

**Speech by Mr A. MICHELSEN**  
**Chairman of the Board of Directors**  
**at the General Shareholders' Meeting of May 8, 2012**



Ladies and Gentlemen,  
Dear Shareholders and Friends,

First of all let me welcome you all to this *General Meeting*. The fact that so many of you are with us today is an encouraging sign of your confidence and interest in our Group. I would like to particularly mention our two Honorary Presidents, Mr Yves Boël, who unfortunately is unable to be with us here this morning, and Baron Daniel Janssen. Good afternoon, Daniel. You will also understand that I want to especially thank for his presence this morning Mr. Paul Washer, ..... to whom I owe so much, as well as Mr. Rampelberg who is travelling right now but is still in our thoughts.

This year's *General Shareholders' Meeting* is a remarkable one, in many ways:

- It is being held for the last time in these premises that have hosted so many meetings of every kind, attended by so many people, for so many years. There was a time when we even had laboratories here, before they moved to NOH, where everyone is together now, in what is today called "Solvay Campus".
  
- Second, 2011 was the year in which the euro and Europe were seriously threatened. The crisis is not over, but we need to recognize that it is the wisdom of our politicians, and the expertise of our economists and our financiers that have enabled us to avoid the worst.  
The next step will be the coming into force of the European Stability Mechanism (ESM), which we have been promised for July. Let's hope for that...
  
- Third, 2010/2011 were years of great change for Solvay with the acquisition of Rhodia. This was a strategic decision of paramount importance, which Christian Jourquin will speak to us about. We can already express our pleasure at its initial impacts.
  
- Finally, May 9 is an important date for Solvay. As you know, this is the date of significant changes in the management of our Group. I will of course comment on this.

First a few words on the economic situation.

## 2011, a crisis year

2011 started well: the first months were encouraging and helped by restocking, but in the third quarter trends reversed, even tipping several European countries into recession at the end of the year.

What is clear is that the financial crisis of 2008-2009 and the ensuing massive intervention of states and central banks which has reduced their room for maneuver, has left deep and lasting scars.

### *Slide 1: Growth of the global economy*

Real GDP growth (market exchange rates)	2010	2011	2012
World	4.0	2.5	2.1
US	3.0	1.9	2.1
Euro Area	1.8	1.5	-0.7
CIS	4.6	4.5	3.7
China	10.4	9.2	8.2
India	9.6	7.2	6.9
Mercosur	6.8	4.1	3.4

Real GDP growth (purchasing power parity)	2010	2011	2012
World	5.0	3.7	3.1
OECD	3.1	1.7	1.2
Non-OECD	7.6	6.3	5.5

Source: Economic Intelligence Unit, 2012. Real GDP growth

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Sovereign debt has increased and in several countries reached levels at which reimbursement is almost, if not totally impossible. Today, uncertainty persists, but, as I said, the political decisions are going in the right direction. Moreover, global growth remains nevertheless significant, at 2.5% last year and forecast at 2% this year. You should know that 2% global growth requires, if demand for carbonate increases in step with GDP, an additional 1.3 million tons of CB.

This shows the importance of growth for a Group like ours. But this growth is never evenly distributed among companies and regions.

This isn't good news for Europe. China, India and Russia continue their strong growth at rates ranging from 4.5% to 9.2%. Did you know that in these countries, demand for PVC could theoretically increase by about 2 million tons per year. Who says PVC has no future?

How does Europe react facing all this?

What will be its future role in an increasingly multi-polar world? The World Bank in a very recent report predicts that, by 2025, the six emerging countries hiding behind the acronym "BRICC" (Brazil, India, Russia, Indonesia, China and Korea) will produce more than half of global growth. In the coming years, this growth could come close to 5% against - hopefully - a little over 2% for the "old world". This could change many things, like the location of the corporate headquarters, the way capital markets operate, patent management, partners in mergers/acquisitions etc. ... We can expect significant upheavals and will need to revise many reference points. The impact will also be as much incontrovertible and important in the monetary area, as the absence of a common currency in emerging markets, which are physically distant from each other, and very different in many ways, makes plausible the hypothesis expressed by the World Bank that the most likely monetary scenario is that of the emergence of a multi-currency system based on the dollar, the euro and the RMB: hence the importance of defending the euro. But things are moving here as the recent meeting in New Delhi showed. All this will affect both our business and our everyday lives. Let's hope that Europe will not miss the train ... This will mainly rely on the confidence that she will manage to reinstall.

Above all, it will have to act faster. Lengthy decision making, although understandable, are very costly. It needs to better defend what economists call its 'knowledge level', which is perhaps Europe's most valuable asset.

Back to Solvay.

Our strategic geographical thrust reflects in these considerations. Its objective is an increased presence in Asia, in Eastern Europe and the Americas.

Mr. Jourquin will show us how proactive we have been in these countries in recent years.

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I turn now to the Group's financial performance. Let me first remind you of our financial objectives. They are directed at the net income growth, ROE and the dividend.

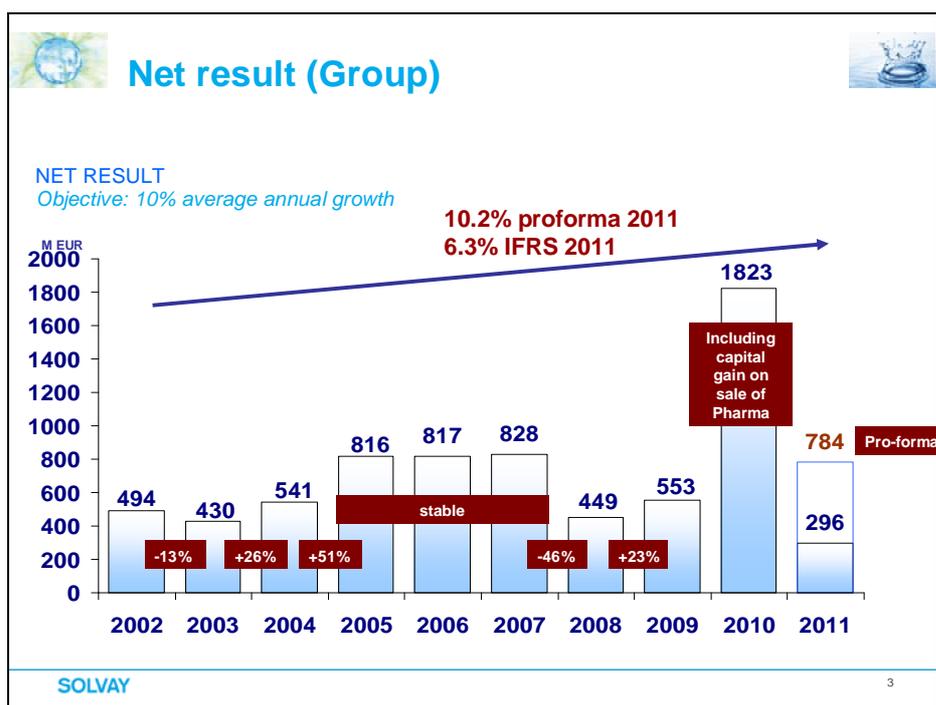
*Slide 2: Long-term financial objectives:*

	OBJECTIVE
Growth of net result	10%
Return on equity	15%
Dividend policy	Increasing our dividend whenever possible, and if possible, never reducing it.

\*Pro forma

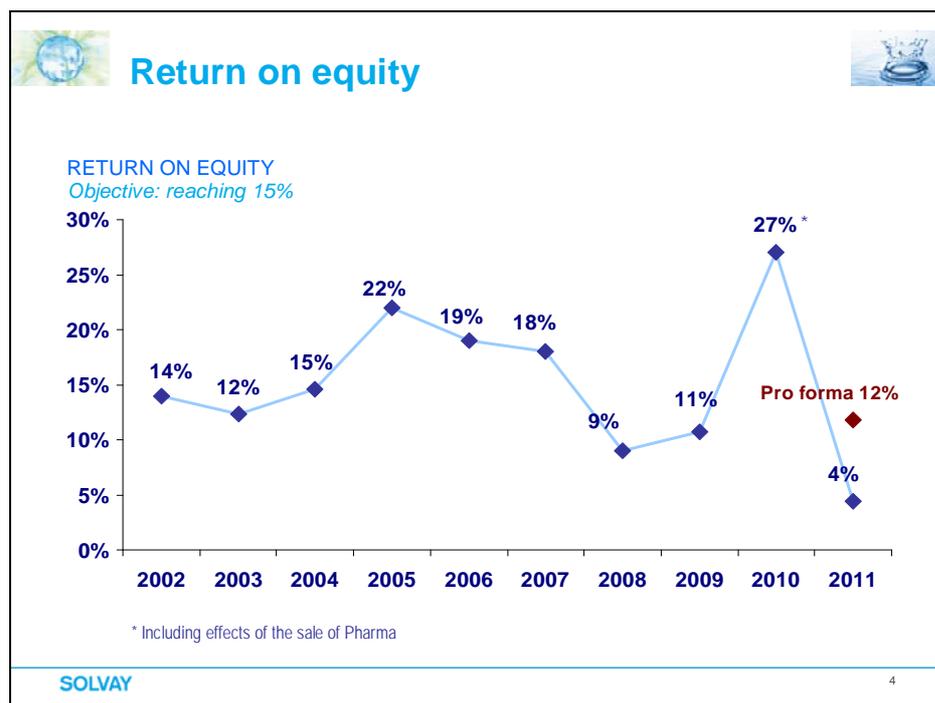
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Slide 3: Net income (Group)



- At first glance, one could think that we have not been able to achieve the 10% average annual growth of our net income. We have reached 6.3% over the past ten years, with net income in 2011 of MEUR 296 under IFRS. All this needs to be further detailed, as we need to admit that, for a little more than one year after selling our pharmaceuticals sector in 2009/2010, we did not take full advantage of the money generated by this sale. It is also important to note that the 2011 figures have yet to benefit fully from the acquisition of Rhodia. When looking at the pro forma data, which is well-accepted within the financial world and which reflect the full reality of today's Group, net income reaches MEUR 784 in 2011, giving an average annual growth of 10.2% over the 2002-2011 period. This brings us beyond our 10% goal.

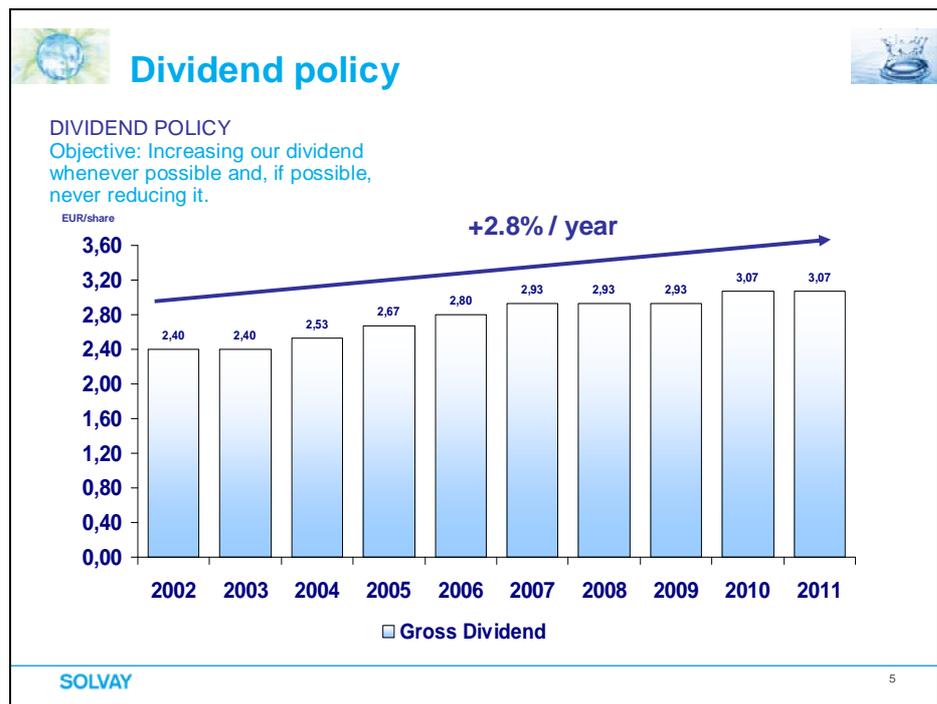
Slide 4: Return on equity



- Let's look at the evolution of ROE. Last year it was only 4%, but pro forma it would have reached 12% in 2011. In assessing this ratio, we need to bear in mind that the capital gain on the sale of Pharma is included in equity, with a corresponding reduction in ROE. Taking this into account, we are not far off our target of 15%. This target might need to be revised or adapted, given that we are living in a period of low interest rates and that our "product" portfolio has changed dramatically.

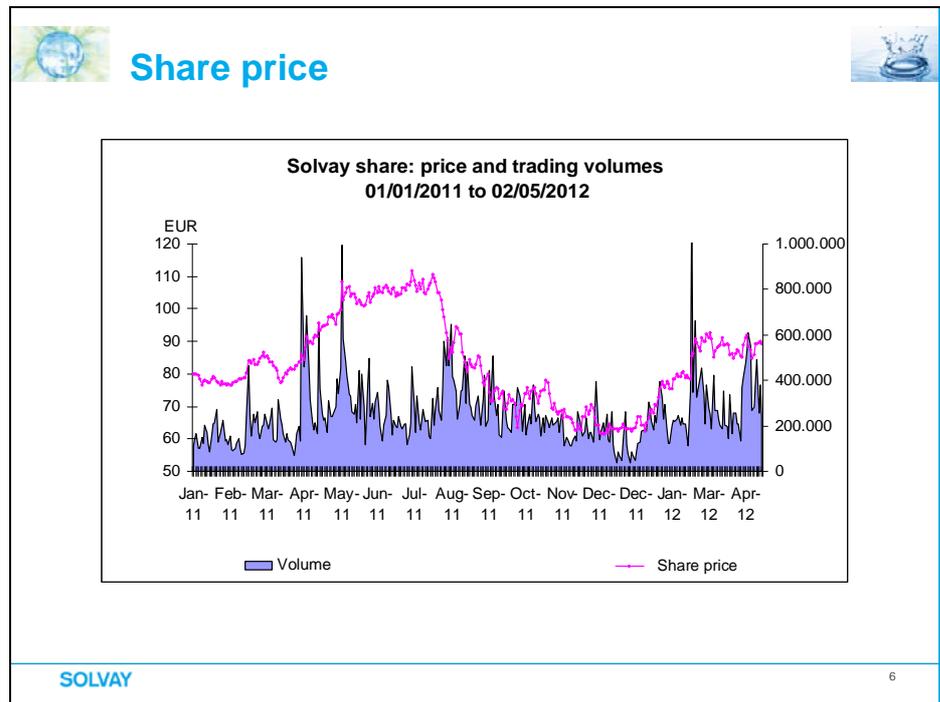
The Board is examining this subject.

## Slide 5: Dividend policy



- As for our dividend, given our policy in this area and the very difficult economic situation, the Board of Directors proposes to maintain the dividend unchanged this year. It is useful to place this decision in its historical perspective: for the past 30 years, the dividend has never dropped and over the past 10 years, it has risen steadily from 2.40 to 3.07 euro per share, which represents a 2.8% average growth over the last 10 years. We have therefore reached our objective here as well.

Slide 6: Share price



- Nor have we anything to be ashamed of when we look at the evolution of our share price. The market is currently very volatile. Our share price has positively evolved over the last few months and the Rhodia operation has been well received by markets, with the price is right now around EUR 90 (May 2).
- I am proud to say, particularly today, that as a team, the financial objectives have been reached over the past ten years.

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Let's talk about governance

Good governance is essential and gives confidence. It is constantly evolving, sometimes under pressure from legislators, sometimes following the recommendations of governance committees and organizations, sometimes at the initiative of the company itself. Every year we report to you at length on our governance rules. The

governance report in your possession deserves your attention because it guarantees the transparency of our operations and the independence of our Board of Directors.

Recent developments in corporate governance are grounds for serious reflection. Are we not going too far down the road of binding legislation? I hope that governance will always respect the diversity and specificity of individual companies. This must not become a political football. It is often said that too much tax kills tax. It's the same with binding regulations on governance: too much legislation in this area kill entrepreneurship. The criteria need to remain simple and flexible. 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. Nothing is perfect, but let's preserve entrepreneurial spirit and creativity. Otherwise, there is no growth.

You will understand that I am very supportive of good and transparent governance, but it needs to act within a context of "comply or explain".

For "Solvay", good governance has been part of our culture for the past 150 years. This is where our strength lies.

Since we cannot review in detail the entire governance report, let me draw your attention to a few particularly relevant and topical items:



The slide features a blue border and a title 'Governance report' in blue text at the top left. It contains two main bullet points, each with a sub-point. The first bullet point is 'Composition of the Board of Directors', with sub-points '13 men and 2 women' and 'at least 1/3 women by 2018'. The second bullet point is 'Maintaining for 2012 the existing variable remuneration system for Executive Committee members', with a sub-point 'Revision of the rules under way'. The Solvay logo is in the bottom left and the number 7 is in the bottom right.

**Governance report**

- **Composition of the Board of Directors**
  - ↳ 13 men and 2 women
    - at least 1/3 women by 2018
- **Maintaining for 2012 the existing variable remuneration system for Executive Committee members**
  - ↳ Revision of the rules under way

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- Our Board will from now on consist of 13 men and 2 women. As required by the rules, we will take care, as the next renewals come up and within the legal deadlines, to respect the requirement of having a female presence of at least one third on the Board.
- The law provides that from 2011 onwards, unless otherwise stipulated in the by-laws of the company or expressly approved by the General Meeting, at least one quarter of the variable remuneration of Executive Committee members - the definition of which is still not clear - is to be based on predetermined performance criteria, measurable over a period of at least two years. A quarter should be based on predetermined and objectively measurable performance criteria over a period of three years. Given that our current system is already based on predetermined and measurable performance criteria, and also that last year you gave us permission to keep it in place, we are retaining the status quo in our policy for 2011 and 2012. We are planning to review this policy in the course of 2012, with the objective of applying the revised policy from the beginning of 2013. All

this is described in detail in the governance report and you will be informed of any changes once they are approved by the Board.

- The report lying in your hands also contains many other points. I do not think it useful to go into details because all these points you already know. And you know that we are at your disposal to answer any questions you may have.

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*Slide 8: Successions and composition of the Board of Directors*

**Successions and composition of the Board of Directors**

**Aloïs Michielsen**  
Chairman of the Board of Directors  
(until May 8, 2012)

**Nicolas Boël**  
Chairman of the Board of Directors  
(from May 9, 2012)

**Christian Jourquin**  
Chairman of the Executive Committee  
(until May 10, 2012)

**Jean-Pierre Clamadieu**  
Proposal to appoint him as Director and Chairman of the Executive Committee  
(from May 11, 2012)

**Jean-Marie Solvay**  
Proposal to renew his term of office as non-independent director

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A word now on the functioning of the Board of Directors and the Executive Committee.

The history of any commercial company is made up of appointments, departures and successions. Today I end my term as Chairman of the Board and Nicolas Boël tomorrow becomes my successor.

I have always been imbued with the culture of Solvay, marked by respect for persons, their competence and the thirst for entrepreneurship.

With this culture behind me, I was often able, in the many functions I have performed in the Group, to propose strategies that permitted the necessary changes to support growth while maintaining a sound basic financial situation.

I would mention two major examples embodying the success of our culture:

- The sale of the polyolefins activity and, in parallel with this, the development of the specialty polymers sector, mainly through acquisitions. Both initiatives were closely orchestrated in time. Squeezed between fluctuating raw material prices and the market prices of polymers, the polyolefins business was no longer viable

Entry into specialty polymers allowed us to largely replace the value-added that we had sold, to enter growth markets, to maintain our position in the U.S. and to leverage our technical expertise and our commitment to innovation.

Today it has become the most profitable sector of the Group, and it is developing fast. This success was the result of extraordinary teamwork, of which - and I quote his name deliberately - Mr. Henri Lefèbvre had the secret.

It is our culture that allowed this success.

- The second example of the Group's ability to adapt that I would like to mention is the recent decision to sell the pharmaceutical sector and to acquire the French group Rhodia. Christian Jourquin will comment on this acquisition. This was another major decision for our Group. It allows Solvay to grow faster, including in Asia. With Rhodia, we are now, in the field of chemistry, a stronger Group, better able to meet the new challenges of sustainable development and energy supply. This acquisition expands our product range and opens up the way to many new developments and innovations.

It is our culture that led us to take this initiative.

- I'll leave it at that. If I mentioned them, it is because these two major examples are the result of our traditions of human respect, ability and entrepreneurship. Let us guard them carefully.

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I am sure, dear Nicolas, that together with the Board of Directors and the Executive Committee you will ensure the development of these bases, which through many generations have ensured the success of our company for almost 150 years.

Dear Nicolas, as Chairman of the Board from tomorrow, unanimously nominated by your peers, you have prepared yourself remarkably well for this task in recent months. You have been a director of Solvay for 14 years. You have previously held difficult positions. You are an industrialist.

Good luck, Nicolas, you have our full confidence.

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Another major fact is the departure of Christian and the appointment of Jean-Pierre Clamadieu as Chief Executive in the coming days. The appointment of Jean-Pierre as a director will be proposed shortly.

Dear Christian, your intelligence and your successes during your 41-year career at Solvay should be particularly highlighted. Congratulations for these many years. You have been sensitive to the changes in the world of chemistry and have kept our Group firmly on the road of adaptation. You have been careful to strengthen our culture.

Dear Jean-Pierre, Rhône-Poulenc, part of which became Rhodia, and Solvay have known each other for over 100 years. You have made most of your career in this company. Your choice to become the CEO of the two groups, now united, is the best proof that you believe in the consolidation because you know its two components. Good luck, Jean-Pierre, you have our full confidence. Immerse yourself in our traditions. Solvay will impregnate itself into Rhodia's. We will shortly be voting on Mr. Clamadieu's election as a Director.

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Dear Shareholders, I suggest you warmly applaud our friends Nicolas and Christian and that you encourage Jean-Pierre in his new position.

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There are other important changes that will affect the lives of the Group at management level:

- With the appointment of Nicolas, a family member, Denis Solvay, whose primary function was to be the main point of contact between the family shareholders and the Chairman of the Board, will cease his function of Vice-President, but of course will remain a member of the Board.

Dear Denis, thank you for your recommendations. You have helped me a lot. You have impressed me many times by your many recommendations, always very well thought-through.

The function of Vice-President is not being renewed at this time.

- One important change that needs to be emphasized is the appointment of Jean-Martin Folz as Chairman of the Appointments Committee. This function has until now been undertaken by the Chairman of the Board. This will strengthen the independence of the Board.
- Finally, we will be asking you to vote on the reappointment as a non-independent director of Mr Jean-Marie Solvay, who is very vigilant in maintaining our spirit of innovation.

*Slide 9: Composition of the Committees*

	Audit Committee	Finance Committee	Compensation Committee	Nomination Committee
Nicolas Boël		C	C	M
Jean-Pierre Clamadieu		M		
Bernard de Laguiche		M		
Denis Solvay			M	M
Guy de Selliers de Moranville	M	M		
Jean van Zeebroeck			M	M
Jean-Martin Folz			M	C
Bernhard Scheuble	C			
Anton van Rossum	M			
Charles Casimir-Lambert	M			
Baron Hervé Coppens d'Eeckenbrugge		M		
Ms. Petra Mateos-Aparicio Morales		M		
Yves-Thibault de Silguy			M	M
Ms. Evelyn du Monceau			M	M

C Chairman   
 M Member

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- Last point to mention: the composition of the Board Committees will change with my departure and that of Christian. Here is the updated table. Take a picture of it, it doesn't need specific comments.

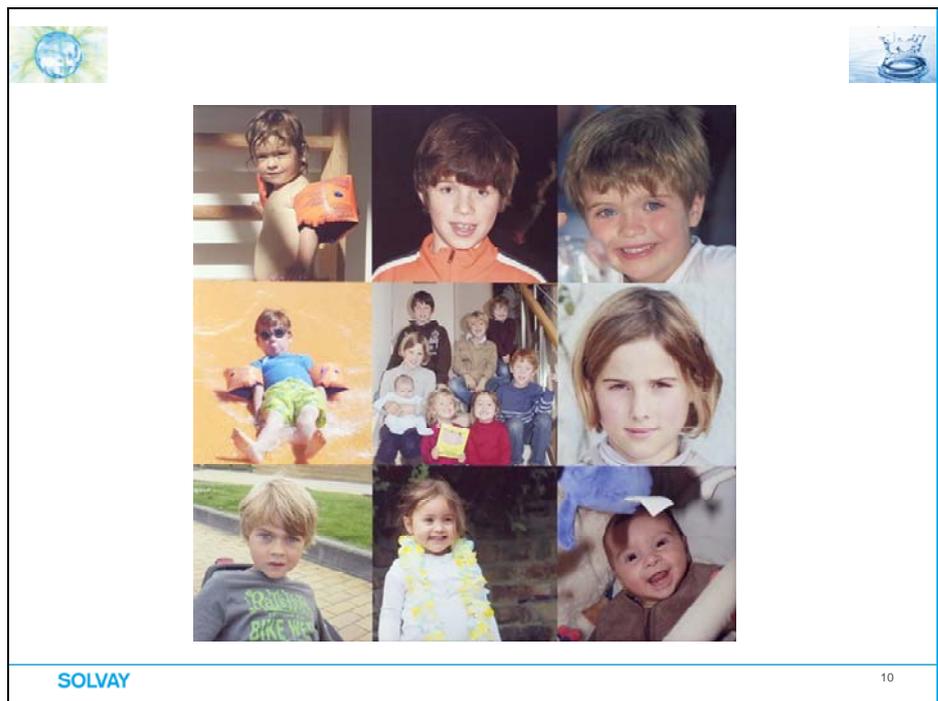
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Before giving the floor to Christian, I would like to personally thank all stakeholders of the Group for their support to me over the past 44 years.

These 44 years have given me much satisfaction but there were also difficult moments. I had the pleasure of meeting and being guided by many personalities. I have been privileged to work with and for shareholders, mainly family members, who have given priority to a long-term vision that allows risk-taking innovation and new ventures.

I would thank my close colleagues and the personnel of the Group. Together we have successfully lived a great adventure that is certainly not over for most of you, and that allows me to say today: be proud of our Group. It deserves it. Continue to trust it and, saying that, we know that trust has to be earned.

*Slide 10:*



Finally, and last but not least, I want to thank Nanine and my children for their patience and understanding. They have given me a fantastic gift: 8 wonderful grandchildren. What happiness!

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In a few months, our Group will be 150 years old. It is now one of world's top 10 chemical companies, with a leading place as an industrial group in our country. Its potential is enormous. Thank you for your loyalty.

*"To the extent that any statements made in this presentation contain information that is not historical, these statements are essentially forward-looking. The achievement of forward-looking statements contained in this presentation is subject to risks and uncertainties because of a number of factors, including general economic factors, interest rate and foreign currency exchange rate fluctuations; changing market conditions, product competition, the nature of product development, impact of acquisitions and divestitures, restructurings, products withdrawals; regulatory approval processes, all-in scenario of R&D projects and other unusual items. Consequently, actual results may differ materially from those expressed or implied by such forward-looking statements. Forward-looking statements can be identified by the use of words such as "expects," "plans," "will," "believes," "may," "could" "estimates," "intends", "goals", "targets", "objectives", "potential", and other words of similar meaning. Should known or unknown risks or uncertainties materialize, or should our assumptions prove inaccurate, actual results could vary materially from those anticipated. The Company undertakes no obligation to publicly update any forward-looking statements"*



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