Rhodia

Condensed consolidated financial statements

for the quarter ended March 31, 2011

Chemistry is our world, Responsibility is our way

CONTENTS

A. Consolidated statement of income

(in millions of euros)	Note	For the quarter ended March 31,		For the year ended December 31,
		2011*	**2010***	**2010**
Net sales	**5**	**1,503**	**1,176**	**5,226**
Other revenue	5	110	131	383
Cost of sales		(1,225)	(1,007)	(4,335)
Administrative and selling expenses		(152)	(127)	(561)
Research and development expenditure		(22)	(18)	(82)
Restructuring costs		-	(8)	(5)
Other operating income	6	36	5	41
Other operating expenses	6	(7)	(12)	(65)
Operating profit/(loss)	**5**	**243**	**140**	**602**
Finance income	7	28	24	103
Finance costs	7	(73)	(66)	(318)
Foreign exchange gains/(losses)	7	1	-	8
Profit/(loss) before income tax		**199**	**98**	**395**
Income tax gain/(expense)	8	(45)	(28)	(128)
Profit/(loss) from continuing operations	5	154	70	267
Profit/(loss) from discontinued operations		(1)	(1)	(5)
Net profit for the period		**153**	**69**	**262**
Attributable to:				
Equity holders of Rhodia S.A.		151	69	259
Non-controlling interests		2	-	3
Earnings per share (in euros)				
Continuing and discontinued operations				
- Basic		1.45	0.70	2.55
- Diluted		1.35	0.69	2.52
Continuing operations				
- Basic		1.46	0.69	2.60
- Diluted		1.36	0.69	2.57
Weighted average number of shares before dilution		*103,791,722*	*99,934,094*	*101,557,153*
Weighted average number of shares after dilution		*117,950,175*	*100,744,100*	*102,760,912*

* Unaudited

B. Consolidated statement of comprehensive income

		For the quarter ended March 31,		For the year ended December 31,
(in millions of euros)	Note	2011*	2010*	2010
Net profit for the period		**153**	**69**	**262**
Currency translation differences and other movements	12	(55)	65	103
Gains/(losses) arising from cash flow hedges of commodities		(22)	(6)	(12)
Gains/(losses) arising from cash flow hedges of interest rates		3	(7)	17
Gains/(losses) arising from cash flow hedges of foreign currency portfolios		11	(17)	(17)
Deferred tax on cash flow hedges		-	2	2
Actuarial gains/(losses) on retirement benefits and similar obligations	15	46	(41)	39
Deferred tax on actuarial gains/(losses)		(1)	-	3
Other comprehensive income		**(18)**	**(4)**	**135**
Total comprehensive income for the period		**135**	**65**	**397**
Attributable to:				
Equity holders of Rhodia S.A.		133	63	391
Non-controlling interests		2	2	6

* Unaudited

C. Consolidated balance sheet

Assets

(in millions of euros)	**Note**	**At March 31, 2011***	**At December 31, 2010**
Property, plant and equipment		1,500	1,560
Goodwill	10	399	420
Other intangible assets		338	328
Investments in associates		12	12
Other non-current financial assets		134	135
Deferred tax assets		157	168
Non-current assets		**2,540**	**2,623**
Inventories		702	627
Income tax receivable		13	29
Trade and other receivables		954	910
Derivative financial instruments		71	90
Other current financial assets		40	34
Cash and cash equivalents	11	1,020	782
Assets classified as held for sale	9	36	36
Current assets		**2,836**	**2,508**
TOTAL ASSETS		**5,376**	**5,131**

* Unaudited

Equity / (deficit) and liabilities

(in millions of euros)	Note	At March 31, 2011*	At December 31, 2010
Share capital	12	105	105
Additional paid-in capital	12	1,289	1,290
Other reserves	12	243	303
Accumulated deficit	12	(1,809)	(2,006)
Equity attributable to equity holders of Rhodia S.A.		**(172)**	**(308)**
Non-controlling interests	12	22	20
Total equity / (deficit)		**(150)**	**(288)**
Borrowings	13	1,658	1,672
Retirement benefits and similar obligations	15	1,355	1,419
Provisions		363	425
Deferred tax liabilities		55	62
Other non-current liabilities		44	27
Non-current liabilities		**3,475**	**3,605**
Borrowings	13	465	338
Derivative financial instruments		76	94
Retirement benefits and similar obligations	15	90	91
Provisions		182	132
Income tax payable		36	40
Trade and other payables		1,197	1,113
Liabilities associated with assets classified as held for sale	9	5	6
Current liabilities		**2,051**	**1,814**
TOTAL EQUITY / (DEFICIT) AND LIABILITIES		**5,376**	**5,131**

* Unaudited

D. Consolidated statement of cash flows

(in millions of euros)	For the quarter ended March 31,		For the year ended December 31,
	2011 *	2010 *	2010
Net profit for the period attributable to equity holders of Rhodia S.A.	**151**	**69**	**259**
Adjustments for:			
Non-controlling interests	2	-	3
Depreciation and impairment of non-current assets	70	69	277
Net increase/(decrease) in provisions	(1)	(10)	(24)
Impairment of non-current financial assets	-	-	3
Other income and expense	10	10	63
(Gain)/loss on disposal of non-current assets	(29)	(2)	(9)
Deferred tax expense/(gain)	(1)	4	26
Foreign exchange losses/(gains)	(4)	4	4
Net cash flow from operating activities before changes in working capital	**198**	**144**	**602**
Changes in working capital			
- (Increase)/decrease in inventories	(96)	(22)	(111)
- (Increase)/decrease in trade receivables	(60)	(67)	(83)
- Increase/(decrease) in trade payables	121	48	65
- Increase/(decrease) in other current assets and liabilities	(1)	27	21
Net cash flow from operating activities before margin calls	**162**	**130**	**494**
Margin calls (1)	(9)	7	9
Net cash flow from operating activities	**153**	**137**	**503**
Purchases of property, plant and equipment	(55)	(36)	(234)
Purchases of other non-current assets	(7)	(8)	(36)
Proceeds on disposals of entities, net of cash transferred, and non-current assets	25	3	8
Purchases of entities, net of cash acquired	-	-	(276)
(Purchases)/repayments of loans and financial investments	(3)	19	56
Net cash flow used by investing activities	**(40)**	**(22)**	**(482)**
Share capital increase, net of costs	-	-	38
Dividends paid	-	-	(19)
New non-current borrowings, net of costs	1	-	811
Repayments of non-current borrowings, net of costs	(4)	(7)	(822)
Net increase/(decrease) in current borrowings	144	(12)	36
Net cash from from/(used by) financing activities	**141**	**(19)**	**44**
Effect of foreign exchange rate changes	**(16)**	**12**	**26**
Net increase/(decrease) in cash and cash equivalents	**238**	**108**	**91**
Cash and cash equivalents at the beginning of the period	782	691	691
Cash and cash equivalents at the end of the period	1,020	799	782

(1) The margin call agreements are standardized credit risk reduction contracts, which are concluded with the clearing house of an organized market or bilaterally by private contract with a counterpart.

* Unaudited

E. Statement of changes in equity

			Other reserves							
(in millions of euros)	**Share capital**	**Additional paid-in capital**	**Hedge reserve**	**Translation reserve**	**Legal reserve**	**Treasury shares**	**Accumulated deficit**	**Total**	**Non-controlling interests**	**Total**
At January 1, 2011	**105**	**1,290**	**(5)**	**256**	**58**	**(6)**	**(2,006)**	**(308)**	**20**	**(288)**
Total comprehensive income	-	-	(8)	(55)	-	-	196	**133**	2	**135**
Other changes (1)	-	(1)	-	-	-	3	1	**3**	-	**3**
At March 31, 2011 *	**105**	**1,289**	**(13)**	**201**	**58**	**(3)**	**(1,809)**	**(172)**	**22**	**(150)**

* Unaudited

(1) Including free shares for €3.2 million.

			Other reserves							
(in millions of euros)	**Share capital**	**Additional paid-in capital**	**Hedge reserve**	**Translation reserve**	**Legal reserve**	**Treasury shares**	**Accumulated deficit**	**Total**	**Non-controlling interests**	**Total**
At January 1, 2010	**1,213**	**138**	**7**	**156**	**58**	**(8)**	**(2,299)**	**(735)**	**16**	**(719)**
Dividends	-	-	-	-	-	-	-	-	(1)	**(1)**
Total comprehensive income	-	-	(30)	63	-	-	30	**63**	2	**65**
Other changes (2)	-	-	-	-	-	2	-	**2**	-	**2**
At March 31, 2010 *	**1,213**	**138**	**(23)**	**219**	**58**	**(6)**	**(2,269)**	**(670)**	**17**	**(653)**

* Unaudited

(2) Including free shares for €1.6 million.

F. Notes to the condensed consolidated financial statements

1. General information

Rhodia S.A. and its subsidiaries ("Rhodia" or the "Group") produce, market and develop chemicals. Rhodia is the partner of major players in the automotive, tire, electronics, perfume, health & beauty and home care markets. Rhodia has offices worldwide and specifically in Europe, the United States, Brazil and Asia.
Rhodia S.A. is a public limited company registered and domiciled in France. Its registered office is located at Paris–La Défense.
The Company is listed on Euronext Paris.

These condensed consolidated financial statements were reviewed on May 4, 2011 by the Board of Directors.

2. Principal accounting methods

2.1. Accounting standards

Rhodia prepares its condensed consolidated financial statements on a quarterly basis, in accordance with IAS 34, *Interim financial reporting*. They do not include all the information required for the preparation of the annual financial statements and should be read in accordance with the consolidated financial statements for the year ended December 31, 2010, as included in the reference document filed by Rhodia with the AMF on March 23, 2011.

2.2. Basis of preparation for the condensed consolidated financial statements

The condensed consolidated financial statements for the quarter ended March 31, 2011 were prepared using the same accounting methods as those adopted for the preparation of the consolidated financial statements for the year ended December 31, 2010.
The standards, interpretations and amendments adopted by the European Union at March 31, 2011 and their mandatory adoption in 2011 had no impact on the condensed consolidated financial statements for the quarter ended March 31, 2011.
In addition, according to the Group, the standards, interpretations and amendments already adopted by the European Union but not yet applicable will have no impact on the financial statements.

The condensed consolidated financial statements are presented in euros and rounded to the nearest million unless otherwise indicated.

2.3. Estimates

The preparation of financial statements requires the use of estimates and the formulation of judgments and assumptions that have an impact on the application of accounting methods and the amounts shown in the financial statements.

For the preparation of the condensed consolidated financial statements, management made estimates and formulated judgments and assumptions for the same items as those used for the preparation of the consolidated financial statements for the year ended December 31, 2010, except with respect to the following:

- Income tax expense

For interim period-ends, the income tax expense is calculated, for each Group tax entity, by applying the estimated average effective tax rate for the current year to the pre-tax profit or loss for the interim period. This tax rate is calculated by taking into account previously unrecognized deferred tax assets, whose recovery is deemed probable. This probability is estimated according to the same criteria as those applied to annual period-ends.

- Retirement benefits and similar obligations

For interim period-ends, retirement benefits and similar obligations are calculated prorata to the projected annual charges provided in the actuarial assessments performed at the previous period-end. These assessments are modified in the event of any significant change in market conditions compared to the previous year or curtailments, settlements or any other material one-off events.

Notes to the consolidated income statement

3. Unusual items with an impact on the condensed consolidated financial statements

No material unusual items had an impact on the condensed consolidated financial statements for the quarter ended March 31, 2011.

4. Seasonality effects

The Group's activity and operating results for the quarter ended March 31, 2011 were not of a seasonal or cyclical nature compared to the activity and operating results for the entire year.

5. Segment information

The following information concerns continuing operations.

On October 4, 2010, Rhodia announced its reorganization into 11 new operating segments, grouped within 5 clusters, in order to support the Group's growth. This new organization was reflected in internal reporting as from January 1, 2011.

Rhodia's five clusters are as follows:

Consumer Chemicals primarily serves consumer products markets. Its strategy is based on developing an offer adapted to the main trends in these markets, particularly demographic growth, the arrival of new consumption modes in relation to the regions and, in general, the demand for products that offer enhanced health and environmental protection as well as the development of products using renewable resources.

Advanced Materials are intended for high-performance industries such as energy-efficient tires, automotive catalysts or energy-efficient lighting. The growth of this Business Cluster, greater than the organic growth of the markets served, is driven by the stakes tied to sustainable development.

Polyamide Materials brings together the polyamide chain activities. Their advantages stem from the integrated polyamide 6.6 production line, their leading position in the most profitable sectors and excellent competitiveness. The automobile industry is one of their major markets with solutions responding to the stakes of sustainable mobility.

Acetow & Eco Services operate in very specific, mature and stable markets where partnerships with customers are built on reliability, quality of service and dependable supply.

Energy Services relies on its expertise in energy optimization and the reduction of CO2 Emissions to develop "Climate Care" solutions that also help respond to the challenges of sustainable development through the generation of renewable energies.

(in millions of euros)	Consumer Chemicals	Advanced Materials	Polyamide Materials	Acetow & Eco Services	Energy Services	Corporate & Other (2)	Group
For the quarter ended March 31, 2011*							
Net sales	585	184	442	207	56	40	**1,514**
Other revenue	6	1	23	4	114	7	**155**
Inter-company sales - Net sales	(1)	(2)	(2)	-	-	(6)	**(11)**
Inter-company sales – Other revenue	-	-	(1)	(1)	(41)	(2)	**(45)**
External net sales	**584**	**182**	**440**	**207**	**56**	**34**	**1,503**
External other revenue	6	1	22	3	73	5	**110**
Operating profit/(loss)	**78**	**46**	**48**	**35**	**44**	**(8)**	**243**
Profit/(loss) from financial items							**(44)**
Income tax expense							**(45)**
Profit/(loss) from continuing operations							**154**
Recurring EBITDA (1)	**92**	**53**	**68**	**46**	**47**	**(23)**	**283**

* Unaudited

(1) Recurring EBITDA: Operating profit or loss before net depreciation and impairment, restructuring costs and other operating income and expenses.
(2) "Corporate & Other" mainly corresponds to the Salicylics businesses and the Trading activity, involving the purchase and resale by the Group's international sales network of products from the Group's other segments or third-party partners in the chemicals industry. "Other revenue" is generated from incidental businesses not directly related to the other clusters and mainly comprises internal and third-party industrial service sales. In addition to the net profit from these activities, operating profit comprises the expenses of the Group's Corporate functions and departments, other operating income and expenses mainly relating to the environment and disposal gains and losses (see Note 6).

(in millions of euros)	Consumer Chemicals	Advanced Materials	Polyamide Materials	Acetow & Eco Services	Energy Services	Corporate & Other (2)	Group
For the quarter ended March 31, 2010*							
Net sales	421	118	386	178	45	31	**1,179**
Other revenue	6	1	29	4	133	6	**179**
Inter-company sales - Net sales	(1)	-	(2)	-	-	-	**(3)**
Inter-company sales – Other revenue	(2)	-	(4)	(1)	(42)	1	**(48)**
External net sales	**420**	**118**	**384**	**178**	**45**	**31**	**1,176**
External other revenue	4	1	25	3	91	7	**131**
Operating profit/(loss)	**49**	**17**	**35**	**26**	**48**	**(35)**	**140**
Profit/(loss) from financial items							**(42)**
Income tax expense							**(28)**
Profit/(loss) from continuing operations							**70**
Recurring EBITDA (1)	**63**	**24**	**56**	**44**	**51**	**(17)**	**221**

* Unaudited

(in millions of euros)	Consumer Chemicals	Advanced Materials	Polyamide Materials	Acetow & Eco Services	Energy Services	Corporate & Other (2)	Group
For the year ended December 31, 2010							
Net sales	1,883	539	1,701	790	203	128	**5,244**
Other revenue	25	4	102	15	389	28	**563**
Inter-company sales - Net sales	(4)	(4)	(9)	-	-	(1)	**(18)**
Inter-company sales – Other revenue	(6)	-	(12)	(3)	(157)	(2)	**(180)**
External net sales	**1,879**	**535**	**1,692**	**790**	**203**	**127**	**5,226**
External other revenue	19	4	90	12	232	26	**383**
Operating profit/(loss)	**222**	**82**	**174**	**129**	**171**	**(176)**	**602**
Profit/(loss) from financial items							**(207)**
Income tax expense							**(128)**
Profit/(loss) from continuing operations							**267**
Recurring EBITDA (1)	**276**	**114**	**253**	**188**	**179**	**(105)**	**905**

(1) Recurring EBITDA: Operating profit or loss before net depreciation and impairment, restructuring costs and other operating income and expenses.
(2) "Corporate & Other" mainly corresponds to the Salicylics businesses and the Trading activity, involving the purchase and resale by the Group's international sales network of products from the Group's other segments or third-party partners in the chemicals industry. "Other revenue" is generated from incidental businesses not directly related to the other clusters and mainly comprises internal and third-party industrial service sales. In addition to the net profit from these activities, operating profit comprises the expenses of the Group's Corporate functions and departments, other operating income and expenses mainly relating to the environment and disposal gains and losses (see Note 6).

6. Other operating income and expenses

	For the quarter ended March 31,		For the year ended December 31,
(in millions of euros)	**2011***	**2010***	**2010**
Gains on disposals of non-current assets	29	2	11
Other operating income	7	3	30
Total other operating income	**36**	**5**	**41**
Losses on disposals of non-current assets	-	-	(1)
Environmental expenses	(5)	(5)	(35)
Other operating expenses	(2)	(7)	(29)
Total other operating expenses	**(7)**	**(12)**	**(65)**

* Unaudited

In the first quarter of 2011, the disposal gains mainly comprised the proceeds on disposal of Rhodia's minority interest in Novacap. The first quarter of 2010 was mainly impacted by the sale of the Mississauga site (Canada).

In the first quarter of 2011, other operating income mainly related to the final payment linked to the compensation received following Rhodia's eviction from the Wuxi site. This compensation was granted by the Wuxi municipality in 2008 and paid to Rhodia according to a pre-defined timetable until the eviction date. It was recorded in profit or loss as and when the payments were received. Other operating income also comprised the changes in fair value of derivatives not qualified as hedges for operating items, as was the case in the first quarter of 2010.

In the first quarters of 2011 and 2010, other operating expenses comprised individually immaterial items.

Environmental expenses are analyzed in Note 16.

7. Profit/(loss) from financial items

	For the quarter ended March 31,		For the year ended December 31,
(in millions of euros)	**2011 ***	**2010 ***	**2010**
Gross interest expense on borrowings	(31)	(27)	(114)
Income from cash equivalents	6	3	19
Expenses on financial transactions	(4)	(3)	(49)
Discounting charges	(37)	(36)	(152)
Expected return on pension plan assets	20	19	79
Foreign exchange gains	1	-	8
Proceeds from available-for-sale financial assets	-	1	2
Other	1	1	-
Profit/(loss) from financial items	**(44)**	**(42)**	**(207)**
Of which:			
Finance costs	*(73)*	*(66)*	*(318)*
Finance income	*28*	*24*	*103*
Foreign exchange gains	*1*	-	*8*

* Unaudited

8. Income tax

For the quarter ended March 31, 2011, the income tax expense amounted to €(45) million (compared to €(28) million for the quarter ended March 31, 2010*)* for an income from continuing operations before tax of €199 million (compared to €98 million for the quarter ended March 31, 2010).

	For the quarter ended March 31,		For the year ended December 31,
(in millions of euros)	**2011 ***	**2010 ***	**2010**
Current income tax expense	(46)	(32)	(111)
Deferred tax income/(expense)	1	4	(17)
Income tax expense for the period	**(45)**	**(28)**	**(128)**

* Unaudited

The income tax expense mainly corresponds to the income tax reported by Asian and US entities.

Management has not modified its estimate of the probability of recovering the deferred tax assets relating to French and British tax groups. Thus, no new deferred tax asset was recorded for the quarter ended March 31, 2011.

9. Assets held for sale and associated liabilities

(in millions of euros)	At March 31, 2011 *	At December 31, 2010
Property, plant and equipment	17	17
Goodwill	1	1
Intangible assets	1	2
Inventories	14	13
Trade and other receivables	3	3
Assets classified as held for sale	**36**	**36**
Other non-current liabilities	2	2
Trade and other payables	3	4
Liabilities associated with assets classified as held for sale	**5**	**6**

* Unaudited

Assets classified as held for sale and the associated liabilities mainly concern the disposal of the Salicylics businesses (see Note 19).

Notes to the consolidated balance sheet

10. Goodwill

10.1. Cluster breakdown

(in millions of euros)	At March 31, 2011 *	At December 31, 2010
Consumer Chemicals	317	335
Advanced Materials	37	37
Polyamide Materials	9	9
Acetow & Eco Services	36	39
Total	**399**	**420**

* Unaudited

The reorganization of Rhodia at January 1, 2011 did not result in any reallocation of goodwill.

10.2. Movements during the period

(in millions of euros)	Gross value	Impairment	Net value
At January 1, 2011	**440**	**(20)**	**420**
Currency translation difference	(21)	-	(21)
At March 31, 2011 *	**419**	**(20)**	**399**

* Unaudited

In the first quarter of 2011, no adjustments were made to *goodwill* regarding the acquisition of Feixiang Chemicals in November 2010.

11. Cash and cash equivalents

11.1. Analysis by type

(in millions of euros)	At March 31, 2011*	At December 31, 2010
Cash in banks	229	178
Cash equivalents	791	604
Total	**1,020**	**782**

* Unaudited

11.2. Consolidated statement of cash flows

In the first quarter of 2011, discontinued operations did not contribute to net cash flows.

Paid interest costs, net of interest received (including impact of interest rate hedging), totaled €12 million in the first quarter of 2011.

Income taxes paid totaled around €33 million in the first quarter of 2011.

12. Equity

12.1. Share capital and additional paid-in capital

At March 31, 2011, Rhodia's share capital totaled €104,579,122, comprising 104,579,122 shares with a par value of €1 each.

12.2. Dividends

No dividends were paid to the shareholders of Rhodia S.A. during the quarter ended March 31, 2011.

12.3. Translation reserve

The €(55) million movement in the translation reserve for the quarter ended March 31, 2011 is primarily attributable to the appreciation of the euro against the US dollar and the Brazilian real.

12.4. Other movements

On February 22, 2011, the Rhodia Board of Directors approved new free share allotment plans for 224 beneficiaries (2 x 388,650 shares) subject to the conditions governing Rhodia's performance and the continued employment of the beneficiaries (see Note 18).

13. Borrowings

Breakdown of borrowings by type:

	At March 31, 2011*				
(in millions of euros)	**Amount at amortized cost (1)**	**Redemption value (2)**	**Amount at fair value (3)**	**Maturity**	**Effective rates before hedging (4) - (5)**
Bilateral credit facilities	199	199	199	2011	4% -11%
Securitization of receivables	208	208	208	2011	2.94%
Other debts	13	13	13	2011	0% -9.5%
Other EUR notes	15	15	15	12/31/2011	Euribor 6M + 1.60%
Accrued interest payable	30	30	30	-	-
Sub-total short term	**465**	**465**	**465**		
2006 EUR senior notes	227	229	229	10/15/2013	Euribor 3M + 2.75%
2010 EUR senior notes	492	500	508	05/15/2018	7%
2010 USD senior notes	276	282	293	09/15/2020	6.875%
OCEANE	577	674	611	01/01/2014	6.29%
Bilateral credit facilities	30	30	30	2012-2014	4% - 11%
Finance lease debts	4	4	4	2012-2019	3.56% - 11.25%
Other debts	52	52	52	2011-2018	<5%
Sub-total long term	**1,658**	**1,771**	**1,726**		
Total	**2,123**	**2,236**	**2,191**		

* Unaudited

(1) The amortized cost of the OCEANE is determined after separate recognition in equity of the share conversion option for €124 million.
(2) The amount shown for the OCEANE corresponds to the principal excluding the 13.22% redemption premium (€79 million).
(3) Senior notes and the OCEANE are measured on the last day of the period. The redemption price was adopted for other borrowings.
(4) Effective interest rate before impact of hedges.
(5) Libor/Euribor are mainly 1, 3 or 6 months.

In connection with the OCEANE bond tender offer filed on April 6, 2011, Solvay undertakes to acquire at a unit price of €52.30 all the 12,372,636 OCEANEs bonds issued by Rhodia for a total amount of €647 million (see Note 19).

At December 31, 2010					
(in millions of euros)	**Amount at amortized cost (1)**	**Redemption value (2)**	**Amount at fair value (3)**	**Maturity**	**Effective rates before hedging (4) - (5)**
Bilateral credit facilities	227	227	227	2011	4% - 11%
Securitization of receivables	66	66	66	2011	2.96%
Other debts	4	4	4	2011	<5%
Other EUR notes	15	15	15	12/31/2011	Euribor 6M + 1.60%
Accrued interest payable	26	26	26	-	-
Sub-total short term	**338**	**338**	**338**		
2006 EUR senior notes	227	229	229	10/15/2013	Euribor 3M + 2.75%
2010 EUR senior notes	491	500	505	05/15/2018	7%
2010 USD senior notes	294	300	315	09/15/2020	6.875%
OCEANE	569	595	608	01/01/2014	6.29%
Bilateral credit facilities	31	31	31	2012-2014	4% - 11%
Finance lease debts	5	5	5	2012-2019	3.56% - 11.25%
Other debts	55	55	55	2012-2018	< 5%
Sub-total long term	**1,672**	**1,715**	**1,748**		
Total	**2,010**	**2,053**	**2,086**		

(1) The amortized cost of the OCEANE is determined after separate recognition in equity of the share conversion option for €124 million.
(2) The amount shown for the OCEANE corresponds to the principal excluding the 13.22% redemption premium.
(3) Senior notes and the OCEANE are measured on the last day of the period. The redemption price was adopted for other borrowings.
(4) Effective interest rate before impact of hedges.
(5) Libor/Euribor are mainly 1, 3 or 6 months.

14. Financial risk management

14.1. Liquidity risk management

At March 31, 2011, Rhodia's liquidity position amounted to €1,570 million, compared to €1,324 million at December 31, 2010. This liquidity position included an undrawn credit line of €533 million in connection with Rhodia's syndicated credit facility ("RCF").

The continuation of the RCF syndicated credit facility is subject to compliance with certain financial covenants which are tested on a half-yearly basis.

In addition, Rhodia has no significant short-term or non-renewable credit lines.

14.2. UCITS and financial instrument risk management

Rhodia primarily makes its short-term investments and enters into its interest rate and currency swaps with banks or financial institutions with S&P and Moody's ratings that belong to the Investment Grade category.

In addition, most of these transactions as well as those with a maturity of more than one year are carried out with counterparties which have ratings from these agencies that are equal or greater than A- and A1 respectively (March 31, 2011 ratings).

15. Retirement benefits and similar obligations

The retirement obligations and other long-term employee benefits amount to €1,445 million at March 31, 2011, compared to €1,510 million at December 31, 2010. The decrease is mainly explained by the change in discount rate in France, from 4.50% at December 31, 2010 to 5.00% at March 31, 2011.

In the first quarter of 2011, the actuarial gains and losses recognized in equity amounted to €46 million, and correspond to a €55 million positive impact from changes in assumptions (discount and inflation rates) and a €(9) million negative impact attributable to the revaluation of plan assets.

16. Environmental provisions

At March 31, 2011, the discount rates used for the calculation of environmental provisions were the same as those used at December 31, 2010, as a change in rates would not have had any material impact on the provision assessment.

At March 31, 2011, environmental provisions amounted to €266 million, compared to €271 million at December 31, 2010, mainly due to the appreciation of the euro.

At March 31, 2011, there were no significant movements in contingent environmental liabilities estimated at €197 million at December 31, 2010.

17. Claims and litigation

During the quarter ended March 31, 2011, there were no new major legal disputes or significant developments in litigation existing at December 31, 2010.

18. Share-based payment

On February 22, 2011, the Board of Directors approved the new free share allotment plans for 224 beneficiaries (2 x 388,650 shares) subject to Group performance criteria and the continued employment of the beneficiaries. The fair value of these plans was calculated based on the following terms and conditions:

<table>
<tr><th></th><th colspan="2">A Plans</th><th colspan="2">B Plans</th></tr>
<tr><th></th><th>"2+2"</th><th>"4+0"</th><th>"2+2"</th><th>"4+0"</th></tr>
<tr><td>Number of shares</td><td>274,350</td><td>114,300</td><td>274,350</td><td>114,300</td></tr>
<tr><td>Number of beneficiaries</td><td>130</td><td>94</td><td>130</td><td>94</td></tr>
<tr><td>Grant date</td><td colspan="2">February 24, 2011</td><td colspan="2">February 24, 2011</td></tr>
<tr><td>Vesting date</td><td>Minimum March 31, 2013</td><td>Minimum March 31, 2015</td><td>Minimum March 31, 2013</td><td>Minimum March 31, 2015</td></tr>
<tr><td>Holding period</td><td>Minimum March 31, 2015</td><td>-</td><td>Minimum March 31, 2015</td><td>-</td></tr>
<tr><td>Performance criteria</td><td colspan="2">For the first half (50%) of shares assigned:
% of shares assigned according to the level of recurring EBITDA as presented in the consolidated financial statements of the Company for the year ended December 31, 2011

For the second half (50%) of shares assigned:
% of shares assigned according to the level of recurring EBITDA as presented in the consolidated financial statements of the Company for the year ended December 31, 2012</td><td colspan="2">For the first half (50%) of shares assigned:
Recurring EBITDA / net sales ratio, as presented in the consolidated financial statements of the Company for the year ended December 31, 2011, exceeding by 2 points the average ratio of a panel of competitors

For the second half (50%) of shares assigned:
Recurring EBITDA / net sales ratio, as presented in the consolidated financial statements of the Company for the year ended December 31, 2012, exceeding by 2 points the average ratio of a panel of competitors</td></tr>
<tr><td>Validation of vesting conditions</td><td colspan="2">Board of Directors</td><td colspan="2">Board of Directors</td></tr>
</table>

The share-based payment expense (IFRS 2) relating to all free share plans at March 31, 2011 totaled €3.2 million (€0.9 million at March 31, 2010), including €0.4 million for the new A and B plans granted during the period, assuming the performance criteria:

- will only be partially met for the A plan;
- will be met for the B plan.

19. Subsequent events

On April 6, 2011, Solvay filed with the French Financial Markets Authority (AMF) its draft tender offer for the Rhodia shares and bonds convertible into and / or exchangeable into new or existing shares (OCEANEs).

Solvay, which does not hold any share of Rhodia as of today, irrevocably offers to purchase:

- at 31,60 € per shares (ex-dividend[1]), all of the issued and outstanding ordinary shares of the Company and shares which may be issued as a result of the conversion of the OCEANEs, the exercise of the BSAs and the exercise of the Rhodia share subscription options and the possible payment in shares of the 2010 Dividend, i.e. a maximum of 120,694,373 Rhodia shares;
- At 52,30 € per OCEANE, all of the 12,372,636 outstanding OCEANEs;

The offer will be invalid if the number of shares tendered, on the date of the end of the initial period of the Offer, represents less than 50% of the shares and voting rights of Rhodia on a fully-diluted basis, plus one share.
The Offer is also subject to the obtaining of the usual authorizations.

In the event the minority shareholders of Rhodia do not represent, following this tender offer, more than 5% of the outstanding capital or voting rights of Rhodia, Solvay may request the AMF, within three months of the end of the tender offer period, that a squeeze-out be implemented to cause the transfer to Solvay of the Rhodia shares which have not been tendered into the tender offer.

On April 14, 2011, Rhodia has announced the completion of the acquisition of the engineering plastics business of Indian company PI Industries Ltd (PIIL), after receiving approval of country's authorities. Rhodia Polymers & Specialties India Private Ltd is the name of the legal entity created to host Rhodia's newly integrated assets, including one industrial facility based in Panoli (Gujarat state), R&D capabilities as well as logistics network in India.

On April 14, 2011, Rhodia announced the divestment project to Novacap for its salicylic and acetaminophen activities. Salicylates, which are used as active ingredients in the pharmaceutical industry (aspirin, acetaminophen) or as synthesis intermediates (salicylic acid, methyl salicylate), represent the last pharmaceutical chemistry business remaining within the Group. The Group's salicylic and acetaminophen activities whose principal production sites are located in France (Saint-Fons, Roussillon), Thailand (Bangpoo), China (Wuxi) and Brazil (Paulinia) employ approximately 390 people. The finalization of this divestment project should take place over the next few months, once consultations with the employee' representatives have been completed and the necessary authorizations required by law have been obtained.

[1] The payment of a dividend of €0.5 per share for the fiscal year 2010 will be proposed to the Annual General Meeting on May 18, 2011