

UNITED STATES DISTRICT COURT
DISTRICT OF CONNECTICUT

IN RE CROMPTON CORP.
SECURITIES LITIGATION

No. 3:03-CV-1293 (EBB)

FILED
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U.S. DISTRICT COURT
NEW HAVEN, CT

**PRELIMINARY ORDER CONDITIONALLY
CERTIFYING A SETTLEMENT CLASS AND APPROVING
NOTICE AND HEARING IN CONNECTION WITH SETTLEMENT PROCEEDINGS**

WHEREAS, on April 13, 2010, Lead Plaintiffs Pierre Brull and William Ashe (“Lead Plaintiffs”), on behalf of the Class (as herein defined), and Defendants Crompton Corporation (“Crompton” or the “Company”), Vincent Calarco and Peter Barna (the “Crompton Defendants”), and E. Gary Cook, Harry G. Hohn, Bruce F. Wesson, Simeon Brinberg, and Nicholas Pappas (the “Witco Defendants,” and together with the Crompton Defendants, the “Defendants”) (collectively with Lead Plaintiffs, the “Parties”) in the above-captioned class action (the “Action”), by and through their respective counsel, entered into an Amended Stipulation and Agreement of Settlement (the “Amended Stipulation”) which is subject to review under Rule 23 of the Federal Rules of Civil Procedure and which, together with the exhibits thereto, sets forth the terms and conditions for the proposed settlement of the claims alleged in the Consolidated Amended Class Action Complaint for Violations of Federal Securities Laws dated July 20, 2004 (the “Complaint”) on the merits and dismissal with prejudice as against Defendants (the “Settlement”);

WHEREAS, the Amended Stipulation supersedes a Stipulation and Agreement of Settlement dated as of November 28, 2008 (the “Original Stipulation”) entered into among the Parties in this Action (the “Original Settlement”);

WHEREAS, on December 12, 2008, this Court issued its Preliminary Order Conditionally Certifying a Settlement Class, and Approving Notice and Hearing in Connection

with Settlement Proceeds, and scheduled a fairness hearing for June 12, 2009 (which was subsequently postponed and cancelled due to the bankruptcy of Chemtura Corporation (“Chemtura”), Crompton’s successor);

WHEREAS, on March 18, 2009, Chemtura filed for Chapter 11 bankruptcy protection;

WHEREAS, pursuant to 11 U.S.C. § 362(a), Chemtura’s bankruptcy resulted in an automatic stay of this Action;

WHEREAS, on September 17, 2009, the Court issued an order canceling the original fairness hearing due to the automatic stay arising from Chemtura’s bankruptcy petition;

WHEREAS, as a result of Chemtura’s bankruptcy, pursuant to 11 U.S.C. § 547, Co-Lead Counsel were required to return to Chemtura the \$9,292,500 that Chemtura contributed to fund the Original Settlement;

WHEREAS, on October 30, 2009, Co-Lead Counsel returned the \$9,292,500 to Chemtura;

WHEREAS, pursuant to paragraph 41 of the Original Stipulation, in the event of the bankruptcy of one of the Defendants, Co-Lead Counsel could elect to terminate the Original Settlement;

WHEREAS, the Parties have agreed to modify the settlement reflected in the Original Stipulation and avoid further delay in administering any settlement;

WHEREAS, upon consent of the Parties, after review and consideration of the Amended Stipulation filed with the Court and the exhibits annexed thereto, and after due deliberation;

IT IS HEREBY ORDERED that:

1. The Court, for purposes of this order (the “Preliminary Order”), adopts all defined terms as set forth in the Amended Stipulation.

2. The Court hereby certifies, for purposes of effectuating this Settlement, a class pursuant to Federal Rule of Civil Procedure 23 consisting of all persons and entities who purchased or otherwise acquired the securities of Crompton during the period between October 26, 1998, and October 8, 2002, inclusive, including without limitation all persons and entities that purchased or otherwise acquired Crompton securities pursuant to the merger between Crompton & Knowles Corporation and Witco Corporation and who were damaged thereby (the "Class"). Excluded from the Class are Defendants, members of the immediate family of any Defendant, any parent, subsidiary, affiliate, partner, or successor-in-interest of Crompton, and the directors and officers of Crompton or its subsidiaries, affiliates or successor-in-interest, or any entity in which any excluded person has a controlling interest, and the legal representatives, heirs, successors and assigns of any excluded person. Also excluded from the Class are those Persons who timely and validly request exclusion from the Class pursuant to the Notice of Modified Proposed Class Action Settlement and Rescheduling of Fairness Hearing Due to Bankruptcy (the "Notice") to be sent to the Class.

3. Pursuant to Federal Rule of Civil Procedure 23 and for purposes of settlement only, Lead Plaintiffs Pierre Brull and William Ashe are appointed as Class Representatives.

4. For purposes of a settlement Class only, this Court expressly finds and concludes that the requirements of Federal Rules of Civil Procedure 23(a) and 23(b)(3) are satisfied as: the members of the Class are so numerous that joinder of all Class Members in the class action is impracticable; there are questions of law and fact common to the Class which predominate over any individual questions; the claims of Lead Plaintiffs are typical of the claims of the Class; Lead Plaintiffs and their counsel have fairly and adequately represented and protected the interests of all of the Class Members; and a class action is superior to other available methods for the fair and efficient adjudication of the controversy, considering: the interests of the members of the

Class in individually controlling the prosecution of the separate actions, the extent and nature of any litigation concerning the controversy already commenced by members of the Class, the desirability or undesirability of continuing the litigation of these claims in this particular forum, and the difficulties likely to be encountered in the management of the class action.

5. Co-Lead Counsel are authorized to act on behalf of the Class with respect to all acts required by, or which may be undertaken pursuant to, the Amended Stipulation or such other acts that are reasonably necessary to consummate the proposed Settlement set forth in the Amended Stipulation.

6. Co-Lead Counsel are hereby authorized to continue to retain Epiq Systems as the Claims Administrator in connection with the Settlement to supervise and administer the notice and claims procedures. The Parties and their counsel shall not be liable for any act or omission of the Claims Administrator.

7. The Escrow Agents are authorized and directed to prepare any tax returns and any other tax reporting for or in respect of the Gross Settlement Fund and paying from the Gross Settlement Fund any Taxes owed with respect to the Gross Settlement Fund, and to otherwise perform all obligations with respect to Taxes and any reporting or filings in respect thereof as contemplated by the Amended Stipulation, without further order of the Court.

8. Pursuant to Federal Rule of Civil Procedure 23(e), a hearing (the "Fairness Hearing") shall be held on Aug 17, 2010, at 10 a.m., in the United States District Court for the District of Connecticut, the Honorable Ellen Bree Burns presiding, for the following purposes:

a. to determine whether the Settlement should be approved by the Court as fair, reasonable, adequate, and in the best interests of the Class;

b. to determine whether the Plan of Allocation for the proceeds of the Settlement should be approved by the Court as fair and reasonable;

c. to determine whether the Class should be finally certified;

d. to determine whether the Order and Final Judgment should be entered pursuant to the Amended Stipulation, *inter alia*, dismissing the Action against the Defendants with prejudice and extinguishing and releasing all Released Claims (as defined in the Amended Stipulation);

e. to rule on Co-Lead Counsel's application for an award of attorneys' fees and the reimbursement of litigation expenses; and

f. to rule on such other matters as the Court may deem appropriate.

9. The Court reserves the right to adjourn the Fairness Hearing or any adjournment thereof, including the consideration of the application for attorneys' fees and reimbursement of litigation expenses, without further notice of any kind to Class Members.

10. The Court reserves the right to approve the Settlement at or after the Fairness Hearing with such modification as may be consented to by the Parties to the Amended Stipulation and without further notice to the Class.

11. The Claims Administrator shall utilize all of the information at its disposal that was ascertained in connection with the administration of the Original Settlement, including the information obtained regarding beneficial owners whose Crompton securities are held by banks, brokerage firms, or other nominees, in conducting its notice campaign in connection with the proposed Settlement of this Action.

Class, at their last known address appearing in the transfer records previously provided to the Claims Administrator in connection with the Original Settlement or at any more recent address ascertained by the Claims Administrator in connection with its administration of the Original Settlement (the "Notice Date").

13. Pursuant to the Notice, each nominee shall either: (i) send the Notice and Proof of Claim to Class Members for which they act as nominee by first class mail within ten (10) calendar days after the nominee receives the Notice; or (ii) send a list of the names and addresses of such beneficial owners to the Claims Administrator within ten (10) calendar days after the nominee receives the Notice and, in the event of the latter, the Claims Administrator shall send by first class mail the Notice and Proof of Claim to all Class Members who are on the list received from the nominee. The Claims Administrator shall, if requested, reimburse banks, brokerage houses, or other nominees for their reasonable out-of-pocket expenses incurred in providing notice to beneficial owners who are Class Members, which expenses would not have been incurred except for the sending of such notice, subject to further order of this Court with respect to any dispute concerning such compensation. Co-Lead Counsel shall file with the Court and serve upon Defendants' Counsel no later than seven (7) days prior to the Fairness Hearing an affidavit or declaration describing the efforts taken to comply with this Order and stating that the mailings have been completed in accordance with the terms of this Order.

14. Within twenty (20) calendar days of the Notice Date, Co-Lead Counsel shall publish the Summary Notice of Modified Proposed Class Action Settlement and Rescheduling of Fairness Hearing Due to Bankruptcy ("Summary Notice"), substantially in the form of Exhibit 4 to the Amended Stipulation, once in *Investor's Business Daily* and once over the *PR Newswire*. Co-Lead Counsel shall file with the Court and serve upon Defendants' Counsel no later than

seven (7) days prior to the Fairness Hearing an affidavit or declaration stating that the Summary Notice has been published in accordance with the terms of this Order.

15. The form and content of the Notice, the Proof of Claim, and the Summary Notice, annexed hereto as Exhibits 2, 3, and 4, respectively, and the method set forth herein of notifying the Class of the Settlement and its terms and conditions, meet the requirements of Federal Rule of Civil Procedure 23, Section 21D(a)(7) of the Securities Exchange Act of 1934, as amended, 15 U.S.C. § 78u-4(a)(7), including by the Private Securities Litigation Reform Act of 1995 (the "PSLRA"), and due process, constitute the best notice practicable under the circumstances, and shall constitute due and sufficient notice to all Persons entitled thereto.

16. In order to alleviate duplication of effort and confusion on the part of the Class, the Court hereby authorizes the Claims Administrator to accept Proofs of Claim, the form of which this Court previously approved in connection with the Original Settlement, which were submitted by Class Members in connection with the Original Settlement for purposes of participating in this Settlement.

17. Any member of the Class who timely and properly objects to the Settlement, the Plan of Allocation, and/or the application for attorneys' fees and reimbursement of expenses, or who otherwise wishes to be heard, may appear in person or by his, her, or its attorney, at his, her, or its own expense, at the Fairness Hearing and present evidence or argument that may be proper or relevant; *provided, however*, that no Person other than the Parties and their counsel shall be heard, and no papers, briefs, pleadings, or other documents submitted by any Person shall be considered by the Court unless within twenty (20) days prior to the Fairness Hearing such Person files with the Court and serves upon counsel listed below: (1) a statement of such Person's objections to any matters before the Court concerning this Settlement; (2) the grounds therefor or the reasons that such Person desires to appear and be heard, as well as all documents or writings

such Person desires the Court to consider; (3) whether that Person intends to present any witnesses; and (4) the Person's purchases, acquisitions and sales of Crompton securities made during the Class Period, including the dates, the type and amount of Crompton securities purchased, acquired or sold, the price(s) paid or received for each such purchase, acquisition, or sale of Crompton securities, and whether such Person continues to hold such Crompton securities at the time the statement of objection is served. Such filings shall be served upon the Court and the following counsel:

***Co-Lead Counsel for Lead Plaintiffs
and the Class:***

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***Counsel for Defendants Simeon Brinberg,
Harry G. Hohn, Nicholas Pappas,***

Bruce F. Wesson and E. Gary Cook:

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18. Any Person falling within the definition of the Class may, upon request, be excluded from the Class. Any such Person must submit to the Claims Administrator a request for exclusion ("Request for Exclusion") on or before twenty (20) calendar days before the date of the Fairness Hearing. A Request for Exclusion must state: (1) the name, address, and telephone number of the Person requesting exclusion; (2) the Person's purchases, acquisitions and sales of Crompton securities made during the Class Period, including the dates, types and amounts of Crompton securities purchased, acquired, or sold, the price(s) paid or received for each such purchase, acquisition, or sale of Crompton securities; (3) the amount or number of shares of Crompton securities held as of the beginning of the Class Period on October 26, 1998; and (4) that the Person wishes to be excluded from the Class. All Persons who submit valid and timely Requests for Exclusion in the manner set forth in this paragraph and the Notice shall have no rights under the Amended Stipulation and shall not share in the distribution of the Net Settlement Fund.

19. Any Class Member who wishes to participate in the Net Settlement Fund, and who did not previously submit a Proof of Claim in connection with the Original Settlement, must submit a valid Proof of Claim to the Claims Administrator, at the Post Office Box indicated in the Notice, postmarked not later than one hundred and twenty (120) calendar days following the Notice Date. Such deadline may be further extended by Court order. Proofs of Claim shall be deemed to have been submitted when postmarked, if mailed by first class, or registered or certified mail, postage prepaid, addressed in accordance with the instructions given in the Proof

of Claim. All other Proofs of Claim shall be deemed to have been submitted at the time they are actually received by the Claims Administrator. To be valid, a Proof of Claim must: (i) be completed in a manner that permits the Claims Administrator to determine the eligibility of the claim as set forth in the Proof of Claim; (ii) include the release by the claimant of all Released Parties as set forth in the Amended Stipulation; and (iii) be signed with an affirmation that the information is true and correct. As part of the Proof of Claim, each Class Member shall submit to the jurisdiction of the Court with respect to the claim submitted, and shall (subject to the effectuation of the Settlement reflected in the Amended Stipulation) agree and enter into the release as provided in the Amended Stipulation. All Class Members who do not submit valid and timely Proofs of Claim shall be forever barred from receiving any payments from the Net Settlement Fund, but will in all other respects be subject to and bound by the provisions of the Amended Stipulation and the Order and Final Judgment, if entered, whether favorable or unfavorable and whether or not they submit a Proof of Claim, unless such Persons request exclusion from the Class in a timely and proper manner, as provided herein. Any Class Member who has submitted a Proof of Claim in connection with the Original Settlement need not resubmit a Proof of Claim to participate in the Settlement.

20. If this Settlement, including any amendment made in accordance with the Amended Stipulation, is not approved by the Court or shall not become effective for any reason whatsoever, the Settlement (including any modification thereof) made with the consent of the Parties as provided for in the Amended Stipulation, and any actions taken or to be taken in connection therewith (including this Order and any judgment entered herein), shall be terminated and shall become void and of no further force and effect except as set forth in the Amended Stipulation.

21. All proceedings in the Action, other than such proceedings as may be necessary to carry out the terms and conditions of the Settlement, are hereby stayed and suspended until further order of this Court. Pending final determination whether the Settlement should be approved, Lead Plaintiffs and all members of the Class are barred and enjoined from commencing, prosecuting, continuing, or asserting any action or any claims against the Released Parties that are or relate in any way to the Released Claims as defined in the Amended Stipulation.

22. The Amended Stipulation, whether or not consummated, and any act performed or document executed pursuant to or in furtherance of the Amended Stipulation or the Settlement or any negotiation, discussion or proceedings in connection with the Amended Stipulation or the Settlement:

a. does not constitute and shall not be offered against any or all Released Parties for any reason including, without limitation, as evidence of or construed as or deemed to be evidence of any presumption, concession, or admission by any or all Released Parties with respect to the truth of any fact alleged by Lead Plaintiffs or the validity of any claim that had been or could have been asserted in the Action or in any litigation, or the deficiency of any defense that has been or could have been asserted in the Action or in any litigation, or of any liability, negligence, fault, or wrongdoing of any or all Released Parties;

b. does not constitute and shall not be offered against any or all Released Parties as evidence of or construed as or deemed evidence of a presumption, concession or admission of any fault, misrepresentation or omission with respect to any statement or written document approved or made by any or all Released Parties, or against Lead Plaintiffs and the Class as evidence of any infirmity in their claims;

c. does not constitute and shall not be offered against any or all Released Parties as evidence of or construed as or deemed evidence of a presumption, concession or admission with respect to any liability, negligence, fault or wrongdoing, or in any way referred to for any other reason as against any of the Parties to the Amended Stipulation, in any other civil, criminal or administrative action or proceeding (including, but not limited to, any formal or informal investigation or inquiry by the Securities and Exchange Commission or any other state or federal governmental or regulatory agency), other than such proceedings as may be necessary to effectuate the provisions of the Amended Stipulation; *provided, however*, that if the Amended Stipulation is approved by the Court, any or all Released Parties may refer to it to effectuate the liability protection granted them thereunder;

d. does not constitute and shall not be offered or construed against any or all Released Parties as an admission or concession that the consideration to be given thereunder represents the amount which could be or would have been recovered after trial; and

e. does not constitute and shall not be offered or construed as an admission, concession or presumption against Lead Plaintiffs or the Class that any of their claims are without merit or that damages recoverable under the Complaints would not have exceeded the Settlement Fund. Any or all Released Parties may file the Amended Stipulation and/or the Order and Final Judgment in any other action or proceeding that may be brought against any or all of them in support of a defense or counterclaim based on principles of res judicata, collateral estoppel, release, good faith settlement, judgment, bar or reduction, or any theory of claim preclusion or issue preclusion or similar defense or counterclaim. Lead Plaintiffs understand, acknowledge and agree that the Defendants have denied and continue to deny each and all claims of alleged wrongdoing.

23. Any party making submissions to the Court in support of approval of the Settlement or the Plan of Allocation, or in support of Co-Lead Counsel's application for an award of attorneys' fees and reimbursement of litigation expenses, shall do so by seven (7) calendar days before the date scheduled for the Fairness Hearing.

24. The Court authorizes payment out of the Gross Settlement Fund of notice and administration expenses in accordance with the Amended Stipulation.

25. The Court further retains jurisdiction over this Action to consider all further matters arising out of or connected with the Settlement reflected in the Amended Stipulation, including enforcement of the release provided for in the Amended Stipulation.

26. The passage of title and ownership of the Gross Settlement Fund to the Escrow Agents in accordance with the terms of the Amended Stipulation is approved. No Person that is not a Class Member shall have any right to any portion of, or in the distribution of, the Net Settlement Fund unless otherwise ordered by the Court or otherwise provided in the Amended Stipulation.

27. The Court may, for good cause, extend any of the deadlines set forth in this order without further notice to Class Members.

SIGNED this 12th day of May 2010.

(s/ Ellen Bree Burns, SUSDJ)

ELLEN BREE BURNS
UNITED STATES DISTRICT JUDGE