

Press release

Paris, February 23, 2011

RHODIA REPORTS FULL YEAR AND FOURTH QUARTER 2010 RESULTS

Breakthrough step-up in profitability in 2010

Growth strategy well underway

Forenote: All period variances referred to in this document are to be deemed on a year on year like-for-like⁽¹⁾ basis, unless otherwise stated. The expressions "Rec. EBITDA" or "EBITDA" hereby refer to Recurring EBITDA before restructuring and other operating income and expenses.

- ✓ **Far-reaching transformation toward profitable growth ambition to generate over 1 billion euros annual pre-CER EBITDA by 2013-2015**
 - Redesigned management model to drive growth
 - Acquisition of Feixiang Chemicals in China
 - Reinforcement of business positions in the most dynamic markets

- ✓ **FY 2010 financial highlights**
 - Excellent profitability with recurring EBITDA at €905 million
 - Volumes up by 14% compared to 2009, reflecting strong business dynamics
 - Record Net Profit of €259 million
 - Solid Free Cash Flow⁽²⁾ generation of €240 million
 - Dividend at €0.5 per share (+100 percent vs 2009)

Commenting on these results, Chairman & CEO Jean-Pierre Clamadieu said: *"In 2010, Rhodia achieved a breakthrough step-up in profitability. We defined growth as the strategic priority and implemented a new decentralized management model as its driving force. The Group has already attained significant milestones with the acquisition of Feixiang Chemicals together with substantial investments in fast-growing regions."*

He added: *"Heading into 2011, global economic conditions and business momentum remain favorable. Rhodia will benefit from its high quality portfolio and strengthened positions in the most dynamic markets. In this context, we expect to improve our 2011 EBITDA by 5 to 10%, well in line with our 2013-2015 ambition".*

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

(2) Defined as "net cash from operating activities" before margin call plus "non recurring refinancing cash costs" minus capital expenditure

Summary Income Statement Full Year 2010

<i>In € million</i>	FY 2009	FY 2009 <i>like for like</i> ⁽¹⁾	FY 2010	Variation <i>like for like</i> ⁽¹⁾
Net Sales	4,031	4,321	5,226	21%
Recurring EBITDA	487	511	905	77%
Operating Profit	160	170	602	254%
Profit/(Loss) from continuing operations	(101)		267	
Profit/(Loss) from discontinued operations	(31)		(5)	
Net Profit/(Loss), Group Share	(132)		259	
Earnings per Share (in €), basic	(1.32)		2.55	
Free Cash Flow ⁽²⁾	355		240	

Summary Income Statement Q4 2010

<i>In € million</i>	Q4 2009	FY 2009 <i>like for like</i> ⁽¹⁾	Q4 2010	Variation <i>like for like</i> ⁽¹⁾
Net Sales	1,083	1,172	1,360	16%
Recurring EBITDA	200	213	223	4.7%
Operating Profit	109	119	165	39%
Profit/(loss) from continuing operations	28		92	
Profit/(loss) from discontinued operations	-		-	
Net Profit/ Group Share	28		91	
Earnings per Share (in €), basic	0.28		0.89	
Free Cash Flow ⁽²⁾	53		(11)	

1. A confirmed step-up in profitability driven by sustained favorable business dynamics and strong pricing power

For the full year 2010, **Net Sales** increased by 21% to €5,226 million from €4,321 million in 2009 driven by strong demand across regions and segments, resulting in volumes up by 14% year-on-year. Business dynamics remained favorable in Q4, with Net Sales of €1,360 million compared to €1,172 million in 2009.

Rhodia achieved a breakthrough step-up in profitability with full year **Recurring EBITDA** of €905 million compared to €511 million in 2009. This excellent profitability level was driven by both good business dynamics and strong pricing power which generated a €271 million net positive price impact. In Q4, the Group reported a recurring EBITDA of €223 million vs. €213 million for the same period last year. Continued effective price management in an inflationary raw materials context generated a positive net price impact of €24 million for the quarter.

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

(2) Defined as “net cash from operating activities” before margin call plus “non recurring refinancing cash costs” minus capital expenditure

Operating Profit for the full year 2010 was €602 million, a sharp improvement compared to €170 million last year, reflecting the excellent performance in recurring EBITDA. In Q4, it stood at €165 million compared to €119 million in the same period last year.

Net Financial charges for the full year were €(207) million versus €(190) million a year ago. They include €(37)million one-off charges linked to the partial refinancing of the Group's Floating Rate Notes due in 2013 for an aggregate amount of €800 million. In Q4, Net Financial charges stood at €(45) million versus €(47) million in the prior year.

Income Tax was €(128) million for the full year 2010 versus €(71) million in 2009. This increase primarily reflected charges linked to the higher operating profitability over the period. In Q4, Income Tax amounted to €(29) million compared to €(35)million in the prior year.

The Net Profit Group Share stood at a record level of €259 million for the full year 2010 compared to €(132) million last year, reflecting the excellent operating performance of the Group. In Q4, it was €91 million compared to €28 million in 2009.

Earnings per Share were €2.55 in 2010 versus €(1.32) in 2009.

A doubling of the **Dividend** at €0.5 per share will be proposed to the Annual General Meeting on May 18th, 2011.

2. Best-in-class working capital management

The Group continued to demonstrate best-in-class management of **Operating Working Capital**, posting a record performance of 9.2% on total sales average for the year 2010, compared to 9.6% in 2009.

Rhodia maintained selective **Capital Expenditure** of €270 million in 2010, in line with expectations. Growth Capex focused on fast-growing countries, including the silica plant in Qingdao (China), Novecare's plant in Zhenjiang (China) and Energy Services' first biomass investments in Brazil.

Rhodia generated a solid **Free Cash Flow**⁽¹⁾ of €240 million for the full year 2010, as a result of a strong EBITDA generation and continued financial discipline.

Acquisitions throughout the year amounted to €369 million, mostly related to Feixiang Chemicals in China.

By year end, **Consolidated Net Debt** was of €1,194 million representing a significant de-leveraging with a leverage ratio (net debt/EBITDA) of 1.3x against 2.1x at the end of 2009. The Group has lengthened its financial resources through the partial refinancing of its 2013 Floating Rate Notes, extending its debt maturity profile up to 2020. Rhodia has a sound capital structure and financial flexibility.

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3. Rhodia on track to accomplish its growth ambition

On October 4th, 2010, Rhodia announced its ambition to generate a yearly pre-CER recurring EBITDA greater than one billion euros within the next three to five years. Representing an EBITDA increase of over €250 million vs the current level, this ambition is focused on three key levers:

- Organic growth, contributing €100 million
- Innovation, contributing €50 million
- External growth, contributing €100 million

Rhodia enjoys global leadership positions in all the segments where it operates, and has clearly identified the growth potential across its businesses. Consumer Chemicals, with Novecare's specialty surfactants, green solvents and diphenol for vanillin, is expected to provide the highest contribution (over €140 million) to the Group's profitable growth ambition. Advanced Materials should also be a major contributor (with more than €50 million), through its highly dispersible silica for green tires and rare earth based-formulations businesses. Polyamide Materials and the Acetow & Eco Services business clusters will contribute the balance of our ambition.

The Group's priority for 2011 is focused on the accomplishment of its profitable growth agenda. Rhodia has redesigned its organization toward a more decentralized and simplified management model, fostering the emergence of an entrepreneurial culture, improved reactivity and speed of execution. Eleven Global Business Units (GBUs) with enhanced market and customer-focus are in place. With the support of a highly international management team, a streamlined Executive Committee supervises the five business clusters regrouping the GBUs and drives Rhodia's strategy. With a quick take-off of its new organization, the Group will be able to effectively leverage current sound business momentum.

In 2011, Rhodia will continue mobilizing all levers for growth while maintaining financial and operational discipline.

Leveraging sound market and geographical dynamics

Rhodia intends to capitalize on the ongoing favorable market and geographical dynamics. The Group's portfolio serves well diversified end markets enjoying sound growth potential, driven by environmental priorities and stringent regulations.

Rhodia is to leverage its unmatched exposure to fast-growing economies and expects to extend its global sales in these markets from its current 47% mark. Over the last years, the Group has extended its resources and concentrated most of its growth investments in these regions. In China, production capacity expanded by 20% in 2010, excluding the recent Feixiang acquisition. The new high performance silica plant in Qingdao will allow the Group to meet increasing global demand for energy efficient tires. The development of a new Novecare and Aroma Performance industrial platform in Zhenjiang will help satisfy the strong growing demand for Home & Personal Care solutions.

Success of new product launches and continuous reinforcement of eco-friendly innovative offering

Rhodia is developing an ambitious portfolio of projects that reinforce its eco-friendly innovative offering and is helping set new performance standards for the industry. Recent launches to contribute to its 2011 earnings include high performance materials such as the polyamide 6.6-based Fuel'In and Evolite by Technyl® and eco-friendly formulations like Rhodiasolv® solvent and Rhodoline®, an additive for sustainable water-based paint formulations. The recently announced new process for the recovery and separation of rare earths contained in used low-energy light bulbs should be operational in 2012.

Furthermore, the Group announced today it has invested in the Aster multi-corporate European venture, partnering with Schneider Electric and Alstom, to accelerate its innovation capabilities (see Aster press release issued the same day). Today, 90% of Rhodia's major R&D projects are driven by sustainable development requirements.

Acquisitions to fuel growth

The Feixiang Chemicals acquisition in China is a key first step in the implementation of the Group's growth strategy. The integration process is well on track and is expected to deliver significant growth synergies in a short time frame. With a new site at Zhuhai to be operational in the second half of 2011, the Group confirms its commitment to double Feixiang's business by 2015. In addition, the ongoing acquisition of PI Industries' engineering plastics activity in India sets the framework for the Group's objective to increase market share in the Indian polyamide compound market to more than 15% by 2015.

Rhodia continues to seek bolt-on acquisition opportunities which can help it strengthen its leadership positions and innovation capabilities and capture growth while being easy to integrate.

Maintaining financial and operational discipline

While focusing on growth, Rhodia is maintaining financial discipline. The Group is to increase selectively its growth Capex in a timely manner, while demanding high returns. In 2011, investment projects will mainly focus on businesses with strong growth potential, such as Consumer Chemicals, where two new surfactant and guar sites are to be operational in China in addition to de-bottlenecking investments in the US and Europe. Polyamide 6.6 polymerization capacity should be extended in South Korea as well as polyamide compounding in India. Silica capacity is to increase in the USA and Europe and Energy Climate Care developments are planned in Brazil and Asia.

4. Sound business momentum across segments

Consumer Chemicals should benefit from sustained momentum in all its businesses driven by economic growth and eco-megatrends. Rhodia expects to launch new products and capture market share as well as leverage the Feixiang growth platform.

Polyamide Materials is seeing a solid demand and continues to enjoy good margins. Force Majeure was declared on February 4th, 2011, for its HMDA and downstream manufacturing chain - a result of reduced production capacity due to a severe disruption of raw materials procurement combined with an equipment breakdown on the ADN production facility in Chalampé. Rhodia is currently working on all possible means to partially compensate for the associated negative impacts on its customers and the Group. Over the year, Polyamide Materials will focus on managing its stretched production capacity for intermediates.

Advanced Materials should benefit from sustained strong demand for Silica and Rare Earths. The Group should leverage its significant increase in Silica production capacity worldwide, up 30% following the capacity extension in Qingdao. Rhodia is determined to take advantage of its unique positioning in rare earth formulations to enhance its supplier of choice status.

Acetow and Eco Services should benefit from a sustained level of demand. Acetow is focusing on maximizing production output to meet demand.

Energy Services expects to generate 14 million tons of CER/ERU of which 40% are already hedged at an average price of €13.5 per ton. The Group is progressing in the development of its renewable "Climate Care" energy businesses.

5. Outlook

Global economic growth should remain strong in 2011, driven by fast-growing countries. Rhodia's portfolio is well-suited to benefit from global market megatrends.

In a context where raw materials and energy costs are trending upwards, the Group is confident to continue enjoying satisfactory pricing power.

Under current conditions, Rhodia expects to improve its 2011 Recurring EBITDA by 5 to 10% compared to last year. This objective is fully on track toward its 2013-2015 ambition.

Q4 2010 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.

	FY 09	FY 09 Like for Like ⁽¹⁾	FY 10	Var ⁽¹⁾	Q4 09	Q4 09 Like for Like ⁽¹⁾	Q4 10	Var ⁽¹⁾
<i>In € million</i>								
Net Sales	1,476	1,641	2,145	31%	446	485	542	12%
Recurring EBITDA ⁽²⁾	31	44	317	620%	69	77	77	0%

In Q4, Polyamide continued to benefit from solid market demand, particularly in the Engineering Plastics segment registering 10% year-on-year volume growth. Force Majeure in December limited production at Intermediates, with an adverse impact of €(7) million on EBITDA. Strong pricing power has been partly offset by unfavorable exchange rates.

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.

	FY 09	FY 09 Like for Like ⁽¹⁾	FY 10	Var ⁽¹⁾	Q4 09	Q4 09 Like for Like ⁽¹⁾	Q4 10	Var ⁽¹⁾
<i>In € million</i>								
Net Sales	827	904	1,094	21%	203	237	286	21%
Recurring EBITDA ⁽²⁾	93	104	166	60%	27	31	36	16%

In Q4, Novecare continued to report strong volumes (overall up by 18% year-on-year) across segments and regions, with a sequential slowdown due to a normal seasonality. The highest year-on-year volume growth was reported in the Oil & Gas and Agro markets, both increasing by nearly 30%. Industrial segments' increased business was driven by solid demand and new business developments. The Feixiang Chemicals acquisition is fully consolidated since November 30th, 2010.

⁽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 automotive emissions reduction, lighting and electronics, and diphenols for flavors and fragrances.

	FY 09	FY 09 Like for Like ⁽¹⁾	FY 10	Var ⁽¹⁾	Q4 09	Q4 09 Like for Like ⁽¹⁾	Q4 10	Var ⁽¹⁾
<i>In € million</i>								
Net Sales	635	663	851	28%	177	188	228	21%
Recurring EBITDA ⁽²⁾	84	91	197	116%	35	37	53	43%

In Q4, Silcea registered solid business performance across segments and particularly in Silica. Overall, the Enterprise posted +7% increase in volumes. Silcea benefited from strong pricing, notably at Rare Earths.

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.

	FY 09	FY 09 Like for Like ⁽¹⁾	FY 10	Var ⁽¹⁾	Q4 09	Q4 09 Like for Like ⁽¹⁾	Q4 10	Var ⁽¹⁾
<i>In € million</i>								
Net Sales	189	196	203	3.6%	51	53	66	25%
Recurring EBITDA ⁽²⁾	165	165	169	2.4%	46	46	57	24%

In Q4, Energy Services' EBITDA increased compared to last year, the result of higher CER/ERU volumes, only partially offset by lower selling prices.

The full year 2010 average price was €13.7 per ton.

Acetow

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

	FY 09	FY 09 Like for Like ⁽¹⁾	FY 10	Var ⁽¹⁾	Q4 09	Q4 09 Like for Like ⁽¹⁾	Q4 10	Var ⁽¹⁾
<i>In € million</i>								
Net Sales	549	565	540	(4.4)%	136	141	138	(2.1)%
Recurring EBITDA ⁽²⁾	133	136	127	(6.6)%	31	33	30	(9.1)%

In Q4, performance was maintained at good levels. Volumes were slightly down year-on-year, following the rationalization of the industrial footprint (closure of the Venezuela plant). This impact was compensated by lower fixed costs.

⁽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.

	FY 09	FY 09 Like for Like ⁽¹⁾	FY 10	Var ⁽¹⁾	Q4 09	Q4 09 Like for Like ⁽¹⁾	Q4 10	Var ⁽¹⁾
<i>In € million</i>								
Net Sales	211	222	251	13.1%	41	46	66	43%
Recurring EBITDA ⁽²⁾	70	74	67	(9.5)%	10	11	12	9.1%

In Q4, Eco Services benefited from good demand leading to higher volumes, up by 13% year-on-year. The Enterprise experienced the usual low season patterns.

* * *

As of January 1st, 2011, Rhodia's financial reporting will reflect the Group's new organization model. Thus, quarterly reporting will be based on five business clusters comprising its 11 Global Business Units as follows:

- Consumer Chemicals: Novecare, Coatis and Aroma Performance
- Polyamide Materials: Polyamide & Intermediates, Engineering Plastics and Fibras
- Advanced Materials: Silica and Rare Earth Systems
- Acetow & Eco Services
- Energy Services

Note: Rhodia's Board of Directors, which met on February 22, 2011, adopted the 2010 Financial Statements. Audit procedures on the consolidated accounts have been completed⁽³⁾.

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.

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

(2) Before restructuring and other operating income and expenses

(3) The report of independent registered public accounting firms on the consolidated financial statements will be issued after completion of specific verifications required for the filings of the French Document de Référence with the AMF.

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. The Group is structured around 11 Global Business Units (GBUs) within 5 business clusters, 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 14 000 people worldwide and generated sales of €5.23 billion in 2010. Rhodia is listed on Euronext Paris.

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

Upcoming events

- **Press conference on February 23, 2011 (in French) at 09:00 am CET**
Académie Internationale Diplomatique - 4bis, avenue Hoche – 75008 Paris
Hosts: Jean-Pierre CLAMADIEU, Chairman and Chief Executive Officer
Pascal BOUCHIAT, Executive Vice-President

- **Analysts conference on February 23, 2011 at 10:30 am CET**
Académie Internationale Diplomatique - 4bis, avenue Hoche – 75008 Paris
Hosts: Jean-Pierre CLAMADIEU, Chairman and Chief Executive Officer
Pascal BOUCHIAT, Executive Vice-President

WEBCAST on Rhodia website www.rhodia.com (Investors section)

- **Rhodia's first quarter 2011 results will be published on May 5, 2011**
 - **The Annual Meeting of Rhodia Shareholders will take place in May 18, 2011**
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