

Press release

Paris, July 30, 2010

SECOND QUARTER 2010 RESULTS

Rhodia confirms a step-up in profitability and increases full-year guidance

Forenote: Unless otherwise stated, all period variances referred to in this document are to be deemed on a year-on-year like-for-like⁽¹⁾ basis.

Q2 2010 highlights

- ✓ Excellent profitability: recurring EBITDA⁽²⁾ of €226 million
- ✓ Volumes up by 16% compared to last year
- ✓ Strong pricing power: €66 million net positive price impact at EBITDA level
- ✓ Net Profit of €43 million
- ✓ Free Cash Flow of €101 million and Net Debt at €883 million

Jean-Pierre Clamadieu, Chairman & CEO of Rhodia commented: “Our Q2 performance confirms Rhodia’s ability to generate more than €200 million of recurring EBITDA per quarter, demonstrating a step-up in profitability. We are confident this level will remain a reference point in the forthcoming quarters.”

He added: “With our strong presence in fast growing economies - to be further reinforced with the acquisition of Feixiang Chemicals – as well as the positive dynamics of the markets we serve, our innovation centered on sustainable development and our continuous focus on operational discipline, we are well positioned to generate profitable growth.”

Summary income statement Q2 2010

In € million	Q2 2009	Q2 2009 <i>like for like⁽¹⁾</i>	Q2 2010	Variation <i>like for like⁽¹⁾</i>
Net Sales	987	1,064	1,330	25%
Recurring EBITDA ⁽²⁾	111	114	226	98%
Operating Profit	38	36	146	n.m
Profit/(loss) from continuing operations	(36)		46	
Profit/(loss) from discontinued operations	(4)		(2)	
Net Profit/(loss) Group Share	(40)		43	
Earnings per Share (in €), basic	(0.39)		0.43	
Free Cash Flow ⁽³⁾	117		101	

(1) Like for like: at constant scope and currency conversion

(2) Before restructuring and other operating income and expenses

(3) Defined as “net cash from operating activities” before margin call plus “non recurring refinancing cash costs” minus Capital Expenditure

1. Strong performance driven by confirmed business dynamics

In the second quarter, **Net Sales** increased by 25% to €1,330 million from €1,064 million in Q2 2009. Volumes improved by 16% year-on-year, driven by a continued strong momentum across business segments and regions.

The company doubled its **recurring EBITDA** to €226 million compared with €114 million in Q2 2009. In the context of rising raw material and energy costs, this excellent profitability was driven by strong volumes and pricing power (net positive price impact of €66 million).

Operating Profit in Q2 was €146 million, a marked improvement compared to €38 million last year, reflecting the higher performance at EBITDA level.

Net Financial Charges in Q2 were €(63) million compared to €(54) million in Q2 2009. They include €24 million one-off charges linked to the partial refinancing of the Group's Floating Rate Notes due in 2013 for an amount of €500 million.

Income Tax at €(37) million reflected charges linked to the quarter's operating profitability, while the aforementioned refinancing one-off charges have not benefited from fiscal coverage.

Net Profit Group Share was €43 million in Q2 versus a €(40) million loss reported in Q2 2009.

Earnings per Share Group Share (basic) were €0.43 in Q2 versus €(0.39) reported a year earlier.

2. Continued operational discipline

Rhodia maintained rigorous operational discipline, pursuing the deployment of competitiveness action plans across activities including the rationalization of its industrial footprint. Moreover, the Group continued the tight management of Operating Working Capital and Capital Expenditure.

As a result, the Group posted a best-in-class **Operating Working Capital** ratio of 9% of Total Sales compared with a quarterly average of 9.6% in 2009.

Capital Expenditures amounted to €56 million in Q2 versus €44 million in Q2 2009. For the full year, total spending is expected to be up by 30% compared to the €191 million invested in 2009, with selective new capacity investments focused on high growth regions and markets.

Rhodia generated a strong positive **Free Cash Flow** of €101 million compared to €117 million in Q2 2009 driven by improved EBITDA and the very low Operating Working Capital cash requirements.

As of June 30th 2010, Rhodia reported a **Consolidated Net Debt** of €883 million. Through the refinancing of its €500 million 2013-Floating Rate Notes, the Group has extended its debt maturity profile up to 2018.

3. Rhodia well positioned to generate profitable growth

Leveraging strong demand dynamics in fast growing regions and markets

In the second quarter, 48% of Rhodia's Net Sales came from emerging countries (Latin America and Asia-Pacific) thanks to its strong footprint and positioning in these regions. The Group is leveraging these fast growing business dynamics by increasing capacity (silica and surfactants in China and polyamide fibers in Brazil), strengthening innovation and tailoring products to local needs. Demand in these regions is expected to remain healthy going forward as well as in the markets we serve. With the global car production holding up, despite the anticipated slowdown in Europe, Rhodia should continue to benefit from the increasing penetration of its innovative sustainable mobility solutions, including low energy tires, catalysis for emission control and engineering plastics for lighter weight vehicles.

Capitalizing on innovation focused on sustainable development

In the first half of 2010, Rhodia launched new ranges of high performance materials including Fuel'In by Technyl[®] for fuel contact applications and eco-friendly formulations such as the Rhodoline[®] additive for water-based paints and the plant-based Rhodapex[®] for cleansers and detergents.

Rhodia also recently inaugurated the *Technyl Innovation Center* in Lyon (France), a new development lab aiming to conceive the new-generation materials that will allow its customers to successfully meet the challenges posed by sustainable development.

Capturing external growth opportunities

In June 2010, Rhodia announced the acquisition of Feixiang Chemicals, China's leading producer of amines and surfactants. With this acquisition, Rhodia will significantly strengthen its leadership positions in the surfactants business, enhance its footprint in the world's fastest growing region and generate around one third of its net sales in Asia. Closing is expected to take place in the second half of 2010.

4. 2010 outlook

Despite the anticipated softening of the global economic recovery in the second half of 2010, Rhodia expects a limited impact in the markets it serves. Business dynamics should remain satisfactory thanks to healthy demand in fast growing markets.

In Q3 2010, Rhodia's current business environment shows no signs of slowdown and summer seasonality is expected to be less pronounced than usual.

Raw material and energy prices moreover appear to be stabilizing at high levels.

In the forthcoming quarters, Rhodia is confident in its ability to continue delivering a quarterly recurring EBITDA greater than €200 million, and is therefore increasing its full-year objective.

OVERVIEW BY ENTERPRISE

Polyamide

Rhodia Polyamide serves the automotive, electricals, electronic components, sportswear and leisure markets. Its expertise in the polyamide chain has allowed it to develop activities upstream in intermediates and polymers and downstream in engineering plastics.

<i>In € million</i>	Q2 2009	Q2 2009 Like for Like ⁽¹⁾	Q2 2010	Variation Like for Like ⁽¹⁾
Net Sales	347	395	548	39%
Recurring EBITDA ⁽²⁾	6	7	80	n.m

Polyamide benefited from high volumes, up by 15% year-on-year, across geographies and businesses. Furthermore, Polyamide exhibited a strong pricing power in a tight supply market which led to further improvements in unit margin. The impact of maintenance turnarounds registered in the quarter was lower than expected.

In Q3, Polyamide should continue to benefit from volume momentum and the usual seasonality effect in Europe should be lower than expected.

Novecare

Rhodia Novecare provides high-performance products and solutions to a wide range of industries including cosmetics, detergents, agrochemicals and oil, as well as industrial applications.

<i>In € million</i>	Q2 2009	Q2 2009 Like for Like ⁽¹⁾	Q2 2010	Variation Like for Like ⁽¹⁾
Net Sales	208	221	287	30%
Recurring EBITDA ⁽²⁾	22	22	51	132%

Novecare reported strong profitability, primarily driven by improved activity level across regions (volumes up by 31% year-on-year). The Industrial and Coating markets registered the largest volume improvement worldwide. The Agrochemicals business saw its best ever season while the Oilfield chemicals business continued to improve quarter after quarter.

Novecare recently announced the consolidation of its surfactants production lines currently located in Leeds and Halifax on a single platform. This is to reinforce its long-term competitive position in Europe.

In Q3, Novecare's positive dynamics are expected to continue with usual seasonality in its Agrochemicals activity.

⁽¹⁾ Like for like: at constant scope and currency conversion

⁽²⁾ Before restructuring and other operating income and expenses

Silcea

Rhodia Silcea produces high performance silicas for tires, rare earth-based materials for the automotive emissions reduction market and the lighting and electronics markets, and diphenols for flavors and fragrances.

<i>In € million</i>	Q2 2009	Q2 2009 Like for Like ⁽¹⁾	Q2 2010	Variation Like for Like ⁽¹⁾
Net Sales	149	156	218	40%
Recurring EBITDA ⁽²⁾	17	18	52	189%

Silcea reported strong performance, mainly driven by a strong business momentum across its three segments (volumes up by 37% year-on-year) combined with enhanced pricing power. The Enterprise gained some market share in both the catalysis and silica businesses, as a result of successful innovative high performance solutions.

In Q3, Silcea's activity is expected to remain robust.

Energy Services

Rhodia Energy Services is responsible for the Group's energy supply and the management of Rhodia's projects related to the reduction of greenhouse gas emissions.

<i>In € million</i>	Q2 2009	Q2 2009 Like for Like ⁽¹⁾	Q2 2010	Variation Like for Like ⁽¹⁾
Net Sales	51	54	38	(30%)
Recurring EBITDA ⁽²⁾	37	37	27	(27)%

Quarterly CER/ERU production was in line with the full year forecast. Part of sales has been postponed to the second half of 2010.

In Q3, the CER activity should be in line with the full year forecast of 14 million tons.

Acetow

Rhodia Acetow is a global producer of filter tow, mainly used for making cigarette filters.

<i>In € million</i>	Q2 2009	Q1 2009 Like for Like ⁽¹⁾	Q2 2010	Variation Like for Like ⁽¹⁾
Net Sales	140	145	136	(6.2)%
Recurring EBITDA ⁽²⁾	33	35	32	(8.6)%

Acetow registered a better than expected performance. The swift deployment of competitiveness programs (closing its Venezuela facility) has mostly offset lower volumes (-5% year-on-year).

In Q3, Acetow's business dynamics are expected to remain satisfactory.

⁽¹⁾ Like for like: at constant scope and currency conversion

⁽²⁾ Before restructuring and other operating income and expenses

Eco Services

Rhodia Eco Services offers sulfuric acid regeneration services to chemical manufacturers and oil refiners in North America.

<i>In € million</i>	Q2 2009	Q2 2009 Like for Like ⁽¹⁾	Q2 2010	Variation Like for Like ⁽¹⁾
Net Sales	55	58	65	12%
Recurring EBITDA ⁽²⁾	20	22	18	(18)%

Eco Services registered higher volumes year-on-year. The comparison year-on-year of recurring EBITDA is impacted by the positive indexation mechanism time-lag effect that was exceptionally favorable in Q2 2009.

In Q3, Eco Services should continue to benefit from the ongoing driving season.

Note: Rhodia's Board of Directors met on July 28, 2010 to examine the half-year ended June 30, 2010 Financial Statements. The Group's Statutory auditors carried out a limited review on such Financial Statements and issued their report thereon. Rhodia will publish its half-year ended June 30, 2010 Financial Report next week.

Safe Harbor for forward looking statements

This press release contains elements that are not historical facts including, without limitation, certain statements on future expectations and other forward-looking statements. Such statements are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those anticipated.

***Rhodia** is an international chemical company resolutely committed to sustainable development. As a leader in its businesses, the Group aims to improve its customers' performance through the pursuit of operational excellence and its ability to innovate. Structured around six Enterprises, Rhodia is the partner of major players in the automotive, electronics, flavors and fragrances, health, personal and home care markets, consumer goods and industrial markets. The Group employs around 13,600 people worldwide and generated sales of €4.03 billion in 2009. Rhodia is listed on Euronext Paris.*

For more information, please visit our [website www.rhodia.com](http://www.rhodia.com)

⁽¹⁾ Like for like: at constant scope and currency conversion

⁽²⁾ Before restructuring and other operating income and expenses

Upcoming events

- **Press conference call on July 30, 2010 (in French) at 9:30am CET**
Host: Jean-Pierre Clamadieu, Chairman and Chief Executive Officer
- **Analysts conference call on July 30, 2010 at 10am CET**
Hosts: Jean-Pierre Clamadieu, Chairman and Chief Executive Officer
and Pascal BOUCHIAT, Chief Financial Officer
WEBCAST on Rhodia website www.rhodia.com (Investors section)

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- **Rhodia's third quarter 2010 results will be published on November 4th, 2010**
 - **Capital Market Day will take place on November 30th, 2010**
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