



# ROHM AND HAAS COMPANY

A C C E L E R A T I N G   V A L U E   C R E A T I O N



imagine the possibilities™



# FORWARD LOOKING STATEMENT

The presentation today may include forward-looking statements as that term is defined in securities law, including but not limited to anticipated plans, financial results, profitability, and other commitments or goals. Such statements are subject to a number of risks and uncertainties, many of which are listed in Rohm and Haas' 10-K filing with the Securities and Exchange Commission.

Copies of all recent SEC filings, and additional information about Rohm and Haas, are available through our web site: <http://www.rohmhaas.com>

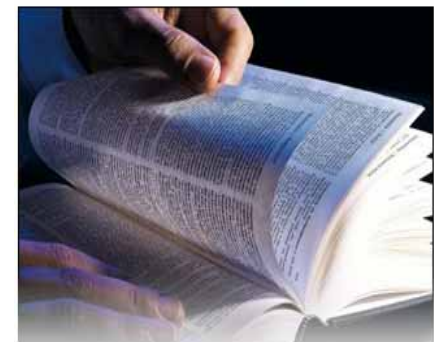




# REGULATION G

The presentation today may include the display of some company data that do not directly conform to generally acceptable accounting principles, or GAAP. Management believes that the presentation of some non-GAAP data provides investors with additional insight into the ongoing operations of the business. These measures should not be viewed as an alternative to GAAP measures of performance. Furthermore, these measures may not be consistent with similar measures provided by other companies.

All non-GAAP data in the presentation are indicated by a footnote. Tables showing the reconciliation between the GAAP and non-GAAP measures are available, with today's presentation, on the investor section of our web site at <http://www.rohmhaas.com>



# AGENDA

- **Setting the Stage**
- **Excellent Track Record**
- **Strategic Plan 2010**
- **Staffing for Execution**
- **Performance Measures**
- **Conclusions and Q&A**





# SETTING THE STAGE

## WHY NOW?

- Anticipate evolving customer needs
- Pro-actively address secular trends and regional/local competitors
- Build on Financial Strength
- Leverage our proven depth of leadership talent

## WHAT IS DIFFERENT?

- Re-alignment of Portfolio, Organizational Structure and Leadership
- Re-deployment of Resources and Capital

## WHAT TO EXPECT?

- Accelerate growth with improving profitability
- Implement more competitive business model for emerging markets
- Invest aggressively in growth platforms
- Manage the portfolio proactively
- Raise accountabilities at all levels



# TRACK RECORD OF RESULTS

## Transformational Portfolio Management (1999-2000)

- 40 acquisitions and divestitures
- \$3.5 billion in revenue to \$6 billion

## Integrate and Position for Profitable Growth (2000-2001)

- Productivity
- Invest in the Future (*Technology, IT Systems & geographic growth*)
- Talent Deployment

## Rewarding The Owners (2002-2006)

- 10% annual revenue growth (CAGR)
- EPS <sup>(1)</sup> growth from \$1.27 (2003) to \$2.75 (2005)
- Strong Cash Flow/Balanced deployment
- 13.4% Annual Total Shareholder Return <sup>(2)</sup>  
(*Dividends plus share price appreciation*)

(1) As Reported

(2) Source: Bloomberg



# DEMONSTRATED ABILITY TO BOTH GROW AND TURNAROUND BUSINESSES

## GROWTH SALES DEMAND

	2002-06 <u>CAGR</u>
Electronic Materials <sup>(1)</sup>	10%
Paint & Coatings Materials	6%

***Growing Faster than Market***

<sup>(1)</sup> Excluding Precious Metals pass through sales

**Overall Company Growth  
Below Expectation at 3%**

## TURNAROUND

- Process Chemicals
- Circuit Board Technologies
- Adhesives & Sealants

**2002-06  
EPS Improvement  
\$.61**

**Excellent Turnaround  
Track Record**





# EXCEEDING MID-TERM TARGETS

	Mid Term Targets <sup>(1)</sup>	2004	2005	H1 2006
		Actual		
Sales Demand Growth	4 – 6%	7%	(1)%	4%
A/T Profit Margin	9 - 10%	7%	8%	10%
ROCE <sup>(NG)</sup>	>10%	9%	11%	12%
Dividends Growth	~10%	13%	15%	14%
<i>Payout Ratio</i>	~33%	45%	41%	35%
Debt To Capital Ratio	40%	42%	36%	35%

(1) As presented at 2003 Annual Shareholder Meeting

(NG) Non GAAP financial measure

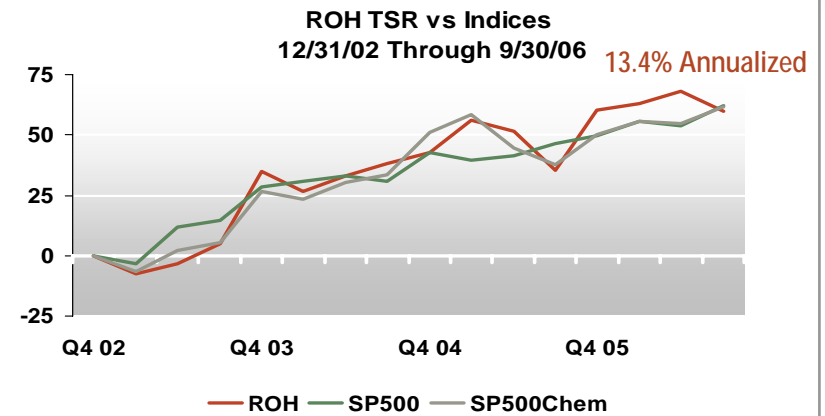


# OPERATING PERFORMANCE vs. MARKET

## Operating Performance

	Mid Term	2004	2005	H1 2006
	Targets <sup>(1)</sup>	Actual		
Sales Demand Growth	4 – 6%	7%	(1)%	4%
A/T Profit Margin	9 - 10%	7%	8%	10%
ROCE (NG)	>10%	9%	11%	12%

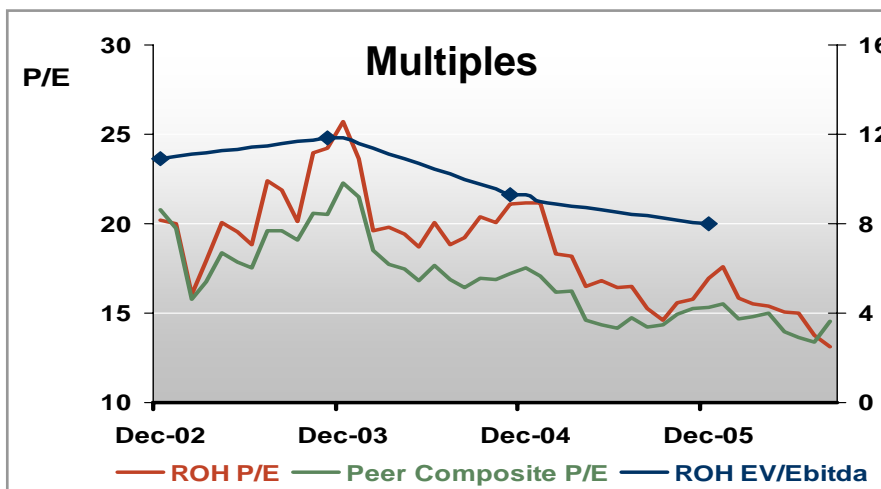
## Shareholder Return



Source: Bloomberg

(1)As presented at 2003 Annual Shareholder Meeting

(NG) Non GAAP financial measure



Source: Thomson Financial



# POSITIONED FOR THE FUTURE

## EXTERNAL ENVIRONMENT

- Markets are increasingly regionalizing
- Customers demand innovative and customized products/solutions
- Competition is intensifying
- Connectivity is changing everything

## ROH CAPABILITY

- Leadership positions in key industries and technologies
- Proven organizational capability
- Accountability culture firmly entrenched
- Solid profit margins and healthy return on capital
- Excellent balance sheet and financial strength

# STRATEGIC PLAN 2010

**Position Portfolio for Accelerated Growth**

**Build Value Creating Business Models  
in Emerging Markets**

**Innovate with Market/Customer Focus**

**Operational Excellence/Continuous Improvement**

**Deploy Right Talent in Right Places**



# POSITION PORTFOLIO FOR ACCELERATED GROWTH

- Leverage monomer and polymer chain
- Accelerate investment in Electronic Materials
- Develop a strong portfolio of growth specialties
- Fix or divest underperforming or non-strategic assets
- Supplement organic growth with “bolt-on” acquisitions where justified



# BUILD VALUE CREATING BUSINESS MODELS IN EMERGING MARKETS

- Local technology delivery; product customization
- Streamlined organizational structure/  
closer to customers
- Invest in local talent development
- Optimized capital and operating costs in each region
- Regional monomer sourcing



# BUILD VALUE CREATING BUSINESS MODELS IN EMERGING MARKETS

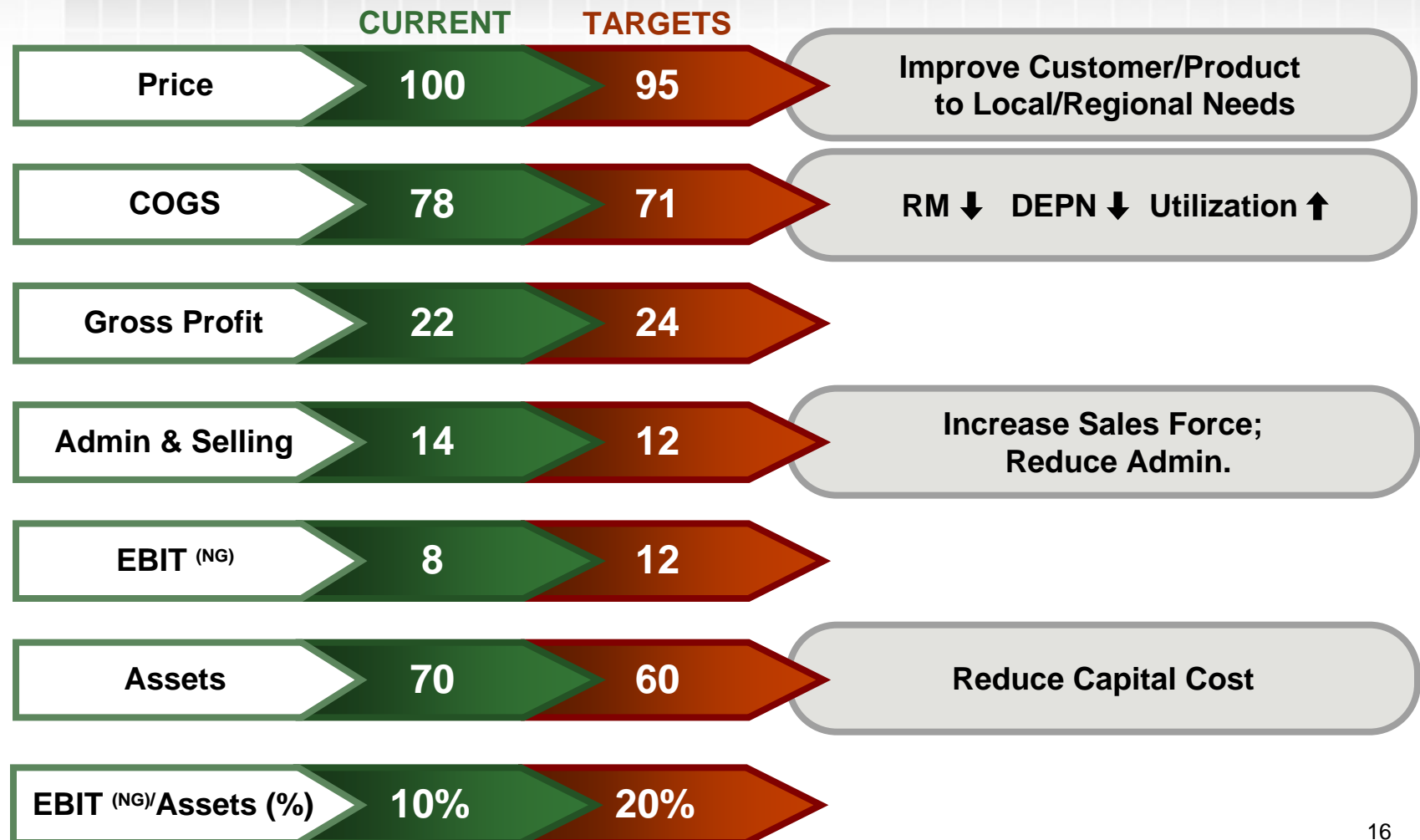
<i>Sales</i>	2006 Estimate	2002 – 2006E CAGR	2006E – 2010E CAGR <sup>(1)</sup>
Asia Pacific (ex Japan, ANZ)	\$1.2B	16%	23%
Latin America	\$0.3B	12%	17%
CEET	\$0.2B	36%	22%
<b>TOTAL EMERGING</b>	<b>\$1.7B</b>	<b>17%</b>	<b>21%</b>
<b>% of Global Sales</b>	<b>20%</b>		<b>35% <sup>(2)</sup></b>

(1) Organic growth and Acquisitions

(2) % of Global Sales is 2010 Year End Estimate

# EMERGING MARKET GROWTH

*(Example Of Current And Future Economics for Chemical Sector)*





# INNOVATION WITH A MARKET/ CUSTOMER FOCUS

## Increased Investment

- Global Research and Technical Services Footprint
- 33 sites in 14 Countries; 1/3 in Asia-Pacific Region
  - China Research and Development Center - \$30 million investment
- Approximately 2,000 technologists
- 2006 R&D spend = \$300 million
- -30% of 2006 investment going to create new product lines vs. 10% in 1990s

## Innovate for High-Value Products

- Environmentally Friendly Products
  - Aquaset™ for Insulation Binders
  - SmartFresh™ for post harvest fruits and vegetables
  - Avanse™ – advanced acrylic technology for coatings
- VisionPad™ VP3200 and Copper Slurries for Semiconductor market

## Recent Performance

- Doubling of Sales output from top 10 projects between 2005 and 2006
- 24% of 2005 Gross Profit from new products in last five years
- ~60 new products introduced in 2006

***Accelerate development of locally-tailored products***



# OPERATIONAL EXCELLENCE/ CONTINUOUS IMPROVEMENT

## Continuous focus on asset productivity

- Flat conversion costs for 3 years
- Capital efficient emerging market plants
- Global footprint optimization

## Global sourcing of raw materials and services

- \$300mm in 2007 – Target >5% cost savings
- Regional monomer sourcing

## Responsive and efficient business services

- Administrative costs currently 6.6% of sales ➔ Target 5.5%
- Regional services model

## Continued focus on lowering effective tax rate

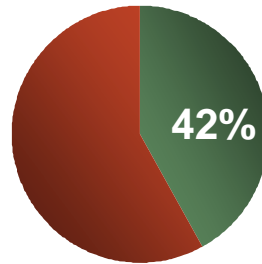


# DEPLOY LEADERSHIP IN RIGHT PLACES

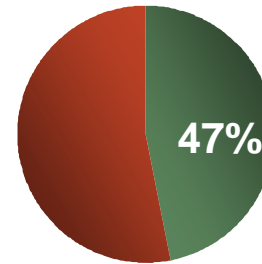
*Strengthening The Talent For The Future*

## More Culturally Diverse

2006



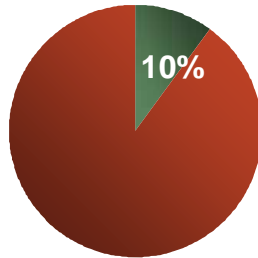
2007



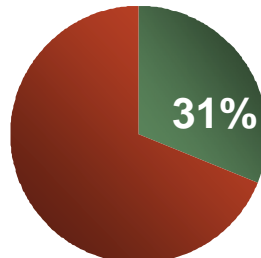
% Born Outside USA

## Geographically Deployed

2006



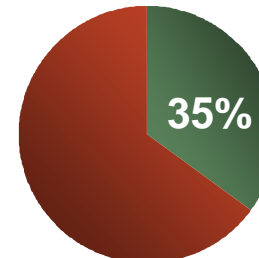
2007



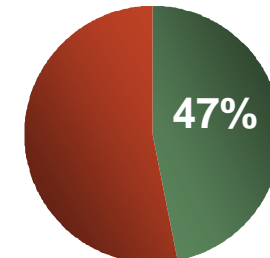
% Based in Asia-Pacific or Europe

## Speak Multiple Languages

2006



2007





# PERFORMANCE AND TARGETS

	2002 – 2006E		2006E – 2010E	
<i>Sales Demand Growth CAGR</i>	Market %	ROH %	Market %	ROH %
<b>Specialty Materials</b>	<b>3%</b>	<b>2%</b>	<b>4%</b>	<b>5%</b>
<i>Primary Materials</i>	4%	1%	4%	4%
<i>Paint &amp; Coatings Materials</i>	4%	6%	5%	7%
<i>Packaging &amp; Building Materials</i>	3%	0%	4%	4%
<b>Electronic Materials <sup>(1)</sup></b>	<b>10%</b>	<b>10%</b>	<b>7%</b>	<b>12%</b>
<i>Circuit Board Technologies</i>	6%	2%	6%	7%
<i>Packaging and Finishing Technologies <sup>(1)</sup></i>	6%	10%	8%	11%
<i>Semiconductor Technologies</i>	13%	13%	8%	13%
<b>Performance Materials</b>	<b>3%</b>	<b>2%</b>	<b>3%</b>	<b>4%</b>
<b>Salt</b>	<b>2%</b>	<b>1%</b>	<b>2%</b>	<b>2%</b>
<b>TOTAL</b>	<b>4%</b>	<b>3%</b>	<b>4%</b>	<b>6%</b>

<sup>20</sup>  
(1) Excluding Precious Metals



# ROHM AND HAAS COMPANY ORGANIZATIONAL ALIGNMENT

**Raj Gupta**  
Chairman, President & CEO

**Alan Barton**

**Performance Materials Group**

- Process Chemicals / New Platforms
- AgroFresh

**Environmental Health & Safety**

**Global Manufacturing and Operations**

**Procurement and Logistics**

**The Americas**

- North America
- Latin America

**Pierre Brondeau**

**Specialty Materials Group**

- Primary Materials
- Paint & Coatings Matls.
- Packaging & Building Materials

**Electronic Materials Group**

- Circuit Board Tech.
- Microelectronics
- Packaging & Finishing Technologies
- CMP Technologies

**European Region**

**Asia-Pacific Region**

**Jacques Croisetiere**

**Finance**

- Investor Relations
- Treasury
- Tax
- Internal Audit/Controls
- Controllers Organization
- CFOs of Businesses

**Powder Coatings**

**Salt**

**Strategic Planning**

**Robert Lonergan**

- Law
- Corporate Secretary
- Government Relations
- Security

**Anne Wilms**

- Information Technology
- Human Resources

**Gary Calabrese**

- Technology

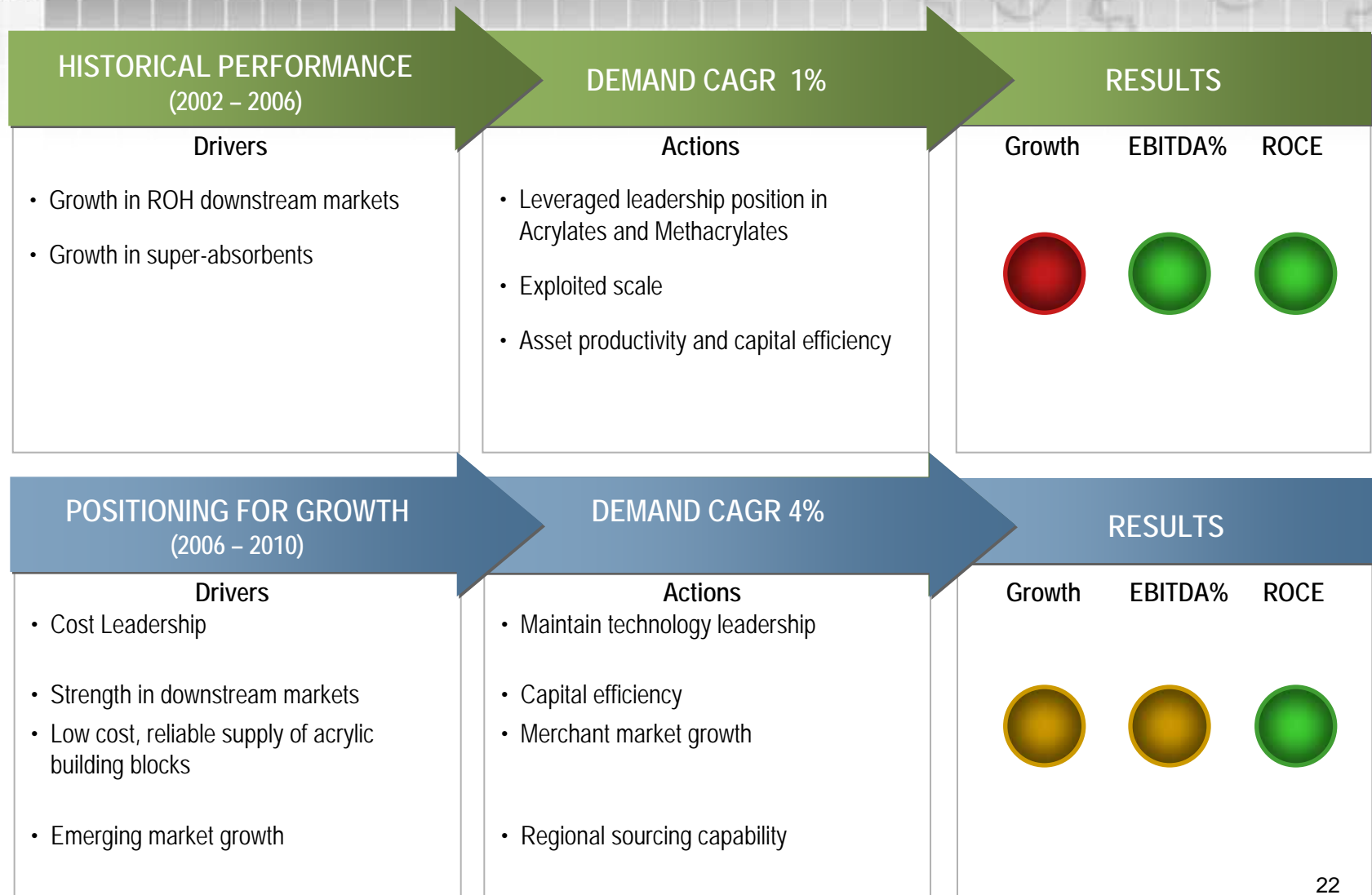
**John McKeogh**

- Public Affairs
- Corp. Communications



# PRIMARY MATERIALS

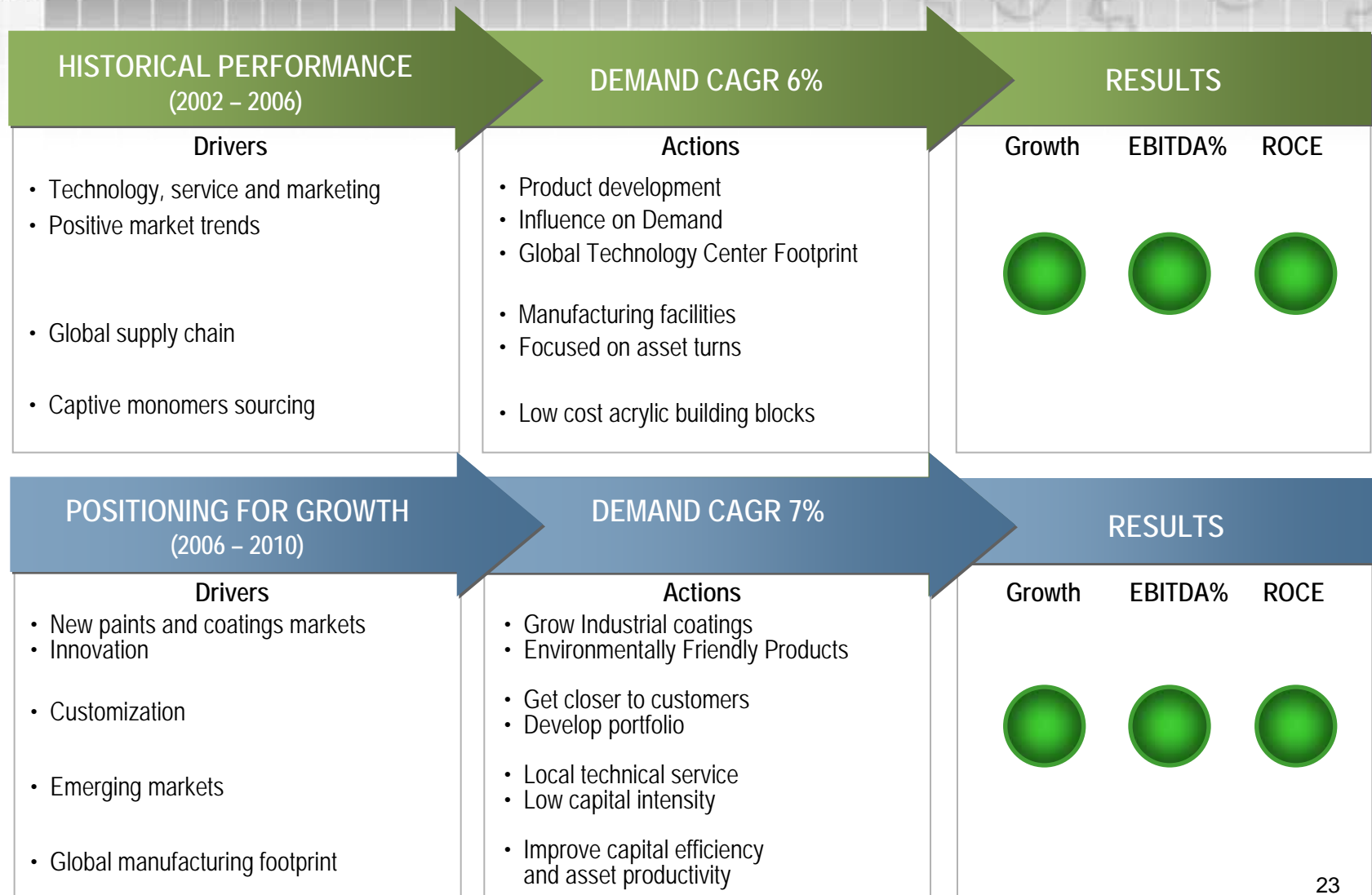
## 2005 Sales - \$2,046 million





# PAINT AND COATINGS MATERIALS

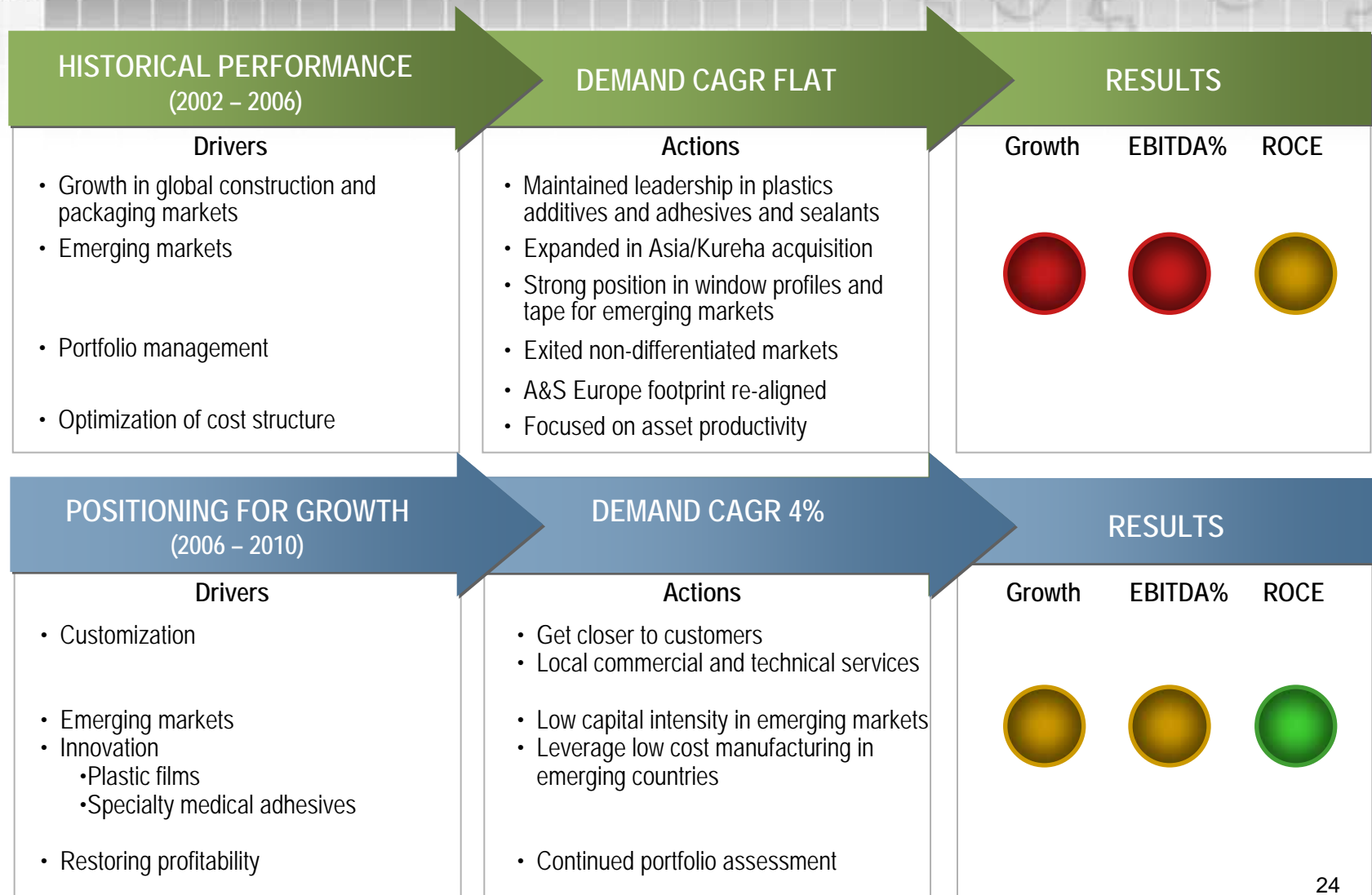
## 2005 Sales - \$1,897 million





# PACKAGING AND BUILDING MATERIALS

## 2005 Sales - \$1,773 million

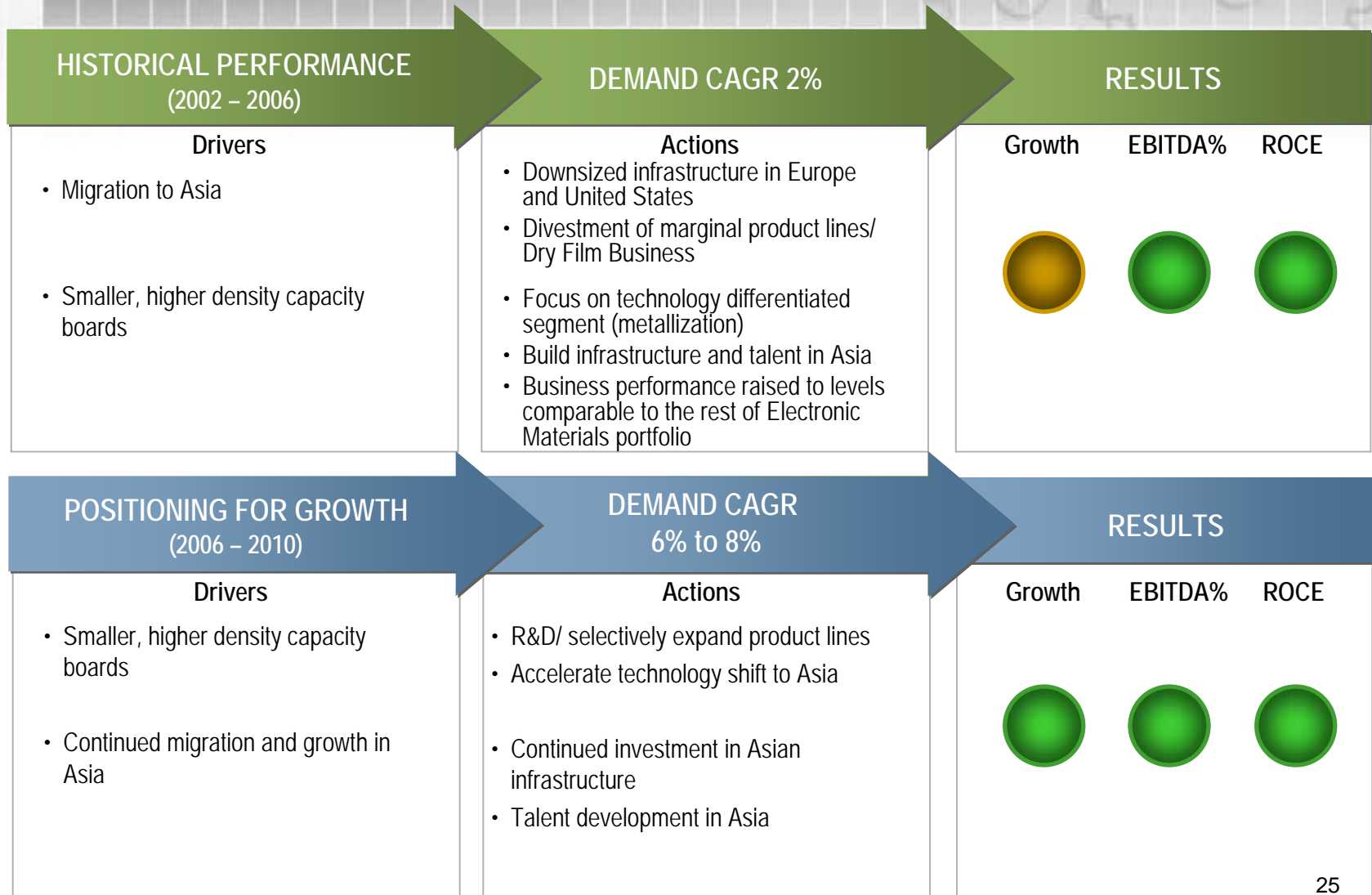






# CIRCUIT BOARD TECHNOLOGIES

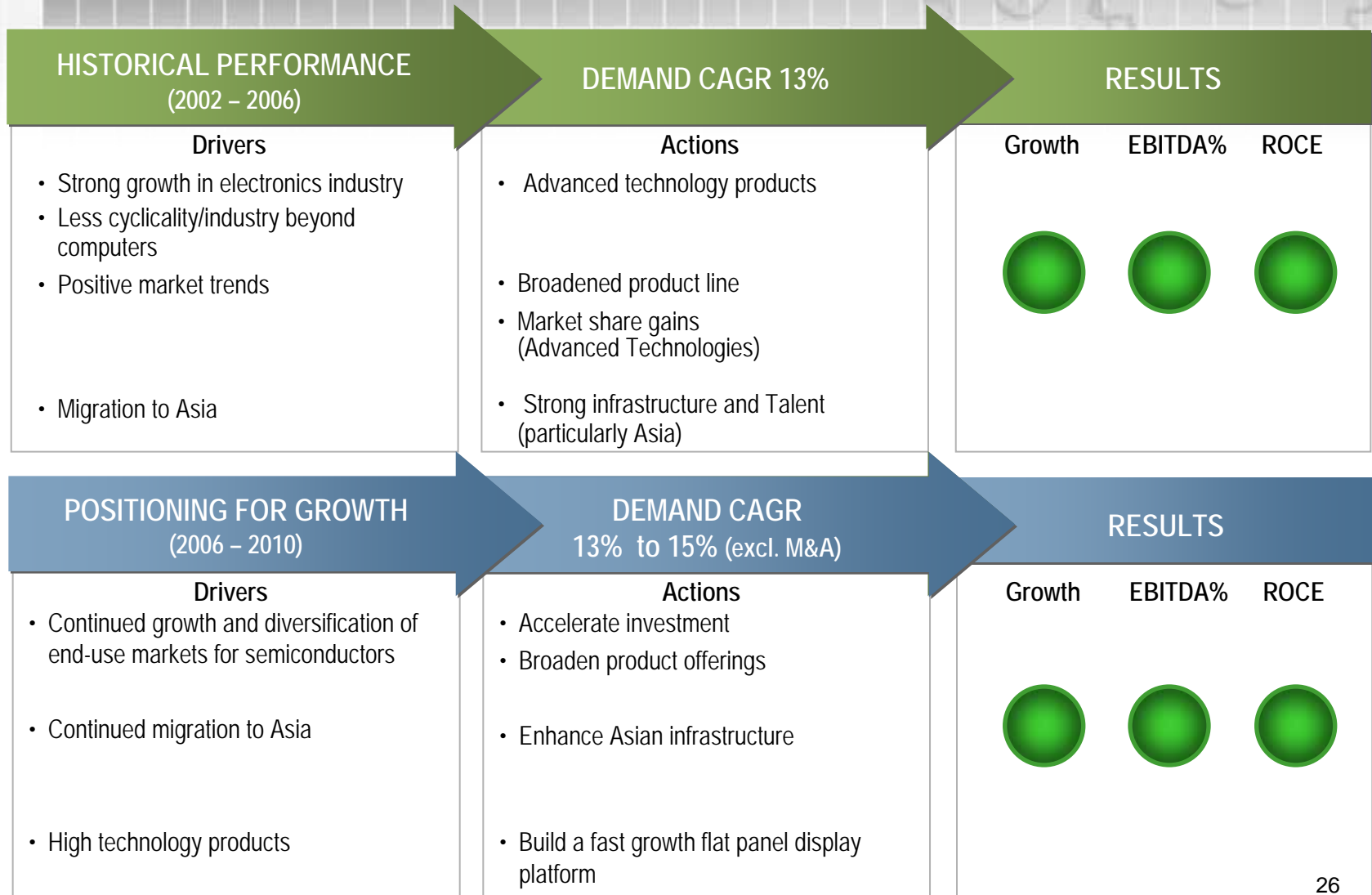
## 2005 Sales - \$297 Million





# SEMICONDUCTOR TECHNOLOGIES

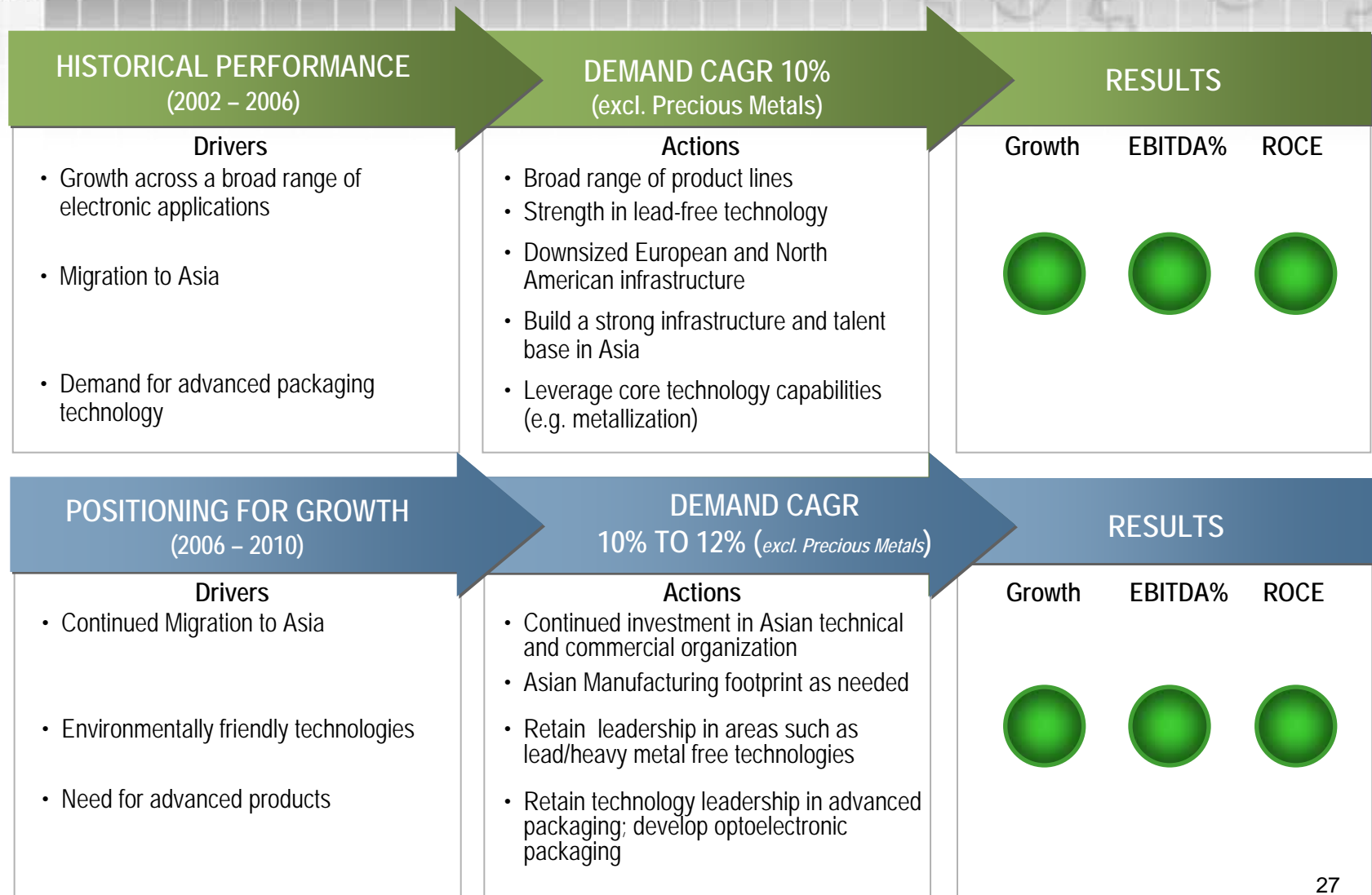
## 2005 Sales - \$757 million





# PACKAGING AND FINISHING TECHNOLOGIES

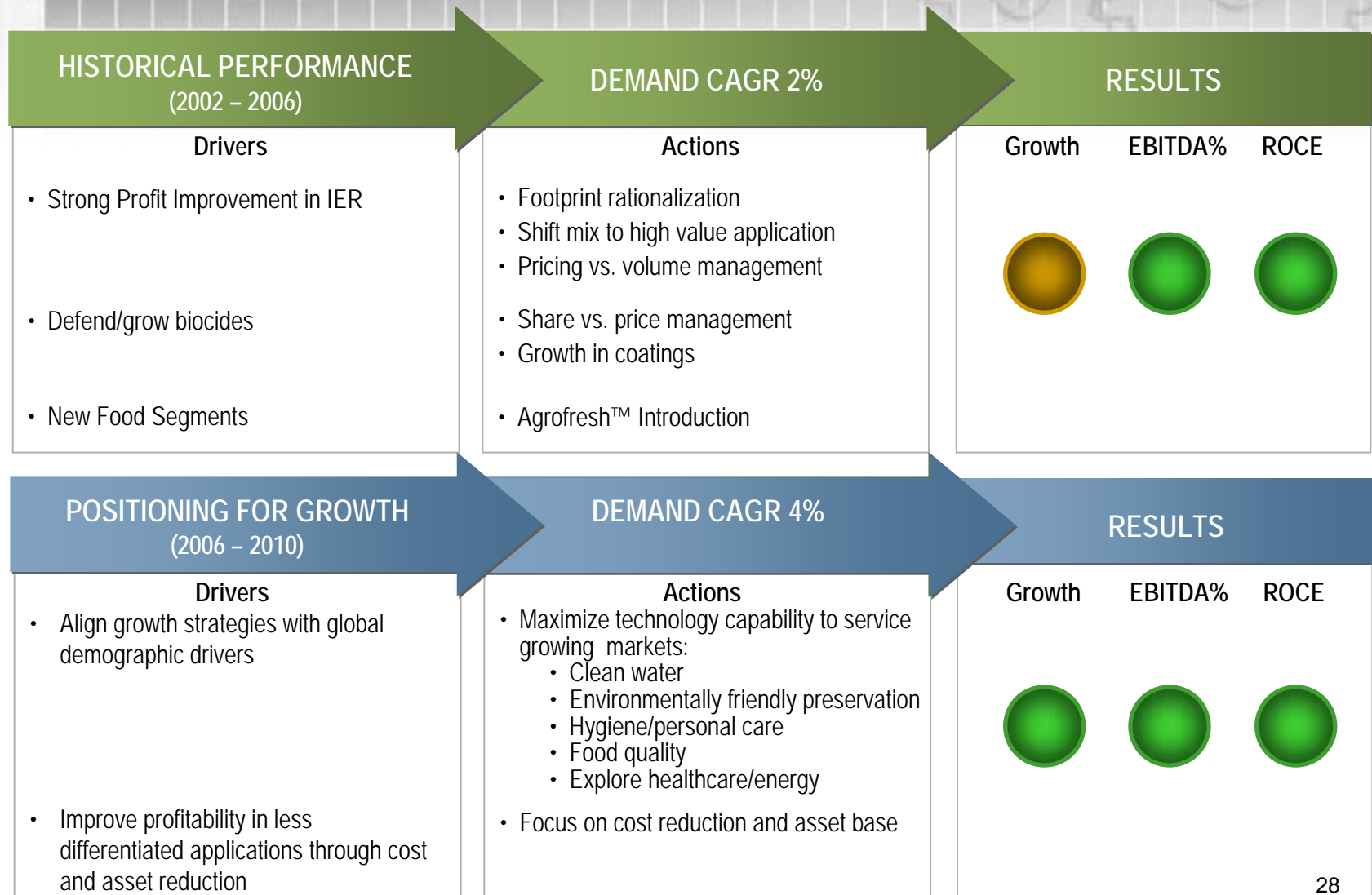
## 2005 Sales - \$278 million





# PERFORMANCE MATERIALS

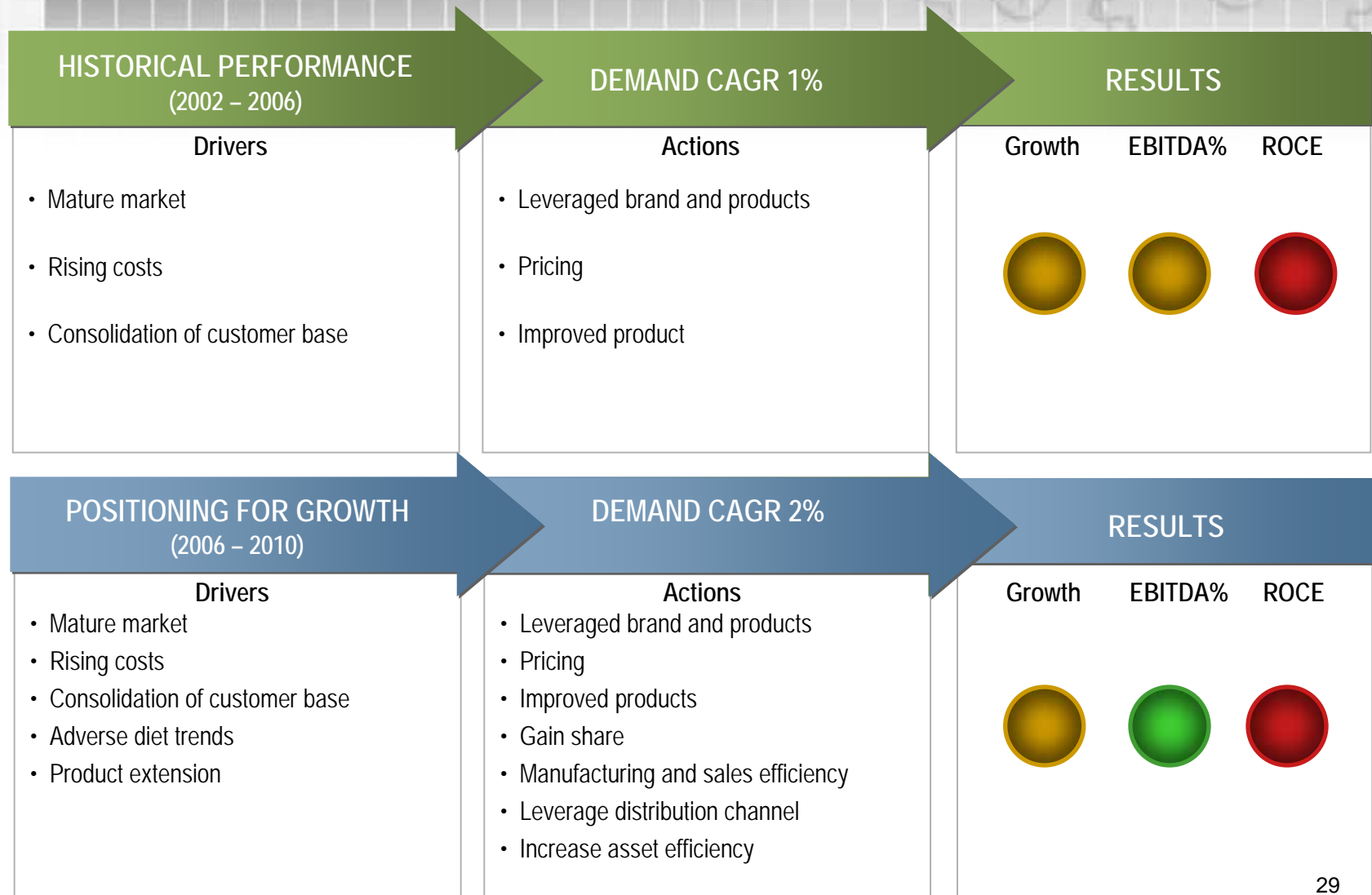
## 2005 Sales - \$1,083 million





# SALT

## 2005 Sales - \$925 million





# PERFORMANCE AND TARGETS

## ...RAISING THE BAR

	Performance 2003 - 2005	2010 Targets
Sales Demand Growth	3%	5-7%
EPS Growth	47%	10-14%
EBITDA % <sup>(NG)</sup>	18%	> 20%
ROCE <sup>(NG)</sup>	9%	> 13 %

*(NG) Non GAAP financial measure*



# STRATEGIC PLAN 2010

**Position Portfolio for Accelerated Growth**

**Build Value Creating Business Models  
in Emerging Markets**

**Innovate with Market/Customer Focus**

**Operational Excellence/Continuous Improvement**

**Deploy Right Talent in Right Places**

## WHAT TO EXPECT?

- Accelerate growth with improving profitability
- Implement more competitive business model for emerging markets
- Invest aggressively in growth platforms
- Manage the portfolio proactively
- Raise accountabilities at all levels





## Questions and Answers

# ROHM AND HAAS COMPANY

ACCELERATING VALUE CREATION

imagine the possibilities™



## APPENDIX

# ROHM AND HAAS COMPANY

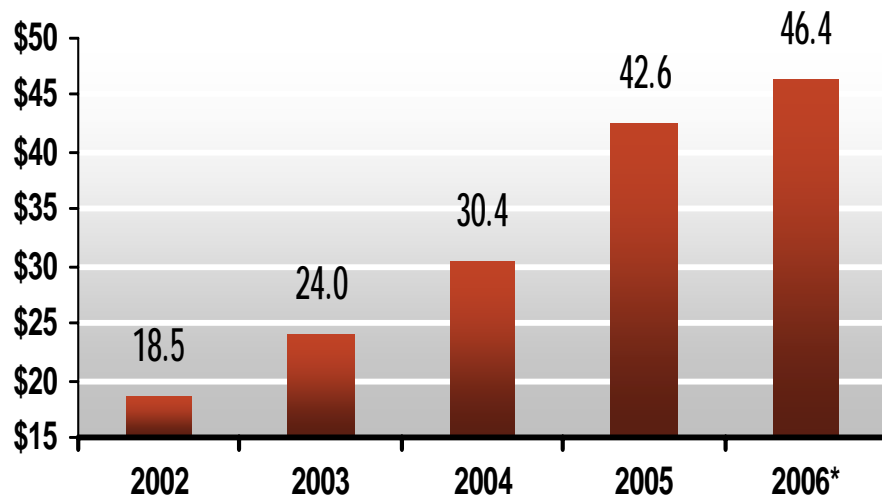
ACCELERATING VALUE CREATION

imagine the possibilities™



# A FOCUS ON PRODUCTIVITY

## Earnings Per Employee <sup>(NG)</sup>



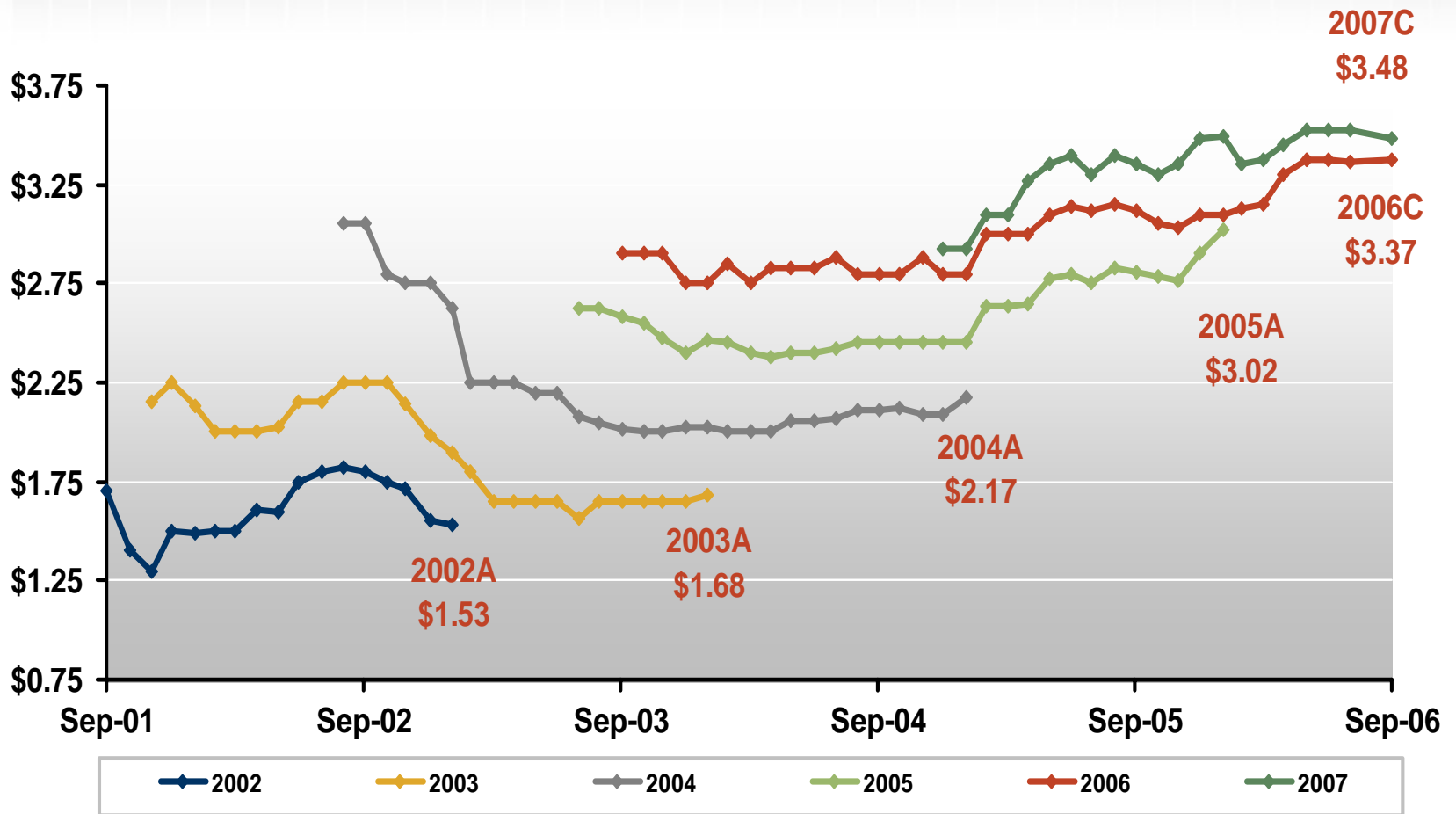
(NG) Non - GAAP Measure

- European Infrastructure Optimization
- Manufacturing Footprint Redesign and Capacity De-bottlenecking
- Shared Services Process Leverage
- State-of-the-Art Information Systems



# DELIVERING ABOVE EXPECTATIONS AND PROMISES

EPS CAGR 2002-06: 22%



Source: Thomson Financial Actual and Consensus EPS



# OUR LEARNINGS

**Strategy Is Important;  
Flawless Execution Is Critical**

**Profitable Growth Requires Both Organic  
Focus and Strategic Acquisitions**

**Deployment of Talent Globally Is Critical**

**Culture of Accountability Is a Must**

**Underperforming Businesses Can Be  
Turned Around**



# ORGANIZED FOR THE FUTURE




## New Structure

Old Structure

2005 Sales	SPECIALTY MATERIALS GROUP			PERFORMANCE MATERIALS	ELECTRONIC MATERIALS	SALT	SEGMENT ELIMINATION	TOTAL
	PRIMARY MATERIALS	PAINT AND COATING MATERIALS	PACKAGING & BUILDING MATERIALS					
MONOMERS	1,848							1,848
COATINGS		1,782	430	322				2,534
A&S		54	673					727
PERFORMANCE CHEMICALS	198	61	670	761				1,690
ELECTRONIC MATERIALS					1,332			1,332
SALT						925		925
SEGMENT ELIMINATION							(1,171)	(1,171)
TOTAL NEW SEGMENTS	2,046	1,897	1,773	1,083	1,332	925	(1,171)	7,885

# SCORING OUR RESULTS

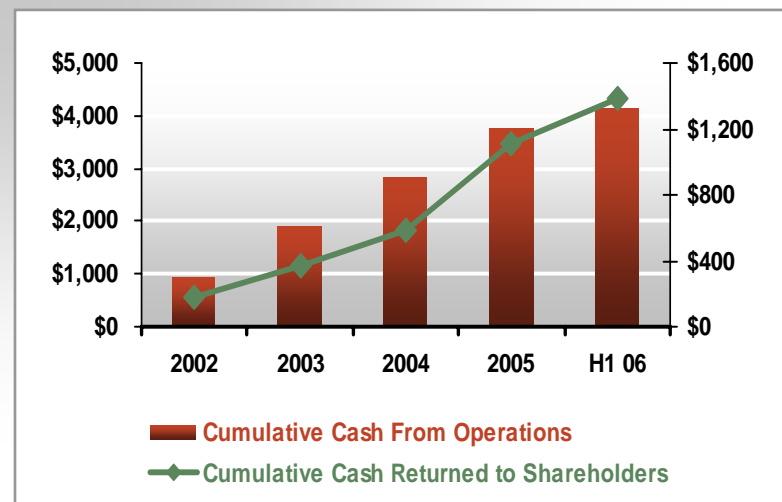
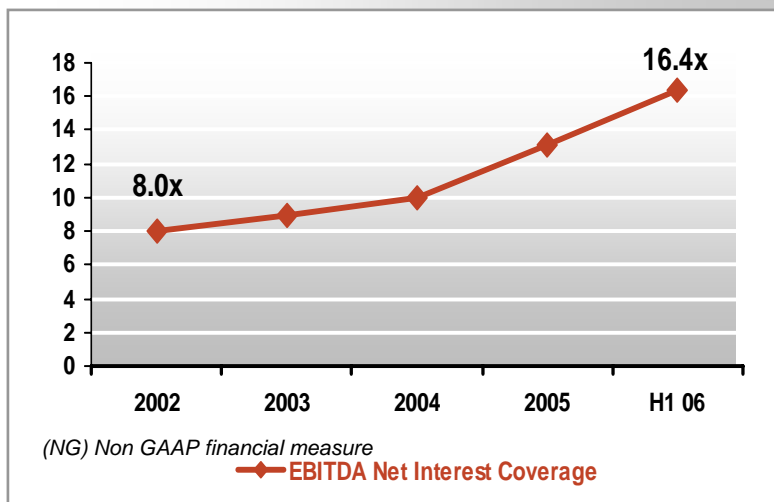
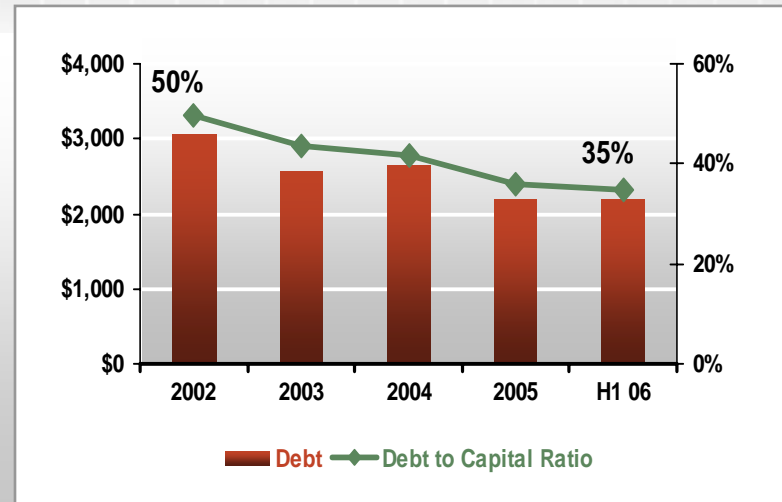
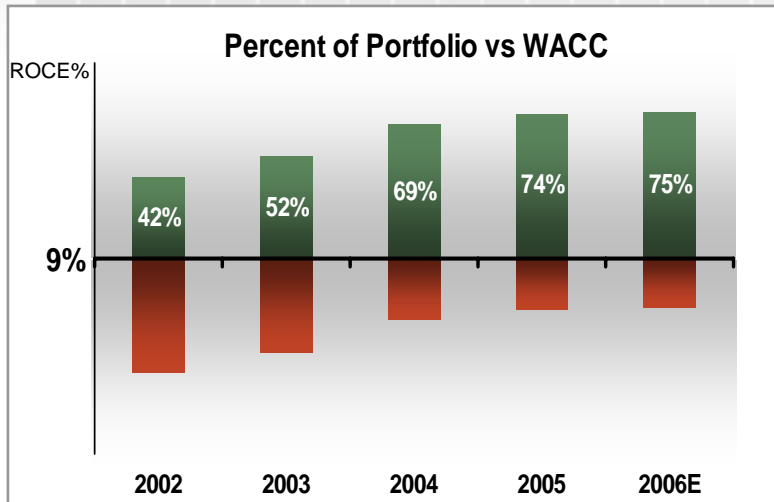


				
<b>Sales Demand Growth</b>		> Market	= Market	< Market
<b>Profit Margin</b>				
	2002 – 2006	> 18%	< 18%	< 15%
	2006 – 2010	> 20%	< 20%	< 17%
<b>Return</b>		<i>ROCE</i> > 9%	<i>ROCE</i> = 9%	<i>ROCE</i> < 9%



# STRONG BALANCE SHEET AND CASH FLOW

*Reflecting Financial Discipline And Balanced Deployment*





# **Rohm and Haas Company**

*Reconciliations for Non GAAP Financial Measures*  
**presented at the Investor Teleconference**

**October 10th, 2006**

**Reconciliation of Earnings Per Employee**

	<b><u>2002</u></b>	<b><u>2003</u></b>	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b> <sup>(1)</sup>
Earnings from continuing operations before cumulative accounting changes	\$ 210	\$ 288	\$ 496	\$ 616	\$ 690
<i>plus</i> Restructuring and Asset Impairments ( <i>after tax</i> )	116	126	11	62	45
<b>= Earnings</b>	<b>326</b>	<b>414</b>	<b>507</b>	<b>678</b>	<b>735</b>
Number of Employees <sup>(2)</sup>	17,611	17,245	16,691	15,924	15,832
<b><i>Earnings Per Employee = Earnings/Number of Employees</i></b>	<b>18.5</b>	<b>24.0</b>	<b>30.4</b>	<b>42.6</b>	<b>46.4</b>

<sup>(1)</sup> Preceding 12 months ending June 30, 2006 for Income Statement; Employees as of June 30, 2006

<sup>(2)</sup> Auto Coatings employees are excluded from calculation for 2005 and 2006

### Reconciliation of Return on Capital Employed (ROCE)

	<u>2004</u>	<u>2005</u>	<u>2006</u> <sup>(5)</sup>
Earnings from continuing operations before cumulative accounting changes <sup>(1)</sup>	\$ 484	\$ 616	\$ 690
<i>plus</i> Interest Expense ( <i>after tax</i> ) <sup>(2)</sup>	94	87	74
<i>plus</i> Loss on early extinguishment of debt ( <i>after tax</i> ) <sup>(2)</sup>	-	13	-
<b>= <i>EBILAT</i></b> <sup>(2)</sup>	<b>578</b>	<b>716</b>	<b>764</b>
<hr/>			
<u>Prior Year</u>			
Total Assets	9,511	10,095	9,356
<i>less</i> Non Interest Bearing Liabilities and Minority Interest <sup>(4)</sup>	3,573	3,758	3,359
<b>= <u>Capital Employed</u></b>	<b>5,938</b>	<b>6,337</b>	<b>5,997</b>
<u>Current Year</u>			
Total Assets	10,095	9,727	9,811
<i>less</i> Non Interest Bearing Liabilities and Minority Interest <sup>(4)</sup>	3,758	3,615	3,512
<b>= <u>Capital Employed</u></b>	<b>6,337</b>	<b>6,112</b>	<b>6,299</b>
 <b>Average Capital Employed</b>	 <b>6,138</b>	 <b>6,225</b>	 <b>6,148</b>
<hr/>			
<b>ROCE = <i>EBILAT</i>/Average Capital Employed</b>	<b>9%</b>	<b>11%</b>	<b>12%</b>

<sup>(1)</sup> Excludes Earnings for Auto Coatings

<sup>(2)</sup> After tax amounts are calculated using the applicable current year effective tax rate

<sup>(3)</sup> Earnings Before Interest and Loss on Extinguishment of Debt, Less Adjusted Taxes

<sup>(4)</sup> Total Liabilities plus Minority Interest less (Long Term Debt plus Short Term Obligations)

<sup>(5)</sup> Preceding 12 months ending June 30, 2006 for Income Statement; June 30, 2005 Balance Sheet for Prior Year; June 30, 2006 Balance Sheet for Current Year

**Reconciliation of EBITDA Net Interest Coverage**

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>H1 06</u>
EBITDA	\$ 1,054	\$ 1,135	\$ 1,330	\$ 1,536	\$ 851
Asset Impairments	157	116	2	81	3
Interest Expense	132	126	133	117	52
Income Taxes	98	127	207	242	163
Depreciation Expense	388	411	419	415	200
Amortization of finite-lived intangibles	69	67	62	55	27
<u>Minority Interest</u>	<u>0</u>	<u>0</u>	<u>11</u>	<u>10</u>	<u>7</u>
<u>Net Earnings</u>	<u>\$ 210</u>	<u>\$ 288</u>	<u>\$ 496</u>	<u>\$ 616</u>	<u>\$ 399</u>
<b><i>EBITDA Net Interest Coverage = EBITDA/Interest Expense</i></b>	<b><i>8.0</i></b>	<b><i>9.0</i></b>	<b><i>10.0</i></b>	<b><i>13.1</i></b>	<b><i>16.4</i></b>



## GLOSSARY OF TERMS

SALES DEMAND GROWTH

**Sales growth excluding the impact of pricing and currency**

A/T PROFIT MARGIN

**Net Earnings from Continuing Operations before cumulative effect of accounting changes/ Net Sales**

PAYOUT RATIO

**Dividend Per Share/ Diluted net earnings per share from continuing operations**

DEBT TO CAPITAL RATIO

**Total Debt/ (Total Debt + Shareholder's Equity)**

CAGR

**Compounded Annual Growth Rate**

WACC

**Weighted Average Cost of Capital**

P/E

**Price to Earnings Ratio**

EV/Ebitda

**Enterprise Value/ Earnings Before Interest, Taxes, Depreciation and Amortization**