions that could depress the trading price of our new common stock by acting to discourage, delay or prevent a change in control of our company or changes in our management that our stockholders may deem advantageous. We are subject to Section 203 of the Delaware General Corporation Law, which we refer to as the DGCL, which generally prohibits a Delaware corporation from engaging in any of a broad range of business combinations with any interested stockholder for a period of three years following the date on which the stockholder became an interested stockholder and which may discourage, delay or prevent a change in control of our company. See Description of Capital Stock Anti-Takeover Effects of Provisions of the DGCL and Provisions to be Included In Our Amended and Restated Certificate of Incorporation and Bylaws.

We do not expect to pay dividends on our new common stock for the foreseeable future.

The payment of any future dividends to our stockholders will depend on decisions that will be made by our board of directors and will depend on then existing conditions, including, among other things, our operating results, financial condition, contractual restrictions, corporate law restrictions, capital agreements, the applicable laws of the State of Delaware and business prospects. Additionally, upon our emergence from Chapter 11, we will enter into an exit financing facilities consisting of some combination of bank loan and notes described in the Plan, which we refer to as the Exit Financing Facilities. The Exit Financing Facilities may impose certain restrictions on the payment of dividends.

We will have significant indebtedness upon our emergence from bankruptcy.

After our emergence from Chapter 11 we will have a significant amount of indebtedness. Subject to the limits contained in indebtedness upon emergence from Chapter 11, we may be able to incur substantial additional debt from time to time to finance working capital, capital expenditures, investments or acquisitions, or for other purposes. If we do so, the risks related to our high level of debt could intensify. Specifically, our high level of debt could have important consequences to the holders of notes, including the following:

making it more difficult for us to satisfy our obligations with respect to our debt;

limiting our ability to obtain additional financing to fund future working capital, capital expenditures, product developments, acquisitions or other general corporate requirements;

requiring a substantial portion of our cash flows to be dedicated to debt service payments instead of other purposes, thereby reducing the amount of cash flows available for working capital, capital expenditures, acquisitions and other general corporate purposes;

increasing our vulnerability to general adverse economic and industry conditions;

limiting our flexibility in planning for and reacting to changes in the industry in which we compete;

placing us at a disadvantage compared to other, less leveraged competitors; and

increasing our cost of borrowing.

In addition, indebtedness upon emergence from Chapter 11 may contain restrictive covenants that will limit our ability to engage in activities that may be in our long-term best interests. Our failure to comply with those covenants could result in an event of default, which, if not cured or waived, could result in the acceleration of all our debts.

Edgar Filing: Chemtura CORP - Form S-1

Our operations may be restricted by the terms of our indebtedness upon emergence from Chapter 11.

Our indebtedness upon emergence from Chapter 11 may contain a number of restrictive covenants that impose significant operating and financial restrictions on us and may limit our ability to engage in acts that may be in our long-term best interests, including, among other things, restrictions on our ability to:

incur, assume or guarantee additional indebtedness;

Table of Contents

issue redeemable stock and preferred stock;

pay dividends or distributions or redeem or repurchase capital stock;

prepay, redeem or repurchase certain debt;

make loans and investments;

incur liens;

restrict dividends, loans or asset transfers from our subsidiaries;

sell or otherwise dispose of assets, including capital stock of subsidiaries;

consolidate or merge with or into, or sell substantially all of our assets to, another person;

enter into transactions with affiliates; and

enter into new lines of business.

In addition, the restrictive covenants in indebtedness upon emergence from Chapter 11 may require us to maintain specified financial ratios and satisfy other financial condition tests. Our ability to meet those financial ratios and tests can be affected by events beyond our control, and we cannot assure you that we will meet them. As a result of these restrictions, we may be:

limited in how we conduct our business;

unable to raise additional debt or equity financing to operate during general economic or business downturns; or

unable to compete effectively or to take advantage of new business opportunities.

These restrictions may affect our ability to grow in accordance with our plans.

A breach of the covenants under the indebtedness upon emergence from Chapter 11 could result in an event of default under the applicable indebtedness. Such default may allow the creditors to accelerate the related debt and may result in the acceleration of any other debt to which a cross-acceleration or cross-default provision applies. In addition, an event of default under indebtedness upon emergence from Chapter 11 could permit the lenders under a potential new credit facility to terminate all commitments to extend further credit under that facility. Furthermore, if we were unable to repay the amounts due and payable under any secured indebtedness upon emergence from bankruptcy, those lenders could proceed against the collateral granted to them to secure that indebtedness. In the event our lenders accelerate the repayment of our borrowings, we cannot assure you that we and our subsidiaries would have sufficient assets to repay such indebtedness.

Risks Related to the rights offering

The exercise price was set by agreement among the company and representatives of its various stakeholder constituencies and is not necessarily an indication of our value or the market value of our new common stock that may be established in trading on a stock exchange.

The exercise price is the initial per share price for the new common stock being distributed to both creditors and equity interest holders under our Plan. The exercise price is \$ _____ per share. This price was set by agreement among us and the representatives of our various stakeholder constituencies. This exercise price was not intended to bear any relationship to the historical or projected price of our common stock or our past operations, cash flows, net income, current financial condition, the book value of our assets or any other established criteria for value. As a result, the exercise price should not be considered an indication of the actual value of Chemtura or of the market value our new common stock.

The price of our new common stock may decline.

We cannot assure you that the public trading market price of our new common stock will not decline below the exercise price after you elect to exercise your rights. If that occurs, you will have committed to buy shares at a price above the prevailing market price, and you will suffer an immediate unrealized loss on those shares as a result. Moreover, we cannot assure you that following the exercise of rights you will be able to sell your shares at a price equal to or greater than the exercise price.

Table of Contents

The rights offering may be terminated under certain circumstances prior to the expiration of the offer period, and neither we nor the subscription agent will have any obligation to you except to return your exercise payments.

We may, if we abandon our Plan, decide not to continue with the rights offering or terminate the rights offering prior to the expiration of the offer period. Additionally, the rights offering is contingent upon the holders of Class 13a claims voting to approve the Plan. If the rights offering is terminated or not approved, all exercise payments, without interest, will be returned as soon as practicable.

You must act promptly and follow instructions carefully if you want to exercise your rights.

Eligible participants and, if applicable, brokers, banks or other nominees acting on their behalf, who desire to purchase new common stock in the rights offering must act promptly to ensure that all required rights exercise forms are actually received prior to the expiration of the rights offering and that all payments are actually received prior to the payment deadline in accordance with the Debtors' rights offering procedures filed with the Bankruptcy Court. The time period to exercise rights is limited. If you or your broker fails to complete and sign the required rights exercise forms, sends an incorrect payment amount or otherwise fails to follow the procedures that apply to the exercise of your rights, we may, depending on the circumstances, reject your exercise of rights or accept it only to the extent of the payment received. Neither we nor the subscription agent undertakes to contact you concerning, or attempt to correct, an incomplete or incorrect rights certificate or payment or contact you concerning whether a broker, bank or other nominee holds rights on your behalf. We have the sole discretion to determine whether an exercise properly follows the procedures that apply to the exercise of your rights.

If you elect to exercise your rights, your proposed acquisition of new common stock may be subject to notification obligations under the Hart-Scott-Rodino Act of 1976.

If as a result of exercising your rights you would hold shares of our new common stock worth in excess of \$63.4 million, your proposed acquisition may trigger notification obligations under the Hart-Scott-Rodino Act of 1976, or the HSR Act, and all waiting periods under the HSR Act will need to have expired or otherwise been terminated before we can satisfy your exercise of rights. There can be no guarantee that the Federal Trade Commission and U.S. Department of Justice will allow the waiting periods to expire or terminate. You should consider seeking advice of legal counsel to determine the applicability of the HSR Act to your rights.

Table of Contents

USE OF PROCEEDS

Our proceeds from the rights offering are anticipated to be up to approximately \$100 million. The proceeds will be used to partially fund distributions pursuant to the Plan.

DIVIDEND POLICY

Chemtura has not paid any dividends on its common stock since 2008. The Exit Financing Facilities that will remain outstanding following our emergence from Chapter 11 may impose certain restrictions on the payment of dividends. In addition to requiring a waiver or elimination of any such restrictions, the payment of any future dividends to our stockholders will depend on decisions that will be made by our board of directors and will depend on then existing conditions, including, among other things, our operating results, financial condition, contractual restrictions, corporate law restrictions, capital agreements, the applicable laws of the State of Delaware and business prospects.

Table of Contents**UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION**

Our unaudited pro forma condensed consolidated balance sheet is presented as of March 31, 2010. Our unaudited pro forma statements of operations are presented for the three months ended March 31, 2010 and for the year ended December 31, 2009. We prepared the following unaudited pro forma condensed consolidated financial information by applying adjustments to our historical consolidated financial statements incorporated by reference elsewhere in this prospectus. The unaudited pro forma condensed consolidated financial information gives effect to the consummation of the Plan and related transactions, the entry into the new Exit Financing Facilities and the application of the net proceeds thereof and fresh-start accounting as if the emergence date had occurred on January 1, 2010 and 2009, respectively, for the unaudited pro forma consolidated statements of operations and on March 31, 2010 for the unaudited pro forma condensed consolidated balance sheet. The unaudited pro forma condensed consolidated financial information should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations, and the consolidated financial statements and related notes incorporated by reference elsewhere in this prospectus.

The unaudited pro forma condensed consolidated financial information is presented for illustrative purposes only. The unaudited pro forma condensed consolidated financial information is not necessarily indicative of what our financial position or results of operations would have been if the emergence date had actually occurred on March 31, 2010 for the unaudited pro forma condensed consolidated balance sheet or on January 1, 2010 and 2009, respectively, for the unaudited pro forma consolidated statements of operations, and is not necessarily indicative of our future financial position or results of operations. As a result of our anticipated emergence from bankruptcy and our potential adoption of fresh-start accounting, our historical consolidated financial information incorporated by reference elsewhere in this prospectus will not be comparable to financial information for periods following our emergence from the Chapter 11 proceedings. In addition, the amount of new stockholders' equity in the unaudited pro forma condensed consolidated balance sheet is not an estimate of the market value of our common stock as of the emergence date or at any other time. We make no representations as to the market value, if any, of our common stock.

The following unaudited pro forma condensed consolidated financial information adjusts historical information for the effects of the following:

the Plan, which includes the effectiveness of the Plan and the debt restructuring transactions contemplated by the Plan (as further described below, the Recapitalization Adjustments); and

the estimated adjustments required under fresh-start accounting pursuant to Accounting Standards Codification (ASC) 852-10-45, *Reorganization - Other Presentation Matters* (referred to as Fresh-Start Adjustments in the unaudited pro forma condensed consolidated financial information). It has not yet been determined if fresh-start accounting will be applicable.

Recapitalization Adjustments

The unaudited pro forma condensed consolidated financial information gives effect to the following adjustments, the Plan and the implementation of the transactions contemplated by the Plan. Although the Exit Financing Facilities are not a committed financing at this time, the incurrence of the Exit Financing Facilities is a condition for emergence from Chapter 11 and thereby for the rights offering to occur. These adjustments give effect to the terms of the Plan and certain underlying assumptions, which include, but are not limited to, the following:

the issuance of notes and borrowings under an Exit Financing Facilities, which will result in initial indebtedness of \$750 million, bearing interest at a weighted average rate of 8.0% per annum;

the issuance of approximately _____ million shares of common stock, at a purchase price of \$ _____ per share, in connection with the rights offering, for cash proceeds of \$100 million;

the repayment of \$300 million of liabilities under the senior secured super-priority debtor-in-possession credit facility, approved on an interim basis by order of the Bankruptcy Court on February 9, 2010, and by final order on February 18, 2010 with cash;

Edgar Filing: Chemtura CORP - Form S-1

the settlement of liabilities subject to compromise through equity conversion, cash repayment or reinstatement (pass-through); and

the payment of professional fees related to the bankruptcy proceedings, the emergence process or the Exit Financing Facilities.

Table of Contents

Fresh-Start Adjustments

The unaudited pro forma condensed consolidated financial information also gives effect to fresh-start adjustments relating to our preliminary estimate of the impact of the application of fresh-start accounting pursuant to GAAP. Under fresh-start accounting, reorganization value represents the fair value of the entity before considering debt and approximates the amount a willing buyer would pay for the assets of the entity immediately after the reorganization. It has not yet been determined if fresh-start accounting will be applicable upon emergence. We will be required to adopt fresh-start accounting only if the reorganization value of our assets immediately prior to emergence is less than our total liabilities. However, the pro forma information has been presented with adjustments to reconcile the carrying value of assets to an assumed enterprise value. The pro forma adjustments are based on the enterprise value for Chemtura, on a consolidated basis, upon which our Plan was prepared. The enterprise value is \$2,050 million adjusted for cash and debt.

The reorganization value of our assets and the fair values of assets and liabilities on the unaudited pro forma condensed consolidated balance sheet are preliminary estimated values as of March 31, 2010 and have been made solely for purposes of developing the unaudited pro forma condensed consolidated financial information and are subject to further revisions and adjustments. If we are required to adopt fresh-start accounting, final valuations will be completed as of the emergence date and, to the extent such updates reflect valuations different than those used in the unaudited pro forma condensed consolidated financial information, there may be adjustments in the values of certain assets and liabilities, and related deferred taxes from those shown in the unaudited pro forma condensed consolidated balance sheet. To the extent actual valuations may differ from those used in preparing the unaudited pro forma condensed consolidated financial information, these differences will be reflected on our balance sheet upon emergence under fresh-start accounting. Any fair value adjustments to property, plant and equipment together with intangible assets may result in a change to depreciation and amortization expense compared to historical trends or that are shown in the unaudited pro forma condensed, consolidated financial information. In addition, any fair value adjustments to inventory will increase our cost of goods sold, reducing profitability until that inventory is sold. As such, the following unaudited pro forma condensed consolidated financial information is not intended to represent our actual post-emergence financial condition and results of operations, and any differences could be material.

Table of Contents**UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET****AS OF MARCH 31, 2010 (UNAUDITED)**

<i>(dollars in millions)</i>	Historical	Recapitalization Adjustments	Subtotal	Fresh-Start Adjustments	Pro Forma
Assets					
Current assets:					
Cash and cash equivalents	\$ 159	\$ (156)(a)	\$ 3	\$	\$ 3
Accounts receivable	521		521		521
Inventories	515		515	83(k)	598
Other current assets	259	(29)(b)	230		230
Assets of discontinued operations	85		85		85
Total current assets	1,539	(185)	1,354	83	1,437
Non-current assets:					
Property, plant and equipment	713		713	189(l)	902
Goodwill	231		231	(172)(m)	59
Intangible assets, net	455		455	392(n)	847
Other assets	174	26(c)	200	19(o)	219
Total assets	\$ 3,112	\$ (159)	\$ 2,953	\$ 511	\$ 3,464
Liabilities and stockholders (deficit) equity					
Current liabilities:					
Short-term borrowings	\$ 301	\$ (300)(d)	\$ 1	\$	\$ 1
Accounts payable	157		157		157
Accrued expenses	182	102(e)	284	29(p)	313
Income taxes payable	4		4		4
Liabilities of discontinued operations	36		36		36
Total current liabilities	680	(198)	482	29	511
Non-current liabilities:					
Long-term debt	2	750(f)	752		752
Pension and post-retirement health care liabilities	143	305(g)	448		448
Other liabilities	190		190	210(p)	400
Total liabilities not subject to compromise	1,015	857	1,872	239	2,111
Liabilities subject to compromise	2,104	(2,104)(h)			
Total liabilities	3,119	(1,247)	1,872	239	2,111
Total stockholders (deficit) equity	(7)	1,088(i)	1,081	272(j)	1,353
Total liabilities and stockholders (deficit) equity	\$ 3,112	\$ (159)	\$ 2,953	\$ 511	\$ 3,464

See Notes to Unaudited Pro Forma Condensed Consolidated Financial Information.

Table of Contents**UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS****FOR THE THREE MONTHS ENDED MARCH 31, 2010 (UNAUDITED)**

<i>(dollars in millions)</i>	Historical	Recapitalization	Fresh Start Subtotal Adjustments		Pro Forma
Net Sales	\$ 603	\$	\$ 603	\$	\$ 603
Cost of goods sold	469		469		469
Selling, general and administrative	76		76		76
Depreciation and amortization	49		49	(6)(l),(n)	43
Research and development	9		9		9
Facility closures, severance and related costs	2		2		2
Changes in estimates related to expected allowable claims	122	(122)(q)			
Operating (loss) profit	(124)	122	(2)	6	4
Interest expense	(12)	(4)(r)	(16)		Prepaid expenses
					1,520,543 195,924
Total current assets	31,624,121	36,710,981			
FIXED ASSETS:					
Store fixtures and equipment	4,193,414	4,004,250			
Leasehold improvements	4,578,690	4,145,045			
Information technology systems	2,311,378	2,315,114			
Total	11,083,482	10,464,409			
Less accumulated depreciation	8,003,592	6,788,396			
Net fixed assets	3,079,890	3,676,013			
Deferred income taxes and other	1,605,267	1,006,163			
TOTAL	\$ 36,309,278	\$ 41,393,157			

LIABILITIES AND STOCKHOLDERS EQUITY**CURRENT LIABILITIES**

Borrowings under credit agreement	\$ 5,044,733	\$
Accounts payable	6,720,369	6,220,126

Edgar Filing: Chemtura CORP - Form S-1

Accrued expenses	3,679,502	2,857,593
Total current liabilities	15,444,604	9,077,719
Borrowings under credit agreement		8,491,621
Deferred rent	1,767,485	1,999,027
Commitments and contingencies		
STOCKHOLDERS EQUITY:		
Preferred stock \$.001 par value; 1,000,000 shares authorized; no shares issued or outstanding		
Common stock \$.001 par value; 15,000,000 shares authorized; 6,800,000 shares issued and outstanding	6,800	6,800
Additional paid-in capital	13,967,258	13,967,258
Retained earnings	5,123,131	7,850,732
Total stockholders equity	19,097,189	21,824,790
TOTAL	\$ 36,309,278	\$ 41,393,157

See notes to consolidated financial statements.

Table of Contents**SHOE PAVILION, INC.****CONSOLIDATED STATEMENTS OF OPERATIONS**

	January 3, 2004	December 28, 2002	December 29, 2001
Net sales	\$ 83,565,951	\$ 83,781,694	\$ 88,135,199
Cost of sales and related occupancy expenses	59,518,841	57,293,685	60,685,541
Gross profit	24,047,110	26,488,009	27,449,658
Selling expenses	20,161,789	18,365,651	17,606,694
General and administrative expenses	8,159,203	7,791,976	6,860,705
Income (loss) from operations	(4,273,882)	330,382	2,982,259
Other income (expense):			
Interest	(290,362)	(155,098)	(682,578)
Other net	556	26,366	56,906
Total other expense net	(289,806)	(128,732)	(625,672)
Income (loss) before income taxes	(4,563,688)	201,650	2,356,587
Income tax benefit (expense)	1,836,087	(55,095)	(895,420)
Net income (loss)	\$ (2,727,601)	\$ 146,555	\$ 1,461,167
Net income (loss) per share:			
Basic	\$ (0.40)	\$ 0.02	\$ 0.21
Diluted	\$ (0.40)	\$ 0.02	\$ 0.21
Weighted average shares outstanding:			
Basic	6,800,000	6,800,000	6,800,000
Diluted	6,800,000	6,806,476	6,800,804

See notes to consolidated financial statements.

Table of Contents**SHOE PAVILION, INC.****CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**

	Common Stock		Additional Paid-in Capital	Retained Earnings	Total
	Number of Shares	Amount			
Balance at December 30, 2000	6,800,000	\$ 6,800	\$ 13,967,258	\$ 6,243,010	\$ 20,217,068
Net income				1,461,167	1,461,167
Balance at December 29, 2001	6,800,000	6,800	13,967,258	7,704,177	21,678,235
Net income				146,555	146,555
Balance at December 28, 2002	6,800,000	6,800	13,967,258	7,850,732	21,824,790
Net loss				(2,727,601)	(2,727,601)
Balance at January 3, 2004	6,800,000	\$ 6,800	\$ 13,967,258	\$ 5,123,131	\$ 19,097,189

See notes to consolidated financial statements.

Table of Contents**SHOE PAVILION, INC.****CONSOLIDATED STATEMENTS OF CASH FLOWS**

	January 3, 2004	December 28, 2002	December 29, 2001
OPERATING ACTIVITIES:			
Net income (loss)	\$ (2,727,601)	\$ 146,555	\$ 1,461,167
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities			
Depreciation and amortization	1,535,965	1,455,266	1,562,497
Asset impairment expense	88,957		
Other	19,392	(10,485)	526
Deferred income taxes	(1,820,261)	76,921	(55,779)
Effect of changes in:			
Inventories	6,699,424	(2,261,725)	6,789,200
Receivables	1,228,811	(762,601)	131,071
Prepaid expenses and other	(1,199,694)	8,789	(46,453)
Accounts payable	500,243	(2,294,878)	(235,080)
Accrued expenses and deferred rent	584,850	535,061	410,245
Net cash provided (used) by operating activities	<u>4,910,086</u>	<u>(3,107,097)</u>	<u>10,017,394</u>
INVESTING ACTIVITIES:			
Purchase of fixed assets	(994,086)	(1,109,991)	(638,966)
Proceeds from sales of fixed assets		304,976	
Net cash used in investing activities	<u>(994,086)</u>	<u>(805,015)</u>	<u>(638,966)</u>
FINANCING ACTIVITIES:			
Borrowings (payments) on credit facility, net	(3,446,888)	3,891,621	(9,375,231)
Payment of loan costs	(212,997)		
Principal payments on capital leases	(1,226)	(2,872)	(14,754)
Net cash provided (used) by financing activities	<u>(3,661,111)</u>	<u>3,888,749</u>	<u>(9,389,985)</u>
Net increase (decrease) in cash	254,889	(23,363)	(11,557)
Cash, beginning of period	779,308	802,671	814,228
Cash, end of period	<u>\$ 1,034,197</u>	<u>\$ 779,308</u>	<u>\$ 802,671</u>
CASH PAID FOR:			
Interest	\$ 295,734	\$ 151,732	\$ 777,725
Income taxes	\$	\$ 343,304	\$ 939,650

Edgar Filing: Chemtura CORP - Form S-1

See notes to consolidated financial statements.

Table of Contents

SHOE PAVILION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION AND OPERATIONS

General Shoe Pavilion, Inc. (the Company), a Delaware corporation, operates as a single business segment of off-price shoe stores located in California, Washington and Oregon, under the name Shoe Pavilion. The Company operated 85 stores, including its internet store, and 88 stores as of January 3, 2004 and December 28, 2002, respectively.

In July 1999, the Company entered into a license agreement to operate the shoe department of Gordmans, Inc. (formerly Richman Gordman ½ Price Stores, Inc.) department stores located in the Midwest. Pursuant to notification from Gordmans on December 28, 2001 the license agreement expired in June 2002 at which time the Company discontinued operating the 40 licensed shoe departments in Gordmans department stores. Net sales for the licensed shoe departments in 2002 and 2001 were \$5.0 million and \$14.5 million, respectively.

The Company purchases inventory from international and domestic vendors. For 2003, the Company's top ten suppliers accounted for approximately 35% of inventory purchases.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation Policy The consolidated financial statements include the Company and its wholly-owned subsidiary, Shoe Pavilion Corporation. All significant intercompany balances and transactions have been eliminated.

Year End The Company's year end is based upon a 52/53 week year ending on the Saturday nearest to December 31. All references herein to 2003, 2002 and 2001 refer to the years ended January 3, 2004, December 28, 2002 and December 29, 2001, respectively. January 3, 2004 was a 53 week year. December 28, 2002 and December 29, 2001 were 52 week years.

Use of Estimates The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure 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 those estimates.

Cash represents cash on hand and cash held in banks.

Edgar Filing: Chemtura CORP - Form S-1

Estimated Fair Value of Financial Instruments The carrying value of cash, accounts receivable, accounts payable and debt approximates their estimated fair values at January 3, 2004.

Inventories are stated at the lower of average cost or market.

Fixed Assets are stated at cost. Depreciation and amortization are provided on the straight-line method over the estimated useful lives of the assets ranging from three to seven years. Leasehold improvements are amortized on the straight-line method over the shorter of the useful lives of the assets or lease term, generally five years.

Income Taxes Income taxes are accounted under the asset and liability method in accordance with Statement of Financial Accounting Standards (SFAS) No. 109, *Accounting for Income Taxes* . Deferred income taxes result primarily from deferred rent, fixed asset basis differences, UNICAP adjustments and inventory reserves.

Deferred Rent Certain of the Company s store leases provide for free or reduced rent during an initial portion of the lease term. Deferred rent consists of the aggregate obligation for lease payments under these leases amortized on a straight-line basis over the lease term, in excess of amounts paid. In addition, deferred rent

Table of Contents

SHOE PAVILION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

includes construction allowances received from landlords, which are amortized on a straight-line basis over the initial lease term.

Preopening Costs Store preopening costs are charged to expense as incurred.

Asset Impairment The Company reviews long lived assets for impairment whenever events or changes in circumstances indicate that their carrying value may not be recoverable. Management evaluates the carrying value of assets associated with stores which have been open at least 14 consecutive months. Using its best estimates based upon reasonable assumptions and projections, the Company records an impairment charge to write down the assets to their estimated fair value if the carrying values of such assets exceed their related expected future cash flows. The impairment charge is recorded in selling, general and administrative expenses. Management's estimates and assumptions used in the projections are subject to a high degree of judgement and if actual results differ, additional losses may be recorded. During the 2003 the Company recorded an impairment charge of \$89,000 to write down assets in 7 stores to their estimated fair value. No impairment charges were recorded in 2002 or 2001.

Advertising expense During 2003, 2002 and 2001 the Company spent \$5.1 million, \$3.5 million and \$2.8 million, respectively on advertising.

Net Income (Loss) Per Share Basic income (loss) per share is computed as net income (loss) divided by the weighted average number of common shares outstanding during the period. Diluted income per share reflects the potential dilution that could occur from the exercise of outstanding stock options and is computed by dividing net income by the weighted average number of common shares outstanding for the period plus the dilutive effect of outstanding stock options.

Comprehensive Income (loss) is equal to net income (loss) for all periods presented.

Stock-Based Compensation The Company accounts for its stock option plans in accordance with Accounting Principles Board Opinion No. 25, *Accounting for Stock Issued to Employees* and its related interpretations. As the Company issues its options at fair value, no compensation expense has been recognized in the financial statements for stock option arrangements.

The following table illustrates the effect on net income (loss) and net income (loss) per share if the Company had applied the fair value recognition provisions of SFAS No.123, as amended by SFAS No. 148, *Accounting for Stock Based Compensation*, as described on Note 6.

Year Ended January 3,	Year Ended December 28,	Year Ended December 29,
--------------------------	----------------------------	----------------------------

Edgar Filing: Chemtura CORP - Form S-1

	<u>2004</u>	<u>2002</u>	<u>2001</u>
Net income (loss), as reported	\$ (2,727,601)	\$ 146,555	\$ 1,461,167
Deduct stock-based compensation determined under fair value method, net of related tax benefits	(6,008)	(30,719)	(78,992)
Pro forma net income (loss)	<u>\$ (2,733,609)</u>	<u>\$ 115,836</u>	<u>\$ 1,382,175</u>
Net income (loss) per share:			
As reported:			
Basic and diluted	\$ (0.40)	\$ 0.02	\$ 0.21
Pro forma:			
Basic and diluted	\$ (0.40)	\$ 0.02	\$ 0.20

Table of Contents

SHOE PAVILION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

In June 2002, the FASB issued SFAS 146, *Accounting for Costs Associated with Exit or Disposal Activities*, which addresses accounting for restructuring and similar costs. SFAS 146 supersedes previous accounting guidance, principally Emerging Issues Task Force Issue No. 94-3. SFAS 146 requires that the liability for costs associated with an exit or disposal activity be recognized when the liability is incurred. Under Issue 94-3, a liability for an exit cost was recognized at the date of the company's commitment to an exit plan. SFAS 146 also establishes that the liability should initially be measured and recorded at fair value. Accordingly, SFAS 146 may affect the timing of recognizing future restructuring costs as well as the amounts recognized. The statement also requires certain financial statement disclosures to be included in the notes to the financial statements that include the period in which an exit or disposal activity is initiated and any subsequent period until the related activity is completed. The Company adopted the provisions of SFAS No. 146 in the year ended January 3, 2004 for any restructuring activities initiated after December 28, 2002. Adoption of this statement did not have a significant impact on the Company's financial statements.

3. FINANCING AGREEMENTS

In April 2003, the Company entered into a credit facility agreement with Wells Fargo Retail Finance, LLC. The facility expires on April 18, 2006 and provides financing for up to \$20.0 million, including a \$5.0 million sublimit for the issuance of letters of credit. Borrowings under the new facility are based upon a percentage of eligible inventory less certain reserves. Borrowings are secured by inventory, equipment, general intangibles and other rights to payments. The agreement prohibits the payment of cash dividends and contains various restrictive covenants including a limitation on the amount of capital expenditures and the number of stores the Company may open and close during any fiscal year.

Interest on borrowings is at prime plus up to .25% or Libor plus 1.75% to 2.25%, depending on the amount the Company has available for advances under the line of credit. The Company paid off the amount outstanding on its previous loan agreement from proceeds provided from its new loan facility. The average interest rate on outstanding borrowings at January 3, 2004 was 2.98%. As of January 3, 2004 approximately \$7.0 million was available for advances under the facility. As of January 3, 2004 the Company was in compliance with its loan covenants.

Although the credit facility expires in April 2006 and the Company has the intent and ability to maintain this debt outstanding for more than one year, the Company has classified its borrowings under the facility as a current liability in accordance with the provisions set forth in Emerging Issues Task Force (EITF) 95-22 *Balance Sheet Classifications, Borrowings Outstanding Under Revolving Credit Agreements* that include both a Subjective Acceleration Clause and a Lock-Box Arrangement.

4. COMMITMENTS AND CONTINGENCIES

Leases The Company is obligated under operating leases for store locations and equipment. While most of the agreements provide for minimum lease payments and include rent escalation clauses, certain of the store leases provide for additional rentals contingent upon prescribed sales volumes. Additionally, the Company is required to pay common area maintenance and other costs associated with the centers in which the stores operate. Most of the leases provide for renewal at the option of the Company.

Table of Contents**SHOE PAVILION, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Future minimum lease payments required are as follows:

Fiscal Year	<u>Operating Leases</u>
2004	\$ 12,840,287
2005	10,062,248
2006	8,787,264
2007	6,925,015
2008	4,536,454
Thereafter	8,453,058
Total future minimum lease payments.	<u>\$ 51,604,326</u>

Rental expense for the years ended January 3, 2004, December 28, 2002 and December 29, 2001 was \$12,964,079, \$11,751,558 and \$11,723,231, respectively, including contingent rentals of \$140,197, \$664,484 and \$1,590,724 , respectively.

Letters of Credit The Company obtains letters of credit in connection with overseas purchase arrangements. The total amounts outstanding were \$479,917 and \$338,180 as of January 3, 2004 and December 28, 2002, respectively. As of January 3, 2004 the Company also had \$181,331 outstanding in standby letters of credit relating to rental agreements.

Contingencies On March 5, 2002, the Company was sued in Los Angeles County Superior Court by one of its store managers who asserted that he and all other store managers were improperly classified as exempt employees under California's wage and hour laws and therefore are entitled to overtime wages. An amended complaint seeking class action status on behalf of all store managers was subsequently filed with the court. The Company denied the plaintiff's claims and filed an answer challenging class certification. In December 2003 the Company entered into a settlement agreement of the lawsuit. Under the terms of the agreement, which must be approved by the court, the Company would pay store managers a stipulated cash settlement based upon the number of weeks worked for the period from April 1, 1998 through December 31, 2003. During the fourth quarter ended January 3, 2004 the Company recorded a reserve of approximately \$1.0 million for the estimated costs associated with the lawsuit settlement. This amount is included in general and administrative expenses in the statement of operations.

On May 31, 2002 the Company filed a lawsuit against Gordmans department stores in Douglas County, Nebraska. In the suit the Company claimed that Gordmans violated the terms of the license agreement the parties entered into in July 1999 by improperly withholding approximately \$474,000 due the Company from shoe department sales and by making unauthorized markdowns and discounts of approximately \$384,000. The Company was seeking \$858,000, which included the \$474,000 withheld by Gordmans. In a counterclaim against the Company, Gordmans asserted that it was entitled to \$546,000 because the Company violated the license agreement by engaging in a liquidation sale, failed to maintain adequate inventory and did not perform required advertising. The violations alleged in the counterclaim apparently formed the basis

Edgar Filing: Chemtura CORP - Form S-1

for Gordmans decision to withhold the \$474,000 due the Company. In April 2003 the Company and Gordmans settled the lawsuit and the case was dismissed. The resolution of this matter did not have a material impact on the Company's financial statements.

The Company is also party to various legal proceedings arising from normal business activities. Management believes that while it is reasonably possible that some of these matters will result in settlements to be paid by the Company, the ultimate resolution of these matters will not have a material adverse impact on the Company's financial statements.

Table of Contents**SHOE PAVILION, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****5. INCOME TAXES**

The provision (benefit) for income taxes consisted of the following:

	<u>January 3, 2004</u>	<u>December 28, 2002</u>	<u>December 29, 2001</u>
Current:			
Federal	\$ (16,483)	\$ 79,380	\$ 791,576
State	657	(101,206)	159,623
	<u> </u>	<u> </u>	<u> </u>
Total current	(15,826)	(21,826)	951,199
Deferred	(1,820,261)	76,921	(55,779)
	<u> </u>	<u> </u>	<u> </u>
Total provision (benefit)	<u>\$ (1,836,087)</u>	<u>\$ 55,095</u>	<u>\$ 895,420</u>

A reconciliation of the statutory federal income tax rate with the Company's effective tax (benefit) rate is as follows:

	<u>January 3, 2004</u>	<u>December 28, 2002</u>	<u>December 29, 2001</u>
Statutory federal rate	(34.0%)	34.0%	34.0%
State income taxes, net of federal income tax benefit	(6.2%)	5.3%	5.8%
State tax credits	0.0%	(13.8%)	(1.9%)
Other	0.0%	1.8%	0.1%
	<u> </u>	<u> </u>	<u> </u>
Effective tax (benefit) rate	<u>(40.2%)</u>	<u>27.3%</u>	<u>38.0%</u>

During 2002, the Company completed a tax credit study of available California tax credits from 1998 through 2002, which resulted in a state income tax benefit and is reflected in the 2002 rate reconciliation as a rate credit of 13.8%.

The components of deferred tax assets (liabilities) are as follows:

Edgar Filing: Chemtura CORP - Form S-1

	January 3, 2004	December 28, 2002
	<u> </u>	<u> </u>
Current		
Uniform capitalization of inventory costs	\$ 332,690	\$ 376,085
Accrued vacation	140,854	105,684
Inventory reserves	250,451	304,977
Prepaid expenses	(9,194)	(10,502)
State taxes	(210,022)	(119,021)
Legal reserve	415,051	
Net operating loss	1,004,764	
Other	41,129	46,633
	<u> </u>	<u> </u>
Current, net	1,965,723	703,856
	<u> </u>	<u> </u>
Non-Current:		
Difference in basis of fixed assets	819,522	420,782
Deferred rent and tenant improvements	378,110	469,126
Net operating loss	250,677	
	<u> </u>	<u> </u>
Total non-current	1,448,309	889,908
	<u> </u>	<u> </u>
Net deferred tax asset	\$ 3,414,032	\$ 1,593,764
	<u> </u>	<u> </u>

Table of Contents**SHOE PAVILION, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

At January 3, 2004, the Company had Net Operating Losses (NOL) of approximately \$3.2 million and \$2.0 million for federal and state tax purposes, respectively. The federal NOL carryforwards begin to expire in 2024 and the state NOL carryforwards begin to expire in 2014. The Company intends to carryback a portion of the federal NOL to the preceding two tax years. This NOL carryback will produce a tax refund of approximately \$900,000.

A valuation allowance is provided when it is more likely than not that some or a portion or all of the deferred tax asset will not be realized. Based upon its history of earnings the Company believes that the realization of its deferred tax asset is more likely than not and therefore has not provided a valuation allowance for its deferred tax asset.

6. STOCKHOLDERS EQUITY

Stock Options In January 1998, the Company adopted the 1998 Equity Incentive Plan (the 1998 Plan) authorizing the issuance of 1,000,000 shares of common stock to key employees and consultants of the Company. The 1998 Plan provides for awards of incentive stock options and nonqualified stock option grants to purchase common stock at prices equal to fair market value at the date of grant. Such options vest 25% each year, beginning on each anniversary date from the date of grant and expire ten years from that date. At January 3, 2004, 804,625 options were available for grants and 188,000 options were exercisable.

Directors Stock Options In January 1998, the Company adopted the Directors Stock Option Plan (the Directors Plan) authorizing the issuance of 100,000 shares of common stock to non-employee directors of the Company. The Directors Plan provides for awards of nonqualified stock options to purchase common stock at prices equal to fair market value at the date of grant. Such options vest 100% one year from grant date and expire six years from that date. At January 3, 2004, 47,500 options were available for grant and 45,000 options were exercisable.

The following tables summarize information about outstanding stock options under both plans:

	Number of shares	Weighted Average Exercise price
Balance at December 30, 2000	295,750	\$ 4.78
Options granted	37,500	1.10
Options canceled	(43,750)	5.73
	<hr/>	
Balance at December 29, 2001	289,500	4.16
Options granted	57,500	1.22
Options canceled	(89,000)	1.65

Edgar Filing: Chemtura CORP - Form S-1

Balance at December 28, 2002	258,000	4.37
Options granted	7,500	1.03
Options canceled	(17,625)	6.18
Balance at January 3, 2004	247,875	\$ 4.14

Weighted average fair value of options granted during 2003, 2002 and 2001 were \$0.68, \$0.86 and \$0.99, respectively.

Table of Contents**SHOE PAVILION, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Range of Exercise Prices	Number Outstanding at January 3, 2004	Weighted Average Remaining Contractual Life (in years)	Weighted Average Exercise Price	Number Exercisable at January 3, 2004	Weighted Average Exercise Price
\$1.03 \$ 1.81	45,000	4.53	\$ 1.52	36,250	\$ 1.61
\$1.94 \$ 1.94	90,875	6.48	1.94	85,750	1.94
\$5.00 \$10.25	112,000	3.53	6.98	111,000	6.96
\$1.03 \$10.25	247,875	4.79	\$ 4.14	233,000	\$ 4.28

SFAS No. 123, as amended by SFAS No. 148, *Accounting for Stock-Based Compensation*, requires the disclosure of pro forma net income (loss) and net income (loss) per share as though the Company had adopted the fair value method as of the beginning of 1995, see Note 2. Under SFAS No. 123, the fair value of stock-based awards to employees is calculated through the use of option pricing models, even though such models were developed to estimate the fair value of freely tradable, fully transferable options without vesting restrictions, which significantly differ from the Company's stock option awards. These models also require subjective assumptions, including future stock price volatility and expected time to exercise, which greatly affect the calculated values. The Company's calculations were made using the Black-Scholes option pricing model with the following weighted average assumptions and forfeitures being recognized as they occur.

	Year Ended January 3, 2004	Year Ended December 28, 2002	Year Ended December 29, 2001
Expected life in years following vesting	5.0 years	8.04 years	7.3 years
Stock price volatility	81.97%	67.19%	124.08%
Risk free interest rate	2.6%	4.5%	4.8%
Dividends during term	None	None	None

7. EMPLOYEE BENEFIT PLAN

The Company maintains a 401(k) Savings Plan (the Plan). Employees become eligible to participate in the Plan after completing one year of service and attainment of the age 21. Generally, employees may contribute up to 15% of their compensation or a maximum of \$12,000 in accordance with IRC Sections 402(g), 401(k) and 415. The Company may at its sole discretion, contribute and allocate to each eligible participant's account a percentage of the participant's elective deferral contributions. The Company made no contributions to the Plan for the year ended January 3, 2004. The Company expensed \$5,000 and \$18,794 related to the Company's matching contributions for the years ended December 28, 2002 and December 29, 2001, respectively. The Company's contributions vest over a five-year period.

Table of Contents**SHOE PAVILION, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****8. QUARTERLY FINANCIAL DATA (UNAUDITED)**

	Net Income (loss)				
	Sales	Gross Profit	Net Income (loss)	Per Share	
				Basic	Diluted
(In thousands, except per share data)					
2003					
4th Quarter	\$ 22,240	\$ 7,541	\$ 24	\$ 0.00	\$ 0.00
3rd Quarter	21,581	6,137	(1,203)	(0.18)	(0.18)
2nd Quarter	21,162	6,132	(231)	(0.03)	(0.03)
1st Quarter	18,583	4,237	(1,318)	(0.19)	(0.19)
2002 Quarters					
4th Quarter	\$ 20,675	\$ 5,923	(\$ 354)	(\$ 0.05)	(\$ 0.05)
3rd Quarter	18,952	6,051	(104)	(0.02)	(0.02)
2nd Quarter	22,740	7,906	528	0.08	0.08
1st Quarter	21,415	6,608	77	0.01	0.01

Item 9 Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A Controls and Procedures

The Chief Executive Officer and the Chief Financial Officer of the Company, with the participation of the Company's management, carried out an evaluation of the effectiveness of the Company's disclosure controls and procedures pursuant to Exchange Act Rule 13a-14. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer believe that, as of the date of the evaluation, the Company's disclosure controls and procedures are effective in making known to them material information relating to the Company (including its consolidated subsidiary) required to be included in this report.

There were no significant changes in the Company's internal controls or in other factors that could significantly affect internal controls, known to the Chief Executive Officer or the Chief Financial Officer, subsequent to the date of the evaluation.

Table of Contents

PART III

Item 10 Directors and Executive Officers of the Registrant

Compliance with Section 16(a) of the Securities Exchange Act of 1934

The information required by this item is incorporated by reference from the Company's Definitive Proxy Statement for the Company's 2004 Annual Meeting of Stockholders under the captions "Election of Directors" and "Section 16(a) Beneficial Ownership Reporting Compliance." See also Item 1 above.

Code of Ethics

The information required by this item is incorporated by reference from the Company's Definitive Proxy Statement for the Company's 2004 Annual Meeting of Stockholders under the caption "Corporate Governance".

Item 11 Executive Compensation

The information required by this item is incorporated by reference from the Company's Definitive Proxy Statement for the Company's 2004 Annual Meeting of Stockholders under the caption "Executive Compensation".

Item 12 Security Ownership of Certain Beneficial Owners and Management and Related Stockholder

Matters

The information required by this item is incorporated by reference from the Company's Definitive Proxy Statement for the Company's 2004 Annual Meeting of Stockholders under the caption "Ownership of Management and Principal Stockholders".

Item 13 Certain Relationships and Related Transactions

The information required by this item is incorporated by reference from the Company's Definitive Proxy Statement for the Company's 2004 Annual Meeting of Stockholders under the captions "Compensation Committee Interlocks and Insider Participation" and "Transactions with the Company".

Item 14 Principal Accountant Fees and Services

The information required by this item is incorporated by reference from the Company's Definitive Proxy Statement for the Company's 2004 Annual Meeting of Stockholders under the captions "Principal Accountant Fees and Services."

Table of Contents

PART IV

Item 15 Exhibits, Financial Statement Schedules and Reports on Form 8-K

(a) The following documents are filed as part of this report:

(1) Consolidated Financial Statements of the Company are included in Part II, Item 8:

Independent Auditors' Report

Consolidated Balance Sheets

Consolidated Statements of Operations

Consolidated Statements of Cash Flows

Consolidated Statements of Shareholders' Equity

Notes to Consolidated Financial Statements

(2) Consolidated Supplementary Financial Statement Schedules are omitted because of the absence of conditions under which they are required or because the required information is included in the consolidated financial statements or notes thereto.

(3) Exhibits:

See attached Exhibit Index.

(b) Reports on Form 8-K

Edgar Filing: Chemtura CORP - Form S-1

(1) On November 17, 2003 the Company filed an 8-K reporting under item 12 the issuance of a press release announcing the Company's operating results for the third quarter and thirty-nine weeks ended September 27, 2003

Table of Contents**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: March 30, 2004

SHOE PAVILION, INC.

/s/ DMITRY BEINUS
 By: _____
Dmitry Beinus
Chairman of the Board, President
and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated.

<u>Signature</u>	<u>Capacity</u>	<u>Date</u>
/s/ DMITRY BEINUS _____ Dmitry Beinus	Chairman, President and Chief Executive Officer (Principal Executive Officer)	March 30, 2004
/s/ JOHN D. HELLMANN _____ John D. Hellmann	Vice President, Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	March 30, 2004
/s/ DENISE ELLWOOD _____ Denise Ellwood	Director	March 30, 2004
/s/ DAVID H. FOLKMAN _____ David H. Folkman	Director	March 30, 2004
/s/ PETER G. HANELT _____ Peter G. Hanelt	Director	March 30, 2004

Table of Contents**EXHIBIT INDEX**

Set forth below is a list of exhibits that are being filed or incorporated by reference into this Form 10-K:

<u>Exhibit Number</u>	<u>Exhibit</u>
2.1	Exchange Agreement dated February 23, 1998 by and among Shoe Pavilion, Inc., Shoe Inn, Inc. and Dmitry Beinus (Incorporated by reference from Exhibit 2.1 to Registration Statement No. 333-41877).
3.1	Certificate of Incorporation of the Registrant (Incorporated by reference from Exhibit 3.1 to Registration Statement No. 333-41877).
3.2	Bylaws of the Registrant (Incorporated by reference from Exhibit 3.2 to Registration Statement No. 333-41877).
4.1	Specimen Common Stock Certificate (Incorporated by reference from Exhibit 4.1 to Registration Statement No. 33-41877).
10.1	Lease Agreement between Lincoln-Whitehall Pacific, LLC and Shoe Inn, Inc. dated October 28, 1996 (Incorporated by reference from Exhibit 10.1 to Registration Statement No. 333-41877).
10.2	First Amendment to Lease Agreement between Lincoln-Whitehall Pacific, LLC and Shoe Pavilion Corporation dated September 17, 1998. (Incorporated by reference from Exhibit 10.2 to the Company s 10-K filed March 23, 1999)
10.3	Second Amendment to Lease Agreement between Lincoln-Whitehall Pacific, LLC and Shoe Pavilion Corporation dated January 11, 1999. (Incorporated by reference from Exhibit 10.3 to the Company s 10-K filed March 23, 1999)
10.4	1998 Equity Incentive Plan with forms of non-qualified and incentive stock option agreements (Incorporated by reference from Exhibit 10.2 to Registration Statement No. 333-41877).
10.5	Directors Stock Option Plan with form of stock option agreement (Incorporated by reference from Exhibit 10.3 to Registration Statement No. 333-41877).
10.6	Credit Agreement dated December 1, 1998 between Shoe Pavilion Corporation and Wells Fargo Bank, National Association. (Incorporated by reference from Exhibit 10.6 to the Company s 10-K filed March 23, 1999)
10.7	Revolving Line of Credit Note dated December 1, 1998 between Shoe Pavilion Corporation and Wells Fargo Bank, National Association. (Incorporated by reference from Exhibit 10.7 to the Company s 10-K filed March 23, 1999)
10.8	Continuing Guaranty dated December 1, 1998 between Shoe Pavilion, Inc. and Wells Fargo Bank, National Association. (Incorporated by reference from Exhibit 10.8 to the Company s 10-K filed March 23, 1999)
10.9	Tax Allocation Agreement dated February 18, 1998 between Shoe Inn, Inc. and Dmitry Beinus (Incorporated by reference from Exhibit 10.5 to Registration Statement No. 333-41877).
10.10	Agreement of Purchase and Sale dated as of April 14, 1997 among Standard Shoe Company and Shoe Inn, Inc. (Incorporated by reference from Exhibit 10.6 to Registration Statement No. 333-41877).
10.11	Form of Indemnification Agreement between the Registrant and certain of its officers and directors (Incorporated by reference from Exhibit 10.7 to Registration Statement No. 333-41877).
10.12	License Agreement dated July 7, 1999 between Richman Gordman ½ Price Stores, Inc. and Shoe Pavilion, Inc. (Incorporated by reference from Exhibit 10.1 to the Company s 10-Q filed August 5, 1999)

Table of Contents**Exhibit**

<u>Number</u>	<u>Exhibit</u>
10.13	First Amendment to License Agreement between Richman Gordman ½ Price Stores, Inc. and Shoe Pavilion, Inc. dated December 20, 1999. (Incorporated by reference from Exhibit 10.13 to the Company s 10-K filed March 27, 2000)
10.14	First Amendment to Credit Agreement between Shoe Pavilion Corporation and Wells Fargo Bank, National Association dated October 30, 1999. (Incorporated by reference from Exhibit 10.14 to the Company s 10-K filed March 27, 2000)
10.15	Second Amendment to Credit Agreement between Shoe Pavilion Corporation and Wells Fargo Bank, National Association dated February 8, 2000. (Incorporated by reference from Exhibit 10.15 to the Company s 10-K filed March 27, 2000)
10.16	Third Amendment to Credit Agreement between Shoe Pavilion Corporation and Wells Fargo Bank, National Association dated March 9, 2000. (Incorporated by reference from Exhibit 10.16 to the Company s 10-K filed March 27, 2000)
10.17	Credit Agreement dated February 27, 2001 between Shoe Pavilion Corporation and Wells Fargo Bank, National Association. (Incorporated by reference from exhibit 10.17 to the Company s 10-K filed March 30, 2001)
10.18	First Amendment to Credit Agreement between Shoe Pavilion Corporation and Wells Fargo Bank, National Association dated June 1, 2001. (Incorporated by reference from exhibit 10.18 to the Company s 10-Q filed November 13, 2001)
10.19	Second Amendment to Credit Agreement between Shoe Pavilion Corporation and Wells Fargo Bank, National Association. dated September 1, 2001 (Incorporated by reference from exhibit 10.19 to the Company s 10-Q filed November 13, 2001)
10.20	Revolving Line of Credit Note dated February 27, 2001 between Shoe Pavilion Corporation and Wells Fargo Bank, National Association (Incorporated by reference from exhibit 10.20 to the Company s 10-K filed March 28, 2002)
10.21	Revolving Line of Credit Note dated June 1, 2001 between Shoe Pavilion Corporation and Wells Fargo Bank, National Association (Incorporated by reference from exhibit 10.21 to the Company s 10-K filed March 28, 2002)
10.22	Third Amendment to Credit Agreement between Shoe Pavilion Corporation and Wells Fargo Bank, National Association dated March 1, 2002. (Incorporated by reference from exhibit 10.22 to the Company s 10-K filed March 28, 2002)
10.23	Revolving Line of Credit Note dated June 25, 2002 between Shoe Pavilion Corporation and Wells Fargo Bank, National Association (Incorporated by reference from exhibit 10.23 to the Company s 10-Q filed August 12, 2002)
10.24	Fourth Amendment to Credit Agreement between Shoe Pavilion Corporation and Wells Fargo Bank, National Association dated June 25, 2002. (Incorporated by reference from exhibit 10.24 to the Company s 10-Q filed August 12, 2002)
10.25	Revolving Line of Credit Note dated September 1, 2002 between Shoe Pavilion Corporation and Wells Fargo Bank, National Association (Incorporated by reference from exhibit 10.25 to the Company s 10-Q filed November 12, 2002)
10.26	Fifth Amendment to Credit Agreement between Shoe Pavilion Corporation and Wells Fargo Bank, National Association dated September 1, 2002 (Incorporated by reference from exhibit 10.26 to the Company s 10-Q filed November 12, 2002)

Table of Contents

Exhibit

<u>Number</u>	<u>Exhibit</u>
10.27	Revolving Line of Credit Note dated November 14,2002 between Shoe Pavilion Corporation and Wells Fargo Bank, National Association. (Incorporated by reference from Exhibit 10.27 to the Company s 10-K filed March 27, 2003)
10.28	Sixth Amendment to Credit Agreement between Shoe Pavilion Corporation and Wells Fargo Bank, National Association dated November 14, 2002. (Incorporated by reference from Exhibit 10.28 to the Company s 10-K filed March 27, 2003)
10.29	Loan and Security Agreement between Shoe Pavilion Corporation and Wells Fargo Retail Finance, LLC dated April 18, 2003 (Incorporated by reference from Exhibit 10.1 to the Company s 8-K filed on May 12, 2003)
10.30	Security Agreement between Shoe Pavilion Inc. and Wells Fargo Retail Finance, LLC dated April 18, 2003 (Incorporated by reference from Exhibit 10.2 to the Company s 8-K filed on May 12, 2003)
10.31	Stock Pledge Agreement between Shoe Pavilion Inc. and Wells Fargo Retail Finance, LLC dated April 18, 2003 (Incorporated by reference from Exhibit 10.3 to the Company s 8-K filed on May 12, 2003)
10.32	General Continuing Guaranty between Shoe Pavilion Inc. and Wells Fargo Retail Finance, LLC dated April 18, 2003 (Incorporated by reference from Exhibit 10.4 to the Company s 8-K filed on May 12, 2003)
21	List of Subsidiaries.
23	Independent Auditors Consent.
31.1	Certification of CEO pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of CFO pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of CEO and CFO pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.