Rockwood Holdings, Inc.
Form S-1
February 11, 2005

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As filed with the Securities and Exchange Commission on February 11, 2005

Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-1

**REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

ROCKWOOD HOLDINGS, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware	**2800**	**52-2277366**
(State or Other Jurisdiction of Incorporation or Organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

**100 Overlook Center
Princeton, New Jersey 08540
(609) 514-0300**

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

**Thomas J. Riordan, Esq.
Senior Vice President, Law & Administration
Rockwood Holdings, Inc.
100 Overlook Center
Princeton, New Jersey 08540
(609) 514-0300**

(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent For Service)

With copies to:

Roxane F. Reardon, Esq. Simpson Thacher & Bartlett LLP 425 Lexington Avenue New York, New York 10017 (212) 455-2000	**Kirk A. Davenport II, Esq. Latham & Watkins LLP 885 Third Avenue New York, New York 10022 (212) 906-1200**

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this Registration Statement.

If the securities being registered on this form are being offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. o

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If delivery of the prospectus is expected to be made pursuant to Rule 434 under the Securities Act, please check the following box. o

CALCULATION OF REGISTRATION FEE

Title Of Each Class Of Securities To Be Registered	Amount To Be Registered	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price(1)	Amount Of Registration Fee
Common Stock, par value $.01 per share			$500,000,000	$58,850.00

(1) Estimated solely for the purpose of calculating the amount of the registration fee pursuant to Rule 457(o).

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, or until this registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

Subject to Completion. Dated February 11, 2005.

The information in this preliminary prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where an offer or sale is not permitted.

Shares

Rockwood Holdings, Inc.

Common Stock

This is an initial public offering of shares of common stock of Rockwood Holdings, Inc. All of the shares of common stock are being sold by Rockwood Holdings, Inc.

Prior to this offering, there has been no public market for the common stock. It is currently estimated that the initial public offering price per share will be between $ and $. Rockwood Holdings, Inc. intends to apply to list the common stock on the New York Stock Exchange under the symbol " ".

See "Risk Factors" beginning on page 20 to read about factors you should consider before buying shares of the common stock.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

	Per Share	Total
Initial public offering price	$	$
Underwriting discount	$	$
Proceeds, before expenses, to Rockwood Holdings, Inc.	$	$

To the extent that the underwriters sell more than shares of common stock, the underwriters have the option to purchase up to an additional shares from Rockwood Holdings, Inc. at the initial public offering price less the underwriting discount.

The underwriters expect to deliver the shares against payment in New York, New York on , 2005.

Goldman, Sachs & Co. **Credit Suisse First Boston**

Lehman Brothers **UBS Investment Bank**

Prospectus dated , 2005.

PROSPECTUS SUMMARY

This summary may not contain all of the information that may be important to you. You should read the entire prospectus, including the historical and pro forma financial data and related notes, before making an investment decision. This summary contains forward-looking statements that involve risks and uncertainties. Our actual results may differ significantly from the results discussed in the forward-looking statements as a result of certain factors, including those set forth in "Risk Factors" and "Forward-Looking Statements."

In this prospectus, unless we indicate otherwise or the context otherwise requires, any references to "we," "our," and "us" refer to Rockwood Holdings, Inc. and its consolidated subsidiaries, and any references to the "issuer" refers to Rockwood Holdings, Inc. In addition, when the context so requires, we use the term "Rockwood" to refer to our historical operations prior to the Dynamit Nobel acquisition (described below) and the term "Dynamit Nobel" to refer to the historical operations of the businesses of Dynamit Nobel AG that we acquired from mg technologies ag in July 2004. The historical financial statements and related notes (other than our financial statements as of and for the nine months ended September 30, 2004 which include the results of operations of the acquired Dynamit Nobel businesses during the two-month period ended September 30, 2004) presented in this prospectus are separate financial statements and related notes of Rockwood and Dynamit Nobel.

Our Company

We are a leading global developer, manufacturer and marketer of technologically advanced, high value-added specialty chemicals and advanced materials. We believe we have leading market positions in most of our businesses, including lithium compounds, fiber anatase titanium dioxide, color pigments and services, ceramic-on-ceramic components used in hip joint prostheses systems and next generation wood protection products.

Our products, consisting primarily of inorganic chemicals and solutions and engineered materials, are often customized to meet the complex needs of our customers and to enhance the value and performance of their end products. We generally compete in niche markets in a wide range of end-use markets, including construction, life sciences (including pharmaceutical and medical markets), electronics and telecommunications, metal treatment and general industrial and consumer products markets. No single end-use market accounted for more than 16% of our 2003 pro forma net sales.

We operate globally, manufacturing our products in 99 manufacturing facilities in 25 countries and selling our products and providing our services to more than 60,000 customers. Our customers include some of the world's preeminent companies, such as Alcoa Inc., Robert Bosch GmbH, DaimlerChrysler AG, E.I. duPont de Nemours & Company, Georgia-Pacific Corporation, GlaxoSmithKline plc, Motorola Inc., Novartis AG, Pfizer Inc., Rohm and Haas Company, Sanofi-Aventis, The Sherwin-Williams Company and STMicroelectronics N.V. We believe our products are generally critical to our customers' products' performance, but account for a small percentage of the total cost of their products.

In July 2004, we acquired the specialty chemicals and advanced materials businesses of Dynamit Nobel. See "Dynamit Nobel Acquisition." Through this acquisition, we have created a further diversified portfolio of distinct specialty chemicals and advanced materials businesses, combining two companies with similar service-driven cultures focused on high margins; expertise in inorganic chemistry; stable profitability; and proven management teams. In addition, we believe the Dynamit Nobel acquisition bolsters our leading competitive positions by enhancing our ability to develop innovative products and solutions for our customers, expanding our technological knowledge and further reducing our exposure to any particular raw material or end-use market.

Following the Dynamit Nobel acquisition, we operate our business through seven business segments. The following chart provides a breakdown of our 2003 pro forma net sales by segment:

Business Strengths

Leading market positions. We believe that we hold leading market positions within most of our businesses, including, based on our 2003 pro forma net sales:

Operating Segment	Products	Market Position
Performance Additives	synthetic iron oxide pigments	one of three leading global producers
	wood protection products	one of three leading global producers
Specialty Chemicals	lithium compounds and chemicals	#1 globally
	metal surface treatment chemicals and related services	#2 globally
Titanium Dioxide Pigments	anatase titanium dioxide pigment for the synthetic fiber manufacturing industry	#1 globally
	zinc- and barium-based pigments	a leading global producer
Advanced Ceramics	ceramic-on-ceramic ball head and liner components used in hip joint prostheses systems	#1 globally
	ceramics cutting tools	#1 in Europe

Specialty businesses in niche markets with significant barriers to entry. We believe that nearly all of our businesses operate in niche markets protected by significant barriers to entry, including the following:

- *Customized products and solutions based upon technological know-how and expertise*. We use our technological know-how to improve, develop and manufacture products that meet specific customers' performance requirements.

- *Significant switching costs*. We believe that many of our customers would experience significant disruption and costs if they were to switch to another supplier.

Diverse customer and end-use market base. We operate a diverse portfolio of distinct specialty chemicals and advanced materials businesses. We have more than 60,000 customers worldwide that cover a wide variety of industries and geographic areas. 53% of our 2003 pro forma net sales were generated in Europe, 34% in North America and 13% in the rest of the world. No customer accounted for more than 2% of such net sales, and our top ten customers represented only approximately 11% of such net sales. Our largest end-use market represented approximately 16% of such net sales. The following chart provides a breakdown of our 2003 pro forma net sales by end-use markets:

Within these end-use markets, there is further diversification by sector, product and region.

Limited exposure to raw materials and energy prices. We have a broad raw material base consisting primarily of inorganic (non-petrochemical) materials, most of which are readily available and whose prices follow their own individual supply and demand relationships and have historically shown little correlation to each other. Our largest and second largest raw material purchases represented approximately 2.3% and 1.0% of our 2003 pro forma net sales, respectively, while our top ten raw material purchases represented less than 7.6% of our 2003 pro forma net sales. Further, our exposure to energy prices is limited as energy costs accounted for approximately 3.2% of our 2003 pro forma net sales.

Leading technologies and strong brand names. We believe we are recognized as an innovative industry leader in many of our businesses due to our technological know-how and strong customer focus. We identify, commercialize and market new products, which we develop internally or with third parties, as well as license or otherwise acquire.

Experienced and proven management team. We have an experienced management team with a proven record of financial and operational excellence. Since joining us in 2001, Seifi Ghasemi, our chairman and chief executive officer, and Robert Zatta, our senior vice president and chief financial officer, together with other members of our senior management team, have been responsible for introducing several initiatives that have resulted in significant improvement in our business including increased growth in net sales, development of new products, cost reductions, working capital improvements, capital expenditure reductions and improved customer relationships. The heads of our business lines have, on average, over 20 years of experience in the specialty chemicals and advanced materials industry and over ten years at their respective businesses.

Business Strategy

Building on these strengths, we plan to continue our existing strategy to grow revenue and cash flow and increase profitability as follows:

Capitalize on market growth opportunities. We believe that our leading technology and development capabilities position us to capitalize on a number of growth trends affecting our businesses. For example:

Advanced Ceramics We expect this segment to benefit from a growing trend towards replacing plastics and metals with high-performance ceramics. For example, as the only manufacturer and supplier to date of ceramic-on-ceramic ball head and liner components used in hip joint prostheses systems approved by the Food and Drug Administration, or FDA, in the United States, we believe that we are well-positioned to capitalize on the global increase in the market for hip implants, which is expected to grow by approximately 8% per year over the next ten years.

Performance Additives We expect this segment to benefit from the growing trend toward the use of color in concrete paving stones and other home remodeling fuelled in part by increased exposure at "do-it-yourself" home centers.

Specialty Compounds We expect to grow sales for high-end data and video communication wire and cable applications as a result of our joint development agreement with duPont to create, manufacture and commercialize new compounds based on Teflon technologies.

Specialty Chemicals We expect this segment to benefit from the increased demand for lithium-based batteries for mobile electronic applications. In addition, we will benefit from the trend to replace chrome-containing products with chrome-free technologies in metal surface treatment, such as silane-based systems or our patented self-assembling molecule technology.

Titanium Dioxide Pigments We expect this segment to benefit from sales of newly introduced nano-particle titanium dioxide pigments that are used to provide ultraviolet light protection for plastics and coatings.

Apply our improvement initiatives to the Dynamit Nobel businesses. Since 2001, following the KKR acquisition and the arrival of our new senior management team, Rockwood has implemented a series of initiatives designed to grow sales, improve productivity, reduce costs and expand margins. Key strategic initiatives included a decentralization of decision making, enhancing accountability for Rockwood's managers, a reduction in overhead cost structure, a focus on manufacturing productivity and cash generation, selective acquisitions and a pursuit of identified organic growth initiatives. These initiatives had a positive impact on cash flow and profitability of

Rockwood's businesses in recent years. For example, net sales of the historic Rockwood businesses increased from $592.7 million during the nine months ended September 30, 2003 to $747.8 million during the nine months ended September 30, 2004, or 26.2%. Excluding currency changes, net sales improved $133.9 million for the nine months ended September 30, 2004 as compared to the nine months ended September 30, 2003, or 22.6%. Similarly, operating income of the historic Rockwood businesses increased from $83.9 million during the nine months ended September 30, 2003 to $115.5 million during the nine months ended September 30, 2004, or 37.7%. Excluding currency changes, operating income improved $31.5 million for the nine months ended September 30, 2004 as compared to the nine months ended September 30, 2004, or 37.5%.

We are currently in the process of applying similar initiatives to the acquired Dynamit Nobel businesses. We expect to grow sales, instill capital discipline and improve working capital management in these businesses. In addition, to reduce costs, we closed the former headquarters of Dynamit Nobel in Troisdorf, Germany and eliminated 39 positions and expect to close the New Lebanon, New York manufacturing facility of our Advanced Ceramics segment in March 2005. In addition, we eliminated 26 positions and expect to eliminate nine additional positions in connection with the acquisition of the pigments and dispersions business of Johnson Matthey Plc. In total, we estimate that we will achieve annual cost savings of approximately $15.4 million in connection with these and other actions.

Achieve profitable growth through selective bolt-on acquisitions. We intend to continue to selectively pursue cash flow accretive bolt-on acquisitions and strategic alliances in order to strengthen and expand our existing business lines. For example, in 2004, we acquired the assets of the pigments and dispersions business of Johnson Matthey Plc. (purchase price of approximately $50.0 million) and Hamburger Color Company Inc. (purchase price of $3.0 million), which strengthened our Performance Additives segment. We also acquired iSILTEC (Innovative Silicon Technologies), a German wafer reclaim company (aggregate purchase price of approximately $3.4 million), which strengthened our Electronics segment.

Risks Relating to Our Business Strategy

Our ability to execute our business strategy is subject to certain risks that are generally associated with operating in the specialty chemicals industry. For example, we may not be able to continue our product innovation, demand for our products may not develop as expected, and regulation of our raw materials, products and facilities may change in a way that is detrimental to our business. In addition, we have a substantial amount of indebtedness. As of September 30, 2004, on a pro forma basis after giving effect to the three refinancings of debt incurred in connection with the Dynamit Nobel acquisition, the $5.5 million of cash equity investments in the fourth quarter of 2004 under the 2004 management equity program and the offering, we would have had approximately $2,820.3 million of indebtedness outstanding and total stockholders' equity of approximately $990.5 million. This substantial indebtedness may adversely affect our cash flow and our ability to remain in compliance with our debt covenants, make payments on our indebtedness and operate our business. Any of these factors or other factors described in this prospectus under "Risk Factors" may limit our ability to successfully execute our business strategy.

Dynamit Nobel Acquisition

On April 19, 2004, certain of our subsidiaries entered into a sale and purchase agreement with mg technologies ag and its subsidiary, MG North America Holdings Inc., to acquire its wholly-owned specialty chemicals and advanced materials business, Dynamit Nobel. We paid approximately €1,635.0 million (or $1,968.5 million based on the July 31, 2004 exchange rate of €1.00=$1.2040) (excluding repayment of certain assumed debt) in cash for the businesses acquired, which price remains subject to a possible post-closing adjustment. The acquisition was consummated on July 31, 2004.

In connection with the Dynamit Nobel acquisition, certain of our subsidiaries, including Rockwood Specialties Group, Inc. (which we refer to as Group), entered into senior secured credit facilities and a senior subordinated loan facility, and we received a net equity contribution of $404.0 million from affiliates of Kohlberg Kravis Roberts & Co. L.P., or KKR, and DLJ Merchant Banking Partners III, L.P. and its affiliated funds, or DLJMB. In addition, our direct wholly-owned subsidiary, Rockwood Specialties Consolidated, Inc., exchanged its outstanding dollar-denominated pay-in-kind, or PIK, notes for euro-denominated PIK notes. In this prospectus, we refer to these related financings, which are described in greater detail under "Management's Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources Liquidity," collectively as the acquisition financings.

In October 2004, Group refinanced a portion of its borrowings under the senior subordinated loan facility with additional term loan borrowings under an amendment to the senior secured credit facilities. In November 2004, Group refinanced the remaining borrowings under the senior subordinated loan facility with proceeds from the issuance of senior subordinated notes due 2014. In this prospectus, we refer to these notes as the 2014 notes. In December 2004, Group refinanced all of its borrowings under one tranche of the term loans under its senior secured credit facilities with borrowings under a new tranche of the term loans of the same aggregate principal amount bearing a lower interest rate in order to reduce its interest expense. In this prospectus, we refer to these three refinancings collectively as the Fall 2004 debt refinancings.

In addition, in connection with the Dynamit Nobel acquisition, under a new management equity program, a member of our management made cash equity investments of approximately $1.5 million in September 2004 and certain other members of our management made cash equity investments of approximately $5.5 million in the fourth quarter of 2004, resulting in aggregate cash equity investments of approximately $7.0 million in our common stock. In this prospectus, we refer to this management investment as the 2004 management equity program.

Other Acquisitions

In September 2004, one of our subsidiaries acquired the pigments and dispersions business of Johnson Matthey Plc. and in connection therewith borrowed €41.9 million (or $50.4 million based on the September 27, 2004 exchange rate of €1.00=$1.2029) under a term loan of the senior secured credit facilities.

In December 2004, in connection with the combination of the three business lines of our Custom Synthesis segment with Groupe Novasep SAS, one of our subsidiaries acquired $66^1/_3$% of the stock of Groupe Novasep SAS for approximately €50.4 million in cash (or $68.5 million based on the December 31, 2004 exchange rate of €1.00=$1.3593) and assumed approximately €38.6 million (or $52.5 million) of debt and approximately €10.0 million (or $13.6 million) in cash. The Groupe Novasep management contributed the remaining stock of Groupe Novasep to our subsidiary in exchange for shares in our subsidiary, which has now been renamed Groupe Novasep. As a result of this transaction, we own approximately 79% of the new Groupe Novasep. We used cash on hand to finance this transaction.

In this prospectus, we refer to the Dynamit Nobel acquisition, the acquisition financings, the pigments and dispersions acquisition and related financing, the Fall 2004 debt refinancings, the 2004 management equity program and the offering collectively as the Transactions. The Novasep combination is not included in the Transactions.

Rockwood Holdings, Inc.

Rockwood Holdings, Inc. is a Delaware corporation that was formed in September 2000. Our principal executive offices are located at 100 Overlook Center, Princeton, New Jersey 08540. Our telephone number is (609) 514-0300. Our website address is www.rocksp.com. Information contained on our website is not incorporated by reference into this prospectus, and you should not consider information on our website as part of this prospectus.

Ownership Structure

The chart below illustrates our ownership and corporate structure after giving effect to the offering. Our ownership is presented on a fully-diluted basis.

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(1) After giving effect to the offering, affiliates of KKR and DLJMB will own approximately % and % of shares of our common stock on a fully diluted basis, respectively.

(2) In connection with our July 2003 debt refinancing, we issued 25,000 shares of redeemable convertible preferred stock to an affiliate of KKR. We intend to redeem all of the outstanding shares of our redeemable convertible preferred stock with a portion of the net proceeds from the offering.

(3) In connection with the KKR acquisition, Rockwood Specialties Consolidated, Inc. borrowed $100.0 million under a 15% PIK unsecured subordinated loan facility. $70.0 million of these PIK

loans were exchanged for PIK notes in February 2001, and the PIK notes (including additional PIK notes issued in connection with interest payments thereon) were exchanged for euro-denominated PIK notes, after the repayment in cash of $20.0 million of such additional PIK notes, in connection with the Dynamit Nobel acquisition. We intend to redeem the outstanding principal amount of PIK loans (on November 20, 2005) and PIK notes with a portion of the net proceeds from the offering.

(4)

In connection with the July 2003 debt refinancing, our indirect wholly-owned subsidiary, Rockwood Specialties International, Inc., issued $70.0 million gross proceeds 12% senior discount notes. We intend to redeem the outstanding principal amount of the senior discount notes with a portion of the net proceeds from the offering.

(5)

Group's senior secured credit facilities consist of tranche A-1 loans in an aggregate principal amount of €39.1 million (or $51.0 million), tranche A-2 term loans in an aggregate principal amount of €170.4 million (or $222.1 million), tranche C term loans in an aggregate principal amount of €274.8 million (or $358.2 million), tranche D term loans in an aggregate principal amount of $1,145 million and a revolving credit facility in an aggregate principal amount of $250.0 million. The U.S. dollar equivalents of euro borrowings are based on the exchange rate at January 31, 2005 of €1.00=$1.3036.

(6)

Group issued $375.0 million aggregate principal amount of $10^5/_8$% senior subordinated notes due 2011 in connection with the July 2003 debt refinancing. In this prospectus, we refer to these notes as the 2011 notes. We intend to redeem 35% of the 2011 notes, or $131.3 million, with a portion of the net proceeds from the offering.

(7)

Group issued €375.0 million (or $488.9 million) aggregate principal amount of 7.625% senior subordinated notes due 2014 and $200.0 million aggregate principal amount of 7.500% senior subordinated notes due 2014 in November 2004. The U.S. dollar equivalent of the aggregate principal amount of the 2014 euro-denominated notes is based on the exchange rate at January 31, 2005.

The Offering

Common Stock Offered	shares
Common Stock Outstanding After the Offering	shares
Percentage of Common Stock Represented by Shares of Common Stock Offered	%
Use of Proceeds	We estimate that our net proceeds from this offering, after deducting underwriting discounts, estimated offering expenses and the $10.0 million fee to be paid to affiliates of KKR and DLJMB to terminate the management services agreement, will be approximately $447.5 million, assuming the shares are offered at $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus.
	We intend to use:
	approximately $107.3 million of the net proceeds to redeem the outstanding principal amount of the PIK notes and pay a related redemption premium thereon and approximately $61.7 million of the net proceeds to repay the outstanding principal amount of the PIK loans on or around November 20, 2005. The $61.7 million includes $9.2 million of additional interest that will have accrued from October 1, 2004 to, but not including, November 20, 2005;
	approximately $80.6 million of the net proceeds to redeem the outstanding principal amount of the senior discount notes, which are held by an affiliate of KKR;
	approximately $150.4 million of the net proceeds to redeem $131.3 million, or 35%, of the 2011 notes and pay a related redemption premium and accrued and unpaid interest thereon;
	approximately $ million of the net proceeds to redeem all outstanding shares of our redeemable convertible preferred stock, which are held by an affiliate of KKR, and pay accumulated dividends thereon. This amount includes approximately $ million to pay a related redemption premium which amount is equal to 1% of the product of the price per share at which shares of our common stock are offered in this offering multiplied by the number of fully diluted shares of our common stock excluding certain shares; and

	approximately $14.4 million of the net proceeds to repay a portion of the outstanding borrowings under our revolving credit facility.
	Except with respect to PIK loans and the revolving credit facility, these amounts are based on the accreted value, the outstanding principal amount, the accrued and unpaid interest and the accumulated and unpaid dividends on the applicable securities being redeemed or repaid as of September 30, 2004. The actual amounts we pay to redeem or repay the securities will increase from the amounts shown above.
	Each of these redemptions and repayments is voluntary.
	We intend to use any net proceeds we receive from any shares sold pursuant to the underwriters' over-allotment option, after deducting underwriting discounts and commissions, to repay additional borrowings under our revolving credit facility.
Dividend Policy	We do not anticipate paying any dividends on our common stock in the foreseeable future. See "Dividend Policy."
Proposed New York Stock Exchange Symbol	

Unless we specifically state otherwise, all information in this prospectus:

- assumes no exercise by the underwriters of their over-allotment option to purchase additional shares;
- excludes shares of common stock that are reserved for issuance under the Amended and Restated 2003 Stock Purchase and Option Plan of Rockwood Holdings, Inc. and Subsidiaries, as amended (which we refer to in this prospectus as the stock plan), including shares of common stock issuable upon the exercise of outstanding stock options at an exercise price of approximately $ per share and shares of common stock underlying vested restricted stock units held by our chairman and chief executive officer, Seifi Ghasemi, approximately of the outstanding stock options are currently vested;
- excludes shares of common stock issuable upon the exercise of warrants held by an affiliate of KKR at an exercise price of approximately $ per share; and
- assumes a for 1 stock split of our outstanding shares of common stock to be effected prior to the closing of this offering.

Risk Factors

Investing in our common stock involves substantial risk. You should carefully consider all of the information set forth in this prospectus and, in particular, should evaluate the specific factors set forth under "Risk Factors" in deciding whether to invest in our common stock.

Rockwood Summary Historical and Pro Forma Financial Data

Set forth below is summary historical financial and summary pro forma financial data of Rockwood, in each case, at the dates and for the periods indicated.

The summary historical financial data presented below for the years ended December 31, 2001 and 2002 and as of and for the year ended December 31, 2003 have been derived from Rockwood's audited consolidated financial statements included elsewhere in this prospectus. The summary financial data presented below for the nine months ended September 30, 2003 have been derived from Rockwood's unaudited consolidated financial statements, and the summary financial data presented below as of and for the nine months ended September 30, 2004 have been derived from our unaudited consolidated financial statements, in each case, included elsewhere in this prospectus. In the opinion of management, the unaudited financial statements for the nine months ended September 30, 2003 and September 30, 2004, which include the results of operations of the Dynamit Nobel businesses during the two-month period ended September 30, 2004, have been prepared on a basis consistent with the audited financial statements. In the opinion of management, the unaudited financial statements include all adjustments, which are normally recurring adjustments along with adjustments relating to the Dynamit Nobel acquisition, necessary for a fair presentation of the results of operations for the periods presented. Results of operations for the interim periods are not necessarily indicative of the results that might be expected for any other interim period or for an entire year.

The summary unaudited pro forma condensed combined financial information are presented to illustrate the estimated effects of the Transactions on our historical results of operations and financial condition based on the exchange rate on September 30, 2004 of €1.00=$1.2420. The unaudited pro forma balance sheet gives effect to the Fall 2004 debt refinancings, the $5.5 million of cash equity investments in the fourth quarter of 2004 under the 2004 management equity program and the offering as if they had occurred on September 30, 2004. The unaudited pro forma statements of operations data and other pro forma financial data give effect to the Transactions as if they had occurred on January 1, 2003.

The summary unaudited pro forma condensed combined financial information is based on the audited and consolidated financial statements of Rockwood, our unaudited consolidated financial statements and the audited and unaudited combined financial statements of Dynamit Nobel, in each case, included elsewhere in this prospectus, as adjusted to illustrate the estimated pro forma effects of the Transactions.

The summary unaudited pro forma condensed combined financial information is for illustrative purposes only. Such information does not purport to be indicative of the financial condition and the results of operations that would have been achieved had the Transactions for which we are giving pro forma effect actually occurred on the dates referred to above or the financial condition and the results of operations that may be expected in the future. The unaudited pro forma condensed combined financial information has been prepared based upon currently available information and assumptions that we believe are reasonable. Such currently available information and assumptions may prove to be inaccurate over time.

The summary historical and pro forma financial data presented below should be read together with "Selected Financial Data," "Unaudited Pro Forma Condensed Combined Financial Information," "Management's Discussion and Analysis of Financial Condition and Results of Operations," Rockwood's consolidated financial statements and the notes to those statements, our consolidated financial statements and the notes to those statements and Dynamit Nobel's combined financial statements and the notes to those statements, in each case, included elsewhere in this prospectus.

($ in millions)	Year Ended December 31, 2001	Year Ended December 31, 2002	Year Ended December 31, 2003	Nine Months Ended September 30, 2003	Nine Months Ended September 30, 2004	Pro Forma Year Ended December 31, 2003	Pro Forma Nine Months Ended September 30, 2004
Statement of operations data:							
Net sales:							
Performance Additives	$ 418.4	$ 443.8	$ 477.3	$ 352.0	$ 470.5	$ 535.1	$ 514.4
Specialty Compounds	171.7	168.8	176.4	135.4	152.5	176.4	152.5
Electronics	152.5	147.3	143.6	105.3	124.8	143.6	124.8
Specialty Chemicals					116.6	659.7	555.1
Titanium Dioxide Pigments					68.9	381.8	315.2
Advanced Ceramics					56.6	286.0	259.8
Custom Synthesis					38.0	268.4	180.3
Total net sales	742.6	759.9	797.3	592.7	1,027.9	2,451.0	2,102.1
Cost of products sold	546.5	542.5	581.4	431.7	756.3	1,667.2	1,454.0
Gross profit	196.1	217.4	215.9	161.0	271.6	783.8	648.1
Selling, general and administrative expenses	147.5	112.9	118.0	89.0	177.2	510.6	440.8
Impairment charges(1)		50.0	35.0			35.0	
Restructuring charges	9.2	1.2	1.8	1.3	0.1	1.8	0.1
Operating income	39.4	53.3	61.1	70.7	94.3	236.4	207.2
Other income (expenses):							
Interest expense, net(2)	(107.0)	(108.1)	(112.3)	(81.3)	(100.0)	(177.2)	(132.9)
Foreign exchange gain (loss)(3)	9.6	(24.6)	(18.5)	(19.1)	(35.3)	(15.6)	(35.3)
Refinancing expenses(4)			(38.3)	(36.9)	(2.8)	(38.3)	(2.8)
Loss on receivables sold	(1.2)	(1.3)					
Income from investments						2.9	3.4
Stamp duty tax(5)					(4.0)		(4.0)
(Loss) income before taxes and other adjustments	(59.2)	(80.7)	(108.0)	(66.6)	(47.8)	8.2	35.6
Income tax (benefit) provision	(4.8)	(12.5)	(16.3)	(9.8)	(1.6)	27.9	16.9
Minority interest						(0.3)	
Net (loss) income	$ (54.4)	$ (68.2)	$ (91.7)	$ (56.8)	$ (46.2)	$ (20.0)	$ 18.7
Net (loss) income applicable to common shareholders(6)	$ (54.4)	$ (68.2)	$ (96.8)	$ (60.9)	$ (50.9)	$ (20.0)	$ 18.7
Net (loss) income per share data (unaudited)(7):							
Basic net (loss) income per common share:							
Net (loss) income per common share							
Weighted average shares							
Diluted net (loss) income per common share:							
Net (loss) income per common share							
Weighted average shares							
Cash flow data:							
Net cash provided by (used in) operating activities	$ 113.8	$ (4.1)	$ 42.6	$ 40.8	$ 86.1		
Net cash used in investing activities	(31.6)	(30.4)	(48.5)	(37.4)	(2,096.5)		
Net cash (used in) provided by financing activities	(30.6)	(18.9)	(1.7)	(2.0)	2,150.3		
Effect of exchange rate changes on cash	0.1	2.6	3.8	4.5	1.5		
Net increase (decrease) in cash and cash equivalents	$ 51.7	$ (50.8)	$ (3.8)	$ 5.9	$ 141.4		

Other financial data:				Nine Months Ended September 30,			Pro Forma Nine Months Ended September 30, 2004
Depreciation and amortization	$ 74.7	$ 46.3	$ 52.4	37.6	$ 60.4	$ 162.7	$ 131.8
Capital expenditures	34.5	36.0	34.3	26.8	38.8	156.3	97.0
EBITDA(8)	122.5	73.7	56.7	$ 52.3	112.6	347.8	300.3
Non-cash charges and gains included in EBITDA(9)	(0.6)	74.6	91.9	56.1	72.8	88.9	72.8
Other special charges and gains included in EBITDA(10)	18.5	2.1	0.9	(0.4)	8.9	33.1	14.0

($ in millions)	As of December 31, 2003	As of September 30, 2004	Pro Forma as of September 30, 2004
Balance sheet data:			
Cash and cash equivalents	$ 41.9	$ 183.3	$ 203.6
Working capital(11)	110.6	413.1	500.1
Property, plant and equipment, net	418.6	1,413.7	1,413.7
Total assets(1)	1,460.7	4,902.7	4,891.6
Long-term debt(12)	1,054.4	3,125.5	2,820.3
Redeemable convertible preferred stock	30.1	33.1	
Stockholders' equity	126.1	585.3	990.5

(1)

As part of our impairment testing in late 2002 and 2003, we determined that there were goodwill impairments of $50.0 million in 2002 and $19.3 million in 2003 in our Electronics segment. We also determined that there was a property, plant and equipment impairment of $15.7 million in 2003 in our Electronics segment.

(2)

For the years ended December 31, 2001, 2002 and 2003 and the nine months ended September 30, 2003 and September 30, 2004, interest expense, net included non-cash gains (losses) of $(7.9) million, $(11.6) million, $(6.0) million, $(2.7) million and $6.8 million, respectively, representing the movement in the mark-to-market valuation of our interest rate derivative instruments for the periods as well as $7.2 million, $8.0 million, $6.1 million, $4.5 million and $5.2 million, respectively, of amortization expense related to deferred financing costs. Included in the non-cash gains (losses) are cross-currency interest rate swaps entered into in connection with the July 2003 debt refinancing. Interest expense, net, for the year ended December 31, 2003 and the nine months ended September 30, 2004 included a $(10.5) million and $3.1 million mark-to-market (loss) gain for these swaps.

(3)

Represents the non-cash translation impact on our euro-denominated debt resulting from the weakening (strengthening) of the euro against the U.S. dollar during the applicable periods. In the first nine months of 2004, this amount also included a $10.9 million mark-to-market realized loss on foreign currency derivative agreements that we entered into in connection with the Dynamit Nobel acquisition.

(4)

In July 2003, we wrote off $36.9 million of deferred debt issuance costs relating to our previous long-term debt that was repaid as part of the July 2003 debt refinancing. In December 2003, we expensed $1.4 million of investment banking and professional fees in connection with the December 2003 refinancing of borrowings under the then new senior credit facilities. In July 2004, we wrote off $2.8 million of deferred debt issuance costs relating to our previous long-term debt that was repaid as part of the acquisition financings.

(5)

Represents the tax on certain assets transferred in the United Kingdom in connection with the KKR acquisition.

(6)

Represents the net (loss) income applicable to common shareholders after reducing net loss (income) by the amount of accumulated and unpaid dividends and the accretion to the redemption value of the redeemable convertible preferred stock for the respective period.

(7)

Net loss (income) per common share is calculated by dividing net loss (income) applicable to common shares by the weighted average shares outstanding. Unaudited pro forma basic and diluted net loss (income) per common share has been calculated in accordance with the SEC rules for initial public offerings. These rules require that the weighted average share calculation give retroactive effect to any changes in our capital structure as well as the number of shares whose sale proceeds will be used to repay any debt as reflected in the pro forma adjustments. Therefore, pro forma weighted average shares for purposes of the unaudited pro forma basic net loss (income) per common share calculation, adjusted for the for 1 stock split to be effected prior to the completion of this offering, are comprised of approximately million shares of our common stock outstanding prior to this offering and million shares of our common stock being offered hereby.

(8)

EBITDA is defined as net income plus interest expense, net, income tax provision (benefit) and depreciation and amortization. EBITDA is not a recognized term under U.S. GAAP and does not purport to be an alternative to net (loss) income as an indicator of operating performance or to cash flows from operating activities as a measure of liquidity. Additionally, EBITDA is not intended to be a measure of free cash flow for management's discretionary use, as it does not consider certain cash requirements such as interest payments, tax payments and debt service requirements.

The amounts shown for EBITDA in this prospectus differ from the amounts calculated under the definition of EBITDA used in our debt agreements. The definition of EBITDA used in our debt agreements permits further adjustments for certain cash and non-cash charges and gains; the indentures governing the 2011 notes and the 2014 notes exclude certain adjustments permitted under the senior secured credit agreement. EBITDA as adjusted is used in our debt agreements to determine compliance with financial covenants and our ability to engage in certain activities, such as incurring additional debt and making certain payments. In addition to covenant compliance, our management also uses EBITDA as adjusted to assess our operating performance, and to calculate performance-based cash bonuses and determine whether certain performance-based stock options vest, as both such bonuses and options are tied to EBITDA as adjusted targets. For a discussion of the adjustments, uses and the limitations on the use of EBITDA as adjusted, see "Management's Discussion and Analysis of Financial Condition and Results of Operations Special Note Regarding Non-GAAP Financial Measures."

The following table sets forth a reconciliation of net (loss) income to EBITDA for the periods indicated.

	Year Ended December 31,			Nine Months Ended September 30,			
($ in millions)	2001	2002	2003	2003	2004	Pro Forma Year Ended December 31, 2003	Pro Forma Nine Months Ended September 30, 2004
Net (loss) income	$ (54.4)	$ (68.2)	$ (91.7)	$ (56.8)	$ (46.2)	$ (20.0)	$ 18.7
Interest expense, net	107.0	108.1	112.3	81.3	100.0	177.2	132.9
Income tax (benefit) provision	(4.8)	(12.5)	(16.3)	(9.8)	(1.6)	27.9	16.9
Depreciation and amortization	74.7	46.3	52.4	37.6	60.4	162.7	131.8
EBITDA	122.5	73.7	56.7	52.3	112.6	347.8	300.3
Minority interest						0.3	
EBITDA (before minority interest)	$ 122.5	$ 73.7	$ 56.7	$ 52.3	$ 112.6	$ 348.1	$ 300.3

(9)

EBITDA, as defined above, contains the following non-cash charges and gains, each of which is described under "Management's Discussion and Analysis of Financial Condition and Results of Operations Factors Which Affect Our Results of Operations Special Charges":

	Year Ended December 31,			Nine Months Ended September 30,			
($ in millions)	2001	2002	2003	2003	2004	Pro Forma Year Ended December 31, 2003	Pro Forma Nine Months Ended September 30, 2004

				Nine Months Ended September 30,			
Asset impairment	$	$ 50.0	$ 35.0	$	$	$ 35.0	$
Inventory write-up reversal	9.0		0.1	0.1	34.7		34.7
Write-off of deferred debt issuance costs			38.3	36.9	2.8	38.3	2.8
Foreign exchange loss (gain)	(9.6)	24.6	18.5	19.1	35.3	15.6	35.3
	$ (0.6)	$ 74.6	$ 91.9	$ 56.1	$ 72.8	$ 88.9	$ 72.8

(10)

In addition to non-cash charges and gains, EBITDA contains the following other special charges and gains, each of which is described under "Management's Discussion and Analysis of Financial Condition and Results of Operations Factors Which Affect Our Results of Operations Special Charges":

($ in millions)	Year Ended December 31, 2001	Year Ended December 31, 2002	Year Ended December 31, 2003	Nine Months Ended September 30, 2003	Nine Months Ended September 30, 2004	Pro Forma Year Ended December 31, 2003	Pro Forma Nine Months Ended September 30, 2004
Systems/organization establishment expenses	$ 2.6	$ 1.5	$ 1.6	$ 1.1	$ 2.5	$ 1.6	$ 2.5
Stamp duty tax					4.0		4.0
Business interruption costs and insurance recovery	1.3	(2.2)	(4.5)	(4.5)		(4.5)	
Cancelled acquisition and disposition costs	1.2	0.3	1.9	1.7	0.1	1.9	0.1
Non-recurring charges						12.6	
Loss on receivables sold	1.2	1.3					
Loss on disposed businesses					0.8		0.8
Restructuring charges	9.7	1.2	1.9	1.3	0.1	16.4	0.6
Cancelled financing costs	2.5						
Adjustment related to divested businesses						4.6	
Minority interest						0.3	
Other					1.4	0.2	6.0
	$ 18.5	$ 2.1	$ 0.9	$ (0.4)	$ 8.9	$ 33.1	$ 14.0

(11)

Working capital is defined as current assets less current liabilities.

(12)

Excludes the current portion of long-term debt.

Dynamit Nobel Summary Financial Data

The summary financial data of Dynamit Nobel presented below as of and for the years ended September 30, 2001 and 2002, and the three months ended December 31, 2002 and the year ended December 31, 2003 have been derived from its audited combined financial statements included elsewhere in this prospectus. The summary financial data of Dynamit Nobel presented below for the six months ended June 30, 2003 and as of and for the six months ended June 30, 2004 have been derived from its unaudited condensed combined financial statements, included elsewhere in this prospectus. In the opinion of our management, the unaudited financial statements have been prepared on a basis consistent with the audited financial statements and include all adjustments, which are normally recurring adjustments, necessary for a fair presentation of the results of operations for the periods presented. Results of operations for the interim periods are not necessarily indicative of the results that might be expected for any other interim period or for an entire year.

In September 2002, Dynamit Nobel changed its fiscal year end from September 30 to December 31, which resulted in a short financial year from October 1, 2002 to December 31, 2002.

The summary financial data presented below should be read together with Dynamit Nobel's combined financial statements and the notes to those statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations Dynamit Nobel" included elsewhere in this prospectus.

	Year Ended September 30,		Three Months Ended December 31,	Year Ended December 31,	Six Months Ended June 30,	
($ in millions)	**2001**	**2002**	**2002**	**2003**	**2003**	**2004**
Statement of operations data:						
Net sales	$ 1,446.5	$ 1,421.9	$ 336.9	$ 1,595.9	$ 800.0	$ 885.5
Cost of sales	(949.5)	(914.7)	(219.3)	(1,060.0)	(524.9)	(587.0)
Gross profit	497.0	507.2	117.6	535.9	275.1	298.5
Operating expenses(a)	(286.4)	(300.9)	(84.6)	(353.2)	(171.3)	(194.3)
Operating income	210.6	206.3	33.0	182.7	103.8	104.2
Other income, net(a)	4.9	3.8	2.2	5.8	0.8	0.5
Interest expense, net	(24.2)	(22.8)	(6.9)	(25.2)	(13.6)	(14.4)
Income before taxes and other adjustments	191.3	187.3	28.3	163.3	91.0	90.3
Income tax provision	94.1	80.4	11.8	61.7	34.2	32.1
Other adjustments(1)	1.3	3.4	0.3	(0.7)	1.1	
Net income	$ 98.5	$ 110.3	$ 16.8	$ 100.9	$ 57.9	$ 58.2
Cash flow data:						
Net cash provided by (used in) operating activities	$ 128.0	$ 142.1	$ 42.1	$ 267.0	$ 57.6	$ (18.2)
Net cash used in investing activities(2)	(60.3)	(62.5)	(23.8)	(102.7)	(9.0)	(45.0)
Net cash (used in) provided by financing activities(3)	(82.3)	(95.9)	(30.9)	(196.8)	(56.6)	71.7
Exchange-rate-related change in cash and cash equivalents	8.3	15.1	10.2	33.3	6.1	(6.9)
Net (decrease) increase in cash and cash equivalents	$ (6.3)	$ (1.2)	$ (2.4)	$ 0.8	$ (1.9)	$ 1.6
Other financial data:						
Depreciation and amortization	$ 103.3	$ 83.1	$ 21.1	$ 94.6	$ 45.7	$ 52.0
Capital expenditures	125.1	112.0	26.3	122.0	39.4	58.2
EBITDA(4)	320.1	295.8	56.6	282.7	151.7	156.7
Non-cash charges and gains included in EBITDA(5)	(2.7)	(3.4)	(1.6)	(2.4)	(6.0)	(1.1)
	(58.2)	(20.4)	2.6	31.8	8.3	2.7

	Year Ended September 30,	Three Months Ended December 31, 2002	Six Months Ended June 30,
Other special charges and gains included in EBITDA(6)			

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($ in millions)	As of September 30, 2001	As of September 30, 2002	As of December 31, 2002	As of December 31, 2003	As of June 30, 2004
Balance sheet data:					
Cash and cash equivalents	$ 10.7	$ 9.5	$ 7.0	$ 7.8	$ 9.5
Working capital(7)	(67.9)	(139.6)	(56.2)	(103.6)	(153.2)
Property, plant and equipment	663.3	723.9	766.2	918.2	886.2
Total assets	1,596.7	1,732.5	2,144.7	2,431.6	2,430.7
Long-term debt(8)	137.9	94.1	201.6	231.6	203.3
Investment by mg technologies ag	599.8	602.6	966.3	1,036.7	1,037.8

(a) Certain amounts have been reclassified to conform to Rockwood's historical presentation.

(1) Other adjustments include earnings (loss) from discontinued operations, cumulative effects from changes in accounting principles and minority interest.

(2) Net cash used in investing activities primarily represents capital expenditures, net of proceeds from dispositions of businesses and fixed assets.

(3) Net cash (used in) provided by financing activities primarily represents net changes in external debt and the net change in intercompany balances with Dynamit Nobel's parent, mg technologies ag.

(4) EBITDA is defined as net income plus interest expense, net, income tax provision (benefit) and depreciation and amortization. EBITDA is not a recognized term under U.S. GAAP and does not purport to be an alternative to net (loss) income as an indicator of operating performance or to cash flows from operating activities as a measure of liquidity. Additionally, EBITDA is not intended to be a measure of free cash flow for management's discretionary use, as it does not consider certain cash requirements such as interest payments, tax payments and debt service requirements.

The amounts shown for EBITDA in this prospectus differ from the amounts calculated under the definition of EBITDA used in our debt agreements. The definition of EBITDA used in our debt agreements permits further adjustments for certain cash and non-cash charges and gains; the indentures governing the 2011 notes and 2014 notes exclude certain adjustments permitted under the senior secured credit agreement. EBITDA as adjusted is used in our debt agreements to determine compliance with financial covenants and our ability to engage in certain activities, such as incurring additional debt and making certain payments. In addition to covenant compliance, our management also uses EBITDA as adjusted to assess our operating performance, and to calculate performance-based cash bonuses and determine whether certain performance-based stock options vest, as both such bonuses and options are tied to EBITDA as adjusted targets. For a discussion of the adjustments, uses and the limitations on the use of EBITDA as adjusted, see "Management's Discussion and Analysis of Financial Condition and Results of Operations Special Note Regarding Non-GAAP Financial Measures."

The following is a reconciliation of Dynamit Nobel's net income to EBITDA:

($ in millions)	Year Ended September 30, 2001	Year Ended September 30, 2002	Three Months Ended December 31, 2002	Year Ended December 31, 2003	Six Months Ended June 30, 2003	Six Months Ended June 30, 2004
Net income	$ 98.5	$ 110.3	$ 16.8	$ 100.9	$ 57.9	$ 58.2
Interest expense, net	24.2	22.8	6.9	25.2	13.6	14.4
Income tax provision	94.1	80.4	11.9	61.7	34.2	32.1
Depreciation and amortization	103.3	83.1	21.1	94.6	45.7	52.0
EBITDA	320.1	296.6	56.7	282.4	151.4	156.7
Minority interest		(0.8)	(0.1)	0.3	0.3	
EBITDA (before minority interest)	$ 320.1	$ 295.8	$ 56.6	$ 282.7	$ 151.7	$ 156.7

(5)

EBITDA, as defined above, contains the following non-cash charges and gains, which are described under "Management's Discussion and Analysis of Financial Condition and Results of Operations Factors Which Affect Our Results of Operations Special Charges":

($ in millions)	Year Ended September 30, 2001	Year Ended September 30, 2002	Three Months Ended December 31, 2002	Year Ended December 31, 2003	Six Months Ended June 30, 2003	Six Months Ended June 30, 2004
Earnings from discontinued operations	$ (1.3)	$ (2.6)	$ (0.2)	$ (1.4)	$ (1.4)	$
Cumulative effect of change in accounting principle				1.8		
Foreign exchange loss (gain)	(1.4)	(0.8)	(1.4)	(2.8)	(4.6)	(1.1)
	$ (2.7)	$ (3.4)	$ (1.6)	$ (2.4)	$ (6.0)	$ (1.1)

(6)

In addition to non-cash charges and gains, our EBITDA contains the following other special charges and gains, which are described under "Management's Discussion and Analysis of Financial Condition and Results of Operations Factors Which Affect Our Results of Operations Special Charges":

($ in millions)	Year Ended September 30, 2001	Year Ended September 30, 2002	Three Months Ended December 31, 2002	Year Ended December 31, 2003	Six Months Ended June 30, 2003	Six Months Ended June 30, 2004
Non-recurring charges	$ (0.3)	$ (1.9)	$	$ 12.6	$ 5.6	$ 2.3
Restructuring and closure charges	2.4	3.3	2.6	14.6	2.2	0.4

	Year Ended September 30,				Six Months Ended June 30,	
Adjustment related to divested businesses	(60.3)	(21.8)		4.6	0.5	
	$ (58.2)	$ (20.4)	$ 2.6	$ 31.8	$ 8.3	$ 2.7

(7) Working capital is defined as current assets less current liabilities.

(8) Excludes the current portion of long-term debt.

RISK FACTORS

An investment in our common stock involves a high degree of risk. You should consider carefully the following factors and the other information in this prospectus before deciding to purchase any shares of our common stock.

Risk Factors Relating to Our Business

Substantial Leverage Our available cash and access to additional capital may be limited by our substantial leverage.

We are highly leveraged and have significant debt service obligations. As of September 30, 2004, on a pro forma basis after giving effect to the Fall 2004 debt refinancings, the $5.5 million of cash equity investments in the fourth quarter of 2004 under the 2004 management equity program and the offering, we would have had approximately $2,820.3 million of indebtedness outstanding and total stockholders' equity of approximately $990.5 million. This high level of indebtedness could have important negative consequences to us and you, including:

- we may have difficulty obtaining financing in the future for working capital, capital expenditures or acquisitions;
- we will need to use a substantial portion of our available cash flow to pay interest and principal on our debt, which will reduce the amount of money available to finance our operations and other business activities;
- some of our debt, including our borrowings under our senior secured credit facilities, will have variable rates of interest, which will expose us to the risk of increased interest rates;
- our debt level increases our vulnerability to general economic downturns and adverse industry conditions;
- our debt level could limit our flexibility in planning for, or reacting to, changes in our business and in our industry in general;
- our substantial amount of debt and the amount we need to pay to service our debt obligations could place us at a competitive disadvantage compared to our competitors that have less debt; and
- our failure to comply with the financial and other restrictive covenants in our debt instruments which, among other things, require us to maintain specified financial ratios and limit our ability to incur debt and sell assets, could result in an event of default that, if not cured or waived, could have a material adverse effect on our business or prospects.

Additional Borrowings Available Despite our substantial leverage, we and our subsidiaries will be able to incur more indebtedness. This could further exacerbate the risks described above, including our ability to service our indebtedness.

We and our subsidiaries may be able to incur substantial additional indebtedness in the future. Although Group's senior secured credit facilities, indenture governing the 2011 notes and indenture governing the 2014 notes contain restrictions on the incurrence of additional indebtedness, such restrictions are subject to a number of qualifications and exceptions, and under certain circumstances, indebtedness incurred in compliance with such restrictions could be substantial. As of September 30, 2004, the revolving credit facility under the senior secured credit facilities would have provided for additional borrowings of up to $233.7 million, after giving effect to $16.3 million of letters of credit issued on our behalf. To the extent new debt is added to our current debt levels, the substantial leverage risks described above would increase.

Restrictive Covenants in Our Debt Instruments Our debt instruments contain a number of restrictive covenants which may limit our ability to finance future operations or capital needs or engage in other business activities that may be in our interest.

Group's senior secured credit facilities, indenture governing the 2011 notes and indenture governing the 2014 notes impose, and the terms of any future indebtedness may impose, operating and other restrictions on us. Such restrictions will affect, and in many respects limit or prohibit, among other things, our ability to:

- incur additional indebtedness;
- make cash distributions, including paying dividends, redeem or repurchase our equity interests, or repay subordinated debt;
- make investments or acquisitions;
- use assets as security in other transactions;
- sell assets;
- guarantee other indebtedness;
- enter into agreements that restrict dividends from restricted subsidiaries;
- consolidate, merge or transfer all or substantially all of our assets;
- enter into transactions with affiliates; and
- sell capital stock of restricted subsidiaries.

In addition, Group's senior secured credit facilities also require us to achieve certain financial and operating results and maintain compliance with specified financial ratios. Our ability to comply with these ratios may be affected by events beyond our control. The restrictions contained in Group's senior secured credit facilities, indenture governing the 2011 notes and indenture governing the 2014 notes could:

- limit our ability to plan for or react to market or economic conditions or meet capital needs or otherwise restrict our activities or business plans; and
- adversely affect our ability to finance our operations, acquisitions, investments or strategic alliances or other capital needs or to engage in other business activities that would be in our interest.

A breach of any of these covenants or our inability to comply with the required financial ratios could result in a default under the senior secured credit facilities and/or the indentures. If an event of default occurs under the senior secured credit facilities, which includes an event of default under the indentures, the lenders could elect to:

- declare all borrowings outstanding, together with accrued and unpaid interest, to be immediately due and payable;

require us to apply all of our available cash to repay the borrowings; or

prevent us from making debt service payments on the 2011 notes and 2014 notes;

any of which would result in an event of default under the 2011 notes and 2014 notes. The lenders will also have the right in these circumstances to terminate any commitments they have to provide further financing. If we were unable to repay or otherwise refinance these borrowings when due, our lenders could sell the collateral securing the senior secured credit facilities, which constitutes substantially all of our and our subsidiaries' assets.

***Structural Subordination** The issuer is a holding company that does not conduct any business operations of its own. The issuer depends upon the performance of its subsidiaries and their ability to make distributions to it. Accordingly, in the event of the issuer's dissolution, bankruptcy, liquidation or reorganization, you will not be entitled to receive ratably any assets available for distribution to our stockholders until after the payment in full of the claims of the creditors of these subsidiaries.*

The issuer is a holding company that does not conduct any business operations of its own. The issuer's principal asset is common stock of its subsidiary, Rockwood Specialties Consolidated, Inc., which, indirectly through other subsidiaries, owns operating subsidiaries. As a result, the issuer is dependent upon cash dividends and distributions or other transfers from its subsidiaries to make dividend payments on its common stock and to meet any obligations. The ability of the issuer's subsidiaries to pay dividends and make payments to the issuer will depend on their operating results and may be restricted by, among other things, applicable corporate, tax and other laws and regulations, agreements of those subsidiaries, such as the senior secured credit facilities, the indenture governing the 2011 notes and the indenture governing the 2014 notes and agreements governing any future indebtedness the issuer or its subsidiaries may incur.

In addition, because the issuer is a holding company, your claims as stockholders will be structurally subordinated to all existing and future liabilities and obligations (whether or not for borrowed money) of its subsidiaries, including obligations under Group's senior secured credit facilities and indentures. Accordingly, in the event of the issuer's dissolution, bankruptcy, liquidation or reorganization, the issuer's assets and those of its subsidiaries will be available for distribution to our stockholders only after all of the issuer's and its subsidiaries' liabilities and obligations have been paid in full. The issuer would not be able to make distributions to its stockholders until after the payment in full of the claims of the creditors of its subsidiaries.

***Risks Associated with Acquisitions** We may not be able to successfully integrate Dynamit Nobel or other acquisitions we may make in the future.*

The process of combining the businesses of Dynamit Nobel or any of our recent bolt-on acquisitions, or any other future acquisitions, and Rockwood involves risks. We are currently in the process of integrating the businesses of Dynamit Nobel. We may face difficulty completing the integration of the new operations, technologies, products and services of Dynamit Nobel or any of our recent bolt-on acquisitions, or any other future acquisition, and may incur unanticipated expenses related to those integrations. The difficulties of combining operations may be magnified by integrating personnel with differing business backgrounds and corporate cultures. Completion of the Dynamit Nobel acquisition required, and the continuing integration of Dynamit Nobel with Rockwood requires, a substantial amount of management's time. Failure to successfully manage and integrate these acquisitions with our existing operations could lead to the potential loss of customers of the acquired business, the potential loss of employees who may be vital to the new operations, the potential loss of business opportunities or other adverse consequences that could affect our financial condition and results of operations. Even if integration occurs successfully, failure of the Dynamit Nobel acquisition or any future acquisition to achieve levels of anticipated sales growth, profitability or productivity comparable with those achieved by our existing operations, or otherwise not perform as expected, may adversely impact our financial condition and results of operations. We have incurred, and will continue to incur, certain liabilities and expenses in connection with the Dynamit Nobel acquisition, our recent bolt-on acquisitions or any future acquisitions.

Limited Relevance of Financial Information   Our historical and pro forma financial information may not be representative of our results as a combined company.

The historical financial information included in this prospectus (other than our financial statements as of and for the nine months ended September 30, 2004, which include the results of operations of the Dynamit Nobel businesses during the two-month period ended September 30, 2004) consists of separate financial statements of Rockwood and Dynamit Nobel for periods prior to the consummation of the Dynamit Nobel acquisition. Furthermore, the historical financial statements of Dynamit Nobel are derived from the historical accounting records of mg technologies ag and are presented on a "carve-out" basis to include the historical operations applicable to Dynamit Nobel as operated under mg technologies ag. The historical financial information of Dynamit Nobel includes all revenues and costs directly attributable to Dynamit Nobel as operated under mg technologies ag, including compensation for executives of Dynamit Nobel, costs for facilities, functions and services used by Dynamit Nobel at mg technologies ag's sites and costs for certain functions and services performed by centralized mg technologies ag's financial and cash management systems. In addition, the pro forma financial information presented in this prospectus is based on certain assumptions regarding the integration of Dynamit Nobel, as well as the other components of the Transactions, that we believe are reasonable. We cannot assure you that our assumptions will prove to be accurate over time. Accordingly, the historical and pro forma financial information included in this prospectus may not reflect what our results of operations and financial condition would have been had we been a combined entity during the periods presented, or what our results of operations and financial condition will be in the future.

Currency Fluctuations   Because a significant portion of our operations is conducted in foreign currencies, fluctuations in currency exchange rates may impact our financial condition and results of operations and may affect the comparability of our results between financial periods.

Our operations are conducted by subsidiaries in many countries. The results of their operations and financial condition are reported in the local currency and then translated into U.S. dollars at the applicable exchange rates for inclusion in our consolidated financial statements. The exchange rates between some of these currencies and the U.S. dollar in recent years have fluctuated significantly and may continue to do so in the future. As a result of the Dynamit Nobel acquisition, a significantly larger portion of our net sales and cost of products sold is now denominated in euros. On a pro forma basis after giving effect to the Transactions, approximately 42.0% of our net sales for the year ended December 31, 2003 would have been made in euros. This increases the impact of the fluctuation of the euro against the U.S. dollar.

Furthermore, because a portion of Group's senior secured credit facilities are denominated in euros, we are subject to fluctuation in the exchange rate between the U.S. dollar and the euro, which may have an adverse effect on our financial position and may also affect the comparability of our results between financial periods. For example, the dollar-euro noon buying rate announced by the Federal Reserve Bank of New York decreased from $1.00=€1.065 on December 31, 2000 to $1.00=€0.7357 on December 31, 2004. In addition, because our financial statements are reported in U.S. dollars, the translation effect of such fluctuations has in the past significantly impacted, and may in the future, significantly impact our financial condition and results of operations and may affect the comparability of our results between financial periods. We also incur currency transaction risk whenever we enter into either a purchase or sale transaction using a currency other than the local currency of the transacting entity.

We cannot assure you that we will be able to effectively manage our currency translation and/or transaction risks or that any volatility in currency exchange rates will not have a material adverse effect on our financial condition or results of operations. See "Management's Discussion and Analysis of Financial Condition and Results of Operations Factors Which Affect Our Results of Operations Global Exposure."

Regulation of Our Raw Materials, Products and Facilities Our business could be adversely affected by regulation to which our raw materials, products and facilities are subject.

Some of the raw materials we handle, and our products and facilities, are subject to government regulation. These regulations affect the manufacturing processes, uses and applications of our products.

For example, the manufacturing processes and facilities of Dynamit Nobel Special Chemistry and Finorga business lines within our Custom Synthesis segment, which specialize in commercial production of pharmaceutical intermediates, are subject to regulatory requirements of the FDA, including current Good Manufacturing Practice regulations or other applicable foreign regulatory agencies such as the central European agency for medicines. In addition, certain lithium compounds manufactured by our Fine Chemicals business line of our Specialty Chemicals segment are also subject to FDA regulation. Furthermore, the manufacture and supply of ceramic-on-ceramic ball head and liner components for hip joint prostheses systems by our Advanced Ceramics segment may also be subject to the FDA's Quality System Regulation, which imposes current Good Manufacturing Practice requirements on the manufacture of medical devices. Regulatory requirements of the FDA are complex, and any failure to comply with them could subject us and/or our customers to fines, injunctions, civil penalties, recall or seizure of products, total or partial suspension of production, denial of government approvals, withdrawal of marketing approvals and criminal prosecution and could adversely impact our net sales, undermine goodwill established with our customers, damage commercial prospects for our products and materially adversely affect our results of operations.

In addition, some of our subsidiaries' products contain raw materials, such as arsenic pentoxide, carbon disulfide, lithium carbonate, telrahydrofucan, copper, chromic acid, silica, zinc chromate and lead, that are deemed hazardous materials in certain situations. The use of these materials is regulated and some of these regulations require product registrations, which also are subject to renewal and potential revocation. For example, in February 2002, the Environmental Protection Agency, or EPA, announced a voluntary decision by CCA manufacturers to amend their registrations for CCA to limit use of CCA-treated lumber in most residential settings. Ultimately, in March 2003, the EPA amended the registrations for CCA prohibiting CCA treatment of wood, effective December 31, 2003, for use in most residential settings, including play structures, decks, picnic tables, landscaping timbers, residential fencing, patios and walkways and boardwalks. Similar initiatives were enacted in Canada. In addition, a lawsuit was filed in December 2002 by various plaintiffs against the EPA seeking a regulatory ban on all uses of CCA, and environmental groups petitioned the Consumer Product Safety Commission in June 2001 to ban and recall all CCA-treated wood in playground equipment and to refund consumers the cost of the CCA-treated wood playground equipment that they purchased. Although the Consumer Product Safety Commission denied the petition in November 2003, several forms of legislation are being considered by various jurisdictions in the United States which would further limit the level of arsenic allowed in ground water and disposal sites. These regulations may affect our ability to market certain chemicals we produce containing arsenic pentoxide. The use of arsenic and its derivatives in timber treatment chemicals has largely been phased out under government regulations in Japan starting in 1995, and some European countries have limited its use as well.

In addition to those specifically referred to above, there is a risk that other key raw materials or one or more of our products may be found to have, or be recharacterized as having, a toxicological or health-related impact on the environment or on our customers or employees. If such a discovery or recharacterization occurs, the relevant materials, chemicals or products, including products of our customers incorporating our materials or chemicals, may be recalled or banned or we may incur increased costs in order to comply with new regulatory requirements. Change in regulations, or their interpretation, may also affect the marketability of certain of our products.

Manufacturing Hazards Hazards associated with chemical manufacturing could adversely affect our results of operations.

Due to the nature of our business, we are exposed to the hazards associated with chemical manufacturing and the related storage and transportation of raw materials, products and wastes in our manufacturing facilities or our distribution centers. These hazards could lead to an interruption or suspension of operations and have an adverse effect on the productivity and profitability of a particular manufacturing facility or on our company as a whole. For example, over the past three years we experienced fires, explosions or accidents in our manufacturing facilities in Gonzales, Texas; Riddings, Derbyshire, U.K.; Gomet, Italy; Leverkusen, Schlebusch, Germany; Troisdorf, Germany and Langelsheim, Germany. Other hazards include:

- piping and storage tank leaks and ruptures;
- mechanical failure;
- employee exposure to hazardous substances;
- chemical spills and other discharges or releases of toxic or hazardous substances or gases; and
- inclement weather and natural disasters.

These hazards may cause personal injury and loss of life, damage to property and contamination of the environment, which could lead to government fines or work stoppage injunctions and lawsuits by injured persons. For example, our subsidiaries had been named as defendants in a wrongful death suit filed by the family of an employee who was fatally injured in an accident in our Clay-based Additives facility in Gonzales, Texas. While we are unable to predict the outcome of this case and other such cases, we cannot assure you that, if determined adversely to us, we will have adequate insurance to cover such claims or that we will have sufficient cash flow to pay for such claims. Such outcomes could adversely affect our financial condition and results of operations.

Raw Materials Fluctuations in costs of our raw materials or our access to supplies of our raw materials could have an adverse effect on our results of operations.

Although no single raw material represented more than 3.5% of our pro forma cost of products sold in 2003, raw material costs generally account for a high percentage of our total costs of products sold. In 2003, raw materials constituted approximately 45.4% of our pro forma cost of products sold. We generally purchase raw materials based on supply agreements linked to market prices and therefore our results of operations are subject to short-term fluctuations in raw materials prices. These fluctuations limit our ability to accurately forecast future raw material costs and hence our profitability.

Many of the raw materials we use are commodities, and the price of each can fluctuate widely for a variety of reasons, including changes in availability, major capacity additions or reductions or significant facility operating problems. For example, polyvinyl chloride, or PVC, resin, the largest single raw material for our Specialty Compounds segment, is a commodity product and its pricing is directly related to the price of ethylene and chlorine, as well as PVC industry operating rates. Our supply contracts for PVC resin do not specify a fixed price. Historically, when PVC resin prices increased, as they did during most of the period since January 2000, we have been able to pass only a portion of that increase to our customers. We may not be able to pass additional increases to our customers in the future.

In addition, titanium-bearing slag used in our Titanium Dioxide Pigments segment, our largest raw material (in terms of dollars), is sourced primarily from one supplier in Canada. If our supplier is unable to meet its obligations under our present supply agreement or we are unable to enter into new supply arrangements on competitive terms when our existing short-term supply arrangements expire, we may be forced to pay higher prices to obtain these necessary raw materials. Furthermore, certain of our raw materials, such as cesium and elemental lithium, are sourced from countries where political, economic and social conditions may be subject to instability. In addition, our raw material, elemental lithium, requires a period of time before it can be used to produce lithium compounds. In the event there is an increase in market demand for lithium products, we may not be able to respond to such market demand on a timely basis. Any interruption of supply or any price increase of raw materials could have an adverse effect on our business and results of operations.

Energy Costs Fluctuations in energy costs could have an adverse effect on our results of operations.

Energy purchases in 2003 constituted approximately 4.5% of Rockwood's historical cost of products sold and 5.2% of Dynamit Nobel's historical cost of products sold. Fluctuations in the price of energy limit our ability to accurately forecast future energy costs and hence our profitability. For example, in North America, the price of natural gas increased significantly in the first quarter of 2003 due to political conditions and extreme weather conditions. After declining through the third quarter of 2003, these prices increased steadily in early 2004, leveled off again and increased again in late 2004. If energy prices fluctuate significantly, we may not be able to pass cost increases through to our customers, in which case our business and results of operations could be adversely affected.

Environmental, Health and Safety Regulation Compliance with extensive environmental, health and safety laws could require material expenditures or changes in our operations.

Our operations are subject to extensive environmental, health and safety laws and regulations at national, international and local levels in numerous jurisdictions. In addition, our production facilities and a number of our distribution centers require operating permits that are subject to renewal and, in some circumstances, revocation. The nature of the chemicals industry exposes us to risks of liability under these laws and regulations due to the production, storage, transportation, disposal and sale of chemicals and materials that can cause contamination or personal injury if released into the environment. For example, we may be materially impacted in the future by the Registration, Evaluation and Authorization of Chemicals, or REACH, program proposed by the European Union. Compliance with environmental laws generally increases the costs of registration/approval requirements, the costs of transportation and storage of raw materials and finished products, as well as the costs of the storage and disposal of wastes, and could have a material adverse effect on our results of operations. We may incur substantial costs, including fines, damages, criminal or civil sanctions and remediation costs, or experience interruptions in our operations, for violations arising under these laws or permit requirements. Furthermore, environmental laws are subject to change and have tended to become stricter over time. Such changes in environmental laws or their interpretation, or the enactment of new environmental laws, could result in materially increased capital expenditures and compliance costs.

In addition, the discovery of contamination arising from historical industrial operations at some of our former and present properties has exposed us, and in the future may continue to expose us, to cleanup obligations and other damages. For example, soil and groundwater contamination is known to exist at several of our facilities, including some which we acquired in the Dynamit Nobel acquisition. Remediation systems are operated at some locations and we are in the process of determining the appropriate remedial actions with the regulatory authorities at the remaining sites. Under the sale and purchase agreement, mg technologies ag is required to indemnify us for certain environmental matters, subject to certain limitations. See "Dynamit Nobel Acquisition Sale and Purchase Agreement Indemnity for Breaches of Representations and Warranties Environmental Indemnity." However, we cannot assure you that mg technologies ag will adhere to their indemnity obligations to us or that the indemnity will adequately cover any related environmental matters, and we may have to institute proceedings to pursue recovery for such matters. Such legal proceedings may be costly and may require a substantial amount of management attention, which may adversely affect our financial condition and results of operations.

Environmental Indemnities We may be subject to environmental indemnity claims relating to properties we have divested.

The discovery of contamination arising from properties that we have divested may expose us to indemnity obligations under the sale agreements with the buyers of such properties or cleanup obligations and other damages under applicable environmental laws. For example, we have obligations to indemnify the buyers of the former explosives business and automotive ignition systems business of Dynamit Nobel for certain environmental matters. Under such sale agreements, these indemnities are not limited as to amount. Furthermore, we have an obligation to indemnify the buyer of our former manufacturing sites at Troisdorf, Germany and Greenville, South Carolina where there has been a discovery of groundwater and soil contamination. We cannot assure you that we will have adequate insurance coverage or cash flows to make such indemnity payments. Such payments may be costly and may adversely affect our financial condition and results of operations.

Product Liability Due to the nature of our business and products, we may be liable for damages arising out of product liability claims.

The sale of our products involves the risk of product liability claims. For example, some of the chemicals or substances that are used in our businesses, such as arsenic pentoxide, have been alleged to represent potentially significant health and safety concerns. For example, class action suits had been filed in Louisiana, Florida and Arkansas naming one of our subsidiaries and a number of competitors of our Timber Treatment Chemicals business line in our Performance Additives segment, as well as treaters and retailers, as defendants. In addition, our subsidiary has been named as a defendant in personal injury suits in several jurisdictions with retailers and treaters named as other defendants. Furthermore, there are other similar suits, including putative class actions, pending against retailers, treaters and other formulators to which we may be eventually named as a defendant. These suits allege, among other things, product liability claims in connection with the use of timber products treated with CCA, which utilizes arsenic pentoxide as a raw material. In addition, a subsidiary in our Advanced Ceramics segment has been named as a defendant in several product liability lawsuits in Europe relating to broken artificial hip joints, which allege negligent manufacturing by our subsidiary of ceramic components used in the production of artificial hip joints. Further, a subsidiary in our Specialty Chemicals segment has been named as a defendant in several lawsuits in the United States regarding exposure to solvents contained in some of our products. If we are unsuccessful in defending such claims, we cannot assure you that insurance or indemnity arrangements will cover such claims or that our subsidiaries will have sufficient free cash flow to pay such claims.

We may be subject to future claims with regard to these suits or others like it and we may not be able to avoid significant product liability exposure. A successful product liability claim or series of claims against us in excess of our insurance coverage or amounts for which we are not otherwise indemnified or insured could have a material adverse effect on our financial condition or results of operations. For example, for policies renewed on or after November 2002, our insurers excluded CCA from our insurance coverage under our general liability policies. We cannot assure you that we will have sufficient cash flow from operations or assets to pay a judgment resulting from a product liability claim, if any, for which there is no insurance coverage. Any such judgment could have a material adverse effect on our financial condition or results of operations.

Product Liability   Due to the nature of our business and products, we may be liable for damages arising out of certain indemnity claims.

We may be subject to indemnity claims for product liability lawsuits relating to products we have sold. For example, our Timber Treatment Chemicals business has entered into indemnity agreements with various customers who purchased CCA-based wood protection products. Pursuant to those agreements, one of our subsidiaries agreed to defend and hold harmless those customers for certain causes of action, based on domestic mammalian, and in some cases, human, toxicity, caused by our CCA-based wood protection products, subject to certain conditions. Our Timber Treatment Chemicals business, and several of our customers were named as defendants in several suits, including putative class actions, relating to CCA-based wood protection products. Our Timber Treatment Chemicals business has received and may in the future receive claims for indemnity from customers in connection with litigation relating to CCA-based wood protection products and may be required to pay indemnity claims under such agreements to one or more of its customers. If our Timber Treatment Chemicals business is required to pay one or more indemnity claims, we cannot assure you that insurance or indemnity arrangements from Degussa (the successor to Laporte, from which an entity controlled by affiliates of KKR acquired the certain specialty chemicals business lines that formed Rockwood in the KKR acquisition) will cover such claims or that our subsidiary will have sufficient free cash flow to pay such claims.

In addition, our Specialty Chemicals segment's subsidiary which formerly manufactured insulating glass sealants, has been named as a defendant in several product liability lawsuits relating to alleged negligent manufacturing of these sealants. Pursuant to the sale and purchase agreement, one of our Specialty Chemicals' subsidiaries may be required to pay indemnity claims for a limited number of years. If such subsidiary is required to pay indemnity claims, we cannot assure you that our insurance will cover such claims or that our subsidiary will have sufficient cash flow to pay such claims. One or more of these claims could adversely affect our financial condition or results of operations.

Cyclicality   Downturns in cyclical industries and general economic conditions could adversely affect our profitability.

Our products are used in certain industries that are cyclical in nature, such as the automotive, data and communications and electronics industries. In addition, sales to the construction market are driven by trends in commercial and residential construction, housing starts and trends in residential repair and remodeling. Downturns in one or more of these industries could severely reduce demand for our products. For example, the telecommunications market has experienced a similar downturn, which has affected the results of operations of our Specialty Compounds segment, and in recent years the semiconductor market has experienced a severe downturn, which has affected the results of operations of our Electronics segment.

In addition, downturns in general economic conditions, whether in a particular region or globally, could reduce demand for our products. We cannot assure you that an economic downturn in one or more of the markets or geographic regions in which we sell our products would not have a material adverse effect on our results of operations.

Pharmaceutical Industry We may not be able to renew our contracts with Custom Synthesis' pharmaceutical customers due to their manufacturing strategy, which may adversely affect our results of operations.

Net sales of pharmaceutical intermediates or active ingredients by our Custom Synthesis segment, which accounted for approximately 11% of our 2003 pro forma net sales, may be negatively impacted by the manufacturing strategy of our customers in the pharmaceutical industry. Pharmaceutical companies may establish back-up production facilities through a second supplier or manufacture these intermediates on their own if they have hazardous chemical production expertise in-house or are willing to make capital investments. Consequently, while we typically enter into long-term supply contracts with our pharmaceutical customers, we may not be able to renew these contracts upon expiration.

FDA Regulation Our pharmaceutical customers and medical device customers may not receive regulatory approval for their products or their products may be withdrawn by the FDA or similar foreign regulatory agencies. These events could adversely affect our results of operations.

Pharmaceutical customers of our Custom Synthesis segment to whom we supply our pharmaceutical intermediates and medical device customers of our Advanced Ceramics segment to whom we supply our ceramic-on-ceramic ball head and liner components are subject to FDA regulation, including premarket approval of their products and post market compliance requirements. The FDA may take three years or longer to grant premarket approval, if at all. Once approved, our customers' pharmaceutical products and total hip prostheses systems may be withdrawn from the market either voluntarily by our customers or as a result of the FDA's or a foreign equivalent's withdrawal of marketing approval or removal of such products for a number of reasons including safety, current Good Manufacturing Practice or Quality System Regulation problems with our products or our customers' final products. These factors relating to our customers in the pharmaceutical industry and medical devices industry could significantly limit our net sales generated by our Custom Synthesis segment and Advanced Ceramics segment, respectively, and may have a material adverse effect on our financial condition and results of operations.

Competition Our industry is highly competitive. The end-use markets in which we compete are also highly competitive. This competition may adversely affect our results of operations.

Each of the niche markets in which we compete is highly competitive. We face significant competition from major international producers as well as smaller regional competitors. Our most significant competitors include major chemicals and materials manufacturers and diversified companies, a number of which have revenues and capital resources exceeding ours.

In addition, within the end-use markets in which we compete, competition between products is intense. Substitute products also exist for many of our products. Therefore, we face substantial risk that certain events, such as new product development by our competitors, changing customer needs, production advances for competing products or price changes in raw materials, could result in declining demand for our products as our customers switch to substitute products or undertake manufacturing of such products on their own. If we are unable to develop and produce or market our products to effectively compete against our competitors, our results of operations may materially suffer.

We believe that our customers are increasingly looking for strong, long-term relationships with a few key suppliers that help them improve product performance, reduce costs, or support new product development. To satisfy these growing customer requirements, our competitors have been consolidating within product lines through mergers and acquisitions. We may also need to invest and spend more on research and development and marketing costs to strengthen existing customer relationships, as well as attract new customers. We are highly leveraged and currently expect to use a substantial portion of cash flow from operations to reduce our debt. As a result, our debt level could limit our flexibility to react to these industry trends and our ability to remain competitive.

Product Innovation   If we are not able to continue our technological innovation and successful commercial introduction of new products, our profitability could be adversely affected.

Our industries and the end-use markets into which we sell our products experience periodic technological change and product improvement. Manufacturers periodically introduce new generations of products or require new technological capacity to develop customized products. Our future growth will depend on our ability to gauge the direction of the commercial and technological progress in all key end-use markets and upon our ability to fund and successfully develop, manufacture and market products in such changing end-use markets. We will have to continue to identify, develop and market innovative products on a timely basis to replace or enhance existing products in order to maintain our profit margins and our competitive position. We cannot assure you that we will be successful in developing new products and/or technology, either alone or with third parties, or licensing intellectual property rights from third parties on a commercially competitive basis or that any of our new products will be accepted by our customers. If we fail to keep pace with the evolving technological innovations in our end-use markets on a competitive basis, our business, financial condition and results of operations could be adversely affected.

Dependence on Intellectual Property   If our intellectual property were copied by competitors, or if they were to develop similar intellectual property independently, our results of operations could be negatively affected.

Our success depends to a significant degree upon our ability to protect and preserve our intellectual property rights, which rights we own or have pursuant to licenses granted to us by third parties. We own numerous patents and have registered a number of trademarks and service marks, and have applied for additional patents, trademarks and service marks. In addition, it is our policy to enter into confidentiality and patent assignment agreements with most of our key employees and third parties to protect our proprietary expertise and other trade secrets. We also engage in certain research and development activities with third parties, and enter into agreements with respect to confidentiality and ownership and use of resultant intellectual property. These agreements, however, may be breached, may not be enforceable, may provide for joint ownership or ownership by a third party of intellectual property or we may not have adequate remedies for a breach by the other party, which could adversely affect our intellectual property rights.

We may be unable to prevent third parties from using our intellectual property rights without our authorization; from independently developing or otherwise obtaining intellectual property that is the same as or similar or superior to ours; or from designing around our proprietary rights, in each case, particularly in those countries where the laws do not protect our intellectual property rights as adequately as in the United States. The use of our intellectual property rights or intellectual property similar to ours by others could reduce or eliminate any competitive advantage we have developed, adversely affecting our business, financial condition and results of operations. If we must sue to protect, defend or enforce our intellectual property rights, any suits or proceedings could result in significant costs and diversion of company resources and management attention, and we may not prevail in such action. A failure to protect our intellectual property rights could have a material adverse effect on our business, financial condition and results of operations.

We conduct research and development activities with third parties and license certain intellectual property rights from third parties and we plan to continue to do so in the future. For example, in our Timber Treatment Chemicals business, we developed the technology to produce ACQ pursuant to a license agreement with Domtar Inc. and through the acquisition of the Kemwood business from Kemira OY. We endeavor to license or otherwise obtain intellectual property rights on terms favorable to us. However, we may not be able to license or otherwise obtain intellectual property rights on such terms or at all. Our inability to license or otherwise obtain such intellectual property rights, and the expiration of certain of our intellectual property rights could have a material adverse effect on our business, financial condition and results of operations.

We cannot assure you that any patents or trademarks or other intellectual property will provide us with any competitive advantage or will not be challenged by third parties. We have been and currently are subject to oppositions of our patents and trademarks by third parties before regulatory bodies in certain jurisdictions. With respect to our pending patent and trademark applications, we may not be successful in securing or defending patents or registered trademarks. Our failure to secure and defend these patents or registered trademarks may limit our ability to protect the intellectual property rights that these applications were intended to cover. In addition, a failure to obtain and defend our trademark registrations may impede our marketing and branding efforts and competitive position. A failure to protect our intellectual property rights could have a material adverse effect on our business, financial condition and results of operations.

Risk of Intellectual Property Litigation Our products or processes may infringe the intellectual property rights of others, which may cause us to pay unexpected litigation costs or damages and/or prevent us from selling our products.

Although it is our intention to avoid infringing or otherwise violating the intellectual property rights of others, we cannot be certain that our processes and products do not or will not infringe or otherwise violate the intellectual property rights of others. We may be subject to legal proceedings and claims, including claims of alleged infringement by us or our licensees of the patents, trademarks and other intellectual property rights of third parties. Intellectual property litigation is expensive and time-consuming, regardless of the merits of any claim, and could divert our management's attention from operating our businesses.

If we were to discover or be notified that our processes or products potentially infringe or otherwise violate the intellectual property rights of others, we may need to obtain licenses from these parties or substantially re-engineer our products and processes in order to avoid infringement. We might not be able to obtain the necessary licenses on acceptable terms, or at all, or be able to re-engineer our products successfully. Moreover, if we are sued for infringement and lose the suit, we could be required to pay substantial damages and/or be enjoined from using or selling the infringing products or technology. Any of the foregoing could cause us to incur significant costs and prevent us from selling our products and could have a material adverse effect on our business, financial condition and results of operations.

International Operations As a global business, we are exposed to local business risks in different countries which could have a material adverse effect on our financial condition or results of operations.

We have significant operations in many countries, including manufacturing facilities, research and development facilities, sales personnel and customer support operations. Currently, we operate, or others operate on our behalf, facilities in Australia, Austria, Brazil, Canada, Chile, China, Czech Republic, France, Germany, Italy, Korea, Malaysia, Mexico, the Netherlands, Poland, Portugal, Singapore, South Africa, Spain, Sweden, Switzerland, Taiwan, Turkey and the United Kingdom, in addition to those in the United States. We generated 66% of our pro forma net sales in 2003 from customers located outside North America. Our operations are affected directly and indirectly by global regulatory, economic and political conditions, including:

- new and different legal and regulatory requirements in local jurisdictions;
- export duties or import quotas;
- domestic and foreign customs and tariffs or other trade barriers;
- potential difficulties in staffing and labor disputes and stringent labor laws and regulations;
- managing and obtaining support and distribution for local operations;
- increased costs of, and availability of, transportation or shipping;
- credit risk and financial conditions of local customers and distributors;
- potential difficulties in protecting intellectual property;
- risk of nationalization of private enterprises by foreign governments;
- potential imposition of restrictions on investments;
- potentially adverse tax consequences, including imposition or increase of withholding and other taxes on remittances and other payments by subsidiaries;
- capital controls;
- foreign exchange restrictions and fluctuations; and
- local political, economic and social conditions, including the possibility of hyperinflationary conditions and political instability in certain countries.

In addition, our facilities may be targets of terrorist activities that could result in full or partial disruption of the activities of such facilities.

We cannot assure you that we will succeed in developing and implementing policies and strategies to counter the foregoing factors effectively in each location where we do business. A failure to do so could limit our ability to sell products, compete or receive payments for products sold in such locations. Therefore, we cannot assure you that the foregoing factors will not have a material adverse effect on our operations or upon our financial condition and results of operations.

International growth and expansion into emerging markets such as China and Eastern Europe may cause us difficulty due to greater regulatory barriers than in the United States, the necessity of adapting to new regulatory systems and laws, problems related to entering new markets with different economic, social and political systems, and significant competition from the primary participants in such markets, some of which may have substantially greater resources than we do.

Disaster Recovery Planning In the event any of our facilities used in the Dynamit Nobel businesses is forced to shut down, we may incur significant remediation or reconstruction costs.

In the event any of our facilities used by the Dynamit Nobel businesses is forced to shut down for a significant period of time due to natural disaster, power loss, terrorist attacks, telecommunications failures, computer viruses or other similar events, our disaster recovery planning may not be sufficient, and we may experience a significant disruption of our financial reporting systems or the manufacture and distribution of our products and services and/or damage to our relationships with customers. Accordingly, such events may have a material adverse effect on our financial condition, results of operations and cash flows.

Retention of Key Personnel If we lose certain key personnel or are unable to hire additional qualified personnel, our business could be adversely affected because we may not be able to execute our business strategy.

Our success depends, in part, upon the continued services of our highly skilled personnel involved in management, research, production, sales and distribution, and, in particular, upon the efforts and abilities of our executive management group. Although we believe that we are adequately staffed in key positions and that we will be successful in retaining key personnel, we cannot assure you that we will be able to retain such personnel on acceptable terms or at all. If we lose the service of any member of our executive management group, we may not be able to execute our business strategy, which in turn could have a material adverse effect on our business, financial condition and results of operations. We do not have key-person life insurance covering any of our employees. Our success also depends upon our ability to attract and retain highly qualified employees.

Relations with Employees We are subject to stringent labor and employment laws in certain jurisdictions in which we operate, and our relationship with our employees could deteriorate, which could adversely impact our operations.

A majority of our full-time employees are employed outside the United States, particularly in Germany where many of our Dynamit Nobel businesses are located. In certain jurisdictions where we operate, particularly in Germany, labor and employment laws are relatively stringent and, in many cases, grant significant job protection to certain employees, including rights on termination of employment. In addition, in certain countries where we operate, including Germany, our employees are members of unions or are represented by a works council as required by law. We are often required to consult and seek the consent or advice of these unions and/or respective works' councils. These regulations and laws coupled with the requirement to consult with the relevant unions or works' councils could have a significant impact on our flexibility in managing costs and responding to market changes.

Furthermore, with respect to our employees that are subject to collective bargaining arrangements or similar arrangements (approximately 3,413 of our 9,733 full-time employees as of December 31, 2004), there can be no assurance that we will be able to negotiate labor agreements on satisfactory terms or that actions by our employees will not disrupt our business. If these workers were to engage in a strike, work stoppage or other slowdown, we could experience a significant disruption of our operations and/or higher ongoing labor costs, which could adversely affect our business, financial condition and results of operations. In addition, if our other employees were to become unionized, we could experience a significant disruption of our operations and/or higher ongoing labor costs, which could adversely affect our business and financial condition and results of operations.

Tax Liabilities As a result of mg technologies ag's tax restructuring program in September 2001, we may incur tax liabilities.

Prior to the Dynamit Nobel acquisition, mg technologies ag implemented a tax restructuring program in Germany. In the event that the resulting structure is challenged by the German tax authorities, we may be required to refund all or a portion of the benefits obtained by mg technologies ag and/or incur additional tax liabilities for current and future periods. Although under the sale and purchase agreement, mg technologies ag has agreed to substantially indemnify us for any such tax liabilities, a successful challenge by the German tax authorities combined with mg technologies ag's failure or inability to satisfy its indemnity obligations may have a material adverse effect on our results of operations.

Anticipated Capital Expenditures Our required capital expenditures may exceed our estimates.

Total combined capital expenditures of Rockwood and Dynamit Nobel for 2003 were $156.3 million, which consisted of maintenance expenditures and substantial investments in new equipment, including our ACQ expansion in the Timber Treatment Chemicals business line of our Performance Additives segment and new equipment relating to our multi-column chromatography in our Custom Synthesis business. Future capital expenditures may be significantly higher, depending on the investment requirements of each of our business lines. Future capital expenditures may also vary substantially if we are required to undertake certain actions to compete with new technologies in our industry. We cannot assure you that we will have the capital necessary to undertake these capital investments. If we are unable to do so, we may not be able to effectively compete in some of our markets, which could have a material adverse effect on our business, financial condition and results of operations. Any significant increase in our capital requirements could adversely affect our financial condition.

Control Affiliates of KKR and DLJMB control us and may have conflicts of interest with us or you in the future.

Upon the closing of this offering, affiliates of KKR and DLJMB will beneficially own approximately % of our common stock (or % if the underwriters exercise in full their over-allotment option). In addition, representatives of KKR and DLJMB will occupy a majority of the seats on our board of directors. As a result, affiliates of KKR and DLJMB have control over our decisions to enter into any corporate transaction and will have the ability to prevent any transaction that requires the approval of our board of directors or the stockholders regardless of whether or not other members of our board of directors or stockholders believe that any such transactions are in their own best interests. For example, affiliates of KKR and DLJMB could cause us to sell revenue-generating assets, which could impair our long-term ability to declare dividends or grow our business. Additionally, KKR and DLJMB are in the business of making investments in companies and may from time to time acquire and hold interests in businesses that compete directly or indirectly with us. They may also pursue acquisition opportunities that may be complementary to our business, and as a result, those acquisition opportunities may not be available to us. So long as affiliates of KKR and DLJMB continue to hold a majority of our outstanding common stock, they will be entitled to nominate a majority of our board of directors, and will have the ability to control the vote in any election of directors. See "Related Party Transactions Agreements with KKR, DLJMB and/or Management Stockholders' Agreement with Affiliates of KKR and DLJMB."

We are a "controlled company" within the meaning of the New York Stock Exchange rules and, as a result, will qualify for, and intend to rely on, exemptions from certain corporate governance requirements.

Upon the closing of this offering, affiliates of KKR and DLJMB will continue to control a majority of our outstanding common stock. As a result, we are a "controlled company" within the meaning of the New York Stock Exchange corporate governance standards. Under the New York Stock Exchange rules, a company of which more than 50% of the voting power is held by an individual, group or another company is a "controlled company" and may elect not to comply with certain New York Stock Exchange corporate governance requirements, including:

- the requirement that a majority of the board of directors consist of independent directors;

- the requirement that we have a nominating/corporate governance committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities;

the requirement that we have a compensation committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities; and

the requirement for an annual performance evaluation of the nominating/corporate governance and compensation committees.

Following this offering, we intend to utilize these exemptions. As a result, we will not have a majority of independent directors nor will our nominating/corporate governance and compensation committees consist entirely of independent directors. Accordingly, you will not have the same protections afforded to stockholders of companies that are subject to all of the New York Stock Exchange corporate governance requirements.

Effectiveness of Internal Controls Our internal controls over financial reporting may not be effective and our independent auditors may not be able to certify as to their effectiveness, which could have a significant and adverse effect on our business and reputation.

We are evaluating our internal controls over financial reporting in order to allow management to report on, and our independent auditors to attest to, our internal controls over financial reporting, as required by Section 404 of the Sarbanes-Oxley Act of 2002 and rules and regulations of the SEC thereunder, which we refer to as Section 404. We are currently performing the system and process evaluation and plan to begin the testing required in the spring of 2005 (and any necessary remediation) in an effort to comply with management certification and auditor attestation requirements of Section 404. The management certification and auditor attestation requirements of Section 404 will initially apply to us in connection with our Form 10-K for the year ended December 31, 2005. In the course of our ongoing Section 404 evaluation, we have identified areas of internal controls that may need improvement, and plan to design enhanced processes and controls to address these and any other issues that might be identified through this review. As we are still in the evaluation process, we may identify conditions that may be categorized as significant deficiencies or material weaknesses in the future. We cannot be certain as to the timing of completion of our evaluation, testing and any remediation actions or the impact of the same on our operations. If we are not able to implement the requirements of Section 404 in a timely manner or with adequate compliance, our independent auditors may not be able to certify as to the effectiveness of our internal control over financial reporting and we may be subject to sanctions or investigation by regulatory authorities, such as the SEC. As a result, there could be a negative reaction in the financial markets due to a loss of confidence in the reliability of our financial statements. In addition, we may be required to incur costs in improving our internal control system and the hiring of additional personnel. Any such action could negatively affect our results of operations.

Risk Factors Relating to This Offering

Absence of a Public Market There is no existing market for our common stock, and we cannot assure you that an active trading market will develop.

Prior to this offering, there has been no public market for our common stock, and there can be no assurance that an active trading market will develop and continue upon completion of this offering or that the market price for our common stock will not decline below the initial public offering price. The initial public offering price will be determined through negotiations among the underwriters and us. The initial public offering price of our common stock will be based on numerous factors and may not be indicative of the market price for our common stock after the initial public offering. Factors such as variations in our actual or anticipated operating results, changes in, or failure to meet, earnings estimates of securities analysts, regulatory actions and general economic and securities market conditions, among other factors, could cause the market price of our common stock to decline below the initial public offering price.

Future Sales Future sales of shares of our common stock by our existing stockholders in the public market, or the possibility or perception of such future sales, could adversely affect the market price of our common stock.

The market price of our common stock could decline as a result of sales of a large number of shares of our common stock in the market after this offering or the perception that these sales could occur. These sales, or the possibility that these sales may occur, also might make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate.

Sales of our common stock will be restricted by lock-up agreements that all of our directors and executive officers and affiliates of KKR and DLJMB will enter into with the underwriters and with us. The lock-up agreements will restrict our directors and executive officers and affiliates of KKR and DLJMB, subject to specified exceptions, from selling or otherwise disposing of any shares of our common stock for a period of 180 days after the date of this prospectus without the prior written consent of Goldman, Sachs & Co. In addition, pursuant to the management stockholder's agreements entered into by us and our management stockholders, our management stockholders may not sell or otherwise dispose of any of their respective shares of our common stock, subject to certain exceptions, for a period of 180 days after the date of this prospectus, without the prior written consent of Goldman, Sachs & Co. Although there is no present intent or arrangement to do so, all or any portion of the shares may be released from the restrictions in the lock-up agreements and those shares would then be available for resale in the market. Any release would be considered on a case by case basis.

After this offering, we will have approximately million shares of common stock outstanding. Of those shares, the million shares we are offering will be freely tradeable. The approximately shares that were outstanding immediately prior to this offering will be eligible for resale from time to time after the expiration of the 180-day lock-up period, subject to contractual restrictions and restrictions under the Securities Act of 1933, as amended. Approximately of those shares may be sold subject to the volume, manner of sale and other conditions of Rule 144 and approximately of those shares may be sold freely pursuant to Rule 144(k) if they have been held for at least two years. Under the registration rights agreement, affiliates of KKR, which will beneficially own shares after this offering, and DLJMB, which will beneficially own shares after this offering, will have the right to request us to register the resale of their respective shares. In addition, affiliates of KKR, DLJMB, management stockholders and other stockholders can exercise certain piggyback registration rights in connection with other registered offerings.

In addition, approximately shares have been reserved for future issuance under the stock plan, including approximately shares issuable upon the exercise of presently outstanding stock options and shares of common stock underlying vested restricted stock units held by our chairman and chief executive officer, Seifi Ghasemi, and warrants to purchase shares of common stock which are exercisable at any time have been issued to an affiliate of KKR and are presently outstanding. Approximately of the outstanding stock options are currently vested. Following the closing of this offering, we intend to file one or more registration statements on Form S-8 under the Securities Act to register the sale of shares issued or issuable upon the exercise of outstanding stock options. Subject to the exercise of issued and outstanding options and contractual restrictions, shares registered under the registration statement on Form S-8 will be available for sale into the public market after the expiration of the 180-day lock-up agreements. In the future, we may issue our common stock in connection with acquisitions, repayment of our debt or for other general corporate purposes. The amount of such common stock issued could constitute a material portion of our then outstanding common stock.

Anti-takeover Measures   Certain provisions in our amended and restated certificate of incorporation may prevent efforts by our stockholders to change the direction or management of our company.

Provisions contained in our amended and restated certificate of incorporation could make it more difficult for a third party to acquire us, even if doing so might be beneficial to our stockholders. For example, our amended and restated certificate of incorporation authorizes our board of directors to determine the rights, preferences, privileges and restrictions of unissued series of preferred stock, without any vote or action by our stockholders. We could issue a series of preferred stock that could impede the completion of a merger, tender offer or other takeover attempt. These provisions may discourage potential acquisition proposals and may delay, deter or prevent a change of control of our company, including through transactions, and, in particular, unsolicited transactions, that some or all of our stockholders might consider to be desirable. As a result, efforts by our stockholders to change the direction or management of our company may be unsuccessful.

Absence of Dividends   We may not pay dividends on our common stock at any time in the foreseeable future.

We are a holding company, and our ability to pay dividends may be limited by restrictions upon transfer of funds by our subsidiaries, including those which are contained in Group's senior secured credit facilities, indenture governing the 2011 notes, indenture governing the 2014 notes and those of any future outstanding indebtedness we or our subsidiaries may incur. Any decision to declare and pay dividends in the future will be made at the discretion of our board of directors and will depend on, among other things, our results of operations, financial condition, cash requirements, contractual restrictions and other factors that our board of directors may deem relevant. We currently have no intention to pay dividends on our common stock at any time in the foreseeable future.

Volatility of Market Price   The market price of our common stock may be volatile, which could cause the value of your investment to decline.

Securities markets worldwide experience significant price and volume fluctuations. This market volatility, as well as general economic, market or political conditions, could reduce the market price of our common stock in spite of our operating performance. In addition, our operating results could be below the expectations of public market analysts and investors, and in response, the market price of our common stock could decrease significantly. You may be unable to resell your shares of our common stock at or above the initial public offering price.

Dilution   Public investors will suffer immediate and substantial dilution in the book value of the shares purchased in this offering.

The initial public offering price per share of our common stock is higher than our pro forma net tangible book value per share. Accordingly, if you purchase common stock in this offering, you will suffer immediate and substantial dilution of your investment. Based upon the issuance and sale of million shares of common stock by us at an assumed initial public offering price of $ per share (the midpoint of the price range set forth on the cover page of this prospectus), you will incur immediate dilution of approximately $ in the pro forma net tangible book value per share if you purchase shares in this offering (or approximately $ per share if the underwriters' over-allotment option is exercised in full). We also have a large number of outstanding stock options to purchase common stock and warrants to purchase common stock with exercise prices that are below the estimated initial public offering price of the common stock. To the extent that these options and/or warrants are exercised, there will be further dilution.

FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements. Forward-looking statements are not statements of historical fact and may involve a number of risks and uncertainties. Forward-looking statements give our current expectations or forecasts of future events and estimates of amounts not yet determinable. We have used the words "anticipate," "estimate," "expect," "project," "intend," "plan," "believe," "predict," "could," "may" and other words and terms of similar meaning, including references to assumptions, in this prospectus to identify forward-looking statements. These forward-looking statements are made based on expectations and beliefs concerning future events affecting us and are subject to uncertainties and factors relating to our operations and business environment, all of which are difficult to predict and many of which are beyond our control, that could cause our actual results to differ materially from those matter expressed in or implied by these forward-looking statements. In particular, these statements include, among other things, statements relating to:

- our business strategies;
- changes in demand for our products;
- fluctuations in interest rates, exchange rates and currency values;
- availability and pricing of raw materials;
- fluctuations in energy prices;
- changes in the end-use markets in which our products are sold;
- changes in the general economic conditions in North America and Europe and in other locations in which we currently do business;
- technological changes affecting production of our materials;
- our high level of indebtedness;
- governmental and environmental regulations and changes in those regulations;
- hazards associated with chemicals manufacturing;
- risks associated with negotiating, consummating and integrating acquisitions, especially relating to the Dynamit Nobel acquisition;
- risks associated with competition and the introduction of new competing products, especially in the Asia-Pacific region; and
- risks associated with international sales and operations.

You should keep in mind that any forward-looking statements made by us in this prospectus or elsewhere speak only as of the date on which we make it. New risks and uncertainties come up from time to time, and it is impossible for us to predict these events or how they may affect us. We have no duty to, and do not intend to, update or revise the forward-looking statements in this prospectus after the date of this prospectus.

USE OF PROCEEDS

We estimate that our net proceeds from the sale of shares of common stock being offered hereby, after deducting estimated underwriting discounts and commissions, estimated offering expenses and the $10.0 million fee to be paid to affiliates of KKR and DLJMB to terminate the management services agreement, will be approximately $447.5 million, assuming the shares are offered at $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus.

We intend to use:

- approximately $107.3 million of the net proceeds to redeem the outstanding principal amount of the PIK notes and pay a related redemption premium and approximately $61.7 million of the net proceeds to repay the outstanding principal amount of the PIK loans on or around November 20, 2005. The $61.7 million includes $9.2 million of additional interest that will have accrued from October 1, 2004 to November 20, 2005;

- approximately $80.6 million of the net proceeds to redeem the outstanding principal amount of senior discount notes, which are held by an affiliate of KKR;

- approximately $150.4 million of the net proceeds to redeem $131.3 million, or 35%, of the 2011 notes and pay a related redemption premium and accrued and unpaid interest thereon;

- approximately $ million of the net proceeds to redeem all outstanding shares of our redeemable convertible preferred stock, which are held by an affiliate of KKR, and pay accumulated dividends thereon. This amount includes approximately $ million for payment of a related redemption premium which amount is equal to 1% of the product of the price per share at which shares of our common stock are offered in this offering multiplied by the number of fully diluted shares of our common stock excluding certain shares; and

- approximately $14.4 million of the net proceeds to repay a portion of the outstanding borrowings under our revolving credit facility.

Except with respect to the PIK loans and revolving credit facility, these amounts are based on the accreted value, the outstanding principal amount, the accrued and unpaid interest and the accumulated and unpaid dividends on the applicable securities being redeemed or repaid as of September 30, 2004. The actual amounts we pay to redeem or repay the securities will increase from the amounts shown above. Each of these redemptions and repayments is voluntary.

We intend to use any net proceeds we receive from any shares sold pursuant to the underwriters' over-allotment option, after deducting the underwriting discounts and commissions, to repay additional borrowings under our revolving credit facility.

The PIK notes and PIK loans accrue interest at the rate of 15% per year and mature on January 31, 2015, and November 20, 2011, respectively. The senior discount notes accrue interest at the rate of 12% per year, but do not require cash interest payment until 2007, and mature on August 15, 2011. The 2011 notes accrue interest at the rate of $10^{5}/_{8}$% per year and mature on May 15, 2011. The redeemable convertible preferred stock accumulates dividends at 15% per year of the sum of (i) $1,000 original issue price per share and (ii) accumulated and unpaid dividends on such share from the original issue date. At January 31, 2005, the interest rate on our revolving credit facility was 4.96%.

DIVIDEND POLICY

We do not currently intend to pay any cash dividends on our common stock, and instead intend to retain earnings, if any, for future operation and expansion and debt repayment. We are a holding company that does not conduct any business operations of our own. As a result, we are dependent upon cash dividends and distributions and other transfers from our subsidiaries to make dividend payments on our common stock. The amounts available to us to pay cash dividends are restricted by our subsidiaries' debt agreements. Under Group's senior secured credit facilities, indenture governing the 2011 notes and indenture governing the 2014 notes, Group is generally restricted from making dividends or other distributions to us. Any decision to declare and pay dividends in the future will be made at the discretion of our board of directors and will depend on, among other things, our results of operations, cash requirements, financial condition, contractual restrictions and other factors that our board of directors may deem relevant.

CAPITALIZATION

The following table sets forth our cash and cash equivalents and consolidated capitalization as of September 30, 2004:

- on an actual basis;
- on a pro forma basis to give effect to the Fall 2004 debt refinancings and the $5.5 million cash equity investment in the fourth quarter of 2004 under the 2004 management equity program; and
- on a pro forma as adjusted basis to give further effect to the offering.

This table should be read together with "Use of Proceeds," "Unaudited Pro Forma Condensed Combined Financial Information" and our condensed consolidated financial statements and the notes to those statements, in each case, included elsewhere in this prospectus.

	As of September 30, 2004		
($ in millions, except per share data)	**Actual**	**Pro Forma**	**Pro Forma As Adjusted**
Cash and cash equivalents(1)	$ 183.3	$ 180.0	$ 203.6
Long-term debt, including current portion:			
Senior secured credit facilities(2):			
Tranche A-1 and A-2 term loans(3)	$ 260.2	$ 260.2	$ 260.2
Tranche B term loans(4)	985.0		
Tranche C term loans(5)	275.9	341.4	341.4
Tranche D term loans(4)		1,145.0	1,145.0
Senior subordinated loan facility(4)(6)(7)	870.5		
2011 notes	375.0	375.0	243.7
2014 notes(7)		665.8	665.8
Assumed long-term debt(8)	180.1	164.2	164.2
PIK loans and notes	157.7	157.7	
Senior discount notes	80.6	80.6	
Total long-term debt	$ 3,185.0	$ 3,189.9	$ 2,820.3
Redeemable convertible preferred stock ($.01 par value; $29.7 aggregate liquidation preference, 50,000 shares authorized, 25,000 shares issued and outstanding on an actual and pro forma basis; no shares issued and outstanding on a pro forma as adjusted basis)(9)	33.1	33.1	
Stockholders' equity:			
Common stock, $.01 par value (2,200,000 shares authorized, 1,463,743 shares issued and 1,460,993 shares outstanding on an actual and pro forma basis; shares authorized, shares issued and shares outstanding on a pro forma as adjusted basis)(10)			
Additional paid-in capital	714.8	720.3	1,145.5
Accumulated other comprehensive income	166.1	166.1	166.1
Accumulated deficit	(293.5)	(320.3)	(319.0)
Treasury stock, at cost	(1.4)	(1.4)	(1.4)
Other	(0.7)	(0.7)	(0.7)
Total stockholders' equity	585.3	564.0	990.5
Total capitalization	$ 3,803.4	$ 3,787.0	$ 3,810.8

(1) We may ultimately use a portion of our cash and cash equivalents to pay post-closing purchase price adjustments, if necessary, to mg technologies ag.

(2) Group's senior secured credit facilities also include a $250.0 million revolving credit facility. At September 30, 2004, approximately $16.3 million of availability under the revolving credit facility

was utilized by existing letters of credit issued on our behalf, leaving $233.7 million available. The loans borrowed under the revolving credit facility may be denominated in dollars, euro or pounds sterling. See "Description of Indebtedness Senior Secured Credit Facilities."

(3) Represents the approximate aggregate U.S. dollar equivalent of €39.1 million of borrowings under the tranche A-1 term loan and €170.4 million of borrowings under the tranche A-2 term loan.

(4) In October 2004, we borrowed an additional $160.0 million of tranche B term loans and used a portion under the Fall 2004 debt refinancings to repay a portion of our senior subordinated loan facility, plus interest and related fees. Subsequently, in December 2004, we refinanced the entire $1,145.0 million of borrowings under the tranche B term loans with borrowings under the tranche D term loans of the same aggregate principal amount bearing a lower interest rate.

(5) Represents the approximate aggregate U.S. dollar equivalent of €222.1 million of borrowings under the tranche C term loans, including, on a pro forma and pro forma as adjusted basis, the approximate U.S. dollar equivalent of an additional €52.7 million (or $65.5 million) of tranche C term loans borrowed in October 2004 and used under the Fall 2004 debt refinancings to repay a portion of our senior subordinated loan facility, plus interest and related fees.

(6) Represents on a pro forma and a pro forma as adjusted basis the full repayment of borrowings under the senior subordinated loan facility after giving effect to the Fall 2004 debt refinancings.

(7) Represents the approximate aggregate U.S. dollar equivalent of €375.0 million of 2014 euro notes and $200.0 million of 2014 dollar notes, the proceeds of which were used to repay the borrowings outstanding under the senior subordinated loan facility, plus interest and related fees.

(8) Represents the approximate U.S. dollar equivalent of €127.6 million of long-term debt which was assumed in connection with the Dynamit Nobel acquisition and remains outstanding under the existing arrangements. In November 2004, we repaid a portion (€12.8 million, or $15.9 million) of the assumed long-term debt. See "Description of Indebtedness Other Long-Term Debt."

(9) The redeemable convertible preferred stock accumulates dividends at 15% per year of the sum of (a) $1,000 original issue price per share and (b) accumulated and unpaid dividends on such share from the original issue date. When the redeemable convertible preferred stock is redeemed, the holder will receive in cash, in addition to the $25.0 million aggregate issue price, all accumulated and unpaid dividends and 1% of the aggregate value of our common stock (other than excluded shares, as defined under "Description of Capital Stock Preferred Stock Redeemable Convertible Preferred Stock"). As of September 30, 2004, the redemption price was $ million.

(10) The amount does not include shares of our common stock that are reserved for issuance under the stock plan, under which options to purchase shares and shares underlying restricted stock units were outstanding as of September 30, 2004, and shares of our common stock issuable upon the exercise of warrants outstanding as of September 30, 2004.

DILUTION

Dilution is the amount by which the offering price paid by the purchasers of the common stock to be sold in this offering will exceed the pro forma as adjusted net tangible book value per share of common stock after the offering. The pro forma net tangible book value per share is equal to the amount of our total tangible assets (total assets less intangible assets) less total liabilities, divided by the number of shares of our common stock outstanding as of September 30, 2004. After giving effect to the sale of shares of common stock in this offering at an assumed initial public offering price of $ per share, the midpoint of the estimated offering price range set forth on the cover page of this prospectus, and after deducting estimated underwriting discounts and offering expenses, our pro forma as adjusted net tangible book value as of September 30, 2004 would have been $, or $ per share of common stock. This represents an immediate increase in net tangible book value of $ per share to existing stockholders and an immediate dilution in net tangible book value of $ per share to new investors.

The following table illustrates this per share dilution:

Assumed initial public offering price per share		$
Pro forma net tangible book value per share at September 30, 2004	$	
Increase in net tangible book value per share attributable to this offering		
Pro forma as adjusted net tangible book value per share after this offering		
Dilution per share to new investors		$
Pro forma as adjusted net tangible book value per share after this offering assuming full exercise of the underwriters' over-allotment option		
Dilution per share to new investors assuming full exercise of the underwriters' over-allotment option		$

The following table summarizes, on a pro forma as adjusted basis as of September 30, 2004, the total number of shares of common stock purchased from us, the total consideration paid to us and the average price per share paid by the existing stockholders and by new investors purchasing shares in this offering:

	Shares Purchased		Total Consideration		Average Price Per Share
	Number	Percent	Amount	Percent	
Existing stockholders		%	$	%	$
New investors					
Total		100.00%	$	100.00%	

The tables and calculations above assume no exercise of outstanding options and warrants and no issuance of shares of common stock underlying vested restricted stock units. As of September 30, 2004, there were shares of our common stock issuable upon exercise of outstanding options at a weighted average exercise price of $ per share, shares of our common stock issuable upon exercise of outstanding warrants and shares underlying vested restricted stock units. To the extent that these options and warrants are exercised and shares underlying restricted stock units are issued, there will be further dilution to new investors.

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

The following unaudited pro forma condensed combined financial information is presented to illustrate the estimated effects of the Transactions (which include the Dynamit Nobel acquisition, the acquisition financings, the pigments and dispersions acquisition and related financing, the Fall 2004 debt refinancings, the 2004 management equity program and the offering) on our historical financial condition and our results of operations based on the exchange rate at September 30, 2004 of €1.00=$1.242. The unaudited pro forma condensed combined balance sheet gives effect to the Fall 2004 debt refinancings, the $5.5 million of cash equity investments in the fourth quarter of 2004 under the 2004 management equity program and the offering as if they had occurred on September 30, 2004. The unaudited pro forma condensed combined financial information gives effect to the Transactions as if they had occurred on January 1, 2003.

The following unaudited pro forma condensed combined financial information is based on the audited and unaudited consolidated financial statements of Rockwood, our unaudited consolidated financial statements and the audited and unaudited combined financial statements of Dynamit Nobel, in each case, included elsewhere in this prospectus, as adjusted to illustrate the estimated pro forma effects of the Transactions. The unaudited pro forma condensed combined financial information should be read together with "Selected Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations," our and Rockwood's consolidated financial statements and the notes to those statements and Dynamit Nobel's combined financial statements and the notes to those statements included elsewhere in this prospectus.

The following unaudited pro forma condensed combined financial information has been prepared based upon currently available information and assumptions that we believe are reasonable. Such currently available information and assumptions may prove to be inaccurate over time.

As of the date of this prospectus, we have not completed the purchase accounting for the Dynamit Nobel acquisition, including, among others, valuation studies necessary to estimate the fair values of the assets we have acquired and liabilities we have assumed and the related allocation of purchase price in accordance with Statement of Financial Accounting Standards No. 141 *Business Combinations*, nor have we identified the adjustments, if any, necessary to conform Dynamit Nobel's historical accounting policies to ours. We have allocated the total estimated purchase price to the assets acquired and liabilities assumed of Dynamit Nobel based on preliminary estimates of their fair values. Independent valuation specialists are assisting us in determining the fair value of a significant portion of these assets, including property, plant and equipment and identified intangible assets.

The following unaudited pro forma condensed combined financial information is for illustrative purposes only. Such information does not purport to be indicative of the financial condition and the results of operations that would have been achieved had the Transactions for which we are giving pro forma effect actually occurred on the dates referred to above or the financial condition and the results of operations that may be expected in the future.

ROCKWOOD HOLDINGS, INC. AND SUBSIDIARIES
Unaudited Pro Forma Condensed Combined Balance Sheet
as of September 30, 2004

($ in millions)	Rockwood Historical	Adjustments: Fall 2004 Debt Refinancings and the 2004 Management Equity Program	Adjustments: The Offering	Pro Forma As Adjusted
Assets:				
Cash and cash equivalents	$ 183.3	$ (3.3)(a)	$ 23.6(g)	$ 203.6
		(b)		
		(c)		
		(d)		
		(e)		
Accounts receivable, net	431.1			431.1
Inventories	410.7			410.7
Other current assets	67.9			67.9
Total current assets	1,093.0	(3.3)	23.6	1,113.3
Property, plant and equipment, net	1,413.7			1,413.7
Goodwill	1,629.1			1,629.1
Other intangible assets, net	572.7			572.7
Other assets	194.2	(3.8)(b)	(16.3)(h)	162.8
		(11.3)(d)		
Total assets	$ 4,902.7	$ (18.4)	$ 7.3	$ 4,891.6
Liabilities and Stockholders' Equity:				
Other current liabilities, excluding current portion of long-term debt	$ 620.4	$ (2.0)(d)	$ (5.2)(g)	$ 613.2
Total current liabilities	620.4	(2.0)	(5.2)	613.2
Long-term debt, including current portion:				
Senior secured credit facilities:				
Tranche A-1 and A-2 term loans	260.2			260.2
Tranche B term loans	985.0	160.0(b)		
		(1,145.0)(e)		
Tranche C term loans	275.9	65.5(b)		341.4
Tranche D term loans		1,145.0(e)		1,145.0
Senior subordinated loan facility	870.5	(221.3)(b)		
		(649.2)(d)		
2011 notes	375.0		(131.3)(g)	243.7
2014 notes		665.8(d)		665.8
Assumed long-term debt	180.1	(15.9)(f)		164.2
PIK loans and notes	157.7		(157.7)(g)	
Senior discount notes	80.6		(80.6)(g)	
Total long-term debt	3,185.0	4.9	(369.6)	2,820.3
Other liabilities	478.9		(11.3)(i)	467.6
Total liabilities	4,284.3	2.9	(386.1)	3,901.1
Redeemable convertible preferred stock	33.1		(33.1)(g)	
Stockholders' equity	585.3	(21.3)(b)(c)(d)	426.5(h)	990.5
Total liabilities and stockholders' equity	$ 4,902.7	$ (18.4)	$ 7.3	$ 4,891.6

		Adjustments		

See accompanying notes to unaudited pro forma condensed combined balance sheet.

ROCKWOOD HOLDINGS, INC. AND SUBSIDIARIES

Notes to Unaudited Pro Forma Condensed Combined Balance Sheet

(a)

Cash consists of proceeds from: (1) October 2004 refinancing of long-term senior debt (see note (b)); (2) sales of 10,950 shares of our common stock under the 2004 management equity program (see note (c)); and (3) proceeds from the offering of the 2014 notes (see note (d)); utilized to pay (4) a portion of assumed debt (see note (f)):

($ in millions)

(1)	October 2004 debt refinancing	$	1.9
(2)	Proceeds from the 2004 management equity program in the fourth quarter of 2004		5.5
(3)	November 2004 offering of the 2014 notes		5.2
(4)	Repayment of portion of assumed debt		(15.9)
	Total	$	(3.3)

(b)

On October 8, 2004, we amended the senior secured credit facilities to borrow an additional $160.0 million of tranche B term loans and €52.7 million (or $65.5 million) of tranche C term loans and used the proceeds to repay a portion ($221.3 million) of the borrowings under the senior subordinated loan facility, net of related financing fees of $2.3 million. A write-off of $6.1 million of deferred financing costs was also incurred related to the repayment under this refinancing.

(c)

Represents cash proceeds of $5.5 million received from sales of 10,950 shares of our common stock to certain members of our management in the fourth quarter of 2004 as part of the 2004 management equity program.

(d)

On November 10, 2004, we completed the offering of €375.0 million (or $465.8 million) aggregate principal amount of 7.625% senior subordinated notes and $200.0 million aggregate principal amount of 7.500% senior subordinated notes and used the proceeds to repay $260.1 million and €313.2 million (or $389.1 million) (an aggregate of $649.2 million) plus accrued interest of $2.0 million thereon, pay related fees and expenses of $9.4 million and for general corporate purposes. A write-off of $20.7 million of deferred financing costs was also incurred related to the repayment under this refinancing.

(e)

On December 10, 2004, we amended the senior secured credit facilities to borrow $1,145.0 million of tranche D term loans at a reduced interest rate and used the proceeds to repay in full the tranche B term loans.

(f)

On November 30, 2004, we repaid a portion (€12.8 million, or $15.9 million) of the assumed debt related to the Dynamit Nobel acquisition.

(g) Reflects the assumed use of proceeds from this offering as follows:

($ in millions)		
Gross proceeds from this offering	$	500.0
Redemption of PIK notes		(105.2)
Prepayment penalty on the PIK notes		(2.1)
Repayment of PIK loans		(52.5)
Redemption of senior discount notes		(80.6)
Redemption of a portion of the 2011 notes		(131.3)
Accrued interest on the 2011 notes		(5.2)
Redemption premium on the 2011 notes		(13.9)
Redemption of redeemable convertible preferred stock		(33.1)
Estimated fees and expenses associated with this offering		(52.5)
	$	23.6

We expect to use the $23.6 million to pay interest of $9.2 million that will have accrued from October 1, 2004 to, but not including, November 20, 2005 on the PIK loans to be repaid on or around November 20, 2005 and to repay borrowings under our revolving credit facility, which were incurred in January 2005.

(h) Reflects the following adjustments to stockholders' equity related to this offering:

($ in millions)		
Equity to be issued in this offering	$	500.0
Fee for termination of management services agreement		(10.0)
Estimated underwriters' fees		(27.5)
Estimated other fees and expenses related to this offering		(15.0)
Prepayment penalties and premiums, net of income tax effect(1)		(10.4)
Write-off of deferred financing costs, net of income tax effect(2)		(10.6)
Total	$	426.5

(1) This amount reflects pre-tax charges related to premiums paid of approximately $16.0 million, net of related income tax effect of approximately $5.6 million.

(2) This amount reflects pre-tax charges of approximately $16.3 million related to the write-off of deferred financing costs associated with the debt to be repaid with the proceeds from this offering, net of related income tax effect of approximately $5.7 million.

(i) Reflects the deferred tax impact of adjustments to stockholders' equity as follows:

($ in millions)		
Prepayment penalties paid	$	(5.6)
Write-off of deferred financing costs		(5.7)
Total	$	(11.3)

ROCKWOOD HOLDINGS, INC. AND SUBSIDIARIES
Unaudited Pro Forma Condensed Combined Information
for the Nine Months Ended September 30, 2004

($ in millions, except per share data)	Rockwood Historical	Dynamit Nobel Historical	Pigments and Dispersions Historical	Adjustments: Transactions (excluding the Offering)	Adjustments: The Offering	Pro Forma As Adjusted
Statement of operations data:						
Net sales	$ 1,027.9	$ 1,030.3	$ 42.6	$ 1.3(a)	$	$ 2,102.1
Cost of products sold	756.3	674.7	34.2	(11.2)(b)		1,454.0
Gross profit	271.6	355.6	8.4	12.5		648.1
Operating expenses	177.3	239.7	6.0	18.6(b)	(0.7)(c)	440.9
Operating income	94.3	115.9	2.4	(6.1)	0.7	207.2
Other income (expenses):						
Interest expense, net	(100.0)	(17.0)		(60.6)(d)	44.7(e)	(132.9)
Other income (expenses)	(42.1)	3.4				(38.7)
Total other income (expenses), net	(142.1)	(13.6)		(60.6)	44.7	(171.6)
(Loss) income before taxes	(47.8)	102.3	2.4	(66.7)	45.4	35.6
Income tax provision (benefit)	(1.6)	25.9	(f)	(23.3)(g)	15.9(g)	16.9
Net (loss) income	(46.2)	$ 76.4	$ 2.4	$ (43.4)	$ 29.5	18.7
Redeemable convertible preferred stock dividends	(4.7)					
Net (loss) income applicable to common shareholders	$ (50.9)					$ 18.7
Basic and diluted net (loss) income per common share data(i):						
Net (loss) income per common share						
Weighted average shares						

See accompanying notes to unaudited pro forma condensed combined information.

ROCKWOOD HOLDINGS, INC. AND SUBSIDIARIES
Unaudited Pro Forma Condensed Combined Information
for the Year Ended December 31, 2003

($ in millions, except per share data)	Rockwood Historical	Dynamit Nobel Historical	Pigments and Dispersions Historical	Adjustments: Transactions (excluding the Offering)	Adjustments: The Offering	Pro Forma As Adjusted
Statement of operations data:						
Net sales	$ 797.3	$ 1,595.9	$ 55.9	$ 1.9(a)	$	$ 2,451.0
Cost of products sold	581.4	1,060.0	45.0	(19.2)(b)		1,667.2
Gross profit	215.9	535.9	10.9	21.1		783.8
Operating expenses	154.8	353.2	8.1	31.9(b)	(0.6)(c)	547.4
Operating income	61.1	182.7	2.8	(10.8)	0.6	236.4
Other income (expenses):						
Interest expense, net	(112.3)	(25.2)		(93.7)(d)	54.0(e)	(177.2)
Other income (expenses)	(56.8)	5.8				(51.0)
Total other income (expenses), net	(169.1)	(19.4)		(93.7)	54.0	(228.2)
(Loss) income before taxes and other adjustments	(108.0)	163.3	2.8	(104.5)	54.6	8.2
Income tax provision (benefit)	(16.3)	61.7	(f)	(36.6)(g)	19.1(g)	27.9
Other adjustments		(0.7)		0.4(h)		(0.3)
Net (loss) income	(91.7)	$ 100.9	$ 2.8	$ (67.5)	$ 35.5	(20.0)
Redeemable convertible preferred stock dividends	(1.7)					
Accretion of redeemable convertible preferred stock to redemption value	(3.4)					
Net loss applicable to common shareholders	$ (96.8)					$ (20.0)
Basic and diluted net (loss) income per common share data(i):						
Net (loss) income per common share						
Weighted average shares						

See accompanying notes to unaudited pro forma condensed combined information.

ROCKWOOD HOLDINGS, INC. AND SUBSIDIARIES

Notes to Unaudited Pro Forma Condensed Combined Information

(a)

Represents the effect of change in pricing of certain contracts that were at below-market prices prior to the acquisition of the pigments and dispersions business of Johnson Matthey Plc. Such contracts are with divisions of the former owner and have been increased to market level upon consummation of the acquisition.

(b)

Represents change in depreciation and amortization based upon estimated fair values and useful lives of stepped-up values of property, plant and equipment and intangible assets other than goodwill, as determined by preliminary appraisal. Estimated useful lives are derived from the preliminary appraisal for major categories of property, plant and equipment (excluding land, which has no finite useful life and construction in progress which has not begun amortization) and intangible assets. In some cases, we have used shorter useful lives where management believes appropriate. Estimated average useful lives (in years) used for major categories are as follows:

Property, Plant and Equipment

Machinery and equipment	7
Buildings	17
Mineral reserves	14-50

Intangible assets other than goodwill

Customer relationships	10
Intellectual property	8-15
Trade names and marks	25

(c)

Represents the elimination of the management services fee that is assumed to be terminated effective upon the closing of the offering.

(d)

For the nine months ended September 30, 2004 and year ended December 31, 2003, respectively, represents estimated $63.2 million and $97.2 million increase in interest expense resulting from the Transactions plus the amortization of new deferred financing costs and reduction of amortization of deferred financing costs for long-term debt subsequently repaid.

(e)

For the nine months ended September 30, 2004 and year ended December 31, 2003, respectively, represents estimated $43.0 million and $51.7 million decrease in interest expense resulting from this offering and a $1.7 million and $2.3 million reduction in amortization of deferred financing costs for long-term debt assumed and repaid with a portion of the net proceeds from this offering.

(f)

As Rockwood has available net operating losses in the United Kingdom (the main country in which the pigments and dispersions business operates) to offset taxable income, no tax provision has been provided.

(g)

Assumes federal statutory tax rate of 35%.

(h)

Represents the net effect of the elimination of the $1.8 million loss associated with the cumulative effect of changes in accounting principles and the $1.4 million of income from discontinued operations for the year ended December 31, 2003.

(i)

Net loss (income) per common share is calculated by dividing net loss (income) applicable to common shares by the weighted average shares outstanding. Unaudited pro forma basic and diluted net loss (income) per common share has been calculated in accordance with the SEC rules for initial public offerings. These rules require that the weighted average share calculation give retroactive effect to any changes in our capital structure as well as the number of shares whose sale proceeds will be used to repay any debt as reflected in the pro forma adjustments. Therefore, pro forma weighted average shares for purposes of the unaudited pro forma basic net loss (income) per common share calculation, adjusted for the for 1 stock split to be effected prior to the completion of this offering, are comprised of approximately million shares of our common stock outstanding prior to this offering and million of our common stock being by the weighted average shares outstanding.

SELECTED FINANCIAL DATA

Rockwood Selected Financial Data

The selected financial data of Rockwood presented below as of and for the year ended December 31, 1999 and for the period from January 1, 2000 through November 20, 2000 have been derived from the audited combined financial statements of Rockwood's predecessor not included in this prospectus. The selected financial data of Rockwood presented below for the period from November 21, 2000 through December 31, 2000 and as of December 31, 2000 have been derived from Rockwood's audited consolidated financial statements not included in this prospectus. The selected financial data of Rockwood presented below as of and for the years ended December 31, 2001, 2002 and 2003 have been derived from Rockwood's audited consolidated financial statements included elsewhere in this prospectus. The selected financial data of Rockwood presented below for the nine months ended September 30, 2003 have been derived from Rockwood's unaudited consolidated financial statements included elsewhere in this prospectus. The selected financial data presented below as of and for the nine months ended September 30, 2004 have been derived from our unaudited consolidated financial statements included elsewhere in this prospectus.

In the opinion of management, the unaudited financial statements for the nine months ended September 30, 2003 and September 30, 2004, which include the results of operations of the Dynamit Nobel businesses during the two-month period ended September 30, 2004, have been prepared on a basis consistent with the audited financial statements and include all adjustments, which are normally recurring adjustments along with adjustments to the Dynamit Nobel acquisition, necessary for a fair presentation of the results of operations for the periods presented. Results of operations for the interim periods are not necessarily indicative of the results that might be expected for any other interim period or for an entire year.

The selected financial data presented below should be read together with our and Rockwood's consolidated financial statements and the notes to those statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this prospectus.

	Predecessor		Successor or Rockwood						
				Year Ended December 31,					
($ in millions, except per share data)	Year Ended December 31, 1999	Period From January 1, 2000 Through November 20, 2000	Period From November 21, 2000 Through December 31, 2000	2000(1)	2001	2002	2003	Nine Months Ended September 30, 2003	Nine Months Ended September 30, 2004
Statement of operations data:									
Net sales:									
Performance Additives(2)	$ 453.1	$ 410.1	$ 42.5	$ 452.6	$ 418.4	$ 443.8	$ 477.3	$ 352.0	$ 470.5
Specialty Compounds	203.3	188.2	19.8	208.0	171.7	168.8	176.4	135.4	152.5
Electronics	144.5	154.0	20.2	174.2	152.5	147.3	143.6	105.3	124.8
Specialty Chemicals									116.6
Titanium Dioxide Pigments									68.9
Advanced Ceramics									56.6
Custom Synthesis									38.0
Total net sales	800.9	752.3	82.5	834.8	742.6	759.9	797.3	592.7	1,027.9
Cost of products sold	556.7	534.4	69.7	604.1	546.5	542.5	581.4	431.7	756.3
Gross profit	244.2	217.9	12.8	230.7	196.1	217.4	215.9	161.0	271.6
Selling, general and administrative expenses	157.7	149.4	21.8	171.2	147.5	112.9	118.0	89.0	177.2
Impairment charges(3)						50.0	35.0		
Restructuring charges(4)	2.7	3.9		3.9	9.2	1.2	1.8	1.3	0.1
Operating income (loss)	83.8	64.6	(9.0)	55.6	39.4	53.3	61.1	70.7	94.3
Other income (expenses):									

	Predecessor		Successor or Rockwood						
Interest expense, net(5)	(40.2)	(45.4)	(10.9)	(56.3)	(107.0)	(108.1)	(112.3)	(81.3)	(100.0)
Foreign exchange (loss) gain(6)	(0.5)	(2.6)	(16.7)	(19.3)	9.6	(24.6)	(18.5)	(19.1)	(35.3)
Refinancing expenses(7)							(38.3)	(36.9)	(2.8)
Gain on sale of investment(8)		1.0		1.0					
Loss on receivables sold					(1.2)	(1.3)			
Stamp duty tax(9)									(4.0)
Income (loss) before taxes	43.1	17.6	(36.6)	(19.0)	(59.2)	(80.7)	(108.0)	(66.6)	(47.8)
Income tax provision (benefit)	24.7	9.9	(4.8)	5.1	(4.8)	(12.5)	(16.3)	(9.8)	(1.6)
Net income (loss)	$ 18.4	$ 7.7	$ (31.8)	$ (24.1)	$ (54.4)	$ (68.2)	$ (91.7)	$ (56.8)	$ (46.2)
Net income (loss) applicable to common shareholders(10)	$ 18.4	$ 7.7	$ (31.8)	$ (24.1)	$ (54.4)	$ (68.2)	$ (96.8)	$ (60.9)	$ (50.9)

($ in millions, except per share data)	Predecessor: Year Ended December 31, 1999	Predecessor: Period From January 1, 2000 Through November 20, 2000	Successor or Rockwood: Period From November 21, 2000 Through December 31, 2000	Year Ended December 31, 2000(1)	Year Ended December 31, 2001	Year Ended December 31, 2002	Year Ended December 31, 2003	Nine Months Ended September 30, 2003	Nine Months Ended September 30, 2004
Net (loss) income per common share data (unaudited)(11):									
Basic and diluted net loss per common share:									
Net loss per common share									
Weighted average shares									
Cash flow data:									
Net cash provided by (used in) operating activities	$ 87.7	$ 48.9	$ (0.5)	$ 48.4	$ 113.8	$ (4.1)	$ 42.6	$ 40.8	$ 86.1
Net cash (used in) provided by investing activities	(100.1)	9.9	(1,181.4)	(1,171.5)	(31.6)	(30.4)	(48.5)	(37.4)	(2,096.5)
Net cash provided by (used in) financing activities	66.0	(104.2)	1,207.2	1,103.0	(30.6)	(18.9)	(1.7)	(2.0)	2,150.3
Effect of exchange rate changes on cash	(6.5)	(11.4)	19.5	8.1	0.1	2.6	3.8	4.5	1.5
Net increase (decrease) in cash and cash equivalents	$ 47.1	$ (56.8)	$ 44.8	$ (12.0)	$ 51.7	$ (50.8)	$ (3.8)	$ 5.9	$ 141.4
Other financial data:									
Depreciation and amortization	$ 66.8	$ 61.6	$ 10.6	$ 72.2	$ 74.7	$ 46.3	$ 52.4	$ 37.6	$ 60.4
Capital expenditures	49.7	45.0	6.5	51.4	34.5	36.0	34.3	26.8	38.8
EBITDA(12)		124.6	(15.1)	109.5	122.5	73.7	56.7	52.3	112.6
Non-cash charges and gains included in EBITDA(13)		2.6	25.5	28.1	(0.6)	74.6	91.9	56.1	72.8
Other special charges and gains included in EBITDA(14)		21.4	4.2	25.6	18.5	2.1	0.9	(0.4)	8.9

($ in millions)	Predecessor: 1999	Successor or Rockwood: As of December 31, 2000	2001	2002	2003	As of September 30, 2004
Balance sheet data:						
Cash and cash equivalent	$ 201.2	$ 44.8	$ 96.5	$ 45.7	$ 41.9	$ 183.3
Working capital(15)	146.9	127.5	70.7	73.2	110.6	413.1
Property, plant and equipment, net	337.2	407.5	391.2	407.0	418.6	1,413.7
Total assets(3)	948.6	1,537.3	1,431.0	1,425.3	1,460.7	4,902.7
Long-term debt(16)		993.3	954.1	982.5	1,054.4	3,125.5
Redeemable convertible preferred stock					30.1	33.1
Stockholders' equity	26.5	274.4	205.2	172.9	126.1	585.3

(1) This column represents the sum of the financial results of Rockwood's predecessor for the period from January 1, 2000 through November 20, 2000 and the period after the KKR acquisition (or successor period) of Rockwood from November 21, 2000 through December 31, 2000. Periods after the KKR acquisition reflect the effects of purchase accounting applied as a result of such acquisition. This column is not representative of what Rockwood's financial results would have been had Rockwood's predecessor been a stand-alone entity for the entire year as these periods are prepared on two different basis of accounting.

(2) Net sales for our Performance Additives segment include net sales from our U.K. and Irish water treatment business, which we sold in December 2000, of $13.8 million in the full year 2000 on a combined basis.

(3) As part of our impairment testing in late 2002 and 2003, we also determined that there were goodwill impairments of $50.0 million in 2002 and $19.3 million in 2003 in our Electronics segment. We also determined that there was a property, plant and equipment impairment of $15.7 million in 2003 in our Electronics segment.

(4) Restructuring charges include certain expenses incurred in connection with severance charges and asset write-offs related to consolidations and cessations of certain of our operations. See "Management's Discussion and Analysis of Financial Condition and Results of Operations Factors Which Affect Our Results of Operations Special Charges."

(5)

For the years ended December 31, 2001, 2002, 2003 and the nine months ended September 30, 2003 and 2004, interest expense, net included non-cash gains (losses) of $(7.9) million, $(11.6) million, $(6.0) million, $(2.7) million and $6.8 million, respectively, representing the movement in the mark-to-market valuation of our interest rate derivative instruments for the period as well as $7.2 million, $8.0 million, $6.1 million, $4.5 million, and $5.2 million, respectively, of amortization expense related to deferred financing costs. Included in the non-cash gains (losses) are cross-currency interest rate swaps entered into in connection with the July 2003 debt refinancing. Interest expense, net, for the year ended December 31, 2003 and the nine months ended September 30, 2004 included a $10.5 million and $(3.1) million mark-to-market loss (gain) for these swaps.

(6)

For the year 1999 and the period from January 1, 2000 through November 20, 2000, represents losses (gains) incurred as a result of intercompany derivative contracts with Laporte. For the period from November 21, 2000 through December 31, 2000 and subsequent periods, represents the non-cash translation impact on our euro-denominated debt resulting from the strengthening (weakening) of the euro against the U.S. dollar during the applicable periods. In the first nine months of 2004, this amount also included a $10.9 million mark-to-market realized loss on foreign currency derivative agreements that we entered into in connection with the Dynamit Nobel acquisition.

(7)

In July 2003, we wrote off $36.9 million of deferred debt issuance costs relating to our previous long-term debt that was repaid as part of the July 2003 debt refinancing. In December 2003, we expensed $1.4 million of investment banking and professional fees in connection with the December 2003 refinancing of borrowings under the then new senior credit facilities. In July 2004, we wrote off $2.8 million of deferred debt issuance costs relating to our previous long-term debt that was repaid as part of the acquisition financings.

(8)

Represents gain from the sale of an investment purchased by Laporte in 1999 and sold in October 2000.

(9)

Represents the tax on certain assets transferred in the United Kingdom in connection with the KKR acquisition.

(10)

Represents the net income (loss) applicable to common shareholders after reducing net income (loss) by the amount of accumulated and unpaid dividends and the accretion to the redemption value of the redeemable convertible preferred stock for the respective period.

(11)

Net loss (income) per share is calculated by dividing net loss (income) by the weighted average shares outstanding. Unaudited pro forma basic and diluted net loss (income) per share has been calculated in accordance with the SEC rules for initial public offerings. These rules require that the weighted average share calculation give retroactive effect to any changes in our capital structure as well as the number of shares whose sale proceeds will be used to repay any debt as reflected in the pro forma adjustments. Therefore, pro forma weighted average shares for purposes of the unaudited pro forma basic net loss (income) per share calculation, adjusted for the for 1 stock split to be effected prior to the completion of this offering, are comprised of approximately million shares of our common stock outstanding prior to this offering and million shares of our common stock being offered hereby.

(12)

EBITDA is defined as net income plus interest expense, net, income tax provision (benefit) and depreciation and amortization. EBITDA is not a recognized term under U.S. GAAP and does not purport to be an alternative to net (loss) income as an indicator of operating performance or to cash flows from operating activities as a measure of liquidity. Additionally, EBITDA is not intended to be a measure of free cash flow for management's discretionary use, as it does not consider certain cash requirements such as interest payments, tax payments and debt service requirements.

The amounts shown for EBITDA in this prospectus differ from the amounts calculated under the definition of EBITDA used in our debt agreements. The definition of EBITDA used in our debt agreements permits further adjustments for certain cash and non-cash charges and gains; the indentures governing the 2011 notes and 2014 notes exclude certain adjustments permitted under the senior secured credit agreement. EBITDA as adjusted is used in our debt agreements to determine compliance with financial covenants and our ability to engage in certain activities, such as incurring additional debt and making certain payments. In addition to covenant compliance, our management also uses EBITDA as adjusted to assess our operating performance and to calculate performance-based cash bonuses and determine whether certain performance-based stock options vest, as both such bonuses and options are tied for EBITDA as adjusted targets. For discussion of the adjustments, uses and the limitations on the use of Adjusted EBITDA, see "Management's Discussion and Analysis of Financial Condition and Results of Operations Special Note Regarding Non-GAAP Financial Measures."

The following table sets forth a reconciliation of net income (loss) to EBITDA for the periods indicated.

($ in millions)	Predecessor	Successor or Rockwood						
	Period From January 1, 2000 through November 20, 2000	Period from November 21, 2000 through December 31, 2000	Year Ended December 31,				Nine Months Ended September 30,	
			2000	2001	2002	2003	2003	2004
Net income (loss)	$ 7.7	$ (31.8)	$ (24.1)	$ (54.4)	$ (68.2)	$ (91.7)	$ (56.8)	$ (46.2)
Interest expense, net	45.4	10.9	56.3	107.0	108.1	112.3	81.3	100.0
Income tax provision (benefit)	9.9	(4.8)	5.1	(4.8)	(12.5)	(16.3)	(9.8)	(1.6)
Depreciation and amortization	61.6	10.6	72.2	74.7	46.3	52.4	37.6	60.4
EBITDA	$ 124.6	$ (15.1)	$ 109.5	$ 122.5	$ 73.7	$ 56.7	$ 52.3	$ 112.6

(13) EBITDA, as defined above, contains the following non-cash charges and gains, each of which is described under "Management's Discussion and Analysis of Financial Condition and Results of Operations Factors Which Affect Our Results of Operations Special Charges":

($ in millions)	Predecessor	Successor or Rockwood						
	Period from January 1, 2000 through November 20, 2000	Period from November 21, 2000 through December 31, 2000	Year Ended December 31,				Nine Months Ended September 30,	
			2000	2001	2002	2003	2003	2004
Asset impairment	$	$	$	$	$ 50.0	$ 35.0	$	$
Inventory write-up reversal		8.8	8.8	9.0		0.1	0.1	34.7
Write-off of deferred debt issuance costs						38.3	36.9	2.8
Foreign exchange loss (gain)	2.6	16.7	19.3	(9.6)	24.6	18.5	19.1	35.3
	$ 2.6	$ 25.5	$ 28.1	$ (0.6)	$ 74.6	$ 91.9	$ 56.1	$ 72.8

(14) In addition to non-cash charges and gains, our EBITDA contains the following other special charges and gains, each of which is described under "Management's Discussion and Analysis of Financial Condition and Results of Operations Factors Which Affect Our Results of Operations Special Charges":

Predecessor	Successor or Rockwood		
Period from January 1, 2000	Period from November 21, 2000	Year Ended December 31,	Nine Months Ended September 30,

($ in millions)

	Predecessor through November 20, 2000	through December 31, 2000	Successor or Rockwood 2000	2001	2002	2003	2003	2004
Systems/organization establishment expenses	$	$ 3.7	$ 3.7	$ 2.6	$ 1.5	$ 1.6	$ 1.1	$ 2.5
Incentive plan expenses	9.4		9.4					
Stamp duty tax								4.0
Business interruption costs and insurance recovery				1.3	(2.2)	(4.5)	(4.5)	
Cancelled acquisition and disposition costs	0.9		0.9	1.2	0.3	1.9	1.7	0.1
Loss on receivables sold				1.2	1.3			
Loss from disposed businesses								0.8
Restructuring and related charges	5.1		5.1	9.7	1.2	1.9	1.3	0.1
Patent litigation expense	6.0	0.5	6.5					
Cancelled financing costs				2.5				1.4
Other	$ 21.4	$ 4.2	$ 25.6	$ 18.5	$ 2.1	$ 0.9	$ (0.4)	$ 8.9

(15) Working capital is defined as current assets less current liabilities.

(16) Excludes the current portion of long-term debt.

Dynamit Nobel Selected Financial Data

The selected financial data of Dynamit Nobel presented below for the years ended September 30, 2001 and 2002, and as of and for the three months ended December 31, 2002 and the year ended December 31, 2003 have been derived from Dynamit Nobel's audited combined financial statements included elsewhere in this prospectus. The selected financial data of Dynamit Nobel presented below for the six months ended June 30, 2003 and 2004 have been derived from Dynamit Nobel's unaudited combined financial statements included elsewhere in this prospectus.

In September 2002, Dynamit Nobel changed its fiscal year end from September 30 to December 31, which resulted in a short financial year from October 1, 2002 to December 31, 2002. In the opinion of our management, the unaudited financial statements have been prepared on a basis consistent with the audited financial statements and include all adjustments, which are normally recurring adjustments, necessary for a fair presentation of the results of operations for the periods presented. Results of operations for the interim periods are not necessarily indicative of the results that might be expected for any other interim period or for an entire year. The selected financial data presented below should be read together with Dynamit Nobel's combined financial statements and the notes to those statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations Dynamit Nobel" included elsewhere in this prospectus.

	Year Ended September 30,		Three Months Ended December 31,	Year Ended December 31,	Six Months Ended June 30,	
($ in millions)	**2001**	**2002**	**2002**	**2003**	**2003**	**2004**
Statement of operations data:						
Net sales	$ 1,446.5	$ 1,421.9	$ 336.9	$ 1,595.9	$ 800.0	$ 885.5
Cost of sales	(949.5)	(914.7)	(219.3)	(1,060.0)	(524.9)	(587.0)
Gross profit	497.0	507.2	117.6	535.9	275.1	298.5
Operating expenses(a)	(286.4)	(300.9)	(84.6)	(353.2)	(171.3)	(194.3)
Operating income	210.6	206.3	33.0	182.7	103.8	104.2
Other income, net(a)	4.9	3.8	2.2	5.8	0.8	0.5
Interest expense, net	(24.2)	(22.8)	(6.9)	(25.2)	(13.6)	(14.4)
Income before taxes and other adjustments	191.3	187.3	28.3	163.3	91.0	90.3
Income tax provision	94.1	80.4	11.8	61.7	34.2	32.1
Other adjustments(1)	1.3	3.4	0.3	(0.7)	1.1	
Net income	$ 98.5	$ 110.3	$ 16.8	$ 100.9	$ 57.9	$ 58.2
Cash flow data:						
Net cash provided by (used in) operating activities	$ 128.0	$ 142.1	$ 42.1	$ 267.0	$ 57.6	$ (18.2)
Net cash used in investing activities(2)	(60.3)	(62.5)	(23.8)	(102.7)	(9.0)	(45.0)
Net cash (used in) provided by financing activities(3)	(82.3)	(95.9)	(30.9)	(196.8)	(56.6)	71.7
Exchange-rate-related change in cash and cash equivalents	8.3	15.1	10.2	33.3	6.1	(6.9)
Net (decrease) increase in cash and cash equivalents	$ (6.3)	$ (1.2)	$ (2.4)	$ 0.8	$ (1.9)	$ 1.6
Other financial data:						
Depreciation and amortization	$ 103.3	$ 83.1	$ 21.1	$ 94.6	$ 45.7	$ 52.0
Capital expenditures	125.1	112.0	26.3	122.0	39.4	58.2
EBITDA(4)	320.1	295.8	56.6	282.7	151.7	156.7
Non-cash charges and gains included in EBITDA(5)	(2.7)	(3.4)	(1.6)	(2.4)	(6.0)	(1.1)
Other special charges and gains included in EBITDA(6)	(58.2)	(20.4)	2.6	31.8	8.3	2.7

($ in millions)	As of September 30, 2001	As of September 30, 2002	As of December 31, 2002	As of December 31, 2003	As of June 30, 2004
Balance sheet data:					
Cash and cash equivalents	$ 10.7	$ 9.5	$ 7.0	$ 7.8	$ 9.5
Working capital(7)	(67.9)	(139.6)	(56.2)	(103.6)	(153.2)
Property, plant and equipment	663.3	723.9	766.2	918.2	886.2
Total assets	1,596.7	1,732.5	2,144.7	2,431.6	2,430.7
Long-term debt(8)	137.9	94.1	201.6	231.6	203.3
Investment by mg technologies ag	599.8	602.6	966.3	1,036.7	1,037.8

(a) Certain amounts have been reclassified to conform to Rockwood's historical presentation.

(1) Other adjustments include earnings (loss) from discontinued operations, cumulative effects from changes in accounting principles and minority interest.

(2) Net cash used in investing activities primarily represents capital expenditures, net of proceeds from dispositions of businesses and fixed assets.

(3) Net cash used in financing activities primarily represents net changes in external debt and the net change in inter-company balances with Dynamit Nobel's former parent, mg technologies ag.

(4) EBITDA is defined as net income plus interest expense, net, income tax provision (benefit) and depreciation and amortization. Our management believes EBITDA is not a recognized term under U.S. GAAP and does not purport to be an alternative to net (loss) income as an indicator of operating performance or to cash flows from operating activities as a measure of liquidity. Additionally, EBITDA is not intended to be a measure of free cash flow for management's discretionary use, as it does not consider certain cash requirements such as interest payments, tax payments and debt service requirements.

The amounts shown for EBITDA in this prospectus differ from the amounts calculated under the definition of EBITDA used in our debt agreements. The definition of EBITDA used in our debt agreements permits further adjustments for certain cash and non-cash charges and gains; the indentures governing the 2011 notes and 2014 notes exclude certain adjustments permitted under the senior secured credit agreement. EBITDA as adjusted is used in our debt agreements to determine compliance with financial covenants and our ability to engage in certain activities, such as incurring additional debt and making certain payments. In addition to covenant compliance, our management also uses EBITDA as adjusted to assess our operating performance and to calculate performance-based cash bonuses and determine whether certain performance-based stock options vest, as both such bonuses and options are tied to EBITDA as adjusted targets. For a discussion of the adjustments, uses and the limitations on the use of EBITDA as adjusted, see "Management's Discussion and Analysis of Financial Condition and Results of Operations Special Note Regarding Non-GAAP Financial Measures."

The following table presents a reconciliation of Dynamit Nobel's net income to EBITDA:

($ in millions)	Year Ended September 30, 2001	Year Ended September 30, 2002	Three Months Ended December 31, 2002	Year Ended December 31, 2003	Six Months Ended June 30, 2003	Six Months Ended June 30, 2004
Net income	$ 98.5	$ 110.3	$ 16.8	$ 100.9	$ 57.9	$ 58.2
Interest expense, net	24.2	22.8	6.9	25.2	13.6	14.4
Income tax provision	94.1	80.4	11.9	61.7	34.2	32.1
Depreciation and amortization	103.3	83.1	21.1	94.6	45.7	52.0
EBITDA	320.1	296.6	56.7	282.4	151.4	156.7

	Year Ended September 30,		Three Months Ended December 31, 2002		Six Months Ended June 30,	
Minority interest		(0.8)	(0.1)	0.3	0.3	
EBITDA (before minority interest)	$ 320.1	$ 295.8	$ 56.6	$ 282.7	$ 151.7	$ 156.7

(5)

EBITDA, as defined above, contains the following non-cash charges and gains, which are described under "Management's Discussion and Analysis of Financial Condition and Results of Operations Factors Which Affect Our Results of Operations Special Charges":

($ in millions)	Year Ended September 30, 2001	Year Ended September 30, 2002	Three Months Ended December 31, 2002	Year Ended December 31, 2003	Six Months Ended June 30, 2003	Six Months Ended June 30, 2004
Earnings from discontinued operations	$ (1.3)	$ (2.6)	$ (0.2)	$ (1.4)	$ (1.4)	$
Cumulative effect of change in accounting principle				1.8		
Foreign exchange loss (gain)	(1.4)	(0.8)	(1.4)	(2.8)	(4.6)	(1.1)
	$ (2.7)	$ (3.4)	$ (1.6)	$ (2.4)	$ (6.0)	$ (1.1)

(6)

In addition to non-cash charges and gains, our EBITDA contains the following other special charges and gains, which are described on "Management's Discussion and Analysis of Financial Condition and Results of Operations Factors Which Affect Our Results of Operations Special Charges":

($ in millions)	Year Ended September 30, 2001	Year Ended September 30, 2002	Three Months Ended December 31, 2002	Year Ended December 31, 2003	Six Months Ended June 30, 2003	Six Months Ended June 30, 2004
Adjustment related to divested businesses	$ (60.3)	$ (21.8)	$	$ 4.6	$ 0.5	$
Restructuring and closure charges	2.4	3.3	2.6	14.6	2.2	0.4
Non-recurring charges	(0.3)	(1.9)		12.6	5.6	2.3
	$ (58.2)	$ (20.4)	$ 2.6	$ 31.8	$ 8.3	$ 2.7

(7)

Working capital is defined as current assets less current liabilities.

(8)

Excludes the current portion of long-term debt.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations covers periods prior and subsequent to the Dynamit Nobel acquisition consummated on July 31, 2004. We also provide a discussion of Dynamit Nobel's historical results of operations separately under " Dynamit Nobel." In connection with the Dynamit Nobel acquisition, we entered into new financing arrangements and significantly altered our capital structure. The historical financial information of Rockwood during the periods prior to the Dynamit Nobel acquisition included in this prospectus does not reflect the significant impact the Dynamit Nobel acquisition has had and will have on us. The results of operations of Dynamit Nobel for the t