



**Speech by Christian Jourquin,
Chairman of the Executive Committee,
to the year-end gathering
of Solvay employees and guests
at Neder-over-Heembeek (Belgium)
on 21/12/2011**

Dear Colleagues,
Dear Friends,
Ladies and Gentlemen,

It is a great pleasure to welcome you here today at Neder-over-Heembeek, to what is now the Group's new headquarters. The bringing together of everyone at a single location, which will soon be our only home in Brussels, marks the beginning of a new era. On behalf of the Executive Committee, let me thank you for being present in such numbers at this meeting, during which I intend to review the last twelve months with you, to celebrate the new year and to step out with you into the future.

Let me extend a particularly a warm welcome to the Chairman of our Board of Directors, Mr. Aloïs Michielsen, and to our Honorary Chairman, Mr. Daniel Janssen. This afternoon we also welcome Mr. Nicolas Boël, who will become Chairman of the Board of Directors next May, on the departure of Mr. Michielsen, who will be leaving us after a 44-year career here at Solvay.

I also welcome Mr. Paul Washer, who is honoring us as always with his presence.

I would like to thank the members of the European Works Council for accepting my invitation to be with us today. Their presence underlines the fact that building the new Solvay has been and will continue to be a joint effort, involving both management and our social partners.

And, though not physically present, I would like to welcome our new colleagues from Rhodia who became part of the Group on 1 October. Please feel yourselves as members of the Solvay family. It is a great pleasure to include you in the rituals which are a regular feature of life at Solvay.

At the end of 2007, on this same occasion, I expressed a desire for us to project ourselves far into the future, by setting ourselves a long-term objective – the Group's 175th anniversary in ... 2038. My Executive Committee colleagues and I were of the opinion that, to ready ourselves for this anniversary, we would have adapt our business practices and rethink our operations, aligning them as best possible with the major trends in the development of the human community. Whereupon we set to work with determination.

Ladies and Gentlemen, we have already come a long way. We have just experienced a historic year – and I am weighing my words. We have taken an important step in the strategic journey towards creating a more sustainable Solvay, a journey which we started with the sale of our pharmaceutical operations and the introduction of clearer and more motivating structures. The success of our friendly bid for Rhodia has doubled the Group's size, and the process of integration is now underway. This will see the creation of a new, stronger and more ambitious Solvay.

But though this has been undoubtedly a major success, we must not lose sight of the all the other initiatives which are also concomitant with our strategic criteria of:

- strengthening our presence in high-growth countries;
- developing our high added-value activities;
- growing our business in products with reduced energy and environmental footprints; and
- reducing the cyclicity of our business portfolio.

The list of our achievements in 2011 is even more impressive now that we can also include the activities of our new colleagues – in the context of the new Group.

In China these achievements include no less than five major industrial projects for the Solvay group in its new configuration:

- A major investment project to build a new fluoropolymers plant;
- A joint venture in soda ash;
- The start-up of a rare earths production unit;
- Increased hydroquinone production capacity and;
- The acquisition of a production unit for guar derivatives, used mainly in cosmetics.

In Thailand, our new 330 kilotonnes/year hydrogen peroxide megaplant came on stream without a hitch, again demonstrating our excellent technological capabilities. We have also signed an initial agreement to

create a similar industrial complex, based on our exclusive technology, in Saudi Arabia.

We have continued developing our high added-value operations, boosting fluoropolymer production capacity at Spinetta and at Tavaux. For its part, the Rhodia Sector has boosted its production capacity for highly dispersible silica at its Chicago Heights plant in the United States.

We have also taken further key steps in our unending search for sources of sustainable growth. We have set up a new R&D centre at the heart of a renowned Korean university campus. This will focus on new energy sources and electronics. Still in Korea, Solvay is testing a new fluorine technology which can reduce greenhouse gas emissions from the manufacture of solar cells and semiconductors. In 2011, Solvay's New Business Development also reaffirmed its confidence in the future of printed electronics technology with a new investment in Plextronics, a company in which we are the reference shareholder. For its part, the Rhodia Sector announced the development of an innovative process for recycling rare earths, in collaboration with Umicore, a company we know well. Our new colleagues also initiated a new research partnership with the French CNRS and Shanghai's East China Normal University, which will focus on green chemicals.

Turning to the economic situation, there are dark clouds gathering over the world, as you well know. I will come back to this later. I would nevertheless like to stress that we have managed to achieve, in the first nine months of this year, good financial results, with which we can all be pleased.

Here again, the strengthening of our Group by the acquisition of Rhodia gives us a critical mass and additional resources with which to withstand the crisis.

I would like to end this review of 2011 by recalling the various measures we have taken to further strengthen our competitiveness and our ability to withstand economic downturns. These include the acquisition of a fluorspar mine in Bulgaria (in line with our strategy of vertical integration in Fluor).

As you can see, we have remained hard at work, with lots of projects underway. Though I have not mentioned them all due to lack of time, I would like to take this opportunity to thank and encourage the teams which are carrying them forward, the more so given the fact that they have been working in a rapidly changing context and within a rapidly changing Group.

Finally, allow me to highlight the magnificent job done by the Group's support services, in both subsets, throughout the Rhodia acquisition. They will remain much in demand for the entire period of the transition process.

2011 was the year in which many changes took final shape. First among these is Horizon, which became a reality last April and which we are implementing so that our businesses can reap all the expected benefits.

With Horizon, we have put into place a new operational structure which brings us closer to our customers and provides greater autonomy to our employees in the field. Our new decentralized organization, with its greater autonomy, is aimed at increasing our necessary reactivity in times of crisis. We are creating a new and powerful innovation driver, with the Group now steered by a streamlined Corporate Centre. I have already had occasion to

stress that we are proud of what we have accomplished in the past. We greatly appreciate the value of all the work put in by those now leaving the company as a result of the restructuring. They have played a role in shaping what we now are – and all of us would like to thank them for this.

Our Rhodia colleagues had already set out in the same direction with Move for Growth. The convergence of objectives and the comparable fundamentals of the two plans provide a consistency of approach for building the new Solvay.

What we are now building is a new organization, an organization which will enable us to be faster, more agile and closer to our markets. We are giving ourselves structures that are more motivating for our employees, a Solvay where people can work with greater enthusiasm.

With the integration of Rhodia, we have opened up additional new avenues, which will also play a key role in our future.

Jean-Pierre and I undertook a round-the-world trip, meeting Group employees, explaining our project to them and dialoguing with them. As part of this trip, we touched down here last September.

Since then, integration has got underway. It is now moving forward in a well-structured process and at a rapid pace.

The Executive Committee has notably approved an extensive plan that will enable us to make savings of some 250 million euros a year on the purchasing side. It was presented here last week to over a hundred senior Group managers. We will achieve this plan by combining the results of

efforts already underway and the major leverage effects of the Rhodia integration.

January 1 will see the birth of a new Global Business Unit, Solvay Energy Services. This will provide energy and CO₂-related services to both the entire Group and to external customers. The creation of this new unit is of great symbolic importance, as it puts into effect what I often refer to as the "chemical fusion" of Solvay and Rhodia. We will very soon no longer be able to distinguish the origins of the various units forming the new Group. Moreover, this new GBU also has a powerful synergy-creating potential, which we identified from the very outset of the Rhodia and Solvay integration process.

As for other integration activities, the getting-to-know-each-other phase is now over – we now know what makes each other tick and what our respective strengths are. We are now ready to start building the new Solvay, a Solvay driven by what is best in each of us. As you know, new organizational options, capitalizing on the qualities of the Group as a whole, are currently being worked out for several corporate functions (Legal, Finance, Communication and Public Affairs).

The first appointments of project leaders will be announced in the very near future – this week for Finance, and at the start of 2012 for the other functions.

With the motor now started, steady progress is being made. The goal we have set – i.e. to rapidly give our Group its new profile - is in the course of being realized. We can all be proud of what we have achieved.

Our goal is to implement these new organizational structures during the first half of 2012, once we have completed the usual information and consultation procedures with our social partners, as required for any such restructuring measure.

I am very much aware of the uncertainty associated with such a transition period, with each of you naturally wanting to know how he or she will be affected. This is natural, but please understand that we will not be able to satisfy these legitimate expectations in the very short term for all those involved.

We have chosen a difficult integration approach, based not on the authority of the acquiring company, but on respecting the skills and competences of everyone involved. I am convinced that the impressive *force de frappe* of our new Group will make it a global leader, and I know that in Jean-Pierre's hand it will become a jewel.

Please do not lose sight of the ambition of this *rapprochement* or of the enthusiasm that our Group's objectives merit. These positive perspectives should help the two organizations in confronting the – inevitably temporary – difficulties of the integration process.

The heart of this integrated Group beats here, at Neder-over-Heembeek. 2011 was also the year we moved out of, and put up for sale, our historic headquarters building in Ixelles. I am well aware of the inconvenience that this move has caused. You all know that it was necessary. This has displeased certain people, but I take full responsibility for it.

Because the most important thing, Ladies and Gentlemen, is the gesture we have made by anchoring our new Group headquarters at the heart of the Solvay Campus, this magnificent site with its strong research and technology culture. In so doing we have given concrete expression to two essential traits of our character, equally manifest at Solvay and at Rhodia: innovation and operational excellence.

By grouping our previously bicephalous system in a single location, we are learning to work together better, to cooperate more effectively and to project ourselves into the future.

It is also with a view to facilitating cooperation that we have acquired new data processing tools, including in Comex.

I am aware that all these different changes within the Group coming all at once require an effort of adaptation. But we should never lose sight of the reasons which are pushing this effort of constant improvement.

Be certain that we are going to continue to evolve. Because our new organization, our extended group, our brand new headquarters, our new tools, all these we are going to have to get functioning with working methods which will themselves be new. We are going to have to evolve the way we manage our activities, to bring ourselves into step with the world around us, and with our new reality, and to share our values that are based on:

- mutual respect;
- the search for ever more ambitious performance; and
- the mobilization of the efforts of everyone.

Be clear that all our change initiatives, all our new worksites, all the changes that we have provoked are all threads that come together in a single direction:

We are building a New Solvay.

We have had the strength to change - and we have come a long, a spectacularly long way in just two years. This has been made possible by the unshakeable confidence and unfailing support that we have received from our Board of Directions. It is the unity and cohesion of our shareholder body that enables us to build, come hell or high water, 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, on the other hand, provide us with the resources to ensure the future of the Group.

Together we have implemented a fundamental transformation of our structures. In so doing, we have made ourselves optimally ready to welcome our new colleagues. The reasoning behind Horizon is solidly anchored in reality. As I have already pointed out, Rhodia had itself also launched a transformation program, the philosophy of which has turned out to be very close to our own.

Together we launched a friendly bid 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.

It is also together, with Rhodia, that we constitute today a major player in the chemicals industry, with annual sales in excess of 12 billion euros, a world leader in 90% of the markets it serves, with 40% of sales coming from high growth countries and investing 220 million euros a year in R&D.

Together we are going to be able to construct an ambitious vision, one we can be enthusiastic about, based on the respective qualities of our two undertakings. This vision of the future will be predicated on the major trends which prefigure tomorrow's world. We have already identified the megatrends that are the most pertinent for the new Group.

The first of these, the shift in geographic paradigm 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 requisite thrust to constitute a European champion able to make its mark and to grow rapidly in the most dynamic areas of our planet.

The second megatrend is sustainable development: we need to capitalize on our strengths and our know-how for a strategy aimed at providing products and solutions that can meet the vital challenges that humankind is facing today.

We will need to respond to the rarefaction of raw materials with an emphasis on technologies related to renewable energies and bio-sourced materials.

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

We will also need to adapt to ever more restrictive regulations, with even cleaner production procedures and with manufacturing processes that emit less CO₂.

Finally, all our new activities and our future acquisitions will need be consistent with the principles of sustainable development.

The Executive Committee is right now fine-tuning the definition of our strategic ambitions, which we should be ready to present in detail at the end of the first quarter of 2012. Once again, I am happy that our new Rhodia colleagues can be associated with this ambition, but I also want to say to all who have accompanied us and worked so hard with us during so many years on our strategic objectives: you have done a good job, you can be pleased with what you have accomplished and we are proud of you!

We know our ultimate objective; we have defined the direction in which we wish to travel. Our lodestar is the principles that I have just evoked. It is now for us to trace the path which will result in the creation of a new Solvay - of a conquering Solvay, built for geographic expansion and focused on sustainable development.

This is a long haul task, but I am convinced that the 30,000 employees of our combined Group will know how to unite their forces to achieve this objective.

We shall certainly experience new zones of turbulence in 2012. We have already successfully weathered a major crisis, that of 2008, because we were ready for it. We remain well-armed today and will react as conditions

require, in particular by taking all necessary measures to conserve our cash flows.

We are going to come out of this crisis even stronger and even more ambitious. As we pass through it we will at the same time pursue our integration, mobilizing all the talents of the new Group.

On behalf of the Executive Committee, I wish to thank you for all the efforts you are making day in, day out. I thank you also in advance for all those that you are going to make in the future to enable us to build, together, a new, ambitious and sustainable Solvay.

I wish you rest, joy and serenity in your homes during this year-end holiday season. I also present you my best wishes for 2012. It is going to be a fascinating and engaging year, and one for which I wish you - and I wish us - every success.

Thank you.



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