

Investor Presentation Slides Crompton Corporation

September 15, 2004

Crompton *Finding better
solutions.*

Safe Harbor Language

Statements in this presentation relating to matters that are not historical facts are forward-looking statements. These forward-looking statements are just predictions or expectations and are subject to risks and uncertainties. Actual results could differ materially, based on factors including but not limited to future global economic conditions, further increases in raw material and / or energy costs, access to capital markets, industry production capacity and operating rates, the supply / demand balance for the products produced by the Company and its joint ventures, competitive products and pricing pressures, technological developments, changes in governmental regulations and other risk factors.

Transformation Priorities

- **Refinance Debt**
- **Resolve Legal Issues**
- **Improve Pricing Discipline**
- **Portfolio Restructuring**

Transformation Priorities

➤ Profit Margin Improvement

- ✓ Customer and product segmentation
- ✓ Pricing actions
- ✓ Cost reductions

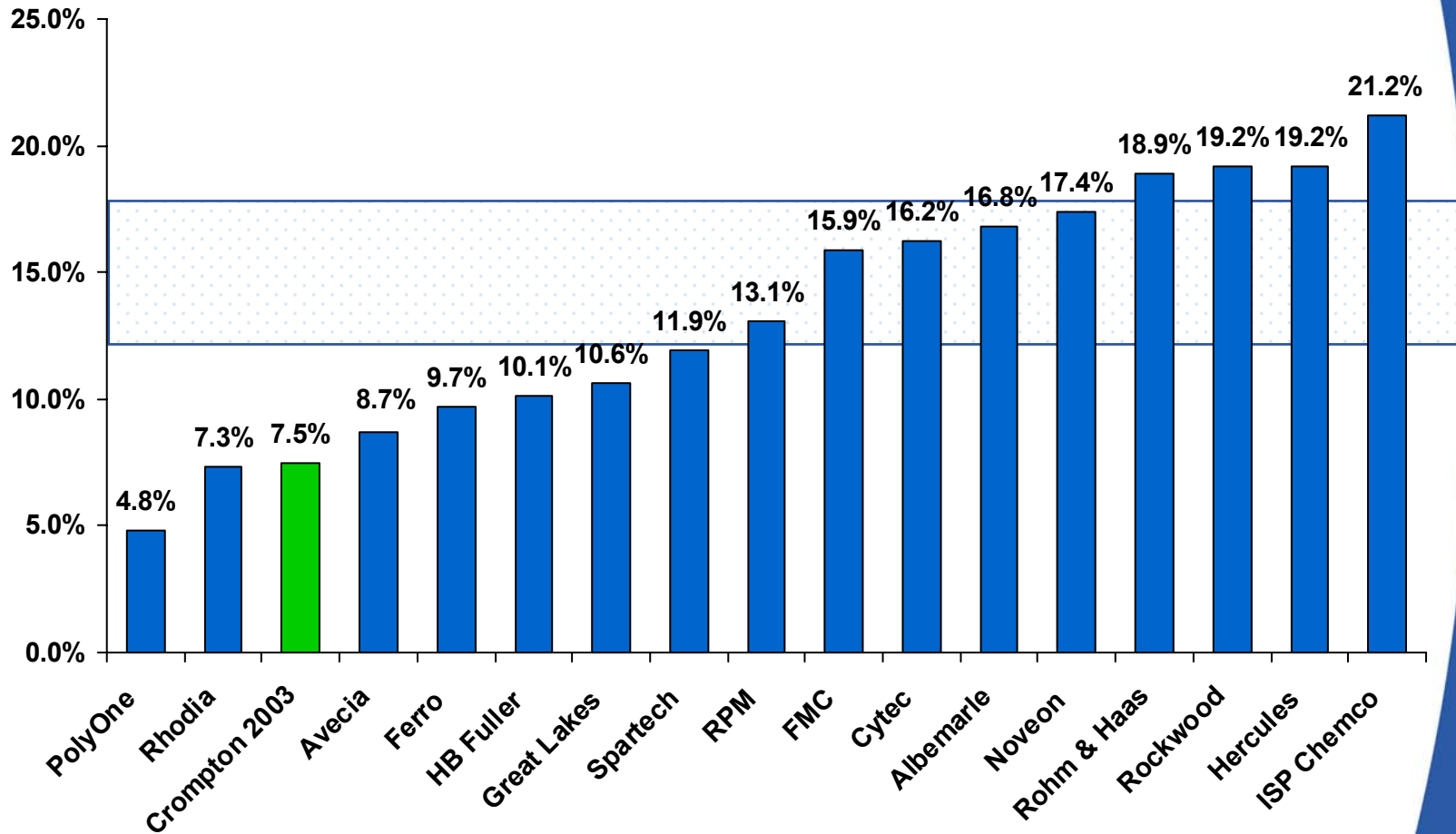
➤ Organizational Improvements

- ✓ Portfolio realignment
- ✓ Work process streamlining
- ✓ Balance sheet strengthening
- ✓ Add flexibility through improved capital structure
- ✓ Ongoing debt reduction

3–5 Year Financial Objectives

- **Minimum gross margin >30%**
- **SGA&R and corporate expenses <11% of revenue**
- **EBITDA margin >15%**
- **Revenue growth >10% per year**

Achievable Margin Expansion Opportunity



Near-Term Recovery Prospects

- **Volume demand growing**
 - ✓ Growing with economic recovery
- **Pricing environment improving**
 - ✓ Price increases realized
 - ✓ Improved discipline on product and customer profitability
 - ✓ Necessary given increased energy and raw material costs
- **Cost reductions identified**
 - ✓ Approximately \$50 million of cost savings in 2004
 - ✓ New \$50 million initiative...full benefit 2005

Focus on Improving Performance

➤ Profitable businesses - strengthen and improve

- ✓ Plastic Additives
- ✓ Urethanes
- ✓ Petroleum Additives
- ✓ Crop Protection

➤ Lower margin businesses - fix or divest

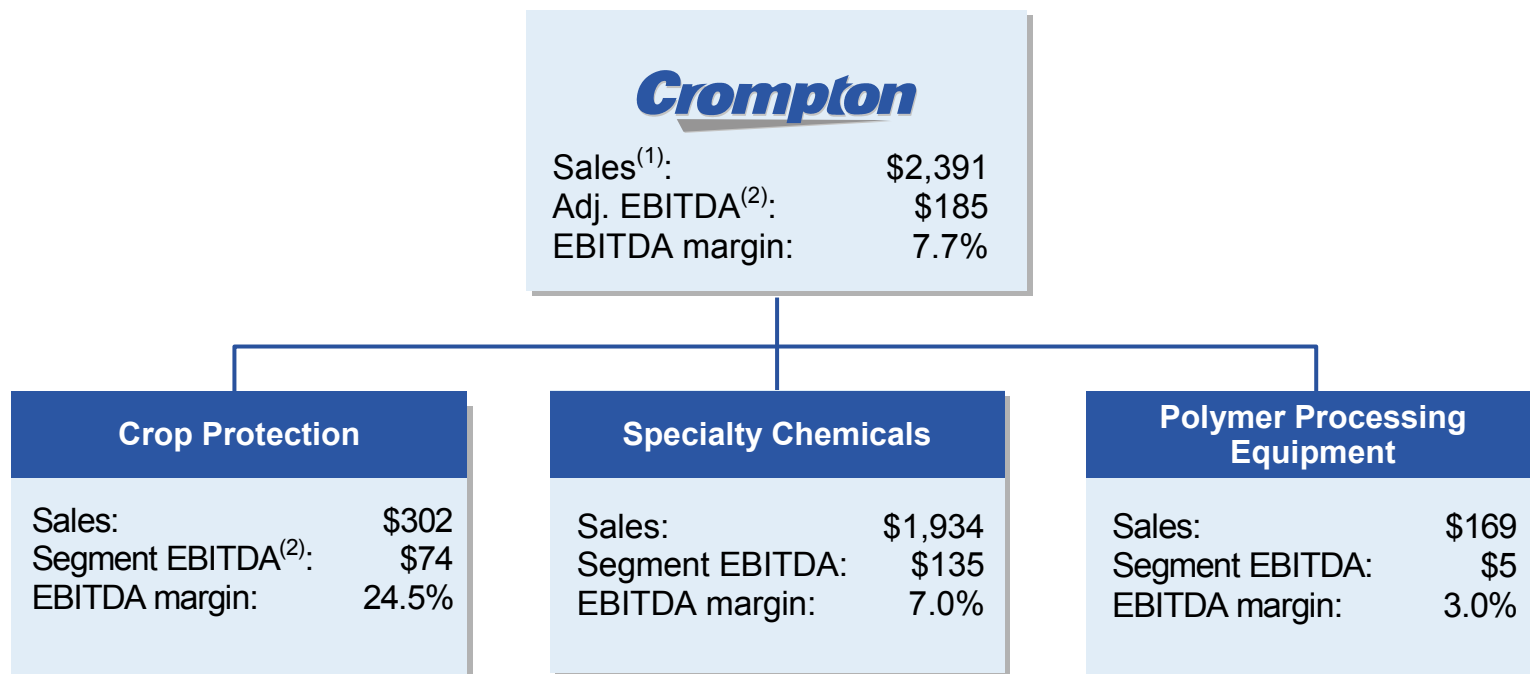
- ✓ EPDM
- ✓ Refined Products
- ✓ Polymer Processing Equipment
- ✓ Rubber Chemicals

65% of revenues generate approximately 115% of EBIT

Segment Overviews

Crompton – Business Segments

(\$ in millions)



Note: As of 6/30/04.

(1) Includes eliminations of \$14 million.

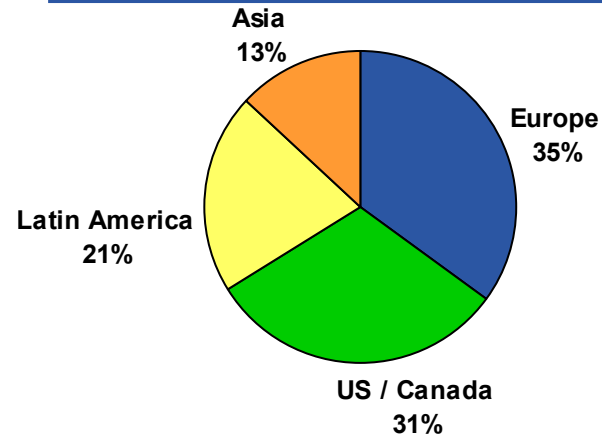
(2) Excludes Gustafson equity income.

Crop Protection

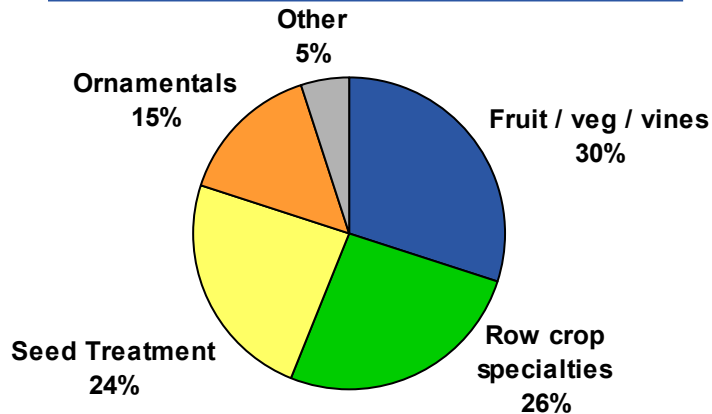
Summary

- Most profitable segment
- Focused on niche, high-end markets
- Broad global distribution network
- In-house and in-licensed technology
- Low capital expenditures

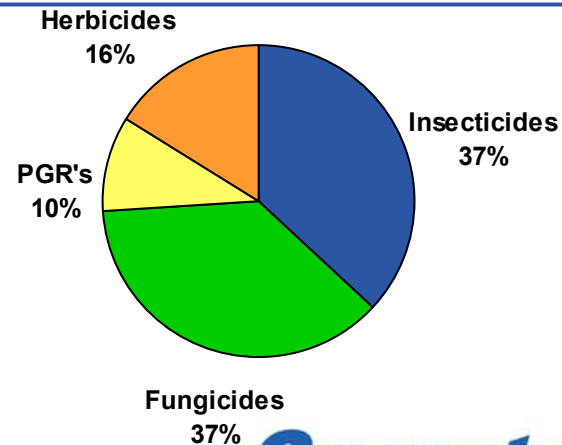
Sales by Geography



End markets



Products



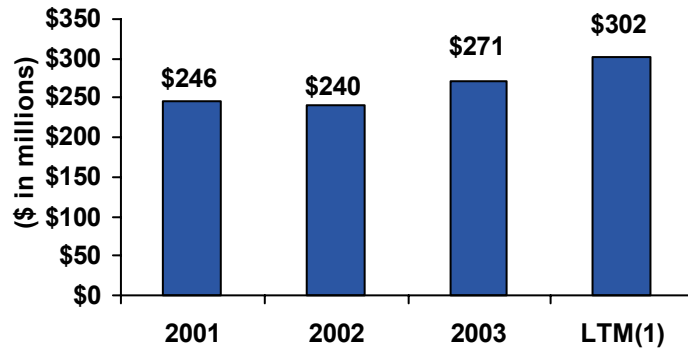
Crompton Finding better solutions.

Crop Protection (continued)

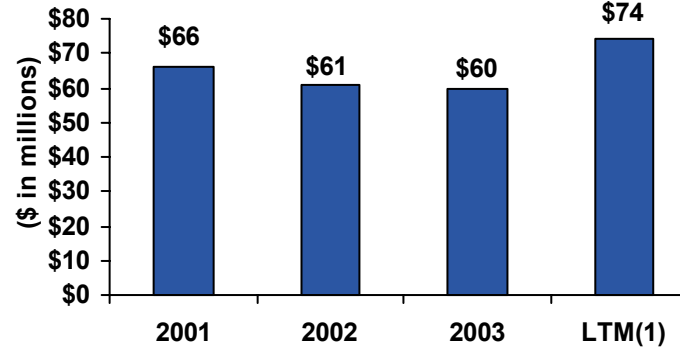
- **High value crops**
- **Tailored / collaborative R&D**
- **25% EBITDA margins**
- **Global platform**
- **Minimal capital expenditures**
- **Distributor of licensed technology**
- **Raw material prices declining**

Crop Protection (continued)

Sales



Segment EBITDA⁽¹⁾



(1) 06/30/04.

(2) Excludes Gustafson equity income.

Strategy

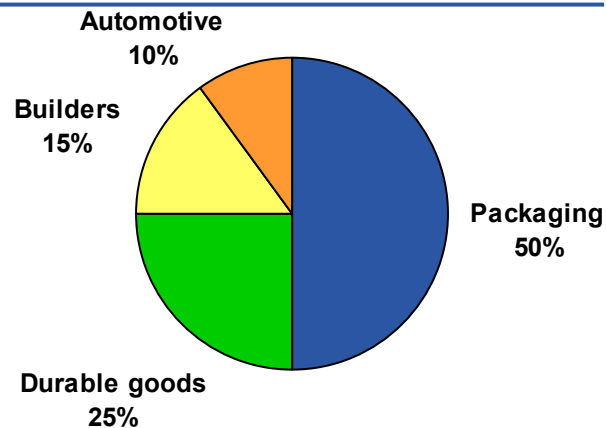
- Pursue premium value niches
- Exploit seed treatment expertise
- Leverage registration proficiency
- Expand regional distribution channels
- Employ best chemistry available

Polymer Processing Equipment

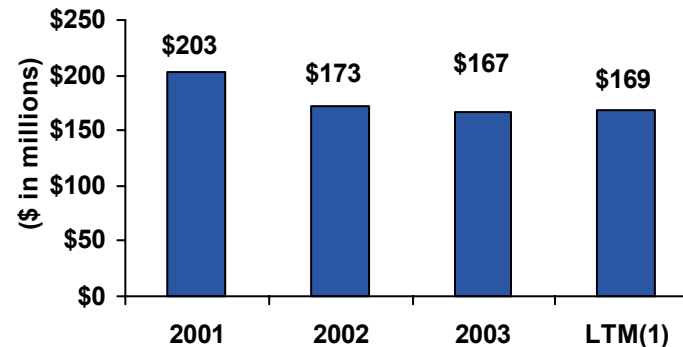
Summary

- Davis-Standard division
- Global leader in fragmented market
- Equipment manufacturer
 - ✓ Extrusion equipment
 - ✓ Blow molding
- After-market service

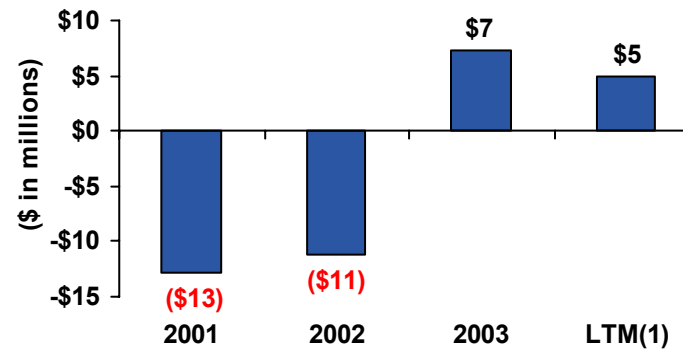
End markets



Sales



Segment EBITDA



(1) 06/30/04.

Specialty Chemicals Overview

Specialty Chemicals

Plastic Additives

- Heat stabilizers
- Initiators & catalysts
- Organometallics
- Lubricants
- Antioxidants

Rubber Additives

- Antioxidants
- Antiozonants
- Accelerators
- Foaming agents
- Specialty waxes

Urethane Additives

- Polyester polyols
- Polyurethane systems
- Polyurethane dispersions

Petroleum Additives

- Sulfonates
- Emulsifiers
- Viscosity improvers / PAOs
- Antioxidants

Urethanes

- Castable urethane prepolymers

EPDM

- EPDM elastomers

Refined Products

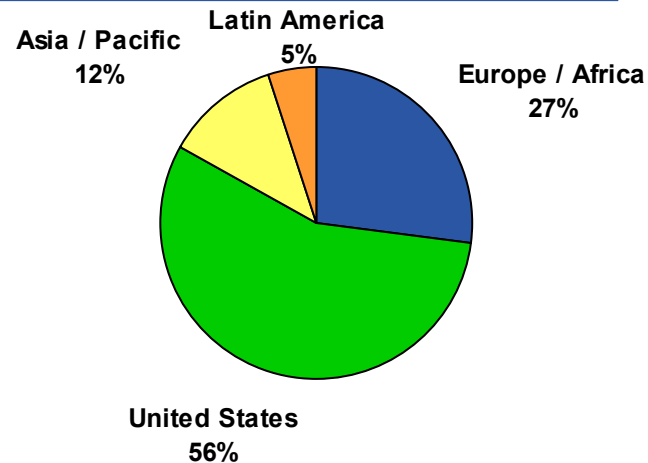
- White oils
- Petrolatums
- Waxes
- Refrigeration oils

Specialty Chemicals (continued)

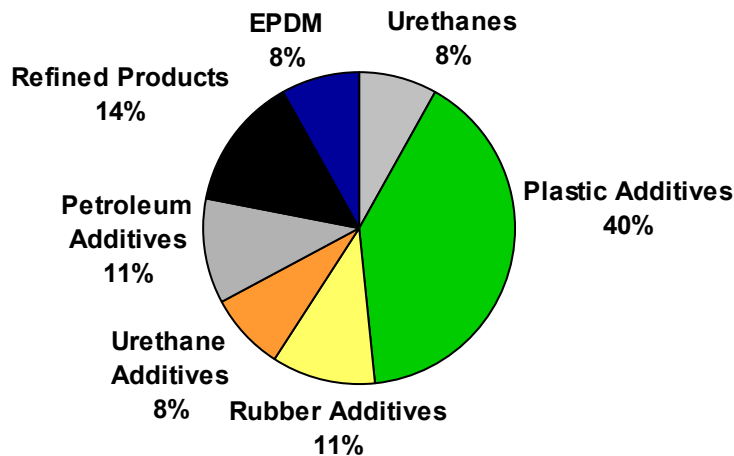
Summary

- Pricing discipline to restore historic profitability
- Positive market leadership
- Restructure underperforming sectors
- Reduce cost structure
- Growth in key technology areas

Sales by Geography



Sales by Products



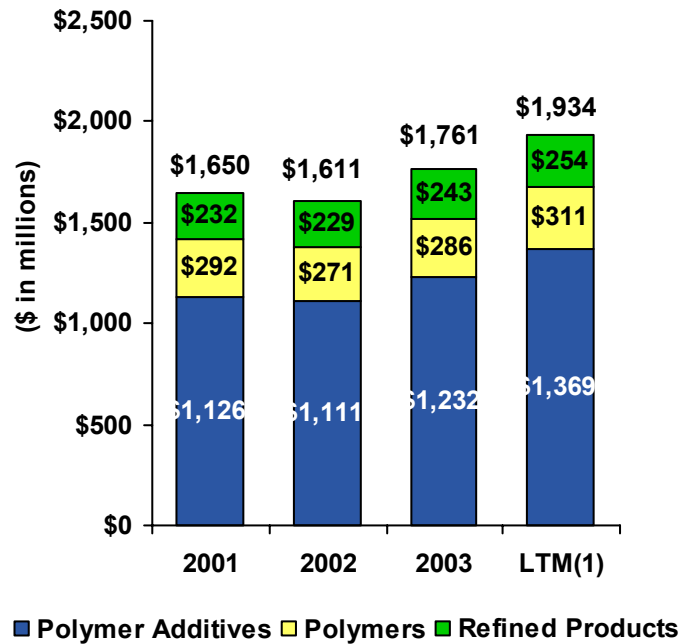
End markets

- Tires
- Agriculture
- Automobiles
- Textiles
- Plastics
- Lubricants
- Recreation
- Mining
- Packaging
- Home furnishing
- Personal care
- Construction

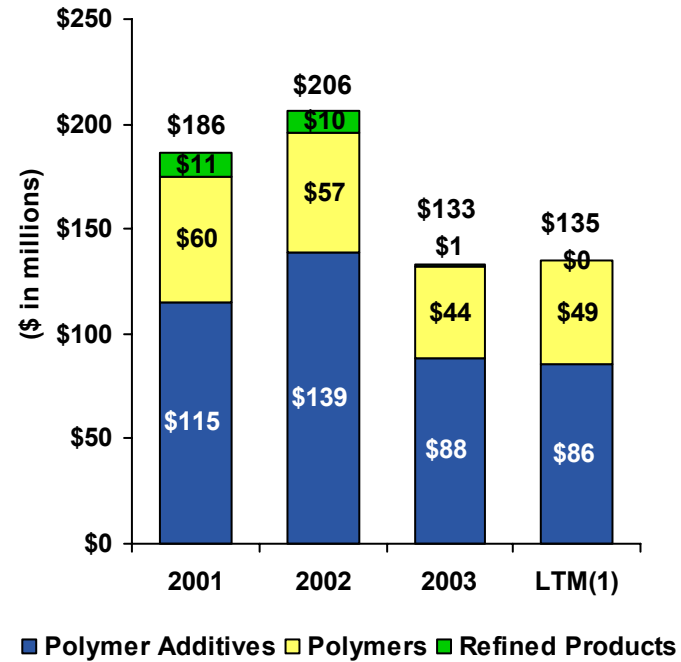
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Specialty Chemicals

Sales



Segment EBITDA



(1) 06/30/04.

Plastic Additives

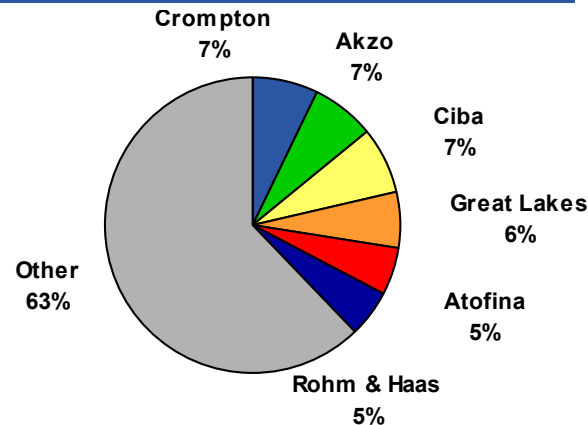
Products / Position / Markets

- Leading global supplier
- Leading product / market position in heat stabilizers, metal alkyls, antioxidants
- Broad offering of specialty niche products
- GE Specialty Chemicals acquisition enhanced offering

Growth Trends / Drivers

- Forecasted market growth > GDP
- Polyolefin growth in Middle East, plastics market migration to China
- Organic based stabilizers, to replace lead / cadmium types
- Plastics composites as wood substitutes
- Automotive plastic demand increasing
- Raw material cost increases support higher prices

Market Share



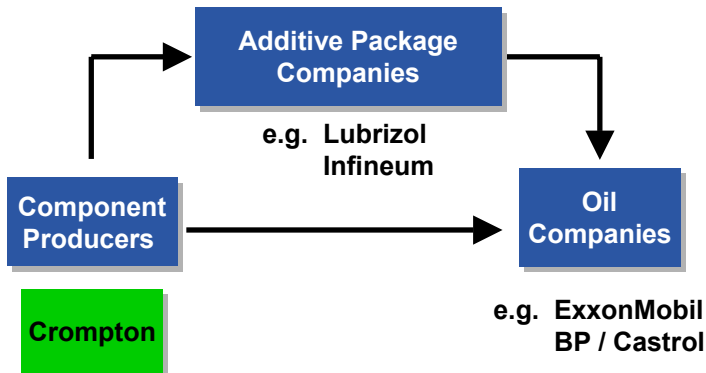
Strategy

- Accelerate new product development
- Market, product and customer segmentation to optimize mix
- Significant margin enhancement
- Geographic expansion to follow demand
- Consolidation of two SBU's

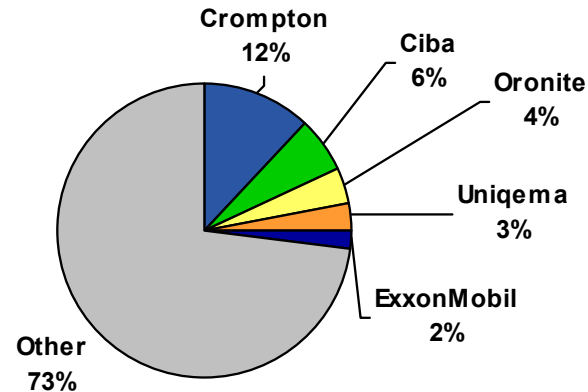
Petroleum Additives

Products / Position / Markets

- Largest, broadest, global merchant component supplier in the fuels and lubricants market
- Highly profitable, well positioned business with favorable macroeconomic drivers
- Major products: high viscosity polyalphaolefins, antioxidants, friction modifiers, antiwear additives, corrosion inhibitors, detergents, greases



Market Share



Growth Trend / Drivers

- New products for GF4 specifications
- Vehicle and lube growth
- Target high growth / high margin segments where key environmental and performance drivers exist
- Focus on core chemistry where key competitive strengths exist

Urethanes

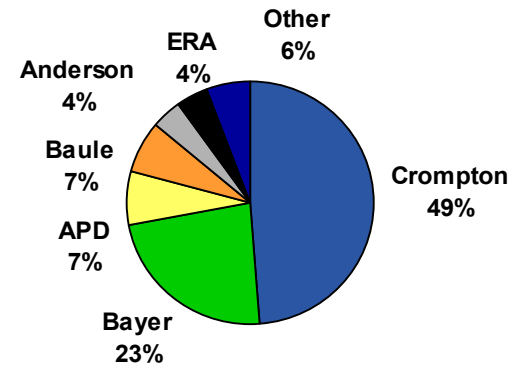
Products / Positions / Markets

- Highly profitable, well positioned, low capital intensity specialty business
- Leading global supplier of castable prepolymers
- Market leader in North America, opportunities to expand globally
- Demonstrated applications expertise

End Markets

- Industrial rollers / wheels
- Skate wheels / golf ball covers
- Flexible foam, elastomers, TPU's, PUDs, coating adjusters
- Shoe soles
- Fiber sizing, coatings, adhesives

Market Share



Strategy

- Exploit technology in existing and new applications
- Grow coating and adhesives segment
- Asia-Pacific expansion
- Maintain major market share for fiber sizing and industrial applications

EPDM Elastomers

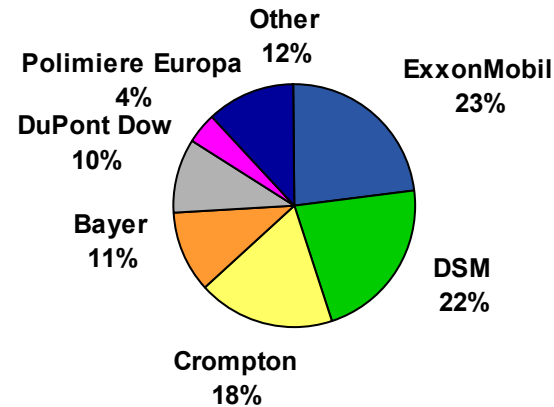
Products / Position / Markets

- A leading North American supplier
- Major markets: automotive, plastics modification, construction and wire and cable

Growth Trend / Drivers

- Market growth slightly above GDP
- Recent North American capacity reduction leads to market tightness / price leverage
- Raw material cost increases support higher prices

North America Market Share



Strategy

- Significant margin enhancement
- Accelerate segmentation efforts to enhance mix
- Maintain existing market share

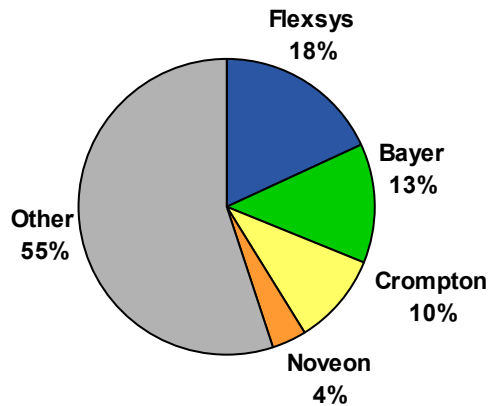
Fix or Divest

Rubber Additives

Products / Position / Markets

- #3 global supplier
- Tire industry accounts for 60% of sales
- Major products: accelerators / curatives, antiozonants, antioxidants, bonding agents

Market Share



Refined Products

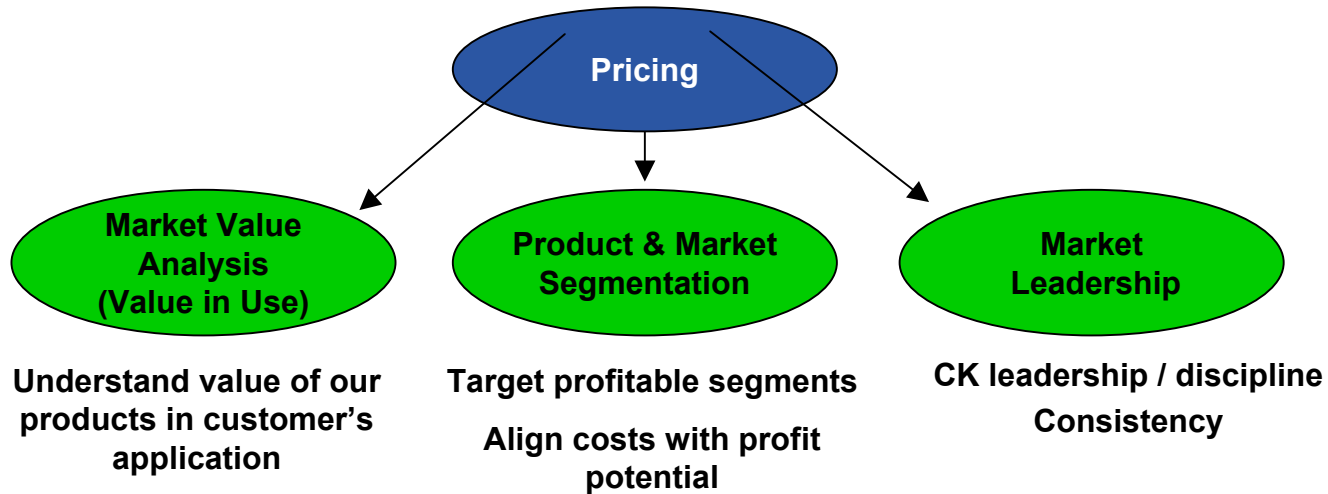
Products

- Premier global manufacturer and marketer of food grade petroleum hydrocarbon specialties
- 80% of products meet various pharmacopoeias
- Major products: white oils (baby oil), petrolatum (Vaseline), and waxes
- Major markets: personal care, polymer production

Key Competitors

- Penreco
- ExxonMobil
- Citgo Lyondell Lubricants
- H&R Wasag AG
- Merkur / Shell Sasol Waxes JV

Pricing / Restoring Margins



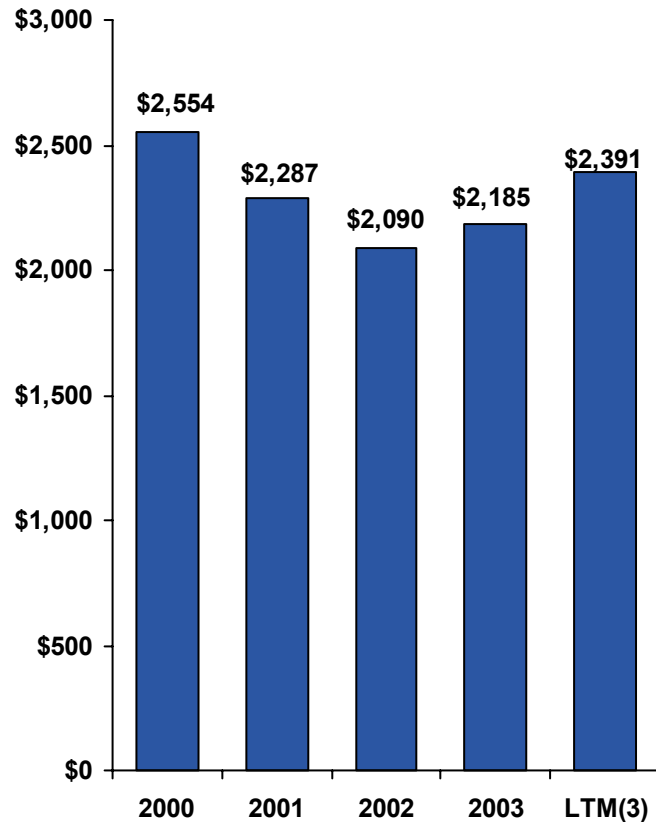
- Change from “market share” strategy to “value” strategy
- Improving mix through product and customer segmentation
- Positive pricing trends in most segments - 80% accepted by customers

Financials

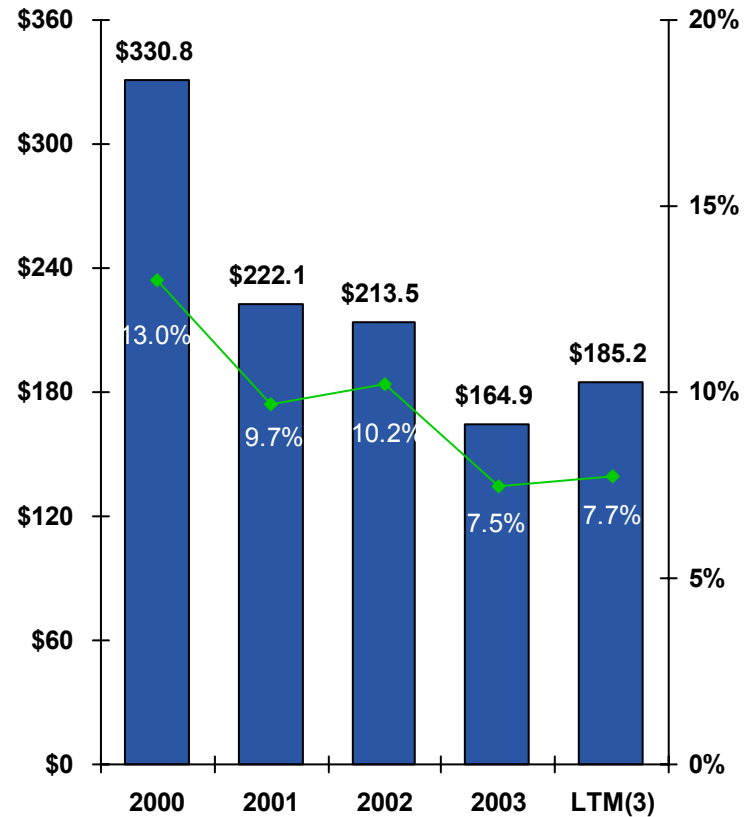
Financial Performance

(\$ in millions)

Sales



Adj. EBITDA^(1,2)

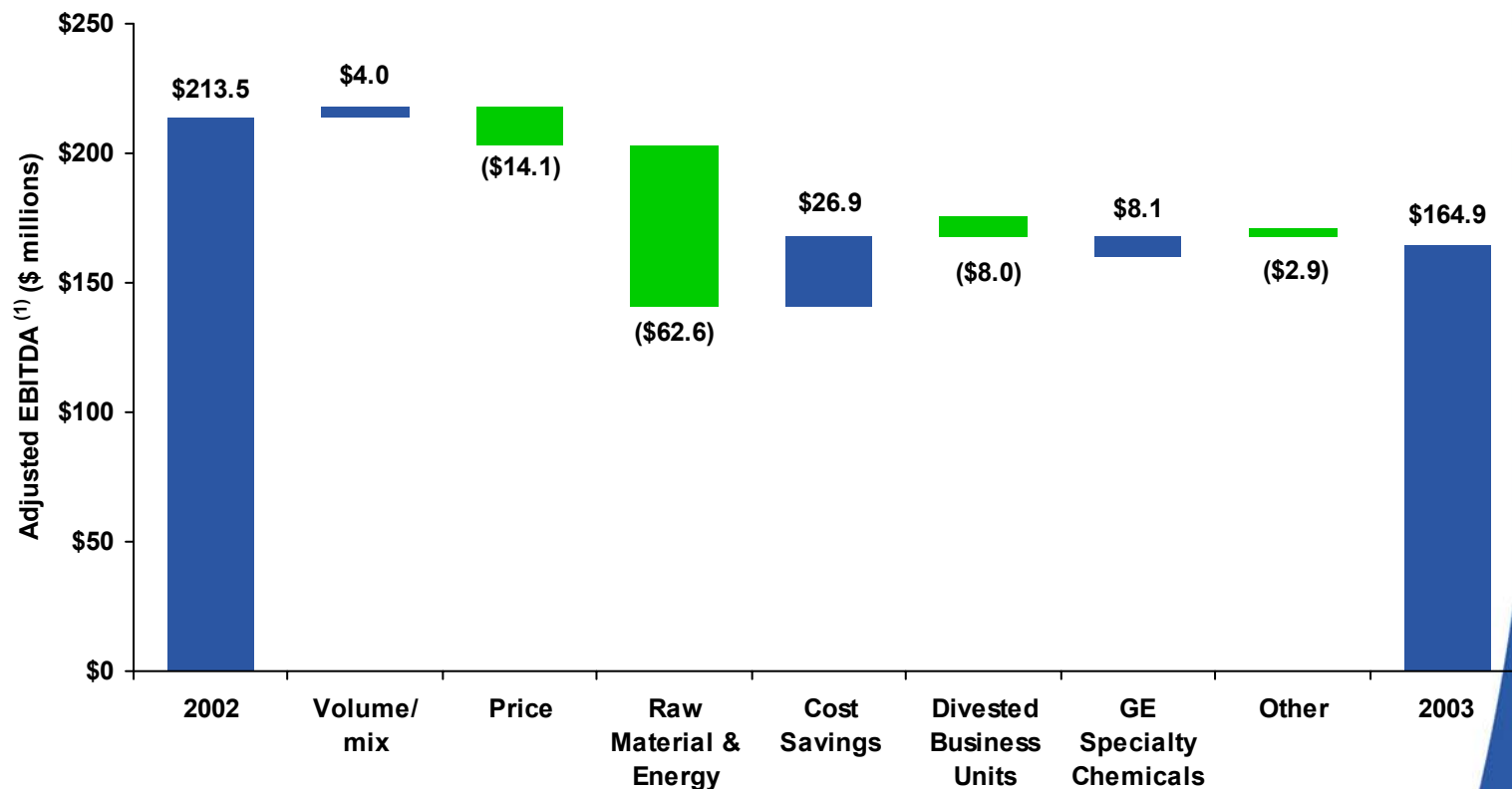


(1) Excludes Gustafson equity income.

(2) Excludes curtailment charge of \$5.9 million related to CEO's retirement in Q1 '04.

(3) 06/30/04.

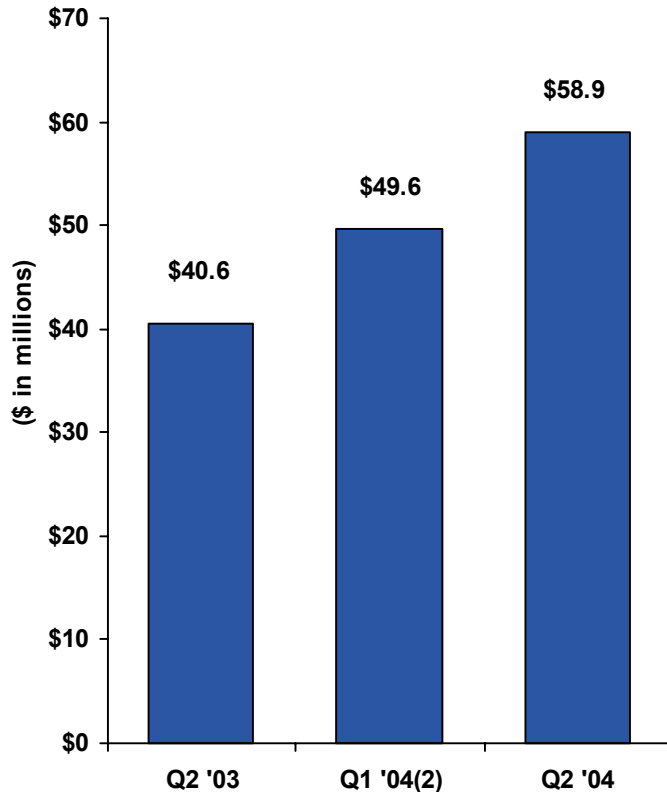
2002 to 2003 EBITDA Bridge



(1) Excludes Gustafson equity income.

Second Quarter Results

Adj. EBITDA⁽¹⁾



- Continued price and volume improvement
- Raw material and energy cost pressure
 - ✓ \$10 million higher than Q1 '04
- Cost reduction initiatives on track
 - ✓ Approximately \$50 million target for 2004
 - ✓ Voluntary retirement program launched

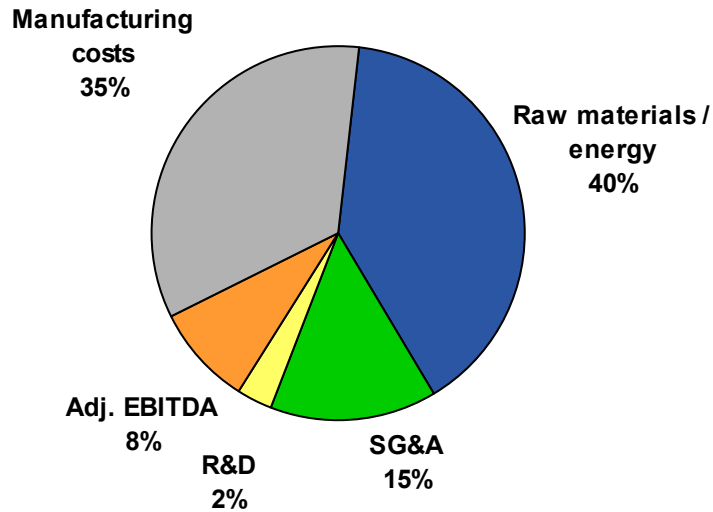
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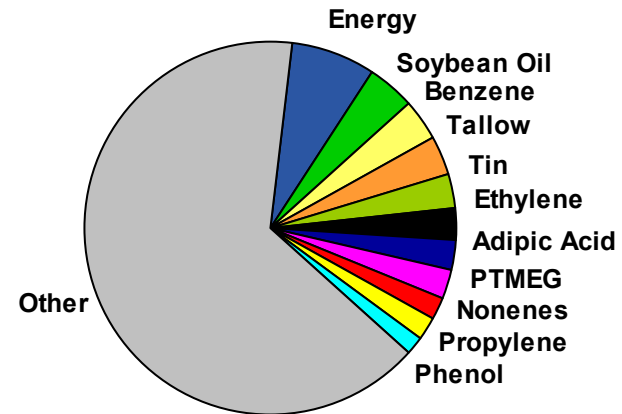
Cost Structure

(\$ in millions)

2003 Sales

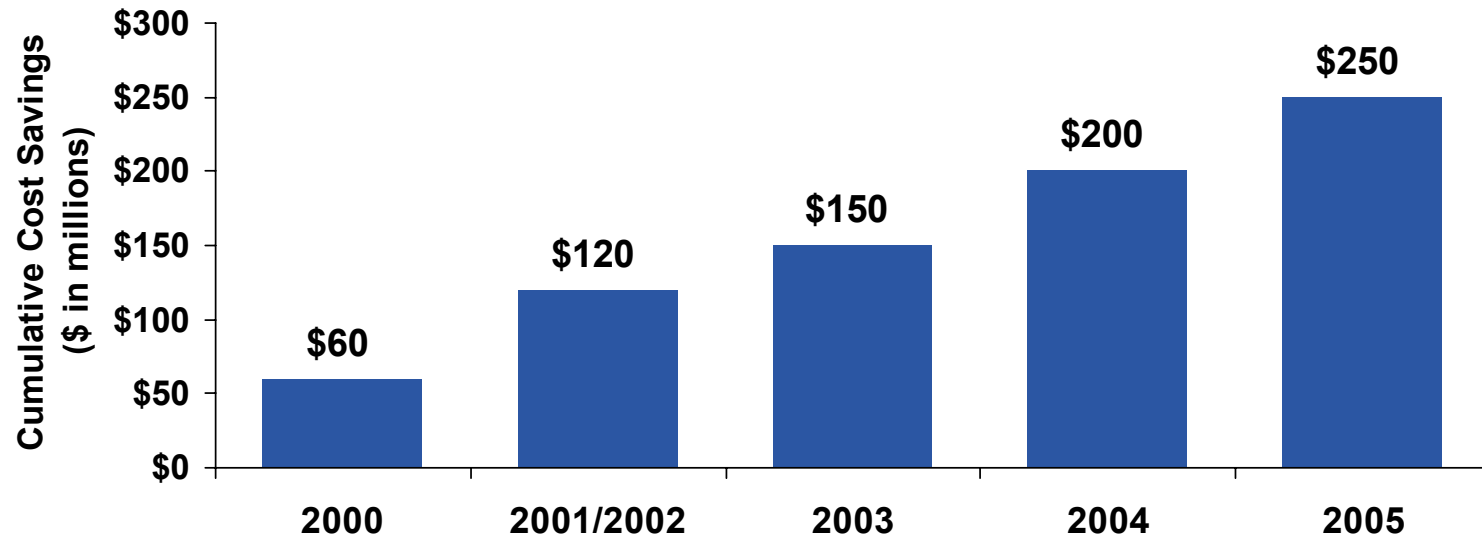


Raw Material Purchases

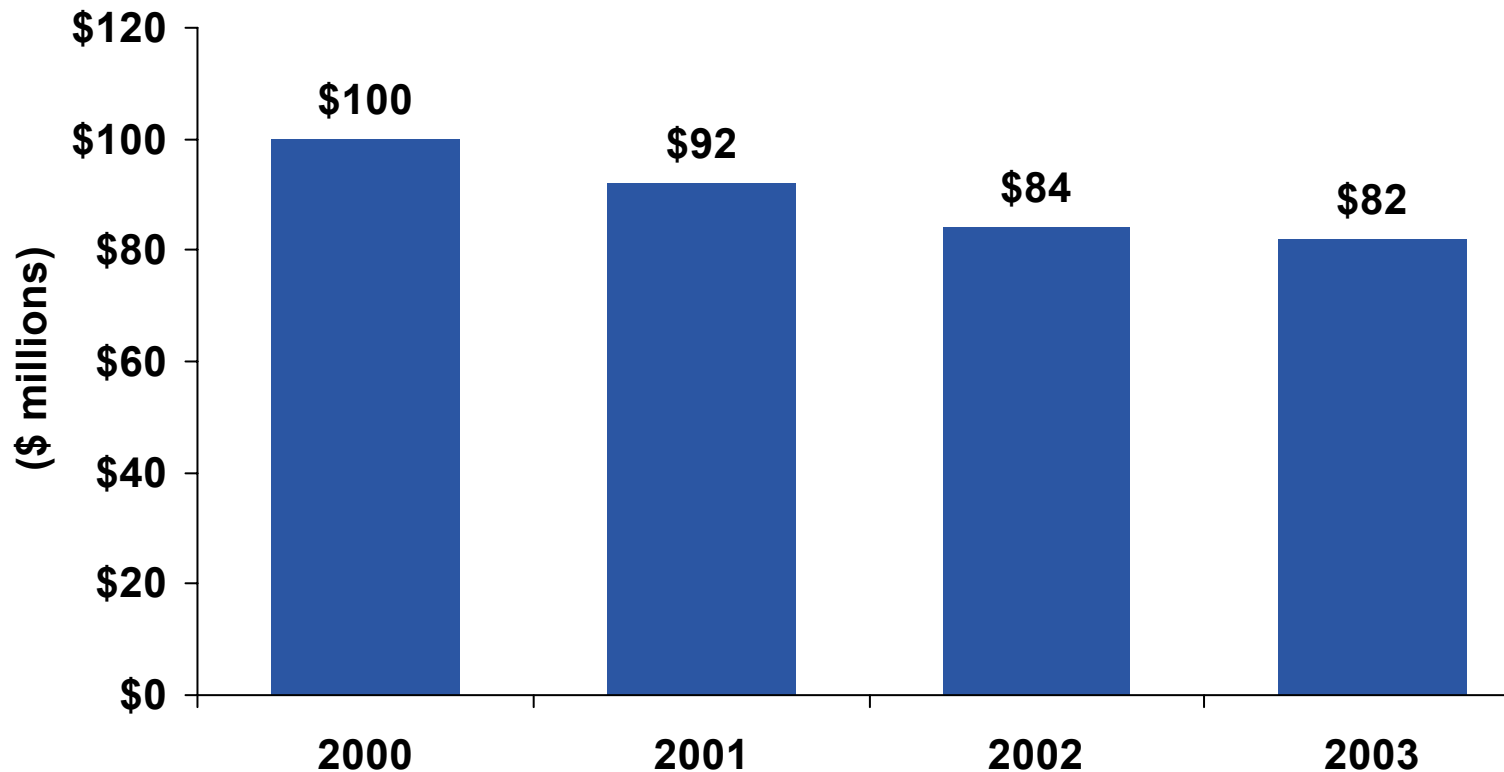


Aggressive Cost Savings Programs

- Plant consolidation
 - Headcount reduction
 - Six Sigma
 - Headquarters relocation
- New \$50 million initiative



Manageable Capital Expenditures



New Capital Structure Provides Flexibility

(\$ in millions)

	<u>As adjusted capitalization⁽¹⁾</u>	<u>% of total capitalization</u>
Cash balance	<u>\$112</u>	
New Revolving Credit Facility	\$–	–
2023 Debentures	110	7.2%
2026 Senior Notes	150	9.8%
New Senior Notes	600	39.0%
Other debt ⁽²⁾	<u>5</u>	<u>(0.1%)</u>
Total debt⁽³⁾	\$865	55.8%
Market value of equity ⁽⁴⁾	<u>922</u>	<u>44.2%</u>
Total capitalization	\$1,787	100.0%

(1) As of 6/30/04

(2) Includes other debt and unamortized debt discounts.

(3) Excludes \$210.5 million (as of 6/30/04) of A/R securitization facilities that are off balance sheet.

(4) Based on 114.6 million shares outstanding and closing stock price of \$8.05 as of September 15, 2004.

Summary

- **Fundamentals in place**
 - ✓ Leading market positions
 - ✓ Diversified revenues / quality customer base

- **Transformation in progress**
 - ✓ Organizational / work process streamlining
 - ✓ Improved marketing / sales sophistication

- **Significant upside from execution**
 - ✓ Price discipline
 - ✓ Cost reduction

- **Continued portfolio realignment**
 - ✓ Reinforcing core strengths globally
 - ✓ Pruning / monetizing non-core properties