

Payment of dividend in shares

Your questions / Our answers

1/ When does period for choosing between payment in cash and payment in shares begin? What is the deadline?

The period for choosing between payment in cash and payment in shares begins on May 25, 2011. If you opt for a dividend payment in shares, you must return before June 10, 2011 the reply form sent by your Account-Holding Financial Intermediary. The date and time limits by which the reply form must be received by your bank will be indicated on the reply slip.

2/ What is the issue price of the shares acquired through the dividend payment in shares?

The issue price of the Rhodia shares used for dividend payment has been set by the Board of Directors at €28.

It is equal to the average opening price of the twenty trading sessions preceding the date of the Shareholders' Meeting, less a 9.42% discount rate and the net dividend amount, rounded up to the nearest eurocent.

3/ How is the amount of my dividend calculated?

A distinction must be made between:

- ▶ the **gross dividend** amount, which is equal to the number of shares that you hold the day before the start of the period for choosing a dividend payment in shares (i.e. May 24, 2011), after the close of the Euronext Paris market, multiplied by the dividend; and;
- ▶ the **net dividend** amount, which is equal to the gross dividend less any French tax deductions at the prevailing rates (see question 4).

For holders of "pure registered" shares (excluding shares held under a Share Savings Plan), you will receive a reply slip based on the net amount from Société Générale Securities Services, RHODIA's Securities Services manager. You must make a request to Société Générale Securities Services if you wish to receive your dividend in shares based on the gross amount.

For holders of administered or bearer shares at an account-holding financial intermediary, you will receive a letter from your bank proposing a calculation based on a gross or net dividend amount on a case-by-case basis.

4/ Which taxes will apply to the dividend payment?

You are a French tax resident:

The dividends will be taxable on a progressive tax scale after a 40% allowance and the annual fixed allowance, or, as an option prior to the payment of the dividend by your paying institution, at the flat-rate withholding tax (19%¹).

If you opt for the flat-rate withholding tax, you will no longer benefit from allowances in future distributions.

Social security contributions (12.3%¹) will be deducted at source.

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¹ Rate prevailing as of January 1, 2011

You are not a French tax resident:

The dividends will be liable to a 25% withholding tax or, subject to the transmission of a duly completed tax residency certificate prior to payment of the dividend, at the standard prevailing rates as provided in the tax conventions signed by France.

The withholding tax amounts to 50% for revenues paid outside France in a non-cooperating State or territory.

5/ How is the number of new shares that I may acquire calculated?

The number of new shares that you may acquire corresponds to the net dividend amount divided by the new share subscription price.

You can calculate the payment of your dividend in shares using the simulator in the "Carnet de l'Actionnaire" section at the www.rhodiasynthese.com website.

6/ What happens when the number of new shares calculated is not a whole number?

The number of new shares is rounded down to the nearest whole number and the remaining fraction, referred to as the balance, is multiplied by the dividend rate and paid in cash.

You can calculate the payment of your dividend in shares using the simulator in the "Carnet de l'Actionnaire" section at the www.rhodiasynthese.com website.

7/ When do new shares acquired become available? Can I sell these shares immediately?

The new shares acquired through the dividend payment in shares are available and tradable immediately, unless your shares were pledged as collateral. The new shares will be credited to your securities account by your account-holding financial intermediary.

8/ On what date will my new shares be credited?

The new shares will be registered in your account on June 21, 2011. You will receive a notice of registration from your financial institution.

9/ On what date are dividend amounts not reinvested in shares paid?

Dividend amounts not reinvested in shares will be paid on June 21, 2011.

10/ What is the tax rate on capital gains from the sale of these shares?

The capital gain will be equal to the difference between the net amount from the sale of the shares (gross amount less trading fees) and the weighted average tax cost of the shares. This capital gain will be subject to the taxation regime for capital gains or losses on the sale of marketable securities.

Whatever the sale amount, the net capital gain will be taxed at a rate of 31.3%², inclusive of social security contributions.

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² Rate prevailing as of January 1, 2011

11/ I have not received a reply form to opt for the dividend payment in shares?

In that case, please contact your account-holding financial intermediary. If you are a holder of "pure registered" shares, you will not receive a form if the number of shares that you hold is insufficient to acquire at least one new share. This occurs when the amount of your dividend less social security contributions or withholding taxes is lower than the issue price of one share.

12/ Do I have to receive my dividend in shares?

No, the Dividend Payment in Shares is optional. The default option is payment in cash. You do not need to do anything if you wish to receive your dividend payment in cash. The other option involves reinvesting the amount of your dividend in shares, and acquiring shares at the price determined by RHODIA. You will receive a reply form to take advantage in the Dividend Payment in Shares option from your account-holding financial intermediary. If you wish to benefit from this dividend payment in shares, you must complete the reply form and return it to your financial intermediary.

13/ If I wish to receive the dividend in cash, on what date will cash payment be credited?

Dividend payments in cash will be credited on June 21, 2011.

14/ Will I receive the €0.50 per Rhodia share dividend if I contribute my shares to the Solvay offering?

The payment of the €0.50 per Rhodia share dividend for fiscal year 2010 is not related to the Solvay IPO for Rhodia. Any Rhodia shareholder as of May 24, 2011 will be paid the €0.50 per share dividend in cash or shares on June 21, 2011, regardless of whether or not he/she has contributed his/her shares to the Solvay offering.

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