

# ROCKWOOD HOLDINGS, INC.

## CHARTER OF THE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS

### I. PURPOSE

The Compensation Committee (the “Committee”) is appointed by the Board of Directors (the “Board”) of Rockwood Holdings, Inc. (the “Company”) primarily to effect the duties and assume the responsibilities set forth in Section III of this Charter.

### II. ORGANIZATION

1. **Composition.** The Committee shall consist of no fewer than three members. Each member must be determined by the Board to be “independent” in accordance with the rules of the New York Stock Exchange; *provided, however*, that, pursuant to the exemption provided to “controlled companies” by Section 303A of the Listed Company Manual of the New York Stock Exchange, for such time that the Company qualifies as a “controlled company,” the Company may avail itself of such exemption. In addition, each member must be a “Non-Employee Director” for purposes of Rule 16b-3 under the Securities Exchange Act of 1934, as amended. Finally, each member (or each member of a designated sub-committee thereof consisting of two or more members) must be an “outside director” within the meaning of Section 162(m) of the Internal Revenue Code; *provided, however*, that, pursuant to the exemption provided to “companies that become publicly held” by Treasury Regulation 1.162-27(f), for such time as the Company may avail itself of the “reliance period” under such Treasury Regulation with respect to any compensation plan or agreement that existed prior to the date that the Company becomes a “publicly held corporation” (within the meaning of Treasury Regulation 1.162-27(c)(1)), the Committee (or the designated sub-committee thereof) shall not be required to consist solely of two or more “outside directors” within the meaning of Section 162(m) of the Internal Revenue Code.

2. **Appointment and Removal.** The members of the Committee shall be appointed by the Board in accordance with the Company’s certificate of incorporation and the Company’s by-laws and shall serve until such member’s successor is duly elected and qualified or until such member’s earlier resignation or removal. The members of the Committee may be removed, with or without cause, by the Board.

3. **Chairperson.** The Board will designate one of the members of the Committee as Chairperson. The Chairperson shall be entitled to cast a vote to resolve any ties.

4. **Meetings.** The Committee shall meet at least two times annually, or more frequently as circumstances dictate. The Chairperson or any other member of the

Committee may call a meeting of the Committee. A majority of the members of the Committee will constitute a quorum for the transaction of business. A majority of the members of the Committee shall be empowered to act on behalf of the Committee. Meetings may be held by telephone or by other appropriate means in accordance with the Company's certificate of incorporation and the Company's by-laws.

5. **Subcommittees.** The Committee may form one or more subcommittees, each of which may take such actions as may be delegated by the Committee.

6. **Advisors.** The Committee may, in its sole discretion and at the Company's expense, retain and terminate legal, accounting and other consultants and experts, including compensation consultants, it deems necessary in the performance of its duties and without having to seek the approval of the Board.

### **III. RESPONSIBILITIES AND DUTIES**

To fulfill its primary purpose, the Committee will perform the following with respect to the Company:

#### ***Setting Compensation for Executive Officers and Directors***

1. Establish and review the overall compensation philosophy of the Company.
2. Review and approve, on an annual basis, the Company's goals and objectives relevant to the compensation of the chief executive officer and other executive officers, including annual performance objectives.
3. Evaluate the performance of the chief executive officer and other executive officers in light of those goals and objectives, and, based on such evaluation, review and approve the annual salary, bonus, stock options and other benefits, including all short-term and long-term incentive compensation and equity-based compensation awards, of the chief executive officer and other executive officers.
4. In connection with the executive compensation programs:
  - (i) Review and make recommendations to the Board, or approve, new or modified executive compensation programs;
  - (ii) Review on a periodic basis the operations of the Company's executive compensation programs to determine whether they are properly coordinated and achieving their intended purposes;
  - (iii) Take steps to modify any executive compensation program that yields payments and benefits that are not reasonably related to executive performance; and
  - (iv) Establish and periodically review policies for the administration of executive compensation programs.

5. Establish and periodically review policies in the area of perquisites of the chief executive officer, other executive officers and other key employees.
6. Consider policies and procedures pertaining to expense accounts of the chief executive officer, other executive officers and other key employees.
7. Review and make recommendations to the Board, or approve, any contracts or other transactions with current or former chief executive officer and other executive officers, including employment contracts, severance or termination agreements, change of control agreements, consulting arrangements, loans to employees made or guaranteed by the Company and other similar arrangements.
8. Review and make recommendations to the Board with respect to compensation of directors.
9. Review and make recommendations to the Board with respect to indemnification and insurance matters pertaining to directors and officers.

***Monitoring Cash Incentive, Deferred Compensation and Equity-Based Compensation Plans***

1. Review and make recommendations to the Board with respect to the Company's cash incentive compensation plans, deferred compensation plans and equity-based plans, including with respect to establishing performance objectives.
2. Review and make recommendations to the Board, or approve, all awards of shares of the Company's common stock or options to purchase the Company's common stock pursuant to the Company's equity-based plans.
3. Review and approve all equity compensation plans of the Company that are not otherwise subject to the approval of the Company's stockholders.
4. Monitor compliance by executives with the rules and guidelines of the Company's equity-based plans.
5. Review and monitor, and adopt, amend or terminate, as appropriate, the employee pension, profit sharing and benefit plans of the Company and its subsidiaries.
6. Oversee the activities of the individuals responsible for administering the Company's cash incentive compensation plans, deferred compensation plans and equity-based plans.
7. Obtain through discussions with management a general understanding of the compensation design throughout the Company and its subsidiaries.

### ***Reports***

1. Prepare an annual report on executive compensation for inclusion in the Company's annual proxy statement, in accordance with the applicable rules and regulations of the New York Stock Exchange, Securities and Exchange Commission and other applicable regulatory bodies.
2. Oversee compliance with the applicable compensation reporting requirements of the Securities and Exchange Commission.
3. Report regularly to the Board (i) following meetings of the Committee, (ii) with respect to such other matters as are relevant to the Committee's discharge of its responsibilities and (iii) with respect to such recommendations as the Committee deems appropriate. The report to the Board may take the form of an oral report by the Chairperson or any other member of the Committee designated by the Committee to make such report.
4. Maintain minutes or other records of meetings and activities of the Committee.

### ***Other***

1. Perform any other duties and functions relating to compensation and benefit policies and practices of the Company as may be referred to it from time to time by the Board.

## **IV. ANNUAL PERFORMANCE EVALUATIONS**

The Committee shall perform an annual review and evaluation of the performance of the Committee and its members, including by reviewing the compliance of the Committee with this Charter, and report the results of such review and evaluation to the Board. In addition, the Committee shall perform an annual review and reassessment of this Charter and recommend to the Board any improvements to this Charter that the Committee considers necessary or valuable. The Committee shall conduct such reviews in such manner as it deems appropriate.