Rockwood Holdings, Inc.
Form DEF 14A
March 28, 2011

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**UNITED STATES**
**SECURITIES AND EXCHANGE COMMISSION**
**Washington, D.C. 20549**

# SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934

Filed by the Registrant ý

Filed by a Party other than the Registrant o

Check the appropriate box:

o Preliminary Proxy Statement

o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

ý Definitive Proxy Statement

o Definitive Additional Materials

o Soliciting Material Pursuant to §240.14a-12

**ROCKWOOD HOLDINGS, INC.**

(Name of Registrant as Specified In Its Charter)

**N/A**

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

Payment of Filing Fee (Check the appropriate box):

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**ROCKWOOD HOLDINGS, INC.**
**100 Overlook Center**
**Princeton, New Jersey 08540**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**
**To Be Held On May 6, 2011**

March 28, 2011

To our stockholders:

On behalf of your board of directors, we are pleased to invite you to attend the 2011 annual meeting of stockholders of Rockwood Holdings, Inc. (the "Company"). The meeting will be held on Friday, May 6, 2011, at 9:00 a.m., local time, at our offices located at 100 Overlook Center, Princeton, New Jersey 08540.

At the meeting, you will be asked to:

(1) Elect the three Class III directors listed herein to serve until their successors are duly elected and qualified;

(2) Ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2011;

(3) Conduct an advisory vote on the compensation paid to our named executive officers;

(4) Conduct an advisory vote on the frequency of a stockholder vote on the compensation paid to our named executive officers; and

(5) Transact any other business properly brought before the meeting.

Stockholders of record as of the close of business on March 16, 2011 are entitled to notice of, and to vote at, the meeting. To assure your representation at the meeting, please execute and return the enclosed proxy card in the envelope provided, whether or not you plan to attend the meeting.

Sincerely,

Seifi Ghasemi
Chairman and Chief Executive Officer

This proxy statement is first being mailed to stockholders on or about March 28, 2011.

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**ROCKWOOD HOLDINGS, INC.**
**100 Overlook Center**
**Princeton, New Jersey 08540**

**PROXY STATEMENT**
**For the Annual Meeting of Stockholders to be Held On**
**May 6, 2011**

## GENERAL INFORMATION ABOUT ROCKWOOD'S ANNUAL MEETING

We are providing this proxy statement in connection with the solicitation of proxies by the board of directors of Rockwood Holdings, Inc. for use at Rockwood's 2011 annual meeting of stockholders and at any adjournment of the annual meeting. You are cordially invited to attend the annual meeting, which will be held at our offices located at 100 Overlook Center, Princeton, New Jersey 08540, on Friday, May 6, 2011 at 9:00 a.m. local time. For driving directions to our offices, please call (609) 514-0300.

### *Stockholders Entitled to Vote*

The record date for the annual meeting is March 16, 2011. Only stockholders of record as of the close of business on that date are entitled to notice of, and to vote at, the annual meeting. As of March 16, 2011, there were 76,207,777 shares of common stock outstanding.

### *Required Vote*

The presence in person or by proxy of the holders of a majority of the shares outstanding on the record date is necessary to constitute a quorum for the transaction of business at the meeting. Each stockholder is entitled to one vote, in person or by proxy, for each share of common stock held as of the record date on each matter to be voted upon. Abstentions and broker non-votes are included in determining whether a quorum is present. A broker non-vote occurs when a nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary power with respect to that item and has not received instructions from the beneficial owner.

Directors will be elected by a plurality of the votes present in person or represented by proxy and entitled to vote in the election of directors at the annual meeting. Thus, an abstention or broker non-vote will have no effect on the outcome of the vote on election of directors at the annual meeting. For the ratification of the appointment of Deloitte & Touche LLP, the vote on named executive officer compensation and the vote on the frequency of stockholder vote on compensation of our named executive officers and certain other matters, the affirmative vote of a majority of the shares present in person or represented by proxy and entitled to vote on the subject matter at the annual meeting is required.

The votes on proposals 2, 3 and 4 (ratification of the appointment of Deloitte & Touche LLP, non-binding vote on the compensation paid to our named executive officers and non-binding vote on frequency of stockholder votes on compensation of our named executive officers, respectively) are advisory in nature and are non-binding.

In determining the results of the non-binding vote on named executive officer compensation, abstentions will have the same effect as a vote against the proposal and broker non-votes will have no effect on the proposal, as they are not counted as "shares entitled to vote on the subject matter" for voting purposes. In determining the results of the vote on the frequency of the stockholder vote on the compensation paid to our named executive officers, abstentions will have the same effect as a vote against each option, and broker non-votes will have no effect on the vote. In determining the

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ratification of the appointment of Deloitte & Touche LLP, abstentions will have the same effect as a vote against the proposal.

***Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to Be Held on May 6, 2011.***

We have elected to provide access to our proxy materials both by sending you this full set of proxy materials, including a proxy card, and by notifying you of the availability of our proxy materials on the internet. **This proxy statement and our 2010 Annual Report to Stockholders are available at our website at *http://www.rocksp.com/rock_english/ir/irdownld.asp*. In addition, in accordance with Securities and Exchange Commission ("SEC") rules, you may access our proxy statement at https://materials.proxyvote.com/774415, which does not have "cookies" that identify visitors to the site.**

## BOARD RECOMMENDATIONS AND APPROVAL REQUIREMENTS

Delaware law and Rockwood's certificate of incorporation and by-laws govern the vote on each proposal. The board of directors' recommendation is set forth together with the description of each item in this proxy statement. In summary, the board of directors' recommendations and approval requirements are:

### Proposal 1.
### Election of Directors

The first item to be voted on is the election of the three Class III directors listed herein to serve until their successors are duly elected and qualified. The board of directors has nominated three people as directors, each of whom is currently serving as a director of Rockwood.

You may find information about these nominees Brian F. Carroll, Todd A. Fisher and Douglas L. Maine beginning on page 7.

You may vote in favor of all the nominees, withhold your votes as to all nominees, or withhold your votes as to specific nominees. Assuming a quorum is present, each share of common stock may be voted for as many nominees as there are directors to be elected. Directors will be elected by a plurality of the votes cast. Stockholders may not cumulate their votes. Abstentions and broker non-votes will have no effect on the outcome of the vote on election of directors at the annual meeting.

**The board of directors unanimously recommends a vote FOR each director nominee listed herein.**

### Proposal 2.
### Ratification of Appointment of Independent Registered Public Accounting Firm

The second item to be voted on is the ratification of the appointment of Deloitte & Touche LLP as Rockwood's independent registered public accounting firm for the fiscal year ending December 31, 2011.

You may find information about this proposal beginning on page 10.

You may vote in favor of the proposal, vote against the proposal, or abstain from voting. Assuming a quorum is present, the proposal will pass if approved by a majority of the shares present in person or represented and entitled to vote on the matter. Abstentions will have the same effect as votes against the proposal. We believe that there can be no broker non-votes with respect to Proposal 2 because brokers should have discretion under current stock exchange rules to vote uninstructed shares on Proposal 2.

**The board of directors unanimously recommends a vote FOR the ratification of the appointment of Deloitte & Touche LLP as Rockwood's independent registered public accounting firm.**

### Proposal 3.
### Non-Binding Vote on the Compensation Paid to Our Named Executive Officers

The third item to be voted on is a non-binding vote on the compensation paid to our named executive officers.

You may find information about this proposal beginning on page 11.

You may vote in favor of the proposal, vote against the proposal, or abstain from voting. Assuming a quorum is present, the proposal will pass if approved by a majority of the shares present in person or represented and entitled to vote on the matter. Abstentions will have the same effect as votes against the proposal. Broker non-votes will have no effect on the proposal, as they are not counted as "entitled to vote on the subject matter" for voting purposes.

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**The board of directors unanimously recommends a vote FOR the approval of the compensation paid to our named executive officers.**

**Proposal 4.**
**Non-Binding Vote on the Frequency of Stockholder Vote on Named Executive Officer Compensation**

The fourth item to be voted on is the recommendation whether a non-binding stockholder vote on the compensation of our named executive officers should occur every one, two or three years.

You may find information about this proposal beginning on page 12.

You may vote in favor of the non-binding stockholder vote occurring every one year, two years or three years, or abstain from voting. Assuming a quorum is present, the option receiving the majority of the shares present in person or represented and entitled to vote on the matter will be approved. Abstentions will have the same effect as votes against each of the options. Broker non-votes will have no effect on the proposal, as they are not counted as "entitled to vote on the subject matter" for voting purposes.

**The board of directors unanimously recommends that you vote "THREE YEARS" with respect to how frequently a non-binding stockholder vote on the compensation paid to our named executive officers should occur.**

**OTHER MATTERS TO COME BEFORE THE ANNUAL MEETING**

As of the date of this proxy statement, the board of directors was not aware of any other business to be presented for a vote of the stockholders at the annual meeting. If any other matters are properly presented for a vote, the people named as proxies will have discretionary authority, to the extent permitted by law, to vote on such matters according to their best judgment.

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## PROXIES AND VOTING PROCEDURES

Your vote is important and you are encouraged to vote your shares promptly.

### *How Proxies are Voted*

You may vote by completing and mailing the enclosed proxy card or by voting in person at the annual meeting. Each proxy will be voted as directed. However, if a proxy solicited by the board of directors does not specify how it is to be voted, it will be voted as the board of directors recommends that is, FOR the election of the three nominees for Class III director named in this proxy statement, FOR the ratification of the appointment of Deloitte & Touche LLP as Rockwood's independent registered public accounting firm for the fiscal year ending December 31, 2011, FOR the approval of the compensation paid to our named executive officers, and "THREE YEARS" with respect to how frequently a non-binding stockholder vote on the compensation paid to our named executive officers should occur. If any other matters are properly presented at the annual meeting for consideration, such as consideration of a motion to adjourn the annual meeting to another time or place, the persons named as proxies will have discretion to vote on those matters according to their best judgment to the same extent as the person delivering the proxy would be entitled to vote. As of the date of this proxy statement, we did not anticipate that any other matters would be raised at the annual meeting.

### *How to Revoke or Change Your Proxy*

If you submit a proxy and then wish to change your vote or vote in person at the annual meeting, you will need to revoke the proxy that you have submitted. You can revoke your proxy at any time before it is voted by delivery of a properly executed, later-dated proxy or a written revocation of your proxy. A later-dated proxy or written revocation of your proxy must be received before the annual meeting by the Corporate Secretary of Rockwood, Thomas J. Riordan, at Rockwood Holdings, Inc., 100 Overlook Center, Princeton, New Jersey 08540, or it must be delivered to the Corporate Secretary at the annual meeting before proxies are voted. You will be able to change your proxy as many times as you wish prior to its being voted at the annual meeting, and the last proxy received chronologically will supersede any prior proxies.

### *Method and Cost of Proxy Solicitation*

This proxy solicitation is being made on behalf of Rockwood and the expense of preparing, printing and mailing this proxy statement is being paid by us. Proxies may be solicited by officers, directors and employees of Rockwood in person, by mail, telephone, facsimile or other electronic means. We will not specifically compensate those persons for their solicitation activities. In accordance with the regulations of the SEC and the New York Stock Exchange ("NYSE"), we will reimburse brokerage firms and other custodians, nominees and fiduciaries for their expense incurred in sending proxies and proxy materials to beneficial owners of our common stock.

### *Stockholder Director Nominations and Proposals for the 2012 Annual Meeting*

Pursuant to Rockwood's by-laws, stockholders may present director nominations and proposals that are proper subjects for consideration at an annual meeting. Rockwood's by-laws require all stockholders who intend to nominate persons for election to the board of directors or make proposals at an annual meeting to give timely notice thereof in writing to the Corporate Secretary of Rockwood, Thomas J. Riordan, at Rockwood Holdings, Inc., 100 Overlook Center, Princeton, New Jersey 08540. Our by-laws require advance notice by any stockholder who proposes director nominations or any other business for consideration at a stockholders' meeting. To be timely, notice to our Corporate Secretary must be received at the above address not less than 90 days nor more than 120 days prior to the first

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anniversary of the date on which Rockwood first mailed its proxy materials for the previous year's annual meeting, after which point a stockholder proposal will be considered untimely. In the event that the date of the 2012 annual meeting is changed by more than 30 days from the anniversary date of the previous year's meeting, stockholder notice must be so delivered not earlier than 120 days prior to the 2012 annual meeting and not later than the close of business on the later of the 90th day prior to the 2012 annual meeting or the 10th day following the day on which public announcement of the date of the 2012 annual meeting is first made. However, if the number of directors to be elected to the board of directors of Rockwood is increased and there is no public announcement by Rockwood naming all of the nominees for director or specifying the size of the increased board of directors at least 100 calendar days prior to the anniversary of the mailing of proxy materials for the prior year's annual meeting, then a stockholder notice only with respect to nominees for any new positions created by such increase must be received by the Corporate Secretary of Rockwood not later than the close of business on the 10th calendar day following such public announcement. Please refer to our by-laws for certain other related requirements.

If any stockholder wishes to propose a matter for consideration at our 2012 annual meeting of stockholders, the proposal should be mailed by certified mail, return receipt requested, to our Corporate Secretary at the address in the previous paragraph. To be eligible under the SEC's stockholder proposal rule (Rule 14a-8(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) for inclusion in our 2012 annual meeting proxy statement and for a form of proxy to be made available in March 2012, a proposal must be received by our Corporate Secretary on or before November 29, 2011.

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## PROPOSAL ONE

## ELECTION OF DIRECTORS

The first agenda item to be voted on is the election of three Class III directors to serve until their successors are duly elected and qualified.

### *General Information*

The board of directors currently consists of seven directors, and is divided into three classes Class I, Class II and Class III. Directors are generally elected for three-year terms on a staggered term basis, so that each year the term of office of one class will expire and the terms of office of the other classes will extend for additional periods of one and two years, as applicable. The term of office for current Class III directors expires at the 2011 annual meeting. The term of office for Class I and Class II directors will expire at the 2012 annual meeting of stockholders and the 2013 annual meeting of stockholders, respectively.

This full board of directors has considered and nominated this year's nominees to serve for a three-year term expiring at the 2014 annual meeting of stockholders. It is intended that the proxies delivered pursuant to this solicitation will be voted in favor of the election of the nominees designated below, except in cases of proxies bearing contrary instructions. We have inquired of the nominees and confirmed that they will serve if elected. If, for any reason, any nominee becomes unavailable for election and the board of directors selects a substitute nominee, the proxies will be voted for the substitute nominee selected by the board of directors. The board of directors has no reason to believe that any of the named nominees is not available or will not serve if elected.

The nominees are current directors of Rockwood, and a description of the background of each is set forth below. Immediately thereafter is a description of the background of each of the existing directors whose terms of office extend beyond the annual meeting.

### *Nominees for Election at the Annual Meeting*

| Name | Age | Position | Class |
|---|---|---|---|
| Brian F. Carroll | 39 | Director | III |
| Todd A. Fisher | 45 | Director | III |
| Douglas L. Maine | 62 | Director | III |

**Brian F. Carroll** has been a director of Rockwood since 2000, and a member of KKR Management LLC, the general partner of KKR & Co. L.P., the parent company of Kohlberg Kravis Roberts & Co. L.P. (together with its affiliates, "KKR"), since January 2006, and an executive of KKR since 1999. In addition, Mr. Carroll was an executive at KKR from 1995 to 1997, at which time he left KKR to attend business school at Stanford University. Prior to joining KKR in 1995, Mr. Carroll was with Donaldson Lufkin & Jenrette Securities Corporation. Mr. Carroll is a member of the boards of directors of Sealy Corporation, Harman International Industries, Incorporated and Laureate Education, Inc. Mr. Carroll has a B.S. from the University of Pennsylvania and a M.B.A. from Stanford University.

**Todd A. Fisher** has been a director of Rockwood since 2000. Mr. Fisher is currently the global Chief Administrative Officer for KKR, is a member of KKR Management LLC, the general partner of KKR & Co. L.P., and has been an executive of KKR since 1993. Prior to joining KKR, he was with Goldman, Sachs & Co. in its Corporate Finance Department. Mr. Fisher is a member of the boards of directors of Maxeda B.V. and Northgate Information Solutions plc. Previously, he was on the following boards of directors: Accuride Corporation, ALEA Group Holdings AG, and Bristol West Insurance

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Group. Mr. Fisher has a B.A. from Brown University, a M.A. from Johns Hopkins University and a M.B.A. from The Wharton School of the University of Pennsylvania.

**Douglas L. Maine** has been a director of Rockwood since August 2005. Mr. Maine joined International Business Machines in 1998 as Chief Financial Officer following a 20 year career with MCI, where he was Chief Financial Officer from 1992-1998. He was named General Manager of ibm.com in 2000, General Manager of Consumer Products Industry in 2003 and retired in 2005. Mr. Maine is also a member of the board of directors of Alliant Techsystems, Inc and Broadsoft, Inc. Mr. Maine is a Limited Partner and Senior Advisor with Brown Brothers Harriman. Mr. Maine has a B.S. from Temple University and a M.B.A. from Hofstra University.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT STOCKHOLDERS VOTE "FOR" THE NOMINEES LISTED ABOVE.

***Directors Whose Terms Do Not Expire This Year***

| Name | Age | Position | Class |
|---|---|---|---|
| Nance K. Dicciani | 63 | Director | I |
| J. Kent Masters | 50 | Director | I |
| Seifi Ghasemi | 66 | Director | II |
| Sheldon Erikson | 69 | Director | II |

**Nance K. Dicciani** has been a director of Rockwood since June 2008 and lead independent director since October 2009. From 2001 to her retirement in April 2008, Dr. Dicciani was the President and Chief Executive of Honeywell International Inc.'s $4.9 billion revenue specialty materials business. Prior to joining Honeywell in 2001, she was with Rohm and Haas Company, serving as Senior Vice President and Business Group Executive of chemical specialties and Director, European Region. In 2006, President George W. Bush appointed Dr. Dicciani to the President's Council of Advisors on Science and Technology. Dr. Dicciani also serves on the boards of directors of Praxair Inc. and Halliburton Co. and the board of Trustees of Villanova University. Dr. Dicciani is an Operating Partner of Advent International Corp. Dr. Dicciani earned degrees in chemical engineering, including a B.S. from Villanova University, an M.S. from the University of Virginia and a Ph.D. from the University of Pennsylvania. She also earned a M.B.A. from the Wharton School of the University of Pennsylvania.

**J. Kent Masters** has been a director of Rockwood since May 2007. Mr. Masters has been a member of the Executive Board of Linde AG, a global leader in manufacturing and sales of industrial gases, with responsibility for the Americas, Africa and the South Pacific since 2006. Prior to joining Linde AG, Mr. Masters was a member of the board of directors of BOC Group, plc, a global industrial gas company, which was acquired by Linde AG in 2006. At BOC Group, plc, he served as President, Process Gas Solutions-Americas, from 2002-2005, and as Chief Executive, Industrial and Special Products, from 2005 until 2006. Mr. Masters is the non-executive Chairman of African Oxygen Limited, a public company traded on the Johannesburg Stock Exchange. Mr. Masters has a B.Sc. degree in chemical engineering from Georgia Institute of Technology and a M.B.A. from New York University.

**Seifi Ghasemi** has been Chairman and Chief Executive Officer of Rockwood and our subsidiary, Rockwood Specialties Group, Inc., since November 2001. From 1997 to 2001 he was with GKN, plc, a $6.0 billion revenue per year global industrial company. He served as a director of the Main Board of GKN, plc and was Chairman and Chief Executive Officer of GKN Sinter Metals, Inc. and Hoeganes Corporation. Before that, for 18 years, Mr. Ghasemi was with BOC Group, plc, a $7.0 billion revenue per year global industrial gas company, which is now part of Linde AG. He was a director of the Main Board of BOC Group, plc, President, BOC Gases Americas and Chairman and Chief Executive Officer of BOC Process Plants, Ltd. and Cryostar. Mr. Ghasemi also serves on the board of directors of

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EnerSys. Mr. Ghasemi has a Masters of Science degree in Mechanical Engineering from Stanford University.

**Sheldon R. Erikson** has been a director of Rockwood since November 2005. Mr. Erikson has been the Chairman of Cameron International Corporation, a global manufacturer, provider and servicer of petroleum equipment, since 1996 and served as President and Chief Executive Officer from 1995 to 2008. He was Chairman from 1988 to 1995, and President from 1987 to 1995, of The Western Company of North America, an international petroleum service company. He also serves on the boards of directors of the National Petroleum Council, the American Petroleum Institute, the Petroleum Equipment Suppliers Association and the National Association of Manufacturers. Mr. Erikson studied at the University of Illinois and has a M.B.A. from Harvard University.

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## PROPOSAL TWO

## RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The second agenda item to be voted on is the ratification of the appointment of Deloitte & Touche LLP as Rockwood's independent registered public accounting firm for the fiscal year ending December 31, 2011.

The audit committee of the board of directors has appointed Deloitte & Touche LLP to audit our consolidated financial statements for the fiscal year ending December 31, 2011. We are asking our stockholders to ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm.

Even if the appointment is ratified, the audit committee may in its discretion select a different independent registered public accounting firm at any time during the year if it determines that such a change would be in the best interests of Rockwood and our stockholders. If the appointment is not ratified by our stockholders, the audit committee will reconsider the appointment.

A representative of Deloitte & Touche LLP is expected to attend the annual meeting and be available to respond to appropriate questions. The representative will be afforded an opportunity to make a statement if he or she desires to do so.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT STOCKHOLDERS VOTE "FOR" THE RATIFICATION OF THE APPOINTMENT OF DELOITTE & TOUCHE LLP AS ROCKWOOD'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING DECEMBER 31, 2011.

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**PROPOSAL THREE**

**NON-BINDING VOTE ON THE COMPENSATION PAID TO OUR NAMED EXECUTIVE OFFICERS**

The third agenda item to be voted on is a non-binding vote on the compensation paid to our named executive officers.

In accordance with the requirements of Section 14A of the Exchange Act (which was added by the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act")) and the related rules of the SEC, we are including in these proxy materials a separate resolution subject to a non-binding vote on the compensation of our named executive officers as disclosed on pages 26 to 60.

RESOLVED, that the stockholders approve the executive compensation as discussed and disclosed pursuant to the compensation disclosure rules of the SEC, including the Compensation Discussion and Analysis, the compensation tables and any related material disclosed in this proxy statement.

In considering their vote, we encourage stockholders to review the information on Rockwood's compensation policies and decisions regarding the named executive officers presented in the Compensation Discussion and Analysis on pages 26 to 60, as well as the discussion regarding the Compensation Committee on pages 16 to 18.

In particular, stockholders should consider the following in determining whether to vote for this proposal:

- **our CEO and Chairman agreed to reduce his salary in 2010 and our other named executive officers were not awarded increases in their base salaries in 2009, 2010 and 2011;**

- **the Compensation Committee further aligned executive and stockholder interests by increasing the bonus targets under our Short-Term Incentive Plan for our named executive officers for 2010 to drive our financial performance;**

- **a substantial amount (approximately 80% for our CEO and Chairman and approximately 70% for our other named executive officers) of the targeted total compensation of our named executive officers is at-risk or based upon the concept of pay-for-performance;**

- **the Company had strong financial results for the fiscal year 2010 and accomplished certain important strategic objectives, as set forth in detail in "Compensation Discussion and Analysis 2010 Financial and Operating Performance and Compensation";**

- **the Compensation Committee has adopted stock ownership guidelines, which require our CEO and Chairman to hold six times his salary in our common stock and our other named executive officers to hold 3 times their salary in our common stock; and**

- **tax gross-ups were eliminated for all benefits in 2010 except for those related to change-in-control under grandfathered agreements with our named executive officers and the Compensation Committee does not intend to award tax gross-ups in the future.**

Our board of directors will take into account the outcome of the vote when considering future executive compensation arrangements as it deems appropriate.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT STOCKHOLDERS VOTE "FOR" THE APPROVAL OF THE COMPENSATION PAID TO OUR NAMED EXECUTIVE OFFICERS.

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## PROPOSAL FOUR

## NON-BINDING VOTE ON THE FREQUENCY OF STOCKHOLDER VOTE ON NAMED EXECUTIVE OFFICER COMPENSATION

The fourth agenda item to be voted on is frequency of the non-binding vote on named executive officer compensation.

In accordance with the requirements of Section 14A of the Exchange Act (which was added by the Dodd-Frank Act) and the related rules of the SEC, we are including in these proxy materials a separate resolution subject to stockholder vote to recommend, in a non-binding vote, whether a non-binding stockholder vote on the compensation of our named executive officers (that is, votes similar to the non-binding vote in Proposal 3 on page 11) should occur every one, two or three years.

In considering their vote, stockholders may wish to review with care the information presented in connection with Proposal 3 on page 11, the information on Rockwood's compensation policies and decisions regarding the named executive officers presented in the Compensation Discussion and Analysis on pages 26 to 60, as well as the discussion regarding the Compensation Committee on pages 16 to 18.

We believe a three-year frequency is most consistent with our long-term objectives, as a triennial policy would:

- permit stockholders, directors and managers to evaluate the effects of our compensation program on long-term performance considering much of our executive's compensation is based on performance measures, including Adjusted EBITDA and stockholder return;
- align "say on pay" with the goal of long-term performance;
- provide stockholders with an opportunity to review more historical data to assess the effectiveness of our compensation programs;
- allow stockholders to engage in more thoughtful analysis and voting by providing more perspective between votes; and
- provide the Compensation Committee and management with the time necessary to implement improvements and changes in our compensation philosophy and programs, if necessary, to address concerns raised by stockholders.

As discussed in the Compensation Discussion and Analysis, a very substantial amount of the total compensation of our named executive officers is at-risk variable compensation. In recent years, the Compensation Committee has further shifted the compensation mix towards variable compensation. For example, the Compensation Committee adopted changes to our long-term incentive program in December 2010 to focus the program on creating stockholder value over a three year period across economic cycles and reward our named executive officers based upon the long-term performance of our common stock. The Board believes that awards of such duration allow sufficient time to evaluate the long-term performance and effectiveness of our named executive officers and the Compensation Committee's philosophy and policies. A triennial vote also gives the Compensation Committee sufficient time to evaluate and respond to stockholder input and implement changes in our compensation programs. The Board believes an annual vote could undermine the objectives of the compensation program by focusing our named executive officers on short-term behavior and measures.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT STOCKHOLDERS VOTE "THREE YEARS" WITH RESPECT TO HOW FREQUENTLY A NON-BINDING STOCKHOLDER VOTE ON THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS SHOULD OCCUR.

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## OTHER MATTERS

As of the date of this proxy statement, we know of no business that will be presented for consideration at the annual meeting other than the items referred to above. If any other matter is properly brought before the annual meeting for action by stockholders, proxies in the enclosed form returned to Rockwood will be voted in accordance with the recommendation of the board of directors, or in the absence of such a recommendation, in accordance with the judgment of the proxy holder.

## CORPORATE GOVERNANCE AND RELATED MATTERS

***Director Independence***

Currently, in accordance with NYSE rules, the audit, the compensation, and the corporate governance and nominating committees are each comprised entirely of independent directors. The board of directors has determined that Nance K. Dicciani, Sheldon R. Erikson, Douglas L. Maine and J. Kent Masters are independent directors within the meaning of applicable NYSE listing standards and the applicable provisions of the Exchange Act.

When making "independence" determinations, the board of directors broadly considers all relevant facts and circumstances as well as any other facts and considerations specified by the NYSE, by law or by any rule or regulation of any other regulatory body or self-regulatory body applicable to Rockwood. When assessing the materiality of a director's relationship with Rockwood, the board of directors considers the issue not merely from the standpoint of the director, but also from that of persons or organizations with which the director has an affiliation. The board of directors has adopted categorical standards designed to assist the board of directors in assessing director independence. The categorical standards can be found in the Company's Corporate Governance Guidelines, which are available on our website at www.rocksp.com in the "Investor Relations  Corporate Governance" section. The categorical standards set forth certain relationships between the Company and the directors and their immediate family members, or entities with which they are affiliated, that the board of directors, in its judgment, has determined to be material or immaterial in assessing director independence. The Company's Corporate Governance Guidelines and the categorical standards have been designed to align with the independence standards of the NYSE.

The board has determined that the following relationships will not be considered material relationships that would impair a director's independence:

- the director beneficially owns, or is an employee or affiliate of another company or entity that beneficially owns, less than 10% of Rockwood's common stock;

- the director is a current employee or an immediate family member of the director is a current executive officer of another company that makes payments to or receives payments from Rockwood for property or services in an amount which does not exceed and has not for each of the last three years exceeded the greater of $1,000,000 or 2% of the consolidated gross revenues of such other company; and

- the director serves as an executive officer, director or trustee of a tax exempt organization, and Rockwood's contributions to such tax exempt organization do not exceed and have not for each of the last three years exceeded the greater of $1,000,000 or 2% of such tax exempt organization's consolidated gross revenues.

On an annual basis, each member of the board of directors is required to complete a questionnaire designed in part to provide information to assist the board in determining whether the director is independent under NYSE rules and our Corporate Governance Guidelines. In addition, the directors or potential directors have an affirmative duty to disclose to our corporate governance and nominating committee relationships which may impair their independence.

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Our corporate governance and nominating committee reviews all relationships and transactions for compliance with the standards described above and makes a recommendation to the Board regarding the independence of the directors of the Company. For those directors identified as independent, the Company and the Board are aware of no relationships or transactions with the Company or management.

***Meetings of the Board of Directors***

The board of directors is required to meet at least four times annually or more frequently as circumstances dictate. The board of directors met five times in 2010, either in person or by telephone. All directors are expected to participate whether in person or by telephone in all board meetings. Each director attended at least 75% of all board of directors and applicable committee meetings during 2010. All directors attended the 2010 annual meeting of stockholders held on May 6, 2010.

***Board Role in Risk Management***

Rockwood is exposed to a number of risks, including geo-political risks, financial risks, strategic risks, operational risks, risks relating to general economic conditions and their effect on certain industries, and risks relating to regulatory and legal compliance. The board of directors oversees the company-wide risk management function of the Company with the assistance of the audit committee, the corporate governance and nominating committee, the compensation committee and a risk management committee comprised of a group of management employees from various functional groups. The senior executives manage and mitigate, to the extent possible, material risks on a day-to-day basis. The roles of each of these director and management committees are as follows:

Audit Committee  the audit committee of the board of directors is generally responsible for oversight of the system of compiling and reporting risk and the oversight of material financial risk exposures;

Corporate Governance and Nominating Committee  the corporate governance and nominating committee of the board of directors is generally responsible for the oversight of certain other material risk exposures, such as compliance risk and safety, health and environmental risk;

Compensation Committee  the compensation committee of the board of directors is responsible for the compensation policies and programs and how they relate to risk; and

Risk Management Committee  the risk management committee, which is comprised of members of the management team of the Company with backgrounds in finance, operations, legal, regulatory and safety, health and environmental compliance, is responsible for developing an ongoing enterprise risk management system to identify, collect, compile and assess significant exposures. The risk management committee reports directly to the senior executives on a regular basis about the nature of significant risks and, if possible, makes recommendations to manage and mitigate such risks. The risk management committee periodically, or as appropriate, reports material risks to the audit committee, the corporate governance and nominating committee and the board of directors.

Each of these committees along with the senior executives is responsible for periodically reporting to the board of directors the material risks facing the Company and highlighting any new material risks that may have arisen since they last met.

***Audit Committee***

Our audit committee currently consists of Nance K. Dicciani, Douglas L. Maine and J. Kent Masters. Mr. Maine is the chairperson of our audit committee. The board of directors has determined that all of the members of the audit committee are financially literate and meet the independence

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requirements mandated by the applicable NYSE listing standards, Section 10A(m)(3) of the Exchange Act and our independence standards and that Mr. Maine is an audit committee financial expert. Our audit committee is responsible for:

- oversight of the quality and integrity of the Company's financial statements and financial disclosures;
- oversight of the financial reporting process;
- oversight of the independent auditors' retention/termination, qualifications and independence;
- oversight of the Company's internal audit function and the risk management reporting process;
- oversight of the Company's compliance with legal and regulatory requirements;
- preparing reports to be included in the Company's proxy statement and reporting regularly to the board of directors; and
- performing any functions required to be performed by it and as otherwise appropriate under applicable law, rules or regulations, the Company's by-laws and the resolutions or other directives of the board of directors, including review of any certification required to be reviewed in accordance with applicable law or regulations of the SEC.

The audit committee has adopted a formal policy concerning the pre-approval of audit and non-audit services to be provided by our independent registered public accounting firm. The policy requires that all services to be performed by Deloitte & Touche LLP and its affiliates, including audit services, audit-related services and permitted non-audit services, be pre-approved by the audit committee. Pre-approval is generally provided for up to one year, and any pre-approval is detailed as to the particular service or category of services and is subject to a budget. Specific services being provided by the independent accountants are regularly reviewed in accordance with the pre-approval policy and the audit committee may pre-approve particular services on a case-by-case basis. The audit committee has delegated the authority to grant pre-approvals to Mr. Maine, the audit committee chair, when the full audit committee is unable to do so. At each subsequent audit committee meeting, the audit committee reviews these pre-approvals, receives updates on the services actually provided by the independent accountants, and management may present additional services for approval. For 2010, the audit committee pre-approved all audit, audit-related and non-audit services performed by Deloitte & Touche LLP.

Our audit committee is required to meet at least four times annually or more frequently as circumstances dictate. The committee met eight times in 2010.

Our board of directors has adopted a written charter for the audit committee, which is available on our website at www.rocksp.com in the "Investor Relations  Corporate Governance" section, and upon written request by our stockholders at no cost.

***Audit Committee Report***

The audit committee reviews Rockwood's financial reporting process on behalf of the board of directors. Management has the primary responsibility for the financial statements and the reporting process, including the system of internal controls. The independent registered public accounting firm is responsible for expressing an opinion on those audited consolidated financial statements in conformity with accounting principles generally accepted in the United States.

In fulfilling its responsibilities, the audit committee has reviewed and discussed the audited consolidated financial statements contained in Rockwood's Annual Report on Form 10-K for the year ended December 31, 2010 with Rockwood's management and independent registered public accounting firm. The audit committee has also discussed with the independent registered public accountant the

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matters required to be discussed by Statement on Auditing Standards No. 61, as amended (*AICPA, Professional Standards*, Vol. 1. AU Section 380), as adopted by the Public Company Accounting Oversight Board ("PCAOB") in Rule 3200T, including the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments and the clarity of the disclosures in the financial statements. In addition, the audit committee reviewed and discussed with the independent registered public accounting firm the auditor's independence from Rockwood and its management, including the matters in the written disclosures and letter which were received by the audit committee from the independent registered public accountant, as required by applicable requirements of the PCAOB regarding the independent registered public accounting firm's communications with the audit committee concerning independence.

Based on the reviews and discussions referred to above, the audit committee approved the audited consolidated financial statements and recommended to the board of directors that they be included in Rockwood's Annual Report on Form 10-K for the year ended December 31, 2010 for filing with the SEC. The audit committee has also appointed Deloitte & Touche LLP as Rockwood's independent registered public accounting firm and is presenting its appointment to the stockholders for ratification.

AUDIT COMMITTEE

Douglas L. Maine, Chairperson
Nance K. Dicciani
J. Kent Masters

The preceding audit committee report is provided only for the purpose of this proxy statement. This report shall not be incorporated, in whole or in part, in any other Rockwood filing under the Securities Act of 1933, as amended, or the Exchange Act.

***Compensation Committee***

The compensation committee (the "Committee") currently consists of Nance K. Dicciani, Sheldon R. Erikson and J. Kent Masters. Mr. Erikson is the chairperson of the Committee. The Committee is comprised solely of independent directors.

The Committee is responsible for:

- establishing and reviewing our overall compensation philosophy;
- reviewing compensation policies, plans and programs and how they relate to risk;
- reviewing and approving the compensation and performance review of our chief executive officer and other executive officers;
- reviewing and recommending to the board of directors the compensation of our directors;
- reviewing and approving employment contracts and other similar arrangements between us and our chief executive officer and other executive officers;
- reviewing and consulting with the chairman and chief executive officer on the selection of officers and evaluation of executive performance and other related matters;
- administration of equity plans and other incentive compensation plans; and

such other matters that are specifically delegated to the Committee by the board of directors from time to time.

The Committee may form one or more subcommittees. The Committee shall be entitled to delegate any or all of its responsibilities to any subcommittee of the Committee and each subcommittee may take such actions as may be delegated by the Committee.

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The Committee is required to meet at least two times annually, or more frequently, as circumstances dictate. The Committee met six times in 2010.

Our board of directors has adopted a written charter for the Committee which is available on our website at www.rocksp.com in the "Investor Relations Corporate Governance" section, and upon written request by our stockholders at no cost.

The Committee reviews and approves our executive compensation program on an annual basis. The Committee has authority to engage consultants in connection with compensation related matters. In 2010, the Committee retained the firm of Frederic W. Cook & Co., Inc. ("Cook & Co."), an internationally recognized human resources consultant to assist the Committee in evaluating the compensation of our directors, named executive officers and certain key employees and to assess our compensation program against other companies in our industry and related industries. In connection with its review, Cook & Co. generally evaluated the following elements of our compensation program:

- current compensation program for our named executive officers including base salary, annual and long-term incentives, benefits and perquisites and stock ownership guidelines;

- a competitive analysis of compensation levels for the Company's eight most senior executives including base salary, annual bonus and long-term incentives;

- an assessment of share usage and overhang at Rockwood relative to the current and 3-year average levels among the peer frame;

- an analysis of the aggregate value of Rockwood's long-term incentive grants on an absolute basis and as a percent of market capitalization and revenue, relative to the current and 3-year average levels among the peer frame; and

- the compensation of our board of directors.

Cook & Co. compared these elements of compensation for our named executive officers to our peer group. Cook & Co. also compiled and presented published survey data, which is used as a broader industry reference for compensation of nondurable manufacturing organizations. This data reflected industry information for functionally comparable positions at organizations of similar size to Rockwood and was referenced by the Committee as general information in evaluating compensation. Specifically, Cook & Co. provided data for public companies of comparable business character and size, including companies in the chemical industry, that include Air Products and Chemicals, Inc., Albemarle Corporation, Cabot Corporation, Celanese Corporation, Cytec Industries Inc., Eastman Chemical Company, FMC Corporation, The Lubrizol Corporation, Nalco Holding Company, RPM International Inc., Sigma-Aldrich Corporation, W.R. Grace & Co. and The Valspar Corporation. In addition, Cook & Co. compared the compensation of our named executive officers to published compensation survey data for similar executive job descriptions. Finally, Cook & Co. evaluated the compensation of our non-employee directors. In 2010, Rockwood paid Cook & Co. $100,268 for assessing the amount and form of compensation for our non-employee directors, named executive officers and certain other key executives.

The Committee sets the primary components of compensation for our chairman and chief executive officer based on our overall compensation philosophy and following consultation with Cook & Co. For compensation decisions related to our other named executive officers, our chairman and chief executive officer makes recommendations to the Committee which, in consultation with Cook & Co., ultimately determines such compensation.

***Risk Analysis of Performance-Based Compensation Plans***

The vast majority of compensation provided to our named executive officers and key employees is performance-based. Our compensation programs encourage our named executive officers and key employees to remain focused on both short- and long-term financial measures. For example, certain of

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our performance-based restricted stock unit awards vest based upon growth in our three-year annualized earnings per share and earnings before interest, taxes, depreciation and amortization and certain other adjustments ("Adjusted EBITDA") while other performance-based restricted stock unit awards vest based on total stockholder return. In addition, the nature of stock option, market stock unit and restricted stock unit awards generally encourage our named executive officers and key employees to focus on sustained stock price appreciation. Similarly, in certain years under the 2009 Rockwood Holdings, Inc. Short-Term Incentive Plan ("Short-Term Incentive Plan"), the targets measure our financial performance against annual budget targets for Adjusted EBITDA and working capital and focus primarily on short-term financial measures. Accordingly, we believe the mix of compensation is such that it does not encourage excessive risk taking. Rockwood also has stock ownership guidelines that require long-term equity ownership by senior executives and "claw-back" provisions related to our annual cash incentive and our December 2010 long-term incentive grant that discourage excessive risk taking.

***Compensation Committee Report***

The Committee has reviewed and discussed the Compensation Discussion and Analysis with management. Based on its review and discussion with management, the Committee recommended to the board of directors that the Compensation Discussion and Analysis be included in this proxy statement and incorporated by reference in the Company's Annual Report on Form 10-K for the year ended December 31, 2010.

COMPENSATION COMMITTEE

Sheldon R. Erikson, Chairperson
Nance K. Dicciani
J. Kent Masters

***Compensation Committee Interlocks and Insider Participation***

The compensation levels of our executive officers are currently determined by the Committee as described in this proxy statement. None of our executive officers currently serves or has served as a director or member of the Committee, or other committee serving an equivalent function, of any entity of which an executive officer currently serves or is expected to serve as a director or a member of the Committee.

***Corporate Governance and Nominating Committee***

Our corporate governance and nominating committee currently consists of Nance K. Dicciani, Sheldon R. Erikson, and Douglas L. Maine. Dr. Dicciani is the chairperson. The corporate governance and nominating committee is comprised solely of independent directors.

The corporate governance and nominating committee is responsible for:

- developing corporate governance guidelines;
- developing and recommending criteria for selecting new directors;
- overseeing the evaluation of the board of directors and individual board members;
- reviewing and evaluating succession plans, including screening and recommending to the board of directors individuals qualified to become executive officers;

overseeing and approving the management continuity planning process;

overseeing certain material risk exposures, such as compliance and safety, health and environmental risk; and

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handling such other matters that are specifically delegated to the corporate governance and nominating committee by the board of directors from time to time.

In nominating candidates to serve as directors, the board of directors' objective, with the assistance of the corporate governance and nominating committee, is to select individuals whose particular experience, qualifications, attributes and skills can be of assistance to management in operating our business and enable the board of directors to satisfy its oversight responsibility effectively. In identifying prospective director candidates, the corporate governance and nominating committee may seek referrals from other members of the board of directors, management, stockholders and other sources. When evaluating the recommendations of the corporate governance and nominating committee, the board of directors considers, among other things, whether individual directors possess the following personal characteristics: high ethical standards, integrity, accountability, informed judgment, financial literacy, mature confidence and high performance standards. The board of directors believes that, as a whole, it should possess all of the following core competencies, with each candidate contributing knowledge, experience and skills in at least one domain: accounting and finance, business judgment, management, industry knowledge, leadership, international business experience and strategic vision. In addition, although the board of directors does not have a policy with regard to the consideration of diversity in identifying director nominees, among the many factors that the corporate governance and nominating committee carefully considers, are the benefits to the Company of national origin, gender, race, global business experience and cultural diversity in board composition.

When considering whether the directors and nominees have the experience, qualifications, attributes and skills, taken as a whole, to enable the board of directors to satisfy its oversight responsibilities effectively in light of the Company's business and structure, the board of directors focused primarily on the information discussed in each of the board members' biographical information set forth on pages 7 to 9. In addition, the corporate governance and nominating committee considered the following characteristics about each director:

*Seifi Ghasemi* Mr. Ghasemi's extensive business and strategic experience as a Chairman and CEO of Rockwood and other industrial companies, serving on the board of directors of another public corporation and strong technical and financial background leads the Company to conclude that he should continue to serve as a director of Rockwood;

*Sheldon R. Erikson* Mr. Erikson's long-term experience as a Chairman and CEO of industrial companies leads the Company to conclude that he should continue to serve as a director of Rockwood;

*Brian F. Carroll* Mr. Carroll's experience overseeing KKR investments, serving as a member of the board of directors of other public companies, serving on the board of Rockwood since 2000 and strong capital markets experience leads the Company to conclude that he should be re-elected as a director of Rockwood;

*Todd A. Fisher* Mr. Fisher's experience overseeing KKR investments, serving as a member of other public boards of directors, serving on the board of Rockwood since 2000 and strong mergers and acquisition and capital markets experience leads the Company to conclude that he should be re-elected as a director of Rockwood;

*Douglas L. Maine* Mr. Maine's extensive financial background, management experience with a large global company, and serving as a director of two other public companies leads the Company to conclude that he should be re-elected as a director of Rockwood;

*Nance K. Dicciani* Dr. Dicciani's experience as chief executive of specialty chemicals and materials businesses of large global public chemical companies and strong technical background leads the Company to conclude that she should continue to serve as a director of Rockwood; and

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*J. Kent Masters* Mr. Masters' experience in strategic and operational leadership roles for a global industrial company leads the Company to conclude that he should continue to serve as a director of Rockwood.

For a description of the procedures for stockholders to submit proposals regarding director nominations, see "Director Candidate Recommendations by Stockholders" below.

Our corporate governance and nominating committee is required to meet at least two times annually or more frequently as circumstances dictate. Our corporate governance and nominating committee met four times in 2010.

Our board of directors has adopted a written charter for the corporate governance and nominating committee which is available on our website at www.rocksp.com in the "Investor Relations Corporate Governance" section, and upon written request by our stockholders at no cost.

***Board Structure***

In 2009, the board of directors reviewed the board leadership structure of Rockwood and determined that the combined role of Chairman and Chief Executive Officer was appropriate in light of, among other things, the market capitalization and size of the Company. Mr. Ghasemi's leadership abilities, as exemplified by his ability to transform the Company, and his other accomplishments since joining Rockwood makes him qualified to fill both positions. Our Corporate Governance Guidelines require the independent directors of the board to elect a lead independent director when the roles of Chairman and Chief Executive Officer are combined. Such lead independent director will be elected annually by plurality vote of the independent directors at the board meeting immediately following the annual meeting of stockholders. Although elected for a term of one year, the lead director is generally expected to serve for more than one year. Generally, no independent director may serve as a lead director for more than five consecutive years. The lead independent director is responsible for:

- presiding at all non-management executive sessions;
- presiding over all meetings of the board at which the Chairman is not present;
- communicating to the CEO, together with the Chairperson of the Compensation Committee, the results of the board's evaluation of the CEO's performance;
- collaborating with the CEO on the agenda for board meetings and the need for special meetings;
- serving as a liaison for stockholders who request direct communication with the board; and
- recommending, with committee chairpersons, to the board of directors the retention of consultants and advisors.

Our independent directors elected Nance K. Dicciani to serve as lead independent director.

***Presiding Director of Non-Management Executive Sessions***

As described above, the board of directors has determined that at each executive session of non-management members of the board of directors, the lead independent director will preside at such session, and in the absence of the lead independent director, the non-management members in attendance will determine which member will preside at such session.

***Corporate Governance Guidelines***

The board of directors has adopted Corporate Governance Guidelines which set forth the board of directors' core principles of corporate governance and categorical standards of independence and are designed to promote its effective functioning and assist the board of directors in fulfilling its responsibilities. The board of directors will review and amend these guidelines from time to time as it

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deems necessary and appropriate. The Corporate Governance Guidelines are available on our website at www.rocksp.com in the "Investor Relations  Corporate Governance" section, and upon written request by our stockholders at no cost.

***Codes of Business Conduct and Ethics***

We are committed to conducting business in accordance with the highest ethical standards and all applicable laws, rules and regulations. We have adopted a Code of Business Conduct and Ethics that applies to our employees, executive officers and directors and provide training on such Code of Business Conduct and Ethics and other compliance issues. In addition, we have adopted a Code of Ethics for Executive Officers and Financial Officers that applies to our executive officers and our financial officers. In accordance with, and to the extent required by, the rules and regulations of the SEC, we intend to post on our website at www.rocksp.com waivers or implicit waivers (as such terms are defined in Item 5.05 of Form 8-K of the Exchange Act) and amendments to the Code of Business Conduct and Ethics and the Code of Ethics for Executive Officers and Financial Officers that apply to any of our executive officers, including our chairman and chief executive officer, senior vice president and chief financial officer, senior vice president, law & administration and controller and principal accounting officer or other persons performing similar functions. Both codes are available on our website at www.rocksp.com in the "Investor Relations  Codes of Conduct" section, and upon written request by our stockholders at no cost.

***Director Candidate Recommendations by Stockholders***

The corporate governance and nominating committee has adopted policies and procedures for director candidate recommendations by stockholders. The corporate governance and nominating committee will consider candidates recommended by stockholders in the same manner as candidates recommended to, or identified by, the corporate governance and nominating committee through other sources. Acceptance of a recommendation does not imply, however, that the committee will nominate the recommended candidate.

Each recommendation should be accompanied by certain information relating to the stockholder making such recommendation, including, among other things, the full name and address of the stockholder and beneficial owner and information about the stock ownership and intentions of the recommending stockholder regarding the solicitation of proxies, as well as information concerning the recommended candidate, including the name, address and relevant qualifications of the recommended candidate, as well as a description of arrangements with respect to the nomination, if any, involving or affecting the recommending stockholder or beneficial owner and/or their respective affiliates. A stockholder who wishes to recommend a candidate for election to the board of directors should complete and submit a director recommendation form (which is attached as an exhibit to the policies and procedures for director candidate recommendations by stockholders) and submit it to the corporate governance and nominating committee:

| | |
|---|---|
| By mail: | Stockholder Director Recommendation<br>Corporate Governance and Nominating Committee<br>c/o: Senior Vice President, Law & Administration, and Secretary<br>Rockwood Holdings, Inc.<br>100 Overlook Center<br>Princeton, NJ 08540 |
| By fax: | (609) 514-8722 |

Stockholders who are recommending candidates for nomination in connection with the next annual meeting of stockholders should submit their completed director recommendation forms not less than ninety (90) days nor more than one hundred and twenty (120) days prior to (A) the anniversary of the mailing of proxy materials for the prior year's annual meeting of stockholders ("Anniversary Date"); or (B) the date of the annual meeting if such date is changed by more than thirty (30) days from the Anniversary Date. However, where the number of directors to be elected to the board of directors of the Company at an annual meeting is increased and there is no public announcement by the Company at least one hundred (100) days prior to the Anniversary Date, then the Director Recommendation Form shall be considered timely with respect to nominees for new positions if received by the Secretary of the Company within ten (10) calendar days following the Company's public announcement of such increase.

A copy of these policies and procedures is available on our website at www.rocksp.com in the "Investor Relations  Corporate Governance" section, and upon written request by our stockholders at no cost.

***Stockholder and Interested Party Communications with the Board of Directors***

The corporate governance and nominating committee has adopted procedures for stockholders and other interested parties to communicate with Rockwood's board of directors. Stockholders and other interested parties may communicate with (i) the board of directors as a whole, (ii) the independent directors as a group, (iii) the lead independent director or other independent director, (iv) any other individual member of the board of directors or (v) any committee of the board of directors by submitting their communications to the appropriate person or group:

| | |
|---|---|
| By mail: | Communication to the Board of Directors<br>[Name of Appropriate Person or Group]<br>c/o: Senior Vice President, Law & Administration<br>Rockwood Holdings, Inc.<br>100 Overlook Center<br>Princeton, NJ 08540 |
| By fax: | (609) 514-8722 |

All appropriate stockholder and interested party communications received by the senior vice president, law & administration, will be forwarded to the appropriate person or group. Inappropriate communications include those not related to the duties or responsibilities of the board of directors. In addition, the receipt of any accounting, internal controls or audit-related complaints or concerns will be forwarded to the audit committee.

A copy of these procedures is available on our website at www.rocksp.com in the "Investor Relations  Corporate Governance" section, and upon written request by our stockholders at no cost.

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## AUDIT AND RELATED FEES

The following table summarizes aggregate fees billed or expected to be billed by Deloitte & Touche LLP and its affiliates for the fiscal years ended December 31, 2010 and 2009, with the following notes explaining the services underlying the table captions:

| | 2010 | 2009 |
|---|---|---|
| | (millions) | |
| Audit fees(1) | $ 7.0 | $ 6.8 |
| Audit-related fees(2) | $ 0.1 | $ 0.1 |
| Tax fees(3) | $ 0.6 | $ 0.5 |
| Total | $ 7.7 | $ 7.4 |

(1) Includes fees for the integrated audit of our annual consolidated financial statements and internal control over financial reporting, audits required by federal regulatory bodies, audits of certain joint ventures, review of the consolidated financial statements included in our Form 10-Qs, various services in connection with our other SEC filings, comfort letters and foreign subsidiary statutory audits.

(2) Includes fees for services related to due diligence reviews of potential and consummated mergers, acquisitions and dispositions.

(3) Includes fees for services related to tax compliance, including preparation of U.S. and foreign tax returns, responses to tax authorities and assistance on tax appeals and audits; tax planning and advice, including potential and completed restructuring of existing organizations and advice related to tax structuring for mergers, acquisitions and divestitures.

For additional information, please see "Audit Committee" beginning on page 14.

## EXECUTIVE OFFICERS

In addition to Seifi Ghasemi, Rockwood's chairman and chief executive officer, whose biography is included on pages 8 to 9, Rockwood also has the following executive officers who are not directors.

**Robert J. Zatta (61)** has been Senior Vice President and Chief Financial Officer of Rockwood and our subsidiary, Rockwood Specialties Group, Inc., since April 2001. Prior to joining Rockwood, he spent twelve years with the Campbell Soup Company, where he held several significant financial management positions, including his final position as Vice President responsible for Corporate Development and Strategic Planning. Prior to joining Campbell Soup Company in 1990, he worked for General Foods Corporation and Thomas J. Lipton, Inc. Mr. Zatta has a B.S. in Business Administration and a M.B.A. in Finance.

**Thomas J. Riordan (61)** has been Senior Vice President, Law & Administration of Rockwood and Rockwood Specialties Group, Inc. since 2000. Prior to that, he was Vice President, Law & Administration of Laporte Inc. since 1992 and joined Laporte in 1989. Mr. Riordan worked for UOP from 1975 to 1989 where he held various positions, most recently Chief Litigation Counsel. Mr. Riordan has a B.A. in Liberal Arts, a M.B.A. and a J.D. He is also admitted to the Illinois Bar, has a New Jersey Limited In-House Counsel License, is a member of the American Bar Association and has taken part in the Wharton/Laporte Business Program.

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## DIRECTOR COMPENSATION

During 2010, we compensated our non-employee directors as follows:

| Position | Annual Compensation: Non-Employee Directors |
|---|---|
| Board Member | |
| Cash(1) | $60,000 |
| Equity | $80,000 ($20,000 in value at grant date per quarter) |
| Audit Committee Chairperson | $25,000 |
| Audit Committee Member | $10,000 |
| Compensation Committee Chairperson | $12,500 |
| Compensation Committee Member | $5,000 |
| Corporate Governance and Nominating Committee Chairperson | $10,000 |
| Corporate Governance and Nominating Committee Member | $5,000 |
| Lead Independent Director(2) | |

(1) We also reimburse our directors for travel, education and other expenses incurred in connection with service on the board of directors.

(2) The lead independent director does not receive additional compensation for serving in such capacity.

In October 2010, the Committee retained Cook & Co. to assist the Committee in evaluating the compensation of our non-employee directors against a similar peer group utilized in Cook & Co.'s study of our executive compensation program, which is described below under "Executive Compensation Compensation Discussion and Analysis." Cook & Co.'s evaluation found that our non-employee director cash compensation is below the median in our peer group and equity compensation equates with the peer median. Accordingly, effective January 1, 2011, the Committee increased the cash compensation to our non-employee directors to $65,000 per year based upon a recommendation from Cook & Co. The Committee believes that this revised mix of cash-based and equity-based non-employee director compensation best serves Rockwood because it aligns the interests of our non-employee directors with the interests of our stockholders and allows us to be competitive in a tight market for the services of qualified non-employee directors. In addition, in 2010, the Committee, with assistance from Cook & Co., revised our stock ownership guidelines for our independent directors. According to these revised guidelines, each independent director will be required to own at least four times the annual cash compensation paid to such director by the Company. For the purposes of compliance with the revised guidelines, the value of the common stock owned is based upon an average of the last three months of the previous fiscal year's month-end closing stock prices measured in January of each year. Each independent director is currently in compliance with these guidelines.

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***Individual Non-Employee Director Compensation for 2010***

The following table provides summary information concerning compensation paid to each of our non-employee directors, for services rendered to us during the year ended December 31, 2010. Our chief executive officer is not separately compensated for his service on the board of directors.

| Name | Fees Earned or Paid in Cash ($) | Stock Awards ($) | Total ($) |
|---|---|---|---|
| Brian F. Carroll | $ 60,000(1) | $ 79,925(6) | $ 139,925 |
| Nance K. Dicciani | $ 85,000(2) | $ 79,925(6) | $ 164,925 |
| Sheldon R. Erikson | $ 77,500(3) | $ 79,925(6) | $ 157,425 |
| Todd A. Fisher | $ 60,000(1) | $ 79,925(6) | $ 139,925 |
| Douglas L. Maine | $ 90,000(4) | $ 79,925(6) | $ 169,925 |
| J. Kent Masters | $ 75,000(5) | $ 79,925(6) | $ 154,925 |

(1) Represents $60,000 annual retainer for service on the board of directors in 2010.

(2) Represents (a) $60,000 annual retainer for service on the board of directors in 2010, (b) $10,000 annual retainer for service as a member of the audit committee in 2010, (c) $5,000 annual retainer for service as a member of the compensation committee in 2010 and (d) $10,000 annual retainer for service as chairperson of the corporate governance and nominating committee in 2010.

(3) Represents (a) $60,000 annual retainer for service on the board of directors in 2010, (b) $12,500 annual retainer for service as chairperson of the compensation committee in 2010 and (c) $5,000 annual retainer for service as a member of the corporate governance and nominating committee in 2010.

(4) Represents (a) $60,000 annual retainer for service on the board of directors in 2010, (b) $25,000 annual retainer for service as chairperson of the audit committee in 2010 and (c) $5,000 annual retainer for service as a member of the corporate governance and nominating committee in 2010.

(5) Represents (a) $60,000 annual retainer for service on the board of directors in 2010, (b) $10,000 annual retainer for service as a member of the audit committee in 2010 and (c) $5,000 annual retainer for service as a member of the compensation committee in 2010.

(6) Represents the aggregate grant date fair value computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718, *Compensation Stock Compensation* ("FASB ASC Topic 718") of quarterly grants of a fixed value of $20,000 (rounding down to the nearest whole share) in shares on the date of grant (as opposed to a fixed number of shares) of our common stock to each of our non-employee directors. The closing prices of our common stock on the grant dates were $25.57 on March 16, 2010; $24.61 on June 14, 2010; $28.02 on September 10, 2010 and $41.34 on December 10, 2010. The aggregate number of shares awarded to each of our non-employee directors during the year ending on December 31, 2010 was 2,790 shares of our common stock. See "Note 14 Stock-Based Compensation" in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2010 for further information and discussion on valuation.

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## EXECUTIVE COMPENSATION

### *Compensation Discussion and Analysis*

*Executive Summary*

This executive summary highlights key information from this Compensation Discussion and Analysis section. Please carefully review the more detailed disclosure below in order to gain a better understanding of our executive compensation program. Our named executive officers are Seifi Ghasemi, our chairman and chief executive officer, Robert J. Zatta, our senior vice president and chief financial officer, and Thomas J. Riordan, our senior vice president, law & administration and secretary.

2010 Financial and Strategic Highlights

- **From continuing operations, net sales increased 15.3% and our Adjusted EBITDA increased 24.4% as compared to 2009;**

- **Total shareholder return for 2010 was among the top of our peer group at 66%;**

- **Overall Adjusted EBITDA margins from continuing operations improved from 18.4% to 19.9% as compared to 2009; and**

- **We generated significant cash flow and repaid approximately $291 million in term loans in 2010.**

Compensation Overview

- Our compensation program is designed to attract, motivate and retain highly qualified and talented professionals by providing compensation that is competitive with comparable employers and that aligns management's incentives with the interests of our stockholders.

- To achieve these objectives, our senior management compensation is comprised of three main components: fixed annual cash compensation through salaries; variable annual cash compensation through incentives tied to our financial performance, primarily measured by Adjusted EBITDA and net working capital; and long-term equity compensation tied to our financial performance, share price appreciation and continued employment.

- The Compensation Committee ("Committee") has structured our compensation program such that a very substantial portion of our named executive officers' total compensation is based upon the concept of pay for performance and is thus directly tied to our short-term and long-term financial performance.

- Compensation tied to our short-term performance includes variable cash incentives, while compensation tied to our long-term performance includes equity ownership. As a result, a substantial portion of the total compensation of our named executive officers is at-risk. For 2011, the Committee further shifted the total compensation of our named executive officers toward the concept of pay for performance by moving away from the use of time-based stock options and time-based restricted stock units as part of our long-term incentive plan to entirely restricted stock units which vest based upon relative total shareholder return ("performance-based restricted stock units"), and market stock units which vest based upon the absolute performance of our common stock ("performance-based market stock units").

We believe that our long-term compensation approach aligns the interests of both senior management and stockholders by tying compensation to our quantitative performance.

In addition, the Committee has adopted several positive pay practices, such as stock ownership guidelines, claw-backs and tax gross-ups were eliminated for all benefits in 2010 except for those related to change in control under grandfathered agreements with our named executive officers. The Committee does not intend to award tax gross-ups in the future.

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The Committee sets the compensation for our named executive officers and targets base salaries at the median to 75th percentile range and total compensation (base salaries, variable cash incentives at target and equity awards at target) in the range of the 75th percentile of total compensation for our peer group and related industries.

In 2010, the Committee retained Cook & Co. to assist the Committee in evaluating the total compensation of our named executive officers and to benchmark the compensation of our named executive officers against those at other companies in our industry and related industries.

2010 and 2011 Compensation Overview

In 2010, our chairman and chief executive officer agreed to a 15.3% decrease in his base salary effective April 1, 2010. Our other named executive officers were not awarded increases in their base salaries in 2009, 2010 or 2011.

In lieu of an increase in base salaries, in 2010, the target incentives for our named executive officers under our short-term incentive plan were increased to reinforce the concept of pay for performance and further shift the weight of compensation towards at-risk compensation.

Our excellent financial performance in 2010 resulted in annual cash incentives to our named executive officers well above their targeted amounts. In addition, our 2010 financial performance was a primary factor in determining whether certain outstanding equity awards from prior years would vest under our long-term incentive programs.

In late 2010, the Committee, with the assistance of Cook & Co., evaluated our equity award structure and implemented design changes to the equity compensation program to further align management's interests with that of our stockholders. The Committee adopted a program for 2011 that consists of performance-based market stock units, which vest based upon the performance of our common stock over a three-year period, and performance-based restricted stock units, which vest based upon our total stockholder return as compared to the group of chemical companies comprising the U.S. Chemical Industry Index over a three-year period. The ultimate value of the award is impacted by changes in the price of our common stock and thus ties long-term compensation directly to changes in stockholder value.

*General Philosophy and Objectives*

We compensate our senior management in a manner designed to be competitive with our peer group and comparable companies in related industries and to align management's incentives with the interests of our stockholders. The objectives of our executive compensation program are:

- to attract and retain highly qualified and talented professionals;
- to motivate our senior management to drive our short-and long-term financial performance;
- to align the interests of our senior management with the interests of our stockholders; and
- to support our business goals and our vision of creating a dynamic company that delivers value and growth to our stockholders.

To achieve these objectives, compensation for our senior management is allocated between base salary, short-term compensation tied to short-term performance measures and long-term compensation tied to long-term performance measures and growth. The Committee generally targets total compensation for our named executive officers to fall within the range of the $75^{th}$ percentile of total compensation for our peer group and comparable companies in related industries.

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*Compensation Review*

In order to ensure that our senior management's compensation is competitive within our industry, the Committee reviews and approves our executive compensation program on an annual basis. In 2010, the Committee retained Cook & Co. to assist in evaluating the compensation of our executive officers and certain key employees and to assess our compensation program against other companies in our industry and related industries. In connection with its review, Cook & Co. evaluated the following elements of our executive compensation program:

- total compensation and each of the three components: base salary, annual cash incentives and targets and long-term equity-based incentives and targets;

- total pay mix (base salary vs. annual cash incentives vs. long-term equity-based incentives);

- pay and performance relationship;

- executive benefits and perquisites; and

- stock ownership guidelines.

Cook & Co. compared these components of compensation for our named executive officers to our peer group. In addition, Cook & Co. compiled and presented published survey data, which is used as a broader industry reference for compensation by general industry. This data reflected industry information for functionally comparable positions at organizations of similar size to Rockwood and was referenced by the Committee as general information in evaluating compensation.

Specifically, in 2010, Cook & Co. provided data from a peer group of thirteen companies that was designed to reflect the compensation practices for public companies of comparable business character and size, including companies in the chemicals industry, to assist the Committee's review. The peer group generally consists of specialty chemicals and materials companies with characteristics including:

- annual revenue ranging from approximately $2.2 billion to $8.8 billion in 2009;

- annual net income ranging from approximately $108 million to $1.0 billion in 2009;

- market capitalization ranging from approximately $1.8 billion to $15.7 billion, measured in August 2010; and

- total employees ranging from approximately 3,950 to 18,900.

The companies used in this chemical industry peer group are: Air Products and Chemicals, Inc., Albemarle Corporation, Cabot Corporation, Celanese Corporation, Cytec Industries Inc., Eastman Chemical Company, FMC Corporation, The Lubrizol Corporation, Nalco Holding Company, RPM International Inc., Sigma-Aldrich Corporation, The Valspar Corporation and W.R. Grace & Co. In addition, as a supplemental reference, Cook & Co. compared the compensation of our named executive officers to published compensation survey data for similar executive job descriptions at nondurable manufacturing organizations of comparable size.

Based upon the compensation review, Cook & Co. advised the Committee:

- base salaries are generally between the median and the 75$^{th}$ percentile of the peer group and at the 75$^{th}$ percentile of the survey data, with the exception of the chairman and chief executive officer who is above the 75$^{th}$ percentile of the peer group and survey data;

target annual incentive percentages are above the $75^{th}$ percentile of the peer group and survey data;

long-term incentives are competitive with the peer group; and

total direct compensation in the aggregate is at or slightly below the $75^{th}$ percentile of the peer group.

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Cook & Co. also summarized the pay and performance relationship for our named executive officers by comparing total cash compensation (salary and annual incentives) and total direct compensation (total cash compensation and long-term incentives) to various performance measures, such as total stockholder return, revenue growth, EBITDA growth, and return on invested capital, over one-year, three-year and five-year periods. The Committee evaluated and considered this data in setting compensation for 2011.

*Compensation Mix For 2011*

The Committee sets the three components of compensation for our chairman and chief executive officer based on our overall compensation philosophy and following consultation with Cook & Co. The Committee also advises the Board of its deliberations prior to making a final determination of our named executive officers compensation, including equity incentive awards, and considers any Board input before making a final determination. For compensation decisions related to our other named executive officers, our chairman and chief executive officer makes recommendations to the Committee, which ultimately determines such compensation in consultation with Cook & Co. The Committee believes that a substantial portion of our named executive officers' total compensation should be variable and tied to financial performance measures that correlate with stockholder value.

The following charts provide summary information concerning the 2011 total compensation mix of our named executive officers at target performance levels:

Chairman and Chief Executive Officer

Senior Vice President and Chief Financial Officer

Senior Vice President, Law & Administration and Secretary

*2010 Financial and Operating Performance and Compensation*

Rockwood achieved excellent financial results and accomplished important strategic objectives in 2010. Our results reflect the focus and efforts of our named executive officers and key employees and their ability to manage the Company during the downturn of 2008 and 2009 and position the Company to maximize profitability during a rebound in the economy. Our named executive officers executed our business plan and strategic objectives for 2010, which included debt reduction, growing revenue and

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increasing cash flow and margins, based upon our expectations for the economy. Below are highlights of our 2010 financial performance:

- From continuing operations, our net sales increased 15.3% to $3.19 billion and our Adjusted EBITDA (as discussed below) increased 24.4% to $634.4 million in 2010;

- Including our divested plastic compounding business, our net sales increased 15.5% to $3.42 billion and our Adjusted EBITDA increased 23.6% to $667.9 million in 2010;

- We generated significant free cash flow, cash flow from operating activities of $482.4 million and net income of $248.5 million in 2010; and

- Our diluted earnings per share for 2010 was $3.07, including certain tax items related to the sale of our plastic compounds business, up from $0.28 per share in 2009.

In addition, Rockwood achieved several other significant strategic objectives, including:

- Repayment of approximately $291.0 million of our outstanding term loans in 2010;

- The sale of substantially all of the assets of our Specialty Compounds segment, which enabled us to repay an additional $409.0 million of term loans and refinance our senior secured credit facility at lower interest margins in early 2011;

- Improving of our overall Adjusted EBITDA margins from continuing operations from 18.4% in 2009 to 19.9% in 2010; and

- Achievement of total stockholder return for 2010 among the highest in our peer group at 66%.

The following table reflects the performance of our common stock in 2010 in relation to the indicated indices:

(1) Dow Jones Industrial Index

(2) S&P 500 Index

(3) Dow Jones U.S. Chemicals Index

(4) S&P Supercomposite Specialty Chemicals Index

(5) Rockwood Holdings, Inc.

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The leadership and vision of Mr. Ghasemi and our other named executive officers significantly contributed to accomplishing these operating, financial and strategic performance milestones in 2010. Our named executive officers continue to be instrumental in promoting our culture of customer focus, commitment to excellence and continual productivity improvement. Furthermore, our named executive officers were instrumental in transforming Rockwood over the last ten years, including focusing our portfolio, and are expected to continue to make similar contributions to Rockwood in the future. Accordingly, the Committee believes that the levels, ranges and mix for total compensation for 2010 are appropriate and are consistent with our stated philosophy for our named executive officers, and in particular, our chairman and chief executive officer.

*Base Salaries*

Base salaries are set at levels designed to be competitive in the labor markets in which we compete for talented senior executives, using a target of the median to 75th percentile of our peer group and survey data. The Committee annually reviews the performance of our executive officers, including our chairman and chief executive officer, based on quantitative and qualitative criteria as well as comparisons to the peer group and survey data references discussed above and establishes appropriate increases or decreases, if any, in base salaries. Our chairman and chief executive officer participates in the evaluation of our senior management and makes recommendations to the Committee regarding changes in the base salaries of our other named executive officers. Any changes in base salaries typically commence in April of a given year. Factors considered in determining base salary (including any increases or decreases) include responsibility, experience, our financial performance and the qualitative performance of the named executive officer, such as leadership in completing strategic or other business objectives; and the survey data regarding our peers and related industries.

Our chairman and chief executive officer's base salary is greater than that of our other named executive officers due to a number of factors, including his substantial experience in managing industrial companies, his strategic expertise and his significant role and responsibilities at Rockwood. In early 2010, the salary of our chairman and chief executive officer was decreased from $1,300,000 to $1,100,000 and was not increased for 2011. Our other named executive officers were not awarded increases in their base salaries in 2009, 2010 or 2011. In lieu of an increase in base salaries in 2010, the target incentives for our named executive officers under our short-term incentive plan were increased to reinforce the concept of pay for performance and shift a greater mix of compensation towards at-risk variable compensation.

See "Executive Compensation  Summary Compensation Table" for further information on base salaries paid to our named executive officers.

*Annual Cash Incentives*

Annual cash incentives are awarded under the Short-Term Incentive Plan, which was originally adopted in April 2009, and are designed to provide our named executive officers with the opportunity to achieve cash incentive awards based on predetermined quantitative financial performance criteria. Our incentive payments under the Short-Term Incentive Plan are typically made in the first quarter following the year of performance after our audited financial statements for such year are completed.

The Committee sets the performance criteria based on the consolidated annual budgets at budgeted exchange rates that are approved by the board of directors. At the end of the performance period, the Committee evaluates our results, including the impact of acquisitions and divestitures, converted to budgeted exchange rates, as compared to the performance criteria and has authority to use negative discretion to establish a final award. For 2010, the Committee set the performance criteria based upon Adjusted EBITDA and net working capital as a percentage of net sales, with 75% of the target award allocated to Adjusted EBITDA and 25% of the target award allocated to net working capital as a percentage of net sales. Cash incentives under the Short-Term Incentive Plan have typically

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represented a larger component of total compensation for our named executive officers than for similarly situated executives in our peer group. The Committee believes that the weighting of annual cash incentives in our compensation mix is appropriate and in line with our philosophy given that cash payments under the Short-Term Incentive Plan are tied directly to financial performance which ultimately correlates to stockholder value. The Compensation Committee has authority to use negative discretion in administering the Short-Term Incentive Plan.

The annual incentives are substantially based upon Adjusted EBITDA, as more fully described in Rockwood's Form 10-K for the fiscal year ending December 31, 2010, because it is an important financial measure for us under our senior secured credit agreement and the indenture governing our senior subordinated notes, which contain financial covenants that are determined based on Adjusted EBITDA. In addition, we believe that Adjusted EBITDA is the appropriate primary financial measure to assess our operating performance because it excludes items that have been deemed by management to have little or no bearing on our day-to-day operating performance and is therefore helpful in highlighting trends in our overall business.

2010 Annual Incentives

The Short-Term Incentive Plan provides for a range of potential awards to participants, including our named executive officers, both above and below their target incentive amounts based on actual results at budgeted exchange rates as compared to targeted performance. Generally, no incentive is awarded unless actual results for the applicable year are at least 90% of the targeted performance or exceed the prior year's performance, whichever is higher. For 2010, the target incentive for our chairman and chief executive officer was 200% of base salary; the target incentive for each of our senior vice president and chief financial officer, and our senior vice president, law & administration was 110% of base salary. If each of Adjusted EBITDA and net working capital as a percentage of net sales equals 110% of the targeted amounts for each such measure, the incentive awarded is at least twice the target incentive, and may actually exceed such amount. The incentive award is interpolated for results between 90% and 120% of the targeted Adjusted EBITDA and net working capital as a percentage of net sales as set forth below.

To illustrate how the Short-Term Incentive Plan is implemented, the table below details the hypothetical incentive that would have been awarded to our chairman and chief executive officer for 2010 based on varying levels of achievement of the performance criteria as set by the Committee.

| **Actual Adjusted EBITDA vs. Targeted Adjusted EBITDA** | **Adjusted EBITDA Percent of Targeted Incentive (75% of Target Award)** | **Amount of Incentive** |
|---|---|---|
| Less than 90% of targeted Adjusted EBITDA | 0% | $0 |
| 90% of targeted Adjusted EBITDA | 50% | $825,000 |
| 95% of targeted Adjusted EBITDA | 75% | $1,237,500 |
| 100% of targeted Adjusted EBITDA | 100% | $1,650,000 |
| 110% of targeted Adjusted EBITDA | 200% | $3,300,000 |
| 115% of targeted Adjusted EBITDA | 300% | $4,950,000 |
| 120% of targeted Adjusted EBITDA or greater | 400% or greater | $6,600,000 or greater |

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| Actual Net Working Capital as % of Net Sales (based on Targeted Net Working Capital as % of Net Sales) | Net Working Capital as % of Net Sales Percent of Targeted Incentive (25% of Target Award) | Amount of Incentive |
|---|---|---|
| Greater than 22.99% | 0% | $0 |
| 22.99% | 50% | $275,000 |
| 21.95% | 75% | $412,500 |
| 20.9% | 100% | $550,000 |
| Less than or equal to 18.81% | 200% or greater | $1,100,000 or greater |

The Committee has reviewed and approved the cash incentive awards under the Short-Term Incentive Plan to our chairman and chief executive officer and our other named executive officers for 2010. The performance-based target for our named executive officers for purposes of determining cash incentives for 2010 was Adjusted EBITDA of $600.0 million and net working capital as a percentage of net sales of 20.9% (at a budgeted exchange rate of $1.00=€1.45 and $1.00=£2.00). For 2010, our actual Adjusted EBITDA was $667.9 million and at budgeted exchange rates was $717.9 million. Specifically, each of our named executive officers was awarded 393.03% of his targeted Adjusted EBITDA amount. Net working capital as a percentage of net sales was roughly similar at 17.5% using both actual and budget exchange rates for 2010. Specifically, each of our named executive officers was awarded 325.3% of his targeted net working capital amount. Because Rockwood's financial performance significantly exceeded target levels for 2010, the cash incentives awarded to the named executive officers for the Adjusted EBITDA and net working capital components of the Short-Term Incentive Plan are well above their target awards.

See the "Summary Compensation Table" for further information about payment of cash incentive awards and see " Other Policies Claw-Back Annual Cash Incentive" for a summary of incentive "claw-backs" related to financial restatements.

2011 Annual Incentives

For 2011, the Committee determined the performance criteria for awards under the Short-Term Incentive Plan to our named executive officers will be predominately Adjusted EBITDA. The annual incentives for our named executive officers, however, will decrease by ten percent if our net working capital as a percent of sales increases above 19.0%. In addition, for 2011, the Committee adopted a cap on payments under the annual cash incentives of three times the named executives target award. For 2011, the target incentive percentage of base salary for our chairman and chief executive officer remained at 200% and, in lieu of salary increases, the Committee increased the target bonus of our senior vice president and chief financial officer and senior vice president, law & administration to 115% of each of their base salaries.

The table below sets forth details for the 2011 annual cash incentive based on varying levels of achievement of the performance criteria:

| Actual Adjusted EBITDA vs. Targeted Adjusted EBITDA | Adjusted EBITDA Percent of Targeted Award (100% of Target Award) |
|---|---|
| Less than 90% of targeted Adjusted EBITDA | 0% |
| 90% of targeted Adjusted EBITDA | 50% |
| 95% of targeted Adjusted EBITDA | 75% |
| 100% of targeted Adjusted EBITDA | 100% |
| 110% of targeted Adjusted EBITDA | 200% |
| 120% of targeted Adjusted EBITDA or greater | 300% |

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The incentive award is interpolated for results between 90% and 120% of the targeted levels of Adjusted EBITDA. The performance-based targets for our named executive officers for 2011 are Adjusted EBITDA of $761.9 million (at a constant exchange rate of $1.00=€ 1.45 and $1.00=£2.00).

*Long-Term Equity Compensation*

Long-term compensation is equity-based and is provided through stock options, restricted stock units and, recently, market stock units granted under our 2009 Rockwood Holdings, Inc. Stock Incentive Plan, which was originally adopted in April 2009. Ownership of equity interests by our named executive officers is a fundamental part of our compensation philosophy and furthers the goal of aligning management's interests with the interests of stockholders in value creation. In addition, our long-term equity compensation is designed to reward sustained financial performance and provide our executive officers and key employees with an incentive to remain employed with Rockwood, which in turn, provides stability in key leadership roles. The Committee utilizes the following types of awards pursuant to our Stock Incentive Plan:

- Time-Based Stock Options The stock options are designed to reward continued service and to provide rewards to our named executive officers if Rockwood's stock price appreciates, further aligning management's and stockholders' interests;

- Performance-Based Restricted Stock Units The performance-based restricted stock units are designed to primarily reward the executive's performance in increasing Adjusted EBITDA, earnings per share or total stockholder return, and to a lesser extent, continued service with Rockwood;

- Time-Based Restricted Stock Units The time-based restricted stock units are designed to primarily reward continued service with Rockwood and, to a lesser extent, financial performance if Rockwood's stock price appreciates; and

- Performance-Based Market Stock Units The performance-based market stock units are a type of restricted stock unit that are designed to primarily reward the Company's performance in increasing stockholder return, and to a lesser extent, continued service with Rockwood.

Upon vesting, each stock option, restricted stock unit and market stock unit represents the right to receive one share of our common stock, which aligns the interests of management with the interests of stockholders in stock price appreciation and value creation. In the future, the Committee may use a combination of these or other types of equity awards. Dividends (if any are declared and paid) are not awarded with respect to unvested restricted stock units.

Equity Grants in 2010 and Previous Years

The Committee has adopted an annual program of awarding equity grants to implement the philosophy discussed above that focuses on tying a significant portion of the awards to our long-term

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performance to further align management's interests with those of stockholders. The table below sets forth the nature of these recent equity awards:

| Grant Date | Performance Period | Performance Measure | Types of Awards | Vesting/ Service Period |
|---|---|---|---|---|
| December 2007 | Fiscal years 2008-2010 | Annualized Adjusted EBITDA growth and earnings per share growth | Performance-based restricted stock units and time-based stock options | Fiscal 2008-2010 |
| December 2008 | Fiscal year 2009 | Adjusted EBITDA and earnings per share | Performance-based restricted stock units, time-based restricted stock units and time-based stock options | Fiscal 2009-2011 |
| December 2009 | Fiscal year 2010 | Adjusted EBITDA and earnings per share | Performance-based restricted stock units, time-based restricted stock units and time-based stock options | Fiscal 2010-2012 |
| December 2010 | Fiscal year 2011-2013 | Relative and Absolute Stock Performance | Performance-based restricted stock units and performance-based market stock units | Fiscal 2011-2013 |

Burn Rate

In determining the aggregate number of restricted stock units, market stock units and stock options to award in a particular year, the Committee considers, among other things, quantitative factors such as share usage, burn rate and the compensation cost associated with the awards. For example, the burn rate, which is the aggregate award at target achievement without regard to cancellations divided by the shares of common stock outstanding for each of the above awards to all employees, was:

| Grant Date | Burn Rate |
|---|---|
| December 2007 | 0.92% |
| December 2008 | 2.53% |
| December 2009 | 0.97% |
| December 2010 | 0.35% |

In December 2010, the Committee did not grant stock option awards and instead granted performance-based restricted and market share units, which not only tie compensation more closely to changes in stockholder value because the vesting of the award is based upon stockholder return, but in addition, allows the Committee to utilize fewer authorized shares. The aggregate grant date fair value of the equity awards granted to all employees in December 2010 was approximately $13.3 million, of which approximately $4.5 million was attributable to equity awards granted to our named executive officers.

Outstanding Performance Awards

The information below sets forth the performance results for outstanding long-term equity incentive awards that were dependent upon the financial results for 2010.

*December 2009 Grant Performance.* For the December 2009 grant, which based vesting upon the achievement of certain financial performance goals in 2010 and subject to the recipient's continued employment with the Company for an additional two years, the Company exceeded its Adjusted EBITDA and earnings per share targets. The performance targets for 2010 were Adjusted EBITDA of $600.0 million and normalized earnings per share of $0.99, both at budgeted exchange rates of $1.00=€1.45 and $1.00=£2.00. Normalized earnings per share is the earnings per share of the Company, on a fully diluted basis, adjusted for non-recurring and unusual items. The Company achieved actual Adjusted EBITDA and earnings per share of $667.9 million (which includes the results for the specialty compounds business which was included when calculating the target amounts) and

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$3.07, respectively, and Adjusted EBITDA and normalized earnings per share of $717.9 million and $2.31, respectively, at budgeted exchange rates. Accordingly, our named executive officers achieved 198.3% and 200% of their targeted Adjusted EBITDA and normalized earnings per share awards, respectively. The following is an example calculation for Mr. Ghasemi based upon the above results:

| Performance Measure (a) | Target # of Shares (b) | Percentage of Grant Applicable to Performance Measure (c) | Vesting Percentage (d) | Vested Shares (Product of (b), (c) & (d)) |
|---|---|---|---|---|
| Adjusted EBITDA | 68,306 | 70% | 198.3%(1) | 94,816 |
| Normalized EPS | 68,306 | 30% | 200%(2) | 40,984 |
| | | | Total Vested: | 135,800 |

(1) Represents the vesting percentage of the targeted Adjusted EBITDA portion of the award, which is calculated by comparing the quotient of Adjusted EBITDA of $717.9 million and targeted Adjusted EBITDA of $600.0 million, or 119.7%, to the applicable vesting percentage for such Adjusted EBITDA performance. Based upon this performance, the Company determined the performance for results between 100% of target and 120% of target corresponds to a vesting percentage between 100% and 200% of the targeted Adjusted EBITDA award, with results interpolated on a straight line basis between such points, resulting in a vesting percentage of 198.3%.

(2) Represents the vesting percentage of the targeted normalized earnings per share portion of the award, which is calculated by comparing the quotient of normalized earnings per share of $2.31, at budgeted exchange rates, and targeted normalized earnings per share of $0.99, or more than 120.0%, which is the maximum vesting percentage, to the applicable vesting percentage for such normalized earnings per share performance. Based upon this performance, the Company determined the performance for results at 120% or more of target corresponds to a vesting percentage of 200% of the targeted normalized earnings per share award.

*December 2007 Grant Performance.* For the December 2007 grant, which based vesting upon the achievement of certain financial performance goals for the period 2008-2010, the Company did not achieve any of the Adjusted EBITDA targets but did achieve a portion of the normalized earning per share growth targets. The earnings per share target was growth of 15%. The base year earnings per share was $1.54 and the Company achieved normalized earnings per share of $2.22 in 2010 (at a constant exchange rate of $1.00=€ 1.36 and $1.00=£2.00). Accordingly, our named executive officers achieved 59.3% of their targeted award which is calculated as follows using Mr. Ghasemi's applicable grant as an example:

| Performance Measure (a) | Target # of Shares (b) | Percentage of Grant Applicable to Performance Measure (c) | Vesting Percentage (d) | Vested Shares (Product of (b), (c) & (d)) |
|---|---|---|---|---|
| Normalized EPS Growth | 44,776 | 30% | 59.3%(1) | 7,966 |
| Adjusted EBITDA Growth | 44,776 | 70% | | |
| | | | Total Vested: | 7,966 |

(1) Represents the vesting percentage of the normalized earnings per share portion of the award, which is calculated by comparing the quotient of the normalized earnings per share and the base year normalized earnings per share, compounded annually, or an annualized growth rate of 13.0%, to the applicable vesting percentage for such performance. Based upon this performance, the Company determined the performance for results between 12.5% and 15% compounded annual growth

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corresponds to a vesting percentage 50% and 100%, with the vesting percentage interpolated on a straight-line basis between such points, resulting in a vesting percentage of 59.3%.

Please see "Employment and Other Agreements" and "Outstanding Equity Awards at 2010 Fiscal Year-End" for additional information regarding the awards granted to our named executive officers in previous years.

2011 Equity Compensation Program

In December 2010, the Committee, with the assistance of Cook & Co., evaluated our long-term equity incentive program and determined that it was prudent to further align our long-term equity incentive program with the interest of stockholders and value creation. The Committee therefore decided to move away from an Adjusted EBITDA based target to targets measuring absolute and relative stockholder return. Accordingly, for the 2011 equity program, the Committee utilized performance-based market stock units, which vest based upon absolute performance, and performance-based restricted stock units, which vest based upon relative performance to our peer group, in lieu of time-based stock options or time-based restricted stock units. The Committee believes the long-term compensation program is now entirely based upon the concept of pay for performance. We believe that this equity-based pay for performance philosophy coupled with our stock ownership guidelines aligns the interests of senior management with stockholders by tying compensation to our financial performance and stockholder return over the three-year incentive period, while also simultaneously providing incentives designed to attract and retain highly qualified senior managers.

In 2010, the Committee eliminated the practice of setting long-term incentive targets as a percentage of base salary to prevent future changes in base salaries from flowing through all other elements of total compensation. The aggregate value of the equity awards granted in December 2010 to each recipient was based upon individual valuations that fell within a competitive range for the market based upon recommendations from Cook & Co. The aggregate target value set by the Committee for the awards for Mr. Ghasemi was $2.8 million and for each of Messrs. Zatta and Mr. Riordan was $660,000. The value of the awards granted to Messrs. Ghasemi, Zatta and Riordan in December 2010 was split nearly equally between performance-based market stock units and performance-based restricted stock units, with the number of units awarded calculated based upon the 20-trading-day average closing price of our common stock prior to the date of grant. The Committee determined that this split was appropriate in light of our goal to retain executives, drive financial performance and align management's interests with the interests of stockholders in creating value. The following table summarizes the allocation of awards for our named executive officers:

| | | Type of Award | |
|---|---|---|---|
| **Named Executive Officer** | **Target Award** | **Performance-Based Restricted Stock Units (% of Total Award)** | **Performance-Based Market Stock Units (% of Total Award)** |
| Chairman and Chief Executive Officer | $ 2.8 million | 50% | 50% |
| Senior Vice President and Chief Financial Officer | $ 660,000 | 50% | 50% |
| Senior Vice President, Law & Administration | $ 660,000 | 50% | 50% |

In addition, in the December 2010 grant, the Committee included a claw-back provision whereby participant awards may be reduced or recouped in certain situations. See "  Other Policies  Claw-Back  Long-Term Incentive Plan."

*Performance-Based Restricted Stock Units.* The number of performance-based restricted stock units awarded in December 2010 represents a targeted number of shares to be received upon vesting. The number of shares which vest, if any, is determined based upon the Company's total stockholder return ("TSR") (using the average closing stock price per share of the common stock of the Company for the 60 trading days prior to the beginning and end of the period) from January 1, 2011 through

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December 31, 2013 as compared to the total stockholder return for companies that comprise the Dow Jones U.S. Chemical Index. No restricted stock units are earned if the Company's rank relative to such companies is less than the 25th percentile. The maximum number of these restricted stock units that may vest upon the achievement of these performance measures is up to one and a half times the target amount of the restricted stock units. The performance-based restricted stock unit award is interpolated for results between performance targets. Vesting of performance-based restricted stock units earned, if any, generally occurs on January 1, 2014, subject to the executive's continued employment with the Company on such date, based upon the below table.

| **Performance of Rockwood TSR relative to the TSR of the components of Dow Jones US Chemical Index** | **% of Vesting** |
|---|---|
| Less than 25th percentile | 0% |
| 25th percentile | 25% |
| 50th percentile | 100% |
| Greater than or equal to 75th percentile | 150% |

In connection with this award, Mr. Ghasemi was awarded a target award of 30,318 performance-based restricted stock units and Messrs. Zatta and Riordan were each awarded a target award of 7,146 performance-based restricted stock units.

*Performance-Based Market Stock Units.* The number of performance-based market stock units awarded in December 2010 represents a number of shares to be received upon vesting. The number of stock units which vest, if any, is determined based upon the product of (a) the Company's stock price multiplier, which is the percentage change in the price of the Company's common stock over the period January 1, 2011 through December 31, 2013, and (b) the target amount of shares. The stock price multiplier is the quotient of the average closing stock price for the 60 trading days prior to December 31, 2013 divided by the average closing stock price for the 60 days prior to January 1, 2011. No market stock units are earned if the Company's stock price at the end of the award period is less than 50% of the Company's stock price at the beginning of the award period. The maximum number of these market stock units that may vest upon the achievement of these performance measures is up to one and a half times the target amount of the market stock units. Vesting of performance-based market stock units earned, if any, generally occurs on January 1, 2014, and subject to the executive's continued employment with the Company on such date, based upon the below table.

| **Company Stock Price Multiplier** | **% of Vesting** |
|---|---|
| Less than 50% | 0% |
| 50% | 50% |
| 100% | 100% |
| Greater than or equal to 150% | 150% |

In December 2010, the Company granted a target number of 29,322 performance-based market stock units to Mr. Ghasemi and a target number of 6,912 performance-based market stock units to each of Messrs. Zatta and Riordan.

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*Total Equity Awards to Named Executive Officers in 2010.* The following table summarizes the equity awards at targeted levels to our named executive officers in December 2010:

| | Type of Award | |
|---|---|---|
| **Named Executive Officer** | **Performance-Based Restricted Stock Units (# of Units at Target)** | **Performance-Based Market Stock Units (# of Units at Target)** |
| Chairman and Chief Executive Officer | 30,318 | 29,322 |
| Senior Vice President and Chief Financial Officer | 7,146 | 6,912 |
| Senior Vice President Law and Administration | 7,146 | 6,912 |

The Committee and board of directors believe that these equity awards strike an appropriate balance by rewarding our named executive officers primarily for financial performance based upon creation of stockholder value and to a lesser extent for their continued service and dedication to Rockwood. We believe that this approach best aligns the interests of our named executive officers with those of our stockholders, and is consistent with current trends in executive compensation as measured by our peer group and survey market data. We therefore intend to continue to make annual equity compensation grants to our named executive officers and other key employees and may further modify the structure to adapt to changing economic conditions and market practices.

*Equity Ownership of our Named Executive Officers*

In December 2010, Committee modified the stock ownership guidelines for our named executive officers and certain other key employees. In accordance with the revised guidelines for stock ownership by our named executive officers, Mr. Ghasemi is required to own stock valued at least equal to six times (five times under the former guidelines) his base salary, and Messrs. Zatta and Riordan are required to own stock valued at least equal to three times their base salaries. In evaluating stock ownership under these guidelines, the Committee will now only include shares actually owned by such named executive officer and will no longer include time-based restricted stock units and performance-based restricted stock units and market stock units that are earned but not vested. In addition, the Committee adopted a retention ratio whereby each named executive officer is required to hold 50% of all after-tax profit realized upon the exercise of stock options or vesting of restricted shares until such named executive officer has satisfied the ownership guidelines. For the purposes of compliance with these guidelines, the value of the common stock owned is based upon an average of the last three months of the previous fiscal year's month-end closing stock prices measured in January each year. As of the March 16, 2011 record date:

- Mr. Ghasemi owned 233,151 shares of our common stock;
- Mr. Zatta owned 30,200 shares of our common stock; and
- Mr. Riordan owned 30,330 shares of our common stock.

As of January 2011, Mr. Ghasemi's share ownership exceeds the amount required by the guidelines and our other named executive officers fall slightly below such guidelines.

*Equity Grants and Procedures*

All grants since 2007 have been made pursuant to the Committee's "Policies and Procedures of the Committee with Respect to Equity Grants," which we refer to as the Policies. Under the Policies, the Committee has established a pre-determined schedule for option and other equity grants during certain periods that correspond to "window periods" under our securities trading policy. These window periods begin at the opening of business on the second trading day on the New York Stock Exchange after the day on which we make a public news release of our quarterly earnings for the prior fiscal quarter, and close on the earlier of (a) 45 calendar days thereafter or (b) 75 calendar days after the end of the prior fiscal quarter. The date of grant for any equity awards will generally be the last business day of the window period. The exercise price of any stock option must equal the fair market value of our common stock on the date of grant, which is currently determined by the closing price of our common stock on the New York Stock Exchange on the grant date.

For stock option grants to newly-hired employees, the Committee intends to authorize any such stock option grants at its next meeting following the date of such employee's hiring. In no event is a stock option granted prior to the date a newly-hired employee commences employment with Rockwood. Stock options will not be granted to any recipient if, at the time the grant would be made, the recipient, or any member of the Committee, or any senior executive officer to whom option granting authority has been granted, is in possession of material non-public information about Rockwood.

*Executive Benefits and Perquisites*

We offer our named executive officers and other key employees selected perquisites and general health and welfare benefits. Our perquisites and other benefits include Company automobiles or allowance and life insurance. We provide these benefits as an additional incentive for our named executive officers to remain competitive in the general marketplace for executive talent. Commencing in 2010, Rockwood no longer reimbursed our named executive officers for tax gross-ups on life insurance and Company autos or auto allowances, and the Committee does not intend to award tax gross-ups in the future.

Retirement Plans

Our named executive officers participate in the following retirement plans, which are the same plans offered to all other Company employees located in the United States:

- a defined contribution 401(k) plan, in which we match 50% of an employee's contribution up to a maximum company contribution of 3% of compensation;

- a profit-sharing plan, in which we annually contribute to each employee's account a discretionary amount (which is the same for all employees participating in the plan) between 0%-4% of such employee's base salary and annual cash incentive (no contributions were made for 2008 and 2009); and

- a money purchase plan, in which we currently contribute to each employee's account 3% of such employee's annual base salary and annual cash incentive, in each case subject to the Internal Revenue Code's annual contribution limit.

In addition, we also offer our senior vice president and chief financial officer and our senior vice president, law & administration participation in a supplemental savings plan in which a participant can defer up to 20% of his annual cash compensation (base salary and annual incentive) and in which we match 50% of such participant's contribution up to a maximum contribution of 3% of such employee's annual cash compensation. The participant balances in the supplemental savings plan earn interest on a quarterly basis at the prime rate in effect at the beginning of each quarter. Effective April 1, 2010, we increased the monthly payments to our chairman and chief executive officer from $50,000 to $53,000 as a supplemental pension benefit pursuant to the terms of his employment agreement. The supplemental pension benefit to our chairman and chief executive officer is based upon similar benefits he was entitled to receive from his previous employer. For additional information, please see "Employment and Other Agreements" and "Potential Payments upon Termination or Change in Control."

Health and Welfare Benefits and Perquisites

Our named executive officers are also entitled to participate in our health and welfare programs. For our named executive officers, in addition to the plans offered to all employees, we provide an

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executive medical plan, which pays for annual expenses not covered by our standard health plans up to $10,000 per participant, per plan (for each of medical, dental, vision, prescription and over the counter drugs), per year. The named executive officers also participate in company-wide life insurance plans, with Rockwood providing an additional life insurance policy for our chairman and chief executive officer. In addition, we provide an auto allowance or Company automobile to our named executive officers.

*Severance Payments*

We believe it is important to provide reasonable severance benefits to our named executive officers both to remain competitive within our industry and in acknowledgement that it may be difficult for these officers to find comparable positions in a short amount of time. Each named executive officer is entitled to a severance payment in the event that he is terminated by us without "cause" or if he terminates employment with Rockwood for "good reason," as defined in the respective employment agreements of our named executive officers. Each of our named executive officers is also entitled to a severance payment in the event that he is terminated following a change in control. In addition, certain awards under the long-term incentive plan accelerate upon a change in control. However, under the terms of the employment agreements with such officers, the amounts payable to such named executive officers are not payable solely in the event of a change in control. For additional information, please see "Employment and Other Agreements" and "Potential Payments upon Termination or Change in Control."

*Other Policies Claw-Back*

Annual Cash Incentive

The Committee determined that the employment agreements for our named executive officers should include "claw-back" provisions related to our annual cash incentive payments. Under such employment agreements, if Rockwood is required to restate its financial statements and the board of directors in good faith determines that such restatement is due to the intentional misconduct of one or more of our named executive officers, such named executive officers will be required to reimburse Rockwood, net of taxes, for the excess of the annual cash incentive paid to such executive officer for the year(s) of restatement over the payment such executive officer would have received if annual cash incentive payments had been calculated using Rockwood's restated financial results.

Long-Term Incentive Plan

In December 2010, the Committee adopted a claw-back provision as part of the award agreements under the long-term incentive plan whereby participants' awards may be recouped or reduced in specified situations based upon a policy to be adopted by the Committee after final rules related to executive claw-backs have been adopted by the SEC under the Dodd-Frank Act.

*Section 162(m) of the Internal Revenue Code*

Section 162(m) of the Internal Revenue Code generally allows publicly-traded companies to take tax deductions for particular qualifying performance-based compensation. Section 162(m) disallows a deduction to the extent that particular non-performance-based compensation over $1 million is paid to the chief executive officer or any of the three other most highly compensated executive officers other than the chief financial officer. Rockwood believes that our Short-Term Incentive Plan and our Stock Incentive Plan, each of which was approved by our stockholders at the 2009 annual stockholders meeting, satisfies the requirements for exemption under Internal Revenue Code Section 162(m) as a performance-based plan. To maintain flexibility in compensating executive officers in a manner consistent with its goals, the Committee has not adopted a policy that all compensation must be deductible. However, this was one of the factors considered in reducing Mr. Ghasemi's base salary in 2010. The Committee will continue to consider the impact of Section 162(m) upon compensation decisions it makes.

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***Summary Compensation Table***

The following table provides summary information concerning compensation paid or accrued by us to or on behalf of our named executive officers for services rendered to us during the fiscal years 2010, 2009 and 2008.

| Name and Principal Position | Year | Salary ($) | Stock Awards ($)(1) | Option Awards ($)(2) | Non-Equity Incentive Plan Compensation ($)(3) | Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)(4) | All Other Compensation ($) | Total ($) |
|---|---|---|---|---|---|---|---|---|
| Seifi Ghasemi, | 2010 | $ 1,150,000(5) | $ 3,024,994 | | $ 8,274,469 | | $ 708,868(6) | $ 13,158,331 |
| Chairman and Chief | 2009 | $ 1,300,000 | $ 1,502,732 | $ 1,724,731 | $ 921,556 | | $ 732,583 | $ 6,181,602 |
| Executive Officer | 2008 | $ 1,287,500 | $ 1,343,544 | $ 1,407,387 | $ 1,366,138 | | $ 699,928 | $ 6,104,497 |
| Robert J. Zatta, Senior Vice | 2010 | $ 473,800 | $ 713,035 | | $ 1,960,222 | | $ 96,121(7) | $ 3,243,178 |
| President | 2009 | $ 473,800 | $ 378,019 | $ 281,612 | $ 223,914 | | $ 93,441 | $ 1,450,786 |
| and Chief Financial Officer | 2008 | $ 470,350 | $ 352,034 | $ 229,796 | $ 331,936 | | $ 118,948 | $ 1,503,064 |
| Thomas J. Riordan, Senior Vice | 2010 | $ 412,000 | $ 713,035 | | $ 1,704,541 | | $ 111,226(8) | $ 2,940,802 |
| President, Law & | 2009 | $ 412,000 | $ 328,714 | $ 244,875 | $ 194,708 | | $ 111,603 | $ 1,291,900 |
| Administration and Secretary | 2008 | $ 409,000 | $ 306,115 | $ 199,825 | $ 288,640 | | $ 130,353 | $ 1,333,933 |

(1) Represents the aggregate grant date fair value of stock awards granted in the specified fiscal years computed in accordance with FASB ASC Topic 718. For the December 2010 grant, the amount in the table attributable to performance-based restricted stock unit awards for Messrs. Ghasemi, Zatta and Riordan is $1,512,565, $356,514 and $356,514, respectively. The amount in the table attributable to performance-based market stock unit awards for Messrs. Ghasemi, Zatta and Riordan is $1,512,429, $356,521 and $356,521, respectively. For the December 2009 grant, the amount in the table attributable to performance-based restricted stock unit awards for Messrs. Ghasemi, Zatta and Riordan is $1,502,732, $245,366 and $213,356, respectively. The amount in the table attributable to time-based restricted stock unit awards for Messrs. Zatta and Riordan is $132,653 and $115,358, respectively. For the December 2008 grant, the amount in the table attributable to performance-based restricted stock unit awards for Messrs. Ghasemi, Zatta and Riordan is $1,343,544, $219,374 and $190,759, respectively. The amount in the table attributable to time-based restricted stock unit awards for Messrs. Zatta and Riordan is $132,660 and $115,356, respectively. Assuming certain performance targets are met or exceeded, the value for performance-based restricted stock units and/or market stock units, if applicable, granted in the specified fiscal year could result in 200%, or double, the amount in the table, for 2008 and 2009 and 150%, or one and a half times, the amount shown in the table for 2010 grants. Assumptions used in determining the FASB ASC Topic 718 values can be found in Rockwood's Annual Report on Form 10-K for the year ended December 31, 2010 in footnote 14, "Stock-Based Compensation  Restricted Stock." Please see "Compensation Discussion and Analysis  Long-Term Equity Compensation" for additional information on these restricted stock units, including vesting requirements.

(2) Represents the aggregate grant date fair value of option awards granted in the specified fiscal year computed in accordance with FASB ASC Topic 718. The option awards reflected in the table were granted in December 2009 and December 2008. Assumptions used in determining the FASB ASC Topic 718 values can be found in Rockwood's Annual Report on Form 10-K for the year ended December 31, 2010 in footnote 14, "Stock-Based Compensation  Stock Options." Please see

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"Compensation Discussion and Analysis Long-Term Equity Compensation" for additional information on these options, including vesting requirements.

(3) Represents cash incentives earned under our Short-Term Incentive Plan.

(4) There was no above market interest earned on non-qualified deferred compensation.

(5) Base salary earned for 2010 calculated as follows: January through March at $1,300,000 per year and April through December at $1,100,000 per year.

(6) Reflects the following:

- $627,000 (paid in monthly payments of $50,000 for January through March and $53,000 for April through December of 2010), in lieu of contributions into his non-qualified supplemental pension pursuant to the terms of Mr. Ghasemi's employment agreement;
- Auto allowance of $37,124;
- Basic and executive medical premiums of $750 and company-paid medical claims of $5,214;
- Company-provided life insurance with premiums of $14,280; and
- Company contributions into qualified plans of (x) $7,350 into a 401(k) plan, (y) $7,350 into a money purchase plan, and (z) $9,800 into a profit-sharing plan.

(7) Reflects the following:

- Auto allowance of $27,198;
- Basic and executive medical premiums of $750 and company-paid medical claims of $2,504;
- Company contributions into qualified plans of (x) $7,350 into a 401(k) plan, (y) $7,350 into a money purchase plan, and (z) $9,800 into a profit-sharing plan; and
- Company contributions into non-qualified plans of $41,169.

(8) Reflects the following:

- Auto allowance of $30,080;

Basic and executive medical premiums of $750 and company-paid medical claims of $19,725;

Company contributions into qualified plans of (x) $7,350 into a 401(k) plan, (y) $7,350 into a money purchase plan, and (z) $9,800 into a profit-sharing plan; and

Company contributions into non-qualified plans of $36,171.

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***Grants of Plan-Based Awards in 2010***

The following table provides supplemental information relating to grants of plan-based awards to help explain information provided above in our Summary Compensation Table.

| | | | Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1) | | | Estimated Future Payouts Under Equity Incentive Plan Awards | | | Grant Date Fair Value of Stock and Option Awards |
|---|---|---|---|---|---|---|---|---|---|
| **Name** | **Grant Date** | **Approval Date** | **Threshold ($)(2)** | **Target ($)** | **Maximum ($)** | **Threshold (#)(2)** | **Target (#)(3)** | **Maximum (#)** | **$(4)** |
| Seifi Ghasemi | | | $ 1,100,000 | $ 2,200,000 | $ 8,274,469 | | | | |
| | 12/10/10 | 12/09/10 | | | | 7,579 | 30,318 | 45,477 | $ 1,512,565(5) |
| | 12/10/10 | 12/09/10 | | | | 14,661 | 29,322 | 43.983 | $ 1,512,429(5) |
| Robert J. Zatta | | | $ 260,590 | $ 521,180 | $ 1,960,222 | | | | |
| | 12/10/10 | 12/09/10 | | | | 1,786 | 7,146 | 10,719 | $ 356,514(6) |
| | 12/10/10 | 12/09/10 | | | | 3,456 | 6,912 | 10,368 | $ 356,521(6) |
| Thomas J. Riordan | | | $ 226,600 | $ 453,200 | $ 1,704,541 | | | | |
| | 12/10/10 | 12/09/10 | | | | 1,786 | 7,146 | 10,719 | $ 356,514(6) |
| | 12/10/10 | 12/09/10 | | | | 3,456 | 6,912 | 10,368 | $ 356,521(6) |

(1) Represents the potential payments to our named executive officers based on a range of 2010 performance under the Short-Term Incentive Plan. For additional information relating to our annual cash incentives, please see "Compensation Discussion and Analysis Annual Cash Incentives."

(2) Represents the minimum amount payable at a level of performance triggering payment under this grant. No payouts are awarded for performance below such levels.

(3) In December 2010, Rockwood awarded 30,318 performance-based restricted stock units to Mr. Ghasemi, 7,146 performance-based restricted stock units to each of Messrs. Zatta and Riordan, 29,322 performance-based market stock units to Mr. Ghasemi and 6,912 performance-based market stock units to each of Messrs. Zatta and Riordan. For additional information relating to our performance-based restricted stock units and market stock units, please see "Compensation Discussion and Analysis Long-Term Equity Compensation 2011 Equity Compensation Program Performance-Based Restricted Stock Units", "Compensation Discussion and Analysis Long-Term Equity Compensation 2011 Equity Compensation Program Performance-Based Market Stock Units" and "Potential Payments upon Termination or Change in Control."

(4) Assumptions used in determining the FASB ASC Topic 718 values can be found in Rockwood's Annual Report on Form 10-K for the year ended December 31, 2010 in footnote 14, "Stock-Based Compensation Restricted Stock".

(5) Represents the grant date fair value of $1,512,565 for the performance-based restricted stock unit award and $1,512,429 for the performance-based market stock unit award computed in accordance with FASB ASC Topic 718.

(6) Represents the grant date fair value of $356,514 for the performance-based restricted stock unit award and $356,521 for the performance-based market stock unit award computed in accordance with FASB ASC Topic 718.

***Employment and Other Agreements***

*Agreements with Seifi Ghasemi*

We entered into an employment agreement, dated as of September 28, 2001, as amended as of August 9, 2004 and September 24, 2004, as amended and restated on November 13, 2008, and as amended as of October 28, 2010, with Mr. Ghasemi pursuant to which he is serving as our chairman and chief executive officer. The agreement automatically renews for successive one-year periods, unless either party gives 60 days advance written notice not to renew the term of the agreement prior to any such extension date, and otherwise terminates in August 2020. Either party may terminate the agreement at any time; however, Mr. Ghasemi must give at least 180 days advance written notice to terminate his employment (other than in connection with his notice not to renew the terms of the employment agreement described above).

The employment agreement provides Mr. Ghasemi with an annual base salary of $1,100,000 effective April 1, 2010, and a target annual cash incentive award equal to 200% of his base salary (subject to our achievement of specified performance-based targets), both of which may be increased in the discretion of our board of directors. Pursuant to the employment agreement, the amount of supplemental pension benefit payments to Mr. Ghasemi was increased effective as of April 1, 2010 from $50,000 to $53,000 per month. The employment agreement also provides for a company automobile and entitles Mr. Ghasemi to participate in our health, welfare and retirement programs.

In his original employment agreement with us, Mr. Ghasemi agreed to purchase a certain number of shares of our common stock, and in connection therewith, received: (1) a grant of 68,452 time-based restricted stock units (payable in shares of our common stock) which vested in equal quarterly installments over a three-year period and (2) a grant of time-based stock options to purchase a certain number of shares of our common stock which vested over a five-year period. Except in the event of a sale of shares of our common stock by affiliates of KKR giving rise to tag-along or drag-along rights under Mr. Ghasemi's amended and restated sale participation agreement with KKR, the shares of common stock underlying vested restricted stock units are issuable upon the later of (1) the date such shares can be sold in the public market without restrictions on transfer and (2) the termination of Mr. Ghasemi's employment. Pursuant to the agreement governing the restricted stock units, if a cash dividend is paid on the outstanding shares of common stock, Mr. Ghasemi will receive, at the time he becomes entitled to receive the shares of our common stock underlying the restricted stock units, an additional number of shares of our common stock equal to the quotient of (a) the product of the amount of the dividend paid with respect to one share of our common stock multiplied by the number of vested restricted stock units then held by Mr. Ghasemi (plus any number of shares of our common stock previously calculated in respect of any other cash dividend) divided by (b) the fair market value per share of our common stock at the time the dividend is paid. The number of shares of our common stock issuable is subject to adjustment in the event of a stock dividend, split, combination, recapitalization, change in control or other similar event.

In addition, under his employment agreement, Mr. Ghasemi is entitled to a gross-up payment equal to any excise tax imposed by Section 4999 of the Internal Revenue Code on any payment in the event of a change in control of Rockwood. Such payment is structured to comply with the provisions of Section 409A of the Internal Revenue Code. Under the terms of his amended agreement, Mr. Ghasemi is no longer entitled to a gross-up on his auto allowance and related expenses. His employment agreement also obligates Rockwood to indemnify Mr. Ghasemi to the fullest extent permitted by law or the by-laws of Rockwood during the employment term and after the employment term while potential liability exists.

Under the terms of Mr. Ghasemi's employment agreement, in the event that Rockwood is required to restate its financial statements due to the intentional misconduct of any of the senior executive officers of Rockwood (as determined in good faith by the board of directors), Mr. Ghasemi will be required to reimburse Rockwood the amount by which his annual incentive calculated under the misstated financial statements exceeds the annual incentive he would have received under the restated financial statements. See "Compensation Discussions and Analysis Other Policies Claw-Back Annual Cash Incentive" for a summary of the "claw-back" provisions related to our annual cash incentives.

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Mr. Ghasemi's employment agreement also provides that if his employment is terminated under certain conditions he will be entitled to receive severance payments and benefits as described below under "Potential Payments upon Termination or Change in Control Severance Payments." Mr. Ghasemi's employment agreement also contains certain restrictive covenants relating to confidentiality, non-competition and non-solicitation.

*Agreements with Robert J. Zatta*

On November 13, 2008, we entered into a new employment agreement with Mr. Zatta, as amended as of October 28, 2010, pursuant to which he is serving as our senior vice president and chief financial officer. The following summarizes the compensation arrangements in Mr. Zatta's employment agreement:

- annual base salary of $473,800 which shall be reviewed at least annually for potential increase;
- annual target incentive award of 110% of base salary based upon achievement of certain performance goals established by the board of directors or the Committee and subject to further increase based upon such performance;
- eligibility for participation in long-term incentive plans;
- participation in Rockwood's employee benefit plans;
- four weeks vacation annually; and
- the option to receive use of a Rockwood automobile and reimbursement of related expenses, or an auto allowance.

Under the terms of Mr. Zatta's employment agreement, in the event Rockwood is required to restate its financial statements due to the intentional misconduct of any of the senior executive officers of Rockwood (as determined in good faith by the board of directors), Mr. Zatta will be required to reimburse Rockwood the amount by which his annual incentive calculated under the misstated financial statements exceeds the annual incentive he would have received under the restated financial statements. See "Compensation Discussions and Analysis Other Policies Claw-Back Annual Cash Incentive" for a summary of the "claw-back" provisions related to our annual cash incentives.

Mr. Zatta's employment constitutes "at will" employment and may be terminated at any time for any reason. Mr. Zatta will be entitled to receive severance payments and benefits resulting from his termination under certain conditions as described below under "Potential Payments upon Termination or Change in Control Severance Payments." In addition, Mr. Zatta is entitled to a gross-up payment equal to any excise tax imposed by Section 4999 of the Internal Revenue Code on any benefit or payment due to him in the event of a change in control of Rockwood. Such payment is structured to comply with the provisions of Section 409A of the Internal Revenue Code. Under the terms of his amended agreement, Mr. Zatta is no longer entitled to a gross-up on his auto allowance and auto related expenses. The employment agreement also contains customary restrictive covenants relating to confidentiality, non-competition and non-solicitation.

*Agreements with Thomas J. Riordan*

On November 13, 2008, we entered into a new employment agreement with Mr. Riordan, amended as of October 28, 2010, pursuant to which he is serving as our senior vice president, law & administration. Other than Mr. Riordan's base annual salary of $412,000, the material terms under the new employment agreement are identical to those in the employment agreement with Mr. Zatta that are summarized above.

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***Outstanding Equity Awards at 2010 Fiscal Year-End***

Information regarding outstanding equity awards of our named executive officers as of December 31, 2010 follows:

| Name | Number of Securities Underlying Unexercised Options (#) Exercisable | Number of Securities Underlying Unexercised Options (#) Unexercisable | Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#) | Option Exercise Price ($) | Option Expiration Date | Number of Shares or Units of Stock That Have Not Vested (#) | Market Value of Shares or Units of Stock That Have Not Vested ($)(9) | Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) | Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)(9) |
|---|---|---|---|---|---|---|---|---|---|
| Seifi Ghasemi | 403,861(1) | | | $ 14.61 | 11/01/2011 | | | | |
| | 201,246(2) | | | $ 14.61 | 9/24/2014 | | | | |
| | 308,030(3) | | | $ 14.61 | 9/24/2014 | | | | |
| | 1,711(4) | | | $ 14.61 | 9/24/2014 | | | | |
| | 122,178(7) | | | $ 31.73 | 5/16/2014 | | | | |
| | 143,513(8) | | | $ 32.39 | 12/14/2014 | | | | |
| | 223,928(10) | 111,964(10) | | $ 9.18 | 12/12/2015 | | | | |
| | | | | | | 63,850(11) | $ 2,497,812 | | |
| | 43,786(13) | 87,572(13) | | $ 23.79 | 12/11/2016 | | | | |
| | | | | | | 135,800(14) | $ 5,312,496 | | |
| | | | | | | | | 30,318(16) | $ 1,186,040 |
| | | | | | | | | 29,322(17) | $ 1,147,077 |
| Robert J. Zatta | 17,112(5) | | | $ 14.61 | 10/15/2014 | | | | |
| | 31,487(6) | | | $ 14.61 | 10/15/2014 | | | | |
| | 26,564(7) | | | $ 31.73 | 5/16/2014 | | | | |
| | 28,438(8) | | | $ 32.39 | 12/14/2014 | | | | |
| | 36,563(10) | 18,281(10) | | $ 9.18 | 12/12/2015 | | | | |
| | | | | | | 10,425(11) | $ 407,826 | | |
| | | | | | | 14,451(12) | $ 565,323 | | |
| | 7,150(13) | 14,298(13) | | $ 23.79 | 12/11/2016 | | | | |
| | | | | | | 22,173(14) | $ 867,408 | | |
| | | | | | | 5,576(15) | $ 218,133 | | |
| | | | | | | | | 7,146(16) | $ 279,552 |
| | | | | | | | | 6,912(17) | $ 270,397 |
| Thomas J. Riordan | 27,380(5) | | | $ 14.61 | 10/15/2014 | | | | |
| | 68,450(6) | | | $ 14.61 | 10/15/2014 | | | | |
| | 23,099(7) | | | $ 31.73 | 5/16/2014 | | | | |
| | 24,728(8) | | | $ 32.39 | 12/14/2014 | | | | |
| | 31,794(10) | 15,897(10) | | $ 9.18 | 12/12/2015 | | | | |
| | | | | | | 9,066(11) | $ 354,662 | | |
| | | | | | | 12,566(12) | $ 491,582 | | |
| | 6,216(13) | 12,434(13) | | $ 23.79 | 12/11/2016 | | | | |
| | | | | | | 19,281(14) | $ 754,273 | | |
| | | | | | | 4,849(15) | $ 189,693 | | |
| | | | | | | | | 7,146(16) | $ 279,552 |
| | | | | | | | | 6,912(17) | $ 270,397 |

(1) These time-based stock options were granted to Mr. Ghasemi on November 1, 2001 and vested and became exercisable by the holder on grant date anniversaries as follows: 10% in year one, 10% in year two, 25% in year three, 25% in year four and 30% in year five. These stock options expire on the tenth anniversary of their grant date if not otherwise forfeited or terminated prior to such date.

(2)

These time-based stock options were granted to Mr. Ghasemi on September 24, 2004 and vested and became exercisable by the holder in installments of 20% on each of the first five anniversaries of the grant date. These options expire on the tenth anniversary of their grant date if not otherwise forfeited or terminated prior to such date.

(3)

These performance-based stock options were granted to Mr. Ghasemi on September 24, 2004 and became exercisable as to 20% of the total performance-based stock options on December 31 of each year beginning with 2004 pursuant to achievement of specified performance-based targets. Each of the annual financial targets was met and such performance-based shares are fully vested.

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These options expire on the tenth anniversary of their grant date if not otherwise forfeited or terminated prior to such date.

(4)

These time-based stock options were granted to Mr. Ghasemi on September 24, 2004 and vested and became exercisable by the holder in installments of 20% each year over a five-year period. These options expire on the tenth anniversary of their grant date if not otherwise forfeited or terminated prior to such date.

(5)

These time-based stock options were granted to Messrs. Zatta and Riordan on October 15, 2004 and vested and became exercisable by the holder in installments of 20% on each of the first five anniversaries of the grant date. These options expire on the tenth anniversary of their grant date if not otherwise forfeited or terminated prior to such date.

(6)

These performance-based stock options were granted to Messrs. Zatta and Riordan on October 15, 2004 and became exercisable as to 20% of the total performance-based stock options on December 31 of each year beginning with 2004 upon achievement of specified performance-based targets. Each of the annual financial targets was met and such performance-based shares are fully vested. These options expire on the tenth anniversary of their grant date if not otherwise forfeited or terminated prior to such date.

(7)

These time-based stock options were granted to Messrs. Ghasemi, Zatta and Riordan on May 16, 2007 and vested and became exercisable by the holder in three equal annual installments beginning on December 31, 2007 and ending on December 31, 2009. These options expire on the seventh anniversary of their grant date if not otherwise forfeited or terminated prior to such date.

(8)

These time-based stock options were granted to Messrs. Ghasemi, Zatta and Riordan on December 14, 2007 and vest and become exercisable by the holder in three equal annual installments beginning on December 31, 2008 and ending on December 31, 2010. These options expire on the seventh anniversary of their grant date if not otherwise forfeited or terminated prior to such date.

(9)

Based on the closing price of our common stock on the New York Stock Exchange on December 31, 2010 of $39.12 per share.

(10)

These time-based stock options were granted to Messrs. Ghasemi, Zatta and Riordan on December 12, 2008 and vest and become exercisable by the holder in three equal annual installments beginning on December 31, 2009 and ending on December 31, 2011. These options expire on the seventh anniversary of their grant date if not otherwise forfeited or terminated prior to such date.

(11)

These performance-based restricted stock units were granted on December 12, 2008 and each represents the right to receive one share of our common stock. The number of performance-based restricted stock units granted to Messrs. Ghasemi, Zatta and Riordan at target performance was 63,850, 10,425 and 9,066, respectively. Based upon our 2009 financial performance, Messrs. Ghasemi, Zatta and Riordan will vest in 43,653, 7,127 and 6,198 performance-based restricted stock units, respectively, subject to continued employment through December 31, 2011.

(12)

These time-based restricted stock units were granted to Messrs. Zatta and Riordan on December 12, 2008 and vest on December 31, 2011 if not otherwise forfeited or terminated prior to such date.

(13)

These time-based stock options were granted to Messrs. Ghasemi, Zatta and Riordan on December 11, 2009 and vest and become exercisable by the holder in three equal annual installments beginning on December 31, 2010 and ending on December 31, 2012. These options expire on the seventh anniversary of their grant date if not otherwise forfeited or terminated prior to such date.

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(14)

These performance-based restricted stock units were awarded on December 11, 2009 and each represents the right to receive one share of our common stock. The number of performance-based restricted stock units granted to Messrs. Ghasemi, Zatta and Riordan at target performance was 68,306, 11,153 and 9,698, respectively. Based upon our 2010 financial performance for the award period, Messrs. Ghasemi, Zatta and Riordan will vest in 135,800, 22,173 and 19,281 performance-based restricted stock units, respectively, subject to continued employment through December 31, 2012.

(15)

These time-based restricted stock units were granted to Messrs. Zatta and Riordan on December 11, 2009 and vest on December 31, 2012 if not otherwise forfeited or terminated prior to such date.

(16)

These performance-based restricted stock units were awarded on December 10, 2010 and each represents the right to receive one share of our common stock. See "Compensation Discussion and Analysis Long-Term Equity Compensation 2011 Equity Compensation Program Performance-Based Restricted Stock Units" for further information regarding vesting.

(17)

These performance-based market stock units were awarded on December 10, 2010 and each represents the right to receive one share of our common stock. See "Compensation Discussion and Analysis Long-Term Equity Compensation 2011 Equity Compensation Program Performance-Based Market Stock Units" for further information regarding vesting.

***Option Exercises and Stock Vested in 2010***

The following table provides information concerning each stock option exercise and each unit of restricted stock that vested during the last completed fiscal year for our named executive officers:

| | Option Awards | | Stock Awards | |
|---|---|---|---|---|
| **Name** | **Number of Shares Acquired on Exercise (#)** | **Value Realized on Exercise ($)** | **Number of Shares Acquired on Vesting (#)** | **Value Realized on Vesting ($)(3)** |
| Seifi Ghasemi | | | 7,966 | $ 366,675 |
| Robert J. Zatta | 156,754(1) | $ 2,902,307 (1) | 1,710 | $ 78,711 |
| Thomas J. Riordan | 143,748(2) | $ 1,987,118 (2) | 1,487 | $ 68,447 |

(1)

Represents the exercise and sale of 156,754 stock options at an exercise price of $14.61 and value realized on exercise of our common stock on the New York Stock Exchange computed based on the closing prices on applicable exercise dates.

(2)

Represents the exercise and sale of 143,748 stock options at an exercise price of $14.61 and value realized on exercise of our common stock on the New York Stock Exchange computed based on the closing prices on applicable exercise dates.

(3)

Represents the value of the vested shares using the closing stock price on the date all vesting criteria was met, including approval by the Compensation Committee.

***Pension Benefits for 2010***

We do not sponsor a defined benefit pension plan for our named executive officers.

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***Non-Qualified Deferred Compensation for 2010***

The following table provides information regarding contributions, earnings, withdrawals and distributions and balances for our named executive officers under our non-qualified deferred compensation plan during the fiscal year ended December 31, 2010:

| Name | Executive Contributions in Last FY ($)(1) | Registrant Contributions in Last FY ($)(2) | Aggregate Earnings in Last FY ($) | Aggregate Withdrawals/ Distribution ($) | Aggregate Balance Last FYE ($) |
|---|---|---|---|---|---|
| Seifi Ghasemi | | | $ 998,715(3) | | $ 2,677,842(5) |
| Robert J. Zatta | $ 19,863 | $ 41,169 | $ 19,573(4) | | $ 660,311(6) |
| Thomas J. Riordan | $ 38,671 | $ 36,171 | $ 42,727(4) | | $ 1,387,036(6) |

(1) Contributions of non-qualified deferred compensation in 2010 by Mr. Zatta and Mr. Riordan consisted of contributions to a supplemental savings plan. All of these amounts were reported in the "Salary" column of our Summary Compensation Table. See "Compensation Discussion and Analysis Executive Benefits and Perquisites Retirement Plans" for a description of the non-qualified deferred compensation plan.

(2) These amounts include Rockwood's contributions into the supplemental savings plan that would otherwise have been made to qualified plans if not for the Internal Revenue Service's annual compensation limits for such plans. For Mr. Zatta, this amount is $31,690; and for Mr. Riordan, this amount is $25,320. The amount in this column also includes matching contributions by Rockwood for each of Mr. Zatta and Mr. Riordan under the supplemental savings plan in the amounts of $9,479 and $10,851, respectively. All of these amounts were reported in the "All Other Compensation" column of our Summary Compensation Table.

(3) Represents the market appreciation value of 68,452 time-based restricted stock units granted to Mr. Ghasemi pursuant to his original employment agreement calculated based on the closing price of our common stock between January 4, 2010 and the closing price of our common stock on December 31, 2010 on the New York Stock Exchange multiplied by the number of securities underlying the restricted stock units.

(4) Represents interest accruals calculated on a quarterly basis at the prime rate in effect at the beginning of each quarter on cash balances. All of these amounts were reported in the "Change in Pension Value and Nonqualified Deferred Compensation Earnings" column of the Summary Compensation Table.

(5) Represents the value of 68,452 vested time-based restricted stock units granted to Mr. Ghasemi pursuant to his original employment agreement calculated based on the closing price of our common stock on December 31, 2010 on the New York Stock Exchange of $39.12 multiplied by the number of securities underlying the restricted stock units.

(6) The accumulated balances reported as compensation in the Summary Compensation Table of Rockwood's proxy statements for this year and prior year's amounts to $462,615 and $695,802 for Messrs. Zatta and Riordan, respectively.

***Potential Payments upon Termination or Change in Control***

*Severance Payments*

Each of our named executive officers is entitled to a severance payment in the event that he is terminated, including a termination within a certain period following a change in control. However, under the terms of the employment agreements with such named executive officers, the amounts payable to such named executive officers are not enhanced solely in the event of a change in control.

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Hence, there is no increase in severance payments unless such named executive officers are terminated following a change in control of Rockwood.

*General*

The employment agreements for Messrs. Ghasemi, Zatta and Riordan include in their respective definitions of "cause" an employee's willful and continued failure or refusal to perform his duties. Mr. Zatta's and Mr. Riordan's employment agreements also include any act of fraud, embezzlement or theft on their part against Rockwood, while Mr. Ghasemi's employment agreement defines "cause" to include certain other acts which harm Rockwood, including a conviction, plea of guilty or no contest to fraud or, under certain conditions, a misdemeanor as defined in each of these employment agreements, "good reason" will generally exist if the named executive officer's (1) responsibilities or compensation has been reduced, (2) benefits have been materially reduced, (3) primary workplace has been moved beyond 35 miles from its current location or (4) the agreement is materially breached by Rockwood. Mr. Ghasemi's employment agreement also includes in its definition of "good reason" the failure of Rockwood's successor to assume Rockwood's obligations under his employment agreement.

We believe our arrangements are reasonable in light of the fact that cash severance is limited to two years for Mr. Ghasemi and a maximum of two years for Mr. Zatta and Mr. Riordan. Further, there is no increase in severance payments unless such named executive officers are terminated within two years following a change in control of Rockwood.

*Change in Control Under Employment Agreements*

Our named executives officers' employment agreements generally define a change in control of Rockwood as (1) the date at which any person or entity other than Rockwood or its employee benefit plans becomes the beneficial owner of 30% or more of the combined voting power of its outstanding securities other than through a purchase of such securities directly from Rockwood through a private placement, (2) the date at which the members of Rockwood's board of directors at signing (the "Incumbent Board") no longer represent a majority of Rockwood's board of directors; *provided* that a member approved by a majority of the Incumbent Board will be counted as a member of the Incumbent Board, (3) a merger or consolidation of Rockwood with or into another entity, unless immediately following such transaction, 70% or more of the voting securities of the surviving entity are beneficially owned by beneficial owners of Rockwood prior to such transaction or (4) all or substantially all of the assets of Rockwood are sold or transferred and the (x) Incumbent Board does not directly control the buyer or transferee and (y) financial results of Rockwood and such buyer or transferee are not consolidated for financial reporting purposes.

*Change in Control Relating to Equity Awards*

For all stock options granted after May 2007, the vesting of such stock option award is only accelerated if the employee is terminated within two years of a change in control; thus, such awards have a double trigger. For performance-based restricted stock units for which the earned award is known but the award has not yet vested due to the service requirements, such vesting is accelerated upon a termination following a change in control but otherwise vests on the related vesting date. For the awards in December 2010, the number of shares earned is calculated based upon the change in control price and i) our common stock's performance relative to companies comprising the comparison group for the performance-based restricted stock units and ii) the related stock price multiplier for performance-based market stock units. For time-based restricted stock units, vesting is accelerated upon the change of control. All amounts in respect of accelerated vesting for the December 2010 awards would be paid on January 1, 2014, unless the named executive officer is terminated without cause or resigns for good reason on or after a change in control but before January 1, 2014, in which case the amount would be paid in a lump sum at that time. In the event of a change in control, all restricted

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stock units and performance-based market stock units are converted into a cash value and paid to holders.

The amended and restated management stockholders agreement and the agreements related to equity awards granted prior to 2008 for our named executive officers generally define a change in control of Rockwood as:

(1) a sale of all or substantially all of the assets of Rockwood to an entity unaffiliated with KKR;

(2) a sale by KKR or any of its affiliates resulting in more than 50% of the voting stock of Rockwood being held by an entity that does not include KKR or any of its affiliates; or

(3) a merger, consolidation, recapitalization or reorganization of Rockwood with or into another entity unaffiliated with KKR, in each case, if and only if, as a result of any of the foregoing events, KKR loses the ability, without the approval of any unaffiliated entity, to elect a majority of the board of directors of the resulting entity.

The agreements related to equity awards granted in or after 2008 for our named executive officers generally define a change in control of Rockwood as:

(1) the date at which any person or entity other than Rockwood or its employee benefit plans becomes the beneficial owner of 30% or more of the combined voting power of its outstanding securities other than through a purchase of such securities directly from Rockwood through a private placement;

(2) the date at which the Incumbent Board no longer represent a majority of the Rockwood board of directors; *provided* that a member approved by a majority of the Incumbent Board will be counted as a member of the Incumbent Board;

(3) a merger or consolidation of Rockwood with or into another entity, unless immediately following such transaction, 50.1% or more of the voting securities of the surviving entity are beneficially owned by beneficial owners of Rockwood prior to such transaction; or

(4) all or substantially all of the assets of Rockwood are sold or transferred and the (x) Incumbent Board does not directly control the buyer or transferee and (y) financial results of Rockwood and such buyer or transferee are not consolidated for financial reporting purposes.

*Chairman and Chief Executive Officer*

Under the terms of Mr. Ghasemi's employment agreement, Rockwood may terminate Mr. Ghasemi's employment at any time. Unless otherwise terminated, his employment agreement terminates automatically on the August 1$^{st}$ following Mr. Ghasemi's attainment of age 75, which is August 1, 2020. The summary below sets forth the other termination provisions in his employment agreement:

For Cause or By Mr. Ghasemi without Good Reason

If Mr. Ghasemi's employment is terminated for cause or by him without good reason, Mr. Ghasemi will be entitled to receive the following accrued rights (the "Accrued Rights"):

- accrued but unpaid base salary;

- accrued but unpaid supplemental pension benefit;

earned but unpaid annual incentive for the year prior to the year in which the termination occurs;

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- accrued but unpaid vacation;
- reimbursement for proper business expenses; and
- employee benefits to which he is entitled.

Without Cause or By Mr. Ghasemi With Good Reason, Including Following a Change in Control

If Mr. Ghasemi's employment is terminated without cause by Rockwood or by him with good reason, including a termination following a change in control (as defined above) of Rockwood, Mr. Ghasemi will be entitled to receive the following:

- the Accrued Rights;
- a lump sum pro rata portion of any annual incentive for the fiscal year in which the termination occurs;
- an amount equal to two times the sum of (x) his annual salary and (y) the average of his annual incentives for the two full fiscal years prior to such termination, payable in 24 equal monthly installments (or as a lump sum in the case of a termination following a change in control);
- 12 monthly supplemental pension benefit payments of $53,000 following termination (or as a lump sum in the case of a termination following a change in control); and
- the value attributable to vesting of certain equity awards. See "Potential Payments upon Termination or Change in Control Change in Control Relating to Equity Awards" and the below table.

Death, Disability or Retirement

If Mr. Ghasemi's employment is terminated due to death, disability or retirement, he or his estate will be entitled to receive the following:

- the Accrued Rights;
- a lump sum pro rata portion of any annual incentive for the year in which the termination occurs;
- in the event of disability, (a) six months of salary continuation and welfare benefits and (b) if eligible, long-term disability benefits;
- in the event of death, (a) $2.1 million in life insurance proceeds and (b) an additional payment of $2^1/_2$ times his base salary up to a maximum of £2.0 million as a result of bodily injury resulting in death; and
- the value attributable to vesting of certain equity awards. See "Potential Payments upon Termination or Change in Control Change in Control Relating to Equity Awards" and the below table.

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The following table provides summary information concerning vesting of equity awards granted to our Chairman and Chief Executive Officer and entitlement to certain other benefits upon a change in control or the termination scenarios described below assuming such hypothetical event occurred on December 31, 2010:

| Name and Principal Position | Type of Compensation | Death or Disability | Retirement | Termination Without Cause or Resignation for Good Reason | Change in Control | Change in Control and Termination |
|---|---|---|---|---|---|---|
| Seifi Ghasemi, Chairman and Chief Executive Officer(1) | Base Salary | | | $2,200,000(2) | | $2,200,000(2) |
| | 2010 Cash Incentive | $8,274,469(3) | $8,274,469(3) | $8,274,469(3) | | $8,274,469(3) |
| | Average Incentive | | | $9,196,025(4) | | $9,196,025(4) |
| | Supplemental Pension Benefit Contribution | | | $636,000(5) | | $636,000(5) |
| | Salary Continuation | $564,682(6) | | | | |
| | Life Insurance Proceeds | $2,100,000(7) | | | | |
| | Stock Options | $3,352,202(8) | (8) | (9) | (10) | $4,694,681(8) |
| | Performance-Based Restricted Stock Units | $3,600,800(11) | $3,600,800(11) | $3,600,800(11) | $8,996,348(12) | $8,996,348(12) |
| | Performance-Based Market Stock Units | $23,003(13) | $23,003(13) | $23,003(13) | $1,147,077(14) | $1,147,077(14) |
| | Total | $17,915,156 | $11,898,272 | $23,930,297 | $10,143,425 | $35,144,600 |

*
All values are based on the closing price of our common stock on December 31, 2010 on the New York Stock Exchange of $39.12 and in the case of options, the difference between this stock price and the option exercise price, multiplied by the number of securities underlying the applicable award. Because we cannot determine the price per share on the vesting date, we have chosen the December 31, 2010 closing price of our common stock on the New York Stock Exchange for purposes of this calculation.

(1)
Under all of such events, Mr. Ghasemi will be entitled to receive the Accrued Rights except solely in the event of a change in control.

(2)
Represents an amount equal to two times Mr. Ghasemi's 2010 base salary of $1,100,000.

(3)
Represents the pro rata portion of the cash incentive payable based upon 2010 financial performance under the Short-Term Incentive Plan.

(4)
Represents an amount equal to two times the average of the cash incentives awarded to Mr. Ghasemi for 2010 and 2009, which were $8,274,469 and $921,556, respectively.

(5)
Represents twelve monthly supplemental pension benefit contributions of $53,000 each.

(6)
In the event of disability, represents six months of salary continuation and welfare benefits until long-term disability benefits apply. This amount assumes Mr. Ghasemi is not eligible for any such long-term disability benefits.

(7)

Represents \$2.1 million in life insurance proceeds payable in case of death. An additional payment of $2^1/_2$ times his base salary would be payable if death occurs during business travel up to a maximum of £2.0 million, but for purposes of this disclosure, we assumed Mr. Ghasemi's hypothetical death does not occur during business travel.

(8) Represents the in-the-money value of time-based options that vest and become fully exercisable assuming a termination date of December 31, 2010 (but only to the extent such options have not terminated or become exercisable). In the case of change in control and termination, such options only becomes fully exercisable if the employee is terminated without cause or resigns for good reason within two years following the change in control. This amount assumes that such a termination occurred simultaneously with the change in control. For the December 2008 grant, stock options vest 100% in the case of death or disability and there is no further vesting in the case of retirement. For the December 2009 grant, stock options vest 100% in the case of retirement; however, Mr. Ghasemi does not qualify for retirement as defined in such agreement; and there is no further vesting in the case of death or disability. Both the December 2008 and December 2009 grants vest 100% in the case of change in control and termination (assuming termination occurred within two years of such change in control).

(9) All stock option awards not yet vested would be forfeited upon such event.

(10) No vesting for such awards is accelerated solely upon a change in control.

(11) Represents the pro rata portion of outstanding performance-based restricted stock unit awards that would vest upon such event. For any outstanding awards for which the actual performance against the relevant target is not yet known, such pro rata portion is based upon the targeted award from the grant date through the hypothetical termination date. For a termination without cause under the December 2010 grant, the vesting of any amount is subject to the sole discretion of the Committee. This amount assumes the Committee awarded such pro rata portion to Mr. Ghasemi. For a resignation by Mr. Ghasemi for good reason, none of the outstanding performance-based restricted stock unit awards would vest.

(12) Represents the vesting of all outstanding performance-based restricted stock unit awards that would vest upon such event. Amount in the table assumes, for any outstanding awards for which the actual performance against the relevant target is not yet known, such amount is based upon the targeted award. However, under the December 2010 grant, these performance-based restricted stock units generally become vested and converted into the right to receive a cash payment based on the sum of (x) the product of (a) the price per share paid in the Rockwood change in control transaction, (b) a stockholder return multiplier based on Rockwood's stock price performance in relation to its peers and (c) the number of securities underlying the performance-based restricted stock units and (y) interest on such amount from the closing of such change in control transaction to January 1, 2014. In the event of a termination of the employee's employment without cause by Rockwood or a resignation by the employee for good reason on or after a change in control, but prior to January 1, 2014, the cash payment will be accelerated.

(13) Represents the pro rata portion of outstanding performance-based market stock unit awards that would vest upon such event based upon the targeted award from the grant date through the hypothetical termination date. For a termination without cause under the December 2010 grant, the vesting of any amount is subject to the sole discretion of the Committee. This amount assumes the Committee awarded such pro rata portion to Mr. Ghasemi. For a resignation by Mr. Ghasemi for good reason, none of the outstanding performance-based restricted stock unit awards would vest.

(14) Represents the vesting of all outstanding performance-based market stock unit awards that would vest upon such event based upon the targeted award. However, under the December 2010 grant, these performance-based market stock units generally become vested and converted into the right to receive a cash payment based on the sum of (x) the product of (a) the price per share paid in the Rockwood change in control transaction (b) a stock multiplier calculated as the quotient of (i) the change in control price, divided by (ii) the beginning stock price and (c) the number of securities underlying the performance-based market stock units and (y) interest on such amount

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from the closing of such change in control transaction to January 1, 2014. In the event of a termination of the employee's employment without cause by Rockwood or a resignation by the employee for good reason on or after a change in control, but prior to January 1, 2014, the cash payment will be accelerated.

*Other Named Executive Officers*

Under the terms of the employment agreements with Messrs. Zatta and Riordan (each, a "Senior Executive"), Rockwood may terminate the employment of such Senior Executive at any time. Unless otherwise terminated, the respective employment agreements for Messrs. Zatta and Riordan terminate automatically on the August 1st following each of their attainment of age 70, which is August 1, 2019 and August 1, 2020, respectively. The summary below sets forth the other termination provisions in the employment agreements for Messrs. Zatta and Riordan:

For Cause or By Senior Executive without Good Reason

If the Senior Executive's employment is terminated by Rockwood for cause or by him without good reason, he will be entitled to receive the following accrued rights (the "Senior Executive Accrued Rights"):

- accrued but unpaid base salary; and
- earned but unpaid annual incentive for the year prior to the year in which the termination occurs.

Without Cause or By Senior Executive With Good Reason Prior to a Change in Control

If prior to a change in control the Senior Executive's employment is terminated by Rockwood without cause or by him with good reason, he will be entitled to receive the following:

- Senior Executive Accrued Rights;
- a lump sum pro rata portion of any annual incentive for the fiscal year in which the termination occurs;
- healthcare benefits under COBRA for 12 months or until his COBRA eligibility ceases;
- a cash payment of $50,000 in lieu of other benefits such person was entitled to while employed with Rockwood;
- continued use of Rockwood automobile for 12 months;
- an amount equal to Rockwood's matching and non-elective contributions to its qualified and non-qualified plans based on his most recent deferral elections and salary, respectively, at the end of the 12th month following such termination;
- monthly payments over the Severance Period (as defined therein but not to exceed 24 months) equal to the sum of (x) his monthly base salary and (y) 1/12th of his average annual incentive over the last two full fiscal years; and
- the value attributable to vesting of certain equity awards. See "Potential Payments upon Termination or Change in Control  Change in Control Relating to Equity Awards" and the below table.

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Without Cause or By Senior Executive With Good Reason Following a Change in Control

If following a change in control (as defined below) the Senior Executive's employment is terminated by Rockwood without cause or by him with good reason, he will be entitled to receive the following:

- Senior Executive Accrued Rights;
- a lump sum pro rata portion of any annual incentive for the year in which the termination occurs;
- a lump sum payment equal to the number of months in the Severance Period multiplied by the sum of (x) his monthly base salary at termination and (y) 1/12th of his average annual incentive over the last two full fiscal years;
- healthcare benefits under COBRA for 12 months or until his COBRA eligibility ceases;
- a cash payment of $50,000 in lieu of other benefits such person was entitled to while employed with Rockwood;
- continued use of a Rockwood automobile for 12 months;
- an amount equal to Rockwood's matching and non-elective contributions to its qualified and non-qualified plans based on his most recent deferral elections and salary, respectively, at the end of the 12th month following such termination;
- outplacement support for up to 12 months after termination; and
- the value attributable to vesting of certain equity awards. See "Potential Payments upon Termination or Change in Control Change in Control Relating to Equity Awards" and the below table.

Death, Disability or Retirement

If the Senior Executive's employment is terminated due to disability or death, he or his estate will be entitled to receive the following:

- Senior Executive Accrued Rights;
- a lump sum pro rata portion of any annual incentive for the fiscal year in which the termination occurs;
- in the event of death, a payment of $2^1/_2$ times his base salary up to a maximum of £2.0 million as a result of bodily injury resulting in death; and
- the value attributable to vesting of certain equity awards. See "Potential Payments upon Termination or Change in Control Change in Control Relating to Equity Awards" and the below table.

The following table provides summary information concerning vesting of equity awards granted to our named executive officers other than our Chairman and Chief Executive Officer and entitlement to

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certain other benefits upon a change in control or the termination scenarios described below assuming such hypothetical event occurred on December 31, 2010:

| Name and Principal Position | Type of Compensation | Death or Disability (1) | Retirement (1) | Termination Without Cause (1) | Change in Control | Change in Control and Termination (1) |
|---|---|---|---|---|---|---|
| Robert J. Zatta, Senior Vice President and Chief Financial Officer | Auto Allowance | | | $27,198(2) | | $27,198(2) |
| | Severance Payment | | | $3,001,247(3) | | $3,001,247(3) |
| | Retirement Payment | | | $65,669(4) | | $65,669(4) |
| | Health Care Benefits | | | $16,296(5) | | $16,296(5) |
| | 2010 Cash Incentive | $1,960,222(6) | $1,960,222(6) | $1,960,222(6) | | $1,960,222(6) |
| | Benefit Replacement Payment | | | $50,000(7) | | $50,000(7) |
| | Stock Options | $547,333(8) | (8) | (9) | (10) | $766,522(8) |
| | Performance-Based Restricted Stock Units | $589,617(11) | $589,617(11) | $589,617(11) | $1,554,785(12) | $1,554,785(12) |
| | Time-Based Restricted Stock Units | $463,259(13) | $463,259(13) | $463,259(13) | $783,456(14) | $783,456(14) |
| | Performance-Based Market Stock Units | $5,438(15) | $5,438(15) | $5,438(15) | $270,398(16) | $270,398(16) |
| | Total | $3,565,869 | $3,018,536 | $6,178,946 | $2,608,639 | $8,495,793 |
| Thomas J. Riordan, Senior Vice President, Law & Administration | Auto Allowance | | | $30,080(2) | | $30,080(2) |
| | Severance Payment | | | $2,723,249(3) | | $2,723,249(3) |
| | Retirement Payment | | | $60,671(4) | | $60,671(4) |
| | Health Care Benefits | | | $22,822(5) | | $22,822(5) |
| | 2010 Cash Incentive | $1,704,541(6) | $1,704,541(6) | $1,704,541(6) | | $1,704,541(6) |
| | Benefit Replacement Payment | | | $50,000(7) | | $50,000(7) |
| | Stock Options | $475,957(8) | (8) | (9) | (10) | $666,570(8) |
| | Performance-Based Restricted Stock Units | $513,450(11) | $513,450(11) | $513,450(11) | $1,388,486(12) | $1,388,486(12) |
| | Time-Based Restricted Stock Units | $402,819(13) | $402,819(13) | $402,819(13) | $681,275(14) | $681,275(14) |
| | Performance-Based Market Stock Units | $5,438(15) | $5,438(15) | $5,438(15) | $270,398(16) | $270,398(16) |
| | Total | $3,102,205 | $2,626,248 | $5,513,070 | $2,340,159 | $7,598,092 |

*
All values are based on the closing price of our common stock on December 31, 2010 on the New York Stock Exchange of $39.12 and in the case of options, the difference between this stock price and the option exercise price, multiplied by the number of securities underlying the applicable award. Because we cannot determine the price per share on the vesting date, we have chosen the December 31, 2010 closing price of our common stock on the New York Stock Exchange for purposes of this calculation.

(1)
Under all of such events, the named executive officer will be entitled to receive the Senior Executive Accrued Rights discussed above. In the event of death, Messrs. Zatta and Riordan

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would also receive life insurance proceeds of $600,000 under a plan available to employees, generally.

(2) Represents auto allowance for a 12 month period.

(3) Represents severance based on 2010 salary and 9 full years of service to Rockwood for Mr. Zatta assuming a termination by Rockwood without cause or by such executive officer for good reason, and based on 2010 salary and 21 full years of service to Rockwood or its predecessor for Mr. Riordan assuming a termination by Rockwood without cause or by such executive officer for good reason. Mr. Riordan is awarded credit for his employment with Laporte plc, from which certain specialty chemicals business lines were acquired in November 2000 to form Rockwood.

(4) Represents the amount of Rockwood contributions to qualified and non-qualified plans based upon 2010 deferral elections and salary.

(5) Assumes continuation of health care coverage for one year from the effective date of termination (or until COBRA eligibility ceases).

(6) Represents the pro rata portion of the cash incentive payable based upon 2010 financial performance under the Short-Term Incentive Plan.

(7) Represents a cash payment of $50,000 in lieu of other benefits such person was entitled to while employed with Rockwood.

(8) Represents the value of time-based options that vest and become fully exercisable assuming a termination date of December 31, 2010 (but only to the extent such options have not terminated or become exercisable). In the case of change in control and termination, such options only becomes fully exercisable if the employee is terminated without cause or resigns for good reason within two years following the change in control. This amount assumes that such a termination occurred simultaneously with the change in control. For the December 2008 grant, stock options vest 100% in the case of death or disability and there is no further vesting in the case of retirement. For the December 2009 grant, stock options vest 100% in the case of retirement; however, such named executive officers do not qualify for retirement under such agreements; and there is no further vesting in the case of death or disability. Both the December 2008 and December 2009 grants vest 100% in the case of change in control and termination (assuming termination occurred within two years of such change in control).

(9) All stock option awards not yet vested would be forfeited upon such event.

(10) Vesting for such awards is not accelerated solely upon a change in control.

(11) Represents the pro rata portion of outstanding performance-based restricted stock unit awards that would vest upon such event. For any outstanding awards for which the actual performance against the relevant target is not yet known, such pro rata portion is based upon the targeted award from the grant date through the hypothetical termination date. For a termination without cause under the December 2010 grant, the vesting of any amount is subject to the sole discretion of the Committee. This amount assumes the Committee awarded such pro rata portion to such named executive officer. For a resignation by such named executive officer for good reason, none of the outstanding performance-based restricted stock unit awards would vest.

(12) Represents the vesting of all outstanding performance-based restricted stock unit awards that would vest upon such event. Amount in table assumes for any outstanding awards for which the actual performance against the relevant target is not yet known, such amount is based upon the targeted award. However, under the December 2010 grant, these performance-based restricted stock units generally become vested and converted into the right to receive a cash payment based on the sum of (x) the product of (a) the price per share paid in the Rockwood change in control

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transaction (b) a stockholder return multiplier based on Rockwood's stock price performance in relation to its peers and (c) the number of securities underlying the performance-based restricted stock units and (y) interest on such amount from the closing of such change in control transaction to January 1, 2014. In the event of a termination of the employee's employment without cause by Rockwood or a resignation by the employee for good reason on or after a change in control, but prior to January 1, 2014, the cash payment will be accelerated.

(13) Represents the pro rata portion of time-based restricted stock unit awards that would vest upon such event.

(14) Represents the vesting of all outstanding time-based restricted stock unit awards that would vest upon such event. These time-based restricted stock units generally become vested and converted into the right to receive a cash payment based on the price per share paid in the Rockwood change in control transaction multiplied by the number of securities underlying the time-based restricted stock units, with such payments to be made no earlier than the original vesting date of the award. In the event of a termination of the employee's employment without cause by Rockwood or a resignation by the employee for good reason on or after a change in control, but prior to the original vesting date of the award, the cash payment will be accelerated to a reasonably practicable date after such termination. However, in the event that the employee's employment is terminated by Rockwood for cause or the employee resigns (other than for good reason), the employee forfeits any payout. This table assumes that the employee is terminated without cause or resigns for good reason simultaneously with the change in control. For a resignation by the named executive officer for good reason, none of the outstanding time-based restricted stock unit awards would vest.

(15) Represents the pro rata portion of outstanding performance-based market stock unit awards that would vest upon such event based upon the targeted award from the grant date through the hypothetical termination date. For a termination without cause under the December 2010 grant, the vesting of any amount is subject to the sole discretion of the Committee. This amount assumes the Committee awarded such pro rata portion to such named executive officer. For a resignation by such named executive officer for good reason, none of the outstanding performance-based restricted stock unit awards would vest.

(16) Represents the vesting of all outstanding performance-based market stock unit awards that would vest upon such event. Amount in table assumes for any outstanding awards for which the actual performance against the relevant target is not yet known, such amount is based upon the targeted award. However, under the December 2010 grant, these performance-based market stock units generally become vested and converted into the right to receive a cash payment based on the sum of (x) the product of (a) the price per share paid in the Rockwood change in control transaction (b) a stock multiplier calculated as the quotient of (i) the change in control price, divided by (ii) the beginning stock price and (c) the number of securities underlying the performance-based market stock units and (y) interest on such amount from the closing of such change in control transaction to January 1, 2014. In the event of a termination of the employee's employment without cause by Rockwood or a resignation by the employee for good reason on or after a change in control, but prior to January 1, 2014, the cash payment will be accelerated.

In addition, Messrs. Zatta and Riordan are entitled to outplacement support for up to 12 months from their termination by Rockwood without cause or by the executive officer for good reason within two years following a change in control.

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## EQUITY COMPENSATION PLAN INFORMATION

The following table provides information as of December 31, 2010 with respect to our compensation plan (including individual compensation arrangements) under which our equity securities are authorized for issuance:

| Plan Category | Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)(1) | Weighted average exercise price of outstanding options, warrants and rights (b)(2) | Number of securities remaining available for future issuance under the equity compensation plan (excluding securities reflected in column (a)) (c) |
|---|---|---|---|
| Equity compensation plan approved by stockholders | 5,909,219 | $ 17.63 | 10,064,096 |
| Equity compensation plan not approved by stockholders | 0 | $ 0 | 0 |

(1) Includes an aggregate of 840,328 shares of common stock underlying performance-based market and restricted stock units. The amount of shares included represents a targeted amount of shares to be issued upon vesting of the performance-based restricted stock units. The number of shares actually awarded at the time of vesting may range from zero to double the targeted amount based upon the achievement or failure to achieve certain targets. For a further discussion of these performance-based restricted stock units, please see the "Compensation Discussion and Analysis  Long-Term Equity Compensation."

(2) The performance-based market and restricted stock units included in column (a) are not included in this calculation of weighted average exercise price as such units, by their nature, have no exercise price. Please see "Compensation Discussion and Analysis  Long-Term Equity Compensation" for additional information on performance-based market and restricted stock units.

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## STOCK OWNERSHIP

***Security Ownership of Certain Beneficial Owners and Management***

The following table and accompanying footnotes show information as of March 1, 2010, regarding the beneficial ownership of our common stock by:

- each person who is known by us to beneficially own more than 5% of our common stock;
- each of our directors and named executive officers; and
- all of our directors and executive officers as a group.

Unless otherwise indicated, the address of each person named in the table below is c/o Rockwood Holdings, Inc., 100 Overlook Center, Princeton, NJ 08540.

| Name and Address of Beneficial Owner | Beneficial Ownership of Our Common Stock(1) | Percentage of Our Common Stock |
|---|---|---|
| KKR(2) | 16,856,045 | 22.1% |
| Morgan Stanley(3) | 5,580,368 | 7.4% |
| Credit Suisse AG(4) | 4,881,075 | 6.4% |
| Seifi Ghasemi(5) | 1,749,856 | 2.3% |
| Robert J. Zatta(6) | 177,514 | * |
| Thomas J. Riordan(7) | 211,998 | * |
| Brian F. Carroll(8) | 9,022 | * |
| Nance K. Dicciani(9) | 25,330 | * |
| Sheldon R. Erikson(10) | 34,522 | * |
| Todd A. Fisher(8) | 9,022 | * |
| Douglas L. Maine(11) | 54,522 | * |
| J. Kent Masters(12) | 19,900 | * |
| All directors and executive officers of Rockwood Holdings as a group (9 persons)(13) | 2,291,686 | 3.0% |

* Indicates ownership of less than 1%

(1) The amounts and percentages of our common stock beneficially owned are reported on the basis of regulations of the SEC governing the determination of beneficial ownership of securities. Under the rules of the SEC, a person is deemed to be a "beneficial owner" of a security if that person has or shares "voting power," which includes the power to vote or to direct the voting of such security, or "investment power," which includes the power to dispose of or to direct the disposition of such security. A person is also deemed to be a beneficial owner of any securities of which that person has a right to acquire beneficial ownership within 60 days. Under these rules, more than one person may be deemed to be a beneficial owner of such securities as to which such person has an economic interest.

(2) Based solely on a Schedule 13G filed on February 14, 2011 with the SEC by this beneficial owner with respect to shares shown as beneficially owned by KKR, as of December 31, 2010. KKR affiliates currently beneficially own as a group 16,856,045 shares of our common stock as follows:

- 2,285,721 shares of common stock are held by KKR Millennium Fund L.P. In addition, KKR Millennium Fund L.P. holds warrants to purchase 958,315 shares of common stock. As the sole general partner of KKR Millennium Fund L.P., KKR

Associates Millennium L.P. may be deemed to be the beneficial owner of such securities held by KKR Millennium Fund L.P. As the sole general partner of KKR Associates Millennium L.P., KKR Millennium GP LLC also may be deemed to be the beneficial owner of such securities held by KKR Millennium Fund L.P.

8,006,339 shares of common stock are held by KKR European Fund, Limited Partnership. As the sole general partner of KKR European Fund, Limited Partnership, KKR Associates Europe, Limited Partnership may be deemed to be the beneficial owner of such shares held by KKR European Fund, Limited Partnership. As the sole general partner of KKR Associates Europe, Limited Partnership, KKR Europe Limited also may be deemed to be the beneficial owner of such shares held by KKR European Fund, Limited Partnership.

Each of KKR Fund Holdings L.P. (as the designated member of KKR Millennium GP LLC and the sole stockholder of KKR Europe Limited); KKR Fund Holdings GP Limited (as a general partner of KKR Fund Holdings L.P.); KKR Group Holdings L.P. (as a general partner of KKR Fund Holdings L.P. and the sole stockholder of KKR Fund Holdings GP Limited); KKR Group Limited (as the sole general partner of KKR Group Holdings L.P.); KKR & Co. L.P. (as the sole stockholder of KKR Group Limited) and KKR Management LLC (as the sole general partner of KKR & Co. L.P.) may also be deemed to be the beneficial owner of the securities held by KKR Millennium Fund L.P. and KKR European Fund, Limited Partnership.

4,331,416 shares of common stock are held by KKR 1996 Fund L.P. As the sole general partner of KKR 1996 Fund L.P., KKR Associates 1996 L.P. may be deemed to be the beneficial owner of such shares held by KKR 1996 Fund L.P. As the sole general partner of KKR Associates 1996 L.P., KKR 1996 GP LLC also may be deemed to be the beneficial owner of such shares held by KKR 1996 Fund L.P.

900,000 shares of common stock are held by KKR Associates 1996 L.P. As the sole general partner of KKR Associates 1996 L.P., KKR 1996 GP LLC may be deemed to be the beneficial owner of such shares held by KKR Associates 1996 L.P.

45,195 shares of common stock are held by KKR Partners II, L.P. As the general partners of KKR Partners II, L.P., KKR Associates (Strata) L.P. and KKR Associates, L.P. may be deemed to be the beneficial owners of such shares held by KKR Partners II, L.P. As the sole general partner of KKR Associates (Strata) L.P., Strata L.L.C. also may be deemed to be the beneficial owner of such shares held by KKR Partners II, L.P.

239,348 shares of common stock are held by KKR Partners III, L.P. (Series F). As the sole general partner of KKR Partners III, L.P. (Series F), KKR III GP LLC may be deemed to be the beneficial owner of such shares held by KKR Partners III, L.P. (Series F).

89,711 shares of common stock are held by Aurora Investments II, LLC.

In addition, KKR affiliates may be deemed by virtue of their rights under the stockholders' agreement entered into with us and DLJMB, to share investment power with respect to the shares held by DLJMB but disclaim beneficial ownership of such shares. As the designated members of KKR Management LLC, the managers of KKR 1996 GP LLC, Strata L.L.C., KKR III GP LLC and Aurora Investments II, LLC, and members of the executive committee of KKR Associates, L.P., Henry R. Kravis and George R. Roberts may also be deemed to beneficially own the securities held by KKR Millennium Fund L.P., KKR European Fund, Limited Partnership, KKR 1996 Fund L.P., KKR Partners II, L.P., KKR Partners III, L.P. (Series F) and Aurora Investments II, LLC. Messrs. Kravis and Roberts have also been designated as managers of KKR Millennium GP LLC by KKR Fund Holdings L.P.

Each person, other than the record holder, disclaims beneficial ownership of the securities held by KKR Millennium Fund L.P., KKR European Fund, Limited Partnership, KKR 1996 Fund L.P., KKR Partners II, L.P., KKR Partners III, L.P. (Series F) and Aurora Investments II, LLC.

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An amendment to the Stockholders Agreement, dated as of July 29, 2004 by and among Rockwood Holdings, Inc. (the "Company"), KKR 1996 Fund, L.P., KKR Partners II, L.P., KKR Millennium Fund, L.P., KKR Partners III, L.P., KKR European Fund, Limited Partnership (collectively, the "KKR Entities") and DLJ Merchant Banking Partners III, L.P., DLJ Offshore Partners III-1, C.V., DLJ Offshore Partners III-2, C.V., DLJ Offshore Partners III, C.V., DLJ MB Partners III GmbH & Co. KG, Millennium Partners II, L.P. and MBP III Plan Investors, L.P. (collectively, the "Other Persons") and waiver (the "Amendment") was entered into on January 27, 2006. The Amendment memorializes, among other things, an acknowledgment by the KKR Entities and the Other Persons that they will not act as a "group" with respect to the securities of the Company within the meaning of Rule 13d-5(b)(1) of the Exchange Act. The Amendment was filed as an exhibit to the Company's Current Report on Form 8-K filed on February 2, 2006. The address for each of the foregoing is 9 West 57th Street, New York, NY 10019.

(3)

Based solely on a Schedule 13G filed on February 9, 2011 with the SEC by this beneficial owner with respect to shares shown as beneficially owned by Morgan Stanley, as of December 31, 2010, of which it has sole voting power over 5,419,121 shares. This includes 5,408,550 shares beneficially owned by Morgan Stanley Investment Management, Inc., of which it has sole voting power over 5,247,303 shares. The address of Morgan Stanley is 1585 Broadway, New York, NY 10036.

(4)

Based solely on a Schedule 13G/A filed on February 14, 2011 with the SEC by this beneficial owner. As of December 31, 2010, includes 1,953,410 shares for which Credit Suisse AG and its subsidiaries have shared power to vote as a result of the voting agreement described below and 4,881,075 shares for which Credit Suisse AG and its subsidiaries have shared power to dispose or direct the disposition.

On January 11, 2006, DLJ Merchant Banking Partners III, L.P., DLJ Offshore Partners III-1, C.V., DLJ Offshore Partners III-2, C.V., DLJ Offshore Partners III, C.V., DLJ MB Partners III GmbH & Co. K.G., Millennium Partners II, L.P., MBP III Plan Investors, L.P. (collectively, the "DLJ Entities") and Credit Suisse First Boston LLC (now known as Credit Suisse Securities (USA) LLC), entered into a Voting Trust Agreement with Wells Fargo Bank, N.A. (the "Trustee") (the "Voting Trust Agreement"), pursuant to which, among other things, the DLJ Entities deposited 7,309,291 shares of Common Stock (representing 9.9% of the outstanding shares of Common Stock as of December 31, 2006) (the "Trustee Shares") into a trust (the "Trust") created by the Voting Trust Agreement and gave the Trustee the exclusive right to vote the Trustee Shares. The Voting Trust Agreement was cancelled on February 9, 2011. The address for Credit Suisse AG in the United States is 11 Madison Avenue, New York, New York, 10010.

(5)

Shares of our common stock shown as beneficially owned by Mr. Ghasemi include 1,448,253 shares underlying exercisable stock options held by him, 233,151 shares purchased by him and 68,452 shares underlying vested restricted stock units held by him, but excludes 199,536 shares underlying unexercisable stock options held by him and 259,289 shares underlying unvested restricted stock units (assuming no increase or decrease in the grant of restricted stock units in connection with the achievement of or failure to achieve certain performance measures) held by him.

(6)

Shares of our common stock shown as beneficially owned by Mr. Zatta include 147,314 shares underlying exercisable stock options held by him and 30,200 shares purchased by him, but excludes 32,579 shares underlying unexercisable stock options held by him and 66,683 shares underlying unvested restricted stock units (assuming no increase or decrease in the grant of restricted stock units in connection with the achievement of or failure to achieve certain performance measures) held by him.

(7)

Shares of our common stock shown as beneficially owned by Mr. Riordan include 181,668 shares underlying exercisable stock options held by him and 30,330 shares purchased by him, but excludes

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28,330 shares underlying unexercisable stock options held by him and 59,820 shares underlying unvested restricted stock units (assuming no increase or decrease in the grant of restricted stock units in connection with the achievement of or failure to achieve certain performance measures) held by him.

(8) Shares of common stock shown beneficially owned by Messrs. Carroll and Fisher were all awarded to each of Messrs. Carroll and Fisher for service on the board of directors. Messrs. Carroll and Fisher are executives of Kohlberg Kravis Roberts & Co. L.P. and/or one or more of its affiliates. In connection with the structural reorganization of KKR & Co. L.P and its affiliates (together, as applicable, with certain of its sponsored funds in connection with the combination of the businesses of KKR & Co. L.P and certain of its affiliates and sponsored funds and KKR Private Equity Investors, L.P.) shares held directly by KKR and its affiliates and sponsored funds (other than shares held directly by each of Messrs. Carroll and Fisher) are no longer reported as being indirectly held by Messrs Carroll and Fisher, respectively. Messrs. Carroll and Fisher each disclaim beneficial ownership of any shares of common stock other than those they each hold directly.

(9) Shares of our common stock shown as beneficially owned by Dr. Dicciani include 4,141 shares underlying exercisable stock options held by her, 11,000 shares purchased by her and 10,189 shares awarded to her for service on the board of directors, but exclude 2,070 shares underlying unexercisable stock options held by her.

(10) Shares of our common stock shown as beneficially owned by Mr. Erikson include 12,500 shares underlying exercisable stock options held by him, 10,000 shares purchased by him and 12,022 shares awarded to him for service on the board of directors.

(11) Shares of our common stock shown as beneficially owned by Mr. Maine include 12,500 shares underlying exercisable stock options held by him, 30,000 shares purchased by him and 12,022 shares awarded to him for service on the board of directors.

(12) Shares of our common stock shown as beneficially owned by Mr. Masters include 7,878 shares underlying exercisable stock options held by him and 12,022 shares awarded to him for service on the board of directors.

(13) Shares of our common stock shown as beneficially owned by the directors and executive officers as a group include 1,836,867 shares underlying exercisable stock options.

***Section 16(a) Beneficial Ownership Reporting Compliance***

Section 16(a) of the Exchange Act, requires Rockwood's executive officers, directors, persons who own more than 10% of a registered class of the Rockwood's equity securities and certain entities associated with the foregoing to file reports of ownership and changes in ownership on Forms 3, 4 and 5 with the SEC. These parties are required by SEC rules to furnish Rockwood with copies of all Forms 3, 4 and 5, and amendments thereto, that they file with the SEC.

Based solely on Rockwood's review of the copies of such forms and amendments thereto it has received, we believe that with respect to the fiscal year ended December 31, 2010, all of these parties complied with all applicable filing requirements, except that forms reporting one transaction for each of Messrs. Ghasemi, Zatta and Riordan were filed late and a form reporting one transaction was jointly filed late by KKR 1996 Fund L.P., KKR Associates 1996 L.P., KKR 1996 GP LLC, KKR Partners II, L.P., KKR Associates (Strata) L.P., KKR Associates, L.P., Strata L.L.C., Henry R. Kravis and George R. Roberts.

## CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

***Review and Approval of Transactions with Related Persons***

The board of directors has adopted a written policy for review, approval and monitoring of transactions involving the Company and "related persons," who are defined as directors and executive officers or their immediate family members, or stockholders owning five percent or more of our outstanding common stock. The policy covers any related person transaction that meets the minimum required threshold for disclosure in the proxy statement under the relevant SEC rules (generally, transactions involving amounts exceeding $120,000 in which a related person has a direct or indirect material interest). In considering a transaction involving the Company and a related person, the Corporate Governance and Nominating Committee or the board of directors, as applicable, will consider, among other things, factors such as:

- the extent of the related persons interest in the transaction;
- the availability of other sources of comparable products or services;
- the terms of the transaction and the benefit to the Company;
- the value of the transaction;
- how the transaction may impact the judgment of the related person; and
- any other factors deemed appropriate by the committee or the board of directors.

Under the policy, the affected director or executive officer will bring the matter to the attention of the Senior Vice President, Law & Administration, who will communicate such information to the corporate governance and nominating committee, which will review the related party transaction. Under the policy, related party transactions must be approved by the corporate governance and nominating committee, although the chairperson of the corporate governance and nominating committee may approve any related party transaction that involves an amount less than $1 million. However, any related party transaction that involves an amount in excess of $5 million requires the approval of the board of directors.

***Agreements with KKR, DLJMB and/or Management***

*Relationship with DLJMB and Credit Suisse*

As of December 31, 2010, Credit Suisse beneficially owned approximately 4,881,075 shares of our common stock (approximately 6.4% of the common stock, of which 2,927,665 shares were subject to a voting trust agreement with Wells Fargo Bank, N.A., as trustee, which was terminated in February 2011, as more fully described herein) which were purchased in connection with our acquisition in July 2004 of four businesses of Dynamit Nobel from GEA Group Aktiengesellschaft (formerly known as mg technologies ag). Under the terms of a letter agreement entered into on January 26, 2009, DLJMB, which is comprised of funds that are affiliates of Credit Suisse, had the right, under certain conditions, to appoint Susan Schnabel, a Managing Director, Co-Head of European Leveraged Private Equity for DLJMB as a fund representative to attend each meeting of the board of directors as a non-voting observer. The Company paid DLJMB $45,000 in 2010 for Ms. Schnabel's services. Ms. Schnabel was also entitled to meet and consult with the Company's senior executive management team on a quarterly basis to receive updates concerning significant business issues affecting the Company. Ms. Schnabel served on our board of directors from July 2004 to January 2009 and resigned, effective as of January 26, 2009, so that a majority of the members of the board of directors will be independent, in accordance with the listing requirements of the NYSE. Effective as of January 10, 2011 Ms. Schnabel relinquished her board observer status.

From time to time, Credit Suisse provides us with advisory services in connection with acquisitions and divestitures. Credit Suisse provided advisory services in 2010 in connection with our recent divestiture of our specialty compounds business and earned fees of $2.0 million for performing these services.

*Senior Secured Credit Facility*

Affiliates of Credit Suisse are lenders, arrangers and act as administrative agent in connection with our senior secured credit facility, which we refinanced in February 2011, and received fees in the amount of $4.4 million for performing these services, in addition to interest on the related loans.

Affiliates of KKR are lenders and arrangers in connection with our senior secured credit facility, which we refinanced in February 2011, and received fees in the amount of $2.1 million for performing these services, in addition to interest on the related loans.

*Registration Rights Agreement*

We are a party to a registration rights agreement, dated November 20, 2000, as amended as of July 23, 2003, with certain of our stockholders, including affiliates of KKR, DLJMB, stockholders party to the investors' rights agreement described below and members of our management and certain other employees who are parties to the management stockholder's agreements described above. Pursuant to the registration rights agreement, if we propose to register shares of our common stock for sale under the Securities Act, the other parties to the registration rights agreement are entitled to request that we include their shares in such sale. In addition, affiliates of KKR and DLJMB (that own a specified number of shares of our common stock) are entitled to make requests that we effect the registration under the Securities Act of all or a portion of their shares of common stock.

*Stockholders' Agreement with Affiliates of KKR and DLJMB*

In connection with the acquisition of the Dynamit Nobel businesses, we entered into a stockholders' agreement, dated as of July 29, 2004, with affiliates of KKR and DLJMB. The stockholders' agreement was amended on January 27, 2006 and December 20, 2010. Below are certain material terms of the stockholders' agreement:

*Representation on the board of directors.* The stockholders' agreement, as amended, provides that one member of our board of directors will be our chief executive officer, who will serve as chairman.

The amendment to the stockholders' agreement provides for the deletion of certain provisions of the stockholders' agreement pertaining to the election and removal of directors from the board of directors and the composition of its committees. As a result of these changes, DLJMB is no longer entitled to appoint one member to the board of directors or any of its committees (as had previously been the case under the agreement). The amendment also includes among other things an acknowledgment by the affiliates of KKR and the affiliates of DLJMB that they will not act as a "group" with respect to the securities of the Company within the meaning of Rule 13d-5(b)(1) of the Exchange Act, as amended.

*Restrictions on Transfers.* Prior to the fifth anniversary of the Dynamit Nobel acquisition, which was July 31, 2009, DLJMB was not generally permitted to transfer shares of our common stock, other than to certain permitted transferees (including distributions to their limited partners), pursuant to a registered sale or pursuant to drag-along rights described below. DLJMB may now transfer their shares subject to drag-along rights described below and certain other restrictions. Subject to compliance with certain restrictions, affiliates of KKR may transfer their shares by any means at any time.

*Drag-Along Rights.* If at any time affiliates of KKR and any other holder of shares of our common stock receive a bona fide offer from any third party to purchase at least a majority of our outstanding common stock, and such offer is accepted, then DLJMB will, if required by affiliates of KKR, transfer to such third-party on the terms of the accepted offer such number of shares of common stock held by them as is proportional to the number of shares being sold by affiliates of KKR and other holders in relation to the number of shares then owned by them.

*Registration Rights.* Each stockholder party to the agreement agrees to be bound by the registration rights agreement dated November 20, 2000, as amended. DLJMB is entitled to make up to three separate written requests that we effect the registration under the Securities Act of all or some of their shares of common stock pursuant to the terms of the registration rights agreement. Affiliates of KKR are entitled to make an unlimited number of requests that we effect the registration under the Securities Act of their shares of common stock.

*Management Services Agreement with KKR and DLJMB*

In connection with the Dynamit Nobel acquisition, we entered into a management services agreement, dated as of July 29, 2004, with KKR and DLJMB which was terminated in connection with our initial public offering. Certain provisions in the management services agreement survive such termination, including the indemnification by us of KKR and DLJMB.

*Warrants*

In connection with the issuance in July 2003 of redeemable convertible preferred stock which was redeemed with a portion of the net proceeds from our initial public offering, we issued to an affiliate of KKR warrants, exercisable at any time at a specified exercise price of $14.61 per share, to purchase 958,315 additional shares of our common stock. The warrants expire July 23, 2013.

*Indemnification and Insurance*

The Delaware General Corporation Law authorizes corporations to limit or eliminate the personal liability of directors to corporations and their stockholders for monetary damages for breaches of directors' fiduciary duties. Our amended and restated certificate of incorporation provides that no director shall be personally liable to us or our stockholders for monetary damages for breach of fiduciary duty as a director.

Our amended and restated certificate of incorporation and our amended and restated by-laws provide that we must indemnify our directors and officers to the fullest extent authorized by the Delaware General Corporation Law. We are also expressly authorized to advance certain expenses (including attorneys' fees and disbursements and court costs) and carry directors' and officers' insurance providing indemnification for our directors, officers and employees for some liabilities. We believe that these indemnification provisions and insurance are useful to attract and retain qualified directors and officers.

## ANNUAL REPORT AND HOUSEHOLDING

A copy of the Annual Report of the Company for the 2010 Fiscal Year is being made available concurrently with this Proxy Statement to all stockholders entitled to notice of and to vote at the Annual Meeting. The Annual Report is not incorporated into this Proxy Statement and is not considered proxy solicitation material.

In order to reduce printing and postage costs, only one Annual Report, one Proxy Statement and/or one Notice of Internet Availability of Proxy Materials, as applicable, will be mailed to multiple stockholders sharing an address unless the Company receives contrary instructions from one or more of

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the stockholders sharing an address. If your household has received only one Annual Report or one Proxy Statement and you wish to receive an additional copy or copies of these documents now and/or in the future, or if your household is receiving multiple copies of these documents and you wish to request that future deliveries be limited to a single copy, please call (609) 514-0300 or send a written request to the Senior Vice President, Law & Administration, and Secretary of the Company, at the Company's principal executive offices at 100 Overlook Center, Princeton, New Jersey 08540.

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It is important that your shares be represented at the Annual Meeting, regardless of the number of shares that you hold. YOU, THEREFORE, ARE URGED TO EXECUTE PROMPTLY AND RETURN THE ACCOMPANYING PROXY IN THE ENVELOPE THAT HAS BEEN ENCLOSED FOR YOUR CONVENIENCE. Stockholders who are present at the Annual Meeting may revoke their proxies and vote in person or, if they prefer, may abstain from voting in person and allow their proxies to be voted.

By order of the board of directors

Thomas J. Riordan
Senior Vice President, Law &
Administration and Secretary

March 28, 2011
Princeton, New Jersey