

Edgar Filing: CROMPTON CORP - Form DEF 14A

CROMPTON CORP  
Form DEF 14A  
March 27, 2002

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934 (Amendment No. )

Filed by the Registrant / /

Filed by a Party other than the Registrant / /

Check the appropriate box:

- / / Preliminary Proxy Statement
- / / CONFIDENTIAL, FOR USE OF THE COMMISSION ONLY (AS PERMITTED BY RULE 14a-6(e)(2))
- /X/ Definitive Proxy Statement
- / / Definitive Additional Materials
- / / Soliciting Material Pursuant to Section 240.14a-11(c) or Section 240.14a-12

CROMPTON CORPORATION

-----  
(Name of Registrant as Specified In Its Charter)

-----  
(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- /X/ No fee required.
- / / Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
  - (1) Title of each class of securities to which transaction applies:  
-----
  - (2) Aggregate number of securities to which transaction applies:  
-----
  - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):  
-----
  - (4) Proposed maximum aggregate value of transaction:  
-----
  - (5) Total fee paid:  
-----

/ / Fee paid previously with preliminary materials.

/ / Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or

Edgar Filing: CROMPTON CORP - Form DEF 14A

Schedule and the date of its filing.

- (1) Amount Previously Paid:  
-----
- (2) Form, Schedule or Registration Statement No.:  
-----
- (3) Filing Party:  
-----
- (4) Date Filed:  
-----

[LOGO]

CROMPTON CORPORATION  
One American Lane  
Greenwich, CT 06831  
VINCENT A. CALARCO  
Chairman, President and  
Chief Executive Officer

Dear Stockholder:

You are cordially invited to attend the annual meeting of stockholders of Crompton Corporation to be held at 11:15 a.m. on Tuesday, April 30, 2002, at the Dolce Heritage, 522 Heritage Road, Southbury, Connecticut.

Information about the business of the meeting and the nominee for election as a member of the Board of Directors is set forth in the formal meeting notice and Proxy Statement on the following pages. This year you are asked to elect one director and to ratify the Board of Directors' selection of an independent auditor for the fiscal year ending December 31, 2002.

It is important that your shares be represented at the meeting. Whether or not you plan to attend the session in person, we hope that you will vote on the matters to be considered and sign, date and return your proxy in the enclosed envelope as promptly as possible. Alternatively, you may choose to vote by telephone or on the internet in accordance with the instructions found on your proxy card.

The Company's fiscal year 2001 Annual Report is being mailed to stockholders herewith, but it is not part of the proxy solicitation material.

Respectfully yours,

/s/ VINCENT A. CALARCO

Vincent A. Calarco  
Chairman, President &  
Chief Executive Officer

March 29, 2002

[LOGO]

CROMPTON CORPORATION  
ONE AMERICAN LANE, GREENWICH, CT 06831  
NOTICE OF 2002 ANNUAL MEETING OF STOCKHOLDERS

Edgar Filing: CROMPTON CORP - Form DEF 14A

TUESDAY, APRIL 30, 2002  
11:15 A.M. EASTERN TIME  
DOLCE HERITAGE  
522 HERITAGE ROAD  
SOUTHURY, CONNECTICUT  
AGENDA

1. To elect one director, Mr. Robert A. Fox, for a term of three years expiring at the 2005 Annual Meeting of Stockholders and until his successor is elected and qualified;
2. To ratify the appointment of KPMG LLP as the Company's independent auditors for 2002; and
3. To transact such other business as may properly come before the meeting.

Stockholders of record at the close of business on March 1, 2002, are entitled to notice of the annual meeting and may vote at the meeting and any adjournment thereof.

We urge you to date, sign and return the enclosed proxy promptly whether or not you plan to attend the annual meeting. You may also vote by telephone or on the internet in accordance with the instructions found on your proxy card. If you attend the meeting, you may still vote your shares in person, if you wish.

By Order of the Board of Directors,  
[LOGO]  
Barry J. Shainman  
Secretary

March 29, 2002

TABLE OF CONTENTS

---

Proxy Statement.	1
About the Meeting.....	1
Election of One Director.....	4
Board of Directors.....	5
Corporate Governance.....	8
Principal Holders of Voting Securities.....	10
Security Ownership of Management.....	11
Report of the Committee on Executive Compensation.....	12
Report of the Audit Committee.....	14
Performance Graph.....	16
Officers' and Directors' Compensation.....	17
Approval of Selection of Independent Auditor.....	22
Section 16(a) Beneficial Ownership Reporting Compliance.....	23
Other Matters.....	23
Appendix A.....	A-1

PROXY STATEMENT

---

This statement is furnished in connection with the solicitation of proxies by the Board of Directors of the Company (the "Board" or the "Board of

Edgar Filing: CROMPTON CORP - Form DEF 14A

Directors") for use at the annual meeting of the stockholders of the Company to be held on April 30, 2002, at the Dolce Heritage, 522 Heritage Road, Southbury, Connecticut, and at any adjournment thereof.

The Company's annual report for the fiscal year ended December 31, 2001, accompanies this Proxy Statement. It is not proxy soliciting material, nor is it incorporated herein by reference.

This Proxy Statement and the enclosed form of proxy are first being sent to stockholders on or about March 29, 2002.

-----  
ABOUT THE MEETING  
-----

Q: WHAT IS THE PURPOSE OF THE ANNUAL MEETING?

A: At the Annual Meeting, the Company's stockholders will be asked to vote on the matters listed in the accompanying notice of annual meeting, namely:

\* the election of Mr. Robert A. Fox as a director; and

\* the ratification of KPMG LLP as the Company's independent auditors for 2002.

Stockholders will also transact other business that may properly come before the meeting. The Company's management will be present at the meeting to report on the Company's performance during 2001, and will answer stockholder questions.  
-----

Q: WHO IS ENTITLED TO VOTE?

A: Stockholders as of the close of business on the record date, March 1, 2002, are entitled to vote their shares of the Company's common stock. Each outstanding share of common stock is entitled to one vote. At the close of business on the record date, there were 113,188,090 shares of the Company's common stock outstanding. The Company has no other voting securities issued and outstanding.  
-----

Q: HOW MANY SHARES MUST BE PRESENT TO HOLD THE MEETING?

A: A quorum must be present at the meeting for business to be conducted. A quorum is reached when there are present at the meeting, in person or by proxy, the holders of a majority of the shares of the Company's common stock outstanding on the record date. Abstentions and withhold-authority votes will be included for purposes of determining a quorum and for purposes of calculating the vote, but will not be considered

Edgar Filing: CROMPTON CORP - Form DEF 14A

to have been voted in favor of the item voted upon. Broker non-votes will be included for purposes of determining a quorum, but will not be considered to be represented at the meeting for purposes of calculating the vote so they will not affect the outcome of any proposal.

-----

Q: WHAT IF A QUORUM IS NOT PRESENT AT THE MEETING?

A: If a quorum is not present at the time of the meeting, the stockholders who are represented may adjourn the meeting until a quorum is present. The time and place of the adjourned meeting will be announced at the time the adjournment is taken, and no other notice will be given.

-----

Q: HOW DO I VOTE?

A: You may vote in any of three ways:

\* YOU MAY VOTE BY MAIL if you complete, sign and date the accompanying proxy card and return it in the prepaid envelope. Your shares will be voted confidentially and in accordance with your instructions;

\* YOU MAY VOTE BY TELEPHONE OR INTERNET in accordance with the instructions found on your proxy card; and

\* YOU MAY VOTE IN PERSON if you are a registered stockholder and attend the meeting and deliver your completed proxy card in person. At the meeting, the Company will also pass out written ballots to registered stockholders who wish to vote in person at the meeting. Beneficial owners of shares held in "street name" who wish to vote at the meeting will need to obtain a proxy form from the institution that holds their shares.

-----

Q: HOW MANY VOTES DOES IT TAKE TO APPROVE THE ITEMS TO BE VOTED UPON?

A: Directors are elected by a plurality. This means that assuming a quorum is present at the meeting, Mr. Fox will be elected if he receives more affirmative votes cast for director than any other person. The affirmative vote of a majority of the shares having voting power present in person or represented by proxy at the meeting is needed to ratify the selection of KPMG LLP as the Company's independent auditors for 2002.

-----

2

Q: CAN I REVOKE MY PROXY BEFORE IT IS EXERCISED?

A: Yes, you may revoke your proxy and change your vote at any time before the polls close at the meeting:

\* by signing another proxy with a later date;

Edgar Filing: CROMPTON CORP - Form DEF 14A

\* by voting by telephone or on the internet after the date and time of your last telephone or internet vote; or

\* if you are a registered stockholder, by giving written notice of such revocation to the Secretary of the Company prior to or at the meeting or by voting in person at the meeting.

Attendance at the meeting will not automatically revoke a previously granted proxy.

-----

Q: WHO WILL COUNT THE VOTES?

A: The Company's transfer agent, Mellon Investor Services LLC, will tabulate and certify the votes and act as inspector of election at the meeting.

-----

Q: HOW ARE SHARES IN THE CROMPTON EMPLOYEE SAVINGS PLAN, CROMPTON EMPLOYEE STOCK OWNERSHIP PLAN, CROMPTON EMPLOYEE STOCK PURCHASE PLAN AND CROMPTON DIVIDEND REINVESTMENT PLAN VOTED?

A: The shares of Company common stock held by the trustee under the Crompton Employee Savings Plan and the Crompton Employee Stock Ownership Plan and in each employee's account under the Crompton Employee Stock Purchase Plan and Crompton Dividend Reinvestment Plan will be voted according to each employee's voting instructions. If no instructions are received, the shares in the Crompton Employee Savings Plan, Crompton Employee Stock Ownership Plan and Crompton Employee Stock Purchase Plan will not be voted while an individual's shares in the Crompton Dividend Reinvestment Plan will be voted in the same manner that such person's shares held of record are voted.

-----

Q: WHO IS SOLICITING MY VOTE AND WHO PAYS THE COST?

A: The Company has retained Mellon Investor Services LLC to assist in the distribution of proxy materials and the solicitation of votes for a fee of \$4,500, excluding out-of-pocket expenses. The Company will pay the entire cost of the solicitation and will reimburse banks, brokerage firms, custodians, nominees and fiduciaries for their reasonable expenses in sending proxy materials to the beneficial owners of the Company stock. Proxies may be solicited personally, by mail, by telephone, by facsimile or by telegraph, by the directors, officers or other employees of the Company, without remuneration other than regular compensation.

-----

Q: WHEN ARE THE YEAR 2003 STOCKHOLDER PROPOSALS DUE?

Edgar Filing: CROMPTON CORP - Form DEF 14A

A: If a stockholder wants a proposal to be included in the Company's proxy statement for the 2003 Annual Meeting of Stockholders, the proposal, in writing and addressed to the Company's Secretary, must be received by the Company no later than November 30, 2002. If a stockholder wishes to recommend nominees to the Board of Directors, or to bring other business before an annual meeting, the proposal, in writing and addressed to the Company's Secretary, must be received by the Company no later than January 31, 2003, or not later than ten days after notice of the date of the annual meeting is given to stockholders, whichever date is earlier.

-----

Q: WHAT OTHER INFORMATION ABOUT THE COMPANY IS AVAILABLE?

A: Interested parties may request a copy of the Company's Annual Report on Form 10-K and our quarterly financial news releases by fax or through the mail. This and other important information about the Company is also available on our web site at [www.cromptoncorp.com](http://www.cromptoncorp.com).

-----

ELECTION OF ONE DIRECTOR

-----

The by-laws of the Company provide for a board of directors of not less than eight nor more than fifteen directors, as determined from time to time by a resolution of the Board, divided into three classes. Directors of one class are elected each year for a term of three years. There are currently eight directors in office, one of whom is standing for election as Class II director whose term will expire at the 2005 annual meeting, three of whom are Class III directors whose term will expire at the 2003 annual meeting, and three of whom are Class I directors whose term will expire at the 2004 annual meeting.

The Board has nominated Mr. Robert A. Fox to serve as Class II director for a three-year term expiring at the 2005 annual meeting and until his successor is elected and has qualified. Mr. Fox is a member of the present Board and has served as a director since 1990. All of the incumbent directors, including Mr. Fox, have previously been elected by the stockholders. If Mr. Fox is not available, an event not anticipated, the proxies will be voted for a substitute if any is designated by the Board of Directors.

Mr. Harry G. Hohn will reach age 70 during this fiscal year, the normal retirement age for directors, and will retire from the Board effective on the date of the 2002 annual meeting. The Company is currently taking steps to identify a candidate to fill the vacancy on the Board created by the retirement of Mr. Hohn.

4

BOARD OF DIRECTORS

-----

NOMINEE FOR DIRECTOR

Edgar Filing: CROMPTON CORP - Form DEF 14A

CLASS II (TO SERVE UNTIL THE ANNUAL MEETING OF STOCKHOLDERS IN 2005)

[LOGO] ROBERT A. FOX, 64, is the Managing General Partner of Fox Investments L.P., an investment management company, Palo Alto, CA, and Chairman of AgriCapital Advisors, an advisory board to AgriCapital Corporation, a New York, NY based firm providing banking, financing and consulting services to the agriculture industry. He is former President and Chief Executive Officer of Foster Farms, a privately held, integrated poultry company, Livingston, CA. Mr. Fox has been a director of the Company, or a predecessor company, since 1990. He also serves as a director of the American Balanced Fund, Fundamental Investors, the Growth Fund of America, Inc., the Income Fund of America, Inc., the New Perspective Fund and the New World Fund, Inc. He also serves as a trustee of the Euro-Pacific Growth Fund.

INCUMBENT DIRECTORS

CLASS III (TO SERVE UNTIL THE ANNUAL MEETING OF STOCKHOLDERS IN 2003)

[LOGO] VINCENT A. CALARCO, 59, is Chairman of the Board, President and Chief Executive Officer of the Company and served a predecessor corporation in those same capacities. Mr. Calarco has been a director of the Company, or a predecessor company, since 1985. He also serves as a director of Consolidated Edison, Inc. and Newmont Mining Corporation.

5

[LOGO] ROGER L. HEADRICK, 65, is the Managing General Partner of HMCH Ventures, a private investment company, Wayzata, MN, the President and Chief Executive Officer of ProtaTek International, Inc., a biotechnical animal vaccine company, St. Paul, MN and Chairman of New Biotics, Inc., a cancer research and development company, San Diego, CA. Mr. Headrick is the former President and Chief Executive Officer of the Minnesota Vikings Football Club, Inc., Eden Prairie, MN. Mr. Headrick has been a director of the Company, or a predecessor company, since 1988. He also serves as a director of Caremark Rx, Inc.

[LOGO] PATRICIA K. WOOLF, PH.D., 67, is a private investor, and Lecturer in the Department of Molecular Biology, Princeton University, Princeton, NJ. Dr. Woolf has been a director of the Company, or a predecessor company, since 1994. She also serves as a director of the American Balanced Fund, Fundamental Investors, the Growth Fund of America, Inc., the Income Fund of America, Inc., Smallcap World Fund, Inc., First Energy Corporation and the National Life Holding Co. Dr. Woolf also serves as a trustee of the New Economy Fund.



Edgar Filing: CROMPTON CORP - Form DEF 14A

CLASS I (TO SERVE UNTIL THE ANNUAL MEETING OF STOCKHOLDERS IN 2004)

[LOGO]

LEO I. HIGDON, JR., 55, is the President of the College of Charleston, Charleston, SC. He is the former President of Babson College, Babson Park, MA, and former Dean of the Darden Graduate School of Business Administration of the University of Virginia, Charlottesville, VA. Mr. Higdon is also a former Managing Director and member of the Executive Committee of Salomon Brothers, an investment banking firm, New York, NY. Mr. Higdon has been a director of the Company, or a predecessor company, since 1993. He also serves as a director of Newmont Mining Corporation and Eaton Vance Corp.

6

[LOGO]

C. A. (LANCE) PICCOLO, 61, is President and Chief Executive Officer of HealthPic Consultants, Inc., a strategic health-care consulting firm, Lincolnshire, IL. Prior to the merger of Caremark International Inc. and MedPartners/Mullikin, Inc., he was the Chairman and Chief Executive Officer of Caremark International Inc., a provider of alternate-site health-care services, North Brook, IL. He is former Executive Vice President of Baxter International Inc., a supplier of health-care products, Deerfield, IL. Mr. Piccolo has been a director of the Company, or a predecessor company, since 1988. He also serves as a director and Vice Chairman of the Board of Caremark Rx, Inc. and as a director of Novamed Eyecare, Inc.

[LOGO]

BRUCE F. WESSON, 59, is President of Galen Associates, a health care venture firm, New York, NY and a General Partner of Galen Partners, L.P., New York, NY. Prior to January 1991, he was Senior Vice President and Managing Director of Smith Barney, Harris Upham & Co. Incorporated, an investment banking firm, New York, NY. Mr. Wesson has been a director of the Company, or a predecessor company, since 1980. He also serves as Chairman of the Board of QMED and as a director of Halsey Drug Co., Inc. and Encore Medical Corp.

The affirmative vote of the holders of a plurality of the shares that are present in person or represented by proxy at the meeting is required to elect directors.

The Board of Directors recommends a vote FOR the election of Mr. Fox as a director, and proxies will be so voted unless stockholders specify to the contrary in their proxies.

Proxies cannot be voted for a greater number of persons than the number of nominees named.

7

# Edgar Filing: CROMPTON CORP - Form DEF 14A

## CORPORATE GOVERNANCE

---

### ROLE OF THE BOARD OF DIRECTORS IN CORPORATE GOVERNANCE

The Board of Directors of the Company is elected by the stockholders with the responsibility to oversee and direct the management of the Company so as to enhance stockholder value. The Board works with management to select and approve a corporate philosophy and mission and in connection therewith the Board reviews, approves and monitors management's strategic and business plans and the Company's financial objectives, plans and actions. The Board approves the Company's material transactions, significant capital allocations and expenditures and measures the performance of management in relation to the performance of peer companies and the speciality chemical industry as a whole. The Board also periodically reviews the performance of the Chief Executive Officer.

The Board adopts policies of corporate conduct including compliance with applicable laws and regulations, auditing and accounting principles and financial controls, and the Company's own governing documents. The Board assesses its own effectiveness in fulfilling these and other Board responsibilities and performs such other functions as are prescribed by law, or assigned to the Board in the Company's governing documents.

### ROLE OF THE ORGANIZATION, COMPENSATION AND GOVERNANCE COMMITTEE IN CORPORATE GOVERNANCE

The Organization, Compensation and Governance Committee makes recommendations to the Board with respect to the organization, size and composition of the Board, including the assignment of directors to committees and committee chairmanships. The Committee identifies suitable candidates for Board membership, reviews their qualifications and proposes a slate of directors for election by the stockholders at each annual meeting.

The Organization, Compensation and Governance Committee makes an annual assessment of the performance of the Board and reviews its corporate governance principles, recommends its compensation and advises the Board with respect to the selection and performance of the Chief Executive Officer. The Committee assists the Board in providing for the orderly succession in the top management of the Company.

### BOARD MEETINGS HELD

The Board of Directors held four regular meetings and one special meeting during 2001. All of the directors attended at least 75% of the aggregate number of meetings of the Board and the committees on which they served in 2001.

8

### BOARD COMMITTEES

The Board has established four committees to assist it in the discharge of its responsibilities. Committee membership is limited to directors who are not employees of the Company.

#### COMMITTEE MEMBERSHIP

NAME	AUDIT	COMMITTEE MEMBERSHIP		
		FINANCE AND PENSION	ORGANIZATION, COMPENSATION AND GOVERNANCE	SAFETY, HEALTH AND ENVIRONMENT

Edgar Filing: CROMPTON CORP - Form DEF 14A

	--	--	--	--
Robert A. Fox	x			x
Roger L. Headrick		x	*	
Leo I. Higdon, Jr.		*		
Harry G. Hohn		x	x	
C. A. (Lance) Piccolo	x		x	
Bruce F. Wesson	*			x
Patricia K. Woolf	x			*
No. of Mtgs. in 2001	3	3	3	2

\* Chairman of the Committee

The Audit Committee meets periodically with the Company's management to review the Company's major financial risk exposures and with the independent auditor to review the scope of the annual audit and the policies relating to internal auditing procedures and controls, provides general oversight with respect to the adequacy and effectiveness of the Company's internal administrative and business process controls and to the accounting principles employed in the Company's financial reporting, and reviews the Company's annual report on Form 10-K prior to its filing. The Audit Committee also recommends to the Board each year the selection of the auditor, evaluates the auditor's performance, has responsibility for approving professional non-audit services provided by the independent auditor, considers the possible effect of providing such non-audit services on the auditor's independence, and reviews the range of fees of the auditor for both audit and non-audit services.

The Organization, Compensation and Governance Committee is responsible for the administration of the Company's compensation plans, including approval of the level of compensation for senior executive officers named in the proxy statement and adoption of bonus and deferred compensation plans and arrangements for executive officers. The Committee also makes recommendations with respect to the organization, size and composition of the Board, identifies suitable candidates for Board membership and reviews their qualifications, proposes a slate of directors for election by the stockholders at each annual meeting, and assists the Board in providing for orderly succession in the top management of the Company.

9

The Finance and Pension Committee has the authority, which it may exercise when the Board is not in session, to approve certain debt financings and reviews and makes recommendations to the Board regarding the issuance or reacquisition of securities, major debt financings, capital expenditures, acquisitions, divestitures and other expenditures, dividend policy, management of pension assets, and risk management policy and strategy.

The Safety, Health and Environment Committee provides guidance to and oversight of management with respect to safety, health and environmental matters including the review of the Company's safety, health and environmental performance, policies, standards, procedures, management systems and strategic plans. The Committee also recommends actions and policies that will enable the Company to achieve a high level of safety, health and environmental performance compared with its peers in the chemical industry and to maintain good relations with the Company's neighbors.

PRINCIPAL HOLDERS OF VOTING SECURITIES

## Edgar Filing: CROMPTON CORP - Form DEF 14A

The following persons were known to the Board of Directors to be the beneficial owner of more than 5% of the Company's outstanding voting securities as of December 31, 2001:

NAME AND ADDRESS	SHARES BENEFICIALLY OWNED	PERCENT OF CLASS
Capital Research and Management Company 333 South Hope Street Los Angeles, CA 90071	10,671,200 (1)	9.45%
Barrow, Hanley, Mewhinney & Strauss, Inc. 3232 McKinney Avenue Dallas, TX 75204	8,730,024 (2)	7.73%

- (1) Capital Research and Management Company has advised that they have sole dispositive power for 10,671,200 shares. Capital Research and Management Company acts as investment advisor for Washington Mutual Investors Fund, Inc. with respect to 5,800,001 of the shares listed above. Capital Research and Management Company disclaims beneficial ownership of all shares pursuant to Rule 13d-4.
- (2) Barrow, Hanley, Mewhinney & Strauss, Inc. has advised that they have sole voting power for 1,143,319 shares, shared voting power for 7,586,705 shares and sole dispositive power for 8,730,024 shares. Barrow, Hanley, Mewhinney & Strauss, Inc. acts as investment advisor for Vanguard Windsor Funds Windsor II Fund with respect to 6,238,569 of the shares listed above.

10

### SECURITY OWNERSHIP OF MANAGEMENT

The directors and the executive officers of the Company have advised that they were directly or indirectly the beneficial owners of outstanding Common Stock of the Company at the close of business on March 1, 2002, as set forth below, in each case representing less than one percent of such shares outstanding except as otherwise indicated. The table also shows the number of shares credited to the individual's account under the Directors Deferred Compensation Plan ("Deferred Compensation Plan"), Directors Restricted Stock Plan ("Restricted Stock Plan"), the Dividend Reinvestment Plan ("DRIP") and stock options exercisable within 60 days of March 1, 2002 ("Exercisable Options").

NAME	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP (1)		DEFERRED		RESTRICTED STOCK PLAN
	COMMON STOCK	EXERCISABLE OPTIONS	COMPENSATION PLAN	DRIP	
Vincent A. Calarco	1,285,161 (2)	2,008,833	--	36,953	--
Robert A. Fox	48,562	53,083	14,316	716	13,952
Roger L. Headrick	44,000	53,083	15,989	1,760	15,677
Leo I. Higdon, Jr.	7,000	52,241	15,633	176	2,727

## Edgar Filing: CROMPTON CORP - Form DEF 14A

Harry G. Hohn	933	27,917	24,493	--	--
C.A. (Lance) Piccolo	2,400	53,083	14,470	1,564	14,139
Bruce F. Wesson	3,235	27,917	26,465	--	--
Patricia K. Woolf	4,875	51,308	10,961	558	6,288
Joseph B. Eisenberg	69,238	458,443	--	--	--
Gerald H. Fickenscher	109,552 (3)	182,333	--	--	--
Alfred F. Ingulli	173,338 (4)	524,544	--	--	--
William A. Stephenson	70,460 (5)	349,811	--	--	--
Directors and Executive Officers as a Group					
(23 persons).....	2,754,121 (6)	6,057,162	122,327	45,221	52,783

- (1) Except as noted below, the executive officers and directors have both sole voting and sole investment power over the shares reflected in this table.
- (2) Includes 499,785 shares held under the 1988 Long Term Incentive Plan (the "1988 Plan") and the Crompton Corporation Employee Stock Ownership Plan (the "ESOP"), as to which he has voting but, except with respect to 49,912 shares in the ESOP, no investment power; 12,126 shares acquired through the Benefit Equalization Plan Trust (the "BEP"); 58,872 shares owned by his wife and 33,833 shares held in trust for their children, as to which he disclaims beneficial ownership. Mr. Calarco is deemed to be the beneficial owner of 2.9% of the outstanding shares of the Company's Common Stock.
- (3) Includes 2,740 shares held under the ESOP as to which he has voting but no investment power.

11

- (4) Includes 35,885 shares held under the 1988 Plan and the ESOP as to which he has voting but, except with respect to 1,704 shares in the ESOP, no investment power.
- (5) Includes 23,968 shares held under the 1988 Plan and the ESOP as to which he has voting but, except with respect to 1,762 shares in the ESOP, no investment power.
- (6) Includes 970,957 shares held under the 1988 Plan and the ESOP, as to which they have voting but, except with respect to 199,864 shares in the ESOP, no investment power; 40,951 shares held through the BEP; 5,080 shares held through the Crompton Corporation Employee Stock Purchase Plan; and 95,306 shares owned by wives and in trusts for children, as to which beneficial ownership is disclaimed. Directors and Executive Officers as a group are deemed to be the beneficial owner of 7.6% of the outstanding shares of the Company's Common Stock.

---

REPORT OF THE COMMITTEE  
ON EXECUTIVE COMPENSATION

---

EXECUTIVE COMPENSATION PHILOSOPHY

The compensation program for the Company's executive officers is administered in accordance with a pay for performance philosophy to link executive compensation with the values, objectives, business strategy, management initiatives and financial performance of the Company. In addition, a significant portion of each executive officer's compensation is contingent upon the creation of shareholder value.

## Edgar Filing: CROMPTON CORP - Form DEF 14A

The Organization, Compensation and Governance Committee of the Board (the "Committee") believes that stock ownership by management and restricted stock-based performance compensation plans serve to align the interests of management and other stockholders in the enhancement of shareholder value. To that end, executive officers are encouraged to retain the shares they earn through the compensation programs and are given the opportunity to defer receipt of the shares of common stock.

The compensation of the Company's executive officers comprises cash and equity components and is designed to be competitive and highly leveraged based upon corporate financial performance and shareholder returns. The compensation program provides an opportunity to earn compensation in the third quartile within the chemical industry as well as within a broader group of companies of comparable size and complexity. Actual compensation levels may be greater or less than competitive levels in surveyed companies based upon annual and long-term performance of the Company as well as individual performance. Several performance measures are used for compensation purposes for the Company's executive officers and heads of the businesses. Primary measures used in the annual and long-term incentive programs include earnings growth, debt reduction and market cap growth, with executives also linked to shareholder return through stock options and restricted performance share awards.

12

### BASE SALARIES

Base salary ranges at the median to 75th percentile levels for executive officers are determined after reviewing data from several national surveys on salaries for executives at broad groups of companies of similar size and complexity.

### MANAGEMENT INCENTIVE PLAN

Annual incentives may be earned under the Company's Management Incentive Plan. Target and maximum incentives (currently at 175% of target) are set by formula to offer executive officers an opportunity to earn annual compensation at the 75th percentile levels if high levels of performance are met.

### STOCK OPTIONS AND PERFORMANCE SHARES

Long-term incentives at the Company consist of annual grants of stock options and periodic grants of restricted performance shares that can be earned over a multi-year period based on goals selected by the Committee out of those approved under the 1998 Long-Term Incentive Plan. Awards are divided evenly in value between stock options and restricted performance shares and are set at levels designed to offer opportunities at the 75th percentile.

### STOCK OWNERSHIP

The Company has adopted stock ownership goals for its executive officers, which range from five times salary for the CEO to two times salary for the remaining officers. Total stock ownership for this group as of March 1, 2002, is 2,683,562 shares.

### TAX DEDUCTIBILITY OF EXECUTIVE COMPENSATION

The Committee's policy on the tax deductibility of compensation is to maximize deductibility to the extent possible without abdicating all of its discretionary power. To this end, the Committee has submitted complying plans to stockholders; however, the Committee has occasionally taken actions that result in non-deductible compensation and may do so again in the future when it

## Edgar Filing: CROMPTON CORP - Form DEF 14A

determines that such actions are in the Company's best interests.

### COMPENSATION OF CHIEF EXECUTIVE OFFICER

In 2001, the base salary, incentive compensation, stock option and restricted stock awards for the Chief Executive Officer were determined by the Board of Directors based on the recommendations of the Committee using the principles outlined above. The Committee increased Mr. Calarco's base salary from \$825,000 to \$865,000 during fiscal year 2001 and granted him a stock option award of 350,000 shares. Based on the financial performance of the Company, Mr. Calarco and most other members of senior management were not eligible to receive an annual incentive payment for 2001 under the terms of the Management Incentive Plan.

13

### ORGANIZATION, COMPENSATION AND GOVERNANCE COMMITTEE

Decisions on compensation of the Company's executive officers are made by the Organization, Compensation and Governance Committee, a committee of the Board of Directors composed of the persons listed below, all of whom are non-employee directors. The Committee has retained an independent executive compensation consultant who has access to independent compensation data to evaluate the Company's executive compensation program.

The Organization, Compensation and Governance Committee:

Roger L. Headrick, Chairman  
Harry G. Hohn  
C. A. Piccolo

---

### REPORT OF THE AUDIT COMMITTEE

---

A copy of the written charter of the Audit Committee is attached as Appendix A to this Proxy Statement. The Company's Audit Committee consists of four independent members of the Board as defined in Sections 303.01(B)(2)(a) and (3) of the New York Stock Exchange's listing standards.

The Audit Committee has reviewed and discussed the audited financial statements for the fiscal year ended December 31, 2001, with management. The Audit Committee has also discussed with the Company's independent auditors, KPMG LLP, the matters required to be discussed by SAS 61. In addition, the Audit Committee has received the written disclosure from KPMG LLP required by Independence Standards Board Standard No. 1 and has discussed with KPMG LLP such auditing firm's independence. Based upon these reviews and discussions, the Audit Committee recommended that the audited financial statements be included in the Company's Annual Report on Form 10-K for the last fiscal year for filing such report with the U.S. Securities and Exchange Commission.

The Audit Committee:

Bruce F. Wesson, Chairman  
Robert A. Fox  
C. A. Piccolo  
Patricia K. Woolf, Ph.D.

### AUDIT FEES

Edgar Filing: CROMPTON CORP - Form DEF 14A

The aggregate fees billed for professional services rendered by KPMG LLP for the audit of the Company's annual financial statements for the most recent fiscal year

14

and the review of the financial statements included in the Company's Quarterly Reports on Form 10-Q for the fiscal year were \$1.9 million.

FINANCIAL INFORMATION SYSTEMS DESIGN AND IMPLEMENTATION FEES

The aggregate fees billed for professional services rendered by KPMG LLP for financial information systems design and implementation for the most recent fiscal year were \$5.5 million.

ALL OTHER FEES

The aggregate fees billed for professional services rendered by KPMG LLP other than audit fees and financial information systems design and implementation fees for the most recent fiscal year were \$2.9 million of which \$1.3 million were audit-related services and \$1.6 million were tax-related services.

The Audit Committee has considered whether the providing of financial information systems design and implementation and all other services by KPMG LLP to the Company is compatible with maintaining the independence of KPMG LLP and concluded that the independence of KPMG LLP is not compromised by the providing of such services.

15

PERFORMANCE GRAPH

The following graph compares the cumulative total return on the Common Stock of the Company for the last five fiscal years with the returns on the Standard & Poor's 500 Stock Index and the Chemicals (Specialty)-500 Index, assuming the investment of \$100 in the Company's Common Stock, the S&P 500 Index and the Chemicals (Specialty)-500 Index on December 31, 1996, and the reinvestment of all dividends.

COMPARISON OF FIVE-YEAR  
CUMULATIVE TOTAL RETURN AMONG CROMPTON CORPORATION,  
S&P 500 AND CHEMICALS (SPECIALTY)-500

EDGAR REPRESENTATION OF DATA POINTS USED IN PRINTED GRAPHIC

	12/31/96	12/31/97	12/31/98	12/31/99	12/31/00	12/31/01
CROMPTON CORPORATION	\$100.00	\$138.00	\$108.90	\$70.30	\$56.30	\$49.30
S&P 500	\$100.00	\$133.30	\$171.50	\$207.50	\$188.60	\$166.20
CHEMICALS (SPECIALTY)-500	\$100.00	\$123.80	\$105.50	\$116.70	\$103.80	\$97.30

	12/31/96	12/31/97	12/31/98	12/31/99	12/31/00	12/31/01
CROMPTON CORPORATION.....	\$100.0	\$138.0	\$108.9	\$ 70.3	\$	\$



## Edgar Filing: CROMPTON CORP - Form DEF 14A

S&P 500.....	\$100.0	\$133.3	\$171.5	\$207.5	\$1
CHEMICALS (SPECIALTY)-500.....	\$100.0	\$123.8	\$105.5	\$116.7	\$1

Note: Assumes an initial investment of \$100 on December 31, 1996. Total return includes reinvestment of dividends.

The Chemicals (Specialty)-500 Index companies are as follows: Ecolab Inc., Great Lakes Chemical Corporation, Hercules, Inc., International Flavors & Fragrances Inc. and Sigma-Aldrich Corporation.

16

Notwithstanding anything to the contrary set forth in any of the Company's previous filings under the Securities Act of 1933 or the Securities Exchange Act of 1934 (the "Exchange Act") that might incorporate future filings, including this Proxy Statement, in whole or in part, the foregoing Report of the Organization, Compensation and Governance Committee, the Report of the Audit Committee and the Performance Graph shall not be deemed incorporated by reference into any such filings.

---

### OFFICERS' AND DIRECTORS' COMPENSATION

---

The following tables set forth information concerning compensation paid or to be paid to the chief executive officer of the Company and each of the four most highly compensated executive officers of the Company other than the chief executive officer, for services to the Company in all capacities during 1999, 2000 and 2001, except as noted, and options granted to and exercised by the same individuals during the period indicated.

#### SUMMARY COMPENSATION TABLE

NAME AND PRINCIPAL POSITION	YEAR	ANNUAL COMPENSATION			LONG TERM COMPENSATION AWARDS	
		SALARY (\$)	BONUS (\$)	OTHER COMPENSATION (\$)(1)	RESTRICTED STOCK AWARDS (\$)(2)	SECURIT UNDERLY OPTIONS
Vincent A. Calarco	2001	861,667	--	116,959	--	350,000
Chairman of the Board,	2000	823,750	500,000	176,502	--	375,000
President and CEO	1999	787,500	405,000	152,905	--	800,000
Alfred F. Ingulli	2001	371,667	170,000	70,304	--	60,000
Executive Vice President,	2000	325,000	186,000	47,635	--	75,000
Crop Protection	1999	312,917	100,000	45,952	--	100,000
William A. Stephenson	2001	316,667	115,000	58,012	--	60,000
Executive Vice President,	2000	286,667	235,000	42,022	--	75,000
Plastics & Petroleum Additives	1999	266,333	142,500	23,613	--	100,000
Gerald H. Fickenscher	2001	282,500	105,000	51,043	--	60,000
Regional Vice President,	2000	267,500	110,000	52,422	--	75,000
Europe, Africa/Middle East	1999	220,000	50,000	40,082	--	100,000
Joseph B. Eisenberg(3)	2001	366,298	--	49,334	--	-
Executive Vice President,	2000	350,000	25,000	44,034	--	75,000

Edgar Filing: CROMPTON CORP - Form DEF 14A

Polymer Additives 1999 294,583 100,000 43,873 -- 200,000

- (1) Includes the following amounts paid during 2001 under the Company's Supplemental Medical and Dental Reimbursement Plans (the "SMD"), The Uniroyal Age Supplement (the "AS"), the

17

Uniroyal Chemical split dollar life insurance plan (the "SDP"), the Uniroyal Excess Cap Program (the "ECAP") or as employer contributions under the Company's Employee Stock Ownership Plan (the "ESOP") and Crompton Employee Savings Plan (the "CESP") (with that portion of the ESOP and CESP contributions in excess of the Section 401(k) and Section 415 limitations having been paid into the Company's Benefit Equalization Plan):

Mr. Calarco, \$6,082 (SMD), \$34,467 (ESOP), \$56,008 (CESP); Mr. Ingulli, \$28,520 (AS), \$6,098 (SDP), \$2,095 (ECAP), \$11,988 (ESOP), \$9,517 (CESP); Mr. Stephenson, \$9,455 (AS), \$3,334 (SDP), \$11,346 (ECAP), \$5,617 (ESOP), \$6,827 (CESP); Mr. Fickenscher, \$15,500 (ESOP), \$23,087 (CESP); and Dr. Eisenberg, \$12,061 (AS), \$8,845 (ECAP), \$5,800 (ESOP), \$9,425 (CESP).

- (2) Total restricted stock outstanding for the persons shown in the table at the end of fiscal year 2001: Vincent A. Calarco, 644,578 shares valued at \$5,801,202, of which 500,578 shares valued at \$4,505,202 are forfeitable; Alfred F. Ingulli, 77,166 shares valued at \$694,494, all of which shares are forfeitable; William A. Stephenson, 77,166 shares valued at \$694,494, all of which shares are forfeitable; Gerald H. Fickenscher, 73,229 shares valued at \$659,061, all of which shares are forfeitable; and Joseph B. Eisenberg, 77,166 shares valued at \$694,494, all of which shares were earned. Dividends are paid on restricted shares from the date of grant but do not vest and are not distributed until the underlying shares are distributed.
- (3) Dr. Eisenberg retired from the Company, effective December 31, 2001.

OPTION GRANTS IN LAST FISCAL YEAR(1)

NAME	NUMBER OF SECURITIES UNDERLYING OPTIONS GRANTED (#)	Individual Grants			EXPIRATION DATE	POTENTIAL VALUE AT ANNUAL RATE PER APPRECIATION OPTION 5% (\$)
		PERCENT OF TOTAL OPTIONS GRANTED TO EMPLOYEES IN FISCAL YEAR	EXERCISE PRICE (\$/SH)			
Vincent A. Calarco	337,374 (2)	19.16%	7.92	11/22/11	1,680,408	
	12,626 (3)	0.72%	7.92	10/23/11	62,888	
Alfred F. Ingulli	47,374 (2)	2.69%	7.92	11/22/11	235,963	
	12,626 (3)	0.72%	7.92	10/23/11	62,888	
William A. Stephenson	47,374 (2)	2.69%	7.92	11/22/11	235,963	
	12,626 (3)	0.72%	7.92	10/23/11	62,888	
Gerald H. Fickenscher	47,374 (2)	2.69%	7.92	11/22/11	235,963	
	12,626 (3)	0.72%	7.92	10/23/11	62,888	
Joseph B. Eisenberg	--	--	--	--	--	

- (1) An option entitles the holder to purchase one share of the Common Stock of the Company at a purchase price equal to the fair market value of the Company's Common Stock on the date of grant of all of the options shown in

Edgar Filing: CROMPTON CORP - Form DEF 14A

the table. All options are subject to expiration prior to the dates shown in the table in case of death or termination of employment. The purchase price for stock on the exercise of options may be paid in cash or in shares of the Company's Common Stock already owned by the option holder, or by a combination thereof. In the event of a change in control of the Company, all of the options shown in the table will immediately become exercisable.

(2) Non-qualified options. Vest on 10/23/2002 and 10/23/2003.

(3) Incentive Stock options. Vest on 10/23/2003.

18

AGGREGATED OPTION EXERCISES IN LAST FISCAL YEAR  
AND FISCAL YEAR-END OPTION VALUES

NAME	SHARES ACQUIRED ON EXERCISE (#)	VALUE REALIZED \$	NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS AT FY-END (#)		VALUE OF UNEX IN-THE-MONEY AT FY-END 12/31/01--FM	
			EXERCISABLE	UNEXERCISABLE	EXERCISABLE	UNEXERCISABLE
Vincent A. Calarco	--	--	2,008,833	804,167	673,994	8
Alfred F. Ingulli	39,186	213,000	524,544	97,500	141,227	1
William A. Stephenson	10,649	49,399	349,811	130,833	103,463	1
Gerald H. Fickenscher	--	--	182,333	139,167	99,349	1
Joseph B. Eisenberg	14,875	58,379	458,443	104,167	165,079	

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

Messrs. Hohn and Piccolo served as members and Mr. Headrick served as Chairman of the Organization, Compensation and Governance Committee during the last completed fiscal year. No member of the Organization, Compensation and Governance Committee is a current or former officer or employee of the Company or any of its subsidiaries.

RETIREMENT PLANS

Each of the persons shown in the Summary Compensation Table on page 17 is covered by a supplemental retirement agreement with the Company.

SUPPLEMENTAL RETIREMENT AGREEMENTS WITH VINCENT A. CALARCO AND GERALD H. FICKENSCHER. In the case of Messrs. Calarco and Fickenscher, the executive's total annual benefit payable under the supplemental retirement agreement to the executive for life will be 60% and 50%, respectively, of the average total compensation (including salary and bonus) paid to the executive during the highest five years of the last ten years prior to the executive's normal retirement age.

SUPPLEMENTAL RETIREMENT AGREEMENTS WITH ALFRED F. INGULLI, WILLIAM A. STEPHENSON AND JOSEPH B. EISENBERG. In the case of Messrs. Ingulli, Stephenson and Eisenberg, the executive's retirement benefits under each supplemental agreement supplement the benefit paid to the executive under a Uniroyal Chemical Company, Inc. ("Uniroyal") defined benefit pension plan so that the total annual benefit payable to the executive will be 55% of the average total compensation (including salary and bonus) paid to the executive during the highest five years of the last ten years prior to the executive's retirement or, at their election, Messrs. Ingulli and Eisenberg may receive a lump sum payment earned under a

Edgar Filing: CROMPTON CORP - Form DEF 14A

previous supplemental retirement agreement with Uniroyal.

19

PROVISIONS FOR REDUCED PAYMENTS UNDER THE SUPPLEMENTAL RETIREMENT AGREEMENTS. A supplemental benefit in a reduced amount may be payable in the event of termination of employment prior to normal retirement age. At any time after the date on which benefit payments commence, the executive may elect to receive a single lump sum equal to 90% of the actuarial equivalent of the benefit otherwise payable to the executive. An executive may elect to have the executive's supplemental benefit under the agreement paid in a form which will provide for the continuation of benefits, to a beneficiary selected by the executive, upon the executive's death after retirement. Each agreement also provides for the payment of a reduced benefit to the executive's beneficiary in the event of the executive's death prior to normal retirement age and for the payment of disability benefits in addition to those available under the Company's regular disability insurance program. Benefits under each agreement are not payable if the executive voluntarily terminates the executive's employment, unless such termination is the result of the executive's retirement (in the case of Mr. Calarco, on or after reaching age 62) or is with approval of the Board, and meets certain other conditions set forth in the agreement.

The following table sets forth the estimated aggregate annual benefit payable to each of the executives named in the table under the executive's supplemental retirement agreement and from Uniroyal's defined benefit pension plan upon retirement at or after normal retirement age based on each executive's compensation history to date and assuming payment of such benefit in the form of a life annuity:

NAME OF INDIVIDUAL	ESTIMATED ANNUAL RETIREMENT BENEFIT
-----	-----
Vincent A. Calarco	\$846,500
Alfred F. Ingulli	270,848
William A. Stephenson	228,195
Gerald H. Fickenscher	142,000
Joseph B. Eisenberg	210,670

EMPLOYMENT AGREEMENTS

EMPLOYMENT AGREEMENT WITH VINCENT A. CALARCO. Mr. Calarco is employed pursuant to an employment agreement which was amended and restated in May 1999. The agreement provides for Mr. Calarco's employment as Chairman of the Board, President and Chief Executive Officer for a term of three years, with automatic annual one-year extensions of the term unless the Company gives notice at least 60 days prior to the anniversary of the date of the agreement that the term will not be extended.

The amended agreement calls for a base salary of not less than \$750,000 and for Mr. Calarco's continued participation in employee benefit plans and other fringe benefit arrangements substantially as in the past. In the event Mr. Calarco's employment is terminated by the Company other than for cause, disability, or death

20

or by Mr. Calarco for good reason (as defined in the agreement), the Company is obligated to pay Mr. Calarco his salary to the date of termination, incentive

## Edgar Filing: CROMPTON CORP - Form DEF 14A

compensation in an amount no less than the bonus paid to him for the prior year pro-rated to that date, and a lump sum termination payment equal to three times the sum of his then current salary and the highest bonus paid to him during the three years preceding his termination, to continue certain employee and fringe benefits provided under the agreement for a period of three years or until he obtains other employment and certain other benefits for the life of Mr. Calarco and his spouse, and to make certain additional payments to cover any excise tax imposed under the Internal Revenue Code on the amounts payable as a result of his termination and any legal fees incurred by Mr. Calarco in enforcing the Company's obligations under the agreement.

EMPLOYMENT AGREEMENTS WITH ALFRED F. INGULLI, WILLIAM A. STEPHENSON AND GERALD H. FICKENSCHER. The Company has entered into employment agreements with certain other key management employees, including Messrs. Ingulli, Stephenson and Fickenschler. Each agreement is operative upon the occurrence of a change in control (as defined in the agreement) and is intended to encourage the executive to remain in the employ of the Company by providing the executive with greater security. Absent a change in control, the agreements do not require the Company to retain the executive or to pay the executive any specified level of compensation or benefits except that Messrs. Ingulli and Stephenson have agreements that require that they be paid severance payments in the event that they are terminated without cause or they resign for good reason (as defined in the agreements) during an annually renewable two-year period.

In the event of a change in control, the agreements provide that there will be no change, without the executive's consent, in the salary, bonus opportunity, benefits, duties, and location of employment of the executive for a period of two or three years after the change in control. If, during such period, the executive's employment is terminated by the Company other than for cause, disability, or death or the executive resigns for good reason (as defined in the agreements), the Company will pay the executive his salary to the date of termination, incentive compensation in an amount no less than the bonus paid to the executive for the prior year pro-rated to that date, and a lump sum severance payment equal to two or three times (depending on the executive) the sum of the executive's base salary and the highest bonus paid to the executive during the three years preceding the executive's termination and will continue other employee benefits similar to those provided to the executive prior to the executive's termination for a period of two or three years or until the executive's earlier employment with another employer.

21

### COMPENSATION OF DIRECTORS

Members of the Board who are not employees of the Company receive the following for their services:

- \* an annual retainer of \$35,000 (committee chairmen receive an additional retainer of \$5,000); and

- \* a fee of \$12,000 for Board and committee meeting service.

Directors are reimbursed for expenses incurred in attending meetings. In addition, the Company provides accidental death and travel insurance coverage for each non-employee director.

Each year non-employee directors may elect to defer all or any portion of their retainers and fees in the form of shares of the Company's Common Stock pursuant to the Directors Deferred Compensation Plan.

The Crompton Corporation 1998 Long Term Incentive Plan (the "1998 Plan") provides for the issuance to non-employee directors on the date of the first

Edgar Filing: CROMPTON CORP - Form DEF 14A

meeting of the Board in the fourth quarter of each year of an option to purchase up to 20,000 shares of the Company's Common Stock. The exercise price of the options may not be less than the fair market value of the Company's Common Stock on the grant date. The options to be granted under the 1998 Plan are non-qualified options not intended to qualify as incentive stock options under the Internal Revenue Code of 1986, and may not be exercisable more than 10 years and one month after the date of grant.

Directors who are employees of the Company receive no additional compensation for services on the Board of Directors.

-----  
APPROVAL OF SELECTION  
OF INDEPENDENT AUDITOR  
-----

The Board of Directors has, subject to approval by the stockholders, selected the firm of KPMG LLP to act as auditor for the fiscal year 2002. The Board of Directors recommends a vote FOR approval, and unless otherwise directed, proxies will be voted in favor of this selection. The affirmative vote of the holders of a majority of the shares of the Company represented and entitled to vote at the meeting is required for such approval.

Representatives of KPMG LLP will be present at the annual meeting, with the opportunity to make a statement if they desire to do so and to respond to appropriate questions raised at the meeting.

22

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE  
-----

Section 16(a) of the Exchange Act requires the Company's officers and directors, and stockholders who own more than ten percent of a registered class of the Company's equity securities, to file reports of ownership and changes in ownership with the Securities and Exchange Commission and the New York Stock Exchange. Officers, directors and stockholders who own more than ten percent of such of the Company's securities are required by SEC regulations to furnish the Company with copies of all Section 16(a) forms they file.

Based solely on its review of the copies of such forms received by it, or written representations from certain reporting persons that no Forms 5 were required for those persons, the Company believes that during fiscal year 2001, all filings required of its officers, directors and covered stockholders were made in compliance with applicable SEC regulations.

-----  
OTHER MATTERS  
-----

As of the date of this statement, the Board of Directors does not know of any matter other than those referred to in this Proxy Statement as to which action is expected to be taken at the annual meeting of stockholders.

The shares represented by proxies in the form solicited by the Board of Directors will be voted at the meeting. Where a choice is specified on the proxy with respect to a matter to be voted upon, the shares represented by the proxy

## Edgar Filing: CROMPTON CORP - Form DEF 14A

will be voted in accordance with the specification so made. If no choice is specified, such shares will be voted (i) for the election as a director of the one nominee for directorship named herein, and (ii) in favor of the selection of KPMG LLP as auditor for fiscal year 2002.

If any business not referred to in this Proxy Statement shall properly come before the meeting, it is intended that those persons named as proxies will vote the proxies in accordance with their judgment of the best interests of the Company and its stockholders.

By Order of the Board of Directors,  
[LOGO]  
Barry J. Shainman  
Secretary

Dated: March 29, 2002

23

APPENDIX A

### CROMPTON CORPORATION

#### CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

**COMPOSITION:** The Board of Directors annually elects, by majority vote of the directors then in office, the members, not fewer than three in number, of the Audit Committee. The Board shall designate one member to serve as chairman of the committee. Audit Committee members shall meet the requirements of the New York Stock Exchange. All members of the Audit Committee shall be Independent Directors who are financially literate, and at least one member of the committee shall have accounting or related financial management expertise.

**FUNCTIONS  
AND  
AUTHORITY:**

The functions and authority of the Audit Committee include:

- Meeting periodically with the corporation's independent auditor to review the scope of the annual audit, policies relating to internal accounting and auditing procedures and controls, and the completed annual audit including any significant comments or recommendations of the auditor together with the responses of management
- Meeting periodically with management to review the corporation's major financial risk exposures and the steps management has taken to monitor and control such exposures
- Reviewing with the corporation's general counsel at least annually legal matters that may have a material impact on the financial statements, the corporation's compliance policies and any significant reports or inquiries received from regulators or governmental agencies
- Meeting at least annually with the chief financial officer, the internal auditor and the independent auditor in separate executive sessions to discuss any matters they believe

## Edgar Filing: CROMPTON CORP - Form DEF 14A

should be brought to the attention of the committee

- Exercising general oversight with respect to the adequacy and effectiveness of the corporation's internal administrative, business process and accounting controls

A-1

- Reviewing the audited financial statements and, if so determined by the committee, recommending to the Board that the audited financial statements be included in the annual report on Form 10-K
- Preparing annually a report to the shareholders, as required by the Securities and Exchange Commission, to be included in the corporation's proxy statement
- Evaluating together with the Board the performance of the independent auditor and, if so determined by the Audit Committee, recommending that the Board replace the independent auditor
- Recommending to the Board each year the selection of the corporation's independent auditor, which firm is ultimately accountable to the Audit Committee and the Board
- Reviewing the range of fees of the auditor for both audit and non-audit services and approving any particular non-audit services including non-compliance tax services provided by the independent auditor where the cost of such services to the corporation exceeds \$250,000 or where the total cost of such services in any one year exceeds \$1,500,000, giving consideration to the possible effect that providing such non-audit services could have on the auditor's independence
- Receiving periodic reports from the independent auditor regarding the independent auditor's independence, discussing such reports with the independent auditor, and if so determined by the Audit Committee, recommending that the Board take appropriate action to satisfy itself of the independence of the independent auditor
- Discussing with the independent auditor those matters required to be communicated to audit committees by Statement of Auditing Standards (SAS) No. 61
- Reviewing significant programs maintained by the corporation with respect to compliance with law and exercising oversight of the activities of the Corporate Compliance Committee
- Periodically reporting to the Board concerning the activities of the committee
- Reviewing this charter on an annual basis and recommending to the Board appropriate modifications or additions hereto

A-2



It is not the duty of the Audit Committee to plan or conduct audits or to determine that the corporation's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. This is the responsibility of management and the independent auditor. Finally, it is not the duty of the Audit Committee to conduct investigations to assure compliance with laws and regulations and the corporation's policies and code of conduct.

MEETINGS:

The Audit Committee meets three times each year in March, July and October and, as necessary, at other times during the year. In addition, in each quarter in which the corporation files or releases quarterly financial statements, the chairman of the Audit Committee will meet by telephone or in person with management and the independent auditor prior to such filing or release to determine whether there have been any significant changes in the corporation's accounting principles and whether there are any items required to be communicated by the independent auditors to the Audit Committee in accordance with SAS No. 61. Based upon the outcome of this meeting, the chairman will determine whether or not to convene a meeting of the Audit Committee prior to the filing or release of the quarterly financial statements.

A-3

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR PROPOSAL 1.

FOR THE NOMINEE  
with exceptions no

1. Election of a director: 01 Robert A. Fox to serve as Class II director for a term expiring in 2005. / /

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR PROPOSAL 2.

2. Approval of the selection by the Board of KPMG LLP as independent auditors for 2002.	FOR	AGAINST	ABSTAIN	THI OF
	/ /	/ /	/ /	

By checking the box to the right, I consent to future delivery of annual reports, proxy statements, prospectuses and other materials and shareholder communications electronically via the Internet at a webpage which will be disclosed to me. I understand that the Company may no longer distribute printed materials to me from any future shareholder meeting until such consent is revoked. I understand that I may revoke my consent at any time by contacting the Company's transfer agent, Mellon Investor Services LLC, Ridgfield Park, NJ and that costs normally associated with electronic delivery, such as usage and telephone charges as well as any costs I may incur in printing documents, will be my responsibility. / /

Edgar Filing: CROMPTON CORP - Form DEF 14A

SIGNATURE \_\_\_\_\_ SIGNATURE \_\_\_\_\_

NOTE: SIGNATURE SHOULD AGREE WITH NAME STENCILED HEREON. WHEN SIGNING AS EXECUTOR, ADMINISTRATOR, PLEASE GIVE FULL TITLE AS SUCH. FOR JOINT ACCOUNTS OR CO-FIDUCIARIES, ALL JOINT OWNERS OR C

-----  
FOLD AND DETACH HERE

VOTE BY INTERNET OR TELEPHONE OR MAIL  
24 HOURS A DAY, 7 DAYS A WEEK

INTERNET AND TELEPHONE VOTING IS AVAILABLE THROUGH 4PM EASTERN TIME  
THE BUSINESS DAY PRIOR TO ANNUAL MEETING DAY.

YOUR INTERNET OR TELEPHONE VOTE AUTHORIZES THE NAMED PROXIES TO VOTE YOUR  
SHARES IN THE SAME MANNER AS IF YOU MARKED, SIGNED AND RETURNED YOUR PROXY CARD.

INTERNET  
HTTP://WWW.EPROXY.COM/CK  
Use the Internet to vote your  
proxy. Have your proxy card in  
hand when you access the web  
site. You will be prompted to enter  
your control number, located in  
the box below, to create and sub-  
mit an electronic ballot.

OR

TELEPHONE  
1-800-435-6710  
Use any touch-tone telephone to  
vote your proxy. Have your proxy  
card in hand when you call. You will  
be prompted to enter your control  
number, located in the box below,  
and then follow the directions given.

OR

IF YOU VOTE YOUR PROXY BY INTERNET OR BY  
TELEPHONE, YOU DO NOT NEED TO MAIL BACK  
YOUR PROXY CARD.

CROMPTON CORPORATION  
PROXY SOLICITED BY THE BOARD OF DIRECTORS

FOR ANNUAL MEETING ON APRIL 30, 2002, AT THE DOLCE HERITAGE,  
522 HERITAGE ROAD, SOUTHURY, CONNECTICUT, 11:15 A.M.

The undersigned appoints VINCENT A. CALARCO, JOHN T. FERGUSON II and BARRY J. SHAINMAN or each of them, with power of substitution, proxy and attorney for the undersigned to vote all shares of stock of Crompton Corporation that the undersigned is entitled to vote at the Annual Meeting of the Stockholders of said Corporation to be held on Tuesday, April 30, 2002, at 11:15 a.m. and any adjournments thereof, with all powers the undersigned would have if present, upon the proposals set forth on the reverse side and in their discretion on all matters properly coming before the meeting, including those described in the Notice and Proxy Statement thereof, receipt of which is acknowledged.

THIS PROXY WILL BE VOTED AS DIRECTED, OR WHERE NO DIRECTION IS GIVEN, WILL BE VOTED "FOR" PROPOSALS NOS. 1 AND 2. If the nominee for the Board of Directors named in the Proxy Statement is unavailable to serve, this Proxy will be voted for such substitute nominee as may be recommended by the Board of Directors. The

Edgar Filing: CROMPTON CORP - Form DEF 14A

Board of Directors is not aware of other matters to come before the meeting.

CONTINUED, AND TO BE VOTED, SIGNED AND DATED ON THE REVERSE SIDE

-----  
FOLD AND DETACH HERE