

**Speech by Mr Christian Jourquin  
Chairman of the Executive Committee  
at the Solvay General Meeting of  
May 8, 2012**

**"Further. Closer. Together."**



Ladies and Gentlemen, dear Shareholders,

This year, perhaps more than in any other, let me thank you for showing your commitment to our Group by your presence. This is particularly important to us in a year which is exceptional on more than one count. It is your loyalty and trust that have enabled Solvay to transform itself fundamentally and to create what became in 2011 the world's ninth largest chemical company. And  
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more than that, it is your loyalty and trust that allow us to look to the future with enthusiasm.

As you know, every two years the Solvay Executive Committee retreats into the country to take stock and identify the key strategic directions of the Group. At our 2008 retreat, we decided to project ourselves far into the future, setting a long-term goal: the Group's 175th anniversary in ... 2038. My Executive Committee colleagues and myself came to the conclusion that, to prepare our Group's 175th anniversary, we needed to adapt our practices and rethink our activities, to bring them as closely in line as possible with the major trends in the development of the human community. And we set to work with enthusiasm.

And what a long way, Ladies and Gentlemen, we have come since then. Since the last general meeting, we have passed through historical months - and I weigh my words carefully. We have completed another key stage of the strategic journey towards creating a more sustainable Solvay. We started this journey by selling our pharmaceuticals business. We then introduced clearer and more motivating structures.

## Slide 1: Creating a major chemical player

 SOLVAY (2011 PROFORMA)  
**Creating a major chemical player** 

**RHODIA ACQUIRED IN SEP 2011**

- ▶ **TOP 10 worldwide** largest chemical player
- ▶ **World leader** with **90%** of its sales in markets where it is among the **top 3 global**
- ▶ Global presence with **40% of sales in fast growing countries**
- ▶ **Diversified end-markets**
- ▶ Committed to **sustainable development** with a focus on **innovation and operational excellence**
- ▶ Headquartered in Brussels, with about **29,000 people in 55 countries**
- ▶ Dual Listing: **NYSE Euronext** Brussels & Paris

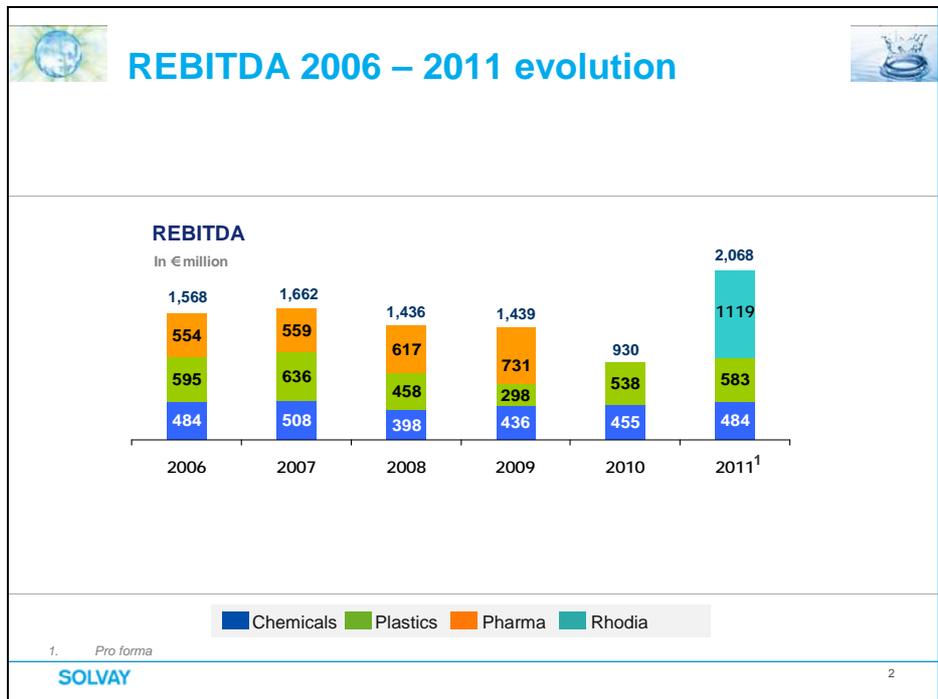


REBITDA: operating result before amortization, non recurring elements, financial charges and taxes  
\* From continuing operations  
\*\* Cash flow from operating activities + cash flow from investing activities, excluding acquisitions and sales of subsidiaries and other investments + dividends from associates and JVs.

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Today, our rapidly successful friendly tender offer for Rhodia has restored the size of our Group, that had been amputated by the sale of pharmaceuticals. Compared to last year, Solvay has doubled in size. With net sales of EUR 12.7 billion, REBITDA of EUR 2.1 billion and a rich product portfolio, the Group is one of the world's 10 largest chemical companies. But beyond acquiring vital critical mass, we are on track for achieving the next essential goal: the integration of Rhodia as a new Sector of the Group is well advanced. This integration gives birth to a new, more powerful and even more ambitious Solvay, which will next year celebrate one and a half centuries of existence and will be able to look forward serenely to the celebration of its 175th anniversary.

## Slide 2: REBITDA 2006-2011 evolution



This is reflected in our results. We observe that the pro forma REBITDA for 2011, standing at GEUR 2.1 for the Group as a whole, is higher than that of previous years, in which the Pharmaceuticals Sector was posting record results.

The incontrovertible success of our tender offer for Rhodia has allowed us to make a major leap forward in achieving our strategy. Let me remind you of the key features of this initiative:

- We want to strengthen our presence in fast-growing countries;
- We will be developing our high added value activities;
- We want to grow in products with reduced environmental and energy footprints, and

- We want to reduce the cyclicity of our business portfolio, specifically by spreading the distribution of our end-markets.

These strategic criteria guided our choice when reinvesting the proceeds from the sale of the Pharmaceuticals Sector, of course. But they also dictate our industrial initiatives as a whole, as evidenced by the record of our achievements in 2011.

In China, which remains the most powerful driver of global growth, these include no less than four major industrial projects for the Solvay group in its new configuration, with:

- a major investment to create a new fluoropolymers plant;
- starting a unit to produce rare earth-based composites for catalysts for the Chinese automotive pollution control market;
- increasing our capacity in hydroquinone to meet rising demand in markets like super-absorbent polymers, paint, automotive and electronics;
- and lastly, the acquisition of a unit producing guar derivatives, used among others in cosmetics, oil extraction and agrochemistry.

*Slide 3: Thailand: new H<sub>2</sub>O<sub>2</sub> megaplant*

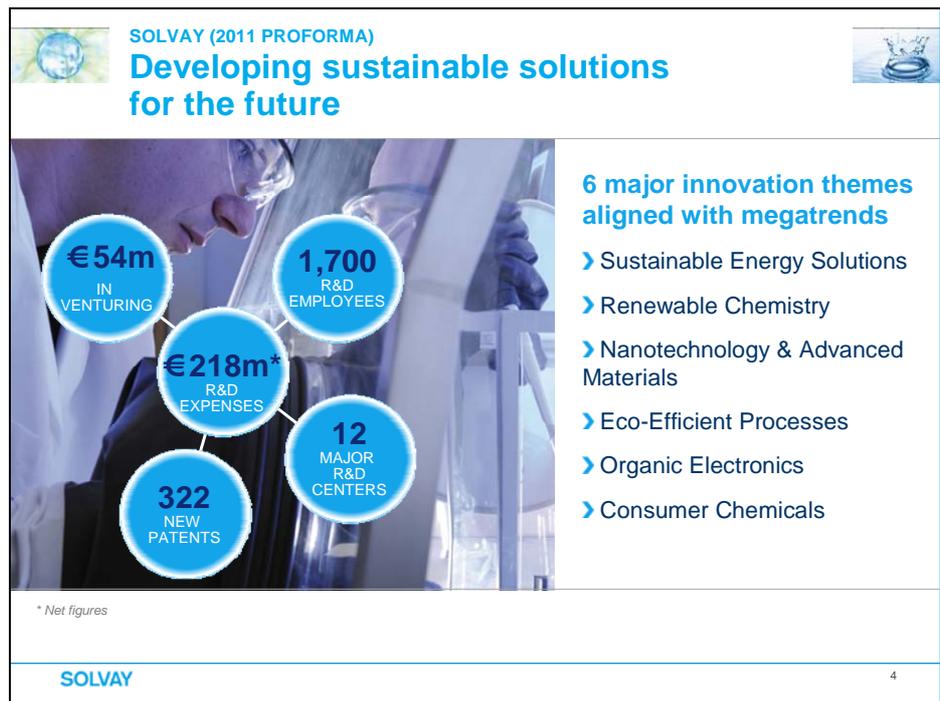


In Thailand, we commissioned our new hydrogen peroxide megaplant, with an annual capacity of 330 kilotons. This start-up, which was smoothly and very successfully executed, is further demonstration of our excellent technological capabilities. We have also signed a preliminary agreement to create a similar industrial complex, based on our proprietary technology and know-how, in Saudi Arabia.

Let's now return to Europe, where we have long roots. We have continued to develop our high value added activities by increasing our fluoropolymers production capacity at Spinetta in Italy and at Tavaux in France.

For North America, I would mention that the Rhodia Sector has increased production capacity for its highly dispersible silica product at Chicago Heights, United States.

*Slide 4: Developing sustainable solutions for the future*



We have also taken key steps forward in our policy of readying ourselves for sustainable growth. We have set up a research and development center at the heart of a very highly reputed Korean university campus, to focus on new energy and electronics. Also in Korea, Solvay is testing a new fluorinated chemistry concept that will allow its industrial customers to reduce greenhouse gas emissions when manufacturing solar cells or semiconductors.

*Slide 5: New Business Development*

The slide is titled "New Business Development" in blue text at the top center. It features four main sections, each with a colored border and a blue bullet point:

- Printable Electronics** (blue border): Includes images of a printed circuit board and a person in a lab coat holding a printed component.
- Sustainable Energy** (green border): Subdivided into "Generation" (image of a solar car) and "Storage" (image of a flexible battery and a red battery pack).
- Foot Print reduction technologies** (green dashed border): Includes "Renewable Chemistry – White biochemistry" (image of a plant) and "CO2 valorization" (image of a factory with CO2 being converted).
- Nanotechnologies** (orange border): Includes images of a grey nanostructure and a green nanostructure.

The Solvay logo is in the bottom left corner, and the number 5 is in the bottom right corner.

Let's now turn to New Business Development, with its mission of exploring new sources of potential growth on the edges of the Group's traditional activities. In 2011, Solvay NBD reaffirmed its confidence in the future of printed electronics technologies with a new investment in Plextronics, in which we are the reference shareholder. The Rhodia Sector for its part announced the development of an innovative process for recycling rare earths, in collaboration with Umicore, a group we know well. Let's also mention the start of a new research partnership with the French CNRS and the East China Normal University in Shanghai, focused on green chemistry. Finally, the Solvay Group has implemented various measures to further strengthen its competitiveness and resilience to economic downturns, like acquiring a fluorspar mine in Bulgaria (and hence deepening its vertical

integration in Fluor) and the deployment of SOLWATT, a structured process for achieving excellence in energy consumption..

*Slide 6: Horizon: fostering sustainable growth*

**Horizon: fostering sustainable growth**

**Creation of a new organization which :**

- brings the organization closer to the customer
- reinforces entrepreneurship within Solvay
- empowers employees operating in the field
- facilitates strategic thinking and deployment of Solvay's strategy
- creates a faster and more motivating organization
- increases its attractiveness for talents globally.

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Proper management of a company like Solvay requires us to take initiatives on several fronts at once. The businesses are coming up with more and more promising projects - and we are also working on the structure of the Group. 2011 was the year when many changes took definitive shape. First there was the huge transformation program, named Horizon, that became a reality in April last year.

It was important to conclude this restructuring phase before reinvesting the proceeds from the sale of our pharmaceuticals activity. Integrating a

new group with over-heavy structures would have required radical and painful changes, and would have delayed the implementation of synergies.

With Horizon, we have introduced a new operational structure that brings us closer to our customers and gives greater autonomy to employees in the field. Our new decentralized organization aims in particular to improve the responsiveness required in times of crisis and to position us better to capture growth opportunities as they emerge. With Horizon we are also creating a new and powerful engine for innovation. Lastly, Horizon will bring savings of EUR 120 million a year by the end of 2012. It has also enabled us to develop a new thrust for excellence in Manufacturing, which is already giving initial very positive results in terms of on-stream factor.

This has led us to set up a certain number of operational decision centers outside Belgium.

Today it is a Corporate Center, of limited size and based in Brussels, that steers the Group.

By moving out of our historic headquarters building in Ixelles and placing it up for sales - a move I announced at the previous *General Meeting* - we have given a strong sign. The anchoring of the headquarters of our new Group at the heart of the Solvay Campus, this magnificent site with its culture of research and technology, combines two essential traits of our character,

equally manifest at Solvay and at Rhodia: innovation and operational excellence.

This was not an easy decision, as we were all attached to our historic home. And this move entailed inconveniences for a lot of employees.

Prior to its acquisition by Solvay, Rhodia had embarked on a similar approach to Horizon, with its *Move for Growth*. The fundamentals of this program are similar to Horizon and the objectives converge. This alignment has facilitated the definition of a coherent approach to the creation of the new Solvay.

Today it is the Group as a whole that is acquiring a new organization, one that is faster, more agile and closer to markets. In so doing we are creating structures that are more motivating for our employees, in a Solvay which we want to be a more exciting company to work for.

*Slide 7: Our integration priorities*

**Our integration priorities**

› **Integration**

16 functional workstreams organized in sub-workstreams, mobilizing over 200 people

› **Capture of synergies and execution of Horizon<sup>(\*)</sup>**

- Integration synergies: €280m by end 2014
- Horizon savings: €120m by end 2012

(\*) compared to cost-base 2010

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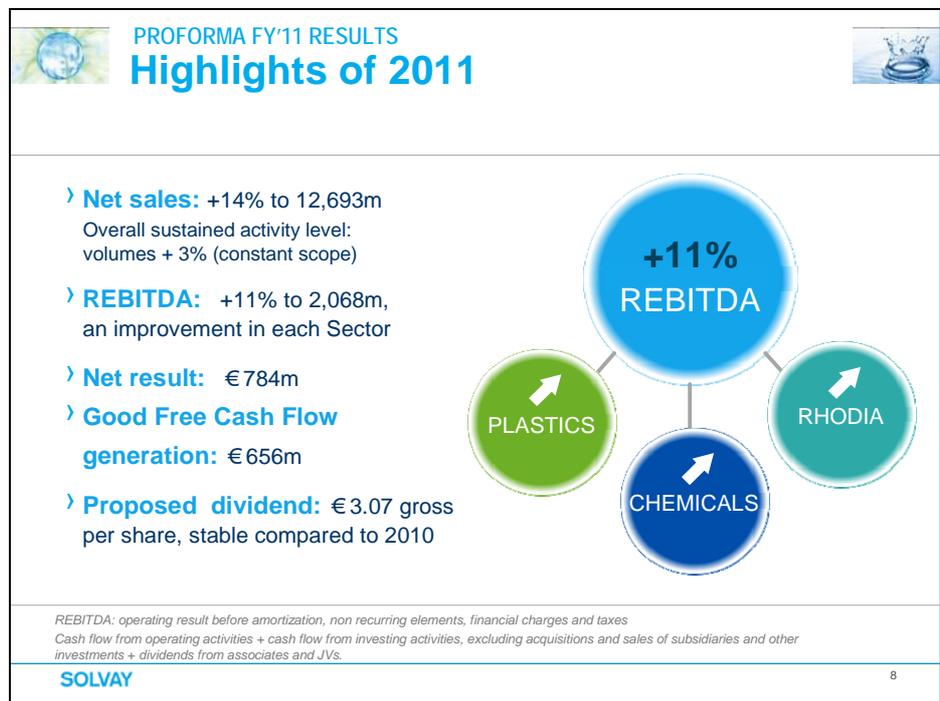
We are committed to fully implementing Horizon, in order to draw a maximum of benefits for the Group, while already working on the integration of Rhodia.

This integration is led according to our expectations. Among the key decisions in this well-structured process, we would mention the adoption of a comprehensive plan that will generate significant synergies and trim our annual expenditure by approximately EUR 280 million. We will achieve this by combining the results of efforts already under way and the powerful lever effect of the integration of Rhodia into the Group.

Even if it has taken the form of an acquisition, we want to view the integration as the chemical fusion of two elements precipitating into a new Group, which will, once the process is completed, present the best features of its two initial components.

On January 1 this year, we created a new Global Business Unit, Solvay Energy Services, which now provides energy and CO<sub>2</sub>-related services to both the Group and external customers. Creating this entity was very important symbolically as the first embodiment of this process of 'chemical fusion'. Very soon it will be impossible to distinguish the origins of the elements of the new ensemble formed in this way. Moreover, this new GBU offers a powerful potential for synergy which we identified from the very start of the integration of Rhodia and Solvay.

*Slide 8: Highlights of 2011*

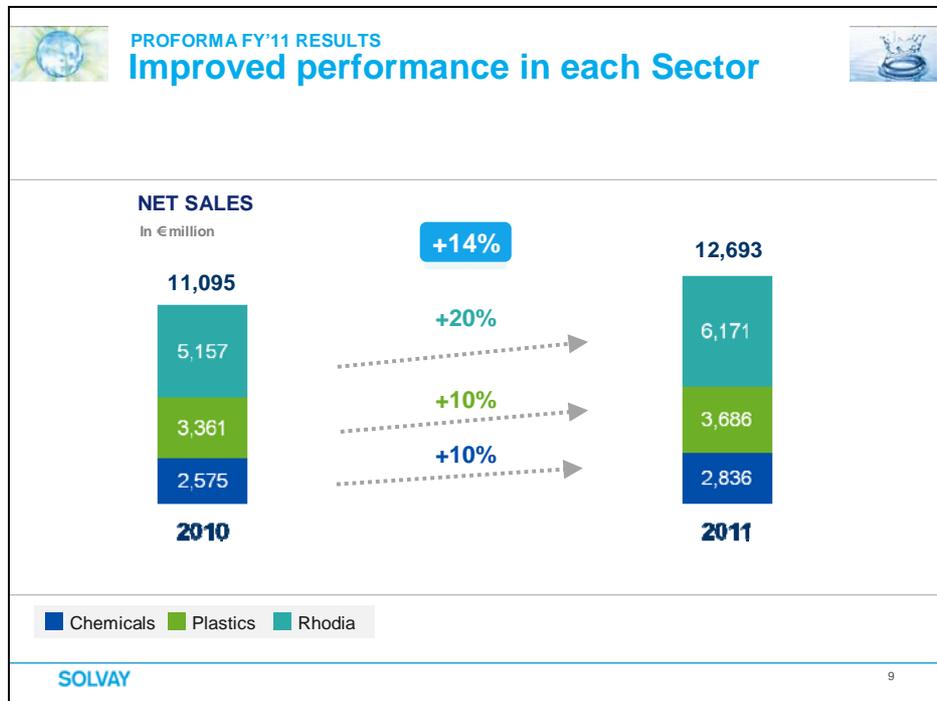


Turning now to the economy and our resilience, our 2011 results demonstrate unequivocally that we are perfectly capable of generating a very good performance in uncertain times. Let me remind you of the main features:

We have made progress in all Sectors of activity. Rhodia's first contribution to Group results, in the fourth quarter of last year, was substantial. On a pro forma basis, Solvay has annual net sales of EUR 12.7 billion, a REBITDA of EUR 2.1 billion and net income of nearly 800 million.

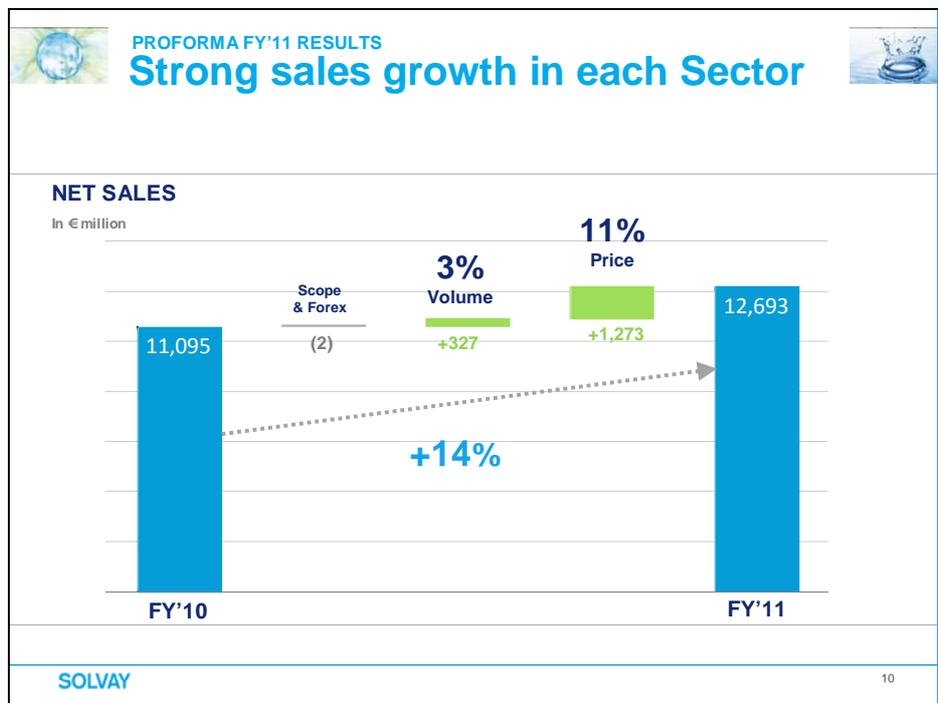
Today we constitute a major player in the chemical industry, a world leader in 90% of the markets it serves, with 40% of sales coming from high growth countries and which is investing EUR 220 million a year in R&D.

*Slide 9: Improved performance in each Sector (Net Sales)*



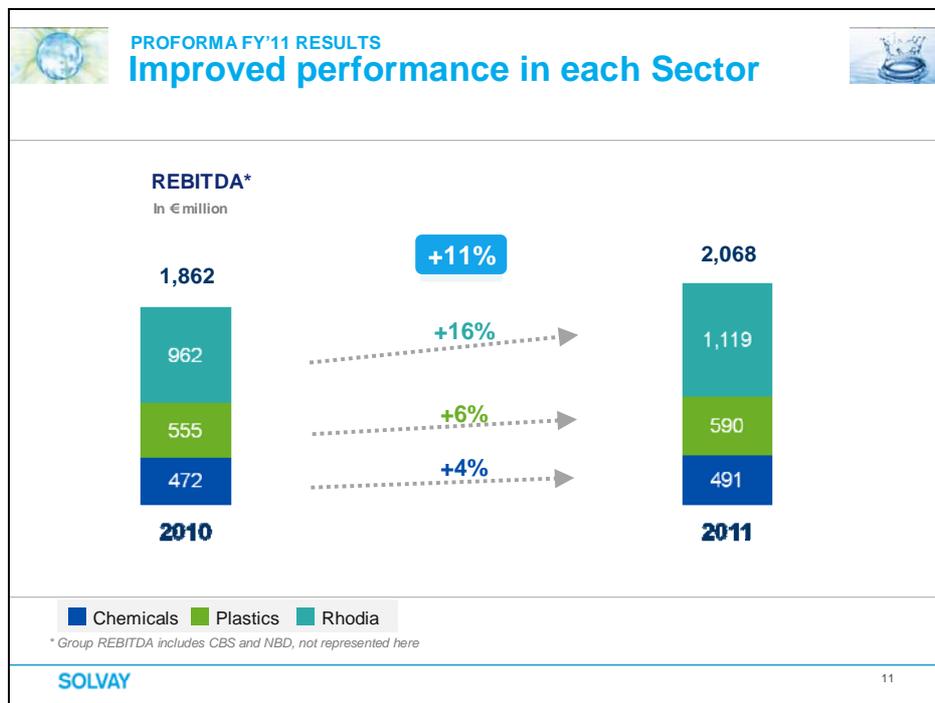
Group net sales for 2011, on a pro forma basis, jumped 14% - an increase fuelled by a significant increase in prices, with an overall 11% impact on sales. The economic environment remained strong throughout 2011 for most activities, as evidenced by the increased sales volumes in each of the Chemicals Sector (+4%), the Plastics Sector (+2%) and Rhodia (+3%).

Slide 10: Strong sales growth in each Sector



Activity was particularly brisk in Specialty Polymers, Advanced Materials and Consumer Chemicals. Other activities faced a distinct slowdown in demand during the final months of the year, especially Vinyls, fluorinated chemicals and Polyamide Materials.

Slide 11: Improved performance in each Sector (REBITDA)



Still on a pro forma basis, REBITDA for 2011 totaled EUR 2,068 million against EUR 1,862 million in 2010, an increase of 11%. As in 2008-2009, priority was given to the generation of cash, especially in the fourth quarter. This enabled significant reductions in inventory, but with a negative earnings impact estimated at around EUR 50 million. The balance structure remained sound.

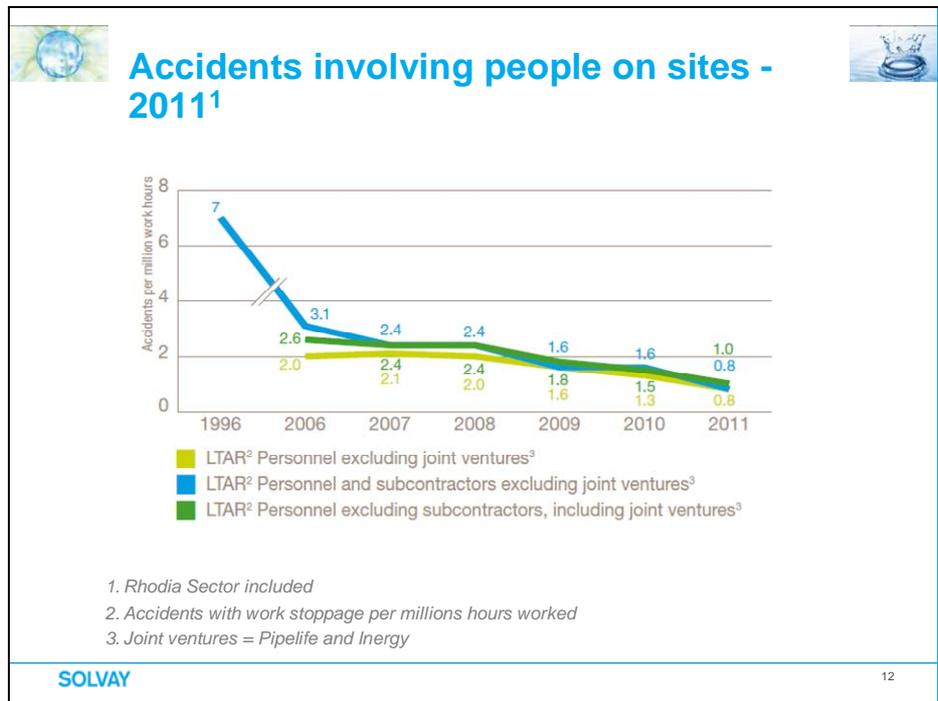
Higher REBITDA in the Plastics Sector (up 6% to EUR 590 million) reflects the record operating performance of Specialty Polymers, in a context of sustained activity. Results from Vinyls, meanwhile, have been under heavy pressure since the end of the summer despite significant efforts to cut

costs. Over the full year, their REBITDA decreased slightly by 4% compared to 2010.

REBITDA in the Chemicals Sector is again up from the previous year, by 4% to EUR 491 million. The result from Essential Chemicals is 9% higher than in 2010, supported by rising demand in most activities and good profitability. Despite a very good operating performance in the first half, REBITDA of Special Chemicals was down owing to a sharp slowdown in the final months of the year.

The Rhodia Sector recorded a record REBITDA of EUR 1,119 million. This 16% increase compared to 2010 illustrates the success of its strategy of profitable growth and confirms the hopes that Solvay had placed in this acquisition. Rhodia has fully leveraged its portfolio of high quality, resilient activities, its solid presence in high growth regions and its excellent pricing power in a context of rising raw materials and energy costs. Profitability is up over 30% in the Consumer Chemicals and Advanced Materials clusters, which are powerful drivers of growth, with REBITDAs of EUR 364 million and EUR 267 million respectively. Polyamide Materials, down 23% from a high comparison base in 2010, suffered from low activity in the second half. REBITDA was up 7% in the Acetow & Eco Services cluster, with good momentum all year long despite the mature nature of its market. Energy Services remains stable.

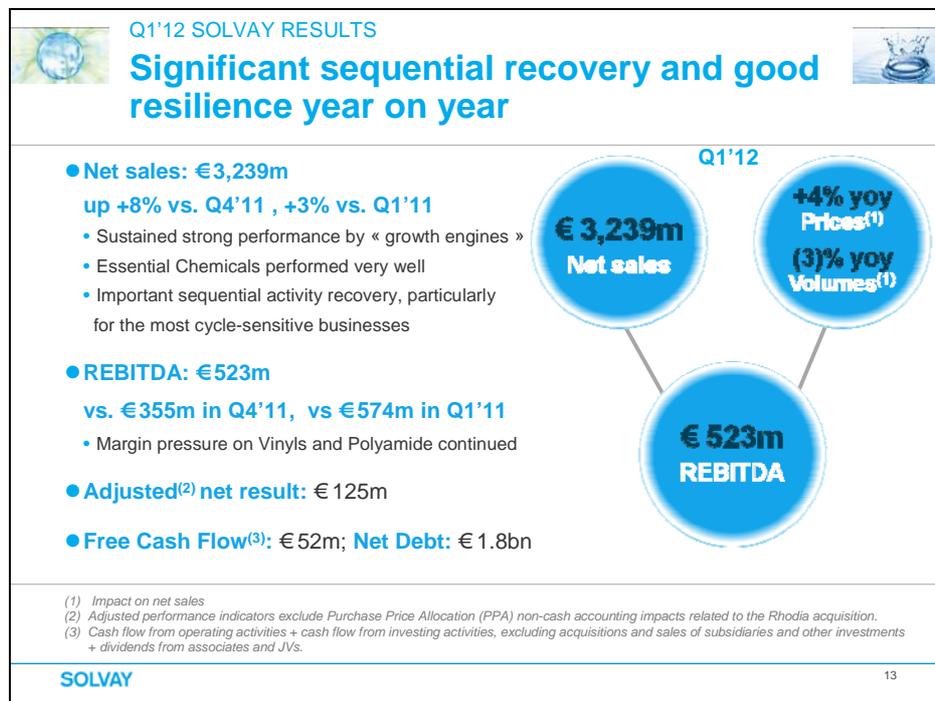
Slide 12: Accidents involving people on sites - 2011



Let me conclude this overview of our performance in 2011 by a result that demands our constant attention: that of the safety of the people through whom our Group lives and prospers.

For Solvay, the goal of zero accidents remains paramount. Our safety performance improved in 2011, with a frequency rate of 0.8 accidents. However, despite prevention efforts, we deeply regret the accidental death of a person working on a conveyor belt at our Okorusu site in Namibia. We will continue to work tirelessly to ensure that work is never again - anywhere - a danger. I know that our successors will be deeply concerned with making progress on this difficult path.

Slide 13: Significant sequential recovery and resilience yoy

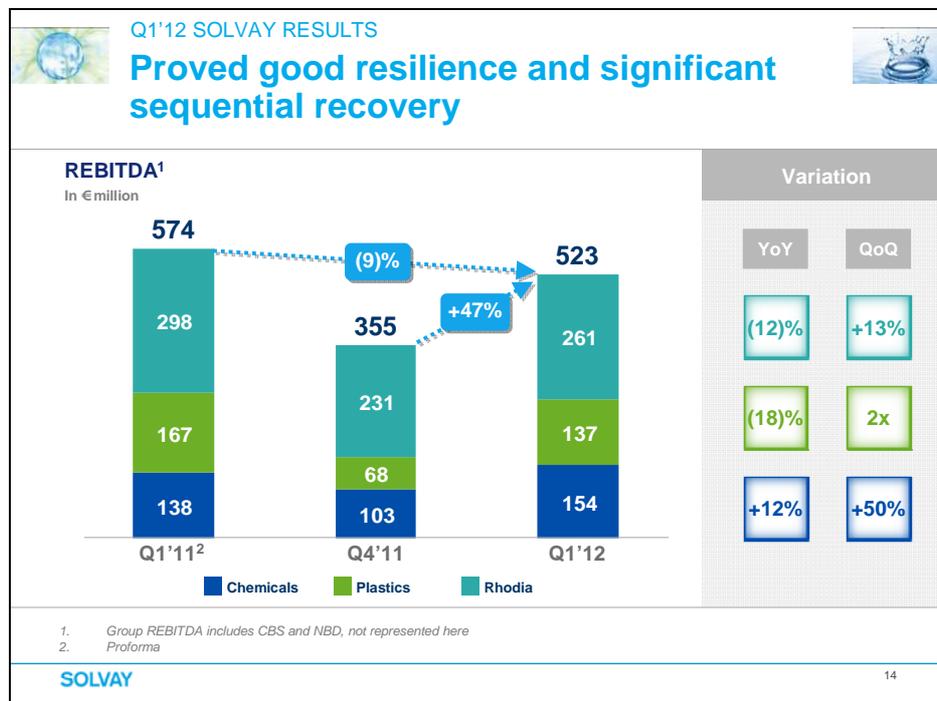


Let us now look at the first quarter of this year, of which we published the result yesterday evening.

Compared to the same period last year our net sales increased by 3% to 3.2 billion euro.

The REBITDA of 523 million euro is 9% below the demanding level of the first quarter of 2011 but shows a clear recovery when compared to the fourth quarter of 2011. Specialty Polymers and Consumer Chemicals performed very well, as did Essential Chemicals. We also saw a recovery compared to the fourth quarter in Vinyls and Polyamides.

Slide 14 : Proved good resilience and significant sequential recovery



As you can see on this slide, the recovery of the REBITDA compared to the bottom we reached in the fourth quarter applied to all our Sectors.

Our Chemicals Sector achieved a REBITDA of 154 million euro, which is 12% higher compared to the first quarter of 2011. This growth was realized in Essential Chemicals, with price increases a more favorable product mix and a sustained level of activities.

The REBITDA in the Plastics Sector of 137 million euro was 18% below the high level of last year. Specialty Polymers continued their good performance. The activity level in Vinyls recovered with a 12% volume growth compared to the last quarter of last year; market conditions, however, continue to be difficult in Europe.

The Rhodia Sector realized a REBITDA of 261 million, 12% below the demanding level of last year's first quarter. Consumer Chemicals, Advanced Materials and Acetow & Eco Services performed strongly. Market conditions continue to be difficult for Polyamide Materials.

*Slide 15 : Outlook*

The slide features a background image of a child in an orange shirt running through a golden field, holding a string for a red kite. The sky is blue with wind turbines visible in the distance. The Solvay logo is in the top left and bottom left corners.

SOLVAY

## Outlook

Strength in business growth engines should continue whilst in its most cycle-sensitive businesses the Group foresees challenging market conditions globally to remain through the year. Solvay is confident in the success of the ongoing integration and of the numerous operational excellence initiatives that represent important competitive advantages going forward. The first important cost efficiencies should be attained already in the current year.

In this context, Solvay expects to achieve a full-year REBITDA **similar to the strong 2011 pro forma level.**

SOLVAY

About the expected evolution in the remainder of the year we can say that strength in business growth engines should continue whilst in its most cycle-sensitive businesses the Group foresees challenging market conditions globally to remain through the year. Solvay is confident in the success of the ongoing integration and of the numerous operational excellence initiatives that represent important competitive advantages going forward. The first

important cost efficiencies should be attained already in the current year. In this context, Solvay expects to achieve a full-year REBITDA similar to the strong 2011 pro forma level.

Once again, these results confirm the assumptions made at the time of the acquisition: Rhodia was indeed the best candidate in the light of our selection criteria.

- First, we have substantially strengthened our position in emerging economies.
- Then there is leadership: the new Group is one of the top three worldwide in 90% of its business.
- We were keen to reduce our earnings cyclicality. Approximately three quarters of the Rhodia Sector portfolio has low sensitivity to macroeconomic cycles.
- Rhodia has brought us high added value products, such as specialty chemicals for consumer products and rare earth formulations.
- Finally, a very substantial portion of the activities and investments of our new Sector match our sustainable development objectives.

The acquisition and integration of Rhodia are in line with the megatrends that prefigure the world of tomorrow.

First of all the change in geographic paradigm, with a shift towards high-growth economies, is confirming itself. This trend is already clearly established and it is precisely the integration of Rhodia that gives us the scale to constitute a European champion, able to make its mark and to grow rapidly in the most dynamic areas of our planet.

Second, sustainable development: we need to capitalize on our strengths and know-how to be able to implement a strategy aimed at providing products and solutions that meet the vital challenges facing humanity today.

We will need to respond to the rarefaction of raw materials with the rise of technologies linked to renewable energies and bio-sourced materials.

We need to offer ecological solutions, providing our clients with innovative products and services, differentiated in such a way that our key competences can realize their full potential.

We will also need to adapt to ever more restrictive regulations, by implementing even clearer production procedures and by constituting an industrial perimeter that emits less CO<sub>2</sub>.

All this calls for the definition of new strategic objectives for the Group, which Mr. Clamadieu will evoke shortly.

Ladies and Gentlemen, Solvay is demonstrating yet again that it is able to reinvent itself to adapt to the changing world and open new perspectives, as we have always done. The efforts of the past two years are now rewarded.

We have had the strength to change - and we have come a spectacularly long way in two years. This was the work of a remarkably united team, animated by the Values of our Group. I thank all my colleagues for their trust and their permanent support throughout our journey together. This was made possible by the unwavering confidence and unwaning support of our Board of Directors. You, our shareholders, have rallied to help us build, no matter what, a solid industrial group.

Together we took the well-reflected decision to sell an activity, the success of which we could no longer guarantee on our own, but the sale of which would provide us with the resources to ensure the future of the Group. We have implemented a fundamental transformation of our structures.

Together, we launched a friendly tender offer for Rhodia. This was an incontrovertible success. The financial markets approved it, enabling us to round off the largest acquisition in the Group's history faster than we had hoped.

Jean-Pierre Clamadieu will, the day after tomorrow, be taking over the reins of a robust enterprise, transformed, and with bright prospects for the future. I leave with the feeling of duty done.

It is Mr. Clamadieu to whom now falls the responsibility for making the Solvay Group the gem that it deserves to become. I wish you, dear Jean-Pierre, outstanding success in this deeply meaningful mission.

Thank you.

*"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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