

Nalco Holding CO  
Form DEF 14A  
March 15, 2010  
**Table of Contents**

***NALCO HOLDING COMPANY***

***FORM PROXY STATEMENT***

**SCHEDULE 14A INFORMATION**

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

Filed by the Registrant

x

Filed by a Party other than the Registrant

..

Check the appropriate box:

.. Preliminary Proxy Statement

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

x Definitive Proxy Statement

.. Definitive Additional Materials

.. Soliciting Material Pursuant to §240.14a-12

**NALCO HOLDING COMPANY**

(Name of Registrant as Specified In Its Charter)

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(1) Amount Previously Paid:

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

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(4) Date Filed:

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**Table of Contents**

**NALCO HOLDING COMPANY**

**1601 W. Diehl Road**

**Naperville, IL 60563-1198**

March 19, 2010

Dear Fellow Shareholders:

On behalf of your Board of Directors, we are pleased to invite you to attend the 2010 Annual Meeting of Shareholders of NALCO HOLDING COMPANY. The meeting will be held on Friday, April 30, 2010, at 9:00 a.m., local time, in the Nalco Company Corporate Offices at 1601 W. Diehl Road in Naperville, Illinois, USA.

At this meeting, you will be asked to:

- (1) Elect three (3) Class III Directors;
- (2) Ratify the Audit Committee's selection of an Independent Registered Public Accounting Firm to audit Nalco Holding Company's financial statements for 2010; and
- (3) Transact any other business properly brought before the meeting.

The enclosed notice and proxy statement contain details about the business to be conducted at the meeting. You may also read the notice and proxy statement on Nalco Holding Company's Web site at [www.nalco.com/proxy](http://www.nalco.com/proxy).

To assure that your shares are represented at the meeting, we urge you to mark your choices on the enclosed proxy card, sign and date the card and return it promptly in the envelope provided or to use one of the other voting options described herein. If you are able to attend the meeting and wish to vote your shares personally, you may do so at any time before the proxy is voted at the meeting.

Sincerely,

J. Erik Fyrwald

*Chairman, President and Chief Executive*

*Officer*

**Table of Contents**

**NALCO HOLDING COMPANY**

**1601 W. Diehl Road**

**Naperville, IL 60563-1198**

**Notice of the Annual Meeting of Shareholders**

**Time:** 9:00 a.m. on Friday, April 30, 2010

**Place:** Nalco Holding Company  
Nalco Company Corporate Offices  
1601 W. Diehl Road  
Naperville, IL 60563-1198

**Items of Business:**

- (1) To elect three (3) Class III Directors to serve until the 2013 Annual Meeting and until their successors are elected and qualified.
- (2) To ratify the Audit Committee's selection of PricewaterhouseCoopers LLP as Nalco Holding Company's Independent Registered Public Accounting Firm for the fiscal year ending December 31, 2010.
- (3) To transact such other business as may properly come before the meeting.

**Who Can Vote:** You can vote if you were a shareholder of record as of the close of business on March 8, 2010.

**Annual Report:** A copy of Nalco Holding Company's 2009 Annual Report is enclosed.

**Date of Posting and Mailing:** This notice and the proxy statement are first being mailed to shareholders on or about March 19, 2010. This notice, the Company's 2009 Annual Report and this proxy statement were posted in an easily readable and printable format on the Nalco Company Web site, [www.nalco.com/proxy](http://www.nalco.com/proxy), on or about March 19, 2010.

By Order of the Board of Directors of Nalco

Holding Company

Stephen N. Landsman

Secretary

**YOUR VOTE IS IMPORTANT**

It is important that your shares are represented and voted at the Annual Meeting. Whether or not you plan to attend the meeting, please provide your proxy by marking, dating and signing the enclosed proxy card and returning it promptly in the enclosed envelope. Please read the accompanying proxy statement and the voting instructions printed on your proxy card for details about voting procedures. If you are able to attend the meeting and wish to vote your shares personally, you may do so at any time before the polls close at the meeting.

**Table of Contents**

**TABLE OF CONTENTS**

	<b>Page</b>
<u>GENERAL INFORMATION ABOUT THE MEETING</u>	1
<u>GOVERNANCE OF THE COMPANY</u>	5
<u>PROPOSALS TO BE VOTED UPON:</u>	15
<u>ITEM 1: ELECTION OF DIRECTORS</u>	15
<u>ITEM 2: RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	19
<u>STOCK OWNERSHIP INFORMATION</u>	21
<u>NAMED EXECUTIVE OFFICERS</u>	22
<u>COMPENSATION DISCUSSION AND ANALYSIS</u>	23
<u>EXECUTIVE COMPENSATION TABLES</u>	38
<u>POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE-IN-CONTROL</u>	49
<u>EQUITY COMPENSATION PLAN INFORMATION</u>	57
<u>COMPENSATION COMMITTEE REPORT</u>	57
<u>AUDIT COMMITTEE REPORT</u>	58
<u>ADDITIONAL INFORMATION</u>	59
<u>OFFICERS OF THE COMPANY</u>	61
<u>Annex A: Charter of the Compensation Committee</u>	64

**Table of Contents**

**NALCO HOLDING COMPANY**

**1601 W. Diehl Road**

**Naperville, IL 60563-1198**

**PROXY STATEMENT**

**For The Annual Meeting of Shareholders To Be Held On**

**April 30, 2010**

The Board of Directors (the Board of Directors or the Board ) of Nalco Holding Company, a Delaware corporation ( Nalco or the Company ), is soliciting the enclosed proxy for use at the Annual Meeting of Shareholders of the Company to be held at 9:00 a.m. (Central Daylight Savings Time), on Friday, April 30, 2010, in the Nalco Company Corporate Offices at 1601 W. Diehl Road, Naperville, IL 60563-1198 USA. This proxy statement contains information about the matters to be voted on at the meeting and the voting process, as well as information about the Company's Directors, the Company's compensation practices and the Company's most highly paid executive officers.

**Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to be Held on April 30, 2010. The proxy statement and annual report are available at [www.nalco.com/proxy](http://www.nalco.com/proxy).**

**GENERAL INFORMATION ABOUT THE MEETING**

***What is the purpose of the annual meeting?***

At the annual meeting, shareholders will vote upon several important Company matters. In addition, management will report on the Company's performance over the last fiscal year and, following the meeting, respond to questions from shareholders.

***Why am I receiving these materials?***

The Board sent you this proxy statement and the enclosed proxy card because it is soliciting your proxy to vote your shares at the annual meeting. As a shareholder, you are invited to attend the meeting and are entitled to vote on the items of business described in this proxy statement.

***Who may attend the annual meeting?***

All shareholders of record as of March 8, 2010, or their duly appointed proxies, may attend the meeting. Seating is limited and admission is on a first-come, first-served basis. Please note that if you hold shares in a street name (that is, in a brokerage account or through a bank or other nominee), you will need to bring personal identification and a copy of a statement reflecting your share ownership as of March 8, 2010 and check in at the registration desk at the meeting.

***What am I voting on?***

You will be voting on the following two items of business at the annual meeting:

The election of three (3) Class III Directors to serve until the 2013 Annual Meeting of the Company's shareholders and until their successors are elected and qualified; and

The ratification of the Audit Committee's selection of PricewaterhouseCoopers LLP as the Company's Independent Registered Public Accounting Firm for the fiscal year ending December 31, 2010.

We will also consider other business that properly comes before the meeting.





## **Table of Contents**

### ***Who may vote?***

You may vote if you owned Nalco common stock as of the close of business on the record date, March 8, 2010. Each share of Nalco common stock is entitled to one vote. As of March 8, 2010, Nalco had 138,314,524 shares of common stock outstanding.

### ***How does the Board of Directors recommend that I vote?***

The Company's Board of Directors unanimously recommends that you vote your shares FOR each of the nominees named in this proxy statement for election to the Board and FOR the ratification of PricewaterhouseCoopers LLP as the Company's Independent Registered Public Accounting Firm.

### ***How do I vote before the meeting?***

*For Shares Registered Directly in the Name of the Shareholder.* Shareholders with shares registered directly in their name in the Company's stock records maintained by the Company's transfer agent, Computershare Trust Company, N.A., may vote their shares by mailing their signed proxy card. Specific instructions to be followed by registered shareholders are set forth on the enclosed proxy card.

*For Shares Registered in the Name of a Brokerage Firm or Bank.* Shareholders who hold shares in street name may vote by mail by completing, signing and returning the voting instruction form provided by their brokerage firms, banks or other nominees. In addition to voting by mail, a number of brokerage firms and banks are participating in a program provided through Broadridge that offers telephone and Internet voting options (as well as the option to receive future shareholder communications including proxy materials through the Internet and not through the mail). If your shares are held in an account with a brokerage firm or bank participating in the Broadridge Investor Communication Services program, you may vote those shares telephonically by calling the telephone number shown on the voting instruction form received from your brokerage firm or bank, or by accessing the Internet as described on the voting instruction form or through [www.nalco.com/proxy](http://www.nalco.com/proxy).

### ***May I vote confidentially?***

Your proxy will not be available for examination nor will your vote be disclosed prior to the tabulation of the final vote at the annual meeting except (i) to meet applicable legal requirements, (ii) to allow the independent election inspectors to count and certify the results of the vote or (iii) where there is a proxy solicitation in opposition to the Board of Directors, based upon an opposition proxy statement filed with the Securities and Exchange Commission (SEC). The independent election inspectors may at any time inform the Company whether or not a shareholder has voted. The Company will hold proxy cards and ballot cards after the election and they may not be held in confidence.

### ***Can I vote at the meeting?***

Shares registered directly in your name as the shareholder of record may be voted in person at the annual meeting. Shares held in street name may be voted in person only if you obtain a legal proxy from the broker or nominee that holds your shares giving you the right to vote the shares. Even if you plan to attend the meeting, you are encouraged to vote your shares by proxy. You may still vote your shares registered in your name in person at the meeting even if you have previously voted by proxy.

### ***Will I have any rights of appraisal or similar rights of dissenters?***

You will not have any rights of appraisal or similar rights of dissenters with respect to the matters to be acted upon at the meeting, regardless of whether you vote for or against the proposals.

## **Table of Contents**

### ***Can I change my mind after I vote?***

You may change your vote at any time before the polls close at the meeting. You may do this by:

signing another proxy card with a later date and returning it to the Company prior to the meeting;

giving written notice to the Secretary of the Company; or

voting again at the meeting.

Your attendance at the meeting will not have the effect of revoking a proxy unless you notify the Secretary of the Company in writing before the polls close that you wish to revoke a previous proxy.

### ***Who conducts the proxy solicitation and how much will it cost?***

The Company is asking for your proxy for the annual meeting and will pay all the costs of asking for shareholder proxies. The Company has hired Georgeson Shareholder Communications, Inc. to help the Company solicit proxies and collect information about shares registered in the name of brokerage firms or banks. Georgeson's fee for these proxy solicitation services is \$8,000 plus out-of-pocket expenses. The Company can ask for proxies through the mail or personally by telephone, fax or other means. The Company can use directors, officers and regular employees of the Company to ask for proxies. These employees do not receive additional compensation for these services. The Company will reimburse brokerage houses and other custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses for forwarding solicitation material to the beneficial owners of the Company's common stock.

### ***Who will count the votes?***

Representatives of Computershare Trust Company, N.A. will count the votes and will serve as the independent inspector of election.

### ***What if I return my proxy card but do not provide voting instructions?***

If you provide specific voting instructions, your shares will be voted as you instruct. If you sign and return a proxy card but do not specify how your shares are to be voted, the persons named as the Proxy Committee on the proxy card will vote your shares in accordance with the Board of Directors' recommendations. These recommendations are:

**FOR** the election of each of the nominees for director named in this proxy statement (Mr. Carl M. Casale, Mr. Rodney F. Chase and Ms. Mary M. VanDeWeghe); and

**FOR** the ratification of PricewaterhouseCoopers LLP as the Company's Independent Registered Public Accounting Firm for the fiscal year 2010.

### ***What does it mean if I receive more than one proxy card?***

It means that you have multiple accounts with brokers and/or the Company's transfer agent. Please vote all of these shares. It is recommended that you contact your broker and/or the Company's transfer agent to consolidate as many accounts as possible under the same name and address. The transfer agent is Computershare Trust Company, N.A., which may be contacted at [www.computershare.com](http://www.computershare.com).

### ***Will my shares be voted if I do not provide my proxy?***

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Your shares may be voted if they are held in the name of a brokerage firm, even if you do not provide the brokerage firm with voting instructions. Brokerage firms have the authority under the New York Stock Exchange rules to cast votes on certain routine matters if they do not receive instructions from their customers. Pursuant

## **Table of Contents**

to recent changes in New York Stock Exchange rules, the election of directors is not a routine matter. The proposal to ratify the selection of PricewaterhouseCoopers LLP as the Company's Independent Registered Public Accounting Firm for fiscal year 2010 is considered a routine matter for which brokerage firms may vote unvoted shares. When a proposal is not a routine matter and the brokerage firm has not received voting instructions from the beneficial owner of the shares with respect to that proposal, the brokerage firm cannot vote the shares on that proposal. This is called a broker non-vote.

### ***How can I attend the meeting?***

The annual meeting is open to all holders of Nalco common stock as of the close of business on March 8, 2010, or their duly appointed proxies. You will need proof of ownership of Nalco's common stock to enter the meeting. If you are a shareholder whose shares are registered in your own name, you may bring these materials as proof of ownership. If you plan to attend the meeting, please so indicate when you vote and bring the proof of ownership with you to the meeting. If your shares are held in the name of a bank, broker or other holder of record, you will need proof of ownership to be admitted to the meeting. A recent brokerage statement or letter from a bank or broker is an example of proof of ownership. Admittance to the annual meeting will be based upon availability of seating. All shareholders will be required to present valid photo identification. **IF YOU DO NOT HAVE VALID PHOTO IDENTIFICATION AND PROOF THAT YOU OWN NALCO COMMON STOCK, YOU MAY NOT BE ADMITTED INTO THE MEETING.**

### ***May shareholders ask questions?***

Yes. Representatives of the Company will answer shareholders' questions of general interest following the meeting. In order to give a greater number of shareholders an opportunity to ask questions, individuals or groups will be allowed to ask only one question and no follow-up questions or questions covering the same subject as a previously asked question (as determined by the Chairman of the Board of Directors) will be permitted.

### ***How many votes must be present to hold the meeting?***

In order for the Company to conduct its annual meeting, a majority of the issued and outstanding shares of Nalco common stock, as of March 8, 2010, must be present in person or represented by proxy at the meeting. This is referred to as a quorum. Abstentions and broker non-votes will be counted for purposes of establishing a quorum at the meeting. Your shares are counted as present at the meeting if you attend the meeting and vote in person or if you properly return a proxy by Internet, telephone or mail.

### ***How many votes are needed to elect directors?***

The three (3) nominees receiving the highest number of FOR votes will be elected as directors. By a policy described in the Company's Corporate Governance Guidelines, if any of the three nominees who is elected receives a greater number of WITHHOLD votes than FOR votes, such director shall submit his or her resignation (previously tendered on a conditional basis) for consideration by the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee shall recommend to the Board of Directors the action to be taken with respect to such resignation, and the Board of Directors may accept that resignation or may reject that resignation (if the Director is willing to continue his or her service on the Board of Directors).

You may vote FOR all of the nominees or you may vote WITHHOLD FROM ALL NOMINEES or withhold from particular nominees. Unless you mark WITHHOLD FROM ALL NOMINEES or withhold from particular nominees, your proxy will be voted FOR each of the Director nominees named in this proxy statement. There is no cumulative voting permitted for the director election. Proxies cannot be voted for a greater number of persons than the three nominees named in this Proxy Statement.

## **Table of Contents**

### ***How many votes are needed to approve the other proposals?***

Each of the Company's proposals will be considered separately. The ratification of PricewaterhouseCoopers LLP as the Company's Independent Registered Public Accounting Firm must receive the FOR vote of a majority of the shares present in person or represented by proxy and entitled to vote at the meeting. For this item, you may vote FOR, AGAINST or ABSTAIN. Abstentions will be counted as shares present and entitled to vote at the meeting. Accordingly, abstentions will have the same effect as a vote AGAINST the proposal. Broker non-votes will not be counted as shares present and entitled to vote with respect to the particular matter on which the broker has not voted. Thus, broker non-votes will not affect the outcome of any of the matters to be voted on at the meeting.

### ***What if other matters are presented for consideration at the annual meeting?***

As of the date of this Proxy Statement, management knows of no matters that will be presented for consideration at the meeting other than those matters discussed in this Proxy Statement. If any other matters properly come before the meeting and call for a vote of shareholders, validly executed proxies in the enclosed form returned to the Company will be voted in accordance with the recommendation of the Board of Directors, or, in the absence of such a recommendation, in accordance with the judgment of the proxy holders.

### ***What is the Board member annual meeting attendance policy?***

Each Board member is expected to attend the Company's annual meeting. All of the Company's Directors attended the annual meeting of shareholders in 2009.

## **GOVERNANCE OF THE COMPANY**

The business and affairs of the Company are managed under the direction of the Board of Directors. The Board believes that good corporate governance is a critical factor in achieving business success and in fulfilling the Board's responsibilities to shareholders. The Board believes that its corporate governance practices align management and shareholder interests. Highlights of the Company's corporate governance practices are described below.

### ***What is the composition of the Board of Directors and how often are members elected?***

The Board of Directors presently consists of eight members divided into three classes. The Class I directors are Douglas A. Pertz and Daniel S. Sanders (the Class I Directors); the Class II Directors are J. Erik Fyrwald, Richard B. Marchese, and Paul J. Norris (the Class II Directors); and the Class III Directors are Carl M. Casale, Rodney F. Chase and Mary M. VanDeWeghe (the Class III Directors).

The Board of Directors elected Ms. Mary M. VanDeWeghe as a Director of the Company, effective as of July 16, 2009. Ms. VanDeWeghe was placed in Class III.

The terms of the Class III Directors, Mr. Casale, Mr. Chase and Ms. VanDeWeghe, expire on the date of this year's annual meeting, April 30, 2010. Mr. Casale, Mr. Chase and Ms. VanDeWeghe are standing for election at this annual meeting. The terms of the Class I Directors, Mr. Pertz and Mr. Sanders, will expire on the date of the 2011 annual meeting and the terms of the Class II Directors, Mr. Fyrwald, Mr. Marchese and Mr. Norris, will expire on the date of the 2012 annual meeting.

### ***What is the Board's Leadership Structure?***

The Nominating and Corporate Governance Committee and the Board periodically review the leadership structure of the Board. The Board does not have a policy mandating the separation of the role of Chief Executive Officer and Chairman of the Board. Currently the positions of Chairman of the Board and Chief Executive

## **Table of Contents**

Officer of the Company are combined. The Board believes that the Chief Executive Officer's position permits him the best opportunity to identify strategic, operational and functional issues for the Board and, because of this, believes the Chief Executive Officer is in the best position to set the initial agenda for Board meetings and discussions. Further, the combined position, in conjunction with the Lead Director, helps the facilitation of information exchange between management and the Board.

The Board continues to believe that the Company's current leadership structure and Board composition protect stockholder interests and provides sufficient independent oversight, while also providing leadership and direction for the Board and executive management. Other than the Chairman of the Board, all other Directors are independent under NYSE and SEC rules. As a result, each committee of the Board is chaired by an independent Director who, in consultation with committee members, sets meeting agendas and determines the frequency and length of committee meetings. The independent Directors, through the committees of the Board, oversee important matters such as the integrity of our financial statements, the evaluation and compensation of executive management, the selection and evaluation of directors, and the development and implementation of corporate governance programs. Each independent Director has the ability to add items to the agenda for Board meetings or raise subjects for discussion that are not on the agenda for that meeting. In addition, the Board and each Board committee has complete and open access to any member of management and the authority to retain independent legal, financial and other advisors as they deem appropriate.

In addition, the Company has a Lead Director who chairs executive sessions of the Board. The Lead Director is elected by majority vote of the Company's independent Directors after recommendation by the Nominating and Corporate Governance Committee. The Lead Director calls meetings of the Directors, works with the Chairman on meeting schedules and agendas, acts as a liaison between the Chairman and the Board, leads the Board's review of the Chairman and is available to receive shareholder communications. Mr. Chase was our Lead Director and led the executive sessions of the Board during 2009.

The Board believes that its composition and the roles that independent Directors perform, provide effective corporate governance at the Board level and independent oversight of both the Board and our management. The Board also believes that stockholders have been and continue to be well served by having Mr. Fyrwald serve as our Chairman of the Board. The current leadership model, when combined with the functioning of the independent Directors and our overall corporate governance structure, strikes an appropriate balance between strong and consistent leadership and independent oversight of our business and affairs.

### ***How often did the Board meet in fiscal 2009?***

The Board of Directors met seven times, the Audit Committee met ten times, the Compensation Committee met seven times, the Nominating and Corporate Governance Committee met four times and the Safety, Health & Environment Committee met four times during 2009. Each of the Company's Directors attended 75% or more of the meetings of the Board and the Committees of which he or she was a member (held during the period he or she served as a director).

### ***What is the Board's involvement in risk oversight?***

The Company continues to develop its Enterprise Risk Management Program (the Program) and under this Program, the Company's management identifies risks most relevant to the Company. The Board is developing a program to oversee the Company's management of risk, including a periodic review of the Program. The Program is coordinated by the Company's internal auditor, who reports directly to the Board.

**Table of Contents*****What are the committees of the Board?***

The Board of Directors has standing Audit, Compensation, Nominating and Corporate Governance and Safety, Health and Environment Committees. The charters for the Committees are available on the Company's Web site at [www.nalco.com](http://www.nalco.com).

Name of Committee and Members	Functions of the Committee	Number of Meetings in 2009
<b>Audit:</b>  Mr. Richard B. Marchese	hire or terminate an Independent Registered Public Accounting Firm ( independent auditor ), approve the overall scope of the audit and approve any work performed by such auditor unrelated to the Company's annual audit	10
Audit Committee Financial Expert and Chairman, Mr. Rodney F. Chase	review and discuss financial information prior to it being filed with the SEC	
Mr. Douglas A. Pertz Ms. Mary M. VanDeWeghe (Ms. VanDeWeghe joined the Committee on August 6, 2009)	<p>assist the Board in monitoring the integrity of the Company's financial statements, the independent auditor's qualifications and independence, the performance of the independent auditors, the Company's internal audit function and compliance with legal and regulatory requirements</p> <p>annually review an independent auditor's report describing the auditing firm's internal quality-control procedures, and any material issues raised by the most recent internal quality control review, or peer review, of the auditing firm</p> <p>discuss the annual audited financial and quarterly statements with management and the independent auditor</p> <p>discuss earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies</p> <p>discuss policies with respect to risk assessment and risk management</p> <p>meet separately and, periodically with management, internal auditors and independent auditor</p> <p>review with the independent auditor any audit problems or difficulties with managements responses</p> <p>set clear hiring policies for employees or former employees of the independent auditors</p> <p>annually review the adequacy of the audit committee's written charter</p> <p>handle such other matters as delegated to the audit committee by the Board of Directors</p> <p>report regularly to the full Board of Directors</p> <p>evaluate the performance of the audit committee</p>	

The Audit Committee operates under a written charter adopted by the Board of Directors, which is available through the Company's Web site at [www.nalco.com](http://www.nalco.com).

The Board of Directors has determined that Mr. Marchese, Mr. Chase, Mr. Pertz and Ms. VanDeWeghe are independent within the meaning of applicable SEC regulations, including Item 407(a) of Regulation S-K, and the listing standards of the NYSE and that Mr. Marchese is qualified as an audit committee financial expert within the meaning of Section 407 of the Sarbanes-Oxley Act and applicable SEC regulations. The Board has also determined that each member of the Audit Committee is financially literate within the meaning of the NYSE listing standards. Mr. Marchese's and Mr. Chase's service on the audit committees of three other companies has been determined by the Board not to impair their respective abilities to serve on the Company's Audit Committee.

**Table of Contents**

Name of Committee and Members	Functions of the Committee	Number of Meetings in 2009
<b>Compensation:</b>	review key employee compensation policies, plans and programs	7
Mr. Douglas A. Pertz, Chairman,	review and approve the compensation of the Company's chief executive officer and other executive officers and individuals reporting to the chief executive officer	
Mr. Paul J. Norris	develop and recommend to the Board of Directors compensation for the Board members	
Mr. Daniel S. Sanders	review and approve employment contracts and other similar arrangements with executive officers	
(Mr. Norris joined the Committee on February 12, 2009)	review and consult with the chief executive officer on the selection of officers and evaluation of executive performance and other matters	
	review administration of stock plans and other incentive compensation plans	
	oversee compliance with any applicable compensation reporting requirements of the SEC	
	approve the appointment and removal of trustees and investment managers for pension fund assets	
	retain consultants to advise the committee on executive compensation practices and policies	
	handle other matters that are delegated to the committee by the Board of Directors	

The Compensation Committee operates under a written charter adopted by the Board of Directors which is available through the Company's Web site at [www.nalco.com](http://www.nalco.com) and is attached to this Proxy Statement as [Annex A](#).

The Board of Directors has determined that Mr. Pertz, Mr. Norris and Mr. Sanders are independent within the meaning of applicable SEC regulations, including Item 407(a) of Regulation S-K, and the listing standards of the NYSE.

Name of Committee and Members	Functions of the Committee	Number of Meetings in 2009
<b>Nominating and Corporate Governance:</b>	develop and recommend criteria for selecting new directors	4
Mr. Rodney F. Chase,	screen and recommend to the Board of Directors individuals qualified to become executive officers	
Chairman,	oversee evaluations of the Board of Directors, and its members and committees of the Board of Directors	
Mr. Carl M. Casale	receive and evaluate communications from shareholders directed to the Board and non-management members of the Board	
Mr. Richard B. Marchese	develop and recommend to the Board a set of corporate governance principles	
Ms. Mary M. VanDeWeghe	handle such other matters that are specifically delegated to the nominating and corporate governance committee by the Board of Directors	
(Mr. Casale joined the Committee on February 12, 2009;		
Ms. VanDeWeghe joined the Committee on August 6, 2009)		



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The Nominating and Corporate Governance Committee operates under a written charter adopted by the Board of Directors which is available through the Company's Web site at [www.nalco.com](http://www.nalco.com).

**Table of Contents**

The Nominating and Corporate Governance Committee has put in place a peer evaluation program for all Directors whereby the Chairman of the Committee is to conduct interviews of each of the members of the Board of Directors to assess the strengths and weaknesses of individual Board members and then summarize these interviews in a report back to the Board.

The Board of Directors has determined that Mr. Chase, Mr. Casale, Mr. Marchese and Ms. VanDeWeghe are independent within the meaning of applicable SEC regulations, including Item 407(a) of Regulation S-K, and the listing standards of the NYSE.

<b>Name of Committee and Members</b>	<b>Functions of the Committee</b>	<b>Number of Meetings in 2009</b>
<p><b>Safety, Health and Environment:</b></p> <p>Mr. Daniel S. Sanders, Chairman,</p> <p>Mr. Carl M. Casale</p> <p>Mr. Paul J. Norris</p> <p>(Mr. Casale and Mr. Norris joined the Committee on February 12, 2009)</p> <p>The Safety, Health and Environment Committee operates under a written charter adopted by the Board of Directors which is available through the Company's Web site at <a href="http://www.nalco.com">www.nalco.com</a>.</p>	<p>oversee, review and receive updates at each meeting of SHE policies, programs and practices, SHE risks, SHE statistics, pending SHE matters, and industry best practices</p> <p>oversee and review regulatory, environmental, and health and safety trends, issues and concerns which affect or could affect SHE practices, including overall environmental compliance, clean-up and remediation efforts</p> <p>report to the Board regularly concerning implementation of policies and assist the Board in assuring compliance with and implementation of these policies to improve SHE practices, or to further the interests of employees, customers, shareholders, or neighboring communities</p>	<p>4</p>

***How does the Board select nominees for the Board?***

The Board of Directors and Nominating and Corporate Governance Committee consider candidates for Board membership suggested by the Board or Nominating and Corporate Governance Committee members, consistent with the limits of its Amended and Restated Articles of Incorporation and Amended and Restated Bylaws, the Company's Corporate Governance Guidelines (the Guidelines) and charter of the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee's charter provides that it may retain a third-party executive search firm to identify candidates from time to time. The Committee retained Spencer Stuart, an executive search firm, to assist with its search for candidates for Board members. Spencer Stuart assisted in the search for Ms. VanDeWeghe.

The Board's and Nominating and Corporate Governance Committee's assessment of a proposed candidate will include considerations of diversity in the Board's composition including a review of, among other things, the person's integrity, experience, specialized expertise in the industry, independence, understanding of issues affecting the Company, time availability, and such other factors as the Board and Nominating and Corporate Governance Committee determine are relevant in light of the needs of the Board of Directors. The Committee also considers the current composition of the Board, the balance of management and independent directors, the need for Audit Committee expertise and the evaluations of other prospective nominees. For a shareholder to submit a candidate for consideration by the Nominating and Corporate Governance Committee, a shareholder must notify Nalco's Corporate Secretary at the Nalco Company offices at 1601 W. Diehl Road, Naperville, IL 60563-1198 pursuant to the Company's Bylaws and subject to applicable requirements of the federal securities laws and regulations. Such shareholder's notice will include the following information:

the name and address of the recommending shareholder(s), and the class and number of shares of the Company's common stock that are beneficially owned by the recommending shareholder(s),



**Table of Contents**

the name, age, business address and principal occupation and employment of the recommended nominee,

any information relevant to a determination of whether the recommended nominee meets the criteria for Board of Directors membership established by the Board of Directors and/or the Nominating and Corporate Governance Committee,

any information regarding the recommended nominee relevant to a determination of whether the recommended nominee would be considered independent under the applicable New York Stock Exchange rules,

all other information relating to the recommended nominee that is required to be disclosed in solicitations for proxies in an election of directors pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended, including, without limitation, information regarding (1) the recommended nominee's business experience over the past five years, (2) the class and number of the Company's shares, if any, that are beneficially owned by the recommended nominee and (3) material relationships or transactions, if any, between the recommended nominee and the Company or management,

a description of any business or personal relationships between the recommended nominee and the recommending shareholder(s),

a statement, signed by the recommended nominee, (1) verifying the accuracy of the biographical and other information about the nominee that is submitted with the recommendation and (2) affirming the recommended nominee's willingness to be a director, and

if the recommending shareholder(s) has beneficially owned more than 5% of the Company's voting stock for at least one year as of the date the recommendation is made, evidence of such beneficial ownership as specified in the rules and regulations of the SEC.

The Nominating and Corporate Governance Committee would consider individuals recommended by shareholders in the same manner and to the same extent as it considers director nominees identified by other means. The Chairman of the Nominating and Corporate Governance Committee would make exploratory contacts with those nominees whose skills, experiences, qualifications and personal attributes satisfy those that the Nominating and Corporate Governance Committee believes are important for a nominee to possess, including but not limited to attributes that will contribute to the diversity of the Board, as described above. Then, an opportunity would be arranged for the members of the Nominating and Corporate Governance Committee, or as many members as can do so, to meet the potential nominees. The Nominating and Corporate Governance Committee would then select a nominee to recommend to the Board of Directors for consideration and appointment. The Board and Nominating and Corporate Governance Committee have not received director nominations from any shareholders outside the Board or Nominating and Corporate Governance Committee.

***How does the Nominating and Corporate Governance Committee consider diversity in selecting Directors?***

The Board seeks a diverse group of candidates who possess the background, skills and expertise to make a significant contribution to the Board, to the Company and its subsidiaries. Selection of an individual reflects demonstrated experience in an area helpful to the Board, including: high level leadership experience in business or administrative activities; specialized expertise in the industry; breadth of knowledge about issues affecting the Company and its subsidiaries; and the ability and willingness to contribute special competencies to Board activities. The Nominating and Corporate Governance Committee also considers personal attributes including: personal integrity; loyalty to the Company and concern for its success and welfare and willingness to apply sound independent business judgment; awareness of a director's vital role in the Company's and its subsidiaries' good corporate citizenship and corporate image; time available for meetings and consultation on Company matters; and a willingness to assume fiduciary responsibilities.

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## **Table of Contents**

Qualified candidates for membership on the Board will be considered without regard to race, color, religion, sex, ancestry, sexual orientation, gender identity, national origin or personal disability. Annually, the Nominating and Corporate Governance Committee will review the qualifications and backgrounds of the Directors, as well as the overall composition of the Board, and recommend to the full Board the class slate of Directors to be recommended for nomination for election at the annual meeting of the shareholders. This annual review includes an assessment of the Board's effectiveness in implementing criteria and objectives for Board diversity.

### ***How does the Board determine which directors are considered independent?***

The Board reviewed each of Mr. Casale, Mr. Chase, Mr. Marchese, Mr. Norris, Mr. Pertz, Mr. Sanders and Ms. VanDeWeghe against the Guidelines adopted by the Board and the independence requirements of the SEC, including Item 407(a) of Regulation S-K, and the NYSE to determine independence. The definition of independence that the Company uses in determining if a member of the Board of Directors is independent is set forth in the listing standards of the NYSE including Section 303A.02. The Board has not adopted any independence standards that are stricter than those under the SEC and NYSE standards.

Pursuant to the Guidelines, director independence is reviewed periodically, based on questionnaires completed by each of the Directors. During this review, transactions and relationships between each Director or any member of his or her immediate family and the Company and its subsidiaries and affiliates are considered. As provided in the Guidelines, the purpose of this review is to determine whether any such relationships or transactions are inconsistent with the initial determination that the Director is independent.

As a result of the Board's initial review of the Directors' independence and the questionnaires, Mr. Casale, Mr. Chase, Mr. Marchese, Mr. Norris, Mr. Pertz, Mr. Sanders and Ms. VanDeWeghe are independent of the Company and its management. Mr. Sanders retired from ExxonMobil Corporation, a Nalco Company customer, in August 2004, prior to his joining the Board in January 2005. Mr. Sanders' retirement income from ExxonMobil Corporation is not contingent on any continued service or consulting agreement with ExxonMobil Corporation and his former employment with ExxonMobil does not impact his independence on the Board. Mr. Casale is Executive Vice President and Chief Financial Officer for Monsanto Company, a Nalco Company customer; the value of transactions between the Company and Monsanto does not impact Mr. Casale's independence. Mr. Chase retired from BP, a Nalco Company customer, in April 2003, prior to his joining the Board in May 2005. Mr. Chase is Non-Executive Chairman of PetroFac Limited, a Nalco Company customer. Mr. Chase's retirement income from BP is not contingent on any continued service or consulting agreement with BP and his former employment with BP, and his position as Non-Executive Chairman of PetroFac, do not impact his independence on the Board. Mr. Marchese retired from Georgia Gulf Corporation, a Nalco Company customer, at the end of 2003, prior to his joining the Board in May 2005. Mr. Marchese is also Director of Quality Distribution Incorporated, a Nalco Company customer. Mr. Marchese's retirement income from Georgia Gulf Corporation is not contingent on any continued service or consulting arrangement with Georgia Gulf Corporation and his former employment with Georgia Gulf Corporation, and his position as Director of Quality Distribution Incorporated, do not impact his independence on the Board. Mr. Norris was former Chairman, non-executive Chairman and CEO of W.R. Grace and Company and retired from the W.R. Grace board in February 2009. Mr. Norris' retirement income from W.R. Grace is not contingent on any continuing service or consulting arrangement with W.R. Grace and his former employment agreement with W.R. Grace does not impact his independence on the Board. Similarly, Mr. Pertz has no relationships or transactions that would impact his independence. Ms. VanDeWeghe is a former executive or employee of Lockheed Martin, Forte Consulting, Inc. and JP Morgan. Lockheed Martin is a customer of Nalco. JP Morgan has provided financial services to Nalco. Ms. VanDeWeghe's former employment with Lockheed Martin, Forte Consulting, Inc. and JP Morgan does not impact her independence on the Board.

Mr. Casale, Mr. Norris, Mr. Pertz, Mr. Sanders and Ms. VanDeWeghe do not serve on the audit committees of more than three public companies. Mr. Marchese and Mr. Chase serve on the audit committees of three companies in addition to the Audit Committee of the Company. The Board of Directors has determined that such

**Table of Contents**

simultaneous service does not impair the ability of either Mr. Marchese or Mr. Chase to effectively serve on the Company's Audit Committee. Mr. Fyrwald is not considered an independent director because of his employment as President and Chief Executive Officer of the Company.

*Are there any other material business relationships with entities associated with any of the Company's Directors or Executive Officers or any other related persons?*

The Blackstone Group, L.P., Apollo Management L.P. and Goldman Sachs & Co. (each a Sponsor and collectively the Sponsors) purchased a predecessor of our Company in 2003 through a holding company, Nalco LLC. The Sponsors sold a portion of the direct and contingent interests in Nalco LLC to certain members of our executive management in June 2004 as part of an equity incentive compensation program (the Nalco LLC 2004 Unit Plan), described more fully at page 32. In February 2007, the Sponsors sold their remaining direct and indirect interests in the Company. The agreements between the Company (and its affiliates) and Nalco LLC and the agreements between certain of our executive management members and Nalco LLC are described below. The Sponsors have no management rights in the Company or its affiliates.

**a. Nalco LLC Limited Liability Company Operating Agreement**

Bradley J. Bell, David Johnson and certain other members of management previously owned capital stock in the Company through Nalco LLC. The limited liability company operating agreement of Nalco LLC (the Operating Agreement) provides: (1) for the governance of Nalco LLC, (2) specific rights to the holders of Nalco LLC's limited liability company interests, such as tag-along and drag-along rights and (3) specific rights with respect to certain sales of capital stock of the Company, and its material subsidiaries, such as transfer restrictions and registration rights.

All significant decisions involving Nalco LLC and any voting or other rights to be exercised in respect of its direct or indirect subsidiaries require the approval of the board of directors of Nalco LLC. Mr. Marchese, Bradley J. Bell and Stephen N. Landsman have been appointed as board members and officers of Nalco LLC.

**b. Management Members Agreements**

Pursuant to management members agreements Nalco LLC entered into with Bradley J. Bell, David Johnson and certain members of the Company's management, each management unitholder in Nalco LLC was granted the right to put his/her class A units in Nalco LLC, as well as his/her class B units, class C units and class D units in Nalco LLC, if any, after they had vested (the vested units), to Nalco LLC in exchange for shares of the Company's common stock. Following the date that was the later of the date on which any applicable lock-up period terminates and the date that was six months and one day after (i) the date when the units were purchased (in the case of class A units) or (ii) the date on which the units vested (in the case of class B units, class C units and class D units), the unitholder was entitled to sell, and Nalco LLC was required to repurchase, all or a portion of such unitholder's class A units and vested units. Nalco LLC was then required to repurchase such units by delivering shares of the Company's common stock to the unitholder. The price required to be paid by Nalco LLC for the class A units and vested units was the fair market value of such units as of the date the put right was exercised by the unitholder. The put right was subject to certain limitations on its exercise, as described in the definitive documents.

As of the date of this Proxy Statement, the Company's management members have exercised all remaining put rights under the management member agreements. The Company has, upon request of such management members, registered all of the shares of the Company that were exchanged for such units. Following is a list of management members who elected to put vested units to the Company in exchange for shares of the Company's common stock during 2009: Bradley J. Bell - 109,919 shares; Deborah C. Hockman (former officer) - 30,976 shares; David Johnson - 9,992 shares; Mary Kay Kaufmann - 9,992 shares; Stephen N. Landsman - 30,985 shares; Louis L. Loosbrock (former officer) - 59,956 shares; Richard J. O'Shanna (former officer) - 19,985 shares; Manian Ramesh - 9,992 shares; and Mark R. Stoll - 9,992 shares.

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## **Table of Contents**

### **c. Registration Rights Agreement**

On November 10, 2004, the Company entered into a registration rights agreement with Nalco LLC and its members, who include certain members of our management. The registration rights agreement applied to shares of the Company's stock that members of management received pursuant to the put rights described under Management Members Agreements above. Accordingly, the Company registered 625,291 shares of stock in 2009 under a shelf registration statement dated March 6, 2009 (No. 333-157772).

### **d. Warrant**

On November 10, 2004, the Company issued to Nalco LLC a warrant to purchase, for \$0.01 per share, up to 6,191,854 shares of the Company's common stock. This warrant enabled Nalco LLC to deliver shares to members of management who had the right to put, or sell, their vested class B, class C and class D units to Nalco LLC, (as described above under Management Members Agreements ) in exchange for the Company's shares. Subject to limited exceptions, the warrant became exercisable upon the Company achieving the same EBITDA targets and upon the occurrence of the same specified events applicable to the vesting of the Nalco LLC class B units, class C units and class D units (except that there was no service requirement comparable to that applicable to individual holders of class B, class C and class D units). In 2009, Nalco LLC exercised its right to purchase 625,291 shares under the warrant, permitting Nalco LLC to deliver shares to members of Company management who had exercised their rights to put vested class B, class C and class D units. Following the exercise by the Company's management members of all such put rights in 2009, all vested units were converted to shares in the Company. On February 13, 2009, the Company and Nalco LLC agreed to terminate the warrant with respect to such shares. Therefore, no additional shares are issuable pursuant to the warrant.

### ***What policies does the Company have with respect to transactions with related persons?***

The Company has adopted a written statement of policy regarding transactions with related persons. When the Company is a proposed participant in a transaction where a related person, as defined in Item 404 of SEC Regulation S-K, has or will have a direct or indirect material interest, then, in addition to all requirements of the Company's Code of Ethical Business Conduct, the related person must promptly disclose to the General Counsel of the Company such proposed transaction and all material facts with respect thereto. The General Counsel will promptly communicate such information to the Audit Committee.

No related person transaction shall be consummated or shall continue without the approval or ratification of the Audit Committee or, if more urgent action is needed, by the Audit Committee Chairperson. It is the policy of the Company that Directors interested in a related person transaction shall recuse themselves from any such vote.

### ***How do shareholders or interested parties communicate with the Lead Director or the non-management Directors as a group?***

Shareholders and other parties interested in communicating their concerns regarding the Company may do so by contacting Mr. Chase, the Lead Director, or by contacting the non-management/independent Directors as a group by contacting the Company's Corporate Secretary c/o Nalco Company, 1601 W. Diehl Road, Naperville, IL 60563, who will, as directed, notify Mr. Chase or the non-management/independent Directors as a group of such interest. Shareholders and other parties may also directly contact the Lead Director or the non-management/independent Directors in accordance with Whistleblower Procedures established by the Audit Committee and available on the Company's Web site at [www.nalco.com](http://www.nalco.com). Written correspondence from shareholders relating to accounting, internal controls or auditing matters are also brought to the attention of Mr. Marchese, an independent non-management Director, who is Chairman of the Company's Audit Committee, and to the internal audit department.

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## **Table of Contents**

### ***Who chairs the Company's executive sessions?***

The Lead Director chairs executive sessions, calls meetings of the independent Directors, works with the Chairman on meeting schedules and agendas, acts as a liaison between the Chairman and the Board, leads the Board's review of the Chairman and is available to receive shareholder communications. Mr. Chase was our Lead Director and has chaired the executive sessions of the Board during 2009.

### ***What are the Company's policies on reporting of concerns regarding accounting?***

The Audit Committee has established policies on reporting of concerns regarding accounting and other matters in addition to the Company's policy on communicating with the Lead Director or non-management/independent Directors. Any person, whether or not an employee, who has a concern about the conduct of the Company or any of the Company's personnel, with respect to accounting, internal accounting controls, auditing matters or other concerns, may (where permitted), in a confidential or anonymous manner, communicate that concern to the General Counsel of the Company. If any person believes that he or she should communicate with a non-management or independent director, he or she may contact Mr. Marchese, Chairman of the Company's Audit Committee, or discuss any concern on an anonymous basis, in accordance with the Company's Whistleblower Procedures, by contacting the Company's Ethics Line at 888-749-1949 or a series of international phone numbers for international callers available on the Company's Web site at [www.nalco.com](http://www.nalco.com).

### ***What are the Company's Corporate Governance Guidelines and Ethics Policies?***

**Board Committee Charters.** The Audit, Compensation, Nominating and Corporate Governance and Safety, Health and Environment Committees of the Board of Directors operate pursuant to written charters. Each charter is available on the Company's Web site at [www.nalco.com](http://www.nalco.com). The charter of the Compensation Committee is attached to this Proxy Statement as Annex A.

**Corporate Governance Principles.** The Board of Directors has documented its corporate governance principles in the Guidelines, which were adopted to reflect certain best practices and requirements of the NYSE. The Guidelines are available on the Company's Web site at [www.nalco.com](http://www.nalco.com).

**Code of Ethical Business Conduct and Officer Code of Ethics.** Nalco's Code of Ethical Business Conduct emphasizes the Company's commitment to the highest standards of business conduct. The Code of Ethical Business Conduct also sets forth information and procedures for employees to report ethical or accounting concerns, misconduct or violations of the Code in a confidential manner. The Code of Ethical Business Conduct applies to the Board of Directors and the principal executive officer, the principal financial officer and the principal accounting officer, as well as all employees of the Company. Nalco's executive and financial officers also adhere to Nalco's Officer Code of Ethics. Periodically, the Directors, officers and certain management employees in the Company are required to complete a conflict of interest questionnaire and certify in writing that they have read and understand the Code of Ethical Business Conduct. The Code of Ethical Business Conduct and Officer Code of Ethics are available on the Company's Web site at [www.nalco.com](http://www.nalco.com) or by contacting the Corporate Secretary to receive a written copy. The Company intends to post amendments to or waivers from its Code of Ethical Business Conduct and Officer Code of Ethics (to the extent applicable to the Board of Directors or executive officers) on its Web site, in press releases or by filing a current report on Form 8-K with the SEC.

### ***What other significant Board practices does the Company have?***

**Private Executive Sessions.** The independent members of the Board of Directors and Audit Committee conduct executive session meetings during the majority of their quarterly meetings in which no member of management is present to discuss any matter selected by a member. Independent directors and the members of the Audit Committee each met in executive session four times in 2009. Our non-management board members during 2009 were all independent board members.



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**Table of Contents**

**Advance Materials.** Information and data important to the directors' understanding of the business or matters to be considered at a Board or Board Committee meeting are, to the extent practical, distributed to the directors sufficiently in advance of the meeting to allow careful review prior to the meeting.

**Board and Committees Self-Evaluations.** The Board has an annual self-evaluation process. This assessment focuses on the Board's contribution to the Company and the Board's process and procedures. In addition, the Audit, Compensation and Nominating and Corporate Governance Committees also conduct a similar annual self-evaluation. The results of Board evaluations are reviewed by the Nominating and Corporate Governance Committee and the Board may take action based on noted weaknesses. The Board and each of the aforementioned Committees conducted its self-evaluation for 2009.

**Peer Evaluation.** The Board conducts a peer evaluation process. The Chairman of the Nominating and Corporate Governance Committee conducts interviews of each of the members of the Board to assess strengths and weaknesses of individual Board members and will summarize these interviews in a report back to the Board.

*What access do the Board and Board Committees have to management and to outside advisers?*

**Access to Management and Employees.** Directors have full and unrestricted access to the management and employees of the Company. Additionally, key members of management attend Board meetings to present information about the results, plans and operations of the business within their areas of responsibility.

**Access to Outside Advisers.** The Board and its committees may retain counsel or consultants without obtaining the approval of any officer of the Company in advance or otherwise. The Audit Committee has the sole authority to retain and terminate the independent auditor. The Nominating and Corporate Governance Committee has the authority to retain search firms to be used to identify director candidates. The Compensation Committee has the authority to retain compensation consultants for advice on executive compensation matters. The Safety, Health and Environment Committee has the authority to retain legal, accounting and other outside advisers.

**PROPOSALS TO BE VOTED UPON**

**PROPOSAL 1: ELECTION OF DIRECTORS**

**(Item 1 on the Proxy Card)**

*Who are this year's nominees?*

The Board of Directors consists of eight members, divided into three classes. The three-year term of the classes are staggered so that the term of one class expires at each annual meeting. The terms of the Class III Directors will expire at the 2010 annual meeting. The Board of Directors has nominated the following individuals as Class III Directors, for election at the Annual Meeting:

Mr. Carl M. Casale;

Mr. Rodney F. Chase; and

Ms. Mary M. VanDeWeghe.

If elected, the Company expects that Mr. Casale, Mr. Chase and Ms. VanDeWeghe will serve as Class III Directors and hold office until the 2013 annual meeting of shareholders and until their respective successors have been elected and qualified.



**Table of Contents**

Biographical information about each of the nominees, including their present occupations and business experience, follows. The Nominating and Corporate Governance Committee believes each of the nominees possesses unique experience, qualifications, attributes and skills contributing to a diverse and uniquely qualified Board of Directors. **The Board recommends that you vote FOR the election of these nominees.**

<p>Mr. Rodney F. Chase</p> <p>Age 66</p> <p>Director of the Company</p> <p>since May 2005</p>	<p>Mr. Chase is a former Deputy Group Chief Executive of BP and served on the board of BP for eleven years. He retired from BP in April 2003 after 38 years of service. During his career, Mr. Chase had major responsibility for the sale of BP Minerals, and the acquisition and integration of Sohio, Britoil, Amoco, ARCO, Mobil Europe, Castrol and Veba Oil, together with the disposal of BP's holding in Ruhrgas. He was instrumental in the creation of TNK-BP, BP's Russian business entity. He was Deputy Chairman of TNK-BP until May 2004. Mr. Chase now serves on the board of Tesco plc as Deputy Chairman and Senior Independent Director. He is a Non-Executive Director of Computer Sciences Corp. and Tesoro Corporation, and Non-Executive Chairman of Petrofac Limited in the Channel Isles. He has previously served as a Non-Executive Director of B.O.C. plc and Diageo plc in London. Mr. Chase's knowledge and experience in the oil and gas industry, corporate management, international operations, public company governance and board practices, among other skills, strengthen the Board's collective qualifications, skills, and experience.</p>
<p>Mr. Carl M. Casale</p> <p>Age 48</p> <p>Director of the Company</p> <p>since October 2008</p>	<p>Mr. Casale is Executive Vice President and Chief Financial Officer for Monsanto Company, a post he has held since September 2009. Prior to that he was Executive Vice President, Strategy and Operations for Monsanto from 2007 to 2009 and Executive Vice President, North America and Latin America North for Monsanto from 2003 to 2007 and Vice President, North America from 2000 to 2003. He began his career with Monsanto as a sales representative in 1984. Mr. Casale has a B.S. degree in agricultural economics from Oregon State University and an Executive M.B.A. from Washington University in St. Louis. Mr. Casale possesses knowledge and experience in finance, international operations, strategic planning and sales, among other skills, that strengthen the Board's collective qualifications, skills, and experience.</p>
<p>Ms. Mary M. VanDeWeghe</p> <p>Age 50</p> <p>Director of the Company</p> <p>since July 2009</p>	<p>Ms. VanDeWeghe has been an executive with Lockheed Martin and J.P. Morgan, and since August 2009 she has served on the faculty of the Georgetown University McDonough School of Business as professor of the practice of finance. She was Senior Vice President of Finance for Lockheed Martin from 2006 to 2009. From 1996 to 2006, she was CEO and President of Forte Consulting Inc., consulting on mergers, acquisitions, capital structure, corporate governance and other financial and management strategies to enhance shareholder value. During that time period, she also served as executive in residence and finance professor at the University of Maryland Smith School of Business. She began her career in 1983 at J.P. Morgan, where she held a variety of positions and rose to the rank of Managing Director. Ms. VanDeWeghe has a B.A. in economics from Smith College and an MBA in finance from Dartmouth College's Tuck School of Business. She is a member of the board of directors of Brown Advisory, an investment management company. Ms. VanDeWeghe possesses knowledge and experience related to corporate governance, financial analysis and strategy, mergers and acquisitions, and the capital markets among other skills, that strengthen the Board's collective qualifications, skills, and experience.</p>

**Table of Contents**

***What if a nominee is unwilling or unable to serve?***

That is not expected to occur. If it does, proxies will be voted for a substitute nominated by the Board of Directors.

***What vote is required to elect Directors?***

A plurality of the votes cast at the annual meeting is required for the election of directors. This means that the three nominees receiving the highest number of FOR votes cast at the meeting will be elected. Any elected Director who receives a greater number of votes WITHHELD from his or her election than votes FOR such election shall submit his or her resignation (pursuant to a previously tendered resignation) for consideration by the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee shall recommend to the Board of Directors what action to be taken with respect to such resignation, and the Board of Directors may accept that resignation or may reject that resignation (if the Director is willing to continue his or her service on the Board of Directors).

***Who are the other Directors?***

The other Directors of the Company whose terms of office continue after this annual meeting are listed below. Each of these Directors will serve until the annual meeting of shareholders in the year indicated and until their respective successors have been elected and qualified.

**Class I Directors Term Expiring in 2011**

<p>Mr. Douglas A. Pertz</p> <p>Age 55</p> <p>Director of the Company since November 2004</p>	<p>Mr. Pertz was Director, President and Chief Executive Officer of Clipper Windpower Plc until March 2010. Before his appointment to that position in September 2008, he was Managing Director of One Equity Partners from September 2007. He was formerly Chairman and Chief Executive Officer of IMC Global Inc., one of the world's leading producers and marketers of concentrated phosphate and potash crop nutrients and salt, from October 2000 until IMC merged to form The Mosaic Company in October 2004. From October 1999 to October 2000, Mr. Pertz served as President and Chief Executive Officer of IMC Global Inc. and from October 1998 to October 1999, as President and Chief Operating Officer of IMC Global Inc. Prior to joining IMC Global Inc., Mr. Pertz served from 1995 to 1998 as President and Chief Executive Officer and as a director of Culligan Water Technologies, Inc., a leading manufacturer and distributor of water, purification and treatment products. He has previously served as a member of the board of directors of The Mosaic Company, Compass Minerals International Inc. and Bowater Incorporated. Mr. Pertz's knowledge and experience in the water treatment and filtration industry, international operations, corporate management, compensation, manufacturing and distribution, public company governance and board practices, among other skills, strengthen the Board's collective qualifications, skills, and experience.</p>
<p>Mr. Daniel S. Sanders</p> <p>Age 70</p> <p>Director of the Company since January 2005</p>	<p>Mr. Sanders is the former President, ExxonMobil Chemical Company, and Vice President, ExxonMobil Corporation. He retired from ExxonMobil on August 31, 2004 after 43 years of service. In 1988, Mr. Sanders became Executive Assistant to the Chairman and President of Exxon Corporation, and in 1990 was appointed Senior Vice President of Exxon Company, U.S.A. In 1992, he became worldwide President of the Basic Chemicals Group of Exxon Chemical Company, and in 1994 he became Vice President of Human Resources of Exxon Corporation. He was named Executive Vice President of Exxon Chemical in 1998 and President in January 1999. He was named President of ExxonMobil Chemical Company in</p>

**Table of Contents**

December of 1999 when the two companies merged. Mr. Sanders is past Chairman of the Board of the American Chemistry Council and past Chairman of the Society of Chemical Industry, American Section. He currently serves as a director of Milliken & Company, Pacolet Milliken Enterprises, Arch Chemicals, Inc. and Celanese Corporation. Mr. Sanders received the Society of Chemical Industry Medal in 2005. Mr. Sanders possesses knowledge and experience in the chemical industry, corporate management, human resources and compensation, public company governance and board practices, among other skills, that strengthen the Board's collective qualifications, skills, and experience.

**Class II Directors Term Expiring in 2012**

Mr. J. Erik Fyrwald	Mr. Fyrwald joined our Company as Chairman, President and Chief Executive Officer in February 2008. Between 2003 and 2008, Mr. Fyrwald was Group Vice President of the Agriculture and Nutrition division of E. I. duPont de Nemours and Company. Before that he was Vice President and General Manager of DuPont's Nutrition and Health Business. Mr. Fyrwald also serves on the board of directors for Eli Lilly and Company. He holds a chemical engineering degree from the University of Delaware and completed the Advanced Management Program at Harvard Business School. Mr. Fyrwald possesses knowledge and experience in international operations, corporate management, strategic planning and public company governance, among other skills, that strengthen the Board's collective qualifications, skills, and experience.
Age 50	
Director of the Company	
since February 2008	
Mr. Richard B. Marchese	Mr. Marchese served for 14 years as the Vice President Finance, Chief Financial Officer and Treasurer of Georgia Gulf Corporation, retiring at the end of 2003. Prior to 1989, Mr. Marchese served as the Controller of Georgia Gulf Corporation, the Controller of the Resins Division of Georgia Pacific Corporation and Treasurer and Controller of XCEL Corporation. Mr. Marchese is a member of the board of directors of Blue Linx Holdings, Inc. and TPC Group, Inc. and is a member of the board of directors of Quality Distribution, Inc., where he serves on the Executive Committee. Mr. Marchese has a B.S. in Accounting from Fairleigh Dickinson University. Mr. Marchese's knowledge and experience in accounting, finance and capital structure, public company reporting and governance and board practices, among other skills, strengthen the Board's collective qualifications, skills, and experience.
Age 68	
Director of the Company	
since May 2005	
Mr. Paul J. Norris	Until May 2005, Mr. Norris served as Chairman and Chief Executive Officer of W.R. Grace & Co., a manufacturer of specialty chemicals. Mr. Norris was actively engaged in W.R. Grace's business for the six years prior to his retirement as Chief Executive Officer. Mr. Norris remained on the W. R. Grace Board until his resignation on February 9, 2010. Mr. Norris joined W.R. Grace as President and CEO in November 1998 and became Chairman in January 1999. W.R. Grace filed for bankruptcy protection under Chapter 11 of the U.S. Bankruptcy Code in April 2001. Prior to joining W.R. Grace, Mr. Norris was at AlliedSignal Inc. (now known as Honeywell) for nine years and served as Senior Vice President and President, Specialty Chemicals, from 1997 to 1998; President, AlliedSignal Polymers Division from 1994 to 1997; and President, AlliedSignal Chemicals & Catalysts from 1989 to 1994. From 1981 to 1989, Mr. Norris served in various executive capacities with Engelhard Corporation, including President of Catalysts and Chemicals, Senior Vice President and General Manager of Catalysts, and Vice President and Business director for Petroleum Catalysts. Mr. Norris has previously served on the Board of Directors of Borden Chemicals, Inc. He is a director of the
Age 62	
Director of the Company	
since February 2009	

**Table of Contents**

FMC Corporation, the Non-Executive Chairman of the Board of Directors of Sealy Corporation, and performs advisory services for Kohlberg Kravis Roberts & Co., currently the largest shareholder of Sealy Corporation. Mr. Norris possesses knowledge and experience in the chemical industry, corporate management, compensation, industrial services, public company governance and board practices, among other skills, that strengthen the Board's collective qualifications, skills, and experience.

**PROPOSAL 2: RATIFICATION OF INDEPENDENT****REGISTERED PUBLIC ACCOUNTING FIRM****(Item 2 on the Proxy Card)*****What am I voting on?***

Effective November 30, 2009, the Audit Committee of the Board selected the Independent Registered Public Accounting Firm of PricewaterhouseCoopers LLP (PricewaterhouseCoopers) to conduct the independent audit for the fiscal year ending December 31, 2010. Although shareholder ratification of the appointment is not required, the Board has decided to ascertain the position of the shareholders on the appointment. The Audit Committee will reconsider any appointment if PricewaterhouseCoopers is not ratified by the shareholders. **The Board and the Audit Committee recommend that you vote FOR the ratification of the appointment of PricewaterhouseCoopers as the Company's Independent Registered Public Accounting Firm for 2010.**

***Will a representative of PricewaterhouseCoopers LLP and Ernst & Young LLP be present at the meeting?***

Representatives of PricewaterhouseCoopers and Ernst & Young LLP (Ernst & Young) will be present at the annual meeting and will have the opportunity to make a statement if they desire and will be available to respond to appropriate questions from shareholders.

***What vote is required to approve this proposal?***

Approval of this proposal requires the affirmative vote of a majority of the shares present in person or represented by proxy and entitled to vote at the annual meeting. If the selection of PricewaterhouseCoopers is not ratified, the Audit Committee will reconsider the selection of an Independent Registered Public Accounting Firm.

***What fees did the Company pay to Ernst & Young LLP for audit and other services for fiscal years 2009 and 2008?***

Ernst & Young served as the Company's Independent Registered Public Accounting Firm for the fiscal years ended 2008 and 2009. Ernst & Young was dismissed upon its completion of its audit engagement for the year ended December 31, 2009. The following table presents fees for professional services rendered by Ernst & Young, our Registered Independent Registered Public Accounting Firm in 2009 and 2008, for the audit of the Company's annual financial statements for 2009 and 2008, and fees billed for audit-related services, tax services and all other services rendered by Ernst & Young for 2009 and 2008.

	2009 (in millions)	2008 (in millions)
Audit fees <sup>(1)</sup>	\$ 4.4	\$ 4.7
Audit-related fees	-	-
Audit and audit-related fees	4.4	4.7
Tax fees <sup>(2)</sup>	0.4	-
All other fees <sup>(3)</sup>	0.1	-
Total fees	\$ 4.9	\$ 4.7

(1) Audit fees for 2009 and 2008 include fees for the audit of the annual consolidated financial statements, reviews of the condensed consolidated financial statements included in the Company's quarterly reports and statutory audits and other filings.



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**Table of Contents**

(2) Tax fees for 2009 consisted of tax planning services.

(3) All other fees consisted of advisory services relating to findings and recommendations for certain application controls. To safeguard the continued independence of the independent auditors, the Audit Committee has adopted a pre-approval policy for pre-approval of audit and non-audit services. This policy is intended to prevent the independent auditors from providing services to the Company that are prohibited under Section 10A(g) of the Securities Exchange Act of 1934, as amended and to ensure the independent auditor maintains its independence. This policy also provides that independent auditors are only permitted to provide services to the Company that have been pre-approved by the Audit Committee. Pursuant to the policy, all audit and non-audit services provided by the Company's independent auditor require advance approval by the Audit Committee. Audit and non-audit services by the independent auditor that fall within certain designated dollar thresholds have been pre-approved under the policy. Different dollar thresholds apply to the categories of pre-approved services specified in the policy (Audit, Audit-Related services, Tax services and Other services). All services that exceed the dollar thresholds must be approved in advance by the Audit Committee. Pursuant to applicable provisions of the Securities Exchange Act of 1934, as amended, the Audit Committee has delegated approval authority to the Chairman of the Audit Committee, who is an independent director. The Chairman has presented all approval decisions to the full Audit Committee.

The Company's Pre-Approval Policy setting forth the Company's policy for pre-approval of audit and non-audit services can be found at the Company's Web site at [www.nalco.com](http://www.nalco.com).

***Has the Company's Audit Committee Changed the Company's Independent Registered Public Accounting Firm?***

Effective February 26, 2010, upon the filing of the Company's annual report on Form 10-K for the fiscal year ended December 31, 2009, Ernst & Young has completed its audit for the fiscal year ended December 31, 2009 and is no longer the Company's independent registered public accounting firm. The Audit Committee completed a process to review the appointment of the Company's Independent Registered Public Accounting Firm for the fiscal year ending December 31, 2010. The Committee invited several firms to participate in this process, including Ernst & Young the Company's Independent Registered Public Accounting Firm for the year ended December 31, 2009. Effective November 30, 2009, the Committee selected PricewaterhouseCoopers, as its Independent Registered Public Accounting Firm for the fiscal year ending December 31, 2010. Ernst & Young continued to serve as the Company's Independent Registered Public Accounting Firm for the year ended December 31, 2009. The Committee's selection of PricewaterhouseCoopers to serve as the Company's Independent Registered Public Accounting Firm for the fiscal year ending December 31, 2010 resulted in the dismissal of Ernst & Young upon Ernst & Young's completion of its audit engagement for the year ended December 31, 2009, at the time the Company filed its Form 10-K for that year. The change in Independent Registered Public Accounting Firm did not result from any dissatisfaction with the quality of professional services rendered by Ernst & Young.

During the Company's two most recent fiscal years ended December 31, 2008 and December 31, 2009, and any subsequent interim period through February 26, 2010, there were (i) no disagreements between the Company and Ernst & Young on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of Ernst & Young, would have caused Ernst & Young to make reference to the subject matter of the disagreement in their reports on the financial statements for such years, and (ii) no reportable events as that term is defined in Item 304(a)(1)(v) of Regulation S-K. Ernst & Young's reports on the Company's financial statements for the fiscal years ended December 31, 2008 and December 31, 2009 did not contain an adverse opinion or disclaimer of opinion and these reports were not qualified or modified as to uncertainty, audit scope or accounting principle. The Company requested that Ernst & Young furnish the Company with a letter addressed to the SEC stating whether it agrees with the statements in this paragraph. That letter is attached as exhibit 16.1 to the current report filed on Form 8-K on February 26, 2010.



**Table of Contents**

During the Company's two fiscal years ended December 31, 2007 and December 31, 2008 and any subsequent interim period through November 30, 2009 (the date of engagement of PricewaterhouseCoopers), neither the Company nor anyone on its behalf consulted PricewaterhouseCoopers regarding the application of accounting principles to a specific completed or contemplated transaction, the type of audit opinion that might be rendered on the Company's financial statements, or any matter that was either the subject of a disagreement as defined in Item 304(a)(1)(iv) of Regulation S-K or a reportable event as described in Item 304(a)(1)(v) of Regulation S-K.

**STOCK OWNERSHIP INFORMATION****Who are the Company's largest shareholders?**

The following table and accompanying footnotes show information regarding the beneficial ownership of the Company's common stock as of March 8, 2010 (based on 138,314,524 outstanding shares):

Each person who is known by the Company to own beneficially more than 5% of the Company's common stock;

Each member of the Board of Directors and each of the Company's named executive officers; and

All members of the Board of Directors and the Company's executive officers as a group.

Name of Beneficial Owner	Number	Percent
J. Erik Fyrwald	5,000	*
Bradley J. Bell	666,845	*
David E. Flitman	2,500	*
David Johnson	40,257	*
Scott M. Mason	69,556	*
Eric G. Melin	0	*
Douglas A. Pertz <sup>(1)</sup>	16,522	*
Daniel S. Sanders <sup>(1)</sup>	40,522	*
Richard B. Marchese <sup>(1)</sup>	12,522	*
Rodney F. Chase <sup>(1)</sup>	12,522	*
Paul J. Norris <sup>(1)</sup>	0	*
Carl M. Casale <sup>(1)</sup>	0	*
Mary M. VanDeWeghe	0	*
All directors and officers as a group (15 persons) <sup>(2)</sup>	917,824	*
Berkshire Hathaway <sup>(3)</sup>	8,739,100	6.3%
Morgan Stanley <sup>(4)</sup>	7,618,028	5.5%

\* Less than 1%

(1) The Company's non-management Directors each received an award of 3,086 restricted stock units on January 8, 2010. These restricted stock units, and the 6,385 restricted stock units awarded on January 8, 2009, that have not yet vested are not reflected in the Stock Ownership Table. The non-management directors' and officers' vested restricted stock units are reflected in the Stock Ownership Table.

(2) Mary Kay Kaufmann, an executive officer, has pledged 20,748 shares of Nalco stock as collateral for a line of credit maintained with a financial institution.

- (3) On May 29, 2009 Warren E. Buffett, Berkshire Hathaway Inc., OBH, Inc., Geico Corporation, National Indemnity Company and Government Employees Insurance Company (collectively a Group in accordance with §240.13d-1(b)(1)(ii)(K), reported beneficial ownership of 8,739,100 shares of the Company's common stock as of December 31, 2008 on Schedule 13G. The filing indicated sole voting power for none of the shares, shared voting power for 8,739,100 shares, sole dispositive power for none of the shares and shared dispositive power for 8,739,100 of the shares reported. The address of each of

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**Table of Contents**

Mr. Buffett, Berkshire Hathaway Inc. and OBH, Inc. is 3555 Farnam Street, Omaha, NE 68131. The address of National Indemnity Company is 3024 Harney Street, Omaha, NE 68131. The address of Geico Corporation and Government Employees Insurance Company is 1 Geico Plaza, Washington D.C. 20076.

- (4) On February 12, 2010, Morgan Stanley reported beneficial ownership of 7,618,028 shares of the Company's common stock as of December 31, 2009 on Schedule 13G. This filing indicated sole voting power for 7,445,328 shares, shared voting power for none of the shares, the sole disposition power for 7,618,028 shares reported and shared dispositive power for none of the shares. The address of the principal business office of Morgan Stanley is 1585 Broadway, New York, New York 10036.

***How much Nalco common stock is owned by the Directors and executive officers?***

The above table shows the beneficial ownership of Nalco common stock as of March 8, 2010 by

Each of the Company's continuing Directors and nominees for election as Directors,

Each of the executive officers named in the summary compensation table on page 38, and

all Directors and executive officers as a group.

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

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires the directors, executive officers and persons who own more than 10% of the outstanding shares of Nalco common stock to file with the SEC reports of their ownership and changes in their ownership of the Company's common stock. Directors, executive officers and greater-than-ten percent shareholders are also required to furnish the Company with copies of all ownership reports they file with the SEC. To the Company's knowledge, all Section 16(a) filing requirements were met during 2009.

**NAMED EXECUTIVE OFFICERS**

***Who are the Company's named executive officers?***

**Mr. J. Erik Fyrwald** has been the Company's Chairman, President and Chief Executive Officer since joining the Company in February 2008. From 2003 to 2008, Mr. Fyrwald was Group Vice President of the Agriculture and Nutrition division of E. I. duPont de Nemours and Company. From 2000 until 2003, he was Vice President and General Manager of DuPont's Nutrition and Health Business. In 1999, Mr. Fyrwald was Vice President for Corporate Strategic Planning and Business Development at DuPont. At DuPont, Mr. Fyrwald held a broad variety of assignments in a number of divisions covering many industries. He has worked in several locations throughout North America and Asia. Mr. Fyrwald also serves on the board of directors for Eli Lilly and Company. He holds a chemical engineering degree from the University of Delaware and completed the Advanced Management Program at Harvard Business School.

**Bradley J. Bell** has been the Company's Executive Vice President and Chief Financial Officer since joining the Company in November 2003. From 1997 to 2003, Mr. Bell served as Senior Vice President and Chief Financial Officer of Rohm and Haas Company, a global specialty chemicals manufacturer since being acquired by Dow Chemical Company. Prior to that, Mr. Bell served as Vice President and Treasurer of both the Whirlpool Corporation, from 1987 to 1997, and the Bundy Corporation, from 1980 to 1987. Mr. Bell is a director and chairman of the audit committee of IDEX Corporation and a director of Compass Minerals International, Inc, where he serves on the compensation committee and the nominating and corporate governance committee. He holds a BS in Finance from the University of Illinois, and an MBA from Harvard University Graduate School of Business.

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**Table of Contents**

**David E. Flitman** has been the Company's Executive Vice President and President, Water and Process Services since January 2009. Prior to that he was Executive Vice President and President, Industrial and Institutional Services since joining Nalco in August 2008. Mr. Flitman was VP Distribution of Allegheny Power, the energy delivery arm of Allegheny Energy Inc., from February 2005 until June 2006 when he was promoted to President of Allegheny until 2008. Before joining Allegheny he gained broad cross-functional and global experience in a variety of leadership positions during a nearly 20-year career at DuPont, where he had most recently served as Global Business Director for the Nonwovens Business Group.

**David Johnson** has been the Company's Executive Vice President and President, Europe Region and Global SHE since December 2009. Prior to that he was Executive Vice President, President, EAME (Europe, Africa, Middle East) since January 2009. Prior to that he was Group Vice President and President of EAME Operations since May 2007. Mr. Johnson was Vice President of the global Downstream business for our Energy Services division from 2006 to 2007. He was the Global Strategic Business Leader for Energy Services Downstream from 2004 to 2005. In 2003, Mr. Johnson was General Sales Manager for the Downstream business in North America. He became General Marketing Manager for the Refinery and Fuel Management (RFM) business unit in 2002. From 1999 to 2002, Mr. Johnson was Business Manager for the EAME RFM group of the Nalco/Exxon joint venture, after having served as the group's Marketing Manager from 1996 to 1999. Mr. Johnson was Market Development Manager for the EAME RFM group from 1994 to 1996, and he held the same position from 1990 to 1994 for the Oil Field Chemicals (OFC), RFM and Chemical Process Industries groups. From 1987 to 1990, Mr. Johnson worked in the U.K. as Area Manager for OFC. He held the same position, based in Norway, from 1985 to 1987 and, prior to that, Mr. Johnson was a Technical Sales Representative for OFC from 1983 to 1985. Before moving into sales, Mr. Johnson worked as a Scientific Investigator in hydrocarbons research from 1981 to 1983. He began his career with the Company in 1978 in our U.K.-based Weavergate Works Laboratory as a Scientific Assistant.

**Eric Melin** has been our Executive Vice President and President Asia Pacific Region and Global Procurement since December 2009. Prior to that he was Executive Vice President, President Asia Pacific since January 2009 and prior to that he was Chairman Asia Pacific since September 2008. Prior to that Mr. Melin worked for Nalco as a consultant on growth in Asia. He had been Chief Operating Officer, President and Board Member of Isola Corporation, a private-equity-owned global designer, developer and manufacturer of high-performance materials used in electronic systems. Previous to joining Isola in 2006, he worked for 24 years at DuPont, most recently as Vice President and General Manager of DuPont's Refinish Systems. Prior to that role, he was the Singapore-based Global Director of a DuPont engineering polymers business and has additional experience in manufacturing, strategic planning and business operations. Mr. Melin has a B.S. in Engineering from Iowa State University and a Masters of Business Administration from the University of Toledo.

**Scott C. Mason** separated from the Company in December 2009 with the elimination of his position. Prior to leaving, he was Senior Vice President Supply Chain and Safety, Health and Environment since November 2008. Prior to that he was Group Vice President, President, Alternate Channels and Operations Planning since joining the Company in January 2006. Mr. Mason was formerly Vice-President of GrafTech International Ltd, and served as President, Advanced Carbon Solutions in 2005. He was President, Graphite Power Systems, from 2003 to 2005.

**COMPENSATION DISCUSSION AND ANALYSIS**

***I. Introduction***

The Company seeks to provide compensation programs that support its business strategies by attracting, retaining and developing individuals with necessary expertise and experience. These programs and philosophies, and their implementation for our named executive officers, are described in this section of this Proxy Statement.

The Company also tracks broader trends and philosophies guiding compensation programs and decisions and the Company has implemented changes that are responsive to such trends. As further described below, the

## **Table of Contents**

Company has reduced the payments of perquisites to officers and has implemented a policy to retrieve incentive compensation from employees if the wrongful conduct of such employees led to the incentive compensation payment.

### ***II. The Compensation Committee***

**The Compensation Committee and its Duties.** The Board has formed a Compensation Committee and authorized it to address the Company's executive compensation plans and practices. A copy of the Compensation Committee Charter is available on the Corporate Governance page of the Nalco Company Web site: [www.nalco.com](http://www.nalco.com) and is attached to this Proxy Statement. The Compensation Committee reviews its Charter on an annual basis and updates the Charter as required.

During 2009, the Compensation Committee added a policy to its charter regarding the pre-approval of non-executive compensation assignments given to an executive compensation consultant. Under the new policy, the Compensation Committee or the Compensation Committee Chairman must pre-approve any non-executive compensation assignments given to a firm used for executive compensation consulting if such assignment is reasonably expected to generate a fee in excess of \$30,000.

The Compensation Committee is comprised of no fewer than three Board members. The Compensation Committee members are appointed by the Board after the review and recommendation of the Company's Nominating and Corporate Governance Committee.

The Compensation Committee meets periodically under the direction of a Board-appointed Chairperson. The Compensation Committee's regular annual meeting schedule is set no later than three months before the end of the preceding year; the Compensation Committee also periodically schedules special meetings and acts by written resolution on matters requiring attention between regularly scheduled meetings. The Company's Chief Executive Officer, Vice President of Human Resources and Corporate Secretary regularly attend meetings of the Compensation Committee, and the Corporate Secretary takes and maintains minutes from such meetings. Other members of management also attend as required. Management periodically engages outside human resources, legal, accounting and executive compensation consultants to assist the activities of the Compensation Committee, and the Compensation Committee also has the authority to directly retain such consultants to assist its activities. The Compensation Committee meets periodically in executive session, including, as necessary, to address personnel issues impacting executive officers of the Company and its subsidiaries.

The Compensation Committee Chairperson is responsible for setting the agenda for the Committee's meetings; management frequently makes recommendations to the Chairperson as to matters that are appropriate for consideration by the Compensation Committee. The Compensation Committee also conducts an annual self-evaluation of its performance. The results of such self-evaluation are reviewed and reported back to the full Board of Directors.

The primary functions of the Compensation Committee are to review and approve compensation, incentive and equity-based plans for the Company and its subsidiaries, and to establish and approve compensation packages for the Chief Executive Officer, other officers of the Company and other persons who report directly to the Chief Executive Officer, including officers whose compensation is disclosed in the Company's proxy statement.

The Compensation Committee does not have the authority to delegate its duties. The Company's management will often provide information or make recommendations to the Compensation Committee, including recommendations relating to the compensation, incentives and benefits of the Company's officers. Similarly, the Compensation Committee or the Company's management will give assignments to outside compensation consultants to assist in the development of compensation plans and policies or provide information relating to such plans and policies. In each instance where such recommendation or information from either the Company's management or outside consultant relate to the Compensation Committee's duties, the Compensation Committee has exclusive authority to act on such recommendation or information.

**Table of Contents**

**The Membership of the Compensation Committee.** Currently, the Compensation Committee is composed of three members of the Board. The Chairman of the Compensation Committee is Mr. Douglas A. Pertz and its members are Mr. Paul J. Norris and Mr. Daniel S. Sanders. As described on page 8, each of the current members of the Compensation Committee has been determined to be independent by the Board. Also, each of the current members of the Compensation Committee is an outside director within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended. Mr. Rodney F. Chase was a member of the Compensation Committee in early 2009 and until Mr. Norris joined the Board and the Committee on February 12, 2009.

**Compensation Committee Interlocks and Insider Participation.** None of the individuals who served on the Compensation Committee during 2009 (or presently) was an officer of the Company or has been an officer of the Company in the past. None of the executive officers of the Company served as a member of a compensation committee (or other board committee performing equivalent functions as a compensation committee or, in the absence of any such committee, the entire board of directors) of another entity, one of whose executive officers served on the Company's Compensation Committee. None of the executive officers of the Company served as a director of another entity, one of whose executive officers served on the Company's Compensation Committee. None of the executive officers of the Company served as a board member or member of the compensation committee (or other board committee performing equivalent functions as a compensation committee or, in the absence of any such committee, the entire board of directors) of another entity, one of whose executive officers served as a director of the Company.

**Significant Activities of the Board of Directors During 2009 Relating to Executive Compensation.** During 2009, the Board of Directors with the concurrence of the Company's management adopted a policy for reimbursement of cash or equity incentive compensation in certain circumstances (the Clawback Policy). In the event the Board determines that an error in the Company's financial statements resulted in an excessive equity or cash incentive compensation payment, and such error is determined by the Board to have resulted from intentional conduct by participants in the incentive plan, such overpayment shall be reimbursed by the participants who engaged in the intentional conduct or otherwise collected by the Company if such amounts are not voluntarily reimbursed. The full text of the Clawback Policy is reflected in the Company's Corporate Governance Guidelines.

**Significant Activities of the Compensation Committee During 2009 and the First Quarter of 2010.** During 2009, the Compensation Committee conducted seven meetings. The Compensation Committee also conducted meetings on January 29, 2010 and February 9, 2010. On June 7, 2009, the Compensation Committee engaged the services of Pearl Meyer & Partners to exclusively perform consulting services relating to executive compensation matters during this period. Prior to hiring Pearl Meyer & Partners, the Compensation Committee had used Exequity LLP for such services. Neither Pearl Meyer & Partners nor Exequity LLP has performed any other services in 2009 for the Company other than as related to executive and director compensation.

The Company's management also engages consultants on a periodic basis, to assist in making necessary disclosures, preparation of plan documents and the evaluation of the funded status of the Company's pension plans. Management and the Employee Benefits Plan Investment Committee have also retained SEI Investments Co. to assist in investment management decisions relating to the assets and administration of the Company's retirement plans. Management also periodically consults with the Company's outside auditors, Ernst & Young and PricewaterhouseCoopers, concerning the accounting impacts of compensation decisions.

In 2009, the Compensation Committee determined that the payout under the 2008 Management Incentive Plan would be at 59.4% of target levels as a result of: (1) Adjusted EBITDA of \$732 million meeting the threshold of \$725 million, this metric weighted at 75%, (2) Free Cash Flow having failed to meet the threshold level of \$255 million, this metric weighted at 25%, and (3) EPS performance being within the top three of those comparative companies, this permitting a 20% addition. The Company used the following peer companies for relative EPS growth comparisons because these companies are in a similar industry to the Company and, thus,

**Table of Contents**

likely to face similar economic conditions: Air Products and Chemicals, Inc., Albermarle Corporation, Arch Chemicals, Inc., Ashland, Inc., Avery Dennison Corporation, Cabot Corporation, Chemtura Corporation, Cytec Industries, Inc., Ecolab, Inc., Ferro Corporation, HB Fuller Company, Hercules, Inc., Lubrizol Corporation, International Flavors and Fragrances, Inc., Polyone Corporation, Praxair, Inc., Rockwood Holdings, Inc., Rohm & Haas Company and the 3M Company. During 2009, the Compensation Committee approved Long-Term Equity Incentive Awards (for the period 2009-2011) under the Amended and Restated 2004 Stock Incentive Plan (the "2004 Stock Incentive Plan") for certain management level employees, including the executive officers. The Compensation Committee set the following ranges of performance for these Long-Term Equity Incentive Awards.

**Long-Term Equity Incentive Awards****2009-2011 Grant**

<b>3 Year Cumulative Financial Metrics</b>	<b>Weighting</b>
Pro forma EBITDA Growth	50%
Organic Revenue Growth	50%

In general, the Compensation Committee sets long-term financial performance goals for this plan at target consistent with the Company's long-range business plan and representative of stretch but achievable performance. Threshold performance goals are generally set to represent minimally acceptable levels of financial performance for the Compensation Committee to fund any payout with respect to the plan, and the Company should be expected to exceed threshold performance roughly 80% of the time. Maximum performance goals are generally set to represent superior financial performance, materially in excess of expectations. The Company should be expected to attain maximum performance roughly 20% of the time.

On February 12, 2009, the Compensation Committee approved a three-year cycle grant of Long-Term Equity Incentive Awards under the 2004 Stock Incentive Plan. The award was divided into three components for named executive officers: (a) performance shares approximately equal to 60% of the award opportunity (b) restricted shares units approximately equal to 20% of the award opportunity and (c) stock options approximately equal to 20% of the award opportunity. The performance shares vest conditioned upon the performance of the Company over a three-year period and will be delivered in February of the year that follows the end of the performance period. Restricted shares will vest 100% on February 28, 2012 based on continued employment through the vesting date. For stock options, one-fourth each will vest on December 31, 2009, December 31, 2010, December 31, 2011 and December 31, 2012 subject to the named executive officer's continuing employment through such vesting dates.

The information below summarizes each named executive officer's award opportunity established at the beginning of the 2009-2011 performance cycle.

Mr. Fyrwald's equity award of 385% of base salary exceeded his target opportunity of 350% after the Compensation Committee's review of his actual total direct compensation positioning versus the 50th percentile of the peer group companies and his performance during 2008.

Mr. Bell's equity award was equivalent to his target opportunity of 175% of base salary.

Mr. Melin's equity award of 110% of base salary exceeded his target opportunity of 100% as a result of expected scope increases in his job and growth expectations.

Mr. Flitman's equity award of 140% of base salary exceeded his target opportunity of 130% as a result of expected scope increases in his responsibilities and growth expectations.

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Mr. Johnson's equity award was equivalent to his target opportunity of 100% of base salary.

Mr. Mason's equity award was at target opportunity of 85% of base salary. Additionally, Mr. Mason received ad hoc grants also equivalent to 85% of his award target to reflect additional assignments given to him and arising from short-term business needs.



**Table of Contents****Management Incentive Plan****2009 Grant**

The Compensation Committee also set the following 2009 performance targets under the Management Incentive Plan:

Performance Metric	Weighting	Target \$
Pro forma EBITDA	25%	653M
Productivity Savings	25%	150M
Free Cash Flow	25%	200M
Relative EPS Growth	25%	Top 33%

In general, the Compensation Committee sets Management Incentive Plan targets at levels consistent with the Company's short-term business plan and representative of stretch but achievable performance. Threshold performance goals are generally set to represent minimally acceptable levels of financial performance for the Compensation Committee to fund any payout with respect to the plan, and the Company should be expected to exceed threshold performance roughly 80% of the time. Maximum performance goals are generally set to represent truly superior financial performance, materially in excess of expectations. The Company should be expected to attain maximum performance roughly 20% of the time. The Relative EPS growth metric under this grant would be compared against the following companies who are in similar industries or facing similar economic conditions: Air Products & Chemicals, Inc., Air Liquide S.A., Akzo Novel N.V., Albemarle Corporation, Arch Chemicals, Inc., Ashland, Inc., Baker Hughes, Inc., Danaher Corporation, Eastman Chemical Company, Ecolab, Inc., FMC Corporation, International Paper Company, Kemira Oyj, Kurita Water Industries, Ltd., Meadwestvaco Corporation, Praxair, Inc., Schlumberger Limited and Weyerhaeuser Company.

On January 6, 2009, the Compensation Committee determined that the Company would not issue merit salary increases during 2009 and, instead, authorized an incentive plan for 2009 that would permit lump-sum payments to be made to employees, including executive management, if productivity and cost savings targets are achieved during the first half of the year, the second half of the year or the full year. The Compensation Committee determined on August 5, 2009, that the Company had achieved productivity savings of \$71 million, against a first-half target of \$60 million. As a result, the Company made payments to employees of \$12.7 million.

On November 13, 2009, the Compensation Committee determined that director compensation for 2009 would be unchanged from the existing levels: (a) annual cash retainer of \$70,000; (b) equity compensation with target value of \$80,000; (c) Audit Committee Chairman retainer of \$15,000; (d) Committee Chairman retainer (other than Audit Committee) of \$7,500; and (e) Committee meeting fee of \$1,500 per meeting. No meeting fee will be paid for Board Meetings, and Nalco Holding Company will reimburse expenses related to duties as a director. The Board also determined that the Lead Director would be paid an annual stipend of \$20,000.

During the first quarter of 2010, the Compensation Committee has taken the following actions:

- (a) *Perquisites Elimination.* The Compensation Committee has eliminated the perquisite payments to officers for tax preparation, financial services and legal services.
- (b) *Productivity Savings Plan for 2009 – Performance Against Targets.* The Compensation Committee determined on January 29, 2010 that the Company had reached productivity savings of \$89 million against a target of \$90 million for the second half of 2009. This resulted in a payment of \$10.8 million which applied generally to all employees including executive officers.
- (c) *Management Incentive Plan – 2009 – Performance Against Targets.* The Compensation Committee determined that the payout under the Management Incentive Plan for 2009 will be at 105.3% of target based on (a) Pro forma EBITDA of \$658.8 million exceeding target level (100%) of \$653 million, (b) Productivity Savings of \$160 million exceeding the target level (100%) of \$150 million (c) Free



**Table of Contents**

Cash Flow of \$484.2 million exceeding the maximum level (200%) of \$250 million, and (d) Relative EPS growth failing to meet the threshold of Top 50% of the comparison group for this plan, described above.

- (d) Individual Management Incentive Payouts. Upon recommendation of the Chief Executive Officer, the Compensation Committee has the discretion to increase or decrease based on the individual performance opportunity range of 0% to 200% the adjusted target.

	Target	Corporate Achievement	Individual Performance Achievement
J. Erik Fyrwald	100%	105.3%	0% - 200%
Bradley J. Bell	75%	105.3%	0% - 200%
Eric G. Melin	65%	105.3%	0% - 200%
David E. Flitman	70%	105.3%	0% - 200%
David Johnson	65%	105.3%	0% - 200%
Scott C. Mason	50%	105.3%	0% - 200%

Based on the corporate and individual performance adjustments, the following awards were granted to the following named executive officers:

Mr. Fyrwald received a payment above target under this plan in recognition of corporate revenue performance, successful debt refinancing and overall business performance in light of difficult markets.

Mr. Bell received a payment at target under this plan.

Mr. Melin and Mr. Johnson received payments slightly below target under this plan in light of business performance for their regions in a difficult economy.

Mr. Flitman received a payment above target under this plan in recognition of positive business performance for the Water and Process Services Division.

- (e) *Profit Sharing and Savings Plan - 2009*. The Compensation Committee determined that earnings performance triggered a 6.225% contribution to the US Profit Sharing and Savings Plan (4.669% for employees who are participants in the Company's Retirement Income Plan). The payments under this plan applied equally to all participants, including executive officers who are participants in this plan.
- (f) *Long-Term Equity Incentive Awards - 2009*. The Compensation Committee determined that the payout for the 2009 leg under the 2008-2010 cycle of the Long-Term Equity Incentive Awards would be at 12.8% based on the Company only meeting the cost reduction performance metric in the 2009 year and missing the other performance metrics. The overall performance achievement under the 2008-2010 cycle will be 50.2%.
- (g) *Management Incentive Plan - 2010*. The Compensation Committee set targets for the 2010 Management Incentive Plan: equally dependent upon EBITDA, Free Cash Flow and EPS growth.
- (h) *Long-Term Equity Incentive Awards - 2010*. On February 9, 2010, the Compensation Committee approved regular long-term equity incentive awards. The award was divided into three components: (a) performance shares approximately equal to 60% of the award

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opportunity based on three year revenue and EBITDA performance and continued employment, (b) restricted units approximately equal to 20% of the award opportunity vesting in three years based on continued employment and (c) stock options approximately equal to 20% of the award opportunity vesting in equal four year installments. All grants were made at target; Mr. Flitman's target was increased to 140% of base salary and Mr. Johnson's and Mr. Melin's targets were increased to 120% to reflect additional responsibilities assigned to their positions.

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## Table of Contents

### *III. Objectives of Compensation Programs*

Compensation Philosophies of the Company. As an overall philosophy, the Company and the Compensation Committee have a goal of providing competitive compensation programs that support the Company's business strategies by attracting, retaining and developing individuals with the necessary talent and experience levels and to reward such individuals, through performance-based variable pay and recognition programs. The overriding goals of the compensation program are to be competitive, performance-based, cost effective, globally consistent and legally compliant. The Company targets pay programs at the 50<sup>th</sup> percentile target of peer companies, described below, with individual compensation varying based on factors such as performance or experience. Compensation decisions are made objectively based on available market information. The Compensation Committee further requires that compensation programs promote safety in the workplace and ethical business practices.

In setting compensation packages and programs, the Company also looks at the mix between fixed and variable compensation and between long-term and short-term compensation. For the variable or incentive compensation, the Company looks at data from the comparable companies for the similar positions and the internal hierarchy of jobs. Comparative data and internal hierarchical information are also used when setting long-term compensation, with an additional emphasis given to long-term compensation for those jobs which tend to have a longer-term impact on the Company and its performance.

For certain executive or officer level jobs, the Company also considers comparable company data concerning post-termination compensation plans or agreements. The Company evaluates the need for such agreements to attract appropriate talent and includes in any such arrangement post-employment covenants protecting the Company's confidential information, trade secrets, and, where appropriate, competitive position.

In selecting a peer group, the Compensation Committee identified companies that are in the chemical, oil & gas and industrial services industries of similar revenue and total asset size. In the future, the Compensation Committee plans on using the same peer group for executive compensation decisions, including relative performance metrics under the Management Incentive Plan.

The following is the peer group used for establishing the 50<sup>th</sup> percentile compensation objectives. This list is subject to change each year depending on the availability of the companies' data and the continued appropriateness of each company for inclusion in the peer group.

Air Products & Chemicals, Inc.	FMC Corporation
Albemarle Corporation	FMC Technologies, Inc.
Arch Chemicals, Inc.	Harsco Corporation
Ashland, Inc.	Kemira Oyj
Baker Hughes, Inc.	Kurita Water Industries, Ltd.
Complete Production Services, Inc.	Pall Corporation
Eastman Chemical Company	Praxair, Inc.
Ecolab, Inc.	Weyerhaeuser Company

The Company and the Compensation Committee also consider the following functions of each pay component when developing compensation plans and programs:

Base Salary: to attract and retain, to recognize immediate contributions, to provide financial stability, to reward for performance (see description of the Company's Base Salary program on page 30):

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**Table of Contents**

**Benefits Programs:** to attract and retain executives, to address basic security needs (see the description of the Company's programs for Benefits and Profit Sharing and Savings Plan below);

**Short-Term Incentives:** to attract and retain executives, to focus on short-term performance criteria such as operating results and efficiency, to pay for performance, to create shareholder value (see the description of the Company's Management Incentive Plan below);

**Long-term Incentives:** to attract and retain executives over a long-term time period with the Company, to focus on long-term performance and shareholder value, to pay for long-term results and to focus on safety in the workplace and ethical business practices; (see the description of the Company's Long-Term Equity Incentive Awards under the 2004 Stock Incentive Plan below) and

**Perquisites:** provided only when job-related or market-driven, to attract and retain executives; perquisites to be avoided if one-off and if not connected to job duties (see description of the Company's Perquisites on page 31).

***IV. Compensation Plans, Programs and Significant Policies***

Applying these philosophies and objectives, the Company has developed the following executive compensation plans and programs which are adjusted as necessary for jurisdictional requirements, legal requirements and to reflect market conditions shown from comparable company data:

**Base Salary.** The Company establishes base salary market value points ( MVPs ) for each job position or job grouping, based on the comparable company analysis described above. Base salaries are offered in scales of plus or minus 20% around the MVPs to attract and retain employees. Annual adjustments of base salary generally occur at the end of the first quarter, after performance evaluations for employees have been completed, and such adjustments reflect individual performance and regional business considerations. The Company endeavors to maintain base salaries within the designated ranges as it is making adjustments to base salaries.

**Benefits.** The Company provides medical, disability benefits, dental, life insurance and vision benefits unless otherwise prohibited by local or statutory regulations. Benefits are offered to attract and retain employees.

**Profit Sharing and Savings Plan.** The Profit Sharing and Savings Plan covers substantially all US employees of Nalco Company and other participating companies (certain subsidiaries and affiliates of Nalco Company). The Plan is a combined 401(k) savings plan and profit sharing plan. Employees are eligible to participate in the 401(k) savings and voluntary after-tax portions of the Plan upon date of hire. In order to receive a share of the employer profit sharing contribution, the employee must be employed on December 31 of the calendar year for which the contribution is made, provided the employee worked 1,000 hours in the year. Employer matching contributions for all other Plan participants prior to January 1, 2010 (and for all participants after December 31, 2009) shall be equal to 100% of a participant's deferral contribution not in excess of 4% of earnings. At the end of the Plan year, the companies determine whether a profit sharing contribution will be made to the Plan. A Supplemental Plan covers contributions that exceed qualification levels.

**Management Incentive Plan.** The Company offers to designated global management employees the opportunity to earn an annual cash bonus based on the consolidated results of the Company reaching certain thresholds, often measured in earnings performance, cost savings and growth targets. The target level awards for job positions are derived from a comparative company analysis with the goal of paying at the median level among the comparable companies. This Plan encourages short-term earnings and revenue growth performance.

**Long-Term Equity Incentive Awards under the 2004 Stock Incentive Plan.** The Company sets target level long-term incentive compensation awards for those job positions that have significant influence on the long-term results of the Company and that typically receive such long-term compensation based on the comparable company data. Similarly, the levels of such awards are derived from comparable company data for positions with comparable responsibilities.

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**Table of Contents**

Long-Term Equity Incentive Awards are made under the 2004 Stock Incentive Plan, which earmarks up to 7,500,000 of the Company shares to be available to be awarded as performance shares, restricted shares, phantom shares, options, restricted units or similar equity grants.

For a smaller group of individuals, including certain of the named executive officers, the Company also granted stock options under the 2004 Stock Incentive Plan in addition to the performance and restricted shares. Such options will vest in equal installments over four years subject to the participant continuing to be employed on the vesting date or they might vest earlier upon retirement, disability or death.

The Compensation Committee has also approved a small number of *ad hoc* grants under the 2004 Stock Incentive Plan for promotional or performance recognition of individuals in jobs that qualify for long-term equity incentives but who are hired after the completion of the annual grant process.

The size of grants made under the Long-Term Equity Incentive Plan are determined based on competitive market data. The Company aims to target the mid-point of the comparative group identified on page 29.

Severance Agreements and Change of Control Agreements. The Company has executed severance and change of control agreements with certain of its officers. The terms of these agreements were geared to attract individuals to these positions by offering benefits consistent with relevant market data. The severance agreements generally provide that a terminated participant will receive an amount that is a multiple of base salary and bonus at target level under the Management Incentive Plan and a prorated portion of the MIP award during the year of the severance. The change of control agreements permit accelerated vesting of equity incentives should the Company have a Change of Control event. The specific terms of severance agreements for the named executive officers are described below.

Perquisites. The Company offers a limited package of perquisites to certain of its senior officers. These perquisites are described in the footnotes to the Summary Compensation Table. Perquisites are offered to attract and retain appropriately talented officers. The Compensation Committee terminated reimbursement of tax preparation, financial planning and legal services effective January 1, 2010 (for non-expatriates).

Equity Ownership Policies. The Company also maintains the following equity ownership policies as a further effort to assure that the compensation for directors and officers coincides with the performance of the Company and its share value:

Director Equity Ownership. On November 10, 2005, the Board of Directors approved a policy, requiring Directors to hold an amount of equity in Nalco Holding Company equal to three times the Director's annual cash retainer amount, such equity ownership level to be reached within three years after joining the Board of Directors. This stock ownership policy is reflected in the Company's Corporate Governance Guidelines. This policy is designed to further the goal of performance-based compensation. The value of the equity for purposes of compliance with this policy is determined at the time of grant.

Management Equity Ownership. On August 16, 2005, the Board of Directors adopted a policy requiring the Company's senior executives to own equity in the Company equal to amounts ranging from one to three times their base compensation (five times for the CEO). These amounts will need to be met over a five-year period. This policy is designed to further the goal of performance-based compensation. The value of the equity for the purposes of this policy is determined at the time of grant.

Procedure for Equity Grants. The Compensation Committee has implemented a procedure for the grant of annual cash and long-term equity incentives. At the Compensation Committee's first regular meeting during a year, typically at the end of January, the Committee will review the performance of the Company during the preceding year against target performance levels under the annual and long-term incentive plans. At the second meeting of the year, typically in mid-February, the Compensation Committee will set the performance levels for that year's annual and long-term incentive plans and will approve proposed grants of Long-Term Equity

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**Table of Contents**

Incentive Awards for that year. The closing date stock price for the date of this approval will be used in setting strike prices for options or value for restricted shares. The dates of these first two meetings will have been scheduled by the Compensation Committee no later than September 30 of the preceding year. In the event that one of these meetings falls during a period in which management is precluded from trading the Company's shares or there is otherwise material information which is not publicly available, the meeting will be re-scheduled in one week delayed increments, until the meeting falls on a date where all material information has been publicly disclosed and such trading restriction is lifted. Similarly, *ad hoc* equity grants will only be made on the fifth business day of the month following agreement date for existing employees and commencement date for new employees and any such grants will reflect the closing stock price for that date. The Compensation Committee believes this procedure will best assure that equity grants are set objectively, at a time of full public information, thereby assuring that incentive compensation is solely a function of the Company's favorable performance.

Nalco LLC 2004 Unit Plan. Prior to the Company becoming publicly registered in November 2004, its predecessor was owned by the Sponsors through a holding company: Nalco LLC. Certain of the members of our management invested in units of Nalco LLC as part of the Nalco LLC 2004 Unit Plan on June 30, 2004. The Nalco LLC 2004 Unit Plan was set up by Nalco LLC. The Nalco LLC 2004 Unit Plan is not a Company plan and is not governed by the Company's Compensation Committee. The Sponsors designed the Nalco LLC 2004 Unit Plan to reward participants for increases in the value of the Company's equity and for reaching earnings performance targets.

When the Nalco LLC 2004 Unit Plan was adopted, the Company determined that the Nalco LLC 2004 Unit Plan would provide adequate long-term equity incentive compensation for participants and that during the duration of the 2004 Unit Plan (2004-2008) the participant would not be eligible for additional long-term equity incentive awards under the 2004 Stock Incentive Plan annual grants (unless such participant was promoted to a higher position or other equitable adjustment was made permitting a larger long-term incentive compensation payment). Among others, Bradley J. Bell and David Johnson participated in the Nalco LLC 2004 Unit Plan.

The last of the equity incentive grants under the Nalco LLC 2004 Unit Plan vested on December 31, 2008. Former participants in the Nalco LLC 2004 Unit Plan now participate in the long-term equity awards under the 2004 Stock Incentive Plan.

***V. Elements of Compensation for Named Executive Officers***

**J. Erik Fyrwald.** Effective on February 28, 2008, Mr. Fyrwald was elected as Chairman, President and Chief Executive Officer of the Company, Nalco Company and certain subsidiaries. Pursuant to an Employment Letter Agreement, Mr. Fyrwald: (a) will receive an annual base salary, subject to review, and (b) will be eligible to participate in the Company's Management Incentive Plan with a target bonus amount of 100% of his base salary, with the actual bonus having a range of 0% to 200% of his base salary based on actual performance in accordance with the terms of the Management Incentive Plan.

Mr. Fyrwald entered into a Severance Agreement with the Company that provides, upon either an involuntary termination without cause or voluntary termination for good reason, benefits that include: (1) a severance payment equal to two times the sum of Mr. Fyrwald's base salary plus his target bonus under the Management Incentive Plan; (2) continued participation for eighteen months in the Company's medical and dental plans at active employee rates, and (3) a pro rata bonus under the Management Incentive Plan for the termination year based on actual performance for the year. Under the terms of the severance agreement, Mr. Fyrwald must execute a release to receive the benefits and may not disclose any confidential information concerning Nalco Company or its subsidiaries or affiliates. In addition, for a period of two years after the severance, Mr. Fyrwald may not (a) compete with Nalco Company or its subsidiaries or (b) solicit or hire Nalco Company's employees or employees of its subsidiaries.



## Table of Contents

Under the Company's 2004 Stock Incentive Plan, Mr. Fyrwald received: (1) 185,000 ten-year non-qualified stock options that vest in four equal installments (upon his continued employment) at the end of 2008 and the end of each of the following three years; (2) 75,000 performance shares that vest on December 31, 2010 subject to the achievement of certain performance criteria over the performance period for the 2008-2010 cycle under the Long-Term Incentive Plan and continued employment through December 31, 2010, and (3) 50,000 performance shares that vest on December 31, 2010 subject to the achievement of certain performance criteria for 2008 and Mr. Fyrwald's continued employment through 2010.

Mr. Fyrwald entered into a change of control agreement effective as of January 1, 2009 that would permit an acceleration of these grants under the 2004 Stock Incentive Plan and future grants under the 2004 Stock Incentive Plan in the event of a change in control of the Company.

In addition, as inducement awards outside the Company's 2004 Stock Incentive Plan, Mr. Fyrwald received: (1) 40,000 ten-year non-qualified stock options that vest in four equal installments at the end of 2008 and the end of each of the following three years, (2) 150,000 ten-year non-qualified stock options that vest 50% on each of the third and fourth anniversaries of the date of the agreement and (3) 200,000 restricted shares that vest 50% on each of the third and fourth anniversaries of the date of the agreement. The grants outside of the 2004 Stock Incentive Plan under items (2) and (3) shall vest upon a change of control, an involuntary termination of employment or a voluntary termination for good reason.

Mr. Fyrwald participates in the Nalco Company defined contribution plan (Profit Sharing and Savings Plan), supplemental defined contribution, Executive Death Benefit Plan and other benefit plans common to all employees.

**Bradley J. Bell.** Nalco Company entered into an employment agreement with Mr. Bell effective November 1, 2003 to serve as Executive Vice President and Chief Financial Officer. Mr. Bell's employment may be terminated at will by Mr. Bell or by Nalco Company. Under this agreement, Mr. Bell is entitled to receive (a) a base salary, subject to annual review, (b) annual bonuses in connection with achievement of targeted performance levels, and (c) specified fringe benefits, including health and disability insurance and life insurance.

Effective January 1, 2009, Mr. Bell entered into a Severance Agreement (replacing a previous severance agreement.) Under this agreement, in the event of involuntary termination of Mr. Bell's employment or termination by him for good reason, he will receive benefits that include: (1) a payment equal to 1.5 times his base salary and target bonus, (2) a pro-rated portion of his management incentive bonus for the year of termination and (3) continued medical and dental benefits for a period of eighteen months at the active employee rate. This severance agreement is conditioned upon Mr. Bell signing a release. Further, under this agreement Mr. Bell may not disclose any confidential information concerning Nalco Company or its subsidiaries or affiliates. In addition, for a period of two years following a severance thereafter, Mr. Bell may not (a) compete with Nalco Company or its subsidiaries or (b) solicit or hire Nalco Company's employees or employees of its subsidiaries.

Mr. Bell has not participated in the Company's Long-Term Equity Incentive Awards under the 2004 Stock Incentive Plan before 2009. On February 6, 2009, Mr. Bell was granted 57,143 restricted shares under the Company's 2004 Stock Incentive Plan, such restricted shares to vest in three years conditioned on Mr. Bell's continued employment. Mr. Bell entered into a change of control agreement effective as of January 1, 2009 that would permit an acceleration of his grants under the 2004 Stock Incentive Plan in the event of a change of control of the Company.

Mr. Bell participates in the Nalco Company defined contribution plan (Profit Sharing and Savings Plan), supplemental defined contribution plan, Executive Death Benefit Plan and other benefit plans common to all employees.

**Table of Contents**

**David E. Flitman.** On July 17, 2008, Nalco Company entered into an Employment Letter Agreement with Mr. Flitman to serve as its Executive Vice President. Under this agreement Mr. Flitman will receive an annual base salary of \$420,000 (subject to later adjustment) and an annual bonus, with a range of award to be earned of 0% to 200% of target based on actual performance in accordance with the terms of the Management Incentive Plan.

The letter agreement further provided that Mr. Flitman would receive annual long-term incentive awards with a value representing approximately 130% of his base salary. Pursuant to a change of control agreement executed on January 1, 2009, Mr. Flitman's grants under the 2004 Stock Incentive Plan will vest upon a change in control of the Company.

Mr. Flitman also was granted: (1) a one-time cash payment of \$205,000, (2) restricted shares vesting on the second anniversary of the grant date having a value of \$1.2 million and (3) performance shares of \$1.3 million vesting over three years if certain performance criteria are met. These restricted shares and performance shares would vest on a change of control of the Company or termination of his employment by the Company for reasons not constituting cause.

Mr. Flitman also signed a Severance Agreement that would include the following benefits, in the event of an involuntary termination without cause: (1) a severance payment equal to 1.5 times Mr. Flitman's base salary, (2) a prorated portion of his management incentive bonus for the year of termination and (3) continued medical and dental benefits for a period of eighteen months at the active employee rate. This severance agreement is conditional upon Mr. Flitman signing a release. Further, Mr. Flitman may not disclose any confidential information concerning Nalco Company or its subsidiaries or affiliates. In addition, for a period of two years after a severance, Mr. Flitman may not (a) compete with Nalco Company or its subsidiaries or (b) solicit or hire Nalco Company's employees or employees of its subsidiaries.

Mr. Flitman participates in the Nalco Company defined contribution plan, (Profit Sharing and Savings Plan), supplemental defined contribution plan, Executive Death Benefit Plan and other benefit plans common to all employees.

**David Johnson.** On January 10, 2006, the Company entered into a Restricted Shares Agreement with Mr. Johnson. Under this Agreement, Mr. Johnson was awarded 5,316 restricted shares that would vest in four equal installments on the last day of each of 2006, 2007, 2008 and 2009, provided Mr. Johnson is still employed with the Company or its affiliates on the vesting dates.

On June 7, 2007, the Company entered into a Restricted Shares Agreement with Mr. Johnson. Under this Agreement, Mr. Johnson was awarded 15,308 restricted shares that would vest in four equal installments on the last day of each of 2007, 2008, 2009, and 2010, provided Mr. Johnson is still employed with the Company or its affiliates on the vesting dates.

On March 7, 2008, the Company granted 50,000 restricted shares to Mr. Johnson such shares to vest 50% on December 31, 2011 and 50% on December 31, 2012 subject to Mr. Johnson's continued employment with the Company or its affiliates on the vesting dates.

Mr. Johnson also executed an Expatriate Assignment Agreement on April 4, 2007 that provides for certain benefits associated with his transfer to Europe, including housing allowances, goods and services allowance, language training, foreign service premium and relocation expenses and allowances.

Effective January 1, 2009, Mr. Johnson entered into a Severance Agreement. Under this agreement, in the event of involuntary termination of Mr. Johnson's employment or termination by him for good reason, he will receive the following benefits (among other things): (1) a payment equal to 1.5 times his base salary and target bonus, (2) a pro-rated portion of his management incentive bonus for the year of termination and (3) continued medical and dental benefits for a period of eighteen months at the active employee rate.

**Table of Contents**

Mr. Johnson entered into a change of control agreement effective as of January 1, 2009 that would permit an acceleration of his grants under the 2004 Stock Incentive Plan in the event of a change of control of the Company.

Mr. Johnson participated in the Nalco Limited 2002 Pension Plan, participates in the Executive Death Benefit Plan and other benefit plans common to all employees.

**Eric G. Melin.** On October 8, 2008, the Company and Mr. Melin entered into a Sign-On Restricted Share Agreement and Non-Qualified Stock Option Agreement. Under the Sign-On Restricted Share Agreement, Mr. Melin received 27,933 restricted shares. Under the Nonqualified Stock Option Agreement, Mr. Melin was granted 126,968 stock options at an exercise price of \$14.32 per share. Mr. Melin participates in annual awards under the Company's 2004 Stock Incentive Plan.

Effective August 22, 2008, Mr. Melin entered into a Severance Agreement that would include the following benefits: (1) a payment equal to 1.5 times his base salary and target bonus, (2) a pro-rated portion of his management incentive bonus for the year of termination and (3) continued medical and dental benefits for a period of eighteen months at the active employee rate.

Mr. Melin entered into a change of control agreement effective as of January 1, 2009 that would permit an acceleration of his grants under the 2004 Stock Incentive Plan in the event of a change of control of the Company.

Mr. Melin participates in the Executive Death Benefit Plan and other benefit plans common to all employees.

**Scott C. Mason.** Mr. Mason was the Company's Senior Vice President Supply Chain and Safety, Health and Environment. Pursuant to an Employment Separation and Consulting Agreement effective December 14, 2009, Mr. Mason separated from the Company on December 31, 2009 with the elimination of his position. Under his severance agreement with the Company, the Company has and will pay a total benefit of \$777,426 to Mr. Mason. He will provide consulting services from January 1, 2010 to June 30, 2010 on a part-time basis.

**Impact of Tax and Accounting.** As a general matter, the Compensation Committee always takes into the account the various tax and accounting implications of compensation vehicles employed by the Company.

Section 162(m) of the Internal Revenue Code places a limit of \$1,000,000 on the amount of compensation that we may deduct in any one year with respect to each of its CEO and any of the three most highly paid officers excluding the CEO and CFO. There is an exception to the \$1,000,000 limitation for performance-based compensation meeting certain requirements. It is the Compensation Committee's policy to maximize the effectiveness of our executive compensation plans in this regard.

The Company accounts for stock-based payments, including stock options, restricted stock and the LTIP performance share awards in accordance with the requirements of FASB ASC Topic 718 (formerly known as FASB Statement 123R).

***VI. Director Compensation***

Director compensation for 2009 was: (a) annual cash retainer of \$70,000; (b) equity compensation with target value of \$80,000; (c) Audit Committee Chairman retainer of \$15,000; (d) Committee Chairman retainer (other than Audit Committee) of \$7,500; and (e) Committee meeting fee of \$1,500 per meeting. No meeting fee will be paid for Board Meetings, and Nalco Holding Company will reimburse expenses related to duties as a director. The Board also determined that the Lead Director would be paid an annual stipend of \$20,000.

**Table of Contents**

The following tables set forth certain information concerning compensation of the Company's non-employee directors for 2009.

**DIRECTOR COMPENSATION 2009**

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)	Total (\$)
Carl M. Casale	\$ 82,000	\$ 80,004	\$ 162,004
Rodney F. Chase	\$ 121,500	\$ 80,004	\$ 201,504
Richard B. Marchese	\$ 106,000	\$ 80,004	\$ 186,004
Paul J. Norris	\$ 83,500	\$ 70,576	\$ 154,076
Douglas A. Pertz	\$ 100,000	\$ 80,004	\$ 180,004
Daniel S. Sanders	\$ 92,500	\$ 80,004	\$ 172,504
Mary M. VanDeWeghe	\$ 39,500	\$ 36,830	\$ 76,330

**Footnotes to Director Compensation Table:**

(1) Mr. Norris was appointed a director effective January 8, 2009, and therefore received compensation only commensurate with his service as a director during 2009.

(2) Ms. Van DeWeghe was appointed a director effective July 16, 2009, and therefore received compensation only commensurate with her service as a director during 2009.

The aggregate number of options and stock awards outstanding as of fiscal year end for each director were as follows:

**DIRECTOR OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END**

Name	Aggregate Outstanding Stock Awards (#)
Carl M. Casale	6,385
Rodney F. Chase	10,530
Richard B. Marchese	10,530
Paul J. Norris	6,967

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Douglas A. Pertz	10,530
Daniel S. Sanders	10,530
Mary M. VanDeWeghe	2,095

**Table of Contents**

The grant date fair value for each Stock Award included in the above table of each Director is as follows:

**DIRECTOR GRANT DATE FAIR VALUE**

<b>Name</b>	<b>Grant Date</b>	<b># RSUs</b>	<b>Closing Stock Price</b>	<b>Grant Date Fair Value</b>
Carl M. Casale	1/8/2009	6,385	\$ 12.53	\$ 80,004
Rodney F. Chase	1/8/2009	6,385	\$ 12.53	\$ 80,004
	2/7/2008	4,145	\$ 19.30	\$ 79,999
	2/15/2007	2,707	\$ 24.01	\$ 64,995
Richard B. Marchese	1/8/2009	6,385	\$ 12.53	\$ 80,004
	2/7/2008	4,145	\$ 19.30	\$ 79,999
	2/15/2007	2,707	\$ 24.01	\$ 64,995
Paul J. Norris	3/6/2009	6,967	\$ 10.13	\$ 70,576
Douglas A. Pertz	1/8/2009	6,385	\$ 12.53	\$ 80,004
	2/7/2008	4,145	\$ 19.30	\$ 79,999
	2/15/2007	2,707	\$ 24.01	\$ 64,995
Daniel S. Sanders	1/8/2009	6,385	\$ 12.53	\$ 80,004
	2/7/2008	4,145	\$ 19.30	\$ 79,999
	2/15/2007	2,707	\$ 24.01	\$ 64,995
Mary M. VanDeWeghe	8/7/2009	2,095	\$ 17.58	\$ 36,830

(3) Directors did not receive any other compensation for their services as directors, nor did they receive any perquisites or personal benefits.

**Table of Contents**

*The foregoing Compensation Discussion and Analysis contains statements regarding incentive targets and goals. These targets and goals are disclosed in the limited context of the Company's compensation programs and should not be understood to be statements of management's expectations or estimates of results or other guidance. The Company cautions investors not to apply these statements to other contexts.*

**Nalco Holding Company****SUMMARY COMPENSATION TABLE**

Name and Principal Position	Year	Salary	Bonus	Stock Awards	Option Awards	Non-Equity Incentive Plan Compensation	Change in Pension Value and Nonqualified Deferred Compensation Earnings	All Other Compensation	Total
		(\$)	(\$)	(\$) <sup>1,2</sup>	(\$) <sup>1</sup>	(\$)	(\$) <sup>3</sup>	(\$) <sup>4</sup>	(\$)
<b>J. Erik Fyrwald</b> Chairman, President and CEO	2009	850,000	-	2,618,001	1,024,944	964,620	-	163,282	5,620,847
	2008	715,417	-	7,250,750	3,126,000	609,802	-	246,694	11,948,663
<b>Bradley J. Bell</b> EVP, CFO	2009	473,540	-	1,362,957	259,545	364,145	-	112,739	2,572,926
	2008	468,172	125,000	-	-	210,962	-	51,354	855,488
	2007	447,200	-	-	-	384,144	-	77,735	909,079
<b>Eric G. Melin</b> EVP and President Asia Pacific Region and Global Procurement	2009	420,000	-	369,604	144,698	275,224	-	605,576	1,815,102
<b>David E. Flitman</b> EVP and President Water and Process Services	2009	420,000	-	470,399	184,159	339,224	-	65,635	1,479,417
	2008	155,750	205,000	2,600,103	138,562	100,000	-	194,590	3,394,005
<b>David Johnson</b> EVP & President Europe Region and Global SHE	2009	345,000	-	276,008	108,053	225,160	230,956	450,015	1,635,192
	2008	292,361	-	1,054,046	58,888	125,000	-	433,887	1,964,182
	2007	255,501	-	439,014	36,805	140,058	-	205,818	1,077,196
<b>Scott C. Mason</b> Former SVP, Supply Chain & Safety Health and Environment	2009	334,100	-	454,391	177,895	172,181	-	806,248	1,944,815

**Footnotes to Summary Compensation Table:**

- (1) The amounts shown in the Stock Awards and Options Awards columns reflect the aggregate grant date fair value on the date of grant in accordance with FASB ASC Topic 718 (formerly known as FASB Statement 123R), in connection with annual and special awards of stock options, performance share units and restricted stock units under the Nalco Holding Company 2004 Stock Incentive Plan for all executives. Due to the change to aggregate grant date fair value for stock award valuation, the amounts previously reported under Mr. Bell's 2007 and 2008 Stock Awards columns were attributable to his participation in the 2004 Unit Plan. A Black-Scholes valuation approach has been chosen for stock option calculations. The assumptions used in valuing these grants are set out in the following notes to the Nalco Holding Company and Subsidiaries Consolidated Financial Statements in the Form 10-Ks indicated:

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<b>For Stock and Option Awards</b>	<b>Consolidated and Combined Financial Statements</b>	<b>Included with Form 10-K filed:</b>	<b>Note(s)</b>
<b>Granted in FY</b>			
2009	December 31, 2009	2/26/2010	15
2008	December 31, 2008	2/25/2009	15
2007	December 31, 2007	2/28/2008	15
2006	December 31, 2006	3/1/2007	15

None of the other named executive officers forfeited any stock options or stock awards during the year, except for Mr. Mason who forfeited 21,660 stock options, 9,530 restricted stock and 28,590 performance shares.



**Table of Contents**

- (2) The performance share awards that were outstanding at December 31, 2009 are shown in the Stock Awards column for each named executive officer that holds a performance share grant, reflecting assumptions based on the 2009 Company performance at target. The maximum award for each grant are as follows: Mr. Fyrwald \$3,926,996, Mr. Bell \$994,438, Mr. Mason \$681,586, Mr. Melin \$554,399, Mr. Flitman \$705,592, and Mr. Johnson \$460,920.
- (3) All the amounts shown in the Change in Pension Value and Non-Qualified Deferred Compensation Earnings represent the annual increase in actuarial present value of retirement benefits payable as described in the Pension Benefits 2009 Table. For 2008, Mr. Johnson's change in actuarial present value of retirement benefits is reported as \$0 because the value decreased by \$65,156 from 2007.
- (4) The amounts in this column reflect other compensation for 2009 that could not be properly reported in any other column. Details regarding all other compensation components are provided in the two supplemental tables below. Several of the benefits resulted in imputed income to the named executive officers. In the case of company provided automobiles, the amounts shown reflect the cost attributed to personal use of the vehicle by the named executive officers, which is imputed as income to them.

	Perquisite Total Amount	Tax Gross-Ups	Tax Equalization	Foreign Taxes Paid	Company Contributions to Defined Contribution Plans	Severance Payment	Total
J. Erik Fyrwald	\$ 54,228	\$ 8,992	\$ -	\$ -	\$ 100,062	\$ -	\$ 163,282
Bradley J. Bell	\$ 48,394	\$ 11,935	\$ -	\$ -	\$ 52,410	\$ -	\$ 112,739
Eric G. Melin	\$ 229,220	\$ 11,006	\$ (69,237)	\$ 392,418	\$ 42,169	\$ -	\$ 605,576
David E. Flitman	\$ 21,855	\$ 1,609	\$ -	\$ -	\$ 42,170	\$ -	\$ 65,635
David Johnson	\$ 210,666	\$ 1,451	\$ 29,957	\$ 168,884	\$ 39,057	\$ -	\$ 450,015
Scott C. Mason	\$ 18,261	\$ 50	\$ -	\$ -	\$ 36,212	\$ 751,725	\$ 806,248

The following table details the perquisites and personal benefits for the named executive officers:

	Perquisites and Personal Benefits for Named Executive Officers										Total
	Travel	Auto	Exec. Death Benefit	Financial Planning, Tax & Legal Services	Goods & Services	International Health Care	Home Leave Expense	Housing	Relocation		
J. Erik Fyrwald	\$ 869	\$ 292	\$ 31,817	\$ 21,250	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 54,228
Bradley J. Bell	\$ -	\$ 54	\$ 25,329	\$ 23,011	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 48,394
Eric G. Melin	\$ 2,202	\$ 14,750	\$ 13,060	\$ 19,922	\$ 61,108	\$ -	\$ 2,158	\$ 116,020	\$ -	\$ -	\$ 229,220
David E. Flitman	\$ -	\$ 135	\$ 11,749	\$ 3,568	\$ -	\$ -	\$ -	\$ -	\$ 6,403	\$ -	\$ 21,855
David Johnson	\$ 2,127	\$ -	\$ 10,157	\$ 7,500	\$ 80,057	\$ 19,030	\$ 8,000	\$ 83,795	\$ -	\$ -	\$ 210,666
Scott C. Mason	\$ -	\$ 121	\$ 18,140	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,261

Messrs. Melin and Johnson received compensation related to their international assignments, which were paid to them in a currency other than U.S. dollars (US \$). In calculating the amounts disclosed above, the Company used the average daily exchange rate of the local countries to U.S. dollars during 2009. For Mr. Melin RMB ¥6.8264 to US\$1.00 and for Mr. Johnson EU 0.73 to US\$1.00.

Amounts shown in the Executive Death Benefits column of the Perquisites and Personal Benefits table above are based on the market value quotes of the cost of insurance from a third party insurance company for a term life insurance policy based on the life expectancy of each named executive officer having such a benefit.

**Table of Contents****GRANTS OF PLAN BASED AWARDS 2009**

The 2009 Grants of Plan-Based Awards Table below reflects equity and non-equity incentive plan awards made to each of the named executive officers during 2009. Equity awards include nonqualified stock options (SO), performance shares (PS) and restricted stock (RS). Non-equity awards include awards under our Management Incentive Plan (MIP) for 2009.

Name	Award Type	Grant Date <sup>1</sup>	Award Agreement Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards <sup>2</sup>			Estimated Future Payouts Under Equity Incentive Plan Awards <sup>3</sup>			All Other Stock Awards: Number of Shares or Stock Units <sup>4</sup>	All Other Option Awards; Number of Securities Underlying Options <sup>5</sup>	Exercise or Base Price of Option Awards <sup>6</sup>	Grant date fair value of stock and option awards <sup>7</sup>
				Target Threshold (\$)	Target Maximum (\$)	Target Maximum (\$)	Target Threshold (#)	Target Maximum (#)	Target Maximum (#)				
J. Erik Fyrwald	MIP			340,000	850,000	1,700,000							
	SO	2/12/2009											
	PS	2/12/2009					115,306	164,723	329,446		166,387	1,024,944	
	RS	2/12/2009								54,908		1,963,498	
												654,503	
Bradley J. Bell	MIP			142,062	355,155	710,310							
	SO	2/12/2009											
	PS	2/12/2009					29,199	41,713	83,426		42,134	259,545	
	RS	2/12/2009								13,904		497,219	
	RS	2/6/2009	1/1/2009							57,143		165,736	
												700,002	
Eric G. Melin	MIP			109,200	273,000	546,000							
	SO	2/12/2009											
	PS	2/12/2009					16,279	23,255	46,510		23,490	144,698	
	RS	2/12/2009								7,752		277,200	
												92,404	
David E. Flitman	MIP			117,600	294,000	588,000							
	SO	2/12/2009											
	PS	2/12/2009					20,718	29,597	59,194		29,896	184,159	
	RS	2/12/2009								9,866		352,796	
												117,603	
David Johnson	MIP			89,700	224,250	448,500							
	SO	2/12/2009											
	PS	2/12/2009					12,156	17,366	34,732		17,541	108,053	
	RS	2/12/2009								5,789		207,003	
												69,005	
Scott C. Mason	MIP			66,820	167,050	334,100							
	SO	2/12/2009											
	PS	2/12/2009					20,013	28,590	57,180		28,879	177,895	
	RS	2/12/2009								9,530		340,793	
												113,598	

**Footnotes to Grants of Plan-Based Awards Table:**

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- (1) Unless otherwise indicated in the table above, the grant date is the date on which stock and option awards were approved by the Compensation Committee. Where the grant date differs from the award agreement date, this was as a result of application of the Company's policy with respect to ad hoc equity awards, as is more fully described under "Procedure for Equity Grants" in the Compensation Discussion and Analysis section above. Under this policy, ad hoc equity grants will only be made on the fifth business day of the month following agreement date for existing employees and commencement date for new employees and any such grants will reflect the closing stock price for that date.
- (2) The amounts in these columns represent grant awards under our Management Incentive Plan for 2009, including the threshold, target and maximum amounts that can be earned based on performance achieved in 2009. These awards are more fully discussed in our Compensation Discussion & Analysis section.
- (3) The amounts in these columns represent the number of shares that could be earned under grants of performance share awards. Generally, the performance shares will vest subject to performance criteria being met through the end of 2011. The performance-based conditions for these shares are: 3-year cumulative EBITDA growth, and 3-year cumulative Organic Revenue growth. Mr. Mason's performance share awards were forfeited upon termination of his services.

The performance share awards that were outstanding at December 31, 2009 for each named executive officer that holds a performance share grant reflect assumptions based on the 2009 Company performance at target. The maximum award for each grant is as follows: Mr. Fyrwald \$3,926,996, Mr. Bell \$994,438, Mr. Mason \$681,586, Mr. Melin \$554,399, Mr. Flitman \$705,592 and Mr. Johnson \$460,920.

**Table of Contents**

- (4) The amounts in this column represent restricted stock awards made to Messrs. Fyrwald, Bell, Mason, Melin, Flitman and Johnson which shall vest subject to continued employment through February 28, 2012. Mr. Mason's restricted stock awards were forfeited upon termination of his services.
- (5) The amounts in this column represent the number of stock options granted to Messrs. Fyrwald, Bell, Mason, Melin, Flitman and Johnson. The stock options vest in substantially equal parts on each of December 31, 2009, December 31, 2010, December 31, 2011 and December 31, 2012. The stock options can be exercised once vested and before the expiration of their term, ten years following the date they were granted. A portion of Mr. Mason's stock option grants (7,219) vested on December 31, 2009.
- (6) The amounts in this column represent the exercise price for the stock options that were granted to named executive officers.
- (7) The amounts in this column represent the aggregate grant date fair market value of the equity awards granted during 2009. The restricted stock awards portion is calculated using the closing stock price on the date of grant. The performance share awards portion was calculated by multiplying the target number of shares by the closing stock price on the date of grant. The amount attributed to stock options is calculated using the following Black-Scholes value on the date of grant, which is \$6.16.

**Narrative to Summary Compensation Table and Grants of Plan-Based Awards Table**

**Employment Agreements**

Effective as of January 1, 2009, Messrs. Bell and Johnson entered into Severance and Change of Control Agreements with the Company and Messrs. Fyrwald and Flitman entered into Change of Control Agreements with the Company. The terms of these agreements are detailed in the Compensation Discussion and Analysis section.

**2004 Amended and Restated Stock Incentive Plan**

In February 2009, annual awards of nonqualified stock options and performance share awards were made under the Company's 2004 Stock Incentive Plan. The options generally vest at the rate of one-fourth per year beginning December 31, 2009, or earlier in the event of death, permanent disability or retirement. The options generally expire 10 years from their date of grant, or earlier in the case of death, permanent disability or retirement. Expense is recognized for the stock options over the period from the grant date to the earlier of the vesting date or the date an executive becomes retirement eligible.

The performance shares generally vest after three years from the date of grant based on performance achieved in 2008 and 2009, with any payout occurring after December 31, 2010. The number of performance shares earned will vary from zero to 150% of the number of performance shares awarded depending on performance achieved during each of 2008 and 2009. Vesting will be pro-rated based on the number of full months employed during the period and the performance shares to be earned based on performance actually achieved in the event of death, permanent disability, or retirement. Upon a change of control, only those performance shares which have been determined to have been earned based on the performance achieved shall become fully vested. Each performance share earned will be settled by the issuance of one share of Company stock. Expense is recognized over the period from the grant date to the end of the performance period.

**Table of Contents****Salary, Bonus and MIP in Proportion to Total Compensation**

For each named executive officer, the following chart illustrates the relationship between salary, non-equity incentive plan awards (MIP awards), and bonus with total compensation:

NEO	Total Compensation	Salary	% Total Compensation	Non-Equity Incentive Plan Awards	% Total Compensation	Bonus	% Total Compensation
J. Erik Fyrwald	\$ 5,620,847	\$ 850,000	15%	\$ 964,620	17%	\$ -	0%
Bradley J. Bell	\$ 2,572,926	\$ 473,540	18%	\$ 364,145	14%	\$ -	0%
Eric G. Melin	\$ 1,815,102	\$ 420,000	23%	\$ 275,224	15%	\$ -	0%
David E. Flitman	\$ 1,479,417	\$ 420,000	28%	\$ 339,224	23%	\$ -	0%
David Johnson	\$ 1,635,192	\$ 345,000	21%	\$ 225,160	14%	\$ -	0%
Scott C. Mason	\$ 1,944,815	\$ 334,100	17%	\$ 172,181	9%	\$ -	0%

**Table of Contents****OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END 2009**

The 2009 Outstanding Equity Awards At Fiscal Year-End Table below reflects equity awards held by each of the named executive officers at December 31, 2009. Equity awards include performance shares (PS), restricted stock (RS), and stock options (SO).

Name and Principal Position / Award Type	Number of Securities Underlying Unexercised Options	Option Awards				Stock Awards			
		Number of Securities Underlying Unexercised Options	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options	Option Exercise Price	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested	Market Value of Shares or Units of Stock That Have Not Vested	Equity Incentive Plan Awards: Number of Shares, Units or Other Rights That Have Not Vested	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested
	(#) Exercisable	(#) Unexercisable	(#)	(\$)		(\$)	(#)	(\$)	
<b>J. Erik Fyrwald</b>									
PS					84,450	\$ 2,154,320	164,723	4,202,084	
RS					254,908	\$ 6,502,703			
SO	112,500	262,500	-	\$ 20.84	3/7/2018				
SO	41,596	124,791	-	\$ 11.92	2/12/2019				
	154,096	387,291			339,358	\$ 8,657,023	164,723	4,202,084	
<b>Bradley J. Bell</b>									
PS							41,713	1,064,099	
RS					71,047	\$ 1,812,409			
SO	10,533	31,601	-	\$ 11.92	2/12/2019				
	10,533	31,601			71,047	\$ 1,812,409	41,713	1,064,099	
<b>Eric G. Melin</b>									
PS					2,454	\$ 62,596	37,221	949,508	
RS					35,685	\$ 910,324			
SO	46,026	95,755	-	\$ 14.32	10/18/2018				
SO	5,872	17,618	-	\$ 11.92	2/12/2019				
	51,898	113,373			38,139	\$ 972,920	\$ 37,221	949,508	
<b>David E. Flitman</b>									
PS					2,172	\$ 55,399	85,777	2,188,171	
RS					61,724	\$ 1,574,579			
SO	3,277	9,832	-	\$ 23.14	9/8/2018				
SO	7,474	22,422	-	\$ 11.92	2/12/2019				
	10,751	32,254			63,896	\$ 1,629,978	85,777	2,188,171	
<b>David Johnson</b>									
PS					1,167	\$ 29,774	17,366	443,007	
RS					59,616	\$ 1,520,804			
SO	4,939	-	-	\$ 17.80	6/28/2016				
SO	3,387	1,129	-	\$ 24.01	2/15/2017				
SO	3,522	3,522	-	\$ 20.45	2/14/2018				
SO	4,385	13,156	-	\$ 11.92	2/12/2019				
	16,233	17,807			60,783	\$ 1,550,578	17,366	443,007	
<b>Scott C. Mason</b>									
PS					-	-	-	-	
RS					-	-	-	-	
SO	15,175	-	-	\$ 17.80	6/28/2016				
SO	9,766	-	-	\$ 24.01	2/15/2017				
SO	9,563	-	-	\$ 20.45	2/14/2018				

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SO

7,219  
41,723

-

\$ 11.92 2/12/2019

-

-

-

-

43

**Table of Contents**

**Footnotes to Outstanding Equity Awards At Fiscal Year-End Table:**

- (1) For performance shares (PS), any amount shown in the Number of Shares or Units of Stock That Have Not Vested and the Market Value of Shares or Units of Stock That Have Not Vested columns reflect the portion of performance share awards which have been earned based on the performance achieved during the applicable years, which amounts executives will vest in if they are employed at the end of the applicable performance period, i.e., on December 31, 2010. Any amount shown in the Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested and the Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested columns reflect the target number of performance share awards for which the period for measuring performance has not yet finished and which may yet be earned by the executives based upon the performance achieved during such period, i.e., for the 2009 – 2011 performance cycle, this represents the target number of shares that can be earned for performance achieved in 2011. The vesting of the performance shares would be accelerated on a partial basis upon an executive’s death, disability or retirement.
- (2) For restricted stock (RS) granted on February 12, 2009, all shares vest on February 28, 2012 as follows: Mr. Fyrwald – 54,908, Mr. Bell – 13,904, Mr. Melin – 7,752, Mr. Flitman – 9,866 and Mr. Johnson – 5,789. The RS vesting dates other than for February 28, 2012 date are as follows: Mr. Fyrwald – 100,000 shares each on March 7, 2011 and March 7, 2012, Mr. Bell – 57,143 shares on December 31, 2011, Mr. Melin – 27,933 shares on October 8, 2011, Mr. Flitman – 51,858 shares on September 8, 2010, Mr. Johnson – 3,827 shares on December 31, 2010 and 50,000 shares one-half each on December 31, 2011 and December 31, 2012. In all cases, vesting on the indicated dates is subject to the executive’s continued employment through such vesting dates.
- (3) For stock options (SO) with an expiration date in 2016, the remaining stock options vested on December 31, 2009. For stock options with an expiration date in 2017, the remaining stock options vest December 31, 2010. Generally for stock options with an expiration date in 2018, one-half will vest on each of December 31, 2010 and December 31, 2011 (except for certain options granted to Mr. Fyrwald and all of the options granted to Mr. Flitman). 150,000 of the stock options granted to Mr. Fyrwald will vest one-half on each of March 7, 2011 and March 7, 2012. Mr. Flitman’s stock options vest one-quarter on each of September 8, 2009, September 8, 2010, September 8, 2011 and September 8, 2012. For stock options with an expiration date of February 12, 2019, one-fourth each will vest on December 31, 2009, December 31, 2010, December 31, 2011, December 31, 2012. In all cases, vesting on the indicated dates is subject to the executive’s continued employment through such vesting dates. The vesting of unvested stock options could be accelerated upon a change of control at the discretion of the Compensation Committee or upon the death or disability of the named executive officer or could be partially accelerated upon an executive’s death, permanent disability or retirement.



**Table of Contents****OPTION EXERCISES AND STOCK VESTED 2009**

Name / Award Type	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise <sup>1</sup> (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting <sup>2</sup> (\$)
J. Erik Fyrwald	-	-	-	-
Bradley J. Bell	-	-	-	-
Eric G. Melin	-	-	-	-
David E. Flitman	-	-	-	-
David Johnson				
SO	-	-	-	-
PS <sup>3</sup>			946	24,132
RS <sup>4</sup>			5,156	131,530
			6,102	155,662
Scott C. Mason	-	-	2,728	69,591

**Footnotes to Option Exercises and Stock Vested Table:**

- (1) No executive exercised stock options during 2009.
- (2) These amounts represent the value of the stock on the date the shares were acquired, i.e., the award vested, which was \$25.51 for all the awards which vested on December 31, 2009.
- (3) The performance shares (PS) shown are shares paid out under the 2007-2009 Performance Cycle based on the performance achieved.
- (4) The restricted stock (RS) shown as vested during 2009.

**Table of Contents****PENSION BENEFITS 2009**

<b>Name</b>	<b>Plan Name</b>	<b>Number of Years Credited Service (#)</b>	<b>Present Value of Accumulated Benefit (\$)</b>	<b>Payments During Last Fiscal Year (\$)</b>
J. Erik Fyrwald	None	-	-	-
Bradley J. Bell	None	-	-	-
Eric G. Melin	None	-	-	-
David E. Flitman	None	-	-	-
David Johnson	UK Plan	26.00	799,586	-
Scott C. Mason	None	-	-	-
<b>Pension Benefits</b>				

Mr. David Johnson participates in the Nalco Limited 2002 Pension Plan. The Nalco Limited 2002 Pension Plan covers U.K. employees who were hired prior to October 1, 2002. For the U.K. plan, the assumptions used were consistent with those used to value the Nalco Limited 2002 Pension Plan for US GAAP disclosure purposes the key assumptions being: 5.50% discount rate and 3.40% inflation.

**Nalco Limited 2002 Pension Plan**

The Nalco Limited 2002 Pension Plan (the Plan) provides benefits described in the Trust Deed and Rules dated July 4, 2002 as amended on August 25, 2009 and subsequently with effect from January 1, 2010 and supplemented by the provisions of the Predecessor Plans. These benefits are outlined below.

The Plan provides a 5-year certain-and-life annuity benefit at normal retirement equal to one-sixtieth (1/60) of Final Pensionable Pay multiplied by years of Pensionable Service. Final Pensionable Pay is defined as the average of the last three Pensionable Pay figures at the date of retirement or earlier exit. Pensionable pay is basic salary at each 1 April. Effective January 1, 2010, the Plan was amended to limit increases in pensionable earnings to no more than 2% per year.

Members may exchange part of their pension for a tax-free lump sum at retirement. The rate of exchange is determined by the Trustees based on actuarial advice.

The Normal Retirement Age is 65, but members may draw their pension early. Active and deferred members require consent from the Company to retire early.

Once in payment, pensions increase each April 1, in line with the provisions of the Trust Deed and Rules and in accordance with statutory provisions. Partner's and children's pensions may become payable on the event of the death of a member of the Plan.

**Table of Contents****NONQUALIFIED DEFERRED COMPENSATION 2009**

<b>Name</b>	<b>Executive Contributions in Last FY (\$)</b>	<b>Company Contributions in Last FY (\$)</b>	<b>Aggregate Earnings in Last FY (\$)</b>	<b>Aggregate Withdrawals/ Distributions (\$)</b>	<b>Aggregate Balance at Last FYE (\$)</b>
J. Erik Fyrwald		75,011	109		88,857
Bradley J. Bell		27,359	820		131,935
Eric G. Melin		17,118	-		17,118
David E. Flitman		17,119	-		17,119
David Johnson		14,006	192		38,442
Scott C. Mason		11,161	167		32,420

**Narrative to Nonqualified Deferred Compensation Table:**

The material factors necessary to an understanding of each plan disclosed in the table above are as follows, set out for each plan:

All the amounts shown in the above table were deferred under the Nalco Company Supplemental Profit Sharing Plan, which is intended to comply with Section 409A of the Internal Revenue Code of 1986, as amended ( Code ). Each qualified participant shall be entitled to receive a profit sharing credit to the extent the Company determines a profit sharing contribution shall be made, allocated among all qualified participants. The administrative committee administering the plan shall determine the rate of return that shall be applied to all participants' accounts as of the last day of the year or such other date it determines. A Participant shall become one hundred percent (100%) vested in his account if he retires on or after qualifying for normal retirement, dies or becomes disabled. In any other termination of employment, a participant will be vested in his account under the plan to the same extent he or she is vested in his or her profit sharing account under the qualified plan. The benefits provided under this plan to which a participant is or becomes entitled to received shall be offset by any benefit the participant is entitled to receive under any other plan, agreement or arrangement with the Company that is intended to provide benefits that cannot be provided under the qualified plan because of the limitations set forth in Code Sections 401(a)(17) and 415(c).

## **Table of Contents**

### **2004 Stock Incentive Plan**

In February 2009, annual awards of nonqualified stock options, restricted shares and performance share awards were made under the Company's 2004 Stock Incentive Plan. The stock options generally vest at the rate of one-fourth per year beginning December 31, 2009 or a pro-rata portion will vest earlier in the event of death, permanent disability or retirement. The stock options generally expire ten years from their date of grant, or earlier in the case of death, permanent disability or retirement. The restricted shares generally vest after three years or earlier in the event of death, permanent disability or retirement. Expense is recognized for the awards over the period from the grant date to the earlier of the vesting date or the date an executive becomes retirement eligible.

The performance shares generally vest three years from the date of grant based on performance achieved. Grants in 2007 vested based on performance in each of the years 2007 and 2008 with any payout occurring after December 31, 2009. Grants in 2008 will vest based on performance in each of the years 2008 and 2009 with any payout occurring after December 31, 2010. Grants in 2009 will vest on February 28, 2012, based on performance in years 2009 through 2011 with any payout occurring after February 28, 2012. The number of performance shares earned will generally vary from zero to 150% (200% for 2009 awards) of the number of performance shares awarded depending on performance achieved. Vesting will be pro-rated based on the number of full months employed during the period and the performance shares to be earned based on performance actually achieved in the event of death, permanent disability, or retirement. Upon a change of control, the 2007 and 2008 performance shares which have been determined to have been earned based on the performance achieved shall become fully vested. However, the terms of the 2009 performance share awards do not provide for vesting in the event of a change of control. Each performance share earned will be settled by the issuance of one share of Company stock. Expense is recognized over the period from the grant date to the end of the performance or vesting period.

### **Severance Agreements**

The Company has executed severance agreements with certain of its officers. The terms of these agreements were geared to attract individuals to these positions by offering benefits consistent with relevant market data. The severance agreements generally provide that a terminated participant will receive an amount that is a multiple of base salary and bonus at target level under the Management Incentive Plan and a prorated portion of the MIP award during the year of the severance. The specific terms of severance agreements for the named executive officers are described below.

### **Employment Agreements**

During 2008, the Company entered into employment agreements with Messrs. Fyrwald and Flitman and an Employment Offer with Mr. Melin. In November, 2008, the Company entered into Severance and Change of Control Agreements with each of the Named Executive Officers which are effective as of January 1, 2009. The terms of these agreements are detailed in the Compensation Discussion and Analysis section beginning on page 32.

**Table of Contents****POTENTIAL PAYMENT UPON TERMINATION OR CHANGE-IN-CONTROL**

The disclosure below describes and quantifies payments that would be due to the named executive officers in the event of a termination of employment or a change-in-control of Nalco.

**Benefits Available Generally to All Employees**

Nalco provides benefits that are available generally to all employees and are payable upon certain termination events including life insurance benefits, disability benefits, retiree medical and retiree life benefits, and payouts of accrued vacation pay. These benefits are not quantified in any of the tables below as these benefits are available to all employees generally. The Company also has a policy for payment of severance, but that policy does not apply to employees who have contracted severance benefits.

**Benefits Due Upon Any Termination of Employment**

Certain benefits provided to the named executive officers were earned and vested as of the fiscal year end. Each of these benefits included in the table below are payable upon termination of employment regardless of the reason of termination. The Qualified and Nonqualified Profit Sharing and Savings Plan Balances are reflective of the officers' balances as of fiscal year end. Qualified and Nonqualified Pension/Cash Balance benefits are based on the same assumptions previously described in the Pension Benefits table. Vested stock option values are based on the difference between Nalco Holding Company's closing stock price at fiscal year end and the stock options' exercise price.

**Benefits Due Named Executive Officer Upon Any Termination of Employment Values as of December 31, 2009**

	<b>J. Erik Fyrwald</b>	<b>Bradley J. Bell</b>	<b>Eric G. Melin</b>	<b>David E. Flitman</b>	<b>David Johnson</b>
Qualified Profit Sharing and Savings Plan Balance	\$ 61,106	\$ 263,504	\$ 41,679	\$ 42,113	\$ 198,357
Nonqualified Profit Sharing and Savings Plan Balance	\$ 88,857	\$ 131,935	\$ 17,119	\$ 17,119	\$ 38,442
Qualified Pension/Cash Balance Value	N/A	N/A	N/A	N/A	\$ 799,586
Nonqualified Pension/Cash Balance Value	N/A	N/A	N/A	N/A	N/A
Vested Stock Option Spread Value	\$ 1,090,665	\$ 143,143	\$ 594,831	\$ 109,338	\$ 120,574
<b>Total</b>	<b>\$ 1,240,628</b>	<b>\$ 538,582</b>	<b>\$ 653,629</b>	<b>\$ 168,570</b>	<b>\$ 1,156,959</b>

**Benefits Upon Any Termination of Employment Narrative**

Each of the named executive officers would be entitled to other benefits in the event of certain types of termination of employment or upon a change in control as described below.

The individual tables below reflect the estimates of benefits due to each named executive officer assuming a change in control and/or various termination events occurred on December 31, 2009. Many of these benefits would be due to the named executive officers under the ordinary provisions of certain compensation and benefit programs in which they participate. In addition, certain severance protections and accelerated vesting of certain equity awards are provided to the named executive officers through individual employment, severance and/or change in control agreements.

**Equity Awards**

The Named Executive Officers have been awarded stock options and restricted stock that were unvested as of fiscal year end (see the table labeled Outstanding Equity Awards at Fiscal Year End). Pursuant to the award terms, the Compensation Committee may, in its sole discretion, accelerate the vesting of any unvested award upon a Change in Control. To the extent that unvested awards are not vested by the Committee as of the Change

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**Table of Contents**

in Control, such awards shall be forfeited. According to the award terms, in the event of a termination due to death, disability or full retirement, a prorated number of shares shall vest based on the number of full months of service as of the termination date.

In addition, the Named Executive Officers have been awarded performance shares that were unvested as of December 31, 2009 (see the table labeled Outstanding Equity Awards at Fiscal Year End). Pursuant to the terms of the performance shares awarded in 2008, shares for which the performance requirements have been met shall vest upon a Change in Control. The terms of the performance shares awarded in 2009 do not provide for vesting in the event of a Change in Control. Further, in the event of a termination of employment due to death, disability, or full retirement, a portion of the performance shares shall vest equal to a prorated portion of the number of performance shares that otherwise would have vested as of the end of the fiscal year, with the proration based on the number of full months of service completed. Pursuant to these provisions, additional performance shares would have vested upon a termination due to death or disability or a Change in Control on the last day of the fiscal year and thus, values are shown in the tables below for performance shares. For purposes of the performance shares, a Change in Control means the consummation of any transaction which causes a party (other than a permitted transferee) to own more than 50% of the voting securities of Nalco or all or substantially all of the assets of Nalco.

Periodically (upon hire, promotion, etc.), Named Executive Officers have been awarded equity with award terms which differ from the general terms summarized above. The terms of the awards have been summarized below.

**Employment Agreement Protections**

Each of the named executive officers has entered into agreements which provide certain severance protections.

***Severance and Change of Control Agreements***

In November, 2008, Nalco Company entered into Severance and Change of Control Agreements with each of the Named Executive Officers which are effective as of January 1, 2009. The terms of these agreements are detailed in the Compensation Discussion and Analysis section beginning on page 32 and the termination benefits are summarized below. In general, the Change of Control Agreements provide for immediate vesting and exercisability of stock options and restricted shares which are outstanding and unvested at the time of the change of control.

**J. Erik Fyrwald**

In addition to Mr. Fyrwald's employment agreement, he has entered into a severance agreement with Nalco Company effective February 28, 2008. Under the severance agreement, if Mr. Fyrwald's employment is terminated by Nalco Company without cause or by Mr. Fyrwald with good reason, Mr. Fyrwald will be paid, subject to execution of a release in favor of Nalco Company, (a) within fifteen business days of such termination of employment in a lump sum payment (i) accrued unpaid base salary through the date of termination, and (ii) any prior year bonus earned but not yet paid, and (b) six months and one day after such termination of employment, severance equal to two (2) times base salary and target management incentive plan bonus, except that to the extent permitted by Internal Revenue Code Section 409A, a portion of the payment equal to two (2) times the compensation limit specified in Internal Revenue Code Section 401(a)(17) shall be paid within fifteen days of such termination of employment. Nalco Company shall also pay a pro-rata portion of any management incentive plan bonus for the year of termination based on the portion of the year elapsed through the date of termination, any such management incentive plan bonus being paid in accordance with Nalco Company's normal cycle for such payment or, to the extent required by Internal Revenue Code Section 409A, six months and one day following such termination, if later. In addition, Mr. Fyrwald would be entitled to continued participation

**Table of Contents**

in Nalco Company's medical or dental plans for 18 months at the active employee rate and reasonable outplacement services for a period of 24 months up to a maximum of \$50,000. If Mr. Fyrwald's employment is terminated following a change of control, he is also entitled to a Gross-Up Payment covering excise taxes as well as any income and excise taxes imposed on the Gross-Up Payment, to the extent his benefit would exceed 110% of the amount that could be paid without triggering any excise tax imposed under Internal Revenue Code Section 4999.

Under the terms of the agreement, Mr. Fyrwald may not disclose any confidential information concerning Nalco Company or its subsidiaries or affiliates. In addition, during Mr. Fyrwald's term of employment and for a period of two years thereafter, Mr. Fyrwald may not (a) compete with Nalco Company or its subsidiaries or (b) solicit or hire Nalco Company's employees or employees of its subsidiaries. Mr. Fyrwald also may not, during the term of his employment or thereafter, make disparaging statements about Nalco Company or its employees or directors.

In addition, Mr. Fyrwald participates in the Executive Death Benefit Plan which provides his beneficiaries a death benefit of two times his base salary.

In accordance with the terms of the award agreements for the sign-on stock options, restricted stock units and performance shares granted to Mr. Fyrwald on March 7, 2008, Mr. Fyrwald will vest in any remaining unvested portion of such awards upon a change of control or in the event of his termination by the Company without cause, by Mr. Fyrwald for good reason, due to death, permanent disability or retirement.

The table below summarizes estimated payments to Mr. Fyrwald in the event of termination of employment or a change of control on December 31, 2009. The actual payments and benefits under each circumstance can only be determined at the time an actual termination or change of control occurs.

	Death	Disability	Involuntary without Cause	By Executive for Good Reason	CIC Only	CIC + Involuntary without Cause	CIC + Good Reason
Cash Severance	\$ -	\$ -	\$ 3,400,000	\$ 3,400,000	\$ -	\$ 3,400,000	\$ 3,400,000
Bonus for Year of Termination	\$ -	\$ -	\$ 950,000	\$ 950,000 <sup>(1)</sup>	\$ -	\$ 950,000 <sup>(1)</sup>	\$ 950,000 <sup>(1)</sup>
Unvested Option Spread Value <sup>(2)</sup>	\$ 700,500	\$ 700,500	\$ 700,500	\$ 700,500	\$ 2,921,785	\$ 2,921,785	\$ 2,921,785
Restricted Stock/Unit Value <sup>(2)</sup>	\$ 5,470,606	\$ 5,470,606	\$ 5,102,000	\$ 5,102,000	\$ 6,502,703	\$ 6,502,703	\$ 6,502,703
Performance Share Payout <sup>(2)</sup>	\$ 3,482,569	\$ 3,482,569	\$ -	\$ -	\$ 2,155,595	\$ 2,155,595	\$ 2,155,595
Health and Welfare Benefit Continuation	\$ -	\$ -	\$ 15,701	\$ 15,701	\$ -	\$ 15,701	\$ 15,701
Executive Life Insurance Proceeds	\$ 1,700,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Outplacement - 24 months (maximum benefit)	\$ -	\$ -	\$ 50,000	\$ 50,000	\$ -	\$ 50,000	\$ 50,000
Excise Tax Gross-up/Forfeiture	N/A	N/A	N/A	N/A	N/A	\$ 2,443,941 <sup>(3)</sup>	\$ 2,443,941 <sup>(3)</sup>
<b>Total</b>	<b>\$ 11,353,675</b>	<b>\$ 9,653,675</b>	<b>\$ 10,218,201</b>	<b>\$ 10,218,201</b>	<b>\$ 11,580,083</b>	<b>\$ 18,439,724</b>	<b>\$ 18,439,724</b>

*Note: Table includes only unvested termination/CIC payments.*

- (1) Pro-rata bonus payout is based upon actual performance.
- (2) Equity awards valued using Nalco's closing stock price of \$25.51 as of December 31, 2009. Stock option value based on the intrinsic value.
- (3) Under the terms of Mr. Fyrwald's Severance Agreement, if his employment is terminated following a change of control, he is also entitled to a Gross-Up Payment covering excise taxes as well as any income and excise taxes imposed on the Gross-Up Payment, to the extent his benefit would exceed 110% of the amount that could be paid without triggering any excise taxes imposed under Internal Revenue Code Section 4999. Parachute payment for time vesting stock options and restricted stock/units were valued using Reg. Section 1.280G-1 Q&A 24(c).

**Table of Contents****Bradley J. Bell**

Under the severance agreement with Mr. Bell, if his employment is terminated by Nalco Company without cause or by Mr. Bell with good reason, Mr. Bell will be paid, subject to execution of a release in favor of Nalco Company, within fifteen days after such termination of employment in a lump sum payment (a) accrued unpaid base salary through the date of termination, (b) any prior year bonus earned but not yet paid, (c) severance equal to one and one-half (1.5) times his base salary and target management incentive plan bonus. Nalco Company shall also pay a pro-rata portion of any management incentive plan bonus for the year of termination based on the portion of the year elapsed through the date of termination, any such management incentive plan bonus being paid in accordance with Nalco Company's normal cycle for such payment. In addition, Mr. Bell would be entitled to continued participation in Nalco Company's medical or dental plans for 18 months at the active employee rate and reasonable outplacement services for a period of 24 months up to a maximum benefit of \$10,000. Mr. Bell is not entitled to any tax gross-up protection covering excise taxes, if any, imposed under Internal Revenue Code Section 4999.

Under the terms of the agreement, Mr. Bell may not disclose any confidential information concerning Nalco Company or its subsidiaries or affiliates. In addition, during Mr. Bell's term of employment and for a period of two years thereafter, Mr. Bell may not (a) compete with Nalco Company or its subsidiaries or (b) solicit or hire Nalco Company's employees or employees of its subsidiaries. Mr. Bell also may not, during the term of his employment or thereafter, make disparaging statements about Nalco Company or its employees or directors.

In addition, Mr. Bell participates in the Executive Death Benefit Plan which provides his beneficiaries a death benefit of two times his base salary.

The table below summarizes estimated payments to Mr. Bell, in the event of termination of employment or a change of control on December 31, 2009. The actual payments and benefits under each circumstance can only be determined at the time an actual termination or change of control occurs.

	Death	Disability	Involuntary without Cause	By Executive for Good Reason	CIC Only	CIC + Involuntary without Cause	CIC + Good Reason
Cash Severance	\$ -	\$ -	\$ 1,242,938	\$ 1,242,938	\$ -	\$ 1,242,938	\$ 1,242,938
Bonus for Year of Termination	\$ -	\$ -	\$ 356,000 <sup>(1)</sup>	\$ 356,000 <sup>(1)</sup>	\$ -	\$ 356,000 <sup>(1)</sup>	\$ 356,000 <sup>(1)</sup>
Unvested Option Spread Value <sup>(2)</sup>	\$ -	\$ -	\$ -	\$ -	\$ 429,458	\$ 429,458	\$ 429,458
Restricted Stock/Unit Value <sup>(2)</sup>	\$ 93,340	\$ 93,340	\$ -	\$ -	\$ 1,812,409	\$ 1,812,409	\$ 1,812,409
Performance Share Payout <sup>(2)</sup>	\$ 336,031	\$ 336,031	\$ -	\$ -	\$ -	\$ -	\$ -
Health and Welfare Benefit Continuation	\$ -	\$ -	\$ 15,701	\$ 15,701	\$ -	\$ 15,701	\$ 15,701
Executive Life Insurance Proceeds	\$ 948,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Outplacement - 24 months (maximum benefit)	\$ -	\$ -	\$ 10,000	\$ 10,000	\$ -	\$ 10,000	\$ 10,000
Excise Tax Gross-up/Forfeiture	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Total</b>	<b>\$ 1,377,371</b>	<b>\$ 429,371</b>	<b>\$ 1,624,638</b>	<b>\$ 1,624,638</b>	<b>\$ 2,241,867</b>	<b>\$ 3,866,505</b>	<b>\$ 3,866,505</b>

*Note: Table includes only unvested termination/CIC payments.*

(1) Pro-rata bonus payout is based upon actual performance.

(2) Equity awards valued using Nalco's closing stock price of \$25.51 as of December 31, 2009. Stock option value based on the intrinsic value.

**David Johnson**

Under the severance agreement with Mr. Johnson, if his employment is terminated by Nalco Company without cause or by Mr. Johnson with good reason, Mr. Johnson will be paid, subject to execution of a release in favor of Nalco Company, within fifteen days after such termination of employment in a lump sum





**Table of Contents**

payment (a) accrued unpaid base salary through the date of termination, (b) any prior year bonus earned but not yet paid, (c) severance equal to one and one-half (1.5) times his base salary and target management incentive plan bonus. Nalco Company shall also pay a pro-rata portion of any management incentive plan bonus for the year of termination based on the portion of the year elapsed through the date of termination, any such management incentive plan bonus being paid in accordance with Nalco Company's normal cycle for such payment. In addition, Mr. Johnson would be entitled to continued participation in Nalco Company's medical or dental plans for 18 months at the active employee rate and reasonable outplacement services for a period of 24 months up to a maximum benefit of \$10,000. Mr. Johnson is not entitled to any tax gross-up protection covering excise taxes, if any, imposed under Internal Revenue Code Section 4999.

Under the terms of the agreement, Mr. Johnson may not disclose any confidential information concerning Nalco Company or its subsidiaries or affiliates. In addition, during Mr. Johnson's term of employment and for a period of two years thereafter, Mr. Johnson may not (a) compete with Nalco Company or its subsidiaries or (b) solicit or hire Nalco Company's employees or employees of its subsidiaries. Mr. Johnson also may not, during the term of his employment or thereafter, make disparaging statements about Nalco Company or its employees or directors.

In addition, Mr. Johnson participates in the Executive Death Benefit Plan which provides his beneficiaries a death benefit of two times his base salary.

In accordance with the terms of the award agreements for the restricted stock units granted to Mr. Johnson on January 10, 2006 and on June 7, 2007, Mr. Johnson will vest in any unvested portion of such awards upon a change of control or his termination due to death, permanent disability or retirement.

In accordance with the terms of the award agreement for the restricted stock units granted to Mr. Johnson on March 7, 2008, Mr. Johnson will vest in any unvested portion of such award upon his termination due to death or permanent disability.

The table below summarizes estimated payments to Mr. Johnson, in the event of termination of employment or a change of control on December 31, 2009. The actual payments and benefits under each circumstance can only be determined at the time an actual termination or change of control occurs.

	Death	Disability	Involuntary without Cause	By Executive for Good Reason	CIC Only	CIC + Involuntary without Cause	CIC + Good Reason
Cash Severance	\$ -	\$ -	\$ 853,875	\$ 853,875	\$ -	\$ 853,875	\$ 853,875
Bonus for Year of Termination	\$ -	\$ -	\$ 220,000 <sup>(1)</sup>	\$ 220,000 <sup>(1)</sup>	\$ -	\$ 220,000 <sup>(1)</sup>	\$ 220,000 <sup>(1)</sup>
Unvested Option Spread Value <sup>(2)</sup>	\$ -	\$ -	\$ -	\$ -	\$ 198,305	\$ 198,305	\$ 198,305
Restricted Stock/Unit Value <sup>(2)</sup>	\$ 1,314,362	\$ 1,314,362	\$ -	\$ -	\$ 1,520,804	\$ 1,520,804	\$ 1,520,804
Performance Share Payout <sup>(2)</sup>	\$ 169,671	\$ 169,671	\$ -	\$ -	\$ 29,774	\$ 29,774	\$ 29,774
Health and Welfare Benefit Continuation	\$ -	\$ -	\$ 14,550	\$ 14,550	\$ -	\$ 14,550	\$ 14,550
Executive Life Insurance Proceeds	\$ 690,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Outplacement 24 months (maximum benefit)	\$ -	\$ -	\$ 10,000	\$ 10,000	\$ -	\$ 10,000	\$ 10,000
Excise Tax Gross-up/Forfeiture	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Total</b>	<b>\$ 2,174,033</b>	<b>\$ 1,484,033</b>	<b>\$ 1,098,425</b>	<b>\$ 1,098,425</b>	<b>\$ 1,748,883</b>	<b>\$ 2,847,308</b>	<b>\$ 2,847,308</b>

*Note: Table includes only unvested termination/CIC payments.*

(1) Pro-rata bonus payout is based upon actual performance.

(2) Equity awards valued using Nalco's closing stock price of \$25.51 as of December 31, 2009. Stock option value based on the intrinsic value.

**Table of Contents****David E. Flitman**

Under the severance agreement with Mr. Flitman, if his employment is terminated by Nalco Company without cause, Mr. Flitman will be paid, subject to execution of a release in favor of Nalco Company, (a) within fifteen business days of such termination of employment in a lump sum payment (i) accrued unpaid base salary through the date of termination, and (ii) any prior year bonus earned but not yet paid, and (b) six months and one day after such termination of employment, severance equal to one and one-half (1.5) times base salary and target management incentive plan bonus, except that to the extent permitted by Internal Revenue Code Section 409A, a portion of the payment equal to two (2) times the compensation limit specified in Internal Revenue Code Section 401(a)(17) shall be paid within fifteen days of such termination of employment. Nalco Company shall also pay a pro-rata portion of any management incentive plan bonus for the year of termination based on the portion of the year elapsed through the date of termination, any such management incentive plan bonus being paid in accordance with Nalco Company's normal cycle for such payment or, to the extent required by Internal Revenue Code Section 409A, six months and one day following such termination, if later. In addition, Mr. Flitman would be entitled to continued participation in Nalco Company's medical or dental plans for 18 months at the active employee rate and reasonable outplacement services for a period of 24 months up to a maximum of \$10,000. Mr. Flitman is not entitled to any tax gross-up protection covering excise taxes, if any, imposed under Internal Revenue Code Section 4999.

Under the terms of the agreement, Mr. Flitman may not disclose any confidential information concerning Nalco Company or its subsidiaries or affiliates. In addition, during Mr. Flitman's term of employment and for a period of two years thereafter, Mr. Flitman may not (a) compete with Nalco Company or its subsidiaries or (b) solicit or hire Nalco Company's employees or employees of its subsidiaries. Mr. Flitman also may not, during the term of his employment or thereafter, make disparaging statements about Nalco Company or its employees or directors.

In addition, Mr. Flitman participates in the Executive Death Benefit Plan which provides his beneficiaries a death benefit of two times his base salary.

Mr. Flitman's Sign-On Restricted Stock Award will (a) fully vest upon (i) Nalco Company's termination of Mr. Flitman's employment without cause, or (ii) a change of control, and (b) vest on a pro-rated basis upon (i) death or (ii) permanent disability. Mr. Flitman will forfeit any unvested portion of his Sign-On Restricted Stock Award upon any other termination of employment.

The table below summarizes estimated payments to Mr. Flitman, in the event of termination of employment or a change of control on December 31, 2009. The actual payments and benefits under each circumstance can only be determined at the time an actual termination or change of control occurs.

	Death	Disability	Involuntary without Cause	By Executive for Good Reason	CIC Only	CIC + Involuntary without Cause	CIC + Good Reason
Cash Severance	\$ -	\$ -	\$ 1,071,000	\$ -	\$ -	\$ 1,071,000	\$ -
Bonus for Year of Termination	\$ -	\$ -	\$ 332,000 <sup>(1)</sup>	\$ -	\$ -	\$ 332,000 <sup>(1)</sup>	\$ -
Unvested Option Spread Value <sup>(2)</sup>	\$ -	\$ -	\$ -	\$ -	\$ 328,017	\$ 328,017	\$ 328,017
Restricted Stock/Unit Value <sup>(2)</sup>	\$ 936,082	\$ 936,082	\$ 1,322,898	\$ -	\$ 1,574,579	\$ 1,574,579	\$ 1,574,579
Performance Share Payout <sup>(2)</sup>	\$ 922,057	\$ 922,057	\$ 1,433,152	\$ -	\$ 1,488,551	\$ 1,488,551	\$ 1,488,551
Health and Welfare Benefit Continuation	\$ -	\$ -	\$ 15,576	\$ -	\$ -	\$ 15,576	\$ -
Executive Life Insurance Proceeds	\$ 840,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Outplacement - 24 months (maximum benefit)	\$ -	\$ -	\$ 10,000	\$ -	\$ -	\$ 10,000	\$ -
Excise Tax Gross-up/Forfeiture	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Total</b>	<b>\$ 2,698,139</b>	<b>\$ 1,858,139</b>	<b>\$ 4,184,625</b>	<b>\$ -</b>	<b>\$ 3,391,147</b>	<b>\$ 4,819,723</b>	<b>\$ 3,391,147</b>

**Table of Contents**

*Note: Table includes only unvested termination/CIC payments.*

(1) Pro-rata bonus payout is based upon actual performance.

(2) Equity awards valued using Nalco's closing stock price of \$25.51 as of December 31, 2009. Stock option value based on the intrinsic value.

**Eric G. Melin**

Under the severance agreement with Mr. Melin, if his employment is terminated by Nalco Company without cause, Mr. Melin will be paid, subject to execution of a release in favor of Nalco Company, (a) within fifteen business days of such termination of employment in a lump sum payment (i) accrued unpaid base salary through the date of termination, and (ii) any prior year bonus earned but not yet paid, and (b) six months and one day after such termination of employment, severance equal to one and one-half (1.5) times base salary and target management incentive plan bonus, except that to the extent permitted by Internal Revenue Code Section 409A, a portion of the payment equal to two (2) times the compensation limit specified in Internal Revenue Code Section 401(a)(17) shall be paid within fifteen days of such termination of employment. Nalco Company shall also pay a pro-rata portion of any management incentive plan bonus for the year of termination based on the portion of the year elapsed through the date of termination, any such management incentive plan bonus being paid in accordance with Nalco Company's normal cycle for such payment or, to the extent required by Internal Revenue Code Section 409A, six months and one day following such termination, if later. In addition, Mr. Melin would be entitled to continued participation in Nalco Company's medical or dental plans for 18 months at the active employee rate and reasonable outplacement services for a period of 24 months up to a maximum of \$10,000. Mr. Melin is not entitled to any tax gross-up protection covering excise taxes, if any, imposed under Internal Revenue Code Section 4999.

In addition, Mr. Melin participates in the Executive Death Benefit Plan which provides his beneficiaries a death benefit of two times his base salary.

Under the terms of the agreement, Mr. Melin may not disclose any confidential information concerning Nalco Company or its subsidiaries or affiliates. In addition, during Mr. Melin's term of employment and for a period of two years thereafter, Mr. Melin may not (a) compete with Nalco Company or its subsidiaries or (b) solicit or hire Nalco Company's employees or employees of its subsidiaries. Mr. Melin also may not, during the term of his employment or thereafter, make disparaging statements about Nalco Company or its employees or directors.

Mr. Melin's Sign-On Stock Option, Restricted Stock, and Performance Share Awards issued on October 8, 2008 will fully vest upon (i) Nalco Company's termination of Mr. Melin's employment without cause or (ii) a change of control. In the event of Mr. Melin's death or permanent disability, stock options and restricted shares will vest on a pro-rated basis based on his period of service and performance shares will vest based upon performance achieved. Mr. Melin will forfeit any unvested portion of his Sign-On Awards upon any other termination of employment.

**Table of Contents**

The table below summarizes estimated payments to Mr. Melin, in the event of termination of employment or a change of control on December 31, 2009. The actual payments and benefits under each circumstance can only be determined at the time an actual termination or change of control occurs.

	Death	Disability	Involuntary without Cause	By Executive for Good Reason	CIC Only	CIC + Involuntary without Cause	CIC + Good Reason
Cash Severance	\$ -	\$ -	\$ 1,039,500	\$ -	\$ -	\$ 1,039,500	\$ -
Bonus for Year of Termination	\$ -	\$ -	\$ 268,000 <sup>(1)</sup>	\$ -	\$ -	\$ 268,000 <sup>(1)</sup>	\$ -
Unvested Option Spread Value <sup>(2)</sup>	\$ 110,288	\$ 110,288	\$ 947,178	\$ -	\$ 1,310,927	\$ 1,310,927	\$ 1,310,927
Restricted Stock/Unit Value <sup>(2)</sup>	\$ 344,878	\$ 344,878	\$ 712,571	\$ -	\$ 910,324	\$ 910,324	\$ 910,324
Performance Share Payout <sup>(2)</sup>	\$ 396,347	\$ 396,347	\$ 356,273	\$ -	\$ 418,868	\$ 418,868	\$ 418,868
Health and Welfare Benefit Continuation	\$ -	\$ -	\$ 14,550	\$ -	\$ -	\$ 14,550	\$ -
Executive Life Insurance Proceeds	\$ 840,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Outplacement - 24 months (maximum benefit)	\$ -	\$ -	\$ 10,000	\$ -	\$ -	\$ 10,000	\$ -
Excise Tax Gross-up/Forfeiture	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Total</b>	<b>\$ 1,691,512</b>	<b>\$ 851,512</b>	<b>\$ 3,348,071</b>	<b>\$ -</b>	<b>\$ 2,640,120</b>	<b>\$ 3,972,170</b>	<b>\$ 2,640,120</b>

*Note: Table includes only unvested termination/CIC payments.*

(1) Pro-rata bonus payout is based upon actual performance.

(2) Equity awards valued using Nalco's closing stock price of \$25.51 as of December 31, 2009. Stock option value based on the intrinsic value.

**Table of Contents****EQUITY COMPENSATION PLAN INFORMATION**

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights<sup>(1)</sup> (b)</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))<sup>(2)</sup> (c)</b>
Equity compensation plans approved by security holders	961,582	\$ 16.07	5,874,010
Equity compensation plans not approved by security holders <sup>(3)</sup>	190,000	\$ 20.84	200,000
<b>Total</b>	<b>1,151,582</b>	<b>\$ 16.86</b>	<b>6,074,010</b>

(1) Includes outstanding options to purchase 120,540 shares at \$17.80 per share; 42,893 shares at \$24.01 per share; 73,836 shares at \$20.45 per share; 185,000 shares at \$20.84 per share; 13,109 shares at \$23.14 per share; 141,781 shares at \$14.32 per share and 384,423 shares at \$11.92 per share.

(2) Includes shares not yet awarded under the Amended and Restated Nalco Holding Company 2004 Stock Incentive Plan and also includes 16,580 restricted share units issued to the Company's non-management directors in 2008 and 40,987 restricted share units issued to the Company's non-management directors in 2009. On January 1, 2010, the shares granted to each non-management director in 2008 vested and were issued.

(3) Mr. Fyrwald received: (1) 40,000 ten-year non-qualified stock options that vest in four equal installments at the end of 2008 and the end of each of the following three years, (2) 150,000 ten-year non-qualified stock options that vest 50% on each of the third and fourth anniversaries of the date of the agreement and (3) 200,000 restricted shares that vest 50% on each of the third and fourth anniversaries of the date of the agreement. The grants outside of the 2004 Stock Incentive Plan under items (2) and (3) shall vest upon a change of control, an involuntary termination of employment or a voluntary termination for good reason.

**COMPENSATION COMMITTEE REPORT**

The Compensation Committee of the Board of Directors has furnished the following report:

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis with the Company's management; and

Based on this review, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in the Company's Annual Report on Form 10-K for 2009 and proxy statement on Schedule 14A for 2010.

This report has been furnished by the members of the Compensation Committee:

Douglas A. Pertz, Chairman

Paul J. Norris

Daniel S. Sanders



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**Table of Contents**

**AUDIT COMMITTEE REPORT**

***Who serves on the Audit Committee of the Board of Directors?***

The members of the Audit Committee are Mr. Richard B. Marchese, Chairman, Mr. Rodney F. Chase, Mr. Douglas A. Pertz and Ms. Mary M. VanDeWeghe. The Board of Directors has determined that each of Mr. Marchese, Mr. Chase, Mr. Pertz and Ms. VanDeWeghe are independent within the meaning of the applicable rules of both the NYSE and the SEC. The Board of Directors has also determined that each member of the Committee is financially literate and that Mr. Marchese is an audit committee financial expert within the meaning of the rules of the SEC.

***What document governs the activities of the Audit Committee?***

The Audit Committee operates under a written charter adopted by the Board of Directors. The Committee's responsibilities are set forth in this charter. The charter is available on the Company's Web site at [www.nalco.com](http://www.nalco.com).

***What are the responsibilities of the Audit Committee?***

The Audit Committee is responsible to (1) make decisions about hiring or termination of an Independent Registered Public Accounting Firm (independent auditor), (2) approve the overall scope of the audit and approve any work performed by such independent auditor unrelated to the Company's annual audit, (3) assist the Board in monitoring the integrity of the Company's financial statements, the independent auditor's qualifications and independence, the performance of the independent auditors, the Company's internal audit function and the Company's compliance with legal and regulatory requirements, (4) annually review an independent auditor's report describing the auditing firm's internal quality-control procedures, any material issues raised by the most recent internal quality control review, or peer review, of the auditing firm, (5) discuss and review the annual audited financial and quarterly statements with management and the independent auditor, review and approve financial information before submission to the SEC and monitor the Company's Sarbanes-Oxley internal control compliance on an annual basis, (6) discuss earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies, (7) discuss policies with respect to risk assessment and risk management, (8) meet separately, periodically, with management, internal auditors and independent auditor, (9) review with independent auditor any audit problems or difficulties with management's responses, (10) set clear hiring policies for employees or former employees of the independent auditors, (11) annually review the adequacy of the Audit Committee's written charter, (12) prepare any report or other disclosure by the Audit Committee required to be included in any proxy statement under the rules of the SEC, (13) handle such other matters as delegated to the Audit Committee by the Board of Directors, (14) report regularly to the full Board of Directors, and (15) evaluate the performance of the Audit Committee.

The Committee met ten times during 2009. The Committee schedules its meetings with a view to ensuring that it devotes appropriate attention to all of its tasks, including, without limitation, review and pre-approval of earnings releases and securities filings. The Committee's meetings include, whenever appropriate, private sessions with the Company's independent auditors and with the Company's internal auditors, in each case without the presence of the Company's management.

The independent auditors are responsible for performing an independent audit of the Company's consolidated financial statements in accordance with auditing standards generally accepted in the United States of America and issuing a report thereon. Management is responsible for the Company's financial reporting process including its system of internal control, and for the preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. The Committee's responsibility is to monitor and review these processes. It is not the Committee's duty or responsibility to conduct audits or accounting reviews or procedures. The Committee has relied, without independent verification, on management's representation that the financial statements have been prepared with integrity and objectivity.



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**Table of Contents**

and in conformity with accounting principles generally accepted in the United States of America and on the representations of the independent auditors included in their report on the Company's financial statements.

***What matters have members of the Audit Committee discussed with management and the independent auditors?***

As part of its oversight of the Company's financial statements, the Committee reviews and discusses with both management and the Company's independent auditors all annual and quarterly financial statements prior to their issuance. During 2009, management advised the Committee that each set of financial statements reviewed had been prepared in accordance with accounting principles generally accepted in the United States of America, and reviewed significant accounting and disclosure issues with the Committee. These reviews include discussion with the independent auditors of matters required to be discussed pursuant to Statement on Auditing Standards No. 61, as amended (Communication with Audit Committees), as adopted by the Public Company Accounting Oversight Board (PCAOB) in Rule 3200T, including the quality of the Company's accounting principles, the reasonableness of significant judgments and the clarity of disclosures in the financial statements. The Committee has also discussed with Ernst & Young matters relating to its independence, including a review of audit and non-audit fees and written disclosures from Ernst & Young to the Committee pursuant to applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the Audit Committee concerning independence. The Committee also considered whether non-audit services provided by the independent auditors are compatible with the independent auditors' independence. The Committee also discussed the selection of PricewaterhouseCoopers with the Company's management before the Committee selected PricewaterhouseCoopers as the Company's Independent Registered Public Accounting Firm for the fiscal year ended December 31, 2010.

***Has the Audit Committee made a recommendation regarding the audited financial statements for fiscal 2009?***

Based on the Committee's discussion and review with management and the independent auditors and the Committee's review of the representations of management and the written disclosures and report of the independent auditors to the Board of Directors, the Committee recommended to the Board of Directors that it include the audited consolidated financial statements in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2009 for filing with the SEC.

***Who furnished this report?***

This report has been furnished by the members of the Audit Committee:

Richard B. Marchese, Chairman

Rodney F. Chase

Douglas A. Pertz

Mary M. VanDeWeghe

**ADDITIONAL INFORMATION**

***What is Householding of proxy materials?***

The SEC has adopted rules that permit companies and intermediaries such as brokers to satisfy delivery requirements for proxy statements with respect to two or more shareholders sharing the same address by delivering a single proxy statement addressed to those shareholders. This process, which is commonly referred to as householding, potentially provides extra convenience for shareholders and cost savings for companies. The Company and some brokers household proxy materials, delivering a single proxy statement to multiple shareholders sharing an address, unless contrary instructions have been received from the affected shareholders. Once you have received notice from your broker or the Company that they or the Company will be sending householding materials to your address, householding will continue until you are notified otherwise or until you revoke your consent. If, at any time, you no longer wish to participate in householding and would prefer to

**Table of Contents**

receive a separate proxy statement, or if you are receiving multiple copies of the proxy statement and wish to receive only one, please notify your broker if your shares are held in a brokerage account or the Company if you hold registered shares. You can notify the Company by sending a written request to Nalco Holding Company, Investor Relations, 1601 W. Diehl Road, Naperville, IL 60563-1198.

***May I propose actions for consideration at next year's annual meeting of shareholders?***

*Shareholder Proposals.* Shareholders who intend to present proposals for consideration at the 2011 Annual Meeting of Shareholders, and who wish to have their proposals included in Nalco's proxy statement and proxy card for that meeting, must be certain that their proposals are received by the Corporate Secretary at the Company's principal executive offices in Naperville, Illinois on or before November 19, 2010. Proposals should be sent to: Corporate Secretary, Nalco Holding Company, 1601 W. Diehl Rd, Naperville, IL 60563-1198. All proposals must also comply with the applicable requirements of the federal securities laws and the Company's Bylaws in order to be included in the proxy statement and proxy card for the 2011 annual meeting.

*Bylaw Provisions.* Any shareholder who desires to recommend an individual as a nominee to the Board of Directors or submit a proposal of business to be considered by shareholders at the annual meeting must submit the recommendation in writing to the Corporate Secretary, c/o Nalco Company, 1601 W. Diehl Road, Naperville, IL 60563-1198 with proper notice, as provided in the Bylaws, as amended, not less than 90 and no more than 120 days prior to the first anniversary of the previous year's annual meeting. For the 2011 annual meeting, the Corporate Secretary must receive this notice on or after December 31, 2010, and on or before January 28, 2011, unless the annual meeting in 2011 is more than 30 days before, or more than 70 days after, such anniversary date, then notice by the stockholder to be timely must be delivered not earlier than the close of business on the 120th day prior to such annual meeting and not later than the close of business on the later of the 90th day prior to such annual meeting or the tenth day following the day on which public announcement of the date of such meeting is first made. You may contact Nalco's Corporate Secretary at the address mentioned above for a copy of the relevant Bylaw provisions regarding the requirements for making shareholder proposals and nominating director candidates.

**Table of Contents****OFFICERS OF THE COMPANY AS OF DECEMBER 31, 2009**

<b>Name</b>	<b>Office</b>	<b>First Became an Officer</b>	<b>Age</b>
Lori F. Arnold	Tax Officer	2009	44
	Ms. Arnold has been our Tax Officer since October 2009. Prior to that Ms. Arnold served as Director, International Tax since November 2006. Before joining Nalco in November 2006, Ms. Arnold was Senior Tax Counsel and Director of Tax Planning at Aon since September 2003.		
Bradley J. Bell	Executive Vice President, Chief Financial Officer and Treasurer	2003	57
	Mr. Bell Joined the Company in November 2003. From 1997 to 2003, Mr. Bell served as Senior Vice President and Chief Financial Officer of Rohm and Haas Company.		
Richard A. Bendure	Group Vice President, President, Water Marketing and Development	2007	41
	Mr. Bendure has been our Group Vice President, Water Marketing and Development since January 2009. Prior to that he was Group Vice President and President, Pacific Business Operations from May 2007. He served as General Manager of North Asia and President of Katayama Nalco since 2004, taking on the additional responsibility for managing the regional supply chain in 2006. In 2003, Mr. Bendure served as General Manager of the Asia Pacific Paper Group. From 2001 to 2003, Mr. Bendure served as the General Marketing Manager for the Pacific Division.		
David E. Flitman	Executive Vice President and President, Water and Process Services Division	2008	45
	Mr. Flitman has been our Executive Vice President and President, Water and Process Services Division since January 2009. Prior to that he was Executive Vice President and President, Industrial and Institutional Services since joining Nalco in August 2008. Prior to that he was at Allegheny Power as VP Distribution, the energy delivery arm of Allegheny Energy Inc. and was then promoted to President of Allegheny. Before that he was Global Business Director for the Nonwovens Business Group of E.I. du Pont de Nemours and Company.		
J. Erik Fyrwald	Chairman, President and Chief Executive Officer	2008	50
	Mr. Fyrwald has been our Chairman, President and Chief Executive Officer since February 2008. Between 2003 and 2008, Mr. Fyrwald was Group Vice President of the Agriculture and Nutrition division of E.I. du Pont de Nemours and Company.		

**Table of Contents**

David Johnson	Executive Vice President and President Europe Region and Global SHE	2007	49
	Mr. Johnson has been Executive Vice President and President, Europe Region and Global SHE since December 2009. Prior to that he was Executive Vice President and President EAME since January 2009. Before that he was Group Vice President, President, EAME Operations since May 2007. Prior to that, he served as Vice President, Energy Services, Downstream Petroleum since January 2006; Strategic Business Unit Leader of the Energy Services Downstream Petroleum Group from January 2004 to January 2006; and General Sales Manager of the Energy Services Downstream Petroleum Group from January 2003 to January 2004.		
Mary Kay Kaufmann	Chief Marketing Officer	2007	50
	Ms. Kaufmann has been our Chief Marketing Officer since November 2008. Before that she was Group Vice President and President, Industrial and Institutional Services (I&IS) Middle Market from May 2007. Beginning in 2006, Ms. Kaufmann was Vice President, Nalco Business Transformation Team. From 2004 to 2006, she was Strategic Business Unit Leader for Food, Beverage and Pharmaceutical industries in the Americas and Europe. Ms. Kaufmann was Vice President of Sales for I&IS North America from 2002 to 2004.		
Stephen N. Landsman	Vice President, General Counsel and Corporate Secretary	2003	50
	Mr. Landsman has been Vice President, General Counsel and Corporate Secretary for the Company since 2003 and prior to 2003 he was Deputy General Counsel and Division Vice President, Mergers and Acquisitions.		
Laurie M. Marsh	Vice President, Human Resources	2010	46
	Ms. Marsh has been Vice President, Human Resources since December 2009. Since 1997 she has been promoted to several positions within the Human Resources Department including Manager, Employee Benefits, Director Workforce Planning and Staffing and Division Vice President Compensation, Benefits and HRIS.		
Stewart H. McCutcheon	Chief Information Officer	2009	52
	Mr. McCutcheon has been Chief Information Officer since joining the Company in 2009. Before that he was Interim Chief Information Officer of Acsis, Inc. from 2008 to 2009. Before that he was Chief Operating Officer of Acsis from 2007 to 2008. From 2006 to 2007 he was Chief Technology Officer of Acsis. From 2004 to 2006 he was Chief Operating Officer of Elemica, Inc.		

**Table of Contents**

Eric G. Melin	Executive Vice President and President Asia Pacific Region and Global Procurement	2008	49
	<p>Mr. Melin has been our Executive Vice President and President Asia Pacific Region and Global Procurement since December 2009. Prior to that he was Executive Vice President, President Asia Pacific since January 2009 and prior to that he was Chairman Asia Pacific since September 2008. Prior to that he worked as a consultant to the Company on growth in Asia. In 2006 Mr. Melin became Chief Operating Officer, President and Board Member of Isola Corporation, a private-equity-owned global designer, developer and manufacturer of high-performance materials used in electronic systems. Before joining Isola in 2006, he was Vice President and General Manager of E.I. du Point de Nemours and Company's Refinish Systems.</p>		
Manian Ramesh	Chief Technology Officer	2007	52
	<p>Dr. Ramesh has been our Chief Technology Officer since September 2008. Prior to that he as Corporate Vice President for Research and Development since May 2007. He served as Vice President, Process, Water and Core Technologies from July 2006 to May 2007; Vice President, Water and Core Technologies from October 2003 to July 2006.</p>		
Mark R. Stoll	Group Vice President, Energy Services Division	2007	53
	<p>Mr. Stoll has been our Group Vice President, Energy Services Division, since December 2008. He was our Group Vice President and President, Pacific Support Operations since May 2007. Prior to that, Mr. Stoll was Vice President, Field Operations for the Industrial and Institutional Services division since 2006. In 2003, Mr. Stoll was named Vice President, Strategic Business Units, for the Industrial and Institutional Services division. In 2000, Mr. Stoll was named Sales Manager for the Finishing Technologies group and later that year promoted to General Manager of the global Colloidal Technologies and Performance Products group.</p>		
Steve M. Taylor	Executive Vice President and President Energy Services Division	2007	47
	<p>Mr. Taylor has been Executive Vice President, President, Energy Services Division since January 2009. Before that he was Group Vice President, President Energy Services Division since May 2007. Prior to that, he served as Vice President of Upstream Energy Services since 2006. In 2005, Mr. Taylor served as Strategic Business Unit Leader of our Oilfield Chemicals group. In 2004, he was named Division Vice President of Marketing for Upstream and Downstream in our Energy Services division. From 2002 to 2004, Mr. Taylor served as Worldwide Marketing Manager.</p>		

**Table of Contents**

ANNEX A

**NALCO HOLDING COMPANY**

**CHARTER OF THE COMPENSATION COMMITTEE**

**I. Organization**

The Compensation Committee of Nalco Holding Company, ( NALCO ) shall consist of at least three directors. Committee members shall be appointed by the Board of Directors in accordance with NALCO s Articles of Incorporation and By-Laws, as amended (the Articles ) on the recommendation of the Compensation Committee. Committee members shall hold their offices for one year and until their successors are elected and qualified, or until their earlier resignation or removal. All vacancies in the Committee shall be filled by the Board in accordance with the Articles. The Board shall designate one of the members as Chairman of the Committee and the Committee shall keep a separate book of minutes of their proceedings and actions.

The Committee shall meet periodically as deemed necessary by the Chairman of the Committee. All meetings shall be at the call of the Chairman of the Committee. A majority of the members of the Committee shall constitute a quorum for the transaction of business. Meetings may be held by telephone or by other appropriate means in accordance with the Articles of NALCO.

The Committee may form one or more subcommittees each of which may take such actions as may be delegated by the Committee. The Committee shall periodically report on its activities to the Board and make such recommendations and findings as it deems appropriate. The Committee s members shall perform an annual evaluation of the Committee, as administered by the Nominating and Corporate Governance Committee. The Committee may, in its sole discretion and at NALCO s expense, retain and terminate legal, accounting or other consultants or experts, including compensation consultants, it deems necessary in the performance of its duties and without having to seek the approval of the Board.

**II. Purpose and Responsibilities**

The Compensation Committee s primary purpose and responsibilities shall be:

Establish the total compensation package provided to the Chief Executive Officer, other Officers and other persons reporting directly to the Chief Executive Officer;

To develop and recommend to the Board compensation for Board members; and

To oversee NALCO s and its subsidiaries general equity incentive plans.

**III. Duties**

To fulfill its purpose and responsibilities, the Compensation Committee shall perform the following with respect to NALCO and its subsidiaries:

1. Review and recommend to the Board the total compensation for Directors.

2.

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Establish the total compensation package provided to the Chief Executive Officer, other Officers and other persons reporting directly to the Chief Executive Officer. Specifically as to the Chief Executive Officer, the Committee will review and approve the goals and objectives relevant to the Chief Executive Officer's compensation and evaluate the Chief Executive Officer's performance in light of those goals and objectives.

3. Review and approve any employment agreements, severance agreements or change of control agreements with the Chief Executive Officer, other Officers and other persons reporting directly to the Chief Executive Officer.

**Table of Contents**

4. Review and approve the design of the benefit plans which pertain to Directors, the Chief Executive Officer, other officers and persons reporting directly to the Chief Executive Officer.
5. Periodically review succession plans of the Chief Executive Officer of NALCO and its subsidiaries and screen and recommend to the Board candidates for Chief Executive Officer and such other senior executive officers as may be determined by the Committee.
6. Review and recommend to the Board the creation and/or revision of compensation plans, incentive compensation plans and equity based plans affecting NALCO and its subsidiaries officers and persons reporting directly to the Chief Executive Officer. In determining long-term incentive compensation the Committee will consider NALCO's performance and relative shareholder return, the value of similar incentive awards to chief executive officers and other officers at comparable companies and the awards given to the Chief Executive Officer and other officers in past years.
7. The Compensation Committee oversees compliance with the applicable compensation reporting requirements of the SEC and must provide a Compensation Committee Report to the SEC satisfying the requirements of Items 407(e)(5) of Regulation S-K.
8. Obtain through discussions with management of NALCO and its subsidiaries a general understanding of compensation design throughout the entire Company.
9. Oversee administration of benefit plans including all stock option, restricted stock and deferred stock plans, as applicable.
10. To appoint members of Nalco Company's Employee Benefit Plan Investment Committee (EBPIC) and the Employee Benefit Plan Administration Committee (EBPAC) and oversee both Committees.
11. To approve the establishment, amendment and termination of all retirement plans of NALCO and its subsidiaries.
12. To approve the appointment and removal of trustees and investment managers for pension fund assets.
13. Retain consultants, from time to time, to advise the Committee on executive compensation practices and policies and assist in the evaluation of the Chief Executive Officer and executive compensation. This authority includes the sole authority to terminate the consultants and approve the consultant's fees and other retention terms.

**IV. Approval Policy**

Any non-executive compensation assignment for the Executive Compensation Consulting firm that is reasonably expected to generate a fee in excess of \$30,000, shall be first approved by the Compensation Committee or the Compensation Committee Chairman. The Compensation Committee Chairman shall advise the Compensation Committee of any Chairman approvals at the next meeting of the Compensation Committee.



**Table of Contents**

Proxy NALCO HOLDING COMPANY

**Solicited on Behalf of the Board of Directors for the Annual Meeting, April 30, 2010, Naperville, Illinois**

The undersigned hereby appoints Bradley J. Bell, Stephen N. Landsman, and Michael P. Murphy, or any of them, with full power of substitution, to represent and to vote the Common Stock of the undersigned at the annual meeting of shareholders of Nalco Holding Company, to be held at 1601 West Diehl Road, Naperville, Illinois, on April 30, 2010, at 9:00 a.m., or at any adjournment thereof as stated on the reverse side.

You are encouraged to specify your choices by marking the appropriate boxes, SEE REVERSE SIDE, but you need not mark any boxes if you wish to vote in accordance with the Board of Directors' recommendations. The Proxy Committee cannot vote your shares unless you sign and return this card.

MR A SAMPLE

DESIGNATION (IF ANY)

ADD 1

ADD 2

ADD 3

ADD 4

ADD 5

ADD 6

Mark this box with an X if you have made changes to your name or address details above.

Annual Meeting Proxy Card

A. Election of Directors

1. The Board of Directors recommends a vote FOR the listed nominees.

	<b>For</b>	<b>Withhold</b>	<b>Withhold From All Nominees</b>
01 - Mr. Carl M. Casale	[ ]	[ ]	[ ]
02 - Mr. Rodney F. Chase	[ ]	[ ]	[ ]
03 - Ms. Mary M. VanDeWeghe	[ ]	[ ]	[ ]

B. Issue

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The Board of Directors recommends a vote FOR proposal 2.

	<b>For</b>	<b>Against</b>	<b>Abstain</b>
2. Ratification of appointment of PricewaterhouseCoopers LLP as the Independent Registered Public Accounting Firm for the fiscal year ending December 31, 2010.	[ ]	[ ]	[ ]

C. Authorized Signatures - Sign Here - This section must be completed for your instructions to be executed.

NOTE: Please sign your name(s) EXACTLY as your name(s) appear(s) on this proxy. All joint holders must sign. When signing as attorney, trustee, executor, administrator, guardian or corporate officer, please provide your FULL title.

Signature 1 - Please keep signature within the box\_\_\_\_\_

Signature 2 - Please keep signature within the box\_\_\_\_\_

Date (mm/dd/yyyy)