

Nalco Holding CO

Form S-1/A

August 02, 2005

As filed with the Securities and Exchange Commission on August 2, 2005

Registration No. 333-126642

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SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

AMENDMENT NO. 1 TO  
FORM S-1  
REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933

NALCO HOLDING COMPANY

(Exact name of registrant as specified in its charter)

Delaware  
(State of Incorporation)

2890  
(Primary Standard Industrial  
Classification Code Number)

16-1701300  
(I.R.S. Employer Identification No.)

1601 West Diehl Road  
Naperville, Illinois 60563  
(630) 305-1000

(Address, including zip code, and telephone number, including area code, of registrants' principal executive offices)

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

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

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

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

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

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Aggregate Offering Price Per Share(2)	Proposed Maximum Aggregate Offering Price(2)	Amount of Registration Fee(3)
Common stock, par value \$0.01 per share	28,750,000 shares	\$ 20.44	\$ 587,650,000	\$ 69,166.41

(1)Includes shares of common stock that the underwriters have the option to purchase to cover over-allotments, if any.

(2)Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(c) under the Securities Act of 1933, as amended, based on the average of the high and low prices of the common stock on July 27, 2005, as reported on the New York Stock Exchange.

(3)Includes \$54,927.06 previously paid.

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

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

Subject to Completion. Dated August 2, 2005.

25,000,000 Shares

Common Stock

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Nalco LLC, the selling stockholder in this offering, is offering 25,000,000 shares of Nalco Holding Company's common stock in an underwritten offering. Nalco LLC is owned primarily by funds affiliated with our Sponsors, The Blackstone Group, Apollo Management, L.P. and GS Capital Partners, as well as by members of our management. Our Sponsors will receive all of the proceeds from the sale of shares by the selling stockholder.

Our common stock is listed on the New York Stock Exchange under the symbol "NLC". The last reported sale price of our shares of common stock on the New York Stock Exchange on August 1, 2005 was \$21.03 per share.

See "Risk Factors" on page 18 to read about factors you should consider before buying shares of the common stock.

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

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	Per Share	Total
Price to public	\$	\$
Underwriting discount	\$	\$
Proceeds, before expenses, to the selling stockholder	\$	\$

To the extent that the underwriters sell more than 25,000,000 shares of common stock, the underwriters have the option to purchase up to an additional 3,750,000 shares from the selling stockholder at the public offering price less the underwriting discount.

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

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Goldman, Sachs & Co.  
UBS Investment Bank

Citigroup

Banc of America Securities LLC

Bear, Stearns & Co. Inc.

William Blair & Company  
Credit Suisse First Boston  
Deutsche Bank Securities  
JPMorgan

Lehman Brothers

Prospectus dated \_\_\_\_\_, 2005

You should rely only on information contained in this prospectus. We have not authorized anyone to provide you with different information. We are not making an offer of these securities in any state where the offer is not permitted. You should not assume that the information contained in this prospectus is accurate as of any date other than the date on the front of this prospectus.

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We derived the market and industry data we present in this prospectus from the following sources:

**Market Size.** We based the global market size for water treatment chemicals and services in the industrials and institutional sector on estimates of Kline & Company Inc., Lake View Associates and SRI International for the years 2000, 2001 and 2002. We adjusted these estimates by deducting results for the Paper and Energy Services water treatment chemicals markets based on estimates of Mars & Co. and internal estimates derived from discussion with our sales force and other industry participants. We further adjusted as necessary to reflect that certain of the third party sources included product lines, such as commodity chemicals, which are outside our relevant market.

We based the 2003 global market size for process improvement and water treatment to the petroleum and petrochemical market on our internal estimates for downstream chemical markets and estimates of SRI International and Business Communications Company, Inc. for 2000 and 2002 upstream chemical markets. We adjusted the upstream chemical results by adding results for the production chemicals and drag reducers submarkets and deducting results for the commodity chemical submarket.

We based the global market size for paper process specialty chemicals and services on estimates of Kemira (a market participant), internal estimates based on recent consolidating transactions, SRI International and Business Communications Company, Inc. for the years 1999, 2000 and 2002. We deducted from this market results for certain submarkets in which we do not operate.

We estimated our relevant 2004 market sizes by multiplying our 2003 market estimates by our 2004 market growth estimates and applying estimated changes in foreign exchange rates against the U.S. dollar.

**Market Share.** We determined our market share and market position in each of the markets based on the sizes of the markets, our sales in each of the markets, publicly available information of sales by competitors and our internal estimates of competitors' sales based on discussion with our sales force and other industry participants.

**Market Growth.** Our analysis for estimating market growth in 2004 utilized third party references for specific segments of our business. We estimated the growth of the paper chemicals market based on reports generated by the Finnish Forest Industries Federation, which provided growth estimates for the U.S. and European paper industries. We estimated the growth of the energy services chemicals market based on reports from the EIA Department of Energy, which provided growth estimates for world oil supply and crude oil production growth. We estimated industrial and institutional market growth utilizing reports from Global Insight, which provided estimates of U.S. Industrial Production and World Gross Domestic Production growth.

#### TRADEMARKS AND SERVICEMARKS

AQUAMAX™, Core Shell™, Fiber NEU™, OptiLux™, ValueLine™, Vantage™, PROSPECSTM, ACTRENE®, BIO-MANA®, Calgon®, COKELESS®, ELIMIN-OX®, EN/ACT®, ENERCEPT®, ENERSPERSE®, Fiber Brite®, LAZON®, Metrix®, Nalco®, Nalco ACT®, NALMET®, NEOSTAR®, NexGuard®, ODORtech®, PORTA-FEED®, Ultra POSITEK®, Scale-Guard®, SCORPION® II, SheeTracker®, SmartSoft®, STA•BR•EX®, SULFA-CHECK®, SUR-GUARD®, THERMOGAIN®, TRA-CIDE®, TRASAR®, 3D TRASAR®, Tri-ACT®, ULTIMER®, UltraTreat®, ULTRAXOL®, ULTRION® and certain other products and services named in this prospectus are our registered trademarks and servicemarks.

## PROSPECTUS SUMMARY

This summary highlights selected information in this prospectus, but it may not contain all of the information that you should consider before deciding to invest in our common stock. You should read this entire prospectus carefully, including the "Risk Factors" section and the financial statements, which are included elsewhere in this prospectus.

All references in this prospectus to the "issuer" mean, unless the context indicates otherwise, Nalco Holding Company and the terms "we," "our" and "us" refer collectively to the issuer and its subsidiaries and affiliates on a consolidated basis. Nalco Holding Company's subsidiaries include:

- Nalco Company (formerly known as Ondeo Nalco Company) and its subsidiaries, which Suez S.A., or Suez, acquired in 1999; and
- the subsidiaries of Nalco International SAS that we have operated, but that were held separately from Nalco Company prior to the Acquisition described below, including Nalco Belgium NV/SA (formerly known as Ondeo Nalco Belgium NV/SA), Nalco France (formerly known as Ondeo Nalco France), Nalco (Shanghai) Trading Co. Ltd. (formerly known as Ondeo Nalco (Shanghai) Trading Co. Ltd), Nalco Dutch Holdings B.V., Nalco Portuguesa (Quimica Industrial) Ltd. and Wyss Wassertechnik AG and their subsidiaries. We refer to these subsidiaries as the "Nalco International SAS Subsidiaries" in this prospectus.

However, Nalco Holding Company's subsidiaries exclude Ondeo Industrial Solutions LLC, a former subsidiary of Nalco Company that was transferred to Suez in connection with the Acquisition described below.

### Our Company

We are the leading global provider of integrated water treatment and process improvement services, chemicals and equipment programs for industrial and institutional applications. We are organized into three primary segments which correspond to the end markets we serve: Industrial and Institutional Services, Energy Services and Paper Services. Our products and services are typically used in water treatment applications to prevent corrosion, contamination and the buildup of harmful deposits, or in production processes to enhance process efficiency and improve our customers' end products.

Through our sales, research and marketing team of more than 6,500 technically trained professionals, we serve more than 60,000 customer locations. We focus on providing our customers with technologically advanced engineered solutions and services. These technologically advanced engineered solutions and services enable our customers to improve their business by increasing production yields, lowering manufacturing costs, extending asset lives and maintaining environmental standards. The cost of our technologically advanced engineering solutions and services represents a small share of our customers' overall production expense. We offer more than 5,000 products and 3,100 unique formulations.

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### Our Divisions

Industrial and

Energy Services

Paper Services

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	Institutional Services		
Market Positions	#1 Market Position	#1 Market Position	#3 Market Position
	\$5.7 billion global market <sup>(1)(2)</sup>	\$3.1 billion global market <sup>(1)</sup>	\$7.7 billion global market <sup>(1)</sup>
Market Share	19%	26%	9%
2004 Net Sales <sup>(3)</sup>	\$1,402 million	\$805 million	\$663 million
Representative Markets	<ul style="list-style-type: none"> <li>• Food and Beverage</li> <li>• Buildings, Hotels, Hospitals</li> <li>• Chemicals, Pharmaceuticals</li> <li>• Manufacturing, Metals, Utilities, Mining</li> </ul>	<ul style="list-style-type: none"> <li>• Exploration</li> <li>• Field Development</li> <li>• Production</li> <li>• Refining</li> <li>• Petrochemical Manufacturing</li> </ul>	<ul style="list-style-type: none"> <li>• Fine Paper</li> <li>• Uncoated Free Sheet</li> <li>• Coated Free Sheet</li> <li>• Newsprint</li> <li>• Tissue</li> <li>• Containerboard</li> </ul>

(1) Approximate market size based on internal estimates and industry publications and surveys. See "Market and Industry Data and Forecasts" and "Industry Overview."

(2) Industrial and Institutional Services market position and size represents the water treatment and services markets (excluding water treatment and services markets served by the Energy Services and Paper Services divisions), which accounted for approximately 76% of our Industrial and Institutional Services division's net sales in 2004.

(3) Divisional net sales exclude approximately \$163 million of sales allocated to our Other segment, including our sales in India, Japan and an Integrated Channels group.

Industrial and Institutional Services

Our Industrial and Institutional Services division provides products and services that are principally utilized in water treatment applications such as raw water treatment, wastewater treatment, cooling programs and boiler treatment programs to control corrosion, the build up of scale and microbial fouling. Customers use our water treatment programs to extend the useful life of their assets, minimize downtime of their facilities and conserve water and energy. We serve companies across a broad spectrum of industries, including aerospace, chemical, pharmaceutical, steel, power, food and beverage, medium and light manufacturing, metalworking and institutions such as hospitals, universities and hotels. Six of our ten largest Industrial and Institutional Services customers in 2004 have been with us for more than ten years.

Energy Services

Our Energy Services division provides on-site, technology driven solutions to the global natural gas, petroleum and petrochemical industries. In addition to recovery, production and process enhancements, we deliver a full range of water treatment offerings to refineries and petrochemical plants. Our upstream process applications improve oil and gas recovery and production, extend production equipment life and decrease operating costs through services that include scale, paraffin and corrosion control, oil and water separation and gas hydrate management solutions. Our downstream process applications increase refinery and petrochemical plant efficiency and the useful lives of customer assets, while improving refined and petrochemical product quality and yields. Our ten largest Energy Services customers in 2004 have been with us for more than twenty years.

Paper Services

Our Paper Services division offers a comprehensive portfolio of programs that are used in all principal steps of the paper-making process and across all grades of paper, including printing and writing, board and packaging, tissue and towel and mechanical papers. Our customers include the 20

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largest paper companies in the world, which collectively accounted for approximately 41% of global production capacity in the paper industry in 2004. Nine of our ten largest Paper Services customers in 2004 have been with us for more than ten years.

### Competitive Strengths

We have benefited from the following competitive strengths:

**Leading Market Positions.** We are the #1 provider of water treatment services to industrial and institutional end markets. We are also a leading provider of integrated water treatment and process improvement services, maintaining the #1 position in the petroleum and petrochemical markets and the #3 position in the pulp and paper market.

**Diverse Customers and Industries Served.** We provide products and services to more than 60,000 customer locations across a broad range of industries and institutions. In 2004, no single customer accounted for more than 3% of our net sales. Our business is also diversified geographically. In 2004, 48% of total sales were in North America, 33% in Europe, Africa and the Middle East, 7% in Latin America and 12% in the Pacific region. We believe this diversification minimizes the potential impact of volatility from any one customer, industry or geographic area.

**Global Reach.** We have a direct sales and marketing presence in 130 countries across six continents. This enables us to provide a consistently high level of service to local, regional and multinational customers. We believe our global presence offers us a competitive advantage in meeting the global needs of our multinational customers, which are increasingly seeking single-source suppliers and positions us to extend our reach to higher-growth markets.

**World Class Sales Team.** Through the expertise of our more than 5,500 engineers and service technicians, we provide our customers with relevant industry knowledge and experience in order to solve technically challenging and dynamic problems. Our team of experts has significant experience, with more than 40% of our approximately 2,100-person North American sales team having more than ten years of service with our company. We believe this contributes significantly to the number and strength of relationships with our customers. We also invest heavily in recruiting and continuously training our sales professionals. For example, new hires spend more than half of their first year on training.

**Integrated Technology, Sales and Service.** We combine on-site service, innovative technology and engineering excellence to create value for our customers. Our technical sales professionals identify problems and opportunities at the customer's plant and our research teams then work to develop effective solutions to these needs, often working jointly with our customers. Many of our customers specify our formulations into their processes and products. This approach has resulted in a high degree of customer loyalty.

**Stable and Significant Cash Flow Generation.** We have produced consistent cash flows and maintained high margins over a sustained period of time. We attribute this to (1) the diversity of our revenues, (2) the service nature of our business, (3) the high value we offer our customers, (4) the strength of our customer relationships, (5) our limited dependency on any single raw material and (6) our low capital expenditures relative to our net sales.

**Premier Management Team.** Our senior management team consists of professionals with significant experience within our company and the water treatment and industrial process improvement industry. Our seven executive officers have an average of over 11 years of service with our company and over 27 years of industry experience. Our



top executive officers and other members of management have invested through the selling stockholder, Nalco LLC, an aggregate of \$19.3 million in our company.

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## Business Strategy

We have historically experienced sales growth in excess of industrial production growth in our core markets. We are pursuing a strategy designed to continue this trend by expanding our market positions and increasing our revenues, as well as enhancing our cash flow. The key elements of this strategy are:

**Build Upon Our Customer Base.** We seek to strengthen our position with our existing customer base as well as pursue new customers by continuing to serve as the leading global provider of fully integrated water treatment services and industrial process solutions. We continually seek to add value for our customers by identifying those services, products and equipment that will enhance their profitability through reduced costs, improved yields and decreased capital spending.

**Pursue High-Growth Markets.** We intend to continue to focus on high-growth markets and segments. Geographically, we plan to leverage our global reach by capitalizing on our presence in high-growth emerging markets including Asia, Eastern Europe and Latin America. We also intend to continue to pursue high-growth segments in a variety of areas closely related to our core businesses and competencies.

**Maintain Technological Leadership.** We strive to develop new technologies and products through a focused commitment to technology, research and development. The evolution of our existing products and the development of new technologies have historically allowed us to sustain and enhance the profitability of our business and further penetrate our target markets, including our existing customer base. Our engineers will continue to work closely with our customers in an effort to identify new product opportunities and jointly develop new technologies.

**Follow the Global Expansion of Multinational Customers.** As one of a small number of companies that can provide turnkey water management solutions on a global basis, we seek to leverage our relationships with multinational companies by servicing them globally.

**Continue to Reduce Costs.** We have initiated a comprehensive cost reduction plan that yielded savings in 2004 of \$88 million compared to 2003, with a year-end run rate to those savings of \$110 million. In 2005, we expect to generate additional savings versus 2004 of \$83 million, which include the run-rate benefit of 2004 projects. We expect our cost reduction plan to achieve incremental efficiencies through work process redesign and other targeted cost improvement programs, which address inefficiencies in our administrative and overhead functions, as well as other support and service functions around the world.

**Maximize Cash Flow and Reduce Debt.** We believe that there are significant opportunities to increase our cash flow. We believe that while the capital expenditures required to maintain our business are low relative to our sales, we can maintain capital expenditures at a \$100 million annual level through continued management focus. We believe there is an opportunity to reduce our working capital needs. We intend to use our cash flow to reduce indebtedness. During the year ended December 31, 2004, we made \$28.3 million of scheduled repayments and \$211.6 million of optional prepayments on our indebtedness from operating cash flows.

Focus on Supply Chain Management. We have a dedicated global supply chain team that focuses on managing manufacturing, procurement, logistics, and customer service activities. We believe that by coordinating these functions, we achieve better inventory management and lower procurement costs. We believe that we will be able to make additional improvements in our inventory management and lower procurement costs.

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## The Transactions and the Initial Public Offering

On August 31, 2003, our subsidiary Nalco Holdings LLC, which was formed by funds affiliated with The Blackstone Group ("Blackstone"), Apollo Management, L.P. ("Apollo") and GS Capital Partners ("GSCP" and, together with Blackstone and Apollo, the "Sponsors"), entered into a stock purchase agreement pursuant to which it agreed to purchase all of the outstanding shares of capital stock of Ondeo Nalco Company (which is now known as Nalco Company) and the Nalco International SAS Subsidiaries, which had been operated as a single business unit, from subsidiaries of Suez. The aggregate purchase price was \$4,101.5 million in cash, after giving effect to direct costs of the Acquisition, closing date working capital and indebtedness purchase price adjustments and a post-closing working capital and indebtedness purchase price adjustment which was agreed to by us and Suez on March 25, 2004. The Transactions closed on November 4, 2003. In this prospectus, we refer to this acquisition as the "Acquisition." As used in this prospectus, the term "Transactions" means, collectively, the Acquisition and the related financings described in "The Acquisition."

On January 21, 2004, our subsidiaries Nalco Finance Holdings LLC and Nalco Finance Holdings Inc. issued \$694.0 million aggregate principal amount at maturity of senior discount notes due 2014, which we refer to as the senior discount notes. In December 2004, we redeemed a portion of the senior discount notes with an accreted value of \$162.3 million using proceeds from our initial public offering of common stock in November 2004 (discussed below). After the partial redemption, the aggregate principal amount at maturity of the senior discount notes declined to \$460.8 million from \$694.0 million. At March 31, 2005, the senior discount notes had an accreted value of approximately \$713.73 per \$1,000 principal amount at maturity of notes, resulting in a total accreted value of \$328.9 million. The \$2.5 million difference between the \$331.4 million carrying value of the senior discount notes and the total accreted value represents a premium, which is being amortized over the term of the senior discount notes.

As a result of the Transactions and the senior discount notes offering, we are highly leveraged. As of March 31, 2005, our total consolidated indebtedness was \$3,427.0 million and we had \$250.0 million of borrowing capacity available under our revolving credit facility (excluding \$36.8 million of outstanding standby letters of credit).

On November 16, 2004, Nalco Holding Company completed an initial public offering of 51,111,111 shares of its common stock, including 6,666,667 shares sold pursuant to an underwriters' option to purchase additional shares, at a price of \$15.00 per share. Our net proceeds from the offering, after deducting underwriting discounts of \$42.2 million and other offering expenses of \$4.0 million, were \$720.5 million.

Approximately \$544.6 million of the net proceeds was used to pay a dividend that was declared immediately prior to the consummation of the offering to Nalco LLC, our sole stockholder on the record date of the dividend. The remaining \$175.9 million of the net proceeds was used toward the redemption of a portion of the senior discount notes, including the payment of the \$14.6 million redemption premium.

Immediately prior to the consummation of the initial public offering, Nalco Holding Company issued to Nalco LLC a stock dividend of 90,552,158 shares of Nalco Holding Company common stock and a warrant to purchase, for \$0.01

per share, up to 6,191,854 shares of Nalco Holding Company common stock.

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## Recent Developments

The following information is based on our preliminary unaudited results as of June 30, 2005 and for the three months and six months ended June 30, 2005, which we announced on July 28, 2005. The information is derived from preliminary internal financial reports, and as a result is subject to completion of our normal quarterly closing procedures

	Three Months Ended June 30, 2004	Three Months Ended June 30, 2005	Six Months Ended June 30, 2004	Six Months Ended June 30, 2005
	(unaudited)			
	(dollars in millions, except per share data)			
Statement of Operations Data:				
Net sales	\$ 740.4	\$ 836.3	\$ 1,453.7	\$ 1,613.9
Operating costs and expenses:				
Cost of product sold	372.2	479.9	746.6	892.3
Selling, administrative and research expenses	261.6	263.3	514.9	521.8
Amortization of intangible assets	24.9	20.5	49.1	41.1
In-process research and development	—	—	122.3	—
Business optimization expenses	—	17.0	—	17.8
Total operating costs and expenses	658.7	780.7	1,432.9	1,473.0
Operating earnings	81.7	55.6	20.8	140.9
Other income (expense), net	(1.8)	(0.1)	(5.3)	(3.5)
Interest income	2.7	2.0	5.4	4.1
Interest expense	(62.7)	(64.8)	(123.7)	(126.9)
Earnings (loss) before income taxes	19.9	(7.3)	(102.8)	14.6
Income tax provision (benefit)	16.6	(3.1)	19.6	6.6
Minority interests	(0.9)	(1.6)	(1.9)	(2.8)
Net earnings (loss)	\$ 2.4	\$ (5.8)	\$ (124.3)	\$ 5.2
Net earnings (loss) per share:				
Basic	\$ 0.03	\$ (0.04)	\$ (1.37)	\$ 0.04
Diluted	\$ 0.03	\$ (0.04)	\$ (1.37)	\$ 0.04
Weighted average shares (basic)	90.6	141.7	90.6	141.7
Weighted average shares (diluted)	90.6	141.7	90.6	146.6
Statement of Cash Flows Data:				
Net cash provided by (used for):				
Operating activities	\$ 40.9	\$ 14.0	\$ 125.4	\$ 29.7
Investing activities	(16.7)	(12.3)	(9.7)	(28.2)
Financing activities	(53.2)	4.0	(113.7)	5.9

## Executive Level Overview

For the three months ended June 30, 2005, we increased sales 13.0% to \$836.3 million, with organic sales up 8.6% compared to the three months ended June 30, 2004. Organic sales growth included 4.8% in price increases, or \$36 million. This doubles the price increases from the \$18 million achieved in the three months ended March 31, 2005. The remainder of our 13% nominal sales growth came from foreign currency increases of 2.9% and a 1.5% increase from Katayama Nalco sales. June 1, 2005 marked the one-year anniversary of the Katayama Nalco joint venture's formation.

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Business process optimization charges of \$17.0 million, including a previously announced \$14 million restructuring charge, drove otherwise positive earnings to a net loss of \$5.8 million versus a \$2.4 million profit in the three months ended June 30, 2004.

All four segments generated strong nominal sales growth in the three months ended June 30, 2005. Energy Services grew 11.3%, followed by Paper Services, up 9.4%, and Industrial and Institutional Services, up 9.0%. Other segment sales nearly doubled through the impact of strong organic growth and our Katayama Nalco joint venture. Sales were also strong on an organic basis across the segments. Energy Services grew 9.9% for the three months ended June 30, 2005 followed by Paper Services at 7.1% and Industrial and Institutional Services at 6.2%. Other segment sales grew 33.5% organically. Each segment improved organic sales performance from the three months ended March 31, 2005.

Costs continued to increase during the first six months of 2005 compared to 2004 levels. Raw and other purchased material costs have stabilized, but were still ahead of price improvement in the three months ended June 30, 2005. For the first six months of 2005, raw and other purchased material costs grew by \$80 million, roughly evenly divided between the three months ended March 31, 2005 and the three months ended June 30, 2005. Our previously announced inventory reduction plans also increased costs in the three months ended June 30, 2005. Reduced production volumes caused \$7 million in higher-than normal in-period recognition of supply chain costs. In addition, as we brought down inventory and worked to properly value remotely held inventories, we took a write off of approximately \$11 million in the three months ended June 30, 2005. This was part of the \$51.6 million in reported inventory reduction during the three months ended June 30, 2005.

While the inventory reduction had a temporarily negative earnings impact, inventory levels at June 30, 2005 totaled \$300.9 million, down \$51.6 million from our March 31, 2005 level and down \$12.6 million from the December 31, 2004 total, which was lower than we initially targeted. Cash benefits from the non-write-off inventory reductions were not immediately realized, however. We began reducing inventory levels after securing the last of our key supply contracts in April 2005.

During June 2005, we sold our 1,000<sup>th</sup> 3D TRASAR<sup>®</sup> cooling water stress management unit to a large microelectronics manufacturer. The sale comes approximately one year after the conclusion of sales training in North America and as initial rollout activities are being completed in other regions. We have experienced substantial demand for 3D TRASAR and intend to increase production levels.

During the six months ended June 30, 2005, sales grew 11.0% to \$1,613.9 million compared to revenues of \$1,453.7 million for the six months ended June 30, 2004. Net income for the six months ended June 30, 2005 increased to \$5.2

million compared to a loss of \$124.3 million for the six months ended June 30, 2004. The loss in 2004 was driven largely by a one-time, non-cash expense related to purchase accounting of \$122.3 million for In-Process Research and Development.

## Outlook

We expect that price increases agreed upon with customers will be approximately \$150 million, or about 5% of revenues, for 2005, with \$96 million expected to be realized in the second half of 2005. We expect raw materials and other purchased material costs to be up \$145 million for 2005. In the markets and product lines where pricing does not reflect increased raw material costs, we will also press for selective price increases through the remainder of 2005.

We believe that cost reduction activities and stable raw material and other purchased materials costs should drive markedly better results in the second half of 2005. We expect that cost reduction activities will generate \$83 million in 2005 savings with run-rate benefits of \$97 million. These savings actions are targeted to more than offset higher compensation, inflationary and research and sales engineer investment costs. We expect to begin realizing the cash benefits of our inventory reduction efforts in the three months ending September 30, 2005, as the initial impact of reducing inventory was to reduce payables.

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## Liquidity and Capital Resources

**Operating activities.** For the three months ended June 30, 2005, cash provided by operating activities was \$14.0 million, a \$26.9 million decrease from the same period last year. This decrease primarily resulted from the decrease in net earnings from the amount reported for the three months ended June 30, 2004 and higher working capital requirements for the three months ended June 30, 2005 compared to the same period last year.

**Investing activities.** Cash used for investing activities was \$12.3 million for the three months ended June 30, 2005 and was mainly attributable to net additions to property, plant and equipment.

**Financing activities.** Net cash provided by financing activities totaled \$4.0 million during the three months ended June 30, 2005.

**Covenant compliance.** As of June 30, 2005, we were in compliance with all of our covenants. For the four quarters ended June 30, 2005, our ratio of minimum Adjusted EBITDA to cash interest was 2.87x, our ratio of maximum net debt to Adjusted EBITDA was 5.20x and our minimum Adjusted EBITDA to fixed charge ratio required to incur additional debt pursuant to ratio provisions was 2.45x. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources" for further information on our indebtedness and covenants.

Adjusted EBITDA is used to determine our compliance with many of the covenants contained in the indentures governing the notes and in our senior credit agreement. Adjusted EBITDA is defined as EBITDA further adjusted to exclude unusual items and other adjustments permitted in calculating covenant compliance under the indentures and our senior credit facility. We believe that the inclusion of supplementary adjustments to EBITDA applied in presenting Adjusted EBITDA are appropriate to provide additional information to investors to demonstrate compliance with our financing covenants.

	Three Months ended June 30, 2004	Three Months ended June 30, 2005	Six Months ended June 30, 2004	Six Months ended June 30, 2005
	(dollars in millions)			
Net earnings (loss)	\$ 2.4	\$ (5.8)	\$ (124.3)	\$ 5.2
Interest, net.	60.0	62.8	118.3	122.8
Income tax provision (benefit)	16.6	(3.1)	19.6	6.6
Depreciation..	28.2	33.5	56.9	66.7
Amortization	24.9	20.5	49.1	41.1
EBITDA <sup>(1)</sup>	\$ 132.1	\$ 107.9	\$ 119.6	\$ 242.4
Non-cash charges <sup>(2)</sup> ..	7.6	5.7	153.0	15.8
Business optimization expenses	—	17.0	—	17.8
Unusual items <sup>(3)</sup> .	3.4	1.8	4.5	2.5
Other adjustments <sup>(4)</sup> ..	2.4	(1.2)	3.7	(3.0)
Adjusted EBITDA.	\$ 145.5	\$ 131.2	\$ 280.8	\$ 275.5

(1) See note (5) to "—Summary Historical and Pro Forma Financial Data" on page 13 for additional EBITDA information.

(2) Non-cash charges are further detailed on the following table:

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	Three Months ended June 30, 2004	Three Months ended June 30, 2005	Six Months ended June 30, 2004	Six Months ended June 30, 2005
	(dollars in millions)			
In-process research and development	\$ —	\$ —	\$ 122.3	\$ —
Inventory step-up..	0.4	—	14.5	—
Asset write-offs	—	2.5	—	4.9
Profit sharing expense and 401(k) funded by Suez.	9.9	4.2	16.0	9.8
Other <sup>(a)</sup> .	(2.7)	(1.0)	0.2	1.1
Non-cash charges.	\$ 7.6	\$ 5.7	\$ 153.0	\$ 15.8

(a) Other non-cash charges include the non-cash impact on earnings of our equity investments and minority interests. Non-cash charges also includes the non-cash portion of rent expense under the sublease that we entered into with Suez in conjunction with the Acquisition.

(3) Unusual items are further detailed on the following table:

	Three Months ended June 30, 2004	Three Months ended June 30, 2005	Six Months ended June 30, 2004	Six Months ended June 30, 2005
	(dollars in millions)			
Loss (gain) on sales, net of expenses	\$ —	\$ 0.6	\$ —	\$ 1.1

Other unusual items <sup>(a)</sup>		3.4		1.2		4.5		1.4
Unusual items	\$	3.4	\$	1.8	\$	4.5	\$	2.5

(a) Other unusual items for the three months and six months ended June 30, 2005 mostly represent certain inventory write-offs. Other unusual items for the three months and six months ended June 30, 2004 primarily include costs associated with the Transactions.

(4) We are required to make adjustments to EBITDA for monitoring fees paid to the Sponsors during 2004, franchise taxes, and 401(k) matching contributions.

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### The Offering

Shares of common stock offered by the selling stockholder 25,000,000 shares

Shares of common stock outstanding before and after this offering 141,663,369 shares

Use of proceeds We will not receive any of the proceeds from the sale of shares of common stock by the selling stockholder. The Sponsors will receive all net proceeds received by the selling stockholder from the sale of the shares of our common stock in this offering.

New York Stock Exchange symbol NLC

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

- excludes 6,191,854 shares of common stock reserved for issuance pursuant to the warrant that we issued to Nalco LLC in November 2004;
- assumes no exercise by the underwriters of their option to purchase additional shares; and
- excludes 7,500,000 shares of common stock reserved for issuance under the Nalco Holding Company 2004 Stock Incentive Plan, none of which has been issued as of the date of this prospectus.

### Risk Factors

Investing in our common stock involves substantial risk. You should carefully consider all the information in this prospectus prior to investing in our common stock. In particular, we urge you to consider carefully the factors set forth under the heading "Risk Factors."

Nalco Holding Company was incorporated in the State of Delaware in June 2004. Our principal executive offices are located at 1601 West Diehl Road, Naperville, Illinois 60563. Our main telephone number is (630) 305-1000. Our Internet address is [www.nalco.com](http://www.nalco.com). Information contained on our website or that can be accessed through our website is not incorporated by reference in this prospectus and you should not rely on that information.

### Summary Historical and Pro Forma Financial Data

The financial statements referred to as the Successor financial statements include the consolidated audited financial statements of Nalco Holding Company and its subsidiaries and the unaudited consolidated financial statements of Nalco Holding Company and its subsidiaries.

The financial statements referred to as the Predecessor financial statements include the combined financial statements of Ondeo Nalco Group, which include the consolidated financial statements of Ondeo Nalco Company and the combined financial statements of the Nalco International SAS Subsidiaries.

The following summary historical financial data has been derived from the unaudited consolidated financial statements of Nalco Holding Company and its subsidiaries as of and for the three months ended March 31, 2004 and 2005 and the audited consolidated and combined financial statements of Nalco Holding Company and its subsidiaries as of December 31, 2002, 2003 and 2004 and for the periods from January 1, 2002 to December 31, 2002, January 1, 2003 to November 3, 2003, November 4, 2003 to December 31, 2003 and January 1, 2004 to December 31, 2004 that (other than in the case of the audited combined financial statements as of December 31, 2002 and the unaudited consolidated financial statements as of March 31, 2004) are included elsewhere in this prospectus.

The unaudited pro forma statement of operations data for the year ended December 31, 2004 give effect to the January 2004 senior discount notes offering and our November 2004 initial public offering and the application of the net proceeds therefrom, in each case, as if they had occurred on January 1, 2004. There is no pro forma impact of the January 2004 senior discount notes offering and our November 2004 initial public offering on our results for the three months ended March 31, 2005 and, therefore, an unaudited pro forma statement of operations has not been prepared. You should read the following data in conjunction with "The Acquisition," "Unaudited Pro Forma Financial Information," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated and combined financial statements included elsewhere in this prospectus.

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	Predecessor			Successor			Pro Forma Year Ended December 31, 2004 (unaudited)
	Year Ended December 31, 2002	January 1, 2003 through November 3, 2003	November 4, 2003 through December 31, 2003	Year Ended December 31, 2004	Three Months Ended March 31, 2004 (unaudited)	Three Months Ended March 31, 2005 (unaudited)	
							(in millions, except per share amounts)
statement of operations Data:							
Net sales	\$ 2,644.3	\$ 2,306.5	\$ 460.1	\$ 3,033.3	\$ 713.3	\$ 777.6	\$ 3,033.3
Operating costs and expenses:							
Cost of product sold	1,266.1	1,114.6	248.2	1,552.2	374.4	412.4	1,537.6



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Selling, administrative and research expenses	992.0	900.7	176.4	1,065.4	253.3	258.5	1,065.4
Impairment of goodwill (1)	—	244.4	—	—	—	—	—
Amortization of intangible assets (1)	89.2	68.9	15.4	96.3	24.2	20.6	96.3
In-process research and development	—	—	—	122.3	122.3	—	122.3
Business optimization expenses (2)	32.8	20.3	0.8	1.7	—	0.8	1.7
Operating expenses	2,380.1	2,348.9	440.8	2,837.9	774.2	692.3	2,823.3
Operating earnings (loss)	264.2	(42.4)	19.3	195.4	(60.9)	85.3	210.0
Other income (expense), net (3)	3.4	(17.3)	(2.8)	(57.0)	(3.5)	(3.4)	2.9
Interest income	7.8	7.1	0.6	10.2	2.7	2.1	10.2
Interest expense	(38.5)	(32.7)	(49.6)	(250.8)	(61.0)	(62.1)	(239.3)
Earnings (loss) before income taxes	236.9	(85.3)	(32.5)	(102.2)	(122.7)	21.9	(16.2)
Income tax provision (benefit)	105.2	68.7	(8.3)	30.8	3.0	9.7	58.1
Minority interests	(3.3)	(4.2)	0.1	(5.8)	(1.0)	(1.2)	(5.8)
Net earnings (loss)	\$ 128.4	\$ (158.2)	\$ (24.1)	\$ (138.8)	\$ (126.7)	\$ 11.0	\$ (80.1)
Net Earnings (Loss) per Share Data (4):							
Net earnings (loss) per share:							
Basic			\$ (0.27)	\$ (1.42)	\$ (1.40)	\$ 0.08	\$ (0.57)
Diluted			\$ (0.27)	\$ (1.42)	\$ (1.40)	\$ 0.08	\$ (0.57)
Weighted average shares (basic)			90.6	97.7	90.6	141.7	141.7
Weighted average shares (diluted)			90.6	97.7	90.6	146.6	141.7
Statement of Cash Flows Data:							
Net cash provided by (used for):							
Operating activities	\$ 323.1	\$ 144.4	\$ 88.7	\$ 237.5	\$ 84.5	\$ 15.7	
Investing activities	(126.1)	(12.3)	(4,145.1)	(72.2)	7.0	(15.9)	
Financing activities	(232.7)	(234.2)	4,130.3	(232.8)	(60.5)	1.9	
Other Financial Data (unaudited):							
EBITDA (5)	\$ 488.2	\$ 106.8	\$ 54.5	\$ 343.2	\$ (12.5)	\$ 134.5	\$ 417.7
Non-cash charges included in EBITDA (5)	31.2	268.7	23.9	174.4	145.4	10.1	159.8
Unusual items included in EBITDA (7)	(33.3)	48.5	6.3	59.7	1.1	0.7	11.0
Capital expenditures, net (8)	108.3	85.6	15.6	91.8	16.4	12.3	91.8

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Depreciation	134.7	101.8	22.5	114.3	28.7	33.2	114.3
Amortization	89.2	68.9	15.4	96.3	24.2	20.6	96.3

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	Predecessor		Successor		
	As of December 31, 2002	As of December 31, 2003	As of December 31, 2004	As of March 31, 2004 (unaudited)	As of March 31, 2005 (unaudited)
(dollars in millions)					
Balance Sheet Data:					
Cash and cash equivalents	\$ 120.5	\$ 100.0	\$ 33.3	\$ 130.6	\$ 34.5
Working capital (9)	240.8	398.7	424.2	369.1	488.7
Property, plant and equipment, net (10)	823.2	865.6	847.3	847.9	815.9
Total assets	6,486.4	6,163.8	5,933.9	5,958.3	5,857.1
Total debt (including lease obligation and current portion of long-term debt) (10)(11)	776.2	3,314.7	3,442.5	3,692.0	\$ 3,427.0
Total stockholders' equity	3,689.2	1,069.0	710.4	486.3	700.8
Off balance sheet receivables facility (11)	87.0	—	—	—	—

- (1) We adopted Statement of Financial Accounting Standards (SFAS) No. 142, Goodwill and Other Intangible Assets, as of January 1, 2002. Under SFAS No. 142, goodwill and intangible assets deemed to have indefinite lives are no longer amortized but are subject to annual impairment tests. We completed our transitional goodwill impairment evaluation and our first annual impairment evaluation in 2002 and determined that goodwill was not impaired at December 31, 2002. In the period from January 1, 2003 through November 3, 2003, we took a goodwill impairment charge of \$244.4 million based on the price paid in the Acquisition. See note 7 to the audited consolidated and combined financial statements of Nalco Holding Company included elsewhere in this prospectus.
- (2) We incurred business optimization expenses in connection with our programs to redesign and optimize our business and work processes. We also incurred significant business optimization expenses as a result of the global integration of the Nalco/Exxon Energy Chemicals, L.P. (Nalco/Exxon) joint venture and the implementation of global cost reduction programs in the sales, marketing, manufacturing and support services operations. The costs incurred include severance, asset write-offs, facility closing costs and other items. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Business Optimization Expenses."
- (3) Other income (expense), net consists of monitoring fees paid to affiliates of the Sponsors, management fees paid to Suez, capital gains/(losses) on the disposals of assets, franchise taxes, equity earnings of unconsolidated subsidiaries, recognized gains and losses on foreign currency transactions and other miscellaneous income (expense). Also included in the year ended December 31, 2004 were a \$35.0 million charge for the termination of the monitoring services under the Monitoring Fee Agreement with affiliates of the Sponsors and a \$13.7 million charge for the early redemption of senior discount notes. See note 21 to the audited consolidated and combined financial statements of Nalco Holding Company included elsewhere in this prospectus.

and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

- (4) Basic net earnings (loss) per share is calculated by dividing net earnings (loss) by the weighted average number of shares of common stock outstanding during the period. Diluted net earnings (loss) per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock. Net earnings (loss) per share is not applicable for the historical Predecessor periods as there were no shares outstanding during those periods.
- (5) EBITDA, a measure used by management to measure operating performance, is defined as net earnings, plus interest, taxes, depreciation and amortization.

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EBITDA is reconciled to net earnings (loss) in the following table. Our management believes EBITDA is useful to the investors because it is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in our industry. EBITDA is not a recognized term under GAAP and does not purport to be an alternative to net earnings (loss) as an indicator of operating performance or to cash flows from operating activities as a measure of liquidity. Because not all companies use identical calculations, this presentation of EBITDA may not be comparable to other similarly titled measures of other companies. Additionally, EBITDA is not intended to be a measure of cash flow for management's discretionary use, as it does not consider certain cash requirements such as interest payments, tax payments and debt service requirements. The amounts shown for EBITDA as presented herein differ from the amounts calculated under the definition of EBITDA used in our debt instruments. The definition of EBITDA used in our debt instruments is further adjusted for certain cash and non-cash charges and is used to determine compliance with financial covenants and our ability to engage in certain activities such as incurring additional debt and making certain payments.

The following is a reconciliation of net earnings (loss) to EBITDA:

	Predecessor			Successor			Pro Forma Year Ended December 31, 2004 (unaudited)
	Year Ended December 31, 2002	January 1, 2003 through November 3, 2003	November 4, 2003 through December 31, 2003	Year Ended December 31, 2004	Three Months Ended March 31, 2004 (unaudited)	Three Months Ended March 31, 2005 (unaudited)	
	(dollars in millions)						
Net earnings (loss)	\$ 128.4	\$ (158.2)	\$ (24.1)	\$ (138.8)	\$ (126.7)	\$ 11.0	\$ (80.1)
Interest expense, net	30.7	25.6	49.0	240.6	58.3	60.0	229.1
Income tax provision (benefit)	105.2	68.7	(8.3)	30.8	3.0	9.7	58.1
Depreciation	134.7	101.8	22.5	114.3	28.7	33.2	114.3
Amortization of intangible assets	89.2	68.9	15.4	96.3	24.2	20.6	96.3
EBITDA	\$ 488.2	\$ 106.8	\$ 54.5	\$ 343.2	\$ (12.5)	\$ 134.5	\$ 417.7

- (6) EBITDA, as defined above, was reduced by the following non-cash charges, each of which is further discussed below:

Predecessor	Successor
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	Year Ended December 31, 2002	January 1, 2003 through November 3, 2003	November 4, 2003 through December 31, 2003	Year Ended December 31, 2004	Three Months Ended March 31, 2004 (unaudited)	Three Months Ended March 31, 2005 (unaudited)	Pro Forma Year Ended December 31, 2004 (unaudited)
	(dollars in millions)						
Impairment of goodwill	\$ —	\$ 244.4	\$ —	\$ —	\$ —	\$ —	\$ —
Purchased in-process research and development	—	—	—	122.3	122.3	—	122.3
Inventory step-up	—	—	21.2	14.6	14.1	—	—
Asset write-offs	18.3	4.2	—	1.1	—	2.4	1.1
Profit sharing and 401(k) expense funded by Suez	12.1	20.0	4.0	27.8	6.1	5.6	27.8
Other	0.8	0.1	(1.3)	8.6	2.9	2.1	8.6
	\$ 31.2	\$ 268.7	\$ 23.9	\$ 174.4	\$ 145.4	\$ 10.1	\$ 159.8

#### Impairment of Goodwill

Goodwill impairment of \$244.4 million was recorded by the Predecessor in accordance with Statement of Financial Accounting Standards (SFAS) No. 142, Goodwill and Other Intangible Assets. Goodwill was evaluated for impairment based on the purchase price for the Predecessor.

#### In-process Research and Development

In-process research and development was a one-time charge of \$122.3 million recorded during the three months ended March 31, 2004 and the year ended December 31, 2004, as a result of

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purchase accounting entries related to the Acquisition. The Successor and pro forma statements of operations reflect the in-process research and development.

#### Inventory Step Up

As a result of purchase accounting for the Acquisition, we wrote up our inventory to fair value and subsequently charged the write up to cost of sales as the inventory was sold. The Successor reflects the inventory step-up in cost of product sold. For the pro forma year-ended December 31, 2004, the inventory step-up is eliminated and thus excluded from non-cash charges.

#### Asset Write-Offs

In conjunction with our integration and process improvement initiatives, we wrote off assets consisting primarily of \$9.6 million of assets related to obsolete software systems in 2002 and a \$5.0 million investment in start up ventures in 2003. We recorded impairment losses on a business held for sale of \$1.1 million and \$2.4 million in 2004 and the three months ended March 31, 2005, respectively.

#### Profit Sharing and 401(k) Expense Funded by Suez

In conjunction with the Acquisition, we entered into an agreement with Suez whereby Suez will reimburse us for certain profit sharing and 401(k) matching contributions made by us to the Profit-Sharing Trust. See note 9 to the audited consolidated and combined financial statements of Nalco Holding Company included elsewhere in this prospectus.

#### Other

Other non-cash charges include the non-cash impact on earnings of our equity investments and minority interests. Successor and pro forma non-cash charges includes the non-cash portion of rent expense under the sublease that we entered into with Suez in conjunction with the Acquisition. See note 14 to the audited consolidated and combined financial statements of Nalco Holding Company included elsewhere in this prospectus.

- (7) In addition to incurring non-cash charges and business optimization expenses, our EBITDA was impacted by the following unusual (income) expenses, each of which is further discussed below:

	Predecessor			Successor			Pro Forma Year Ended December 31, 2004 (unaudited)
	Year Ended December 31, 2002	January 1, 2003 through November 3, 2003	November 4, 2003 through December 31, 2003	Year Ended December 31, 2004	Three Months Ended March 31, 2004 (unaudited)	Three Months Ended March 31, 2005 (unaudited)	
	(dollars in millions)						
Pension and OPEB settlement and curtailment	\$ (47.6)	\$ 7.9	\$ (0.1)	\$ 0.1	\$ —	\$ —	\$ —
Loss (gain) on sales, net of expenses	(7.8)	12.4	1.1	0.2	—	0.5	0.2
Other unusual items	19.4	25.7	5.3	59.4	1.1	0.2	10.8
Suez management fees, net	2.7	2.5	—	—	—	—	—
	\$ (33.3)	\$ 48.5	\$ 6.3	\$ 59.7	\$ 1.1	\$ 0.7	\$ 11.0

#### Pension and Other Postretirement Benefits (OPEB) Settlement and Curtailment

In the second half of 2002 we amended our U.S. defined benefit pension plan and our postretirement medical and dental plans, resulting in a non-cash curtailment gain of \$49.4 million, partially offset by \$1.8 million of settlement charges. In 2003, we incurred \$7.9 million of curtailment and settlement charges primarily as a result of the transfer of senior executives back to Suez prior to the Acquisition.

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#### Loss (Gain) on Sales, Net of Expenses

In 2002, we sold our performance additives business, resulting in a gain of \$12.4 million, and incurred \$1.5 million of disposal costs and losses associated with our divestiture of Hydrosan. In 2003, we recorded a loss of \$5.3 million on the sale of our South African operations as well as \$8.1 million of one-time costs associated with the Acquisition.

#### Other Unusual Items

Our results for the year ended December 31, 2004 were impacted by the effects of certain unusual items, including a \$35.0 million charge for the termination of the monitoring services under the Monitoring Fee Agreement with affiliates of the Sponsors, a \$13.7 million charge for the early redemption of senior discount notes, \$1.4 million of expenses associated with changing the name of the Company's operating company from Ondeo Nalco Company to Nalco Company, \$1.8

million in connection with the re-audit of the Predecessor's 2001 financial statements, \$1.9 million of expenses related to the registration of publicly tradable senior notes and senior subordinated notes that were exchanged for privately placed notes issued in connection with the Acquisition, and other expenses resulting from the Acquisition. For the unaudited pro forma year ended December 31, 2004, the charges for the termination of the monitoring services under the Monitoring Fee Agreement and the early redemption of senior discount notes are eliminated in the unaudited pro forma statement of operations and thus excluded from other unusual items. During the period from November 4, 2003 through December 31, 2003, our results were impacted by the effects of certain other unusual items, most notably \$3.3 million of legal and environmental costs related to events that occurred prior to Suez' 1999 acquisition of Nalco Chemical Company and litigation costs not covered by the Company's excess liability insurance policy.

The most significant other unusual item affecting our results during the period from January 1, 2003 through November 3, 2003 was a \$10.4 million charge for the settlement of an interest rate swap. Other unusual items for the year ended December 31, 2002 included legal and environmental expenses of \$6.5 million, consultancy costs for process reengineering studies associated with our cost reduction programs and other consultancy services performed on behalf of Suez of \$7.1 million, and one-time pension and benefit expenses primarily related to the redesign of our Australian benefit plan and the application of regulatory changes in Germany of \$4.7 million.

Suez Management Fees, Net

In connection with the Acquisition, agreements under which fees were paid by the Predecessor to Suez, or received from Suez, have been terminated.

- (8) Capital expenditures are net of proceeds from disposal of assets.

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- (9) Working capital is defined as current assets (excluding cash and cash equivalents) less current liabilities (excluding short-term debt and current portion of long-term debt) and excluding intercompany balances and is calculated as follows:

	Predecessor		Successor		
	As of	As of	As of	As of	As of
	December 31,	December 31,	December 31,	March 31,	March 31,
	2002	2003	2004	2004	2005
				(unaudited)	(unaudited)
	(dollars in millions)				
Current assets less current liabilities	\$ (275.0)	\$ 446.8	\$ 439.8	\$ 439.9	\$ 497.8
Less cash and cash equivalents	(120.5)	(100.0)	(33.3)	(130.6)	(34.5)
Less related party receivables and payables	48.4	—	—	—	—
Plus short-term debt	587.9	51.9	17.7	59.8	25.4
Working capital as defined	\$ 240.8	\$ 398.7	\$ 424.2	\$ 369.1	\$ 488.7

- (10) As a result of the Acquisition, we engaged independent appraisers to assist in determining the fair value of property, plant and equipment in connection with our allocation of purchase price. Preliminary and final valuations from the appraisers are included in the balances at December 31, 2003 and 2004, respectively. In December 2002, Ondeo Nalco Company entered into a sale-leaseback of our Naperville, Illinois headquarters and research facility that was treated as a

financing lease for accounting purposes. See note 14 to the audited consolidated and combined financial statements of Nalco Holding Company. Concurrent with the Acquisition, on November 4, 2003, the lease was assigned to another Suez subsidiary that subleased the property back to us. We account for the sublease as an operating lease and have excluded the headquarters and research facility from property, plant and equipment.

- (11) Total debt does not include our historical off balance sheet receivables facility. In December 2001, Ondeo Nalco Company entered into an agreement that allowed it to periodically transfer undivided percentage ownership interests in a revolving pool of most of our U.S. trade receivables to a multi-seller conduit administered by an independent financial institution. The agreement was subject to renewal annually. We account for the transfer of undivided percentage ownership interest in the receivables to the conduit as sales under SFAS No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities. Our loss on the sale of the undivided interests in the receivables was \$1.5 million and \$1.8 million for the period from January 1, 2003 through November 3, 2003 and the year ended December 31, 2002, respectively, and is included in interest expense. The undivided interest in receivables that were transferred but not ultimately sold to the conduit ("retained interest") is classified in trade accounts receivable in the balance sheet. The retained interest was \$56.6 million at December 31, 2002. This program was unwound prior to closing of the Acquisition. We treat our new receivables facility as a general financing agreement resulting in the funding and related receivables being shown as liabilities and assets, respectively, on our consolidated balance sheet and the costs associated with the receivables facility being recorded as interest expense.

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## RISK FACTORS

An investment in our common stock involves risks. You should carefully consider the risks described below, together with the other information in this prospectus, before deciding to purchase any common stock.

### Risks Related To Our Business

If we are unable to respond to the changing needs of a particular industry and to anticipate, respond to or utilize changing technologies and develop new offerings, it could become more difficult for us to respond to our customers' needs and cause us to be less competitive.

We have historically been able to maintain our market positions and margins through continuous innovation of products and development of new offerings to create value for our customers. Recent innovations and development that we have relied on include our 3D TRASAR system for controlling and monitoring chemical feed and our recent relationship with US Filter, which permits us to sell equipment solutions as part of a bundled offering to our water treatment customers. We may not be successful in continuing to make similar innovations in the future. Our future operating results will depend to a significant extent on our ability to continue to introduce new products and applications and to develop new offerings that offer distinct value for our customers. Many of our products may be affected by rapid technological change and new product introductions and enhancements. We expect to continue to enhance our existing products and identify, develop and manufacture new products with improved capabilities and make improvements in our productivity in order to maintain our competitive position. We intend to devote sizeable resources to the development of new technologically advanced products and systems and to continue to devote a substantial amount of expenditures to the research and development functions of our business. However, we cannot assure you that:

- we will be successful in developing new products or systems or bringing them to market in a timely manner;
- products or technologies developed by others will not render our offerings obsolete or non-competitive;
- the market will accept our innovations;
- our competitors will not be able to produce our core non-patented products at a lower cost;
- we will have sufficient resources to research and develop all promising new technologies and products; or
- significant research and development efforts and expenditures for products will ultimately prove successful.

Our ability to anticipate, respond to and utilize changing technologies is crucial because we compete with many companies in each of the markets in which we operate. For example, we compete with hundreds of companies in the water treatment chemicals market, including our largest global competitor, GE Water Technologies. Other companies, including Ecolab, Inc., are expected to enter or increase their presence in our markets. Our ability to compete effectively is based on a number of considerations, such as product and service innovation, product and service quality, distribution capability and price. Moreover, water treatment for industrial customers depends on the particular needs of the industry. For example, the paper industry requires a specific water quality for bleaching paper; certain industrial boilers require demineralized water; the pharmaceuticals industry requires ultra pure water for processing; and, in the case of municipal services, water treatment includes clarification for re-use, sludge dewatering and membrane ultra filtration. We may not have sufficient financial resources to respond to the changing needs of a particular industry and to continue to make investments in our business, which could cause us to become less competitive.

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Our substantial leverage could harm our business by limiting our available cash and our access to additional capital.

As a result of the Transactions and the senior discount notes offering we are highly leveraged. As of March 31, 2005, our total consolidated indebtedness was \$3,427.0 million and we had \$250.0 million of borrowing capacity available under our revolving credit facility (excluding \$36.8 million of outstanding letters of credit).

Our high degree of leverage could have important consequences for you, including the following:

- It may limit our and our subsidiaries' ability to obtain additional financing for working capital, capital expenditures, product development, debt service requirements, acquisitions and general corporate or other purposes on favorable terms or at all;
- A substantial portion of our subsidiaries' cash flows from operations must be dedicated to the payment of principal and interest on their and our indebtedness and thus will not be available for other purposes, including operations, capital expenditures and future business opportunities;
- It may limit our ability to adjust to changing market conditions and place us at a competitive disadvantage compared to those of our competitors that are less highly-leveraged;
- It may restrict our ability to make strategic acquisitions or cause us to make non strategic divestitures; and
- We may be more vulnerable than a less leveraged company to a downturn in general economic conditions or in our business, or we may be unable to carry out capital spending that is important to our growth.



At March 31, 2005, we had approximately \$1.4 billion of variable rate debt. A 1% increase in the average interest rate would increase future interest expense by approximately \$14.1 million per year.

Despite our current leverage, we may still be able to incur substantially more debt. This could further exacerbate the risks that we and our subsidiaries face.

We and our subsidiaries may be able to incur substantial additional indebtedness in the future. The terms of the indentures governing our subsidiaries' notes do not fully prohibit us or our subsidiaries from doing so. Nalco Company's revolving credit facility provides commitments of up to \$250.0 million, all of which would have been available for future borrowings as of March 31, 2005 (excluding \$36.8 million of outstanding letters of credit). If new debt is added to our current debt levels, the related risks that we and our subsidiaries now face could intensify.

Our subsidiaries' debt agreements contain restrictions that limit our flexibility in operating our business.

Nalco Company's senior credit agreement and the indentures governing our subsidiaries' existing notes contain a number of significant covenants that, among other things, restrict our or our subsidiaries' ability to:

- incur additional indebtedness;
- pay dividends on or make other distributions or repurchase certain capital stock;
- make certain investments;
- enter into certain types of transactions with our affiliates;
- limit dividends or other payments by restricted subsidiaries;
- use assets as security in other transactions; and
- sell certain assets or merge with or into other companies.

In addition, under the senior credit agreement, Nalco Holdings LLC is required to satisfy and maintain specified financial ratios and tests. Events beyond our control may affect its ability to comply

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with those provisions and Nalco Holdings LLC may not be able to meet those ratios and tests. The breach of any of these covenants would result in a default under the senior credit agreement and the lenders could elect to declare all amounts borrowed under the senior credit agreement, together with accrued interest, to be due and payable and could proceed against the collateral securing that indebtedness.

The terms of Nalco Company's senior credit agreement fully prohibit Nalco Holdings LLC and its subsidiaries from paying dividends or otherwise transferring their assets to us.

Our operations are conducted through our subsidiaries and our ability to make payments on any obligations we may have is dependent on the earnings and the distribution of funds from our subsidiaries. However, the terms of Nalco Company's senior credit agreement fully prohibit Nalco Holdings LLC and its subsidiaries from paying dividends or otherwise transferring their assets to us. Accordingly, under the terms of the credit agreement, Nalco Holdings LLC and its subsidiaries may not make dividends to Nalco Holding Company to enable it to pay dividends on our common stock.

Our significant non-U.S. operations expose us to global economic and political changes that could impact our profitability.

We have significant operations outside the United States, including joint ventures and other alliances. We conduct business in approximately 130 countries and in 2004, approximately 55% of our net sales originated outside the United States. There are inherent risks in our international operations, including:

- exchange controls and currency restrictions;
- currency fluctuations and devaluations, such as the recent currency crisis in Argentina;
- tariffs and trade barriers;
- export duties and quotas;
- changes in local economic conditions, such as the economic decline in Venezuela;
- changes in laws and regulations;
- difficulties in managing international operations and the burden of complying with foreign laws;
- exposure to possible expropriation or other government actions;
- restrictions on our ability to repatriate dividends from our subsidiaries; and
- unsettled political conditions and possible terrorist attacks against American interests.

Our international operations also expose us to different local political and business risks and challenges. For example, in certain countries we are faced with periodic political issues that could result in currency risks or the risk that we are required to include local ownership or management in our businesses. We are also periodically faced with the risk of economic uncertainty, such as recent strikes and currency exchange controls in Venezuela, which has impacted our business in these countries. Other risks in international business also include difficulties in staffing and managing local operations, including our obligations to design local solutions to manage credit risk to local customers and distributors.

Our overall success as a global business depends, in part, upon our ability to succeed in differing economic, social and political conditions. We may not continue to succeed in developing and implementing policies and strategies that are effective in each location where we do business, which could negatively affect our profitability.

Environmental, safety and production and product regulations or concerns could subject us to liability for fines or damages, require us to modify our operations and increase our manufacturing and delivery costs.

We are subject to the requirements of environmental and occupational safety and health laws and regulations in the United States and other countries. These include obligations to investigate and clean

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up environmental contamination on or from properties or at off-site locations where we are identified as a responsible party. For example, we are currently identified as a potentially responsible party at certain waste management sites. Additionally, the U.S. Environmental Protection Agency ("EPA") is conducting a civil and criminal investigation of environmental practices at our Louisiana manufacturing facility. We have recently received requests from the EPA for additional information and testimony before a grand jury. No claims or charges have been issued and we are unable to predict the results of such investigation. We have also been named as a defendant in a series of multi-party and individual lawsuits based on claims of exposure to hazardous materials. We cannot predict with certainty the outcome of any such tort claims or the involvement we might have in such matters in the future and there can be no assurance that the discovery of previously unknown conditions will not require significant expenditures. In each of these chemical exposure cases, our insurance carriers have accepted the claims on our behalf and our financial exposure is limited to the amount of our deductible; however, we cannot predict the number of claims that we may have to defend

in the future and we may not be able to continue to maintain such insurance.

We have made and will continue to make capital and other expenditures to comply with environmental requirements. Although we believe we are in material compliance with environmental law requirements, we may not have been and will not at all times be in complete compliance with all of these requirements, and may incur material costs, including fines or damages, or liabilities in connection with these requirements in excess of amounts we have reserved. In addition, these requirements are complex, change frequently and have tended to become more stringent over time. In the future, we may discover previously unknown contamination that could subject us to additional expense and liability. In addition, future requirements could be more onerous than current requirements. For more information about our environmental compliance and potential environmental liabilities, see "Business—Environmental Matters."

The activities at our production facilities are subject to a variety of federal, state, local and foreign laws and regulations ("production regulations"). Similarly, the solid, air and liquid waste streams produced from our production facilities are subject to a variety of regulations ("waste regulations") and many of our products and the handling of our products are governmentally regulated or registered ("product regulations"). Each of the production, waste and product regulations is subject to expansion or enhancement. Any new or tightened regulations could lead to increases in the direct and indirect costs we incur in manufacturing and delivering products to our customers. For example, the European Commission is currently considering imposing new chemical registration requirements on the manufacturers and users of all chemicals, not just those which are considered to be harmful or hazardous. Should such regulations, referred to as REACH, be imposed, all chemical companies will be faced with additional costs to conduct their businesses in European Commission countries. Similarly, certain of our products are used to assist in the generation of tax credits for our customers and the termination or expiration of such tax credits could impact the sale of these products. In addition to an increase in costs in manufacturing and delivering products, a change in production regulations or product regulations could result in interruptions to our business and potentially cause economic or consequential losses should we be unable to meet the demands of our customers for products.

We may not be able to achieve all of our expected cost savings.

A variety of risks could cause us not to achieve the benefits of the expected 2005 cost savings, including, among others, the following:

- higher than expected severance costs related to staff reductions;
- higher than expected retention costs for employees that will be retained;
- delays in the anticipated timing of activities related to our cost-saving plan, including the reduction of inefficiencies in our administrative and overhead functions; and
- other unexpected costs associated with operating the business.

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We have experienced, and may continue to experience, difficulties in securing the supply of certain raw materials we and our competitors need to manufacture some of our products and increases in raw material costs.

In 2004 and 2005, certain of the raw materials used by us and other chemical companies have faced supply limitation. In some cases because of unexpectedly large demand and in other instances because of plant and equipment problems, certain of our raw material vendors have placed us and their other customers "on allocation," proportionately reducing the amounts of raw materials supplied to us as against our past requirements. If these limitations continue or become more severe, we risk shortfalls in our sales and the potential of claims from our customers if we are unable to fully

meet contractual requirements.

Also, limitations on raw materials and rising prices for underlying products have resulted in price increases for raw materials we purchase, and we risk further price increases for these materials. Our margins have been impacted by such raw materials price increases and will continue to be impacted if we are unable to pass such increases through to our customers.

Our pension plans are currently underfunded and we may have to make significant cash payments to the plans, reducing the cash available for our business.

We sponsor various pension plans worldwide that are underfunded and require significant cash payments. For example, in 2003 and 2004, we contributed \$31.2 million and \$13.7 million, respectively, to our pension plans. We are required to contribute at least \$21.0 million to the U.S. pension plan in 2005. We may also opt to make additional voluntary contributions to various pension plans worldwide in 2005. Additionally, if the performance of the assets in our pension plans does not meet our expectations, or if other actuarial assumptions are modified, our contributions for those years could be even higher than we expect. For example, our U.S. pension assets had a fair value of \$191.1 million as of December 31, 2004. We expect to earn an 8.5% investment return on our U.S. pension assets. In the event actual investment returns are 1% lower than expected for one year, we expect our long-term cash requirements to increase by \$1.9 million. If our cash flow from operations is insufficient to fund our worldwide pension liability, we may be forced to reduce or delay capital expenditures, seek additional capital or seek to restructure or refinance our indebtedness.

As of December 31, 2004, our worldwide pension plans were underfunded by \$421.7 million (based on the actuarial assumptions used for purposes of Statement of Financial Accounting Standards (SFAS) No. 87, Employers' Accounting for Pensions). Our U.S. pension plans are subject to the Employee Retirement Income Security Act of 1974, or ERISA. Under ERISA, the Pension Benefit Guaranty Corporation, or PBGC, has the authority to terminate an underfunded pension plan under certain circumstances. In the event our U.S. pension plans are terminated for any reason while the plans are underfunded, we will incur a liability to the PBGC that may be equal to the entire amount of the underfunding. Prior to the closing of the Acquisition, the PBGC requested and received information from us regarding our business, the Transactions and our pension plans. The PBGC took no further action with respect to their inquiry.

We have recorded a significant amount of goodwill and other identifiable intangible assets, and we may never realize the full value of our intangible assets.

We have recorded a significant amount of goodwill and other identifiable intangible assets, including customer relationships, trademarks and developed technologies. Goodwill and other net identifiable intangible assets were approximately \$3.7 billion as of December 31, 2004, or 62% of our total assets. Goodwill, which represents the excess of cost over the fair value of the net assets of the businesses acquired, was approximately \$2.4 billion as of December 31, 2004, or 40% of our total assets. Goodwill and net identifiable intangible assets are recorded at fair value on the date of acquisition and, in accordance with SFAS No. 142, Goodwill and Other Intangible Assets, will be reviewed at least annually for impairment. Impairment may result from, among other things, deterioration in our performance, adverse market conditions, adverse changes in applicable laws or regulations, including changes that restrict the activities of or affect the products and services sold by our business, and a variety of other factors. The amount of any quantified impairment must be expensed immediately as a charge to results of operations. Depending on future circumstances, it is

possible that we may never realize the full value of our intangible assets. Any future determination of impairment of a significant portion of goodwill or other identifiable intangible assets would have an adverse effect on our financial condition and results of operations.

Our future success will depend in part on our ability to protect our intellectual property rights, and our inability to enforce these rights could permit others to offer products competitive with ours, which could reduce our ability to maintain our market position and maintain our margins.

We rely on the patent, trademark, copyright and trade secret laws of the United States and other countries to protect our intellectual property rights. However, we may be unable to prevent third parties from using our intellectual property without authorization. The use of our intellectual property by others could reduce any competitive advantage we have developed or otherwise harm our business. If we had to litigate to protect these rights, any proceedings could be costly, and we may not prevail.

We have obtained and applied for several U.S. and foreign trademark registrations, and will continue to evaluate the registration of additional service marks and trademarks, as appropriate. Our pending applications may not be approved by the applicable governmental authorities and, even if the applications are approved, third parties may seek to oppose or otherwise challenge these registrations. A failure to obtain trademark registrations in the United States and in other countries could limit our ability to protect our trademarks and impede our marketing efforts in those jurisdictions.

Our Sponsors have significant influence on us and may have conflicts of interest with us or you in the future.

After the consummation of this offering, our Sponsors will beneficially own approximately 43.3% of our common stock. In addition, representatives of our Sponsors will occupy three of the nine seats on our board of directors after this offering and will retain the right to cause the board of directors to nominate three representatives of our Sponsors for the board of directors. As a result, our Sponsors have significant influence over our decisions to enter into any corporate transaction and may be able to prevent any transaction that requires the approval of our board of directors or the equityholders, regardless of whether or not other members of our board of directors or equityholders believe that any such transactions are in their own best interests. For example, our Sponsors could influence a decision to sell revenue-generating assets, which could impair our long-term ability to declare dividends or grow our business. Additionally, our Sponsors are in the business of making investments in companies and may from time to time acquire and hold interests in businesses that compete directly or indirectly with us. Our Sponsors may also pursue acquisition opportunities that may be complementary to our business, and as a result, those acquisition opportunities may not be available to us. See "Certain Relationships and Related Party Transactions—Stockholders Agreement."

#### Risks Related To This Offering

Future sales of our shares could depress the market price of our common stock.

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

We, certain of our directors and executive officers, Nalco LLC and the Sponsors have agreed with the underwriters not to sell, dispose of or hedge any shares of our common stock or securities convertible into or exchangeable for shares of our common stock, subject to specified exceptions, during the period from the date of this prospectus continuing through the date that is 90 days after the date of this prospectus (or such longer period as described under "Shares Eligible for Future Sale—Lock-Up Agreements"), except with the prior written consent of Goldman, Sachs &

Co.

As of July 1, 2005, we had 141,663,369 shares of common stock outstanding. Of those shares, the 51,111,111 shares sold in our November 2004 initial public offering are freely tradable and the 25,000,000 shares that will be sold in this offering will be freely tradable. Subject to the volume, manner of sale and other conditions of Rule 144 under the Securities Act, the 65,552,258 shares of our common stock that were not sold in our November 2004 initial public offering and this offering will be

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available for sale in the public market under exemptions from registration requirements. The Sponsors and their affiliates, which will collectively beneficially own 61,474,191 of our shares after the consummation of this offering, have the ability to cause us to register the resale of their beneficially owned shares.

In addition, subject to certain conditions, certain members of our management who hold units of Nalco LLC will be able to sell back or "put" to Nalco LLC their class A units, along with those of their class B units, class C units and class D units that have vested, in exchange for our shares of common stock owned by Nalco LLC. In November 2004, we provided a warrant to Nalco LLC that entitles it to acquire up to 6,191,854 shares of our common stock for \$0.01 per share, which will allow Nalco LLC to deliver our shares in satisfaction of such "put" rights. See "Certain Relationships and Related Party Transactions—Warrant."

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

Securities markets worldwide experience significant price and volume fluctuations. This market volatility, as well as general economic, market or potential conditions, could reduce market price of our common stock in spite of our operating performance. In addition, our operating results could be below the expectations of securities analysts and investors, and in response, the market price of our common stock could decrease significantly.

Provisions in our amended and restated certificate of incorporation and bylaws and Delaware law may discourage a takeover attempt.

Provisions contained in our amended and restated certificate of incorporation and bylaws and Delaware law could make it more difficult for a third party to acquire us, even if doing so might be beneficial to our stockholders. Provisions of our amended and restated certificate of incorporation and bylaws impose various procedural and other requirements, which could make it more difficult for stockholders to effect certain corporate actions. For example, our amended and restated certificate of incorporation authorizes our board of directors to determine the rights, preferences, privileges and restrictions of unissued series of preferred stock, without any vote or action by our stockholders. Thus, our board of directors can authorize and issue shares of preferred stock with voting or conversion rights that could adversely affect the voting or other rights of holders of our common stock. These rights may have the effect of delaying or deterring a change of control of our company. In addition, a change of control of our company may be delayed or deterred as a result of our having three classes of directors. Additionally, Section 203 of the Delaware General Corporation Law provides that, subject to specified exceptions, a Delaware corporation shall not engage in business combinations with any entity that acquires enough shares of our common stock without the consent of our board of directors to be considered an "interested stockholder" under Delaware law for a three-year period following the time that the stockholder became an interested stockholder. These provisions could limit the price that certain investors might be willing to pay in the future for shares of our common stock. See "Description of Capital Stock."

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## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus includes "forward-looking statements." These forward-looking statements include statements concerning our plans, objectives, goals, strategies, future events, future revenue or performance, capital expenditures, financing needs, plans or intentions relating to acquisitions, business trends and other information that is not historical information and, in particular, appear under the headings "Prospectus Summary," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Industry Overview" and "Business." When used in this prospectus, the words "estimates," "expects," "anticipates," "projects," "plans," "intends," "believes," "forecasts," or future or conditional verbs, such as "will," "should," "could" or "may," and variations of such words or similar expressions are intended to identify forward-looking statements. All forward-looking statements, including, without limitation, management's examination of historical operating trends and data are based upon our current expectations and various assumptions. Our expectations, beliefs and projections are expressed in good faith and we believe there is a reasonable basis for them. However, there can be no assurance that management's expectations, beliefs and projections will be achieved.

There are a number of risks and uncertainties that could cause our actual results to differ materially from the forward-looking statements contained in this prospectus. Important factors that could cause our actual results to differ materially from the forward-looking statements we make in this prospectus are set forth in this prospectus, including under the heading "Risk Factors." As stated elsewhere in this prospectus, such risks, uncertainties and other important factors include, among others:

- our substantial leverage;
- limitations on flexibility in operating our business contained in our debt agreements;
- increases in interest rates as a result of our variable rate indebtedness;
- pricing pressure from our customers;
- technological change and innovation;
- risks associated with our non-U.S. operations;
- fluctuations in currency exchange rates;
- high competition in the markets in which we operate;
- adverse changes to environmental, health and safety regulations;
- operating hazards in our production facilities;
- inability to achieve expected cost savings;
- difficulties in securing the raw materials we use;
- our significant pension benefit obligations and the current underfunding of our pension plans;
- our ability to realize the full value of our intangible assets;
- our ability to attract and retain skilled employees, particularly research scientists, technical sales professionals and engineers;
- our ability to protect our intellectual property rights; and
- the possibility that our owners' interests will conflict with ours or yours.

There may be other factors that may cause our actual results to differ materially from the forward-looking statements.

All forward-looking statements attributable to us or persons acting on our behalf apply only as of the date of this prospectus and are expressly qualified in their entirety by the cautionary statements included in this prospectus. We undertake no obligation to update or revise forward-looking statements which may be made to reflect events or

circumstances that arise after the date made or to reflect the occurrence of unanticipated events.

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## THE ACQUISITION

The following contains summaries of certain agreements between affiliates of Suez and Nalco Holdings that were entered into in connection with the Acquisition. Our current ownership structure is summarized on page 29.

### General

On August 31, 2003, our subsidiary, Nalco Holdings, entered into a stock purchase agreement with two wholly-owned subsidiaries of Suez ("Sellers"), a French company. The stock purchase agreement provided for the acquisition by Nalco Holdings of all shares of stock in Ondeo Nalco Company and the Nalco International SAS Subsidiaries for \$4,101.5 million in cash, after giving effect to direct costs of the Acquisition, closing date working capital and indebtedness purchase price adjustments and a post-closing working capital and indebtedness purchase price adjustment which was agreed to by us and Suez on March 25, 2004. The Transactions closed on November 4, 2003.

In connection with the Acquisition, funds controlled by The Blackstone Group ("Blackstone"), Apollo Management, L.P. ("Apollo") and GS Capital Partners ("GSCP" and together with Blackstone and Apollo, the "Sponsors") contributed \$369.1 million, \$369.1 million and \$253.7 million, respectively, in exchange for a corresponding percentage of membership interests in Nalco Investment Holdings LLC. In connection with the Acquisition, Dr. William H. Joyce, our Chairman and Chief Executive Officer, contributed \$10 million of cash equity to Nalco Investment Holdings LLC in exchange for a corresponding percentage of membership interests in Nalco Investment Holdings LLC. Following the Acquisition, the Sponsors and Dr. Joyce engaged in a series of transactions that ultimately resulted in the exchange of 100% of the membership interests in Nalco Investment Holdings LLC for membership interests in Nalco LLC, which is now our direct parent and the indirect parent of Nalco Holdings and Nalco Company. In addition, in 2004, Dr. Joyce, William J. Roe, Bradley J. Bell, Daniel M. Harker, Louis L. Loosbrock and certain other members of management invested approximately \$8.1 million in Nalco LLC, which was contributed to Nalco Holdings in connection with the Nalco LLC 2004 Unit Plan, in exchange for certain membership interests in Nalco LLC. See "Management—Nalco LLC Unit Plan." Dr. Joyce invested an additional \$1.2 million in Nalco LLC in May 2004. The Sponsors and members of management currently beneficially own a majority of our common stock as a result of their ownership of membership interests in Nalco LLC. Nalco Investment Holdings LLC contributed the Sponsors' and Dr. Joyce's equity received by it prior to the Acquisition to Nalco Holdings to partially fund the Acquisition.

As part of the Acquisition, Nalco Holdings made a cash contribution to a newly formed Delaware corporation, NI Acquisition Co., in exchange for 100% of NI Acquisition Co.'s capital stock, and purchased a portion of the common stock of Ondeo Nalco Company from a subsidiary of Suez and a portion of the capital stock of an existing U.S. subsidiary of Nalco Company that is a holding company for certain non-U.S. subsidiaries ("Non-U.S. Holdco"). Nalco Holdings used the remainder of the Sponsors' equity to pay a portion of the Acquisition transaction fees and related expenses. Ondeo Nalco Company used (1) borrowings under its new revolving credit facility, (2) borrowings under its new term loan A senior credit facility, (3) borrowings under its new term loan B senior credit facility and (4) proceeds from the offering of senior notes and senior subordinated notes to redeem all shares of common stock of Ondeo Nalco Company not held by Nalco Holdings, to redeem all shares of Ondeo Nalco Company's preferred stock and to pay all remaining fees and expenses related to the Transactions. The redeemed shares of preferred stock and common stock of Ondeo Nalco Company were cancelled, and as a result, Nalco Holdings became the direct owner of 100% of the



outstanding capital stock of Ondeo Nalco Company. Ondeo Nalco Company was renamed Nalco Company in connection with the Transactions.

Immediately following the acquisition of Nalco Company, NI Acquisition Co. made a cash contribution to Non-U.S. Holdco in exchange for substantially all of the capital stock of Non-U.S. Holdco (excluding a small percentage that was retained by Nalco Company and a small percentage that is held by Nalco Holdings). Non-U.S. Holdco then purchased 100% of the capital stock of the Nalco International SAS Subsidiaries. In connection with the Acquisition, certain of Nalco Company's

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non-U.S. subsidiaries were contributed to Non-U.S. Holdco such that, after completion of the steps of the Acquisition, Nalco Company owned approximately 78% of the equity of Non-U.S. Holdco with NI Acquisition Co. owning the remaining approximately 22%. In October 2004, NI Acquisition Co. was merged with and into Nalco Company.

#### The Stock Purchase Agreement

The stock purchase agreement contains customary seller representations and warranties of the Sellers, customary buyer representations and warranties of Nalco Holdings and customary covenants and other agreements between the Sellers and Nalco Holdings.

The stock purchase agreement provides for indemnification for losses relating to specified events, circumstances and matters. The Sellers and Suez, as a guarantor of the Sellers' respective obligations, have agreed to indemnify us from certain liabilities, including:

- any losses or damages arising from the inaccuracy or breach of any representation or warranty of the Sellers contained in the stock purchase agreement;
- any losses or damages arising from breaches of the covenants and agreements made or to be performed by the Sellers pursuant to the stock purchase agreement;
- losses or damages related to specified contingent earn-out liabilities and a specified contractual dispute;
- specified tax losses or liabilities, including, among others, those associated with the business of the companies being acquired relating to specified tax amounts incurred on or prior to the Acquisition; and
- losses or damages arising from the failures of the Sellers or their affiliates to comply with certain regulatory requirements in India.

The stock purchase agreement does not allow us to make a claim for indemnification for any loss or damage relating to a breach of a representation or warranty unless the losses or damages for any claim or series of related claims exceed \$150,000 (other than for losses relating to specified representations and warranties). The Sellers' indemnification obligations with respect to breaches of representations and warranties are subject to a deductible for the first \$30 million in damages (other than for losses relating to specified representations and warranties not subject to the deductible).

If we incur \$30 million in damages as a result of breaches of representations and warranties contained in the stock purchase agreement that are subject to the deductible, the Sellers are required to indemnify us for half of the damages between \$30 million and \$60 million. The Sellers are required to indemnify us for the full amount of all such damages

in excess of \$60 million up to a \$420 million cap (other than for losses arising from breaches of specified representations and warranties to which this cap does not apply). Suez has guaranteed the payment obligations of the Sellers under the indemnification provisions.

Nalco Holdings is also required to indemnify the Sellers from liabilities arising from specified matters, including the inaccuracy or breach of representations or warranties, other than certain specified representations and warranties, by Nalco Holdings in the stock purchase agreement and breaches by Nalco Holdings of its covenants and agreements in the stock purchase agreement. Nalco Holdings' indemnification obligations for breaches of representations and warranties are subject to the same minimum claim threshold, deductible mechanism and cap as the Sellers' indemnification obligations.

Some of these indemnification obligations for each of the Sellers and Nalco Holdings have already expired, while others remain indefinitely.

#### Ancillary Agreements

In addition to the stock purchase agreement, the parties entered into agreements governing certain relationships among the parties after the closing of the Acquisition. These agreements include a noncompetition agreement, a reimbursement agreement relating to the Contribution Agreement

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between us and The Northern Trust Company, dated November 2, 1999, as amended, a guarantee by Suez of Nalco Company's obligations to The Northern Trust Company, a sublease agreement relating to the sale-leaseback transaction of our headquarters in Naperville, Illinois, a transaction fee agreement and a monitoring fee agreement. See "Certain Relationships and Related Party Transactions" for descriptions of these agreements.

#### Our Sponsors

##### The Blackstone Group

The Blackstone Group is a leading investment and advisory firm founded in 1985, with offices in New York, London and Hamburg. Blackstone manages the largest institutional private equity fund ever raised, a \$6.5 billion fund raised in 2002. Since it began private equity investing in 1987, Blackstone has raised more than \$14 billion in five funds and has invested in over 89 separate transactions. In addition to private equity investments, Blackstone's core businesses include real estate investments, corporate debt investments, asset management, merger and acquisition advisory services, and restructuring and reorganization advisory services.

##### Apollo Management

Apollo Management V, L.P. and affiliated investment management entities, a private investment firm founded in 1990, has approximately 40 professionals in New York, Los Angeles and London. Since its inception, Apollo has raised in excess of \$10 billion in equity capital, and has invested in excess of \$13 billion in corporate transactions, in a wide variety of industries, both domestically and internationally. Current corporate investments are being made out of Apollo Investment Fund V, a \$3.8 billion fund raised in 2002.

##### GS Capital Partners

GS Capital Partners 2000, L.P., together with certain affiliated funds, was formed in July 2000 with \$5.25 billion of capital commitments and is managed by the Principal Investment Area of Goldman Sachs. GS Capital Partners is one of the investment vehicles of Goldman Sachs for making long term investments in equity and equity-related securities in privately negotiated transactions, leveraged buyouts and acquisitions. Goldman Sachs, directly and indirectly through its various Principal Investment Area managed investment partnerships, has invested over \$16 billion in over 500 companies since 1986, and manages a diversified global portfolio. The Principal Investment Area employs approximately 100 professionals in London, New York, Hong Kong, Tokyo and San Francisco.

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### Ownership Structure

The chart below summarizes our ownership and corporate structure after giving effect to this offering.

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- (1)\$460.8 million principal amount at maturity. The senior discount notes had an accreted value of \$328.9 million as of March 31, 2005.
- (2)Certain U.S. subsidiaries do not provide guarantees of Nalco Company's indebtedness.
- (3)The revolving credit facility provides for borrowings of up to \$250.0 million. As of March 31, 2005, we had no outstanding borrowings under the revolving credit facility but \$36.8 million of standby letters of credit were outstanding under the revolving credit facility. \$100.0 million of the revolving credit facility can be made available for borrowings by certain non-U.S. subsidiaries in euros.
- (4)As of March 31, 2005, \$1,295.4 million of term loan borrowings were outstanding under our senior credit facilities, including the dollar equivalent of €64.2 million of term loan A borrowings. On June 25, 2004, we repaid \$92.0 million of term loan borrowings with proceeds from our new receivables facility.
- (5)Includes \$665 million of senior dollar notes, \$465 million of senior subordinated dollar notes and the U.S. dollar equivalent of €200 million of senior euro notes and €200 million of senior subordinated euro notes.
- (6)On June 25, 2004 Nalco Company entered into a receivables facility that provides up to \$100 million in funding from a commercial paper conduit sponsored by one of the lenders under the senior credit facility. At closing, we received \$92.0 million of proceeds, which we used to repay term loans under the senior credit facilities. As of March 31, 2005 Nalco Company had \$95.2 million of borrowings outstanding under the receivables facility.

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### USE OF PROCEEDS

We will not receive any of the proceeds from the sale of shares of our common stock by the selling stockholder. The selling stockholder will receive all net proceeds from the sale of the shares of our common stock in this offering.

### PRICE RANGE OF COMMON STOCK

Our common stock has traded on the New York Stock Exchange under the symbol "NLC" since November 11, 2004. The following table sets forth the high and low intraday sales prices per share of our common stock, as reported by the New York Stock Exchange, for the periods indicated.

	Price Range	
	High	Low
<b><u>2004</u></b>		
Quarter ended December 31, 2004 (from November 11, 2004)	\$ 20.24	\$ 15.00
<b><u>2005</u></b>		
Quarter ended March 31, 2005	\$ 20.94	\$ 18.10
Quarter ended June 30, 2005	\$ 19.87	\$ 16.84
Quarter ended September 30, 2005 (through August 1, 2005)	\$ 22.03	\$ 18.73

The closing sale price of our common stock, as reported by the New York Stock Exchange, on August 1, 2005 was \$21.03. As of July 13, 2005, there were 5,594 holders of record of our common stock.

#### DIVIDEND POLICY

We do not currently intend to pay any cash dividends on our common stock, and instead intend to retain earnings, if any, for future operations and debt reduction. The amounts available to us to pay cash dividends are restricted by our subsidiaries' debt agreements. Under Nalco Company's senior credit agreement, neither Nalco Holdings nor its subsidiaries may pay dividends or otherwise transfer their assets to us. The indentures governing the senior discount notes and Nalco Company's senior notes and senior subordinated notes also limit our ability to pay dividends. Any decision to declare and pay dividends in the future will be made at the discretion of our board of directors and will depend on, among other things, our results of operations, cash requirements, financial condition, contractual restrictions and other factors that our board of directors may deem relevant.

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#### CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization as of March 31, 2005.

You should read the information in this table in conjunction with our financial statements and the notes to those statements appearing elsewhere in this prospectus and "Selected Historical Financial Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

As of  
March 31,  
2005

	(unaudited) (dollars in millions)
Cash and cash equivalents	\$ 34.5
Debt of subsidiaries:	
Senior credit facilities:	
Revolving credit facility of Nalco Company <sup>(1)</sup>	\$ —
Term loan A facility of Nalco Company <sup>(2)</sup>	214.4
Term loan B facility of Nalco Company	1,081.0
Senior notes of Nalco Company <sup>(3)</sup>	925.2
Senior subordinated notes of Nalco Company <sup>(3)</sup>	725.2
Senior discount notes of Nalco Finance Holdings LLC and Nalco Finance Holdings Inc	331.4
Receivables facility of Nalco Company <sup>(4)</sup>	95.2
Other debt <sup>(5)</sup>	54.6
Total debt of subsidiaries	3,427.0
Stockholders' equity:	
Preferred stock, par value \$0.01 per share, 100,000,000 shares authorized, none issued	—
Common stock, par value \$0.01 per share, 500,000,000 shares authorized, 141,663,369 shares issued and outstanding <sup>(6)</sup>	1.4
Additional paid-in capital	738.8
Accumulated deficit	(151.9)
Accumulated other comprehensive earnings	112.5
Total stockholders' equity	700.8
Total capitalization	\$ 4,127.8

(1)The revolving credit facility provides for borrowings of up to \$250.0 million. As of March 31, 2005, there were no outstanding borrowings under the revolving credit facility but \$36.8 million of standby letters of credit were outstanding under the revolving credit facility. \$100 million of the revolving credit facility can be made available for borrowings by certain non-U.S. subsidiaries in euros.

(2)Includes the U.S. dollar equivalent of €64.2 million of term loan A borrowings.

(3)Includes the U.S. dollar equivalent of €200 million of senior notes and €200 million of senior subordinated notes.

(4)On June 25, 2004 Nalco Company entered into a receivable facility that provides up to \$100 million in funding from a commercial paper conduit sponsored by one of the lenders under the senior credit facility. At closing, we received \$92.0 million of proceeds, which we used to repay term loans under the senior credit facilities. As of March 31, 2005 Nalco Company had \$95.2 million of borrowings outstanding under the receivable facility.

(5)Includes \$27.8 million aggregate principal amount of 6¼% notes due 2008 issued by Nalco Chemical Company (which is now known as Nalco Company), \$2.2 million of indebtedness of certain non-U.S. subsidiaries and \$24.6 million of short-term bank overdrafts.

(6)The amount does not include shares of our common stock that are reserved for issuance (i) pursuant to the warrant that we issued to Nalco LLC in November 2004 and (ii) pursuant to the Nalco Holding Company 2004 Stock Incentive Plan.

UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following unaudited pro forma financial information is based on the audited consolidated financial statements of Nalco Holding Company and its subsidiaries appearing elsewhere in this prospectus as adjusted to illustrate the estimated pro forma effects, as applicable, of the January 2004 senior discount notes offering and our November 2004 initial public offering. The unaudited pro forma financial information should be read in conjunction with the consolidated and combined financial statements of Nalco Holding Company and other financial information appearing elsewhere in this prospectus, including "Management's Discussion and Analysis of Financial Condition and Results of Operations."

The unaudited pro forma statement of operations data for the year ended December 31, 2004 give effect to the January 2004 senior discount notes offering and our November 2004 initial public offering and the application of the net proceeds therefrom, in each case, as if they had occurred on January 1, 2004. There is no pro forma impact of the January 2004 senior discount notes offering and our November 2004 initial public offering on our results for the three months ended March 31, 2005 and, therefore, an unaudited pro forma statement of operations has not been prepared.

The unaudited pro forma adjustments are based upon available information and certain assumptions that we believe are reasonable. We engaged independent appraisers to assist in determining the fair values of tangible and intangible assets acquired in the Acquisition; including property, plant and equipment, purchased in-process research and development, tradenames, trademarks, developed technology and customer relationships. Final valuations from the appraisers are included in the balances at December 31, 2004. We have allocated the total purchase price to the assets and liabilities using estimates of their fair values, based on work performed by independent appraisers and actuaries assisting us in determining the fair value of a significant portion of these assets and liabilities, including property, plant and equipment, intangible assets and pension and other post-retirement benefit (OPEB) assets and liabilities.

The unaudited pro forma statement of operations data do not reflect certain charges that we have recorded following the closing of the January 2004 senior discount notes offering. These charges include (1) a non-cash charge for the manufacturing profit added to inventory under purchase accounting which was charged to cost of sales as this inventory was sold in the first three quarters after closing, (2) the \$35 million charge for the termination of the monitoring services under the Monitoring Fee Agreement with affiliates of the Sponsors and (3) the \$13.7 million of charges relating to the early redemption of senior discount notes. The unaudited pro forma statements of operations data do reflect the one time charges for purchased in-process research and development of \$122.3 million that was charged to expense in the year ended December 31, 2004.

The unaudited pro forma financial information is for informational purposes only and is not intended to represent or be indicative of the consolidated results of operations or financial position that we would have reported had the January 2004 senior discount notes offering and the November 2004 initial public offering been completed as of the dates presented, and should not be taken as representative of our future consolidated results of operations or financial position.

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NALCO HOLDING COMPANY  
UNAUDITED PRO FORMA STATEMENT OF OPERATIONS DATA  
FOR THE YEAR ENDED DECEMBER 31, 2004

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(in millions, except per share data)	Historical	Adjustments	Pro Forma
Net sales	\$ 3,033.3	\$ —	\$ 3,033.3
<b>Operating Costs and Expenses:</b>			
Cost of products sold	1,552.2	(14.6)(a)	1,537.6
Selling, administrative and research expenses	1,065.4	—	1,065.4
Amortization of intangible assets	96.3	—	96.3
In-process research and development	122.3	—	122.3
Business optimization expenses	1.7	—	1.7
Operating expenses	2,837.9	(14.6)	2,823.3
Operating earnings (loss)	195.4	14.6	210.0
Other income (expense), net	(57.0)	59.9 (b)	2.9
Interest income	10.2	—	10.2
Interest expense	(250.8)	11.5 (c)	(239.3)
Earnings (loss) before income taxes	(102.2)	86.0	(16.2)
Income tax provision (benefit)	30.8	27.3(d)	58.1
Minority interests	(5.8)	—	(5.8)
Net earnings (loss)	\$ (138.8)	\$ 58.7	\$ (80.1)
Net earnings (loss) per share (e):			
Basic	\$ (1.42)		\$ (0.57)
Diluted	\$ (1.42)		\$ (0.57)
Weighted average shares:			
Basic	97.7		141.7
Diluted	97.7		141.7

See accompanying notes to unaudited pro forma financial information.

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NALCO HOLDING COMPANY  
NOTES TO UNAUDITED PRO FORMA FINANCIAL INFORMATION

- (a) Represents the one-time non-cash charge to cost of product sold related to the sale of inventory that had been revalued at selling price less costs to sell in purchase accounting.
- (b) Represents the elimination of \$11.2 million of monitoring fee expense, the elimination of the \$35 million charge related to the termination of the monitoring services under the Monitoring Fee Agreement with affiliates of the Sponsors and \$13.7 million of charges related to the early redemption of senior discount notes.
- (c) Represents (1) the decrease in non-cash interest expense, net of amortization of premium and non-cash amortization of capitalized debt issuance cost, related to the redemption of the senior discount notes and (2) the incremental non-cash interest expense of the senior discount notes for the period prior to issuance.
- (d)

Represents the tax effect of the taxable pro forma adjustments calculated at the applicable income tax rate.

- (e) Net earnings (loss) per share is calculated by dividing net earnings (loss) by the weighted average shares outstanding. Since we had a pro forma net loss for the year ended December 31, 2004, shares issuable pursuant to the warrant that would have an antidilutive effect have been excluded from the computation of pro forma diluted net earnings (loss) per share. See "Management—Nalco LLC Unit Plan" and "Certain Relationships and Related Party Transactions—Warrant."

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## SELECTED HISTORICAL FINANCIAL DATA

The Successor financial statements include the consolidated audited financial statements of Nalco Holding Company and its subsidiaries and the unaudited consolidated financial statements of Nalco Holding Company and its subsidiaries.

The Predecessor financial statements include the combined financial statements of Ondeo Nalco Group, which include the consolidated financial statements of Ondeo Nalco Company and the combined financial statements of the Nalco International SAS Subsidiaries.

The following selected historical financial data has been derived from the unaudited consolidated financial statements of Nalco Holding Company and its subsidiaries as of and for the three months ended March 31, 2004 and 2005 and the audited consolidated and combined financial statements of Nalco Holding Company and its subsidiaries as of December 31, 2001, 2002, 2003 and 2004 and for the periods from January 1, 2001 to December 31, 2001, January 1, 2002 to December 31, 2002, January 1, 2003 to November 3, 2003, November 4, 2003 to December 31, 2003 and January 1, 2004 to December 31, 2004 that (other than in the case of the audited combined financial statements as of December 31, 2001 and 2002 and the unaudited consolidated financial statements as of March 31, 2004) are included elsewhere in this prospectus. The selected historical financial data as of and for the year ended December 31, 2000 has been derived from our unaudited internal financial reporting to Suez.

You should read the following data in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated and combined financial statements included elsewhere in this prospectus.

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	Predecessor			Successor				
	Year Ended December 31, 2000 (1)	2001	2002	January 1 through November 3, 2003	November 4, 2003 through December 31, 2003	Year Ended December 31, 2004	Three Months Ended March 31, 2004	Three Months Ended March 31, 2005



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2003

(unaudited)

(unaudited) (unaudited)

(in millions, except per share amounts)

**Statement of Operations**

**Data:**

Net sales	\$ 2,147.1	\$ 2,619.7	\$ 2,644.3	\$ 2,306.5	\$ 460.1	\$ 3,033.3	\$ 713.3	\$ 777.6
Operating costs and expenses:								
Cost of product sold		1,268.1	1,266.1	1,114.6	248.2	1,552.2	374.4	412.4
Selling, administrative, and research expenses		1,041.1	992.0	900.7	176.4	1,065.4	253.3	258.5
Impairment of goodwill (2)		—	—	244.4	—	—	—	—
Amortization of intangible assets (2)		171.3	89.2	68.9	15.4	96.3	24.2	20.6
In-process research and development		1.3	—	—	—	122.3	122.3	—
Business optimization expenses (3)		172.3	32.8	20.3	0.8	1.7	—	0.8
Operating expenses	2,156.5	2,654.1	2,380.1	2,348.9	440.8	2,837.9	774.2	692.3
Operating earnings (loss)	(9.4)	(34.4)	264.2	(42.4)	19.3	195.4	(60.9)	85.3
Other income (expense), net (4)		(12.4)	3.4	(17.3)	(2.8)	(57.0)	(3.5)	(3.4)
Interest income		8.8	7.8	7.1	0.6	10.2	2.7	2.1
Interest expense		(44.4)	(38.5)	(32.7)	(49.6)	(250.8)	(61.0)	(62.1)
Earnings (loss) before income taxes		(82.4)	236.9	(85.3)	(32.5)	(102.2)	(122.7)	21.9
Income tax provision (benefit)		(1.8)	105.2	68.7	(8.3)	30.8	3.0	9.7
Minority interests		(3.4)	(3.3)	(4.2)	0.1	(5.8)	(1.0)	(1.2)
Net earnings (loss)	\$ (58.4)	\$ (84.0)	\$ 128.4	\$ (158.2)	\$ (24.1)	\$ (138.8)	\$ (126.7)	\$ 11.0

**Net Earnings (Loss) Per Share Data (5):**

**Net earnings (loss) per share:**

Basic					\$ (0.27)	\$ (1.42)	\$ (1.40)	\$ 0.08
Diluted					\$ (0.27)	\$ (1.42)	\$ (1.40)	\$ (0.08)
Weighted average shares (basic)					90.6	97.7	90.6	141.7
Weighted average shares (diluted)					90.6	97.7	90.6	146.6

**Statement of Cash Flows**

**Data:**

Net cash provided by (used for):

Operating activities	\$ 414.3	\$ 323.1	\$ 144.4	\$ 88.7	\$ 237.5	\$ 84.5	\$ 15.7
Investing activities	(463.5)	(126.1)	(12.3)	(4,145.1)	(72.2)	7.0	(15.9)
Financing activities	133.9	(232.7)	(234.2)	4,130.3	(232.8)	(60.5)	1.9