

**Address by Mr Christian Jourquin, Chairman of the Executive Committee, at the year-end gathering at Neder-over-Heembeek, 17 December 2009**

**The strength to change  
in order to shape our future**

**Highlights :**

resilience in the crisis  
Progress in the implementation of our strategy for sustainable and profitable growth  
The sale of the Pharmaceuticals Sector, a fundamental change  
Creating a new Solvay : more multicultural, responsive, open to growth markets, with a broader product portfolio  
Transition in 2010 : evolution of our structures and reduction of overheads  
For a stronger, more robust Solvay

Dear Colleagues,  
Dear Friends,  
Ladies and Gentlemen,

It is with great pleasure that I once again find myself speaking to so many of you at our year-end gathering. Thank you for your presence. A special thank you to our Neder-over-Heembeek colleagues who are our hosts this year.

A particular thank you to our Honorary Chairmen, Mr Yves Boël and Mr Daniel Janssen, to the Chairman of our Board, Mr Aloïs Michielsen, and to the Directors, past and present, who have honoured us with their presence today.

Events such as this give us the joy of coming together, of demonstrating our commitment to Solvay, but also of reviewing the past year, before we throwing ourselves into the challenges of the new year. We have just lived through an exceptional year in which the Group has taken a decisive turning. I will be coming back to this.

**resilience in the crisis**

2009 has also been a year of crisis.

Back in 2007, I shared with you the feeling that Solvay was well prepared for this crisis. "*The boat is solid and the crew - all of us - well trained and ready to face any weather conditions*", I told you then.

A year ago, I expressed to you my confidence in our ability to overcome the recession. The facts have shown this confidence to have been well-founded: Solvay has clearly demonstrated its resilience and the resilience of its results.

I also announced a series of measures to make the Group even more robust.

I indicated that our capital expenditure would be strictly limited. In fact, it has been halved. But we have continued to invest substantial sums in maintaining and improving our working tools and – more especially!

- we have not compromised on costs related to safety, environment and health. Other investments have been concentrated on a dozen or so major strategic projects. These relate to our expansion in high growth economies, but also to major initiatives, such as power plants and secondary fuel power plants in Germany or the finalization of the Exeltium project in France and our hopes to carry out a similar project in Belgium, that will ensure the sustainable development of our activities in Europe.

Control of our working capital, which ties up significant amounts of capital, has been reinforced. By dint of rigor we have reduced this by EUR 750 million over a twelve-month period (Sept 08-Sept 09). Our purchasing teams have achieved nice savings for the Group, as they have been renegotiating a large amount of contracts since the autumn of 2008.

Our fixed costs have decreased by EUR 140 million over the first three quarters of 2009 compared to the same period last year.

In addition, we have adapted our pace of production to market demand. We have also taken a series of structural measures, while seeking to limit their social impact, in dialogue with our social partners.

Finally, we have maintained a healthy financial position. This is important. In particular it has enabled us to successfully launch a EUR 500 million bond issue. We have also achieved two important financial objectives in the shape of our debt to equity ratio and the dividend. Sadly we have to note that, with the global crisis, earnings have not grown this year.

### **Progress in the implementation of our strategy for sustainable and profitable growth**

Aside from the crisis, there has been no shortage of activity. The Innovation Trophies we have just awarded recognize the most impressive of an exceptional harvest of project entries. Needless to say, innovation is also taking concrete form on the ground. In Antwerp, our new hydrogen peroxide unit is successfully applying our high efficiency production technology, in partnership with Dow and BASF. Another similar plant is planned in Thailand, to be ready by 2011. Again in Thailand, large-scale industrialization of Epicerol<sup>®</sup> is under way. Here a unit producing natural glycerine-based epichlorohydrin should be operational by 2012.

In Bulgaria, a new, modern, multifuel boiler started up earlier this year and will contribute to the competitiveness of the Devnya site.

Let me point, in the Plastics Sector this time, to the implementation of selective catalytic reduction technology by Inergy Automotive Systems, which paves the way for even cleaner diesel cars.

Let's talk now of our strategic initiatives for geographic expansion. In Thailand, Vinythai is reaping the rewards of the capacity expansion completed in 2008. In Brazil, modernization of the Solvay Indupa site at Santo Andre was completed this year. In Argentina the new gas combined cycle started operating in July and will secure the electricity supply of our Bahia Blanca site. In Russia, we have concluded an agreement to acquire the Berezniki soda works, while the Rusvinyl project is following its course, with startup now postponed to 2013, in time for the expected economic recovery. Last on this list is China, and our agreement with the Huatai group for the joint construction of a hydrogen peroxide plant.

Our specialty products have also seen interesting developments. Our specialty polymers business has grown in Asia with our micronized PTFE production units in China and PEEK production units in India. In turn, SolVin inaugurated a new PVDC unit at Tavaux, while Solvay Solexis has expanded production capacity for PVDF Solef<sup>®</sup> at Tavaux and for fluorolink<sup>®</sup> at Spinetta Marengo.

Still in Italy, a new sodium bicarbonate plant is now operational, while another will start production in the U.S. next year. Let me also point to the inauguration, in Korea, of a new unit to produce monofluoroethylene carbonate for manufacturing rechargeable batteries.

I would like to conclude this overview with the successes of the Pharmaceuticals Sector: the validation of the new plant for producing cell culture vaccines at Weesp in the Netherlands, the approval and the launch of Creon® in the United States and finally, the respecting of the promises of the 'Inspire' program.

2009 is drawing to a close. We were well armed to confront the crisis and we did what we needed to do. I want to thank you for your efforts and initiatives, and for your commitment to the group that you expressed vividly in the 2009 SPS study.

We remain confident because we have demonstrated our resilience. This confidence allows us to approach the coming year with calm, without fear or undue optimism - because the recession is not over. 2010 dawns in a still difficult context.

Our confidence also gave us the strength, in the middle of one of the worst crises ever suffered, to initiate a fundamental transformation of our Group, intended to ensure the best future for the coming decades.

### **The sale of the Pharmaceuticals Sector**

On September 28, the Board of Directors decided to sell our Pharmaceuticals Sector to Abbott. Among the alternatives that we studied, the status quo would have required a fundamental change in the structure and business model of Solvay Pharmaceuticals – at major expense.

Nor would a stock market flotation have avoided such a restructuring, or generated the necessary resources to address the challenges arising in our other sectors.

A critical acquisition, on the other hand, was out of range for the Solvay group.

I am convinced that we made the best decision possible, at the end of an exercise of very hard and careful thought - especially because we were able to work calmly.

I want to stress here that the performance of our Pharmaceuticals sector contributed to this calmness, and consequently to the success of our approach. It is when one is healthy that one can think most clearly – most constructively – about one's future. Solvay has been able to look ahead and to take a decision in good conditions: a decision that offers the best long term prospects for all segments of the Group.

I wish to formally thank all those who have made Solvay Pharmaceuticals the company that it has become over these thirty years within the Solvay group. Our colleagues have made it a jewel - a coveted jewel. And it is precisely for this reason that it was able to attract one of the undisputed leaders in its industry, which will grow this business to new horizons.

I would also like to thank the Group's shareholders. We can only welcome the confidence they have shown in us, supporting us in our bold step - and allowing us to envisage the reinvestment of the proceeds from the sale of our pharmaceuticals business.

For the Solvay group, the announcement of this sale turns a page in our history, which has already seen many similar decisions. We are also beginning a new chapter, as the proceeds from the sale give us the wherewithal to open up to new opportunities and tackle the challenges faced by the Group's other businesses. Here too, the paradigm has changed. We are facing major changes in the regulatory and societal context in which we operate. I will mention only a few, but which are emblematic. The implementation of REACH continues with new and important milestones in 2010, 2013 and 2018. The next decade will also see the implementation of the United Nations Globally Harmonized System of classification and labelling of chemicals. More crucial still, starting in 2013, the third phase of the European quota system for CO<sub>2</sub> emissions will have a far more solid impact on the chemicals industry.

Again, Solvay has looked ahead and has aligned itself with the direction of history. Our 'Hanzinelle 4' strategic review has already committed our Group on the path of responding effectively to the challenges of sustainable development, with clear targets for reducing the environmental impact of our activities.

The chemistry of the future will be more respectful of the environment, sparing of natural resources and energy and, finally, more reactive, given the shorter life cycles of its products. At the same time, we believe that by doing our job as chemists, we will provide appropriate answers to questions raised by the aspiration to sustainable development.

Our open and ongoing dialogue with social partners enriches our approach, by making change possible and understandable.

### **Creating a new Solvay**

The sale of our Pharmaceuticals Sector gives us the means to achieve our long term vision. We want to create a new Solvay, a Solvay that is more multicultural, more responsive, more open to growth markets - and we want to broaden our product portfolio to better meet the challenges of tomorrow.

I have already said that proceeds from the sale of the pharmaceutical sector will be applied particularly to major initiatives for external growth. The review process continues, and will be conducted with the utmost seriousness and in the strictest confidentiality.

I am aware that you are all keen to know more, but please understand: any uncontrolled communication regarding a possible acquisition would have the immediate effect of raising the price - or even making it impossible. Furthermore (and this is the most important aspect), we are a publicly traded company. The information we provide is subject to strict legislation designed to ensure equal treatment of shareholders and prevent insider trading.

Yes, we are looking at plans for the redeployment of Solvay. I cannot tell you more, but I beg you to believe that our commitment is strong. We will introduce in 2010 a fourth segment in our financial reporting, which will contain our New Business Development (NBD), whose orientations will contribute to supporting the Group's future activities.

### **Transition in 2010**

2010 will be a year of transition to this new Group. Like all changes, it carries its burden of new challenges. We know in particular that the sale of our pharmaceuticals activities will lead us to revise our working methods and to reduce Group overheads. At the same time as we review our business portfolio, we must be careful to change our structures, our decision making processes and attitudes to make them more responsive and closer to the ground. It is from the motivation of players close to our markets, present and future, that a new Group must arise.

### **For a stronger, more robust Solvay**

This year, the presence of Comex members on the ground at the various Group sites has been relatively discreet. We had decided to limit our movements to a the strict minimum, as part of efforts to reduce costs. We are also hearing the call for dialogue from different levels of the organization and I can promise you that 2010 we shall be resuming these exchanges, that we miss as much as you.

Be sure that our pledge to all of you is to build a Solvay that is even stronger, more robust, ready for activities that will provide the Group with a sustainable future.

In the more immediate term, on behalf of my colleagues of the Executive Committee and on my behalf, and with just as much sincerity, I wish you and your families very happy end-of-year festivities and a well deserved rest, so that together we can meet the exciting challenges that await us in the coming year.

Thank you for your attention

**Christian Jourquin**  
Chairman of the Executive Committee