

Edgar Filing: CROMPTON CORP - Form 11-K

CROMPTON CORP
Form 11-K
June 26, 2001

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 11-K

(Mark One)

Annual Report pursuant to Section 15 (d) of the Securities Exchange Act of 1934

For the calendar year ended December 31, 2000

OR

Transition report pursuant to Section 15 (d) of the Securities Exchange Act of 1934

For the transition period from _____ to _____

Commission file number 0-30270

A. Full title of the Plan and the address of the Plan, if different from that of the issuer named below:

CROMPTON CORPORATION
INDIVIDUAL ACCOUNT RETIREMENT PLAN

B. Name of issuer of the securities held pursuant to the Plan and the address of its principal executive office:

Crompton Corporation
One American Lane
Greenwich, Connecticut 06831

CROMPTON CORPORATION
INDIVIDUAL ACCOUNT RETIREMENT PLAN

Index to Financial Statements

Independent Auditors' Report

Statements of Net Assets Available for Plan Benefits as of December 31, 2000 and 1999

Statements of Changes in Net Assets Available for Plan Benefits for the Years Ended December 31, 2000 and 1999

Notes to Financial Statements

Schedule of Assets Held for Investment Purposes at End-of-Year December 31, 2000

Signature

Edgar Filing: CROMPTON CORP - Form 11-K

CROMPTON CORPORATION
INDIVIDUAL ACCOUNT RETIREMENT PLAN
Financial Statements and Schedule
December 31, 2000 and 1999
(With Independent Auditors' Report Thereon)

CROMPTON CORPORATION
INDIVIDUAL ACCOUNT RETIREMENT PLAN

INDEX

Independent Auditors' Report

Statements of Net Assets Available for Plan Benefits as of December 31, 2000
and 1999

Statements of Changes in Net Assets Available for Plan Benefits for the Years
Ended December 31, 2000 and 1999

Notes to Financial Statements

Schedule of Assets Held for Investment Purposes
at End-of-Year December 31, 2000

Schedule

I

Independent Auditors' Report

The Board of Directors
Crompton Corporation:

We have audited the accompanying statements of net assets available for plan benefits of Crompton Corporation Individual Account Retirement Plan (the Plan) as of December 31, 2000 and 1999, and the related statements of changes in net assets available for plan benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility

Edgar Filing: CROMPTON CORP - Form 11-K

is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for plan benefits of the Plan as of December 31, 2000 and 1999, and the changes in net assets available for plan benefits for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of Assets Held for Investment Purposes at End of Year is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/KPMG LLP

June 15, 2001

CROMPTON CORPORATION
INDIVIDUAL ACCOUNT RETIREMENT PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR PLAN BENEFITS
AS OF DECEMBER 31, 2000 and 1999

	2000	1999
Assets		
Investments, at fair value:		
Fixed Income Fund	\$ 64,786,624	\$ 71,787,466
Mutual Funds	140,465,062	152,014,290
Crompton Corporation - Common Stock	867,668	1,249,412
Participant loans	442,063	732,485
Contribution receivable from Crompton Corporation	673,536	824,777
Contributions receivable from plan Participants	587,834	663,801
Cash and cash equivalents	52,841	96,996
Accrued income	388,511	533,493
Net assets available for plan Benefits	\$ 208,264,139	\$ 227,902,720

Edgar Filing: CROMPTON CORP - Form 11-K

See accompanying notes to financial statements

CROMPTON CORPORATION
INDIVIDUAL ACCOUNT RETIREMENT PLAN
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS
FOR THE YEARS ENDED DECEMBER 31, 2000 and 1999

	2000	1999
Additions attributed to:		
Investment Income:		
Interest and dividends	\$ 16,819,942	\$ 14,991,669
Net (depreciation) appreciation in fair value of investments	(20,721,918)	15,479,386
Net Investment (Loss) Income	(3,901,976)	30,471,055
Contributions:		
Employer	8,457,416	8,831,797
Employee	7,557,978	8,208,972
	16,015,394	17,040,769
Rollovers from qualified plans	165,280	320,148
Transfer of Uniroyal Chemical Company, Inc.		
Retirement Reserve Fund Plan assets	-	117,333,650
Total Additions	12,278,698	165,165,622
Deductions attributed to:		
Benefits paid to participants	(17,616,563)	(14,928,054)
Ingredient Technology Corporation Divestiture - plan to plan transfer	-	(6,443,372)
C&K Colors Divestiture - plan to plan transfer	(14,300,716)	-
Total Deductions	(31,917,279)	(21,371,426)
Net (decrease) increase	(19,638,581)	143,794,196
Net assets available for plan benefits at beginning of year	227,902,720	84,108,524
Net assets available for plan benefits at end of year	\$208,264,139	\$227,902,720

See accompanying notes to financial statements

CROMPTON CORPORATION
INDIVIDUAL ACCOUNT RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2000 and 1999

1. Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting and present the net assets available for plan benefits and changes in those net assets.

Edgar Filing: CROMPTON CORP - Form 11-K

2. Description of Plan

Effective January 1, 1983, the Board of Directors of Crompton Corporation (the "Company") adopted the Individual Account Retirement Plan (the "Plan"). The following description of the Plan provides only general information. Reference should be made to the Plan agreement for a more complete description of the Plan's provisions. The Plan is a defined contribution plan and is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Fleet Bank (the "Trustee") has been selected by the Company as the custodial trustee. The Trustee has custodial responsibility for a trust fund on behalf of the Plan and maintains accounting records for all plan assets. Eligibility Effective January 1, 1999, employees of participating divisions of the Company are eligible to participate in the Plan after the completion of thirty consecutive days of employment. Prior to January 1, 1999, employees of the participating divisions of the Company were eligible to participate on the first day of the month subsequent to attaining the age of 21 and completing 1,000 hours of service during the 12-month period following the date of hire. Employees participating in the Crompton Corporation Retirement Income Plan (the Predecessor Plan) automatically became participants in this Plan.

Contributions and Vesting

Each year, the Company will contribute to the Plan an amount equal to at least 4 1/2% of each participant's compensation. The first 2% is designated as a Basic Company Contribution and immediately vests with the participant. The remaining 2 1/2% plus any additional contribution provided by the Company that is designated as a Supplemental Company Contribution vests 100% over a five-year period at a rate of 40% after two years of service and an additional 20% per year thereafter. One hundred percent vesting is attained after five years of service, and upon retirement, disability, death or upon change of control of the Company. For vesting purposes, participants in the Predecessor Plan receive credit for all years of service from age 18. During 2000 and 1999, the Company elected to contribute 6.5% and 6.0% of each participant's compensation, respectively. Prior to January 1, 1999, participants could elect to contribute up to 6% of their compensation to the Plan (Voluntary Participant Contributions) by means of a payroll deduction. Effective January 1, 1999, non-highly compensated participants and highly compensated participants may elect to contribute up to 15% and 8%, respectively, of their compensation to the Plan. A highly compensated employee is defined as an eligible employee who owns more than a 5% interest in the Company or receives more than \$85,000 (\$80,000 in 1999) of annual compensation. Voluntary Participant Contributions are pre-tax contributions, as the participants will not be subject to Federal income tax on the pre-tax amounts contributed to the Plan.

Participant Accounts

Company and Voluntary Participant Contributions are accounted for in Individual Accounts established for each participant. Each Individual Account consists of the Basic Company Contribution Account, the Supplemental Company Contribution Account, the Voluntary Participant Contribution Account, if applicable, and an allocation of Plan earnings. Earnings allocations are based upon the participant's proportionate share of assets in the Plan. Any interest or income earned will accumulate tax-free within the respective account until distribution.

Participant Loans

Part of the transfer of the assets of the Uniroyal Chemical Company, Inc. Retirement Reserve Plan ("Uniroyal Plan") to the Plan included participant loan balances that were allowed under the Uniroyal Plan. These loans bear interest at a rate equal to 1.0% above the prime rate. Loans are payable

Edgar Filing: CROMPTON CORP - Form 11-K

within five years except for those used to acquire a principal residence which are payable within fifteen years.

Investments

The Plan provides for investment of contributions in ten funds under a program administered by Fleet Investment Management:

Fleet Stable Asset Fund - This fund invests primarily in guaranteed investment contracts issued by highly rated life insurance companies and also includes the Pyramid GIC Fund maintained by Bankers Trust Company which was part of another investment program that was terminated as of September 15, 1997. The funds are being paid out to the Fleet Stable Asset Fund in three annual installments every April 1, with the final installment paid out April 1, 2001 and will continue to earn interest at the normal blended rate as experienced by the assets invested in the fund.

Fidelity Advisor Government Fund - This fund invests primarily in obligations issued or guaranteed by the U.S. Government or any of its agencies.

George Putnam Fund of Boston (Class A shares) - This fund's primary objective is to provide a diversified portfolio of stocks and bonds that will provide both capital growth and income.

Putnam Voyager Fund (Class A shares) - This fund's objective is to provide capital appreciation by investing in stocks of companies with above average growth potential.

Putnam International Growth Fund (Class A shares) - This fund's objective is to invest in equity securities of companies located outside the United States.

Invesco Industrial Income Fund - This fund's objective is to provide income with secondary consideration to capital appreciation by investing in stocks, bonds and mortgages.

Galaxy Growth and Income Fund - This fund's objective is to provide high total returns through long-term capital appreciation and income by investing primarily in common stock.

Galaxy Asset Allocation Fund - This fund's objective is to provide a high total return with a combination of income and long term growth in assets held by investing in equity securities, fixed income securities and cash equivalents.

Galaxy Large Company Index Fund - This fund's objective is to provide investment results that mirror investment results of U.S. common stocks with large stock market capitalization as represented by the Standard & Poor's 500 Index.

Galaxy Small Cap Value Fund - This fund's objective is to provide long-term capital appreciation by investing in companies that have market capitalization of up to \$1 billion.

Assets in any of the funds may be invested in short-term government or other securities pending permanent investment. Earnings on each fund will be reinvested in that fund. Both the Company and participant contributions are invested at the discretion of the participant into any fund the Plan provides.

Fund transfers can be made on a daily basis in a minimum of 1% increments.

Benefits

Edgar Filing: CROMPTON CORP - Form 11-K

Upon the attainment of a participant's normal retirement date, the entire Individual Account (Basic Company Account, Supplemental Company Account and Voluntary Participant Account) is payable to the participant.

If a participant dies while employed with the Company, the participant's beneficiary will receive his entire Individual Account.

If employment is terminated for a reason other than retirement, disability or death, participants will receive their entire Basic Company Account and Voluntary Participant Account. In addition, the participants may be entitled to a portion of their Supplemental Company Account, as determined by the vesting schedule. Any forfeited amounts resulting from non-vesting will be allocated to all remaining participants.

3. Federal Tax Status

The Internal Revenue Service has determined and has informed the Company by a letter dated November 16, 1994 that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (the "IRC").

The Plan has been amended since receiving the determination letter. However, the Plan administrator and the Plan's tax counsel believe that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.

4. Investments

Mutual Funds

The mutual funds sponsored by registered investment companies are recorded at market valuations that are based on published market prices. Purchases and sales are recorded on a trade-date basis. Interest income is accrued when earned. Dividend income is recorded on the ex-dividend date.

Crompton Corporation Stock Fund

The Crompton Corporation Stock Fund is valued at its year-end closing price.

Stable Asset Fund

The Stable Asset Fund is valued at cost plus accrued interest. The carrying amount approximates fair value because of the short maturity of those instruments. The aggregate yield for these investments at the end of 2000 and 1999 were 6.3% and 6.08%, respectively.

Guaranteed Investment Contracts

The guaranteed investment contracts with various insurance companies are valued at contract value that approximates fair value. Such investments earned interest at rates ranging from 5.3% to 7.1% during 2000, and earned interest at rates ranging from 5.32% to 8.0% during 1999.

Investments Exceeding 5% of Net Assets

The Plan's investments which exceeded 5% of net assets available for plan benefits as of December 31, 2000 and 1999 are as follows:

	2000	1999
Bankers Trust Co. BT Pyramid GIC Fund & various GIC Contracts	\$11,989,697	\$22,415,347
Fleet Stable Asset Fund	52,796,927	49,372,119
Putnam International Fund	14,096,678	12,487,042
George Putnam Fund of Boston	14,251,771	18,120,208
Putnam Voyager Fund	41,269,590	51,375,561
Galaxy Growth and Income Fund	28,813,898	31,197,704
Galaxy Large Co. Index Fund	18,658,646	19,323,717
Galaxy Small Cap Value Fund	10,841,500	8,310,366

Edgar Filing: CROMPTON CORP - Form 11-K

Appreciation/(Depreciation) in Investments

During 2000 and 1999, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated/(depreciated) in value as follows:

	2000	1999
Mutual Funds	(\$20,466,557)	\$16,219,727
Common Stock of Crompton Corporation	(255,361)	(740,341)
	(\$20,721,918)	\$15,479,386

5. Plan Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event the Plan terminates, participants will become 100% vested in their accounts.

6. Administrative Expenses

The Company pays the costs of plan administration (record keeping fees). Trustee fees are paid by the Plan.

7. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Plan Administrator 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 changes in net assets available for plan benefits during the reporting period. Actual results could differ from those estimates.

8. Party-in-Interest Transactions

The Fleet Bank and Bankers Trust are parties-in-interest as defined in Section 3 (14) of the Employee Retirement Income Security Act of 1974. During the years 2000 and 1999, there were no prohibited party-in-interest transactions.

9. Plan to Plan Transfers

The Textiles Division of C&K Colors Incorporated, a wholly owned affiliate of the Company, was sold to Yorkshire PLC in December 1999. Account balances of those employees of the Textiles Division of C&K Colors Incorporated were transferred to a successor plan maintained by Yorkshire PLC in a plan to plan transfer during 2000.

During 1999, the Retirement Reserve Fund Plan of Uniroyal Chemical Company, Inc. was terminated and merged into the Plan. The entire account balances of the participants in the Uniroyal Plan were transferred by the Trustee to the Plan on January 1, 1999 in a plan to plan transfer.

Ingredient Technology Corporation, a wholly owned affiliate of the Company, was sold to Chr. Hansen Holding S.A. in January 1999. Account balances of those employees of Ingredient Technology Corporation were transferred to a successor plan maintained by Chr. Hansen in a plan to plan transfer.

10. Subsequent Event - Plan Merger

Effective January 1, 2001, the Plan was merged with the Witco Corporation Employee Retirement Savings Plan and the OSI Specialties, Inc. 401(k) Savings and Investment Plan (both of which were also sponsored by the Company) to form the Crompton Corporation Employee Savings Plan ("New Plan"). Fidelity Investments, Inc. ("Fidelity") will be the trustee and record keeper of the New Plan. The provisions of the Plan as a result of this merger have remained unchanged. All assets of the Plan were transferred to similar funds

Edgar Filing: CROMPTON CORP - Form 11-K

in the New Plan maintained by Fidelity on January 2, 2001.

Schedule I

CROMPTON CORPORATION
INDIVIDUAL ACCOUNT RETIREMENT PLAN
SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES AT END-OF-YEAR
DECEMBER 31, 2000

Identity of Issue, Borrower, Lessor or Similar Party	Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	Current Value
State Street Bank	Guaranteed Investment Contracts	\$ 11,989,697
Crompton Corporation	Common Stock	867,668
Fleet Investment Advisors	Stable Asset Fund	52,796,927
Fidelity Advisor Funds	Advisors Government Investment Fund Class T	6,771,041
Putnam Mutual Funds	George Putnam Fund Of Boston Class M Shares	14,251,771
Putnam Mutual Funds	Putnam International Fund	14,096,678
Putnam Mutual Funds	Putnam Voyager Fund Class M Shares	41,269,590
Invesco	Industrial Income Fund	3,331,329
Galaxy	Money Market Trust	52,841
Galaxy	Asset Allocation Fund	2,430,609
Galaxy	Large Company Index Fund	18,658,646
Galaxy	Growth & Income Fund	28,813,898
Galaxy	Small Cap Value Fund	10,841,500
Participant Loans	Loans Earn Interest At The Prime Rate Plus 1%	442,063
	TOTAL INVESTMENTS	\$ 206,614,258

Party-in-interest - All parties listed above

SIGNATURE

The Plan. Pursuant to the requirements of the Securities and Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

CROMPTON CORPORATION
INDIVIDUAL ACCOUNT RETIREMENT PLAN

Edgar Filing: CROMPTON CORP - Form 11-K

Date: June 26, 2001

By:/s/Peter Barna
Peter Barna
Senior Vice President &
Chief Financial Officer