

Speech by Mr A. MICHELSEN
Chairman of the Board of Directors
to the General Shareholders' Meeting of May 10, 2011

Slide 1



Ladies and Gentlemen, dear Solvay shareholders and friends,

Thank you for joining us here today. By doing so you demonstrating your strong loyalty to our company. Allow me to mention once again, the death in 2010 of our much regretted Honorary Chairman, Jacques Solvay. As far as I can recall, he had never missed a single *General Meeting*. It is him that we miss today. We pay tribute to him.

Allow me also to greet our Honorary Chairman, Baron Daniel Janssen. Thank you, Daniel, for your continuing tireless encouragement and support. I also greet our Honorary Chairman Yves Boël, whose family is well represented here today.

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You will all, no doubt, have learned of our intention to acquire Rhodia. I will perhaps surprise you by saying that I will not be talking about this, but will leave this task to Christian Jourquin. But I still wish to tell you how delighted I am with this decision. It is absolutely consistent with where we want to go as a Group and strengthens our position in many areas.

Let me focus, rather, on certain macroeconomic aspects, and also make some comments on the financial results and on some relatively important governance matters.

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We have turned the page on 2010. This was not a transition year but a pivotal year, marked by a slight recovery after two difficult years, 2008 and 2009.

Global GDP grew about 5%, after falling 0.6% in 2009.

The economic indicators recovered, thanks to government intervention. This is encouraging because we have now escaped the worst. Let us not forget that early last year the prevailing mood was still one of concern, with the pessimists not excluding a relapse into a double-dip recession, followed by a long depression, like the one experienced by Japan between 1992 and 2003. Today, optimism is returning despite the events of recent months. Even so, caution remains the watchword. Let us not forget that the recovery is partly due to the

easing of monetary conditions, to restocking, as well as to budgetary impulses, certain of which have reached their limits.

Proof of a moderate return of confidence can be found in the VIX, a market volatility index based on the pricing of options that cover the risk of a decline in U.S. stock market, that has regained an almost pastoral serenity!

Slide 2: VIX 2007-2010



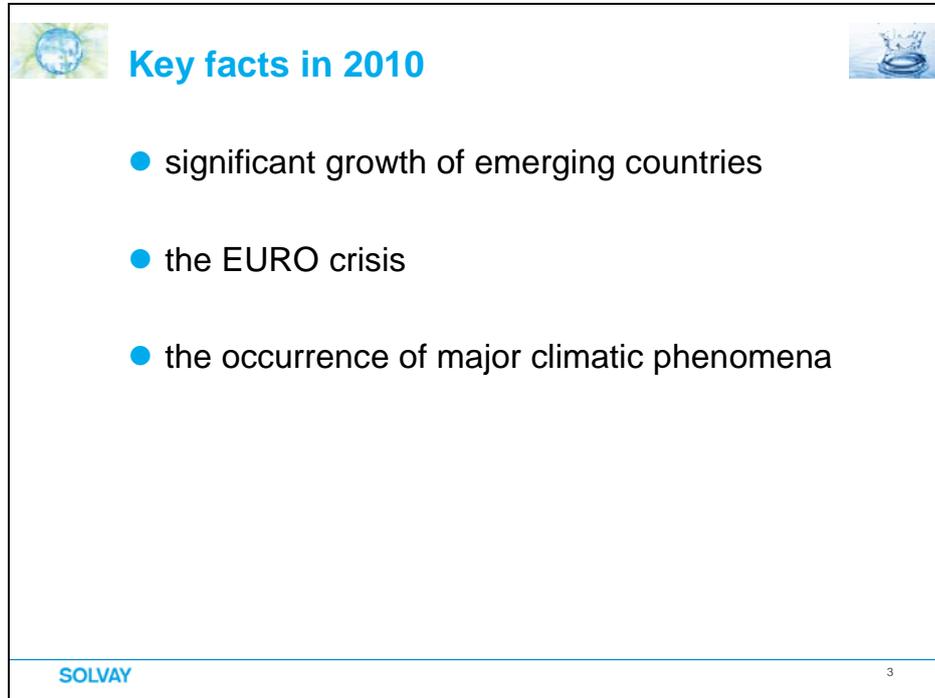
But beware: foreseeing the future remains a difficult task, as we are overly influenced by past data when thinking into the future. It is consumer and investor confidence that will drive tomorrow's growth. This confidence can be nurtured only by job creation and price stability - goals which have still not been achieved in Europe. This is why we must remain vigilant.

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Allow me to comment on three key facts of 2010:

Slide 3: Key facts in 2010



The slide features a title 'Key facts in 2010' in blue text, flanked by a globe icon on the left and a water splash icon on the right. Below the title is a bulleted list of three items. At the bottom left is the 'SOLVAY' logo and at the bottom right is the number '3'.

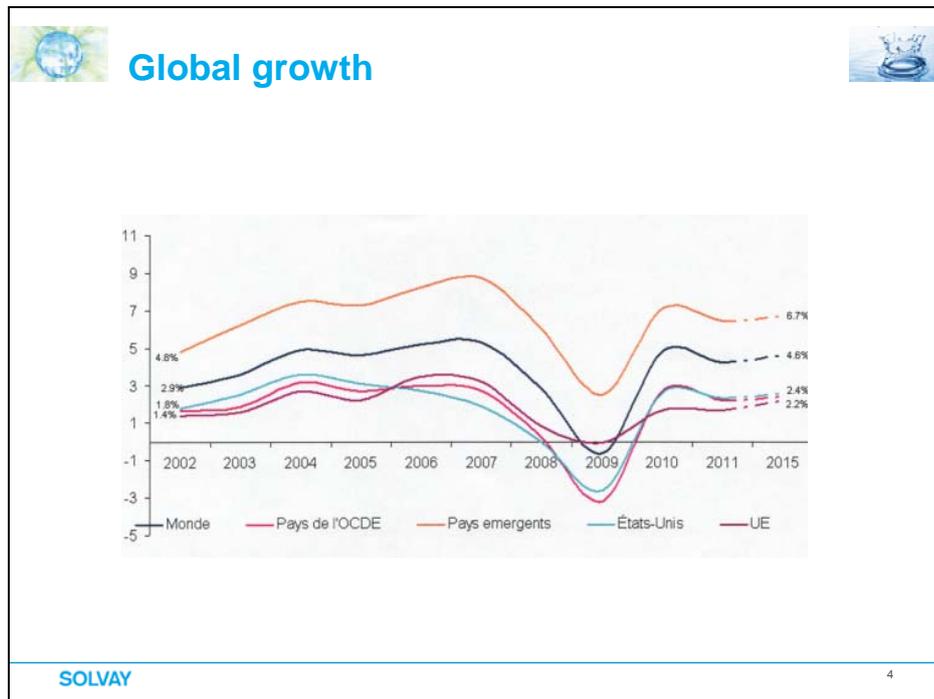
Key facts in 2010

- significant growth of emerging countries
- the EURO crisis
- the occurrence of major climatic phenomena

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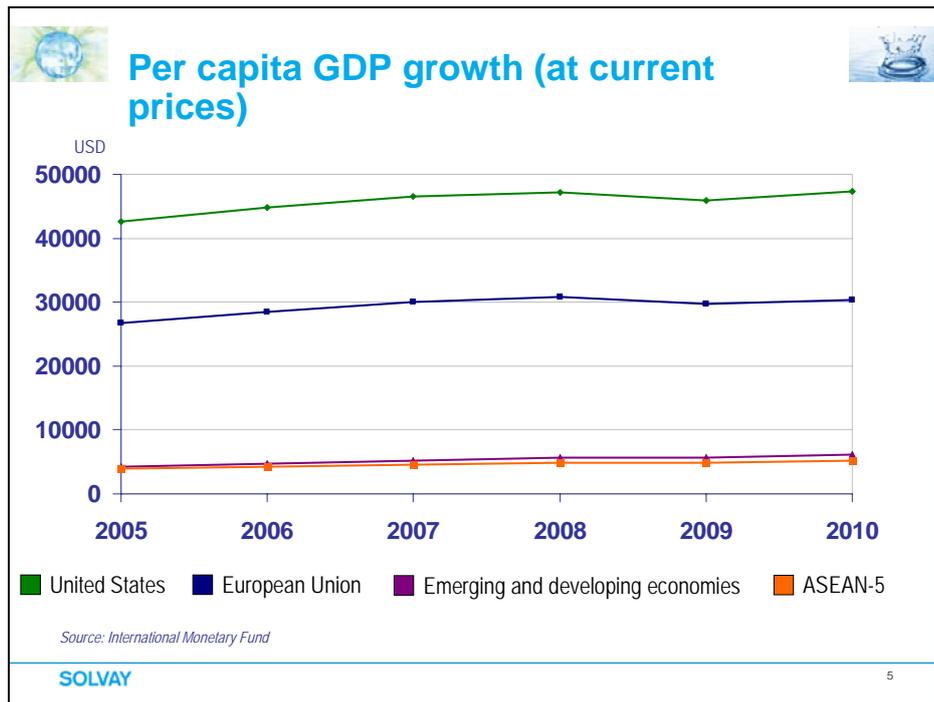
- the significant growth of emerging countries;
- the Euro crisis;
- the occurrence of major climatic phenomena. These are certainly nothing new, but we must recognize that they are becoming larger and more contrasting.

Slide 4: Global growth



- First a word about economic growth. This chart shows how global growth has evolved in the major economic blocs. This growth is unevenly distributed geographically; it is the emerging economies that are driving world growth, with Europe lagging behind. That being said - and perhaps this is a consolation - if we combine demography and GDP growth, the increase in wealth expressed on a per capita basis begins to look a much homogeneous, ranging between 3 and 4% in the different economic blocs.

Slide 5: Per capita GDP growth

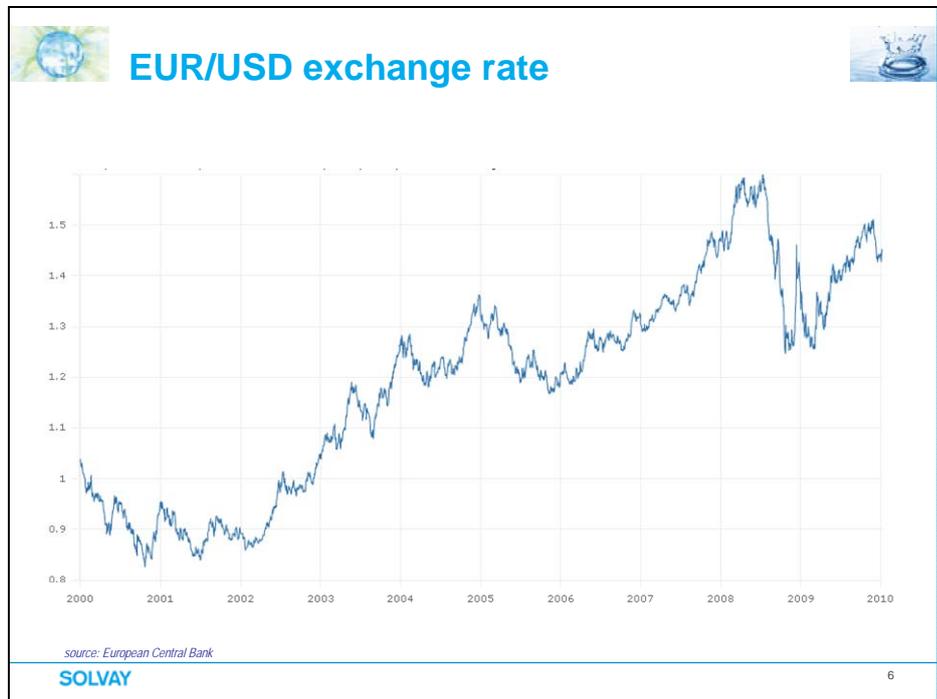


Forecasters do not anticipate much change in these important evolutions in the short to medium term. Solvay is taking this into account in its strategy.

It should, however, be said that the terrible disaster in Japan and the uprisings in the Middle East have somewhat blurred the picture. This is the first time that disruptions of oil supplies have coincided with a threat to the future of nuclear energy. Moreover, we can already assume that the massive amount of funds Japan will have to raise in order to rebuild will inevitably have a substantial impact on financial markets.

- Now to the second point which marked out 2010: the Euro crisis.

Slide 6: EUR/USD exchange rate:



Already in 2009 the European currency came under attack. Again in 2010, it has been severely shaken and European governance has been put to the test. The financial crisis is due largely to the disparities between the economic policies of the various Eurozone countries. The magnitude of the consequences of this were probably not foreseen when creating the single currency, even if some voiced concern that devaluations would become virtually impossible within the monetary union.

Meanwhile, the global financial crisis has affected the euro also ... It will be necessary to establish macroeconomic monitoring devices with special attention to divergent developments in prices and costs. It is also going to be necessary to introduce more transparent game rules within Europe and the Eurozone and be sensitive to the impact of financial market volatility on the

purchasing power of certain countries. We need to find solutions and give them time to return to more rigorous economic management.

As industrialists, we are unreservedly in favour of the euro, but what disturbs us are fluctuations that do not create value and are often speculative in nature.

We are hopeful that Europe and the Eurozone will emerge stronger from the current crisis, and indeed the desire of new countries to join the monetary union shows that it still inspires wide-spread confidence. But we need to strengthen the concept of agreed solidarity.

Finally, let us remember that lasting peace and a common currency are the great successes of Europe.

- The third point I want to bring up is the surprising weather events. Let us not over-dramatize these, but nobody can remain indifferent to these phenomena. It is the welfare of future generations that is at stake. The amplitude and frequency of the perturbations we are observing today require us to ask serious questions. What they are telling us is that we will all need to adapt - politicians, businesses and consumers alike - with the latter category including all of us. Everyone must take responsibility. Those who do not perform their duty will come under pressure.

One could also mention other issues that marked 2010: rising and volatile commodity prices, resurging inflation etc. But let's now come to Solvay.

Solvay is doing well and is adapting to the changes.

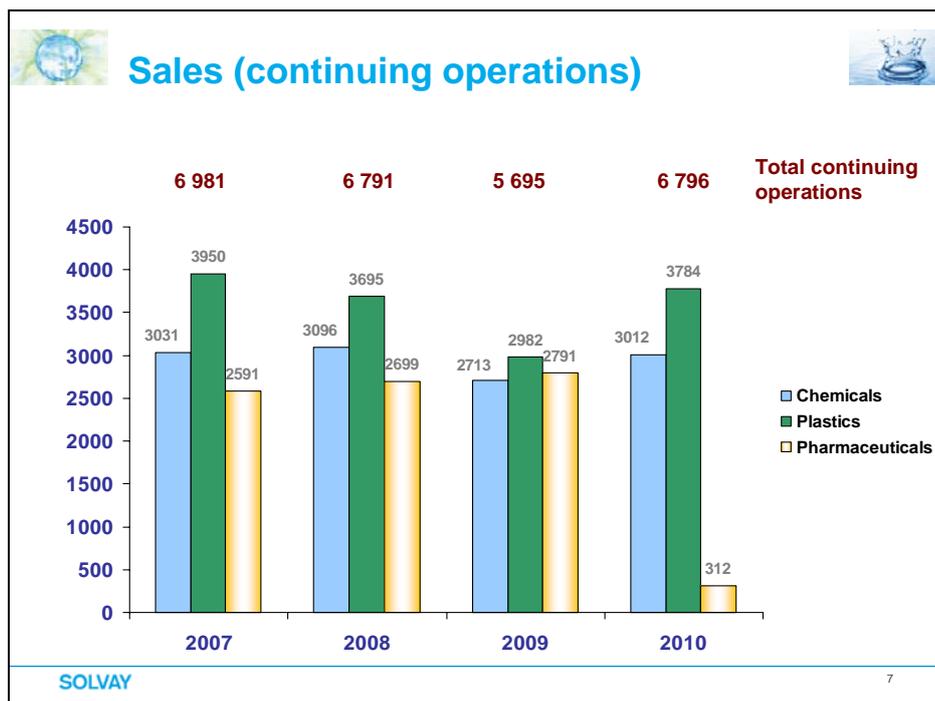
Christian will give you the details during his address.

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Let's now turn to 2010. I will just highlight a few points.

Slide 7: Sales (continuing operations)



The 2010 figures are heavily influenced by the sale of our pharmaceuticals business. This must be taken into account in any analysis of them.

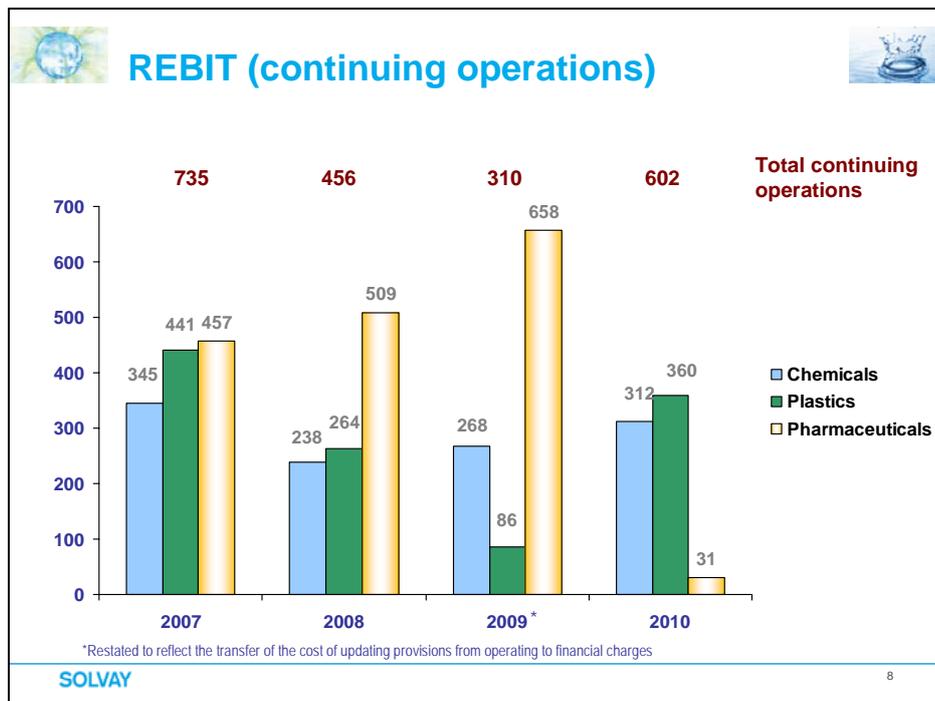
The Group's consolidated sales reached EUR 7,109 million last year.

In comparing this figure with 2009, one needs to bear in mind that in 2009 the pharmaceuticals business was still consolidated for the entire year, while the 2010 figures include two months only.

If we consider just the Chemicals and Plastics Sectors, we note that their joint sales of EUR 6,796 million are up 19% compared to 2009.

This is a remarkable achievement, given the macroeconomic environment of recent years.

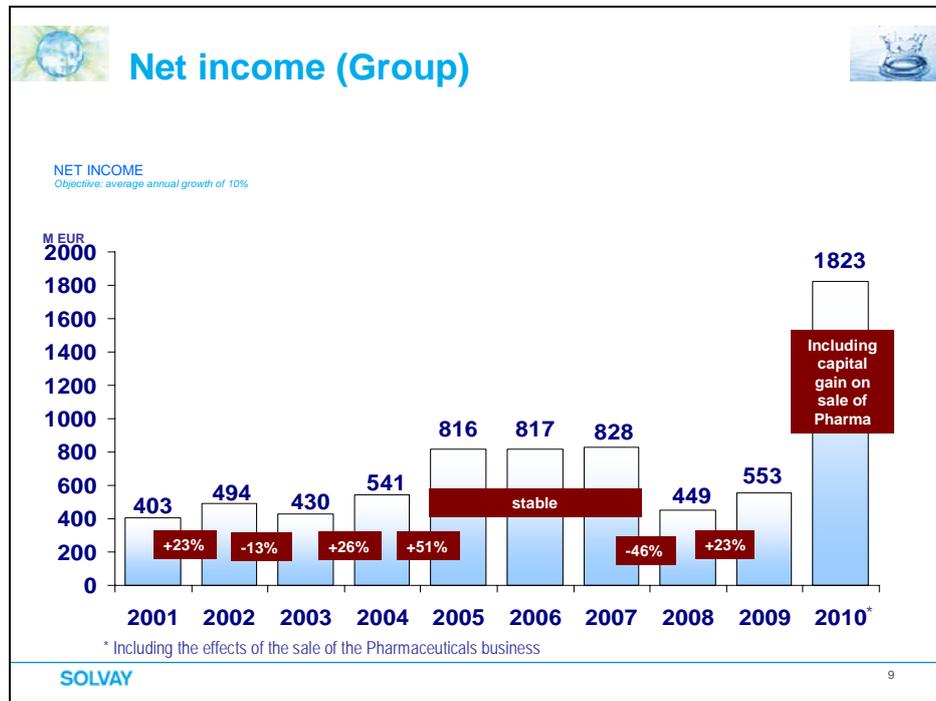
Slide 8: (Continuing operations)



REBIT reached EUR 633 million, or 8.9% of sales for the whole year. Excluding the pharmaceutical activities, this is an increase of 34 % on 2009 to EUR 602 million.

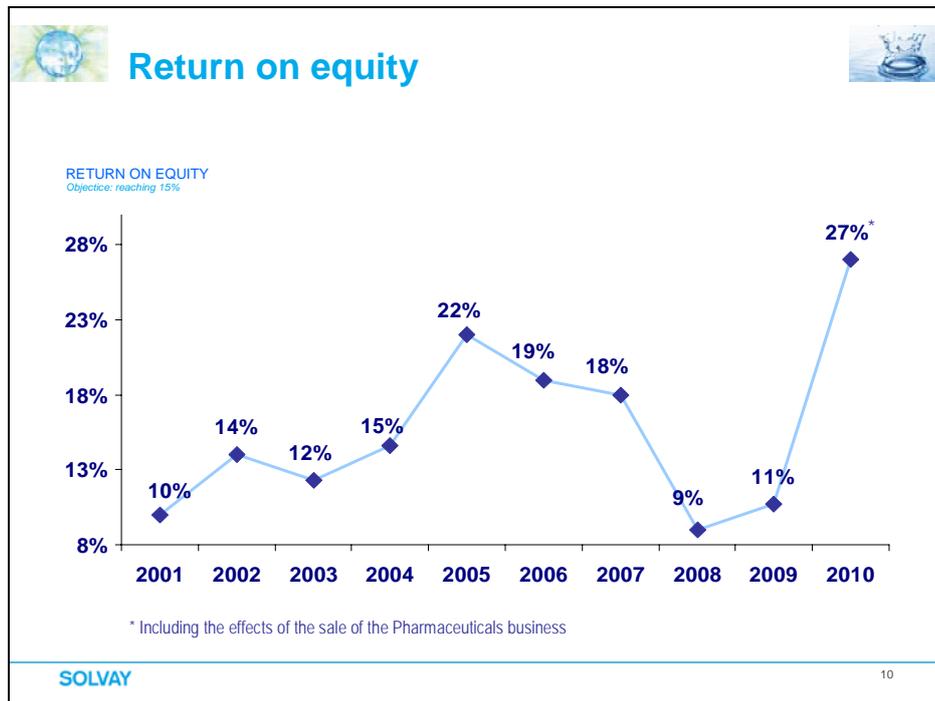
Besides the strong increase in sales volumes and in prices, operating income benefited, more generally, from the significant efforts on cost containment and control of energy expenditure.

Slide 9: Net income (Group)



Net income was EUR 1,824 million. This includes EUR 1,703 million of extraordinary income related to the sale of the pharmaceutical activities. The income statement also includes a series of non-recurring items that are explained in detail in the annual report.

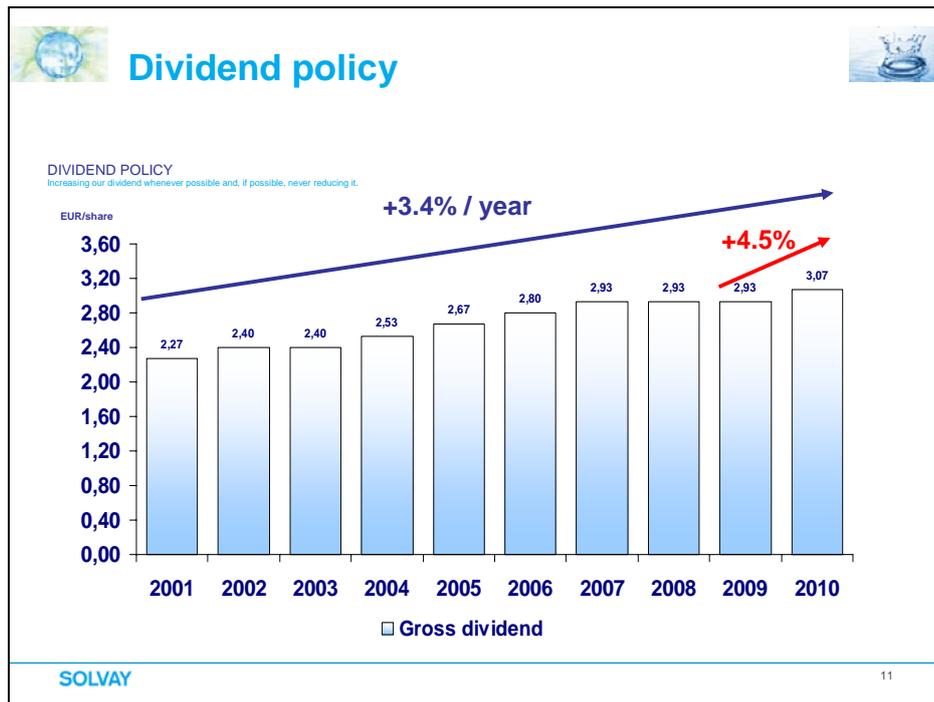
Slide 10: Return on equity



ROE for the year was 27%. The capital gain on the sale of the pharmaceuticals business had a major positive impact on ROE in 2010. Our financial target is an ROE of 15%. It is worth recalling that this target was set in a context of high interest rates.

Let's now turn to the dividend. You know our policy on this matter: to increase it whenever possible and do everything possible never to reduce it.

Slide 11: Dividend policy



This is the recent history of our dividend. We have remained faithful to our policy for nearly 25 years. We remain so, as we are proposing this year - after holding the dividend constant for 3 years - to raise it by ten cents; an increase of 4.5%. Our financial situation permits this and it is a mark of the confidence that Solvay inspires in us.

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Let's turn now to governance.

Good and effective governance is essential because it reconciles business enterprises and citizens.

Also important is to find a good compromise between mandatory legislation and shared recommendations. This compromise lies in the "comply or explain" principle, according to which one obeys the rules to the letter, or else explains why this is not feasible. This principle is particularly well suited to the governance of business corporations in that it respects the diversity and specificities of individual undertakings; something that binding laws and rules are unable to do. What we need are simple and flexible recommendations. To assert that without binding law, companies will not comply with the recommendations of their own governance codes, is a prejudice and an unmerited one at that.

Rules imposed by statute must be limited to a minimum, and reserved for those areas where corporate self-regulation has failed to produce the desired results. As you will have understood, I am totally in favor of a transparent "comply or explain" approach. I also believe that a quota-based approach is dangerous. In any event, Solvay has never been ashamed of its governance. Because good governance is part of our culture.

- A new law on CEO compensation was passed last year in Belgium. The new law defines, among other things, the criteria for setting the bonuses of Executive Committee members. It states that, where the variable part of the compensation exceeds 25% of the total annual compensation, at least one quarter of the variable remuneration is to be based on predetermined performance criteria which are objectively measurable over a period of at least two years, and a further quarter on predetermined performance criteria which are objectively measurable over a period of at least three years. This is a highly complex calculation, especially for industrial undertakings.

The law does not specify clearly what is variable remuneration and what is not. At Solvay, we believe that our system of stock options, which is an integral part of the total compensation package, is not part of the variable portion. For most Executive Committee members this puts us below the 25% variable threshold and allows us, in their case, to stay with our current practices, which are not without their merits. Note that these tie the bonus to the performance of the year concerned.

The law allows a company to ask the General Meeting for a waiver to the application of this legal provision.

Given the current legal uncertainty as to what is variable or not, we are asking you for a waiver for a 2-year period. The situation will almost certainly become clear within this time frame. But as long as Belgium is without a new government, we cannot expect further elucidation.

There is a second reason for our asking you for this waiver. As you know, major changes are under way in the organization of the Group - I am talking of the Horizon project - together with significant changes in the scope of our business - the takeover bid we have announced on Rhodia. These justify our reviewing our compensation policy more generally. This will take a little time yet.

This two-year waiver is submitted for your vote.

- I now pass to a second law, which covers the exercise of certain rights of shareholders of listed companies.

This law makes a lot of things clearer, in particular as regards *General Meetings*. These clarifications require an amendment to our bylaws. These amendments were approved by the *Extraordinary General Meeting* that preceded this meeting. We have also tidied up certain articles of our bylaws.

During this same *EGM*, we expanded the description of Solvay's corporate purpose, simplifying it and making it more generic and therefore more able to cover new activities.

Finally, the authorization to repurchase shares to avoid a serious and imminent danger (Article 10b of our bylaws) was renewed for a period of

three years and increased to 20% of the capital, which is the maximum allowed by law.

In addition, the legislative framework in 2008 defined the independence criteria for directors. It also introduced rules on the composition of Audit Committees and, in 2010, of Compensation Committees, and set out their competences. In this context we have decided to split the Compensation and Nomination Committee into two separate committees.

Let me also draw your attention to the fact that, from next year onwards, we will be changing the schedule of our Solvay General Meeting. Under the present bylaws, this takes place on the second Tuesday of May at 14.30. We propose that from next year, the Annual General Meeting start at 10:30. I suggest that you already note this change in your diaries. This amendment will also allow Solvac to start its AGM at 15.30. I think this is what it is intending to do.

- Finally, a bill to impose a quota of at least 30% of women on the Boards of Directors is also under discussion. Once it has been adopted, we will have five years to implement it. Small businesses will have 8 years. We will prepare to comply.

But why was such a law needed? This is because our politicians remain wary when companies talk of voluntary commitments. This is a worrying situation.

A large part of our annual report is devoted to governance. Feel free to ask questions that concern you at today's or subsequent meetings, or simply by e-mail.

Slide 13: Composition of the Board of Directors



Composition of the Board of Directors

- The Board proposes renewing the mandates of:
 -  Charles Casimir-Lambert as an Independent Director
 -  Yves-Thibault de Silguy as an Independent Director

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A word now about the composition of the Board of Directors. Two applications for renewal are in front of you. The first relates to our colleague Charles Casimir-Lambert, who joined our Board in 2007 and whose first term of office ends at the end of this GM. Charles has been a member of the Audit Committee for 4 years.

We submit for your approval his re-election for another 4-year term, as well as confirmation of his independent nature.

The second application for renewal that we propose is that of our colleague Yves-Thibault de Silguy. You voted Yves-Thibault onto the board in 2010, when he took over the mandate of Whitson Sadler. You then expressed near-unanimous trust in him. This makes it one year today since Yves-Thibault joined us. He is a member of both the Compensation and the Appointments Committees.

I can assure you that despite his busy schedule, Yves-Thibault has attended every single Board and Committee meeting.

I propose to you to renew his term of office as an Independent Director for a 4-year period.

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I now give the floor to Christian Jourquin. You will certainly have scanned the financial press when we published Solvay's annual results. You will also have seen the media reaction to the announcement of the bid on Rhodia. Markets have confidence in us.

We know we must earn that confidence. The loyalty of our shareholders and the consensus of our employees are essential here. Without confidence, it is impossible to weather crises and develop strategies.

Ladies and Gentlemen, Solvay deserves this confidence.

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