

ENGELHARD CORPORATION
COMPENSATION COMMITTEE CHARTER

I. Compensation Committee Purpose

The Compensation Committee (the “Committee”), in its capacity as a committee of the Board, shall assist the Board by taking direct responsibility for:

- reviewing and approving corporate goals and objectives relevant to the Chief Executive Officer’s compensation, evaluating the Chief Executive Officer’s performance in light of these goals and objectives and, either as a committee or together with the other independent directors (as directed by the Board), determining and approving the Chief Executive Officer’s compensation level based on this evaluation;
- reviewing and approving compensation for executive officers (other than the Chief Executive Officer) and reviewing and making recommendations to the Board with respect to incentive compensation and equity-based plans that are subject to Board approval; and
- producing an annual report on executive officer compensation for inclusion in the Company’s proxy statement in accordance with applicable laws, rules and regulations.

II. Compensation Committee Authority

The Committee has the authority to retain and terminate any compensation consulting firm in the field of executive compensation to assist the Committee with its evaluation of director, chief executive officer or executive officer compensation as set forth herein, including the authority to approve the firm’s fees and other retention terms. The Committee also has the authority to retain, at the Company’s expense, internal or external legal, accounting, investment manager, or other consultants or other advisors of its choice as it deems necessary or appropriate in the performance of its duties.

The Committee may request any officer or employee of the Company or the Company’s counsel or independent auditor to attend any meeting of the Committee or to meet with any members of, or consultants to, the Committee.

The Committee may delegate authority to an individual member of the Committee or to subcommittees to the extent permitted by applicable laws, rules and regulations, including those of the New York Stock Exchange.

III. Compensation Committee Membership and Meetings

The Committee shall be comprised of two or more independent directors appointed annually by the Board. Each member shall comply with and satisfy the requirements of the New York Stock Exchange, Section 162 (m) of the Internal Revenue Code, Rule 16b-3 promulgated by the Securities and Exchange Commission and all other applicable laws, rules and regulations and may be removed by the Board of Directors in its discretion.

The Committee shall meet as frequently as circumstances dictate. Meetings of the Committee shall be called by the Chairman of the Committee or the Chief Executive Officer of the Company. All meetings of the Committee shall be held pursuant to the Bylaws of the Company with regard to notice and waiver thereof, and written minutes of each meeting shall be duly filed in the Company's records. If a Committee Chairman is not designated by the Board or present at a meeting, the members of the Committee may designate a Chairman of the meeting by majority vote of the Committee membership. Reports of meetings of the Committee shall be made to the Board at its regularly scheduled meeting following the Committee meeting accompanied by any recommendations to the Board approved by the Committee.

IV. Compensation Committee Responsibilities

The Committee shall:

1. Review from time to time, but at least annually, the Company's compensation strategy to ensure that executive officers are rewarded appropriately for their contributions to Company growth and profitability and consistently with the compensation strategy of the Company, competitive practice, and the requirements of the appropriate regulatory bodies, and that the executive compensation strategy supports organization objectives and shareholder interests.
2. Review and approve corporate goals and objectives relevant to the Chief Executive Officer's compensation, evaluate the Chief Executive Officer's performance in light of these goals and objectives, and, either as a committee or, at the discretion of the Committee, together with the other independent directors, determine and approve the Chief Executive Officer's compensation level based on this evaluation. In determining the long-term incentive component of the compensation of the Chief Executive Officer, the Committee should consider the Company's performance and relative shareholder return, the value of

similar incentive rewards to the chief executive officer at comparable companies, and the awards given to the Chief Executive Officer in past years, as well as any other factors the Committee deems relevant.

3. Evaluate the performance of the Chief Executive Officer, and oversee the evaluation of management.
4. Assure that the Company's incentive compensation, supplemental pension, deferred compensation and equity-based compensation plans are administered in a manner consistent with the Company's compensation strategy for executive officers, including without limitation as to participation, target annual incentive awards, corporate financial goals and total funds reserved for payment under the compensation plans.
5. Review and approve compensation to executive officers of the Company (other than the Chief Executive Officer), including incentive compensation awards, grants of stock options and issuances of equity securities.
6. Prepare an annual report on executive compensation for inclusion in the Company's proxy statement, in accordance with applicable laws, rules and regulations.
7. Review and make recommendations to the Board with respect to the amount and manner of payment and compensation for non-employee members of the Board and committees of the Board and the terms on which such fees may be deferred.
8. Review and make recommendations to the Board with respect to incentive compensation, supplemental pension, deferred compensation and equity-based compensation plans applicable to executive officers and changes to such plans, in each case subject, where appropriate, to shareholder approval.
9. Review and reassess the adequacy of this Charter and the Committee's own performance annually or more often as conditions dictate, and recommend proposed changes to the Board.
10. Perform any other activities consistent with this Charter, the Company's By-laws and governing law, as the Committee or the Board deems necessary or appropriate.