



## GREAT LAKES CHEMICAL CORPORATION GOVERNANCE GUIDELINE STATEMENT

The Board of Directors (the "Board") of Great Lakes Chemical Corporation (the "Company") has adopted the following guidelines to: (a) assure the Board's effectiveness and independence in evaluating corporate and management performance; and, (b) advise shareholders of the means and processes by which the Board conducts its business. The Board believes its fundamental obligation is to act on behalf of the shareholders in maximizing the long-term value of the Company.

1. **Independence.** A majority of the Board will consist of independent directors. To be an "independent director" means:
  - a. the Board has affirmatively determined that the director has no material relationship with the Company, either directly or as a partner, significant shareholder or officer of an organization that has a relationship with the Company;
  - b. the director does not have a personal services contract with, and has not been otherwise employed by the Company within the past five years or in an executive capacity at any time;
  - c. the director is not, and in the past five years has not been, affiliated with or employed by a present or former auditor of the Company or its affiliates;
  - d. the director is not, and in the past five years has not been, part of an interlocking directorate in which an executive officer of the Company serves on the compensation committee of another company that employs the director;
  - e. the director is not, and in the past five years has not been, affiliated as an employee with a tax-exempt entity that receives significant contributions from the Company; and,
  - f. the director does not have an immediate family member that would fall into categories (a) through (e); provided that employment of a family member of a director in a non-officer position does not preclude the Board from determining that such director is independent.

In addition, as to members of the Audit Committee, directors' fees are the only compensation they may receive from the Company, and a director who otherwise is "independent" under this definition, but who also holds 20% or more of the Company's stock (or who is a general partner, controlling shareholder or officer of any such holder) cannot chair, or be a voting member of, the Audit Committee.

2. **Nomination and Tenure.** As set forth in its charter, the Governance and Nominating Committee, which consists entirely of independent directors, will act as the nominating committee. It will, in consultation with the Chief Executive Officer, review each director's continuation on the Board annually before making its recommendation regarding director nominations.

3. **Board Leadership.** The Board believes that, in ordinary circumstances, the positions of Chairman and CEO should be combined. The independent directors will designate and publicly disclose a presiding independent director who will chair executive sessions held without the CEO. This "presiding independent directorship" will rotate annually on a basis to be determined by the independent directors. Any interested party wishing to make concerns known to the presiding independent director or to the non-management directors as a group may do so in writing in care of the Secretary of the Company. The Secretary will cause the writings to be forwarded to the directors with or without review by management, as directed by the interested party.

4. **Service on Other Boards.** The Board believes that directors of the Company should serve on no more than five boards of unaffiliated publicly traded companies, as long as service on those boards does not impact the director's independence under these guidelines.

5. **Board Processes.** The following are the fundamental processes of the Board:

- a. Generally, Board members should receive materials to be acted on in advance of the meetings.
- b. The Chairman establishes the agenda for Board meetings, although other Board members are free to suggest items and to raise at the meeting any item not included on the agenda.
- c. The schedule and length of Board meetings will allow sufficient time for in-depth discussion and analysis. The format of the meetings will allow directors to interact directly with members of the Company's management.
- d. The Chief Financial Officer, General Counsel and Secretary will generally be present during Board meetings, unless there is a specific reason for one or more to be absent, such as executive session.

- e. The independent members of the Board will meet without the CEO to review his performance. The independent members of the Board will meet in executive session separately with and without the CEO at every regularly scheduled Board meeting.
  - f. There will be four regularly scheduled Board meetings during the year. Generally, the September meeting each year will focus on the Company's strategic plan, the December meeting will focus on the next year's annual operating plan, and the February meeting will focus on management performance (including the CEO) and succession plans. The Governance and Nominating Committee will report its recommendations for director nominations to the full Board at the February meeting.
  - g. Board members have complete access to management and the Company's outside counsel and auditors. It is assumed Board members will use judgment to be sure that such contact is not distracting to the business operation of the Company, and that the Chairman will be appropriately advised of any such contact. The Board may retain and have access to outside counsel or advisors of its choice with respect to any issue relating to its activities.
6. **Retirement or Job Change.** Directors will not be nominated or renominated after their 72<sup>nd</sup> birthday. Directors who retire from or otherwise change their principal positions held when they were initially elected to the Board are expected to offer their resignations, but will not necessarily be required to leave the Board.
7. **Stock Ownership and Compensation.** Each director is expected to own the greater of 2,500 shares or shares valued at three times the annual retainer. The value of the shares will be determined by the cost paid for the shares. Such shares shall be acquired within five years following the date of a director's election or appointment; provided, that any incremental shares required to be purchased on account of an increase in the annual retainer shall be acquired within five years following the date of approval of such increase.
8. **Committees.** The Chairman will propose, and the Board will, pursuant to the By-Laws, appoint all committees. The Governance, Audit and Compensation Committees will consist entirely of independent directors.
9. **Board Self-Evaluation.** The Board will conduct a self-evaluation at least annually to determine whether it, its members, and its committees are functioning effectively.
10. **Director Orientation and Continuing Education.** The Board will maintain a director orientation for new and continuing directors, and the Company will sponsor individual Board members' continuing director education.

11. **Management Succession.** The Board's policies on selection and performance review of the CEO and succession in the event of an emergency or the retirement of the CEO are set forth in the published Compensation Committee charter.

12. **Review and Update.** These guidelines will be reviewed and updated periodically.

ADOPTED by the Board of Directors on December 5, 2002; and AMENDED by the Board of Directors on December 4, 2003

/s/Karen Witte Duros

Karen Witte Duros  
Assistant Secretary