Rockwood Holdings, Inc.
Form DEF 14A
April 08, 2013

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

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Check the appropriate box:

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ý Definitive Proxy Statement

o Definitive Additional Materials

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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)

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
To Be Held On May 21, 2013

April 8, 2013

To our stockholders:

On behalf of your board of directors, we are pleased to invite you to attend the 2013 annual meeting of stockholders of Rockwood Holdings, Inc. (the "Company"). The meeting will be held on Tuesday, May 21, 2013, 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 two Class II 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, 2013;

(3) Consider a stockholder proposal relating to the vote required to elect directors, if presented at the annual meeting; and

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

Stockholders of record as of the close of business on March 28, 2013 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 April 8, 2013.

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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 21, 2013

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 2013 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 Tuesday, May 21, 2013 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 28, 2013. 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 28, 2013, there were 79,124,466 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. Each of the other proposals requires the affirmative vote of a majority of the shares present in person or represented by proxy at the meeting and entitled to vote on the subject matter. In determining the results of the proposal for ratification of the appointment of Deloitte & Touche LLP and the stockholder proposal relating to the vote required to elect directors, abstentions will have the same effect as a vote against the respective proposal. Broker non-votes will have no effect on the outcome of these proposals.

The vote on the proposal for the ratification of the appointment of Deloitte & Touche LLP is advisory in nature and is non-binding.

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to Be Held on May 21, 2013.

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 2012 Annual Report to Stockholders are available at our website at *http://www.rockwoodspecialties.com/rock_english/ir/irdownld.asp* which may be moved to *http://www.rockwoodspecialties.com/english/ir/publications.php* at a later date. 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 two Class II directors listed herein to serve until their successors are duly elected and qualified. The board of directors has nominated two people as directors, each of whom is currently serving as a director of Rockwood.

You may find information about these nominees Seifi Ghasemi and Sheldon Erikson beginning on page 5.

You may vote in favor of both nominees, withhold your votes as to both nominees, or withhold your votes as to a specific nominee. 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, 2013.

You may find information about this proposal beginning on page 7.

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 by proxy at the meeting 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.
Stockholder Proposal Relating to the Vote Required to Elect Directors

The third item to be voted on is a stockholder proposal relating to the vote required to elect directors, if presented at the annual meeting.

You may find information about this proposal beginning on page 7.

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 by proxy at the meeting and entitled to vote on the matter. Abstentions will have the same effect as votes against the proposal and broker non-votes will have no effect on the vote on the proposal, as brokers are not permitted to vote uninstructed shares on this matter.

The board of directors unanimously recommends a vote AGAINST the stockholder proposal relating to the vote required to elect directors.

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.

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. Mailed proxy cards must be received by May 20, 2013. 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 two nominees for Class II 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, 2013, and AGAINST the stockholder proposal relating to the vote required to elect directors. 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 2014 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 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 2014 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 2014 annual meeting and not later than the close of business on the later of the 90th day prior to the 2014 annual meeting or the 10th day following the day on which public announcement of the date of the 2014 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 2014 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 2014 annual meeting proxy statement and form of proxy card, a proposal must be received by our Corporate Secretary on or before December 9, 2013.

PROPOSAL ONE
ELECTION OF DIRECTORS

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

General Information

The board of directors currently consists of five 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 II directors expires at the 2013 annual meeting. The term of office for Class III and Class I directors will expire at the 2014 and 2015 annual meeting of stockholders, respectively.

The full board of directors has considered and nominated this year's nominees to serve for a three-year term expiring at the 2016 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
Seifi Ghasemi	68	Director	II
Sheldon Erikson	71	Director	II

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 EnerSys and serves as Chairman of the Electrification Coalition, a nonpartisan, not-for-profit group of business leaders committed to reducing oil dependence through the deployment of electric vehicles on a mass scale. Mr. Ghasemi has a Master of Science degree in Mechanical Engineering from Stanford University.

Sheldon R. Erikson has been a director of Rockwood since November 2005. Mr. Erikson is currently a director and was the Chairman of the Board of Cameron International Corporation, a global manufacturer, provider and servicer of petroleum equipment from 1996 to 2011 and served as President and Chief Executive Officer from 1995 to 2008. He was Chairman of the Board from 1988 to 1995, and President from 1987 to 1995, of The Western Company of North America, an international petroleum service company. He serves on the board of directors of Endeavour International Corporation, an oil and gas exploration and development company headquartered in Houston, Texas with operations in the United States and United Kingdom North Sea. He serves as Chairman of the Nominating and Governance Committee and is a member of the Compensation Committee. He also serves on the boards of directors of 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.

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
Douglas L. Maine	64	Director	III
Nance K. Dicciani	65	Director	I
J. Kent Masters	52	Director	I

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 also serves on the boards of directors of Alliant Techsystems, Inc. and Broadsoft, Inc., and is Audit Committee Chairman of both companies' boards. 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.

Nance K. Dicciani has been a director of Rockwood since June 2008 and lead independent director since October 2009. From 2001 until 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 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 was appointed Chief Executive Officer of Foster Wheeler AG, a global engineering and construction contractor and power equipment supplier, on October 1, 2011. Mr. Masters was also elected to the board of directors of Foster Wheeler AG in November 2011. Prior to joining Foster Wheeler, Mr. Masters was 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 was the non-executive Chairman of African Oxygen Limited from 2005 until 2011. Mr. Masters has a B.Sc. degree in chemical engineering from Georgia Institute of Technology and a M.B.A. from New York University.

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, 2013.

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, 2013. We are asking our stockholders to ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm. Deloitte & Touche LLP has been the independent registered public accounting firm of the Company since before our initial public offering in 2005.

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, 2013.

PROPOSAL THREE
STOCKHOLDER PROPOSAL RELATING TO THE VOTE
REQUIRED TO ELECT DIRECTORS

There is one stockholder proposal included in this year's proxy statement for stockholder consideration, if properly presented at the annual meeting. It is submitted by the California State Teachers' Retirement System ("CalSTRS"), located at 100 Waterfront Place, MS-04, West Sacramento, California 95605. CalSTRS has advised the Company that it plans to introduce the following resolution at the annual meeting. We have been notified that CalSTRS is the beneficial owner of 235,219 shares of Rockwood's common stock as of November 27, 2012.

<u>Director Election Majority Vote Standard Proposal</u>

BE IT RESOLVED:

That the shareholders of Rockwood Holdings, Inc. hereby request that the Board of Directors initiate the appropriate process to amend the Company's articles of incorporation and/or bylaws to provide that director nominees shall be elected by the affirmative vote of the majority of votes cast at an annual meeting of shareholders, with a plurality vote standard retained for contested director elections, that is, when the number of director nominees exceeds the number of board seats.

SUPPORTING STATEMENT:

In order to provide shareholders a meaningful role in director elections, the Company's current director election standard should be changed from a plurality vote standard to a majority vote standard. The majority vote standard is the most appropriate voting standard for director elections where only board nominated candidates are on the ballot, and it will establish a challenging vote standard for board nominees to improve the performance of individual directors and entire boards. Under the Company's current voting system, a nominee for the board can be elected with as little as a single affirmative vote, because "withheld" votes have no legal effect. A majority vote standard would require that a nominee receive a majority of the votes cast in order to be re-elected and continue to serve as a representative for the shareholders.

In response to strong shareholder support a substantial number of the nation's leading companies have adopted a majority vote standard in company bylaws or articles of incorporation. In fact, more than 80% of the companies in the S&P 500 have adopted majority voting for uncontested elections. We believe the Company needs to join the growing list of companies that have already adopted this standard.

CalSTRS is a long-term shareholder of the Company and we believe that accountability is of upmost importance. We believe the plurality vote standard currently in place at the Company completely disenfranchises shareholders and makes the shareholder's role in director elections meaningless. Majority voting in director elections will empower shareholders with the ability to remove poorly performing directors and increase the directors' accountability to the owners of the Company, its shareholders. In addition, those directors who receive the majority support from shareholders will know they have the backing of the very shareholders they represent. We therefore ask you to join us in requesting that the Board of directors promptly adopt the majority vote standard for director elections.

Please vote FOR this proposal.

Rockwood's Statement in Response

One of the primary strengths of Rockwood is the continuity of vision and strong performance that have resulted from the diligent and positive manner in which the directors have guided the Company. Rockwood stockholders have benefited from the outstanding leadership the board of directors has provided the Company since its initial public offering in 2005. Over this period through March 31, 2013, the Company has delivered an average annual return to stockholders of 17.29% versus the S&P 500's 5.57% percent return over a comparable period.

Unintended and Adverse Consequences. A failure to receive a majority approval could result in unintended and adverse consequences. For example, this standard could result in an insufficient number of independent directors being elected to satisfy the NYSE listing standards or securities laws' requirements. In such events, we could be incapable of taking important corporate action until the situation was resolved. In addition to potentially forcing the Company into technical noncompliance with listing standards, given the small size of the current board, a vacancy could force the remaining independent directors to be overburdened with committee service, as even the failure of the vote of one of our independent directors would leave the Company with only three remaining independent directors, all of whom would be required to serve on each of the three standing committees: the audit, compensation and corporate governance and nominating committees. Further, the implementation of a majority voting standard may increase Rockwood's costs in connection with its annual meetings. Rockwood may be required to take additional actions, such as conducting telephone solicitation campaigns, second mailings or other vote-getting strategies, to obtain the required vote to elect directors, all of which would result in increased spending for routine elections. The board believes these expenditures would be a poor use of Rockwood and stockholder resources.

Uncertainty of Application. The rules governing plurality voting are well understood by stockholders. In plurality voting for the election of directors, the nominees with the most votes are elected. By contrast, in a majority voting system, the result is uncertain if one or more of the director nominees fails to receive a majority of the votes cast. Further, the Shareholder Proposal does not address what would occur if the candidate fails to receive the requisite majority vote. Under Delaware law and Rockwood's Bylaws, the possible scenarios include an incumbent director remaining in office until a successor is elected and qualified, the board electing a director to fill the vacancy, or the position remaining vacant. Accordingly, if the proposal were adopted, stockholders would have no greater assurance that the person selected to fill the position would be any more satisfactory than the person who failed to receive the majority vote or the board could have vacancies for an indefinite period of time. All of these alternatives, in the view of the board, are less desirable than the ability of the board to address a low approval rating for an individual director, should that circumstance arise.

Thorough Process. The Company's corporate governance and nominating committee has a thorough and proven director selection process to identify strong nominees committed to serving the Company and its stockholders. Currently, with the exception of the Chairman and Chief Executive Officer, all directors are independent as defined under the NYSE listing standards. Withhold votes allow stockholders to express their views in a meaningful way without affecting our fundamental governance structure or limiting the flexibility that is necessary for the board to act efficiently. Stockholders should not underestimate the impact that a significant withhold vote would have under our current plurality vote standard. If one or more of our directors were to receive a significant withhold vote in an election, the board would take that into consideration in determining whether such directors should be re-nominated for election. In addition, stockholders are always free to express any concerns directly to the independent members of the board through the communication procedures described under "Corporate Governance and Related Matters Director Candidate Recommendations by Stockholders" in this Proxy Statement.

The Company has an excellent history of electing board directors by a substantial majority. In the past three years, every director nominee has received an affirmative vote greater than 94 percent of the shares voted through the plurality process. The proponent's statement that a director may be elected by a single vote is improbable especially in light of the Company's past voting results. In fact, the adoption of a majority voting standard would not have affected the outcome of the election of directors in any of the years since Rockwood has been a public company. The Company's stockholders have an excellent history of electing strong and independent directors by plurality voting.

Lack of Consensus Regarding Majority Voting: In light of the uncertainties described above, the legal community, shareholder advocates, governance experts, public companies and other groups are still debating whether the purported benefits of such a standard outweigh the risks and are considering how to deal with the practical difficulties of implementing a majority voting standard. The discussions surrounding the adoption of the Dodd-Frank Act, for example, included discussions about whether majority voting should be made mandatory for all public companies. Congress did not, however, mandate majority voting as part of the Dodd-Frank Act, supporting our view that concerns and questions regarding majority voting remains.

For the reasons stated above, the board believes electing directors under a plurality vote process is best for the ongoing success of the Company and its stockholders.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT STOCKHOLDERS VOTE "AGAINST" THE STOCKHOLDER PROPOSAL RELATING TO THE VOTE REQUIRED TO ELECT DIRECTORS.

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, our by-laws 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 them 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 Downloads 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 of directors 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 of directors 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.

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 of directors regarding the independence of the directors of the Company. For those directors identified as independent, the Company and the board of directors 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 seven times in 2012, either in person or by telephone. All directors are expected to participate whether in person or by telephone in all meetings of the board of directors. Each incumbent director attended 100% of all board of directors meetings and at least 78% of all applicable committee meetings during 2012. All directors attended the 2012 annual meeting of stockholders held on May 18, 2012. We expect all directors to attend the annual meeting of stockholders.

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 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.

In fulfilling its responsibilities, the audit committee periodically meets separately in executive session with the managing partner of the audit team from the independent registered public accounting firm, Deloitte & Touche LLP, and the management employee responsible for the internal audit function.

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 2012, the audit committee pre-approved all audit, audit-related and non-audit services performed by Deloitte & Touche LLP. The audit committee considers the impact of fees for non-audit services on the independence of Deloitte & Touche LLP.

Our audit committee is required to meet at least four times annually or more frequently as circumstances dictate. The committee met nine times in 2012.

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 Downloads 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, 2012 with Rockwood's management and independent registered public accounting firm. The audit committee has also discussed with the independent registered public accounting firm the 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 accounting firm, 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, 2012 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.

The Committee is required to meet at least two times annually, or more frequently, as circumstances dictate. The Committee met seven times in 2012.

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 Downloads 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 sole discretion and adequate funding to engage consultants in connection with compensation-related matters. In 2012, 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 group;
- 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 group;
- pay for performance alignment; 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 general industrial 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, 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. After considering the relevant factors, we determined that no conflicts of interest have been raised in connection with the services Cook & Co. performed for the Company in 2012. In 2012, Rockwood paid Cook & Co. $90,059 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 and key employees, 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 variable compensation. Our compensation programs encourage our named executive officers and key employees to remain focused on both short- and long-term financial measures. In recent years, under our 2009 Stock Incentive Plan, our equity awards have been, in part, performance-based restricted stock unit awards which vest based on total and relative 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 most years under the 2009 Rockwood Holdings, Inc. Short-Term Incentive Plan ("Short-Term Incentive Plan"), the performance targets measure our financial performance against annual budget targets for earnings before interest, taxes, depreciation and amortization and certain other adjustments ("Adjusted EBITDA"), as more fully described under Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations Definition of Adjusted EBITDA", of Rockwood's Form 10-K for the fiscal year ending December 31, 2012, 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 recent long-term incentive grants 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, 2012.

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 compensation 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
- 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 5 to 6. 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 be re-elected 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 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 continue to serve 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

J. Kent Masters Mr. Masters' experience in strategic and operational leadership roles for global industrial companies 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 2012.

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 Downloads Corporate Governance" section, and upon written request by our stockholders at no cost.

Board Structure

The board of directors has reviewed the board leadership structure of Rockwood and determined that the combined role of Chairman and Chief Executive Officer is 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 of directors 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 meeting of the board of directors 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 of directors at which the Chairman is not present;
- communicating to the CEO, together with the Chairperson of the Compensation Committee, the results of the board of director's evaluation of the CEO's performance;
- collaborating with the CEO on the agenda for meetings of the board of directors and the need for special meetings;
- serving as a liaison for stockholders who request direct communication with the board of directors; 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 and she has been serving since October 2009.

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 deems necessary and appropriate. The Corporate Governance Guidelines are available on our website at www.rocksp.com in the "Investor Downloads 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 vice president corporate finance and principal accounting officer or other persons performing similar functions. Both codes are available on our website at www.rocksp.com in the "Investor Downloads 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 Corporate Governance and Nominating Committee c/o: Senior Vice President, Law & Administration, and Secretary Rockwood Holdings, Inc. 100 Overlook Center 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 Downloads 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 [Name of Appropriate Person or Group] c/o: Senior Vice President, Law & Administration Rockwood Holdings, Inc. 100 Overlook Center 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 Downloads Corporate Governance" section, and upon written request by our stockholders at no cost.

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, 2012 and 2011, with the following notes explaining the services underlying the table captions:

	2012	2011
	(millions)	
Audit fees(1)	$ 7.4	$ 7.2
Audit related fees(2)	$ 0.8	$ 0.4
Tax fees(3)	$ 0.7	$ 1.3
Total	$ 8.9	$ 8.9

(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 and foreign subsidiary statutory audits.

(2) Includes fees for services related to various services in connection with our other SEC filings, senior notes issuance, comfort letters and 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 11.

EXECUTIVE OFFICERS

In addition to Seifi Ghasemi, Rockwood's chairman and chief executive officer, whose biography is included on page 5, Rockwood also has the following executive officers who are not directors.

Robert J. Zatta (63) 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 (63) 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.

DIRECTOR COMPENSATION

During 2012, we compensated our non-employee directors as follows:

Position	Annual Compensation: Non-Employee Directors
Board Member	
Cash(1)	$65,000
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 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 continues to believe 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, the Committee, with assistance from Cook & Co., established our stock ownership guidelines for our independent directors. According to these guidelines, each independent director is 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 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 determined in January of each year. Each independent director is currently in compliance with these guidelines.

Individual Non-Employee Director Compensation for 2012

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, 2012. Our chief executive officer is not separately compensated for his service on the board of directors.

Director Compensation for 2012

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)(7)	Total ($)
Brian F. Carroll(1)	$ 65,000(2)	$ 79,912	$ 144,912
Nance K. Dicciani	$ 90,000(3)	$ 79,912	$ 169,912
Sheldon R. Erikson	$ 82,500(4)	$ 79,912	$ 162,412
Todd A. Fisher(1)	$ 65,000(2)	$ 79,912	$ 144,912
Douglas L. Maine	$ 95,000(5)	$ 79,912	$ 174,912
J. Kent Masters	$ 80,000(6)	$ 79,912	$ 159,912

(1) Brian F. Carroll and Todd A. Fisher resigned from our board of directors on January 8, 2013.

(2) Represents $65,000 annual retainer for service on the board of directors.

(3) Represents (a) $65,000 annual retainer for service on the board of directors, (b) $10,000 annual retainer for service as a member of the audit committee, (c) $5,000 annual retainer for service as a member of the compensation committee and (d) $10,000 annual retainer for service as chairperson of the corporate governance and nominating committee.

(4) Represents (a) $65,000 annual retainer for service on the board of directors, (b) $12,500 annual retainer for service as chairperson of the compensation committee and (c) $5,000 annual retainer for service as a member of the corporate governance and nominating committee.

(5) Represents (a) $65,000 annual retainer for service on the board of directors, (b) $25,000 annual retainer for service as chairperson of the audit committee and (c) $5,000 annual retainer for service as a member of the corporate governance and nominating committee.

(6) Represents (a) $65,000 annual retainer for service on the board of directors, (b) $10,000 annual retainer for service as a member of the audit committee and (c) $5,000 annual retainer for service as a member of the compensation committee.

(7) 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 grant date fair value of each grant computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718 were $19,992.31 on March 15, 2012; $19,960.60 on June 8, 2012; $19,993.96 on September 13, 2012 and $19,965.60 on December 2, 2012. The aggregate number of shares awarded to each of our non-employee directors during the year ending on December 31, 2012 was 1,626 shares of our common stock. See "Note 13 Stock-Based Compensation" in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2012 for further information and discussion on valuation. As of December 31, 2012, Dr. Dicciani and Mr. Masters held 6,211 and 7,878 stock options, respectively.

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.

2012 Financial Summary

Net sales decreased 4.4% and our Adjusted EBITDA from continuing operations decreased 9.7% in 2012 as compared to 2011;

Overall Adjusted EBITDA margins from continuing operations decreased from 23.5% in 2011 to 22.2% in 2012;

Diluted earnings per share from continuing operations for 2012 was $4.80, up 31.9%, from $3.64 per share in 2011;

Initiated a quarterly dividend program and commenced a dividend of $0.35 per share of common stock in the second quarter of 2012;

Completed a $1.25 billion 4.625% senior notes offering in September 2012, issued a new tranche of Term A loan under our existing senior secured credit facility, redeemed all of our 2014 Notes and, as a result, reduced our weighted average cost of borrowings;

One, three and five year total shareholder returns were at 28.58%, 114.87% and 52.39%, respectively as compared to the one, three and five year returns of 22.71%, 61.30% and 39.02%, respectively for the Dow Jones U.S. Chemicals Index, and 40.09%, 94.84%, and 112.91%, respectively for the S&P Supercomposite Specialty Chemicals Index; and

The S&P 500 had returns of 16.00%, 36.30% and 8.59% and the Dow Jones Industrial Average had returns of 7.26%, 25.66% and -1.21%, over the one, three and five year comparable periods, respectively.

Compensation Overview

In our most recent say-on-pay vote, at our 2011 Annual Meeting of Stockholders, more than 98% of the votes cast approved the compensation of our named executive officers as described in our proxy statement for such meeting.

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 short-term financial performance (primarily measured by Adjusted EBITDA and relative net working capital) and long-term equity compensation tied to share price appreciation, absolute and relative shareholder return and continued employment.

The Committee has structured our compensation program such that a very substantial portion of our named executive officers' total compensation (more than 80% for our chairman and chief executive officer and more than 70% for our other named executive officers at target compensation) is based upon the concept of pay for performance and is thus directly tied to our short-term and long-term performance.

In addition, the Committee has adopted several positive pay practices, such as stock ownership guidelines, compensation recovery claw-backs, restrictions on hedging and pledging, prohibition on re-pricing of underwater stock options without shareholder approval, and in 2010, eliminated tax gross-ups on all benefits except for those related to change in control provisions granted in 2001 under grandfathered agreements with our named executive officers. The Committee does not intend to award tax gross-ups in the future.

In 2012, the Committee again 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 and other key executives against those at other companies in our industry and related industries.

The Committee sets base salaries for our named executive officers between the median and 75th percentile, except for our chairman and chief executive officer, and has a compensation philosophy of targeting 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.

2012 and 2013 Compensation Overview

Our named executive officers have not received any increase in their base salaries since 2008. However, effective April 2013, our senior vice president and chief financial officer and senior vice president law and administration received a 5.5% increase in their base salaries.

In 2012, the targeted annual cash incentives for our named executive officers were not changed. Our financial performance in 2012 did not result in any payout under annual cash incentive awards to our named executive officers.

The 2013 target annual cash incentive for our named executive officers will not be increased and will remain the same as 2012. The annual cash incentive plan has a maximum payout of 300% of target.

In 2012, the Committee, with the assistance of Cook & Co., evaluated our equity award structure and retained the prior year's structure for our long-term incentive program. The 2012 equity award program 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 Dow Jones U.S. Chemicals Index over a three-year period. The ultimate value of these awards is impacted by changes in the price of our common stock and thus ties long-term compensation directly to changes in stockholder value.

In late 2012, the Compensation Committee, after consultation with Cook & Co., increased the grant date value of the awards to our named executive officers, excluding our chairman and chief executive officer. By using performance-based restricted stock units and market stock units, we believe that our long-term compensation approach aligns the interests of both senior management and stockholders by tying equity compensation solely to our stock performance.

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 variable compensation tied to short-term performance measures and long-term variable compensation tied to long-term performance of our common stock. 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.

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 2012, 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. These 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 our named executive officers' compensation.

Specifically, in 2012, to assist the Committee's review, Cook & Co. provided data from a peer group of eleven companies that was designed to reflect the compensation practices for public companies of comparable business character and size, including companies in the chemicals industry. The peer group generally consists of specialty chemicals and materials companies with characteristics at the time of evaluation including:

- revenue ranging from approximately $2.0 billion to $9.6 billion for the most recently reported four quarters;
- net (loss) income ranging from approximately ($77) million to $999 million for the most recently reported four quarters;
- total assets ranging from approximately $3.4 billion to $16.9 billion;
- market capitalization ranging from approximately $2.3 billion to $16.4 billion, as of October 31, 2012; and
- total employees ranging from approximately 4,100 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, 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 general industrial organizations of comparable size.

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

- base salaries are generally below the median of the peer group and 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 slightly below the 75^{th} percentile of the survey data;

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

- long-term incentives are well below the median of the peer group and survey data; and

- total direct compensation in the aggregate is slightly above the median of the peer group and survey data and below the 75^{th} percentile of the peer group and survey data.

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

In 2012, Cook & Co. compiled and the Committee reviewed tally sheets that detail all of the elements of our named executive officers' compensation at target and actual levels for 2010 and 2011. The tally sheets include base salary, annual cash incentives, the value of long-term equity awards, including grant date fair value as well as unrealized gains, and other benefits and the amounts payable upon various termination scenarios, including a change in control. The tally sheets are used as a means along with the peer group and related industry data to evaluate total direct compensation and benefits for our named executive officers. Based upon its review, the Committee made no changes in the amounts of the primary components of compensation for our chairman and chief executive officer and increased the salaries and the targeted value of long-term incentives for our other named executive officers for 2013.

Say-on-Pay and Say-on-Frequency Results

In our most recent say-on-pay vote, at our 2011 Annual Meeting of Stockholders, a substantial majority of our stockholders (approximately 98% of the votes cast by stockholders) approved the compensation of our named executive officers. The Committee considered the highly positive result of the advisory, non-binding "say-on-pay" vote in connection with the discharge of its duties, including determining executive compensation for 2012 and 2013. In light of the overwhelming stockholder support, the Committee has not made significant changes in our compensation program for 2013.

In light of the voting results with respect to the frequency of stockholder votes on executive compensation at the 2011 Annual Meeting of Stockholders in which a majority of the votes cast voted for "say-on-pay" proposals to occur every three years, our board of directors decided that the Company will hold, in accordance with the vote, a triennial advisory vote on the compensation of named executive officers. Accordingly, we currently expect to hold the next "say-on-pay" vote at the Company's 2014 Annual Meeting of Stockholders. We currently expect to hold our next stockholder vote on frequency at the Company's 2017 Annual Meeting of Stockholders.

Compensation Mix For 2012 and 2013

The Committee sets the three primary 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 directors of its deliberations on our named executive officers' compensation, including equity-based incentive awards, and considers any input from the board of directors. 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 performance measures that correlate with stockholder value.

The following charts provide summary information concerning the 2012 and 2013 total compensation mix of our named executive officers at target performance levels:

Chairman and Chief Executive Officer
2012 & 2013

Senior Vice President and Chief Financial Officer

2012

2013

Senior Vice President, Law & Administration and Secretary

2012

2013

As the above charts illustrate, more than 80% of the total target direct compensation of our chairman and chief executive officer is variable at-risk compensation and more than 70% of the total target direct compensation of our other named executive officers is variable at-risk compensation. We believe our pay mix, which has a substantial emphasis on pay for performance, contributed to shareholder approval of our named executive officer compensation by greater than 98% of the votes cast in such proposal in 2011.

2012 Financial and Operating Performance

Rockwood's financial results were impacted by a slow growth economy but nevertheless, we accomplished important strategic objectives in 2012. Our results reflect the focus and efforts of our named executive officers and key employees and their ability to manage the Company during a year of continued economic uncertainty a weak U.S. economy and a fragile European economy. Our named executive officers focused on executing our business plan and strategic objectives for 2012, which included growing revenue and earnings per share, reducing debt and increasing cash flow and margins, based upon expectations for the economy. The following summarizes of our 2012 financial performance:

Net sales decreased 4.4% and our Adjusted EBITDA from continuing operations decreased 9.7% in 2012 as compared to 2011;

Overall Adjusted EBITDA margins from continuing operations decreased from 23.5% in 2011 to 22.2% in 2012;

Diluted earnings per share from continuing operations for 2012 were $4.80, up 31.9%, from $3.64 per share in 2011;

Initiated a quarterly dividend program and commenced a dividend of $0.35 per share of common stock in the second quarter of 2012; and

Completed a $1.25 billion 4.625% senior notes offering in September 2012, issued a new tranche of Term A loan under our existing senior secured credit facility, redeemed all of our 2014 Notes and reduced our weighted average cost of capital.

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

Completed a new surface treatment plant in the U.S. for our Surface Treatment segment;

Completed a new state-of-the-art lithium hydroxide plant in Kings Mountain, North Carolina and commenced work on our new lithium carbonate capacity in Chile for our Lithium segment; and

Continued global promotion of the electrification of vehicles in support of our lithium business.

Pay for Performance

In our most recent say-on-pay vote, at our 2011 Annual Meeting of Stockholders, more than 98% of the votes cast approved of the compensation program for our named executive officers. We believe that the highly favorable result confirms the overall design of our compensation program is consistent with the concept of pay for performance. For example, a substantial part of compensation (more than 80% for our chairman and chief executive officer and more than 70% for our other named executive officers at target compensation) is variable, at-risk compensation tied to our financial performance. Rockwood achieved solid total shareholder return ("TSR") on a one-, three- and five-year basis, as set forth below:

One-Year TSR Although we believe our performance and common stock were negatively impacted by the European sovereign debt crisis and slow growth which continued into 2012, we achieved a one-year TSR of 28.58%. The S&P 500 and DJIA had returns of 16.00% and 7.26%, respectively and the Dow Jones U.S. Chemicals Index and S&P Supercomposite Specialty Chemicals Index had returns of 22.71% and 40.09%, respectively.

Three-Year TSR We achieved a three-year TSR of 114.87% for 2010-2012 or 29.01% on an annual basis. The S&P 500 and the DJIA had three-year returns of 36.30% and 25.66%, or 10.86% and 7.90% on an annual basis, respectively and the Dow Jones U.S. Chemicals Index and S&P Supercomposite Specialty Chemicals Index had three-year returns of 61.30% and 94.84%, or 17.26% and 24.87 on an annual basis, respectively.

Five-Year TSR We achieved a five-year TSR of 52.39% for 2008-2012 or 8.78% on an annual basis. The S&P 500 and the DJIA had five-year returns of 8.59% and -1.21%, or 1.66% and -0.24% on an annual basis, respectively and the Dow Jones

U.S. Chemicals Index and S&P Supercomposite Specialty Chemicals Index had five-year returns of 39.02% and 112.91%, or 6.80% and 16.30% on an annual basis, respectively.

The following graphs reflect the one-, three- and five-year performance of our common stock in 2012 in relation to the indicated indices:

One-Year TSR

Three-Year TSR

Five-Year TSR

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(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.

In early 2013, at the request of the Committee, Cook & Co. evaluated the alignment of executive compensation, in particular, the compensation of our chairman and chief executive officer, to our performance based upon the following three quantitative measures: relative degree of pay alignment, multiple of median pay and pay-TSR alignment. Cook & Co. analyzed our chairman and chief executive officer's compensation and our performance compared to the 24 companies listed below. Cook & Co. selected these companies because they had the same Global Industry Classification Standard (GICS) code as Rockwood and revenue in the range of 41% to 235% of our revenue. The following companies were included in this analysis:

Eastman Chemical Company	Cytec Industries Inc.
Celanese Corporation	A. Schulman, Inc.
H.B. Fuller Company	PolyOne Corporation
Ashland Inc.	Kraton Performance Polymers, Inc.
OM Group, Inc.	International Flavors & Fragrances, Inc.
Airgas, Inc.	Albemarle Corporation
The Valspar Corporation	Sigma-Aldrich Corporation

Westlake Chemical Corporation	Ferro Corporation
RPM International Inc.	NewMarket Corporation
FMC Corporation	Sensient Technologies Corporation
Stepan Company	Olin Corporation
Cabot Corporation	W.R. Grace & Co.

This comparison group included some of the same companies that are included in the peer group used for the benchmarking of the compensation of our named executive officers discussed above; however, Cook & Co. elected to select for purposes of their evaluation a group based upon criteria that are frequently used by outside proxy advisory firms to evaluate peer performance. Using data for these companies, Cook & Co. performed the following analyses:

- relative degree of pay alignment, which assesses the degree of alignment between a company's relative CEO pay and a weighted average of the company's relative one- and three-year TSRs, with one-year TSR weighted at 40% and three-year TSR weighted at 60%;
- multiple of median pay, which assesses a company's CEO pay as a multiple of the sample group median; and
- pay-TSR alignment, which compares the trend of a company's CEO compensation to its indexed TSR over a five-year period.

Based upon these analyses by Cook & Co., the Committee evaluated the pay for performance related to our chairman and chief executive officer and determined that the compensation of our chairman and chief executive officer is appropriately aligned with our performance.

In addition, Cook & Co. evaluated our compensation program to see whether it includes features that are generally viewed as poor pay practices, including:

- Excessive perquisites;
- Abnormally large bonus payouts without justifiable performance linkage;
- Excessive severance and change in control provisions;
- Dividends or dividend equivalents on unvested awards subject to performance conditions; and
- Re-pricing or replacing of underwater stock options.

Based on Cook & Co.'s analysis, the Committee determined that our compensation program did not include any such features.

The Committee believes that the levels, ranges and mix for total compensation for 2012 and 2013 are appropriate and are consistent with our stated philosophy for our named executive officers, and in particular, our chairman and chief executive officer, and are appropriately aligned with our performance.

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 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 executive officers and other key executives. 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, his past performance 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 in 2011, 2012 or 2013. Our other named executive officers have not been awarded increases in their base salaries since 2008. However, effective April 1, our senior vice president and chief financial officer's salary was increased to $500,000 and our senior vice president law and administration's salary was increased to $435,000, a 5.5% increase for both.

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 has authority to use negative discretion in administering the Short-Term Incentive Plan.

The Committee sets the performance criteria based on our 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. Cash incentives under the Short-Term Incentive Plan have typically 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 annual cash incentives are substantially based upon Adjusted EBITDA performance, because it is an important financial measure for us and is a basis for specified covenants under our senior secured credit agreement and other debt agreements. In addition, we believe that Adjusted EBITDA is the appropriate financial measure to assess our operating performance because it excludes items that have been deemed by management and the board of directors to have little or no bearing on the evaluation of our day-to-day operating performance.

2012 Annual Cash Incentives

For 2012, the Committee determined the performance criteria for awards under the Short-Term Incentive Plan to our named executive officers would be predominately based upon Adjusted EBITDA. The annual cash incentives for our named executive officers, however, would be decreased by ten percent if our net working capital as a percent of sales increased above 19%. 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. In addition, in 2011, the Committee adopted a cap on payments under the Short-Term Incentive Plan of three times the named executive officers' target award. For 2012, the target cash incentive percentage of base salary for our named executive officers was:

Named Executive Officer	Target Annual Cash Incentive
Chairman and Chief Executive Officer	200%
Senior Vice President and Chief Financial Officer	115%
Senior Vice President, Law & Administration	115%

The table below sets forth details for the 2012 annual cash incentives based on varying levels of achievement of the performance criteria, prior to any adjustment relating to net working capital, as described above:

Actual Adjusted EBITDA vs. Targeted Adjusted EBITDA	**Percent of Targeted 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%

The incentive award is interpolated for results between 90% and 120% of the targeted levels of Adjusted EBITDA.

The Committee reviewed the Company's performance results and did not award cash incentives under the Short-Term Incentive Plan to our chairman and chief executive officer and our other named executive officers for 2012. The performance-based target for our named executive officers for purposes of determining cash incentives for 2012 was Adjusted EBITDA from continuing operations of $1,033.4 million (at a constant exchange rate of $1.45=€1.00 and $2.00=£1.00). For 2012, our actual Adjusted EBITDA from continuing operations was $778.9 million and at constant exchange rates was $850.5 million.

2013 Annual Cash Incentives

For 2013, the Committee determined that it would not modify the structure utilized for the 2012 annual cash incentives. The incentive award is interpolated for results between 90% and 120% of the targeted levels of Adjusted EBITDA. The performance-based target for our named executive officers for 2013 is Adjusted EBITDA of $844.79 million (at a constant exchange rate of $1.45=€1.00 and $2.00=£1.00). Similar to 2012, the annual cash incentive payment for our named executive officers, however, will be decreased by ten percent if our net working capital as a percent of sales increases above 24.1% and will be increased by 5% if our net working capital as a percent of sales decreases below 21.7%.

Long-Term Equity Compensation

Long-term compensation is equity-based and over the years has been provided through stock options, restricted stock units and market stock units granted under our 2009 Rockwood Holdings, Inc. Stock Incentive Plan ("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 a retention incentive, which in turn, contributes to stability in key leadership roles. Over the last three years, the Committee has granted the following types of awards pursuant to our Stock Incentive Plan:

- Performance-Based Restricted Stock Units The performance-based restricted stock units are designed primarily to reward increasing total stockholder return relative to a peer group, and to a lesser extent, continued service with Rockwood; and

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

Upon vesting, each 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 are not awarded with respect to these unvested restricted stock units. In early 2013, the Committee amended our 2009 Stock Incentive Plan to prohibit the re-pricing of stock options or other equity awards without obtaining stockholder approval.

As a result of the use of these types of restricted stock units, the Committee believes the long-term equity compensation program is 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.

Equity Grants in 2012 and Previous Years

The Committee has adopted an annual program of awarding equity grants in order to tie a significant portion of an executive's compensation to our long-term performance to further align management's interests with those of our 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 2009	Fiscal 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 2011-2013	Relative and Absolute Stock Performance	Performance-based restricted stock units and performance-based market stock units	Fiscal 2011-2013
December 2011	Fiscal 2012-2014	Relative and Absolute Stock Performance	Performance-based restricted stock units and performance-based market stock units	Fiscal 2012-2014
December 2012	Fiscal 2013-2015	Relative and Absolute Stock Performance		