# NOTICE

The following document is an unofficial English-language translation of the Offer Document (*note d'information*) which received visa n° 11-148 from the AMF on May 10, 2011, pursuant to article L. 612-8 of the French Monetary and Financial Code and article 231-23 of the General Regulation of the AMF, following the decision of the AMF as to the compliance of the offer to purchase dated May 10, 2011.

Additional information for U.S. holders, in particular with respect to the procedures to be followed for tendering securities to the tender agent to be appointed for that purpose in the United States, will be set forth herein no later than the day before the opening of the offer acceptance period.

# OFFER TO PURCHASE FOR CASH

## ALL ORDINARY SHARES, BONDS CONVERTIBLE INTO AND/OR EXCHANGEABLE FOR NEWLY ISSUED OR EXISTING SHARES (OCEANEs) AND AMERICAN DEPOSITARY SHARES OF

Chemistry is our world, Responsibility is our way

**BY**

**PRESENTED BY**

Morgan Stanley

**OFFER DOCUMENT OF SOLVAY**

<u>OFFER PRICE</u>:

€31.60 per Ordinary Share of Rhodia (excluding any dividends payable)*

€52.30 per OCEANE**

the U.S. dollar equivalent of €31.60 per American Depositary Share (ex-dividends)*

* the distribution of a dividend of €0.50 per share will be proposed for the approval of the general shareholders' meeting of Rhodia called for May 18, 2011

** the price per OCEANE may be increased if the settlement date of the Offer occurs after September 1, 2011

<u>OFFER PERIOD</u>:

The timetable for the offer will be set by the French market authority (*l'Autorité des marchés financiers*, the ***AMF***) in accordance with its General Regulation.

**IMPORTANT NOTICE**

In accordance with article L. 433-4 III of the French Monetary and Financial Code and articles 237-14 *et seq.* of the General Regulation of the AMF, 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 acceptance 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.

Solvay also may request the AMF, within three months of the end of the tender offer acceptance period, that a squeeze-out be implemented for the OCEANEs issued by Rhodia which have not been tendered into the tender offer, if the shares which have not been tendered into this purchase offer, and the shares which may be issued upon the conversion of OCEANEs not tendered into this offer, do not represent more than 5% of all the share capital of Rhodia outstanding and which may be issued.

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In the event of any discrepancies between this unofficial English-language translation and the official French document, the official French document shall prevail.

The French and English versions of the Offer Document are available on the websites of the AMF (www.amf-france.org) and of Solvay (www.solvay.com). Copies of this Offer Document may be obtained at no cost from:

| | |
|---|---|
| Solvay<br>33, rue du Prince Albert<br>1050 Brussels<br>Belgium | Morgan Stanley & Co. International plc<br>25 Cabot Square<br>Canary Wharf<br>London<br>E14 4QA |

In accordance with the terms of article 231-28 of the General Regulation of the AMF, information regarding the characteristics, and in particular the legal, financial and accounting characteristics, of Solvay, Solvay Participations France and Solvay Finance France shall be filed with the AMF and made available to the public no later than the day before the opening of the tender offer period.

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## 1. PRESENTATION OF THE OFFER

In accordance with Title III of Book II and more specifically of articles 232-1 *et seq.* of the General Regulation of the AMF, Solvay, a limited liability company (*société anonyme*) incorporated under the law of Belgium, with a share capital of €1,270,516,995 registered in the list of legal persons of Brussels under number 403 091 220, with its corporate headquarters located at 33, rue du Prince Albert, 1050 Brussels (the ***Bidder***), irrevocably offers to the shareholders of Rhodia and to holders of OCEANEs (as defined below) issued by Rhodia, a French limited liability company (*société anonyme*), with a share capital of €104,579,122, divided into 104,579,122 shares, nominal value €1 each, with its corporate headquarters located at Immeuble Cœur Défense – tour A – 110, esplanade Charles de Gaulle, 92400 Courbevoie, registered in the commercial and companies register of Nanterre under number 352 170 161 (***Rhodia***, or the ***Company***), to purchase under the conditions described below (the ***Offer***):

(i) (a) all of the issued and outstanding ordinary shares of the Company (including shares represented by American Depositary Shares (***ADSs***)) and shares which may be issued as a result of (b) the conversion of the OCEANEs, (c) the exercise of the warrants (*bons de souscription d'actions*) issued by the Company and held by the Company Mutual Fund (*Fonds Commun de Placement d'Entreprise*) "Zukunft 2006" (the ***BSAs***) and (d) the exercise of the Rhodia warrants granted to employees of Rhodia or its subsidiaries (the ***Options***) and (e) the possible payment in shares of the 2010 Dividend (as defined below), or, to the knowledge of the Bidder, a maximum of 120,694,373 shares of Rhodia[1] at March 31, 2011 (the ***Shares***) (excluding shares which may be issued as part of a payment in Sharesof the 2010 Dividend). These Shares are admitted for trading on the NYSE Euronext Paris market (*compartiment A*) under ISIN Code FR 0010479956, or "RHA". The ***2010 Dividend*** means the dividend from Rhodia of €0.50 per Share for the 2010 financial year[2]; and

(ii) all of the bonds convertible into and/or exchangeable for newly issued or existing shares (the ***OCEANEs***) issued by the Company and admitted for trading on the NYSE Euronext Paris market under ISIN Code FR 0010464487, or, to the knowledge of the Bidder, 12,372,636 OCEANEs.

The attention of the holder of BSAs is drawn to the fact that the BSAs will become invalid by operation of law on July 1, 2011. The holder of the BSAs is therefore advised to exercise them and tender the underlying Shares into the Offer no later than the last day of the Offer period.

The Shares and the OCEANEs are referred to herein collectively as the ***Securities***.

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1 Reflecting: (a) 104,579,122 shares composing the share capital of Rhodia at March 31, 2011, (b) 14,970,890 shares which may be issued upon the conversion of the OCEANEs, (c) 17,933 shares which may be issued as a result of the exercise of the BSAs and (d) 1,126,428 shares which may be issued upon the exercise of exercisable Options.

2 The general shareholders' meeting of Rhodia called for May 18, 2011, will be asked to approve (i) the payment of a dividend of €0.5 per Rhodia share and (ii) the possibility for Rhodia shareholders to choose to receive payment of the dividend in the form of shares. In case of approval by the general shareholders' meeting, the record date for this dividend would be May 25, 2011, and the dividend would be payable on June 21, 2011. Shareholders choosing payment of the dividend in the form of Rhodia shares must make such election no later than June 10, 2011, to permit payment as of June 21, 2011 (see the third and fourth resolutions on the notice of the shareholders' meeting published in the *Bulletin des Annonces Légales Obligatoires* n°33 of March 18, 2011).

Except for cases where there is an applicable exception to the holding period established under legal or regulatory provisions (such as the death or disability of the beneficiary), the following Securities may not be tendered into the Offer:

(i) Shares which will be issued upon the exercise of Options but which remain subject to a mandatory holding period under applicable tax regulations as of the end of the Offer period and, as the case may be, of the period of the Re-opened Offer (as defined below in paragraph 2.18 of this Offer Document);

(ii) the shares granted freely to employees of Rhodia or its subsidiaries in accordance with the terms of articles L. 225-197-1 to L. 225-197-5 of the French Commercial Code (the ***Free Shares***) for which the holding period will not have expired at the end of the Offer period and, as the case may be, of the period of the Re-opened Offer (the ***Non-transferrable Free Shares***); and

(iii) the Shares held directly by the group saving plan (*plan d'épargne groupe*) established by Rhodia (the ***PEG***) which are subject to the mandatory holding period provided by article L. 3332-25 of the French Labour Code (the ***Blocked PEG Shares***), if such period has not expired at the end of the Offer period, and as the case may be, of the period of the Re-opened Offer.

The principal characteristics of the OCEANEs, the Options, the Free Shares and the BSAs are described in paragraphs 2.4, 2.5, 2.6 and 2.8, respectively, of this Offer Document.

In the event the Offer is successful (see paragraph 2.11.1 of this Offer Document), the Bidder (i) will acquire a number of Shares tendered into the Offer representing 10% of the share capital of Rhodia and (ii) will substitute for itself:

(a) Solvay Participations France, a *société par actions simplifiée* incorporated under the law of France, with a share capital of €675,037,500 registered in the commercial and companies register of Paris under number 420 837 684 with its corporate headquarters located at 25, rue de Clichy, 75009 Paris, (***Solvay Participations France***) for the purpose of acquiring all other Shares tendered into the Offer and, as the case may be, the Re-opened Offer;

(b) Solvay Finance France, a limited liability company (*société anonyme*) incorporated under the law of France, with a share capital of €755,274,807 registered in the commercial and companies register of Paris under number 757 801 261, with its corporate headquarters located at 25, rue de Clichy, 75009 Paris (***Solvay Finance France***), for the purpose of acquiring all of the OCEANEs tendered into the Offer and, as the case may be, the Re-opened Offer,

it being specified that Solvay is jointly responsible for all obligations of Solvay Participations France and Solvay Finance France with respect to the Offer.

Solvay Participations France is 100% owned by Solvay Finance France, and Solvay Finance France is 99.9% owned by Solvay through its French branch. In accordance with the terms of the Framework Agreement (*Protocole d'Accord*) as defined below in paragraph 1.1.1 of this Offer Document, Solvay has undertaken that these percentage holdings will remain unchanged until the settlement date of the Offer and, as the case may be, of the Re-opened Offer.

Morgan Stanley & Co. International plc, as the presenting bank for the Offer, guarantees, in compliance with the terms of article 231-13 of the General Regulation of the AMF, the terms and irrevocable nature of the commitments taken by the Bidder in connection with the Offer.

It is specified that the Offer will be opened in the United States of America as an extension of the Offer in France. The Offer in the United States will comply with the applicable terms of

United States law (specifically, Rule 14e of the Securities Exchange Act of 1934, as amended). The Offer will be opened to holders in the United States of Shares, OCEANEs and ADSs. For this purpose, a translation into English of the Offer Document, including certain information related to tendering securities into the Offer which should be followed by holders in the United States, will be distributed or made available to such holders. A U.S. tender agent may be appointed to receive Shares, OCEANEs and ADSs tendered into the Offer by U.S. holders.

1.1 Reasons for the transaction

*1.1.1 Context of the Offer*

Following a series of exchanges initiated by Solvay during which representatives of Solvay and Rhodia discussed key aspects of a business combination to evaluate its strategic interest and the means for putting it into effect, the Board of Directors of Solvay, meeting on April 3, 2011, acknowledged the industrial potential of the project and the complementarity of the two groups notably with respect to their values, geographic positioning and respective strategies for sustainable development and growth in emerging countries. Persuaded of the strategic and financial interest of such a transaction for the development of both groups, the Board authorized the signing of a framework agreement (*protocole d'accord*) (***Framework Agreement***) specifying the terms of the business combination of Solvay and Rhodia and notably the conditions in which the Offer would be carried out.

Following the execution of the Framework Agreement, Solvay and Rhodia published on April 4, 2011, a joint press release which is available on the website of Solvay (www.solvay.com) and Rhodia (www.rhodia.com), in which Solvay and Rhodia stated that Rhodia's Board of Directors had unanimously recommended the proposed Offer.

*1.1.2 Framework Agreement between the Bidder and the Company*

The Framework Agreement was signed on April 3, 2011, between Solvay, Solvay Participations France, Solvay Finance France and Rhodia.

The principal terms of the Framework Agreement are summarized below:

(i) Principal undertakings of Solvay

(a) Solvay undertook, no more than five (5) trading days following the date of the signing of the Framework Agreement, to file a public offer to purchase the Securities. The Framework Agreement sets forth notably the principal terms of the Offer (the securities subject to the Offer, the terms of the Offer and adjustments, the liquidity mechanism, the markets in which the Offer will be made, the conditions for opening the Offer, the conditions for closing the Offer, and the minimum level of acceptance and squeeze-out);

(b) In the event of a positive outcome for the Offer, Solvay undertook to consider every solution for refinancing Rhodia in accordance with the terms of existing loans (including debt securities) containing a change of control clause; and

(c) Solvay undertook to put in place a liquidity mechanism under the conditions described in paragraph 2.9 of this Offer Document.

(ii) Principal undertakings of Rhodia

(a) Rhodia undertook to hold a meeting of its Board of Directors as soon as possible following the delivery by the Independent Expert (as defined in

Paragraph 1.1.5 of this Offer Document) of its report, and, in any event, within three (3) trading days following the delivery of such report, in order to provide a formal opinion with respect to the Offer in accordance with applicable regulations;

(b) Rhodia undertook to not to seek, request or actively undertake discussions concerning (i) any offer competing with the Offer within the meaning of article 232-7 of the General Regulation of the AMF through any means, (ii) any merger involving directly or indirectly Rhodia, (iii) any transaction for the sale of all or a significant part of the business of Rhodia and its subsidiaries or (iv) any transaction having an equivalent economic effect to the transactions described in paragraphs (i) to (iii) above (the transactions described in paragraphs (i) to (iv) above being referred to herein collectively as ***Equivalent Operations***). Rhodia nevertheless reserved the possibility of entering into contact with any third party who might solicit it for the purpose of raising the possibility of an Equivalent Operation. In such a situation:

- Rhodia must immediately inform Solvay;

- Rhodia must not limit its analysis of the Equivalent Operation to the price which may be offered and must take into account in its analysis notably the quality of the strategic and industrial project, the proposals of the acquirer in terms of sustainable development and social policy, its financing and the terms of execution;

- the Board of Directors of Rhodia may not approve the Equivalent Operation if Solvay has made a proposal to Rhodia which is considered superior to the Equivalent Operation by Rhodia's Board of Directors with respect to the criteria described above; and

(c) Rhodia undertook to manage its activities as in the ordinary course of business and to cause its subsidiaries also to be managed as in the ordinary course of business.

(iii) Collaboration between Solvay and Rhodia

Solvay and Rhodia agreed to collaborate in the context of their relations with (i) the Independent Expert, (ii) the regulatory authorities (including the AMF, the Banking, Finance and Insurance Commission and, as the case may be, the Security and Exchange Commission and any other competent market authority), (iii) the A*utorité de Contrôle Prudentiel*, the Ministry of the Economy, Finance and Industry, and antitrust authorities (including the European Commission and the competent U.S. authority).

### *1.1.3 Rationale for the Offer and benefits of the transaction*

In the event of the Offer is successful, the combination of Solvay and Rhodia will create a European leader in the chemicals industry. The combined group will benefit from (i) new growth drivers and an enlarged product offering, (ii) performance driven cultures, (iii) a strategy based on innovation and technology and (iv) an enhanced financial profile.

(i) New growth drivers and enlarged product offering

*(a) Increased scale and leadership*

The transaction will create the 7th largest European group in chemicals with a combined revenue of approximately €12[3] billion. The newly created group will have leading positions (top three positions globally) on segments representing more than 90%[3] of the combined revenues of the newly created group:

| Segment | Market position | Description |
|---|---|---|
| Specialty Polymers | #1 | High-performance engineering polymers, fluorinated polymers |
| Polyamide Materials | #2 | PA 6.6 polymers and intermediates |
| Consumer Chemicals | #1 | Specialty surfactants, Phosphorus chemistry, Diphenols for vanillin |
| Advanced Materials | #1 | Silica, Rare Earth Systems |
| Oxygen | #1 | Hydrogen Peroxide |
| Minerals | #1 | Soda Ash, Sodium Bicarbonate |
| Vinyls | #3 | PVC and PVC compounds |
| Electrochemistry | #3 | Caustic Soda |
| Acetow | #3 | Acetate tow and Cellulose acetate flakes |

*(b) A balanced geographical split, focused on growth markets*

The geographical reach of the new group will benefit from the growth in emerging markets.

Based on data for 2010[3], the share of revenue generated in high growth markets (Asia Pacific, Latin America including Mexico, Central and Eastern Europe, Africa and the Middle-east) represents approximately 40% of the new group's combined revenues, which enables it to benefit from new regions of growth.

*(c) Better balanced market reach*

Solvay is one of the world leaders on high performance special polymers, hydrogen peroxide and sodium bicarbonate. Rhodia is one of the world leaders in consumer chemicals, high performance silicas, rare earth systems and polyamides.

3 On a pro forma basis as of December 31, 2010.

The high complementarities of Solvay and Rhodia will provide the new group with a balanced market reach, as highlighted in the table below showing combined revenues by end market. This diversity will insure greater revenue stability and reduce the new group's cyclicality in certain market segments.

| End Markets | Solvay | Solvay + Rhodia |
|---|---|---|
| Consumer goods | 4% | Circa. 19% |
| Construction | 22% | Circa. 15% |
| Industry | 14% | Circa. 14% |
| Automotive | 9% | Circa. 14% |
| Packaging, Glass, Paper, Hygiene | 19% | Circa. 11% |
| Energy / water and environment | 7% | Circa. 8% |
| Chemicals | 12% | Circa. 7% |
| Electricals | 7% | Circa. 6% |
| Others | 5% | Circa. 5% |

On the consumer goods market, Solvay markets products such as polyarylamide Ixef® used in electric razors, transparent polysulfone used in home appliances or high-strength amodel® used to produce water pump turbines. Rhodia addresses the beauty and health markets based on its specialty surfactants and natural polymers products. It also serves the aroma and fragrances market with its diphenol and derivatives technology, and its polyamide-based fibers, and engineering plastics, serve markets as diverse as textile garments, sporting goods, and personal protective gear.

On the construction market, products developed by Solvay, including energy efficient window profiles in PVC, cross linkable polyethylene wire and cable, or floor covering in vynil-based wood-polymer composite complement Rhodia's product offering based on polyamide used in the manufacturing of circuit breakers or window profiles for HQE buildings with lower thermal conductive PA.

On the industry end-market, Solvay develops a wide range of specialty polymers, fluorinated polymers, sodium bicarbonate, hydrogen peroxide and vinyls. Rhodia develops polyamide-based intermediates and polymers and additives based on specialty surfactants, natural polymers, solvents or diphenols for industries as diverse as water treatment and metals, painting, industrial cleaning, polymer synthesis, textile manufacturing and the paper industry.

On the automotive market, Sovlay and Rhodia benefit from complementary product offerings. Solvay manufactures lubricants and mechanical components such as cooling elements of admissions of air or fuel systems. Rhodia develops innovative and energy efficient solutions notably based on polyamide, rare earths or high-dispersible silica enabling reductions in the weight of vehicles and reducing carbon emissions.

On the electronic end market, Solvay manufactures polyarylamide (PARA) for mobile phone housings, liquid crystal polymers for electrical connectors or PFTE impregnated laminate for printed circuit boards, which complement Rhodia's product formulations based on rare earths, which are used in energy-efficient light bulbs, flat screens, digital devices, and medical imaging.

(ii) Performance driven cultures

The new group will benefit from shared performance driven cultures with a decentralized structure. The objective of the combined group is to develop a structure based on a simplified and decentralized organizational model to support growth dynamics.

This organizational model is to (i) foster the development of an entrepreneurial spirit, (ii) improve efficiency, decision making and speed of execution and (iii) create businesses closer to their end-markets and their customers.

(iii) Innovation and technology at the heart of the group's strategy

The transaction will combine significant resources in terms of technical know-how, research and development and technological innovation.

The research and development departments will include 1,700 employees in about 20 research centers across the globe. Research and development will be at the heart of the group's strategy given the importance of revenue derived from innovations created and developed internally. Several partnerships with the largest and most preeminent universities or government-backed researcher centers will complement internal research. Key areas of focus for research will be nanotechnology, organic electronics, surface physiochemistry, advanced materials and renewable energy.

Innovation is strongly focused on developing sustainable solutions that respond to sustainable development challenges. These projects include white biotechnology and its commercial applications, fuel cell technology, new generations of batteries or organic photovoltaic cells. Further innovation includes the development of new materials and solutions that help costumers reduce their products' environmental impact: advanced materials for energy-efficient tires, low consumption bulbs or auto catalytic pollution-control system; polyamide-based engineering plastic allowing weight lightening and consumer chemicals based on renewable raw materials and more eco-friendly non-volatile or VOC-free emission products.

(iv) Enhanced financial profile

Following the Offer, the new group will be a European leader in chemicals with approximately 31,000 thousand employees and revenues of €12 billion and REBITDA[4] of approximately €1.9 billion.

The transaction will be implemented while maintaining a conservative financial structure with a net debt to REBITDA (over the preceding twelve (12) months) ratio of approximately 1.

*1.1.4 Benefits for the Bidder, the Company and their shareholders*

(i) Benefits for the Bidder and the Company

As highlighted in section 1.1.3 of this Offer Document, the objective of Solvay and Rhodia is to create a European leader in the chemicals industry. This combination will enhance growth prospects especially in emerging markets where the new group will generate about 40%[5] of its revenues.

The rationale for the transaction is the complementarities of the two groups in terms of end markets (especially consumer goods, construction or automotive), products sold and technical skills and know-how.

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4 Recurring Earning Before Interest Tax Depreciation and Amortization.
5 On a proforma basis as of December 31, 2010.

In addition to sales synergies, synergies for annual cost savings are estimated at €250 million in three (3) years. They would result from aligning cost structures on the best industrial practices applied in groups of similar size. Two thirds of the cost savings would come from optimizing external costs. As a result, no major reorganization is anticipating in the context of the business combination.

Revenues synergies (not quantified) are also expected to be derived from the transaction as a result of customer base diversification, geographical expansion and increasing sales from high growth and emerging markets.

(ii) <u>Benefits for shareholders and holders of OCEANEs</u>

The Offer will provide Rhodia shareholders with a 50.0% premium over the last closing price of €21.07 on April 1, 2011 (the last trading day before the announcement of the Offer), and a 44.3% premium over the average price for the three (3) months preceding the announcement of the Offer.

The Offer for the OCEANEs will provide their holders with a 5.6% premium over the last closing price of €49.5 on April 1, 2011 (the last trading day before the announcement of the Offer), and a 5.8% premium over the average price for the three (3) months preceding the announcement of the Offer.

*1.1.5 Independent expert*

In compliance with article 261-1 of the General Regulation of the AMF, Mr. Bruno Husson of Accuracy was appointed on April 3, 2011, by the Board of Directors of Rhodia as independent expert (the ***Independent Expert***) to certify the fairness of the financial terms of the Offer.

*1.1.6 Due diligence*

In connection with preparing the Offer, the Bidder was given access to very limited information concerning Rhodia and its subsidiaries. The bidder believes that, other than information which has since been made public or is mentioned in this Offer Document, it did not, in connection with preparing the Offer have knowledge of specific information which (i) was related directly or indirectly to Rhodia and (ii) if made public, would have had a material effect on the market price of Rhodia's shares.

1.2 <u>The Bidder's intentions</u>

*1.2.1 Industrial strategy and policy*

The objective of Solvay and Rhodia is to build a new group which, relying on their respective strengths and benefiting from the support of the stable shareholder base of Solvay, will become one of the leaders of chemistry in Europe and in the world, and whose corporate headquarters and principal offices will be based in Brussels. The new size of the group will enable Solvay and Rhodia to consolidate their market positions and expand their development policy.

Consistent with the current principles of organization applied by Solvay and Rhodia, the centers for operational decisions would be located in different regions so as to better capture growth and capacities for innovation. This is the case in France, where the two groups have and would continue to have an industrial and Research and Development presence which is important for the new group.

The new group would pursue the growth strategy already undertaken by Solvay and Rhodia in their different fields of activity, without exclusivity and allocating financial resources in an appropriate manner. This strategy would be, as is already the case for Solvay and Rhodia, particularly oriented on businesses related to sustainable development. The strategy would be based on the achievements and plans of the two groups in this area and would extend them, particularly by providing customers with products which are always more innovative and respectful of the environment.

From a geographic point of view, the new group would be well positioned to continue to be a key actor in the development of emerging countries and to participate in growth created through these countries.

The new group would continue to apply the highest ethical, social, and environmental standards already put in place by Rhodia and Solvay and to prioritize sustainable development with a constant goal of improvement.

While continuing to promote on-going progress, the size of the new group would enable it to more efficiently maintain the best industrial practices in the profession, applying in each sector and in each field, the best solutions retained by each of its business units. Beyond economies of scale which would arise in different fields, the new group will be able to propose to its customers solutions which are more complete and innovative.

*1.2.2 The Bidder's intentions regarding management and management bodies*

(i) Management bodies

*(a) Management body of Solvay*

In order to facilitate the rapid and smooth integration of the two groups, Mr. Jean-Pierre Clamadieu, Chairman and Chief Executive Officer of Rhodia, will become a member of the Executive Committee of Solvay and "Deputy CEO" immediately after the settlement of the initial Offer. Mr. Gilles Auffret will become a member of the Executive Committee of Solvay on the day he is appointed as Chief Executive Officer of Rhodia.

By letter on April 3, 2011, Solvay confirmed to Mr. Jean-Pierre Clamadieu that, on April 3, 2011, the Board of Directors of Solvay, on the recommendation of its Nominations Committee, expressed its full support for his candidacy as successor to Mr. Christian Jourquin as Chairman of the Executive Committee and CEO upon the latter's departure, it being specified that this approval in principle is subject to a final confirmation by the Board of Directors of Solvay before the general shareholders' meeting of 2012 in accordance with the corporate governance rules of Solvay. In this context and perspective, Solvay also confirmed that the Board of Directors of Solvay will request the general shareholders' meeting of 2012 to appoint Mr. Jean-Pierre Clamadieu as a member of the Board of Directors.

While waiting for his appointment as Chairman of the Executive Committee and CEO of Solvay, Solvay undertook that Mr. Jean-Pierre Clamadieu benefit from compensation equivalent to his current compensation as Chairman and Chief Executive Officer of Rhodia. With respect to the granting of performance shares, an equivalence will be provided on the basis of performance, since Solvay does not have a plan for free share grants.

In addition, with respect to the compensation of Mr. Jean-Pierre Clamadieu as future Chairman of the Executive Committee of Solvay, Solvay indicated that it would be determined during the next months on the basis of market references for European groups (notably Belgian and French) with businesses, dimension and geographic range comparable to the new group and in compliance with applicable rules.

Finally, Solvay indicated that it would ensure continuity of health and retirement benefits for Mr. Jean-Pierre Clamadieu.

*(b) Management bodies of Rhodia*

On the settlement date of the initial Offer, Mr. Gilles Auffret, currently managing director of Rhodia's business, will become Chief Executive Officer of Rhodia.

*(c) Management teams*

The goal of Solvay is to associate fully all the management of Rhodia and Solvay with the business combination project and its long term success and thus to give them opportunities for development within the new group on the basis of skills without distinguishing according to their having belonged to Solvay or Rhodia.

(ii) Board of Directors of Rhodia

After the settlement of the initial Offer, the composition of the Board of Directors of Rhodia and its committees will be modified, particularly to take account of the new shareholder structure.

Mr. Jean-Pierre Clamadieu will maintain his position as Chairman of the Board of Directors of Rhodia and Mr. Gilles Auffret will be named as a director.

For as long as the shares of Rhodia are admitted for trading on NYSE Euronext Paris, at least one third of the Board of Directors of Rhodia must be composed of independent directors chosen from the current members of the Board of Directors of Rhodia.

(iii) Headquarters

The corporate headquarters and the headquarters for operational decisions for Rhodia will remain initially located in France.

*1.2.3 The Bidder's intentions regarding employment*

Solvay and Rhodia place the men and women at the heart of their values and policy for sustainable development and undertake notably to treat the employees of the new group in an equitable manner by offering them working conditions of the highest standards particularly of health and safety. These commitments will remain at the heart of the values of the new group.

Solvay will respect the undertakings of Rhodia in the area of social and employment policies and will follow the human resources policy of Rhodia, it being understood that the goal will be to analyze the best practices which exist at Solvay and Rhodia in order to possibly put into place, on a gradual basis and while respecting social dialogue, a policy for harmonizing methods of managing human resources within the new group.

There are almost no overlaps between the industrial and Research and Development activities of Solvay and Rhodia. Solvay recognizes, in addition, the contribution of the research centers of Rhodia and the potential for innovation they represent for the new group. Going forward, Solvay believes that, subject to putting into place the productivity efforts currently under way by Rhodia in connection with its industrial strategy, or which may be necessary due to conditions independent of the Offer, the business combination should not have an impact on the production sites or research centers, on which the new group will continue to rely in connection with its development policy.

As part of the industrial project described in paragraph 1.2.1 of this Offer Document and subject to putting into place the productivity efforts currently under way by Rhodia and Solvay in connection with their industrial strategies or which may be necessary due to circumstances independent of the Offer and beyond the restructurings already undertaken, Solvay does not plan to reduce headcount in the short or medium term as regards industrial and Research and Development sites. The situation of other services and personnel of Rhodia and Solvay will be subject to specific studies.

In the event that certain reorganizations resulting in the elimination of positions would in the end be planned, the new group would apply, in each case and after applying the applicable social procedures, the highest standards for protection which may exist within the group to accompany employees in those circumstances.

In compliance with the terms of article L. 2323-22 of the French Labour Code, a copy of the Offer Document with the AMF visa presenting the Bidder's intentions as regards employment will be provided to the European representative institutions of Rhodia no later than the third day after the publication of the Offer Document granted the AMF visa.

### *1.2.4 Dividend distribution policy*

The Bidder will reexamine the policy for distributing dividends of Rhodia following the settlement of the Offer, in accordance with applicable laws and by-laws of Rhodia and depending on Rhodia's capacity for distribution and its working capital and financing needs.

### *1.2.5 Outlook for merger*

Solvay will examine the interest and feasibility of a possible legal merger between Solvay or the French entities of Solvay and Rhodia, following the settlement of the Offer and, as the case may be, will carry it out in compliance with applicable procedures.

### *1.2.6 Squeeze-out and de-listing*

In accordance with terms of articles 237-14 *et seq.* of the General Regulation of the AMF, the Bidder may request the AMF, within three (3) months from the end of the Offer period, that a squeeze-out be implemented for the Shares not tendered into the Offer or the Re-opened Offer, if such Shares do not represent more than 5% of the share capital or the voting rights of the Company. In such circumstance, the squeeze-out would be for Shares which had not been tendered into the Offer except for (i) Shares held by the Bidder or Rhodia or its subsidiaries, (ii) Non-transferable Free Shares, (iii) Shares resulting from the exercise of Options and still subject to a mandatory holding period under applicable tax regulations and (iv) Blocked PEG Shares whose mandatory holding period has not expired at the date of the squeeze-out.

The Bidder also may request the AMF, within three (3) months after the end of the Offer period, that a squeeze-out be implemented for the OCEANEs not tendered into the Offer, or the Re-opened Offer, if the Shares not tendered into the Offer and the Shares which may be issued on the conversion of the OCEANEs not tendered into the Offer or, as the case may be, the Re-opened Offer, do not represent more than 5% of all issued and outstanding shares of the Company and shares which may be created.

The Bidder may, if it holds, directly or indirectly, at least 95% of the share capital and voting right of the Company and if a squeeze-out is not implemented under the conditions described above, file with the AMF a public offer for acquiring all remaining shares followed by a squeeze-out if the minority shareholders do not represent more than 5% of the share capital or voting rights of the Company. In such circumstances, the squeeze-out would be subject to the supervision of the AMF, which would confirm its compliance notably in light of (i) the evaluation of the concerned securities of the Company which would be provided by the Bidder and (ii) the report of the independent expert appointed in accordance with applicable regulations.

In addition, in the event it would not be able, following the Offer, to carry out a squeeze-out in the conditions described above, the Bidder retains the possibility to request NYSE Euronext Paris to remove the Shares and the OCEANEs from the NYSE Euronext Paris market. It is recalled that NYSE Euronext Paris will only be able to accept this request if the liquidity of the Shares is substantially reduced following the Offer, such that the removal from listing of the Shares and, as the case may be, the OCEANEs, would be in the interest of the market, and subject to the rules of the Euronext market.

*1.2.7 Legal structure*

(i) Registered name of Rhodia

Following the Offer, the registered name of Rhodia will be modified to reflect its belonging to the Solvay group. The new name will combine the names of Solvay and Rhodia.

Solvay and Rhodia will review the commercial value of the Rhodia and Solvay brands on all of their markets in order to decide, on a case by case basis, on the name or names to maintain in order to benefit as much as possible from the reputation of the Rhodia and Solvay names.

(ii) Double listing of Solvay

Solvay is studying the feasibility and means of an admission for trading of the shares of Solvay on NYSE Euronext Paris. To the extent this study concludes favorably and in the event the squeeze-out of the shares of Rhodia has been implemented, Solvay will request that its shares be accepted for trading on NYSE Euronext Paris.

*1.2.8 Industrial organization of the new group*

The Solvay group has recently decided on a reorganization under a project known as “Horizon”. The basic characteristics and goals of this project are as follows:

- a new operational structure including Global Business Units, Regional Business Units and Strategy Development Units, which will bring the company closer to its customers, give more independence to employees present in the market and will facilitate strategic thinking and deployment;
- an increased delegation of authority for decisions on investments;
- a streamlined Corporate Center, which will guide the group by the deployment of policies and new processes of strategy and performance;
- very efficient service units, which will support the company, with group services and shared services at group level, and Business Services integrated into the businesses;
- regional and national responsibilities integrated into those of the company, to the extent possible.

The general organization of the new group would be consistent with this project, while respecting the applicable procedures, particularly in as concerns social matters.

The Rhodia group has also put in place a development plan called “Move for Growth” in effect since July 1, 2010, with similar goals to plan Horizon, which is based on a new, simplified and more decentralized structure and the organization of Rhodia into eleven businesses grouped in five centers of activity.

Initially, the industrial, commercial and Research & Development activities of Rhodia would constitute a third business sector of Solvay. During the following months, studies will be carried out to examine the conditions and means which could make it possible to define a better organization of the new group, in the context of the new organization of Solvay described above. These studies may lead to operational and/or legal reorganizations. These reorganizations would be carried out in compliance with applicable procedures and consultations.

A committee made up of the Chairman of the Executive Committee of Solvay, of the Deputy CEO and the CFO will oversee management of these studies and the carrying out of decisions which may be taken following the studies concerning the integration of the two groups into one new group. This Committee will be chaired by Mr. Christian Jourquin, Chairman of the Executive Committee of Solvay. Mr. Jean-Pierre Clamadieu, in addition to his familiarity with the Solvay group and his preparation for the purpose of being appointed as Chairman of the Executive Committee, will in particular have responsibility within the Committee to lead consideration and formulate proposals on strategy, realization of integration and the means which will enable the new group to achieve the industrial project described in paragraph 1.2.1 of this Offer Document.

## 1.3 Agreements which may have an influence on the consideration of the Offer or on its results

Other than the Framework Agreement described in paragraph 1.1.2 above and the liquidity mechanism described in paragraph 2.9 below, the Bidder is not party to, and has no knowledge of, any agreement which could have a significant impact on the consideration of the Offer or its outcome.

## 2. TERMS AND CONDITIONS OF THE OFFER

Pursuant to the terms of article 231-13 of the General Regulation of the AMF, Morgan Stanley & Co. International plc, acting on behalf of the Bidder, filed the draft of the Offer with the AMF on April 6, 2011 in the form of a public tender offer. Morgan Stanley & Co. International plc, acting as presenting bank, guarantees the terms and the irrevocable character of the undertakings taken by the Bidder.

Notice of filing was published with the AMF on April 6, 2011, under number 211C0415. In accordance with the terms of article 231-16 of the General Regulation of the AMF, a press release including the principal elements of this Offer Document was published as a financial notice in the newspaper "Les Echos" on April 7, 2011.

On May 10, 2011, the AMF declared that the Offer complied with applicable legal and regulatory provisions and published a declaration of conformity on its website together with the visa on the Offer Document.

This Offer Document having received the visa of the AMF and the document "Other Information" regarding the legal, financial and accounting characteristics of the Bidder will be, in compliance with article 231-28 of the General Regulation of the AMF, made available at no cost to the public at Morgan Stanley & Co. International plc and the Bidder, no later than the day before the opening of the Offer. These documents will also be available on the website the Bidder and the AMF.

A press release setting forth the means by which these documents will be made available will be published no later than the day before the opening of the Offer period.

Prior to the opening of the Offer, the AMF and NYSE Euronext Paris will publish, respectively, notice of the opening and notice announcing the terms and timetable of the Offer.

### 2.1 Number and type of securities subject to the Offer

At the date of this Offer Document, the Bidder does not hold, directly or indirectly, alone or with any other party, any Security issued by the Company. In addition, the Bidder has not entered into any agreement, at the date hereof, which would enable it, on its own initiative, to acquire any Securities issued by the Company.

In accordance with article 231-6 of the General Regulation of the AMF, and subject to the terms and conditions of the Offer, the Bidder irrevocably offers to holders of the Securities to purchase all of the Securities of the Company, namely:

(i) (a) all of the issued and outstanding ordinary shares of the Company (including shares represented by ADSs) and shares which may be issued as a result of (b) the conversion of the OCEANEs, (c) the exercise of the BSAs, (d) the exercise of the Options and (e) the possible payment in shares of the 2010 Dividend, or, to the knowledge of the Bidder, a maximum of 120,694,373 Rhodia shares[6] at March 31, 2011 (not including shares which may be issued as a result of payment in shares of the 2010 Dividend) ; and

(ii) all of the OCEANEs issued by the Company, or, to the knowledge of the Bidder, 12,372,636 OCEANEs.

[6] Resulting from: (a) 104,579,122 shares composing the share capital of Rhodia at March 31, 2011, (b) 14,970,890 shares which may be issued upon the conversion of the OCEANEs, (c) 17,933 shares which may be issued as a result of the exercise of the BSAs and (d) 1,126,428 shares which may be issued upon the exercise Options.

The attention of the holder of the BSAs is drawn to the fact that the BSAs will become invalid by operation of law on July 1, 2011. The holder of the BSAs is therefore advised to exercise them and tender the underlying Shares into the Offer no later than the last day of the Offer period.

Except for cases where there is an applicable exception to the holding period established under legal or regulatory provisions (such as the death or disability of the beneficiary), the following Securities may not be tendered into Offer:

(i) Shares which will be issued upon the exercise of Options but which remain subject to a mandatory holding period under applicable tax regulations as of the end of the Offer period and, as the case may be, of the period of the Re-opened Offer;

(ii) Non-transferrable Free Shares; and

(iii) the Blocked PEG Shares whose the mandatory holding period has not expired at the date of the end of the Offer period and, as the case may be, of the period of the Re-opened Offer.

The principal terms of the OCEANEs, the Options, the Free Shares and the BSAs are described, respectively, in paragraphs 2.4, 2.5, 2.6 and 2.8 of this Offer Document.

To the knowledge of the Bidder, there exists no equity security or any other financial instrument providing a right, either immediately or over time, to the corporate capital or voting rights of the Company, other than the Shares, the OCEANEs, the BSAs and the Options.

## 2.2 Terms of the Offer

The Bidder offers:

– to the shareholders of the Company, to purchase their Shares in exchange for an amount in cash of thirty-one euros and sixty centimes (€31.60) per Share after payment of the 2010 Dividend (the ***Price per Share***), it being specified that the price per ADS (the ***Price per ADS***) will be equal to the Price per Share converted into U.S. dollars on the basis of the exchange rate in effect on the day when the paying agent receives in its account the funds in euros for the settlement of the Offer; and

– to the holders of OCEANEs, to purchase their OCEANEs in exchange for an amount in cash of fifty-two euros and thirty centimes (€52.30) per OCEANE (le ***Price per OCEANE***), it being specified that the price per OCEANE has been calculated assuming that the settlement date of the Offer would be September 1, 2011. In the event that the settlement date of the Offer would be:

  (i) before September 1, 2011, the price per OCEANE will remain unchanged;

  (ii) after the September 1, 2011, the price per OCEANE will be increased by an amount equal to 2.35% of the Price per OCEANE (coupon included) calculated *prorata temporis* for the period from September 1, 2011 to the actual settlement of the Offer.

## 2.3 Adjustment of the terms of the Offer

If between April 6, 2011 (inclusive), and the date of the settlement of the Offer or of the Re-opened Offer (inclusive), Rhodia carries out a Distribution (as defined below) in any form whatsoever, for which the payment date or the record date for shareholders to be entitled thereto is set before the settlement date of the Offer or of the Re-opened Offer, the Price per Share and Price per ADS will be respectively reduced by the amount distributed and/or paid per Share.

For the purposes of this section, a ***Distribution*** means the amount per Share of any distribution of a dividend, a partial dividend, of reserves or of capital surplus made by Rhodia after April 6, 2011, or any amortization or reduction by Rhodia in its share capital for a price per Share greater than the price of the Offer, decided after April 6, 2011, and for which the record date is before the settlement date of the Offer or of the Re-opened Offer. For the purpose of this paragraph 2.3, the distribution of the 2010 Dividend (in cash or in Shares) will not be considered as a Distribution.

Any change to the Price per Share and the Price per ADSs will first be submitted to the AMF for approval, and will be announced through a press release.

## 2.4 Holders of OCEANEs

On April 27, 2007, the Company issued OCEANEs with a nominal value of €48.10 each, for a total nominal amount of €595 million, due on January 1, 2014, and bearing interest at an annual rate of 0.5% (or a coupon of €0.24050) payable in arrears on January 1 of each year. The OCEANEs are reimbursable upon maturity in an amount of €54.46 per OCEANE (or a reimbursement premium of 13.22%). The gross actuarial rate of return of the OCEANEs is 2.35% on the date of payment in the absence of conversion, exchange or early redemption. The OCEANEs include an early redemption option exercisable by the Company by repurchase or by public offers, as well as by redemption under certain conditions.

Following consecutive adjustments to regroup the shares of the Company decided in 2007 and the payment of the dividends since the issuance of the OCEANEs, 1 OCEANE gives the right to obtain 1.04 shares of Rhodia of €1 nominal value (the ***Share Allotment Ratio***). The Share Allotment Ratio will be increased at the date of the Offer, as calculated in paragraph 3.2.4 of this Offer Document, leading to an adjusted Share Allotment Ratio of 1,21. As a consequence, one OCEANE will give the right to obtain 1.21 Shares of Rhodia of €1 nominal value.

On the date of this Offer Document, there are 12,372,636 OCEANEs outstanding.

For more information on the characteristics of the OCEANEs, please refer to the issuing prospectus for the OCEANEs granted a visa by the AMF on April 19, 2007, under number 07-127 (the ***OCEANEs Prospectus***).

### *2.4.1 OCEANEs tendered into the Offer*

Holders of OCEANEs may tender their OCEANEs into the Offer under the terms and conditions set forth in the paragraphs above.

### *2.4.2 OCEANEs which are not tendered into the Offer*

(i) Early redemption in the event of a change of control

The Bidder draws the attention of the holders of OCEANEs to the fact that in the event the Offer is successful, the clause entitled "*Early redemption at the option of the Bondholders in the event of a change of control*" in paragraph 4.8.4 of the OCEANEs Prospectus (the ***Early Redemption Clause***) would be applicable. As a result, holders of OCEANEs who did not tender their OCEANEs into the Offer (and, as the case may be, the Re-opened Offer) will be able, if they so desire, to request that Rhodia effect the early redemption of all or a portion of their OCEANEs at a price determined such that, when increased for interest due, the price provides that, at the effective redemption date, the gross actuarial rate of return for an initial subscriber of OCEANEs would be identical to that which he would have obtained in the event of redemption at maturity, or a gross actuarial rate of 2.35% per year (the ***Early Redemption Price***).

For this purpose, in the event the Early Redemption Clause applies, holders of OCEANEs will be informed by Rhodia, through a public announcement in an official financial journal published nationally in France, a notice by Euronext Paris and a notice published in the *Bulletin des Annonces Légales Obligatoires*, of the existence of a change of control (within the meaning of article L. 233-3 of the French Commercial Code) giving rise to an early redemption for holders of OCEANEs who so desire. These notices will indicate the period during which holders of OCEANEs may request early redemption of their OCEANEs.

Every holder of OCEANEs who wishes to receive early redemption of all or a portion of its OCEANEs through application of the Early Redemption Clause must make a request no later than the last day of the period indicated to the financial intermediary where its securities are registered, who will transmit the request to the establishment responsible for financial services.

Once presented by a holder of OCEANEs to the intermediary where the OCEANEs are registered, the request for early redemption will be irrevocable and Rhodia will be required to redeem all the OCEANEs indicated in such request under the conditions above no later than the 7th business day following the last day of the early redemption period indicated above.

(ii) Required redemption in the event of removal from trading of the Shares

The Bidder also draws the attention of holders of OCEANEs to the fact that in the event of (i) a squeeze-out for the Shares or (ii) the withdrawal of the Shares from the NYSE Euronext Paris market under the conditions indicated in paragraph 1.2.6 above, the clause entitled "Mandatory early redemption" in paragraph 4.8.5(f) of the OCEANEs Prospectus would be applicable. In such a situation, the representative of the *masse* of the holders of OCEANEs may, upon a decision of a general meeting of holders of OCEANEs, voting under the conditions of quorum and majority set by law, decide to require the redemption of all the OCEANEs at a price equal to the Early Redemption Price. This price will be increased by interest incurred since the last date of interest payment preceding the early redemption date until the effective redemption date, in accordance with the terms of the OCEANEs Prospectus.

(iii) Squeeze-out for the OCEANEs – removal of the OCEANEs from trading

As indicated in paragraph 1.2.6 above:

- the Bidder may, under conditions determined by the rules of the Euronext market and subject to the agreement of NYSE Euronext Paris, implement a squeeze-out for the OCEANEs. In this case, the OCEANEs not tendered into the Offer and the Re-opened Offer would be automatically transferred to the Bidder in the conditions provided for under the squeeze-out procedure;
- the OCEANEs could, under the conditions set out by the Euronext market regulations and subject to the approval of NYSE Euronext Paris, be subject to removal from the NYSE Euronext Paris market.

*2.4.3 Rights of holders of OCEANEs in the event of an Offer*

The Bidder draws the attention of holders of OCEANEs to the fact that, as a result of the opening of the Offer, which may result in a change of control (within the meaning of article L. 233-3 of the French Commercial Code), the Share Allotment Ratio will be temporarily adjusted by multiplying the Share Allotment Ratio in effect before the opening of the Offer by:

$$1 + 0.42 \times (J/JT)$$

For the purposes of the calculation above:

– "J" means the number of days included between the date of the effect of the adjustment (inclusive) (which is the date of the opening of the Offer) and the date provided for the normal redemption of the OCEANEs (exclusive); and

– "JT" means the number of days included between the date of issuance of OCEANEs (inclusive) and the date provided for the normal redemption of OCEANEs (exclusive), which is 2,441 days.

The adjustment of the Share Allotment Ratio provided for above will only benefit requests for the exercise of the right of attribution of shares, i.e. the possibility for each holder of OCEANEs to obtain the attribution of new shares and/or existing shares of Rhodia, which are received by the financial intermediary where the OCEANEs concerned are registered during the period:

– starting on the first day on which the Shares may be tendered into the Offer (the date of opening), and

– ending:

  (a) if the AMF determines that the Offer has a positive result, the tenth business day following the publication by the AMF of the results of the Offer; or

  (b) if the AMF determines that the Offer is without a successful result, the date of publication by the AMF of the results of the Offer; or

  (c) if the Bidder withdraws the Offer, the date on which the withdrawal if published.

2.5 The situation of holders of subscription or purchase options of shares

Holders of Options granted by Rhodia under the 2001, 2002, 2003, 2004 A, 2004 B and 2009 plans may tender into the Offer the Shares which they will hold following the exercise of the Options to the extent the Options are exercisable and such shares do not remain subject to the mandatory holding period under the applicable tax regulations.

At the date of this Offer Document, 2,018,928 Options are issued and outstanding, of which 1,126,428 Options are exercisable.

The table below summarizes the principal characteristics of the Options at the date of this Offer Document.

| | **Plan 2001** | **Plan 2002** | **Plan 2003** | **Plan 2004 A** | **Plan 2004 B** | **Plan 2009** |
|---|---|---|---|---|---|---|
| Date of the meeting providing authorization | 04/18/2000 | 04/18/2000 | 05/21/2002 | 05/21/2002 | 05/21/2002 | 05/03/2007 |
| Date of the board of directors meeting/grant | 03/16/2001 | 03/202002 | 05/28/2003 | 06/17/2004 | 06/17/2004 | 05/20/2009 |
| Exercise period* | 9 years starting on 03/16/2004 | 9 years starting on 03/20/2005 | 9 years starting on 05/28/2006 | 5 years starting on 06/17/2007 | 5 years starting on 06/17/2007 | 6 years starting on 05/21/2011 |
| Length of the options (*in years*) | 12 | 12 | 12 | 8 | 8 | 8 |
| Average weighted exercise price of the exercisable options | €80.16 | €62.76 | €31.44 | €15.12 | €15.12 | €5.62 |
| Total number of outstanding options | 397,713 | 305,257 | 201,042 | 138,170 | 84,246 | 892,500 |

| | Plan 2001 | Plan 2002 | Plan 2003 | Plan 2004 A | Plan 2004 B | Plan 2009 |
|---|---|---|---|---|---|---|
| Total number of exercisable options | 397,713 | 305,257 | 201,042 | 138,170 | 84,246 | - |

* Not taking into account for a tax resident in France the mandatory holding period under applicable tax regulations of 4 years starting in 2001.

Holders of Options benefit, under certain conditions, from a liquidity mechanism (see paragraph 2.9 of this Offer Document).

## 2.6 Situation of holders of Free Shares

The Company has put in place several plans granting free shares in 2007, 2008, 2009, 2010 and 2011 (the ***Free Share Plans***).

At the date of this Offer Document, 2,246,930 Free Shares have not yet vested and 890,525 Free Shares are Non-transferrable Free Shares. Under the Free Share Plans, the lengths of the vesting period and the required holding period vary, respectively, from 2 to 4 years and 0 to 2 years.

The tables below summarize the principal characteristics of the Free Shares at the date of this Offer Document:

| | Plan 2007 “2+2” | Plan 2007 “4+0” | Plan 2008 B “2+2” | Plan 2008 B “4+0” | Plan 2009 A “2+2” | Plan 2009 A “4+0” | Plan 2009 B “2+2” | Plan 2009 B “4+0” |
|---|---|---|---|---|---|---|---|---|
| Date of the authorizing meeting | 05/03/2007 | 05/03/2007 | 05/03/2007 | 05/03/2007 | 05/03/2007 | 05/03/2007 | 05/03/2007 | 05/03/2007 |
| Date of the board of directors meeting/granting | 07/30/2007 | 07/30/2007 | 03/17/2008 | 03/17/2008 | 03/16/2009 | 03/16/2009 | 03/16/2009 | 03/16/2009 |
| Date of acquisition | 07/31/2009 | 07/31/2011 | 03/18/2010 | 03/20/2012 | 03/16/2011 | 03/16/2013 | 03/16/2011 | 03/16/2013 |
| Period of holding | 2 years following vesting | - | 2 years following vesting | - | 2 years following vesting | - | 2 years following vesting | - |
| Total number of Free Shares granted | 46,155 | 132,990 | 318,970 | 142,370 | 262,700 | 97,200 | 262,700 | 97,200 |
| | **Plan 2010 A “2+2”** | **Plan 2010 A “4+0”** | **Plan 2010 B “2+2”** | **Plan 2010 B “4+0”** | **Plan 2011 A “2+2”** | **Plan 2011 A “4+0”** | **Plan 2011 B “2+2”** | **Plan 2011 B “4+0”** |
| Date of the meeting providing authorization | 05/20/2009 | 05/20/2009 | 05/20/2009 | 05/20/2009 | 04/28/2010 | 04/28/2010 | 04/28/2010 | 04/28/2010 |
| Date of the board of directors’ meeting/grant | 04/27/2010 | 04/27/2010 | 04/27/2010 | 04/27/2010 | 02/22/2011 | 02/22/2011 | 02/22/2011 | 02/22/2011 |
| Date of acquisition | 04/27/2012 | 04/27/2014 | 04/27/2012 | 04/27/2014 | 03/31/2013 | 03/31/2015 | 03/31/2013 | 03/31/2015 |
| Period of holding | 2 years following vesting | - | 2 years following vesting | - | 2 years following vesting | - | 2 years following vesting | - |
| Total number of Free Shares granted | 355,735 | 144,200 | 355,735 | 144,200 | 274,350 | 114,300 | 274,350 | 114,300 |

The Non-transferrable Free Shares may not be tendered into the Offer.

It is specified nevertheless that in the event the Non-transferrable Free Shares become transferrable in advance pursuant to articles L. 225-197-1 *et seq.* of the French Commercial Code (due to the death or incapacity of the beneficiary), these Non-transferrable Free Shares may be tendered into the Offer (and, as the case may be, the Re-opened Offer). Similarly, Free Shares acquired but not subject to a holding period may be tendered into the Offer (or, as the case may be, the Re-opened Offer).

Holders of Free Shares will benefit, under certain conditions, from a liquidity mechanism (see paragraph 2.9 of this Offer Document).

2.7 Situation of shareholders whose Securities are held through mutual funds (*FCPE*)

As set forth in paragraph 2.1 of this Offer Document, Shares held through company mutual funds (*fonds communs de placement d'entreprise*, or ***FCPEs***) established by the Rhodia group are subject to the Offer.

The management bodies of the FCPEs or, as the case may be, the holders of interests in the FCPE if the rules of the FCPE so provide, may take the decision to tender into the Offer the Shares held by the FCPEs, subject to, as the case may be, a modification in the rules of the FCPE when they provide for an obligation to invest only in Shares.

2.8 Situation of holders of BSAs

On June 23, 2005, the mixed general meeting of shareholders of the Company authorized a capital increase reserved to members of the PEG for a maximum of 30 million shares. Employees subscribed to this capital increase through the Company Mutual Fund (*Fonds Commun de Placement d'Entreprise*) "Zukunft 2006", with each group of 23.52 shares accompanied by 7.42 tradable BSAs.

At the date of this Offer Document, 215,193 BSAs are outstanding, with 12 BSAs giving the right to subscribe one new Share at a global exercise price of €19.08 (per new Share subscribed).

The attention of the holder of the BSAs is drawn to the fact that the BSAs will become invalid by operation of law on July 1, 2011. It is therefore recommended that the holder of the BSAs exercise them and tender the underlying Shares into the Offer no later than the end of the Offer period.

The Shares resulting from the exercise of the BSAs may be tendered into the Offer in the conditions and subject to the limitations described in this Offer Document.

2.9 Liquidity offered to holders of Options and beneficiaries of Free Shares

Under the terms of the Framework Agreement, the Bidder has undertaken, if the Shares are no longer admitted for trading or if the market on which they are admitted suffers Insufficient Liquidity, to purchase:

(i) the Free Shares, for which the vesting period or holding period has not expired as of the end of the Offer period (and, as the case may be, of the period of the Re-opened Offer) or at the date of the squeeze-out, as the case may be;

(ii) the Shares which will be delivered on exercise of Options which have not been exercised (particularly because they would not be exercisable) at the end of the Offer period (and, as the case may be, of the period of the Re-opened Offer) or at the date of the squeeze-out, as the case may be;

(iii) the Shares issued from exercise of Options which would remain subject to a mandatory holding period under the applicable tax regulations at the end of the Offer period (and, as the case may be, of the period of the Re-opened Offer) or at the date of the squeeze-out, as the case may be;

(iv) the Blocked PEG Shares.

For the purposes of this paragraph 2.9, ***Insufficient Liquidity*** will be considered to have occurred if, although the Shares continue to be admitted for trading on the NYSE Euronext

Paris market, Solvay holds, directly or indirectly, alone or in concert, at least 90% of the share capital and voting rights of Rhodia, or if the average volume of Shares traded per day during the twenty (20) trading days preceding the date on which liquidity is determined is less than 100,000 shares, on the basis of information published by NYSE Euronext Paris.

This liquidity mechanism will take the form of a bilateral contract stipulating (i) a promise to buy provided by the Bidder to the benefit of the beneficiary or holder concerned and (ii) a promise to sell granted by the beneficiary or holder concerned to the benefit of the Bidder (the ***Liquidity Contract***).

The acquisition of Shares in the context of each of these promises to buy or to sell, as the case may be, will be carried out in exchange for payment in cash of a price per share equal (subject to adjustments which may be required to take into account and/or neutralize the effects of certain transactions on the share capital of the Company or the Bidder such as those mentioned in article L. 225-181 of the French Commercial Code and similar transactions carried out in compliance with Belgian law):

(i) at (a) the Price per Share, *i.e.* thirty-one euros and sixty centimes (€31.60) (or, in the case of a squeeze-out, the price proposed per Share in connection with such procedure);

(ii) multiplied by (b) the ***Ratio*** defined as:

- in case of Insufficient Liquidity or a squeeze-out immediately following the end of the Offer period pursuant to Article 237-14 of General Regulation of the AMF, by the ***Average Price per Share of Solvay*** defined as the average market price at closing of the ordinary shares of Solvay on the regulated NYSE Euronext Brussels market during the twenty (20) trading days preceding the exercise date of such promise to buy or sell divided by the weighted average of the market price of Solvay shares on the regulated NYSE Euronext Brussels market during the twenty trading days preceding and including the last day of the period of the Re-opened Offer;

- in case the squeeze-out is implemented at another time, by the Average Price per Share of Solvay divided by the weighted average of the share market price of Solvay shares on the regulated NYSE Euronext Brussels market during the twenty (20) trading days preceding and including the effective date of the squeeze-out.

The purchase promise will be exercisable during the ***Purchase Promise Exercise Period***, as defined below:

(i) for Shares resulting form the exercise of Options held by a beneficiary who is or was a resident of France within the meaning of the tax regulation, or which are subject to or were subject to French social security regimes at all times since the day of grant of the Options and which are subject, all or in part, to French tax and/or social security regimes, the period beginning on the first business day following the expiration of the Holding Period and ending on the expiration of a period of two (2) years and three (3) months starting from the latest of the two following dates: (x) the effective exercise date by the beneficiary of the Options and (y) the first business day following the expiration of the Holding Period;

(ii) for Shares resulting from the exercise of Options other than those described in paragraph (i) above, for Free Shares and for Blocked PEG Shares, a period of three (3) months starting on the latest of the following two dates: (x) the date of exercise of the

Options or the effective date of the acquisition or delivery of the Shares and (y) as the case may be, the first business day following the expiration of the Holding Period.

The sale promise may be exercised during a period of sixty (60) calendar days from the expiration date of the Purchase Promise Exercise Period.

For the purposes of this section, the ***Holding Period*** means the period during which the holder of Shares (or Options) (i) may not transfer his Shares (or Shares issued from the exercise of his Options) or (ii) may not transfer his Shares (or Shares issued from the exercise of his Options) without harmful consequences being incurred from the tax point of view or on the social charges for Rhodia and/or for Solvay and/or for any other company of the Rhodia or Solvay groups, *i.e.*:

(a) for beneficiaries who are, or who were, French residents within the meaning of the tax regulations or which are under, or which were under, French social security regimes at all times since the date of grant of the Options, the Free Shares, or of subscription of the Blocked PEG Shares,

    (i) as regards Shares resulting from the exercise of Options, the period described in Article 163 *bis* C I of the French General Tax Code, which period is currently four (4) years form the date of grant of the Options the exercise of which permitted the delivery of Shares which were subscribed or acquired, except in cases where, the conditions provided for under Article 91 *ter* of Annex II of the French General Tax Code being satisfied, the Shares may be transferred before the expiration of the Holding Period;

    (ii) as regards Free Shares, the period described in Article 80 *quaterdecies* of the French General Tax Code, which period is currently two (2) years from the definitive acquisition of such Shares, except in cases of early expiration provided by law or regulation; and

    (iii) with respect to Blocked PEG Shares, the period described in Article L. 3332-25 of the French Labour Code, which period is currently five (5) years from the acquisition of such Shares.

(b) For other beneficiaries, the period provided by applicable regulation during which the Shares may not be transferred, or during which, if the Shares may be transferred, such a transfer would have harmful consequences from a tax point of view and on the social charges for Rhodia and/or for Solvay and/or for any other company of the Rhodia or Solvay groups.

2.10 Conditions for the opening of the Offer

The opening of the Offer is subject to satisfaction of the conditions described below.

*2.10.1 Authorization of the Ministry of the Economy*

At the date of this Offer Document, the opening of the Offer is, as a consequence of the terms of Article 231-32 of General Regulation of the AMF, conditioned on receiving the prior authorization of the Ministry of the Economy in accordance with Article L. 151-3 of the French Monetary and Financial Code regarding foreign investments in France.

Certain activities of Rhodia fall within the field of activities identified in articles R.153-2 9° and R.153-2 11° (by cross-reference) of the French Monetary and Financial Code. In particular, Rhodia has been designated a "vitally important operator" within the meaning of article L. 1332-1 of the French Defense Code and, as such, as a holder of defense secrets. In addition, Rhodia is a party to certain contracts with a supplier to the Ministry of Defense.

A request for authorization was filed with the Ministry of the Economy on April 5, 2011, and completed by letter dated April 8, 2011. In accordance with Article R. 153-8 of the French Monetary and Financial Code, the Ministry of the Economy will announce its position within two (2) months from the date of receipt of the completed request for authorization. If no response is given, authorization will be deemed granted.

*2.10.2 Prior Authorization of the Autorité de Contrôle Prudentiel*

At the date of this Offer Document, the opening of the Offer is, as a result of the provisions of Article 231-32 of the General Regulation of the AMF, conditioned on receiving the prior authorization of the *Autorité de Contrôle Prudentiel* (***ACP***) in accordance with Article 2 of the Regulation of the Banking and Finance Committee no. 96-16 of December 20, 1996, regarding modifications in the situation of credit institutions and investment companies other than portfolio management companies (as amended by regulation no. 2001-05 of October 29, 2001, and by ministerial decrees of January 16, 2008, November 2, 2009, and August 25, 2010).

Pursuant to the terms of this article, any transaction for taking or increasing an equity participation, direct or indirect, by a person in an investment company is subject to the prior authorization of the ACP when (i) the portion of voting rights held by this person in the investment enterprise concerned increases beyond one tenth, one fifth, one third or one half, or (ii) the investment enterprise concerned becomes a subsidiary of this person.

In the event the Offer is successful, the Bidder would indirectly control Orbéo which is a company currently held in equal parts by Rhodia Energy (a subsidiary of Rhodia) and Société Générale Energie (a subsidiary of Société Générale) acting in the area of (i) origination (identification and development of projects for reducing greenhouse gas emissions), (ii) trading and (iii) sale, of carbon credits, and holding the status of an investment company certified by the ACP.

A request for authorization was filed with the ACP on April 5, 2011. In accordance with Article 2 of the Regulation of the Banking and Finance Committee no. 96-16 of December 20, 1996 as amended, the ACP will indicate its approval no more than sixty (60) business days following the date of receipt of the request for authorization. In the absence of a statement from the ACP, authorization is deemed granted.

The shareholders of Rhodia will be informed as to receipt of these authorizations and the opening of the Offer by a press release published by the Bidder.

## 2.11 Offer Conditions

*2.11.1 Minimum acceptance threshold*

In accordance with the terms of Article 231-9 of General Regulation of the AMF, the Offer is subject to the condition that there be tendered into the Offer a number of Shares representing, on the date of the end of the initial period of the Offer, at least 50% of the share capital and voting rights of the Company on a fully-diluted basis, plus one (1) Share (the ***Success Threshold***).

For purposes of calculating the Success Threshold, the following will be taken into account:

(i) in the numerator, (a) all the Shares validly tendered into the Offer as of the day of the end of the Offer period (including Shares represented by ADSs), (b) all the Shares which may result from the conversion of OCEANEs, (c) all the Shares held by Rhodia or its subsidiaries and (d) all the Shares subject to Liquidy Contracts entered into prior to the end of the Offer period;

(ii) in the denominator, all the Shares (including Shares represented by ADSs) issued by Rhodia, and which may be issued upon (a) the conversion of all OCEANEs, (b) the exercise of all the Options and (c) the definitive attribution of all Free Shares which have not yet vested and which are not covered by treasury shares, or, to the knowledge of the Bidder, a maximum of 122,546,389 Shares at March 31, 2011 (excluding Shares newly issued, as the case may be, as a result of the payment of the 2010 Dividend).

The Bidder and the holders of Securities will not know if the Success Threshold has been achieved before the publication of the provisional or definitive results of the Offer, which will occur after the end of the Offer period.

If the Success Threshold is not reached, the Offer will not be continued, and the Securities tendered into the Offer will be returned to their owners, with no interest, indemnification or other payment due.

In accordance with the Framework Agreement, the Bidder has undertaken not to withdraw the condition of a Success Threshold.

*2.11.2 Approval by the antitrust authorities - Phase I*

The Offer is subject to the following conditions:

(i) receipt of authorization for the transaction by the relevant U.S. antitrust authority at the expiration of the applicable waiting period in accordance with the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (***HSR Act***); and

(ii) obtaining the authorization for the transaction from the European Commission under Article 6(i)(b) of CE Regulation No.139-/2004,

(together, the ***Approval of the Antitrust Authorities - Phase I***).

The Bidder has informed the Federal Trade Commission and the European Commission of its acquisition project on April 4, 2011.

The AMF will fix the date of the end of the Offer upon receipt of the Approval of the Antitrust Authorities – Phase I.

If the Bidder does not succeed in obtaining the Approval of the Antitrust Authorities - Phase 1, the Offer will automatically be invalid, in compliance with Article 231-11 of the General Regulation of the AMF.

It is specified that the Bidder has informed certain antitrust authorities, in particular China and Russia, of its acquisition project.

2.12 <u>Possibility of withdrawal of the Offer</u>

In accordance with the provisions Article 232-11 of the General Regulation of the AMF, the Bidder may withdraw the Offer within five (5) trading days following the publication of the timetable of a competing bid or counter-offer. The Bidder must inform the AMF of its decision, which will be subject to publication.

The Bidder may also withdraw its Offer if it becomes without object or if Rhodia, as a result of measures it has taken, undergoes a change in its make-up either during the Offer or in the event the Offer is successful. The Bidder may use this option only with the prior authorization of the AMF, which applies the principles established by article 231-3 of the General Regulation of the AMF. In the event of withdrawal, the Securities tendered into the Offer would be returned to their owners without any interest, indemnification or another payment due.

### 2.13 Procedure for tendering into the Offer

Securities tendered into the Offer (and, as the case may be, the Re-opened Offer) must be freely tradable and free of any lien, pledge, or other form of security or restriction of any kind whatsoever which may limit the free transfer of ownership. The Bidder reserves the right to reject any Security tendered which does not respond to this condition.

In accordance of the terms of Article 232-2 of the General Regulation of the AMF, orders tendering Securities into the Offer (and, as the case may be, the Re-opened Offer) may be withdrawn at any moment until, and including, the last day of the Offer period (and, as the case may be, of the period of the Re-opened Offer). After this date, they will be irrevocable.

Shareholders of the Company or holders of OCEANEs whose Shares or OCEANEs are registered with a financial intermediary (a credit establishment, an investment company, etc.) and who wish to tender their Shares or OCEANEs into the Offer should provide to their financial intermediary, no later than the last day of the Offer period, an instruction to tender into the Offer, which is in conformity with the model which will be made available to them by the intermediary.

Holders of Shares or OCEANEs which are registered in the pure nominative form (*nominatif pur*) in the Company's registers should request that they be held in the administered form (*nominatif administré*) in order to tender their Shares or OCEANEs into the Offer, unless their conversion to bearer form has previously been arranged. In the event the Offer is successful, NYSE Euronext Paris will transfer to the bank responsible for securities services for the Company the Shares and OCEANEs to provide for their conversion into bearer form to enable them to be transferred, respectively, to the Bidder and to Solvay Participations France in the case of Shares (at the level of percentages indicated in section 1 of this Offer Document) and to Solvay Finance France in the case of OCEANEs.

U.S. holders of Shares, OCEANEs or ADSs may tender into the Offer according to procedures set forth in the Offer documentation provided for U.S. holders.

### 2.14 Centralisation of orders

Each financial intermediary and establishment holding an account for the Company must, at the date indicated in the NYSE Euronext notice, transfer to NYSE Euronext Paris the Shares, the OCEANEs and the BSAs for which they have received an instruction to tender into the Offer.

After receipt by NYSE Euronext Paris of all orders for tendering into the Offer in the conditions described above, NYSE Euronext Paris will centralise all of the orders and determine the results of the Offer.

2.15 Publication of the results of the Offer and settlement

The AMF will announce the results of the Offer no more than nine (9) trading days after the end of the Offer.

NYSE Euronext will indicate in a notice the settlement date of the Offer.

No interest will be due for the period from the tender of Securities into the Offer to the settlement date of the Offer, which should in principle occur within five (5) trading days following the publication of the definitive results of the Offer.

Securities tendered into the Offer and all the rights attached thereto (with the exception, as the case may be, of the 2010 Dividend) will be transferred to the Bidder and Solvay Participations France in the case of Shares (at the level of percentages described in section 1 of this Offer Document), and to Solvay Finance France in the case of OCEANEs, from the date of closing mentioned in the NYSE Euronext notice, in exchange for payment of an amount in cash in accordance with the terms of the Offer.

2.16 Indicative timetable for the Offer

Prior to the opening of the Offer, the AMF and NYSE Euronext will publish, respectively, a notice of the opening and a notice announcing the terms and calendar of the Offer.

The calendar below is provided on an indicative basis only and has been prepared assuming that all the regulatory and antitrust authorizations required in connection with the transaction (except for the ACP authorization) are obtained at the end of the legally established periods.

| | |
|---|---|
| April 6, 2011 | Filing of a draft Offer with the AMF, and availability to the public and online posting on the Internet site of the AMF (www.amf-france.org) of the draft Offer Document of the Bidder |
| May 3, 2011 | Filing with the AMF of the draft response by the Company, including the report of the Independent Expert |
| May 10, 2011 | Declaration of conformity of the Offer by the AMF including a visa on the Offer Document of the Bidder |
| May 23, 2011 | Authorization of the ACP |
| June 15, 2011 | Authorization of the Ministry of Economy in accordance with Article L. 151-3 of the French Monetary and Financial Code |
| June 16, 2011 | Opening of the Offer acceptance period |
| July 18, 2011 | Approval by the Antitrust Authorities - Phase I |
| July 21, 2011 | End of the Offer acceptance period |
| Aug. 3, 2011 | Announcement of the results of the Offer by notice of the AMF |
| Aug. 10, 2011 | Settlement (of the initial Offer) |
| Aug. 17, 2011 | In the event the Offer is successful, re-opening of the Offer acceptance period |
| Aug. 30, 2011 | End of the Re-opened Offer acceptance period |
| Sep. 12, 2011 | Announcement of the definitive results of the Re-opened Offer |
| Sep. 19, 2011 | Settlement of the Re-opened Offer |

2.17 Extension of the Offer period

In accordance with the terms of article 231-32 of the General Regulation of the AMF, the dates of opening, of the end of the offer period and of the publication of the results of the Offer will be published by the AMF. While the Offer is open, the AMF may postpone the date of the end of the period and has sole authority in this regard.

2.18 Re-opening of the Offer

In accordance with the terms of article 232-4 of the General Regulation of the AMF, if the Offer is successful, it will be automatically re-opened during the ten (10) trading days following the publication of the definitive results for a minimum period of ten (10) trading days (the ***Re-opened Offer***).

In the event of a re-opening of the Offer, the terms of the Re-opened Offer will be identical to those of the initial Offer. In this situation, the AMF will publish a timetable for the Re-opened Offer.

However, the Bidder reserves the possibility, in the event it would be in position to implement a squeeze-out procedure immediately following the Offer under the conditions set forth in Articles 237-14 *et seq.* of the General Regulation of the AMF, to implement such squeeze-out within ten (10) trading days from the publication of the notice of the results of the Offer. In such circumstances, the Offer would not be re-opened.

2.19 Financing of the Offer

*2.19.1 Expenses related to the Offer*

The total amount of expenses for the Bidder in connection with the Offer including in particular the cost of brokers and other financial intermediaries, fees and expenses of external financial, legal, accounting and all other advisors and consultants and expenses for publication and communication, as well as expenses related to the financing of the transaction, is estimated approximately twenty million euros (€20 million), excluding taxes.

*2.19.2 Means of financing the Offer*

In the event (i) all of the Shares which may be tendered into the Offer (including those resulting from the exercise of the BSAs and the exercise of the Options which may be exercised but excluding those resulting from the conversion of the OCEANEs) and (ii) all the OCEANEs which may be tendered into the Offer are effectively tendered, the acquisition price for the Bidder for the Securities would amount to a total of approximately €3,987,951,000 (excluding the expenses described under section 2.19.1 above).

This amount will be financed by the Bidder's own resources.

2.20 Assumption of expenses for shareholders

Except as indicated below, no expenses will be reimbursed and no commissions will be paid by the Bidder to any intermediary or any other person soliciting the tendering of Shares or OCEANEs into the Offer.

The Bidder will be responsible, as the case may be, for brokerage charges and related value-added taxes (*VAT*) borne by shareholders and holders of OCEANEs who tender their securities into the initial Offer or the Re-Opened Offer, as the case may be, within a limit of 0.2% of value of each share of Rhodia and/or OCEANE tendered, with a maximum of €100 per file, all taxes included. Shareholders and holders of OCEANEs will not be reimbursed for brokerage fees in the event the Offer will be declared without effect for any reason whatsoever.

Any request for reimbursement of brokerage fees, as mentioned above, must be sent to the financial intermediaries within forty (40) days following (i) the end of the period of the initial Offer or (ii) the end of the period of the Re-opened Offer, as the case may be. After such date, no requests for reimbursement will be accepted.

Only holders who are holders of Shares or OCEANEs registered in an account on the day preceding the opening of the initial Offer or the day preceding the Re-opened Offer, as the case may be, may benefit from reimbursement for the brokerage fees described above (and the related VAT).

### 2.21 Restrictions applicable to the Offer outside France

The Offer is made exclusively in France and in the United States.

This Offer Document is not to be distributed in countries other than France, it being specified that holders of Shares and ADSs resident in the United States will have access to English-language versions of this Offer Document and other documents related to the Offer.

This Offer Document and any other document related to the Offer does not constitute an offer to sell or buy financial instruments or the solicitation of such an offer in any country where such offer or solicitation would be illegal or to any person to whom such an offer may not validly be made. Holders of Shares, ADSs and OCEANEs outside France or the United States may not participate in the Offer unless such participation is authorized by the local law to which they are subject.

The distribution of this Offer Document and any document related to the Offer and participation in the Offer may be subject to legal restrictions in certain jurisdictions.

The Offer is not made to persons subject to such restrictions, directly or indirectly, and may not be accepted in any manner in any country where the Offer is subject to restrictions.

Unless decided otherwise by the Bidder, the Offer is not open in Canada, Australia or Japan, and may not be accepted in such countries. The Offer also is not a public offer in Belgium.

Persons coming into possession of this Offer Document must inform themselves as to applicable legal restrictions and respect them. The violation of legal restrictions may constitute a violation of applicable securities laws and regulations in certain jurisdictions. Solvay declines all responsibility in case of violation by any person of applicable legal restrictions.

If you are a resident of the United States, please also read the following paragraphs:

The Offer is being made in the United States in reliance on, and compliance with, Section 14(e) of the US Securities Exchange Act of 1934, as amended (the ***Exchange Act***) and Regulation 14E thereunder.

The Offer is being made for securities of a French company and is subject to French disclosure requirements which are different from United States disclosure requirements. In addition, US investors should be aware that this document has been prepared in accordance with a French format and style, which differs from the United States format and style for such documents. Neither the US Securities and Exchange Commission nor any US state securities commission has approved or disapproved this Offer or passed upon the adequacy or completeness of this document or any documentation relating to the Offer. Any representation to the contrary is a criminal offence. Furthermore, the payment and settlement procedure with respect to the Offer will comply with the relevant French rules, which differ from United States payment and settlement procedures, particularly with regard to the date of payment of consideration.

Solvay is a company incorporated in Belgium and Rhodia is organized under the laws of France. Some or all of the officers and directors of Solvay and Rhodia, respectively, are residents of countries other than the United States. In addition, most of the assets of Solvay and Rhodia are located outside the United States. As a result, it may be difficult for US shareholders of Rhodia to effect service of process within the United States upon Solvay, Rhodia or their respective officers or directors or to enforce against them a judgment of a US court predicated upon the federal or state securities laws of the United States.

The Offer in the United States is made solely by Solvay. None of Morgan Stanley & Co. International plc nor any of its affiliates is making the Offer in the United States.

Notwithstanding the foregoing, Morgan Stanley & Co, International plc, as presenting bank, guarantees the irrevocable nature of the commitments undertaken by the Bidder to holders of Securities resident in the United States and outside the United States.

## 2.22 Tax regime of the Offer

Holders of Securities should note that the following discussion is a summary of the applicable tax regime based on French laws as currently in force. This tax regime may be modified as a result of subsequent amendments brought to the applicable French tax rules (potentially with retrospective effect) and their interpretation by the French tax authorities.

This description is only a summary of the applicable tax regime, which is provided for general information purposes only and which should not be considered as a comprehensive analysis of all tax consequences that may apply to holders of Securities. Holders of Securities are urged to consult their usual tax advisors in order to analyze the tax regime applicable to their own situation.

Holders who are not resident of France for tax purposes should also comply with the applicable tax laws of their State of residence, subject to the application of any tax treaty aiming at avoiding double taxation entered into between that State and France.

### *2.22.1 Individuals resident of France for tax purposes who are holding Securities as part of their private estate and who do not trade on the markets on a usual basis*

The following discussion summarizes the French tax consequences that may apply to individuals who are resident of France for tax purposes and who do not trade on the markets under conditions similar to those characterizing a professional trading activity.

#### (i) Standard regime

In accordance with the provisions of articles 150-0 A *et seq.* of the French General Tax Code (*Code général des impôts;* ***FTC***), capital gains realized upon disposal of Securities by the aforementioned individuals, corresponding to the difference between (i) the disposal price and (ii) the tax basis of the Securities tendered to the Offer are subject to personal income tax at a flat rate of 19%. Capital gains in respect of disposals realized as from 1 January 2011 are taxable from the first euro, whatever the amount of disposals realized by the tax household during the year.

Capital gains are also subject to the following social taxes (non deductible for personal income tax purposes) at an overall rate of 12.3%:

- *contribution sociale généralisée* at 8.2% (***CSG***);
- *contribution pour le remboursement de la dette sociale* at 0.5% (***CRDS***);
- social levy (*prélèvement social*) at 2.2%; and
- additional contributions to the social levy at 0.3% and 1.1%.

As a result, the overall tax rate amounts to 31.3%.

Tendering Securities to the Offer shall terminate the rollover from which certain holders may have benefited in respect of such Securities in the context of prior transactions.

In accordance with the provisions of article 150-0 D 11° of the FTC, capital losses realized in respect of securities, equity rights (*droits sociaux*) or assimilated rights may be set off against capital gains of the same nature realized during the same year or the ten (10) following years.

(ii) Special regime applicable to share savings schemes (*plans d'épargne en actions; PEA*)

Persons holding Shares within a PEA may tender these Shares to the Offer.

Subject to certain conditions, (i) so long as a PEA is not terminated, income and capital gains realized in respect of shares held within such PEA are exempt from personal income tax and social taxes, provided in particular that such income and gains remain invested in the PEA, and (ii) upon termination of the PEA (provided it occurs more than five (5) years following the opening date of that PEA) or partial redemption (provided it occurs more than eight years following the opening date of that PEA), the capital gains realized since the opening of the PEA are exempt from personal income tax but remain subject to the social taxes described above (at the rate applicable in respect of the period during which each part of the gain accrues, the overall social tax rate being 12.3% for the part of the gain accrued as from 1st January 2011).

Capital losses realized in respect of securities held within a PEA upon the anticipated termination of that PEA before the end of five year period following the opening date of that PEA (or, under certain conditions, after the expiry of that period if the net asset value of the PEA or, as applicable, of the capitalization scheme (*contrat de capitalisation*) is lower than the overall transfers made into the PEA since its opening date) may be set off against the capital gains of the same nature realized during the same year of the ten following years.

(iii) Employees and legal representatives holding Shares resulting from the exercise of Options

Pursuant to the provisions of article 163 *bis* C of the FTC, beneficiaries of share subscription or purchase options granted in accordance with the provisions of articles L. 225-177 through L. 225-186 of the French Commercial Code may benefit from a favorable tax and social security regime, provided the shares resulting from the exercise of these options are held in registered form and are not disposed of (or converted in bearer form) before the end of a four (4) year period (for options granted as from 27 April 2000) or five (5) year period (for options granted before that date) following the date of grant (subject to the exceptions set out under article 91 *ter* of Schedule II to the FTC).

In accordance with the foregoing, capital gains (equal to the difference between (i) the first Share quotation on the exercise date of the acquisition or subscription option, and (ii) the exercise price of the option, increased, as the case may be, of the part of the rebate taxed as salary income upon the option exercise date) realized in respect of Shares subscribed or acquired in the context of a share subscription or acquisition plan that are tendered to the Offer after the end of the aforementioned four (4) or five (5) year period, as applicable, shall be subject to, under the conditions of article 150-0 A of the FTC, personal income tax, social taxes and, as the case may be, the employee contribution set out under article L. 137-14 of the French Social Security Code (applicable to disposals of shares resulting from the exercise of Options granted as from 16 October 2007), i.e., for disposals made during 2011, between 30.3% and 61.3%, depending on the grant date of the relevant options, the amount of capital gain realized and the holding period of the shares disposed of.

However, for Shares subscribed or acquired with the context of a share subscription or acquisition option plan that are tendered to the Offer before the end of the aforementioned four (4) or five (5) year period, the acquisition gain shall be taxed and subject to social taxes as salary income (save for authorized disposal cases provided under article 91 *ter* of Schedule II to the FTC).

In addition, the capital gain that may be realized upon tendering the Shares to the Offer, equal to the difference between (i) the disposal price and (ii) the first Share quotation on the exercise date of the acquisition or subscription options, shall be subject to the standard tax regime applicable to capital gains realized by French resident individuals described under section 2.22.1.(i) of this Offer Document.

(iv) Employees and legal representatives holding Shares received in the context of a free Share allocation plan

Pursuant to the provisions of article 80 *quaterdecies* of the FTC, holders of Free Shares granted in accordance with articles L. 225-197-1 through L. 225-197-6 of the French Commercial Code may only benefit from the favorable tax and social security regime if the Shares are held in registered form for at least two (2) years following their definitive acquisition, i.e., following the end of the acquisition period of those shares (unless an exception provided by the French Commercial Code or French Social Security Code applies).

Where free Shares have been allocated in accordance with the aforementioned conditions and are tendered to the Offer, the gain (equal to the first Share quotation on the definitive acquisition date of those Shares) realized in respect of such Shares shall, in accordance with the provisions of article 200 A 6 *bis* of the FTC, be subject to personal income tax, social taxes and, as the case may be, the employee contribution set out under article L. 137-14 of the French Social Security Code (applicable to disposals of free Shares allocated as from 16 October 2007), i.e., for disposals made during 2011, between 42.3% and 50.3%, depending on the allocation date of the relevant free Shares.

In addition, the capital gain that may be realized upon tendering those Shares to the Offer, equal to the difference between (i) the disposal price and (ii) the first Share quotation on the end of their acquisition period, shall be subject to the standard tax regime applicable to capital gains realized by French resident individuals described under section 2.22.1(i) of this Offer Document.

(v) Enterprise savings plan (*plan d'épargne entreprise; PEE*)

Income derived from securities held through a PEE are exempt from personal income tax provided they are reinvested in that plan and subject to the same five (5) year holding period that is applicable to the underlying securities. That income is definitely exempt at the end of the corresponding holding period. Capital gains are also exempt from personal income tax provided the securities are in registered form and that their origin is traceable.

Monies held through a PEE which are delivered to a member, either in case of an anticipated redemption in accordance with the conditions provided by applicable laws and regulations, or following the end of the applicable holding period, remain subject to social taxes (CSG, CRDS, social levy at 2.2% and additional contributions at 0.3% and 1.1%).

Where a FCPE invested in Shares would tender those Shares to the Offer in accordance with the applicable laws and regulations and its bylaws, the tax and social regime applicable to the holders of units issued by such FCPE would not in principle be affected if and to the extent the monies held by such holders through the FCPE remain invested therein until the end of the applicable holding period, in accordance with the Interministerial circular of 14 September 2005 regarding employee savings schemes.

*2.22.2 Legal entities subject to corporation tax under standard conditions*

(i) Standard regime

Capital gains realized upon the disposal of Securities in the context of the Offer, equal to the difference between (i) the price offered and (ii) the tax basis of the Securities tendered to the Offer, shall, in principle, be included within the taxable results subject to corporation tax at the standard rate of 33.33% (or, as the case may be, at a rate of 15% for the part of the benefit not exceeding 38,120 euros per twelve (12) month period for enterprises fulfilling the conditions provided under article 219 I b of the FTC) increased by, as the case may be, the 3.3% social tax assessed on the amount of corporation tax, after application of a rebate that cannot exceed 763,000 euros per twelve (12) month period (article 235 *ter* ZC of the FTC).

Capital losses realized upon disposal of Securities within the context of the Offer may, in principle, be set off against the taxable results of the holder that are subject to corporation tax.

(ii) Special regime applicable to long-term capital gains

In accordance with the provisions of article 219 I a *quinquies* of the FTC, net long-term capital gains realized upon the disposal of a controlling interest (*titres de participation*) satisfying the definition provided under that article and that have been held for at least two (2) years benefit from an exemption from corporation tax, subject to the recapture in the taxable results subject to corporation tax at the standard rate of an amount equal to 5% of the net capital gain realized.

Controlling interests (*titres de participation*) within the meaning of the aforementioned article 219 I a *quinquies* comprise in particular shares classified as such for accounting purposes as well as, under certain conditions, shares acquired by the initiator of a public tender offer or a public exchange offer, and securities eligible for the participation exemption regime set out under articles 145 and 216 of the FTC, except for securities issued by real estate companies.

OCEANEs and BSAs do not qualify as controlling interests within the meaning of article 219 I a *quinquies* of the FTC.

The conditions for the use and carry-over of long-term capital losses are subject to specific rules; the relevant taxpayers are urged to contact their usual tax advisor to analyze the tax regime applicable to their own situation. In particular, long-term capital losses resulting from the disposal, during a given fiscal year, of shares classified as a controlling interest eligible for the capital gain exemption may only be set off against long-term capital gains of the same nature realized during the same fiscal year (thus reducing the 5% recapture for net long-term capital gains remaining subject to corporation tax at the standard rate) and may not be carried over to subsequent fiscal years.

### *2.22.3 Non-residents for French tax purposes*

Subject to the applicable tax treaty, if any, capital gains realized upon the disposal for consideration of Shares by persons who are not domiciled in France within the meaning of article 4 B of the FTC or whose corporate seat is located outside France are generally exempt from income tax in France, provided that (i) these gains are not attributable to a permanent establishment or a fixed base subject to tax in France, (ii) the transferor has not held, together with its spouse, ascendants or descendants, directly or indirectly, more than 25% of the rights to the benefits of the company whose shares are disposed of at any time during the five (5) year period preceding the disposition, and (iii) the transferor is not domiciled, established or incorporated in a non-cooperating State or territory within the meaning of article 238-0 A of the FTC.

Capital gains realized by the same persons upon the transfer of OCEANEs or BSAs are generally not taxable in France.

Holders of Securities who are not resident of France for tax purposes shall generally consult their usual tax advisor as regards the tax regime applicable to their specific situation in France and in their country of residence.

### *2.22.4 Other holders of Securities*

Holders of Securities participating to the Offer and which are subject to another tax regime than that described above, in particular taxpayers whose transactions on securities exceed a mere patrimonial management of their securities portfolio or who hold their Securities as professional assets, shall inform themselves of the tax regime that applies to their own situation.

### *2.22.5 Stamp duties*

In principle, no stamp duty apply in France to the transfer of shares of a company whose shares are listed on a regulated financial instrument market or a multilateral trading system, unless the sale is evidenced in a deed entered into in France. In that case, the transfer deed must be registered within the month (1) following its execution, giving rise to 3% stamp duties (capped at 5,000 euros per transaction).

## 3. ASSESSMENT OF THE OFFER

Morgan Stanley & Co. International plc has assessed the offer consideration through a multicriteria analysis based on customary valuation methods. The main sources of information and assumptions retained for the purpose of this valuation are presented in this section. Morgan Stanley & Co. International plc relied upon the accuracy and completeness of the information obtained from the sources referred to in this analysis and does not assume any responsibility for any independent verification of such information or any independent valuation or appraisal of any of the assets or liabilities of Rhodia.

### 3.1 Shares of Rhodia

#### *3.1.1 Preliminary information*

(i) Valuation of the offer

Rhodia shareholders will receive for each Share tendered in the Offer €31.60 in cash after payment of the 2010 Dividend. Subject to its approval by the general meeting of the shareholders of Rhodia to be held on May 18, 2011, the 2010 Dividend will be detached from the Shares on May 25, 2011 and payable on June 21, 2011.

(ii) Key financial metrics

Unless otherwise stated, the financial metrics used to assess the terms of the offer are derived from the audited consolidated financial statements of Rhodia for 2010 fiscal year prepared under IFRS (International Financial Reporting Standards).

The number of Rhodia shares considered is 107,417,354, which is calculated as the sum of outstanding shares of Rhodia as of March 31, 2011 (i.e. 104,579,122 shares), less treasury shares (i.e. 277,414 shares), plus:

(a) dilution resulting from the exercise of (i) all in-the-money outstanding Options, less the number of shares bought (at a price of €31.60 per share) with the treasury perceived from the exercise of such Options ("treasury stock method"), i.e. 850,783 shares, and (ii) the exercise of all BSAs (i.e. 17,933 shares), and

(b) all Free Shares not yet vested (i.e. 2,246,930 shares).

(iii) Enterprise value to Equity value

The following elements have been taken into consideration to bridge the enterprise value to equity value and rely on financial information included in the Rhodia 2010 annual report filed with the AMF on March 23, 2011:

- Net financial debt[7]: €1,270 million
- Minority interests: €20 million
- Unfunded pensions: €1,510 million

[7]. The net financial debt is defined as non current loans and financial debt for €1,748 million and current loans and financial debt for €338 million adjusted in order to take into account the impact of the valuation of the OCEANEs at their redemption value, net of the cash and cash equivalents of €782 million and other current financial assets for €34 million as indicated in Rhodia's consolidated financial accounts as of December 31, 2010.

– Other adjustments[8]: €396 million

– Debt linked to 2010 dividends[9]: €52 million

– Total adjustments: €3,248 million

For the purpose of an approach based on trading multiples and multiples of precedent transactions, the value of CER[10] has been taken into account. In the context of the CDM[11], Rhodia installed on its sites of Onsan (South Korea) and Paulinia (Brazil) facilities aimed at reducing greenhouse gases. When it is certified by independent experts that emissions are below the reference levels set by the UNFCCC, Rhodia receives Credit Emission Reductions (CER) that are negotiable. Based on expected evolution of the current regulation, it was assumed that the sale of CER would end by May 2013. The valuation of CER is equal to the present value of cash flows relating to the sale of CER (from a consensus of research notes) at a rate of 8.5% until 2013. The value of CER was estimated at €247 millions.

### *3.1.2 Assessment of the Price per Share*

The methods to assess the Price per Share were selected in light of the specificities of Rhodia, its size and industry positioning.

(i) <u>Selected valuation methods</u>

The terms of the offer can be assessed based on the following criteria:

– analysis of historical trading prices;

– analysis of trading multiples of comparable listed companies;

– analysis of multiple of precedent transactions; and

– analysis of discounted cash flows.

○ *Analysis of historical trading prices*

Rhodia shares are listed on NYSE Euronext Paris, and included in the SBF 120 index and Dow Jones Euro Stoxx Chemicals.

Over the last twelve (12) months prior to the announcement of the Offer, 1,237,899 shares were traded every day on average, representing €22.4 million traded on average per day.

In addition, the Rhodia share is covered on a regular basis by 14 research analysts who periodically publish notes and reports on the stock.

The target prices published by research analysts as of April 1, 2011, are set forth in the table below:

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8 Other adjustments include notably provisions for risk and charges for €557 million, debts relative to derivative instruments for €4 million net of non current assets for €135 million and assets available for sale for €30 million.

9 Calculated on the basis of a €0.5 dividend for 104,301,708 shares (i.e., the 104,579,122 issued and outstanding shares less 277,414 treasury shares).

10 Certified Emission Reduction unit.

11 Clean Development Mechanism under the control of the Secretariat of the UN Framework Convention on Climate Change (*UNFCCC*).

| Analyst | Date | Target price € | Recommendation |
|---|---|---|---|
| Aurel BGC | 7 Mars 2011 | 23.00 | Neutral |
| Bank of America Merrill Lynch | 24 Février 2011 | 26.00 | Buy |
| Berenberg Bank | 15 Mars 2011 | 30.00 | Buy |
| CA Chevreux | 7 Mars 2011 | 28.50 | Buy |
| CM-CIC Securities | 23 Février 2011 | 24.00 | Neutral |
| Credit Suisse | 28 Février 2011 | 29.00 | Buy |
| Deutsche Bank | 30 Mars 2011 | 20.00 | Neutral |
| Exane BNP Paribas | 21 Mars 2011 | 20.00 | Neutral |
| Goldman Sachs | 23 Février 2011 | 26.00 | Buy |
| HSBC | 17 Mars 2011 | 30.00 | Buy |
| J.P.Morgan | 4 Mars 2011 | 22.00 | Neutral |
| Morgan Stanley | 4 Février 2011 | 29.00 | Buy |
| Nomura | 24 Février 2011 | 27.00 | Neutral |
| Société Générale | 24 Février 2011 | 20.00 | Neutral |
| **Median target price** | | **26.00** | |

Source : Factset

The Rhodia share being highly liquid and largely covered by research analysts, it is therefore assumed that the share price is a relevant valuation reference in order to assess the Price per Share.

For the purpose of assessing the Price per Share, we have considered April 1, 2011 as the reference date (i.e., the last trading day before the announcement of the Offer by Solvay and Rhodia). The premiums indicated in the table below are calculated on the basis of a Price per Share of €31.60 per share (excluding the 2010 Dividend of €0.5 per share) and on the basis of a Price per Share of €32.10 per share (including the 2010 Dividend of €0.5 per Share).

| | Rhodia (euros / share) | Implicit offered premium (32.1 euros cum-dividend) | Implicit offered premium (31.6 euros ex-dividend) |
|---|---|---|---|
| Last quoted price before announcement of the offer(1) | 21.07 | 52.4% | 50.0% |
| 5-day average(1) | 20.76 | 54.6% | 52.2% |
| 1-month average(1) | 20.21 | 58.8% | 56.3% |
| 3-month average(1) | 21.89 | 46.6% | 44.3% |
| 6-month average(1) | 21.67 | 48.1% | 45.8% |
| 1-year average(1) | 18.60 | 72.6% | 69.9% |

Source : Factset
Note :
(1) As of April 1st, 2011

○ *Analysis of trading multiples of comparable listed companies*

This valuation methodology consists of applying to Rhodia’s key financial metrics the valuation ratios observed on a sample of listed companies that operate on a comparable industry to Rhodia. A sample of six companies has been selected: Celanese, Eastman, Lanxess, DSM, Clariant and Arkema.

Companies in the chemicals industry are usually valued on the basis of their enterprise value to EBITDA (defined as the earnings before interest, taxes, depreciation and amortization). The enterprise value is the sum of the equity market value, plus financial debt, plus unfunded pensions, plus minority interests and minus cash and cash equivalents (on the basis of consolidated annual accounts at December 31, 2010).

For the purpose of comparability of the trading multiples, Rhodia’s enterprise value is calculated excluding the value of CER. The value of CER has then been added to the implicit enterprise value in order to compare the implicit share price per share to the Price per Share.

These multiples are presented in the table below:

| | Share price on April 1st, 2011(1) (€) | Market capitalisation(1) (millions €) | Enterprise value (millions €) | Sales 2010 (millions €) | EBITDA margin 2010 (%) | EBITDA multiple 2010 (x) | EBITDA multiple 2011 (x) | EBITDA multiple 2012 (x) |
|---|---|---|---|---|---|---|---|---|
| Celanese | 31.70 | 4,944 | 7,654 | 4,471 | 17.6% | 10.4x | 8.5x | 7.9x |
| Eastman | 71.26 | 5,041 | 6,671 | 4,413 | 19.5% | 8.3x | 7.7x | 7.1x |
| Lanxess | 54.71 | 4,552 | 5,957 | 7,120 | 12.9% | 6.5x | 6.2x | 5.7x |
| DSM | 43.64 | 7,264 | 8,107 | 8,176 | 14.2% | 7.0x | 6.3x | 5.8x |
| Clariant | 12.57 | 2,892 | 3,987 | 5,168 | 12.7% | 5.8x | 5.3x | 4.7x |
| Arkema | 65.15 | 4,009 | 4,363 | 5,905 | 13.4% | 5.5x | 4.9x | 4.5x |
| Rhodia ex CER | 21.07 | 2,270 | 5,156 | 5,226 | 14.4% | 6.9x | 6.4x | 6.2x |
| **Median multiple of comparables** | | | | | **14.2%** | **6.9x** | **6.3x** | **5.8x** |
| Rhodia EBITDA(2) ex CER(3) | | | | | | 749 | 808 | 834 |
| Implicit enterprise value | | | | | | 5,149 | 5,098 | 4,862 |
| Value of CER(3) | | | | | | 247 | 247 | 247 |
| Enterprise value to equity value bridge | | | | | | (3,248) | (3,248) | (3,248) |
| Implicit equity value | | | | | | 2,148 | 2,096 | 1,861 |
| Number of shares (in millions) | | | | | | 107.4 | 107.4 | 107.4 |
| **Implicit value (euros per share)** | | | | | | **20.0 €** | **19.5 €** | **17.3 €** |
| **Implicit offered premium/ (discount)** | | | | | | **58.0%** | **61.9%** | **82.4%** |

Source : Annual accounts and Factset

Notes :

(1) Last trading day before filling of the offer

(2) Rhodia 2011 and 2012 EBITDA based on research consensus including Bank of America Merrill Lynch, Credit Suisse, Deutsche Bank, Goldman Sachs, J.P.Morgan, HSBC, Nomura and Société Générale

(3) Valuation of CER equal to the present value of cash flows relative to the sale of CER (from brokers) at a rate of 8.5% until 2013, after which a change in regulation should stop the sales of CER

The following items should be taken into account:

(i) There is no perfectly comparable listed peer to Rhodia given its unique business mix, product applications and structure of end-markets. The selected sample includes chemicals groups of a similar size as Rhodia and which sold similar products and served similar end-markets. Selected companies have exposure to similar end-markets including automotives, consumer products and textile, electricals and electronics as well as other industrial applications (water and metal processing, painting, professional cleaning, polymer synthesis and other various applications).

(ii) Selected groups have exposure to similar geographic markets, i.e mainly in developed regions Western Europe and North America, however with substantial portion of their revenues derived from emerging markets (notably Asia and South America).

(iii) Celanese is a North American chemical group specialized in the engineering of fibers, polymers and other synthetic materials. Celanese is also a global leader in acetate filter, it manufactures acetic acid, vinyl acetate monomer (VAM), and polyoxymethylene (POM). Celanese competes with Rhodia (a) on oxygenated solvents for the industrial painting, automotive or packaging end-markets, (b) on cellulose acetate flakes and (c) on cellulose acetates for the tobacco and textile end-markets. Among the selected comparables, Celanese benefits from the strongest exposure to high-growth end-markets mainly in Asia and in the Middle East. It should be noted that Celanses' EBITDA was adjusted for net income of associates and dividends received from non consolidated entities[12], which increases the implicit multiple when compared to the multiple that would have been calculated if the EBITDA from associates and non consolidated entities was taken into account in the adjustment (no information available).

(iv) Eastman Chemicals based in North America is a global diversified specialty chemicals company with a focus on the production of coatings raw materials, fibers including acetate filter tow, specialty polymers and plastics. Eastman is exposed to a wide range of end-markets including packaging, building and construction, tobacco and automotives.

(v) Lanxess is a European chemical group specialized in the production of specific chemicals, mainly performance plastics and rubber chemicals with a strong focus on the

12 "Cost investments" - as defined in the annual accounts published by Celanese.

automotive industry. Lanxess competes more particularly with Rhodia on the market of specialty plastics for the automotive industry.

(vi) DSM is a European diversified specialty chemicals group with main strategic focus on nutritional products and performance materials. It specializes in the production of polymers, resins and plastics. DSM mainly competes with Rhodia on the performance plastic market for the automotive industry.

(vii) Clariant is a European chemicals group specialized in the production of diversified chemicals (additives, detergents, emulsions, pigments etc) notably for the automotive, consumer goods and agro-chemicals end-markets. Clariant has similar activities to the Novecare division of Rhodia, especially the production of surfactants, specific polymers and monomers, phosphor derivatives and eco-friendly solvents.

(viii) Arkema is a French chemical group and one of the leading chemicals players in the world. The group is a spin-off of Total chemical division in 2004. Arkema serves diversified end-markets such as construction, packaging, chemistry, automotive, electronic, nutrition and pharmacy.

The Price per Share respectively represents a premium of 58.0% 61.9% and 82.4% for, respectively, 2010, 2011 and 2012 on the implicit trading price of €20.0, €19.5 and €17.3 that result from the application of median multiples to Rhodia financial metrics for 2010, 2011 and 2012.

The implicit share prices of €20.0, €19.5 and €17.3 result from the application of the median multiple of the comparable companies sample to Rhodia 2010, 2011 and 2012 EBITDA, excluding the EBITDA relative to the sale of CER. The equity value is obtained by adding the value of CER and deducting the enterprise value to equity value bridging elements.

○ *Analysis of multiples of precedent transactions*

This analysis consists in comparing the offered Price per Share with the implicit price of the share derived from the use of average multiples observed on a representative sampling of transactions which took place in the chemicals sector since 2005.

It is to be noted that the analysis of the multiples of precedent transactions should take into account market conditions prevailing at the time of such transactions. Each transaction is, by definition, specific and the prices offered for each transaction depend on the dynamics of each transaction, the expected synergies, the specific commitments (representations and warranties and others) and the pre-transaction level of valuation of each company at the time of the transaction.

The results of this analysis are summarized in the table below:

| | Enterprise value (millions €) | Target | Acquirer | EBITDA multiple |
|---|---|---|---|---|
| March 2011 | 6,941 | Lubrizol | Berkshire Hathaway | 7.6x |
| June 2010 | 3,100 | Cognis | BASF | 7.3x |
| November 2008 | 2,581 | Hercules | Ashland | 8.4x |
| September 2008 | 3,835 | Ciba | BASF | 7.8x |
| July 2008 | 11,978 | Rohm and Haas | Dow Chemical | 11.5x |
| June 2006 | 593 | Uniqema | Croda | 8.1x |
| October 2005 | 986 | Perstop | PAI | 7.8x |
| **Median multiple of transactions** | | | | **7.8x** |
| Rhodia EBITDA 2010 ex CER | | | | 749 |
| Implicit enterprise value | | | | 5,842 |
| Value of CER(1) | | | | 247 |
| Enterprise value to equity value bridge | | | | (3,248) |
| Implicit equity value | | | | 2,841 |
| Number of shares (in millions) | | | | 107.4 |
| **Implicit value (euros per share)** | | | | **26.4 €** |
| **Implicit offered premium/ (discount)** | | | | **19.5%** |

Source : Annual consolidated accounts, offer documents, press releases and Bloomberg

Notes :

(1) Valuation of CER equal to the present value of cash flows relative to the sale of CER (from brokers) at a rate of 8.5% until 2013, after which a change in regulation should stop the sales of CER

The following items should be taken into account:

(i) The acquisition of Lubrizol by Berkshire Hathaway, announced in March 2011, was not closed at the time of the present Offer Document. Lubrizol is the world leader in additives for lubricants and specializes in specialty polymers, engine oil additives, pharmaceuticals and performance coatings.

(ii) Cognis is a private company acquired by BASF and specialized in additives for food, care, cosmetic and detergents.

(iii) Hercules is a company specialized in the manufacture and distribution of chemical products such as water-soluble polymers (notably derived from cellulose and guar) and wood resin derivatives used in the paper industry. Ashland is a group specialized in the manufacture and distribution of composite polymers, adhesives, water-processing systems, lubricants, chemicals for cars, and the distribution of chemicals, plastics and composites.

(iv) Ciba is comparable to Rhodia in terms of positioning of products and served end-markets (chemicals for the paper industry, plastic additives and pigments).

(v) The multiple resulting from the transaction between Rohm & Haas and Dow Chemical has to be analyzed considering (i) the size of the transaction (enterprise value around €12 billion) but also (ii) the date of the transaction which took place at the peak of a cycle (July 2008) just before the financial crisis. Rohm & Haas is specialized in industrial materials, mainly for electronic and microelectronic industries. Rohm & Hass is one of the global leading producers of light-sensitive resins and materials used in the semiconductor industry.

(vi) Uniquema was specialized in the manufacture of active principles for the cosmetic markets.

(vii) Perstop, acquired in 2005 by PAI Partners, is a chemical group specialized in the manufacture value-added additives for paints, resins and other coatings.

The Price per Share represents a premium of 19.5% on the implicit share price of €26.4 that results from the application of the median multiple obtained from the sample of selected comparable transactions.

○ *Analysis of discounted cash flows*

Discounted cash flow analysis aims at determining the enterprise value of a company by the discounting of its future free cash flows. The equity value is obtained by deducting from the enterprise value the company's net debt and debt like items.

The estimated free cash flows of Rhodia over the 2010-2013 period are based on a consensus of research notes published between February 23, 2011 and March 30, 2011.

Given the limited number of research analysts publishing forecasts beyond 2013, free cash flows over the period 2013-2015 were derived from the following assumptions:

- 4.0% sales average growth rate over the 2013-2015 period, in line with the average growth rate of revenue between 2010 and 2013;
- EBITDA margin progressively stabilizing at 14.1% of sales, taking into account the regulatory change relative to revenues from CER after 2013 and are in line with the announced objective of the company to reach €1 billion EBITDA in the medium term;
- Capital expenditures progressively stabilizing at 5.0% of sales;
- Depreciation progressively stabilizing at 4.5% of sales;
- Working capital requirement progressively stabilizing at 10.0% of sales, in line with research analysts' medium term forecasts; and
- Average tax rate of 30.0%.

Terminal value was calculated by applying the Gordon and Shapiro method to a normative free cash flow based on the following assumptions:

- A normative EBITDA margin of 14.1%, in line with analysts' medium term forecasts;
- A depreciation level equivalent to capital expenditure level, i.e. 5.0% of sales;
- An average tax rate of 30.0%;
- A stabilized working capital requirement at 10.0% of sales;
- A perpetual growth rate of 2.25%, in line with the overall growth rate of the economy in countries where Rhodia is present.

The free cash flows and the terminal value were discounted as of April 1, 2011 using a discount rate of 8.50% which is consistent with the discount rate retained by research analysts in their discounted cash flows valuation for Rhodia. The assumptions adopted in determining the discount rate of 8.50% were based on the following:

- an unleveraged beta of 1.2 consistent with the unlevered beta of a sample of comparable companies[13];
- a target leverage of 33.33% consistent with the target leverage of comparable companies[14];
- a leveraged beta of 1.5 as a result of the above assumptions;

13 Celanese, Eastman, Clariant, Laxness and DSM.

– a risk-free rate of 3.7% representing the yield on 10 year French government bonds and an after-tax cost of debt of 5.3% taking into account the Company's risk profile and leverage; and

– a market risk premium of 3.9% consistent with the market risk premium published by research analysts.

Based on these assumptions and considering a sensitivity for the perpetual growth rate of (+/-) 0.5% and for the discount rate of (+/-) 0.5%, the discounted cash flows valuation gives a share price value between €.16.7 and €.32.8, with a central value of €23.5. The Price per Share of €31.60 represents a premium of 34.7% on the mid-point of the valuation range.

The sensitivities of the share price to the perpetual growth rate and discount rate are presented in the table below:

| | | Perpetual Growth Rate | | |
|---|---|---|---|---|
| | | **1.75%** | **2.25%** | **2.75%** |
| **Discount Rate** | **8.00%** | 24.4 | 28.3 | 32.8 |
| | **8.50%** | 20.3 | **23.5** | 27.2 |
| | **9.00%** | 16.7 | 19.4 | 22.5 |

(ii) Excluded valuation methods

The following valuation methodologies have not been considered as relevant for the assessment of the Price per Share:

– Net asset book value;

– Net Asset Value (NAV);

– Discounted dividends ("return" method).

○ *Net asset book value*

The net asset book value of Rhodia as of December 31, 2010 before allocation of net income represents a negative value of €(2.68) per Share on the basis of a total of 107,417,354 shares. This value which is based on assets and liabilities' historical values is not relevant as it does not take into account the fair value of intangible assets (market shares, clients relationships, brand image, know-how), or future expected performance.

○ *Net Asset Value (NAV)*

This analysis which is usually conducted in the context of valuing portfolio companies owning minority stakes was not retained as Rhodia's assets are mainly operational assets controlled with a majority.

○ *Discounted dividends ("return" method)*

This method is not relevant as dividends depend on Rhodia's financial policy and do not necessarily represent the cash flow generation of the business.

For information purposes, it is recalled that Rhodia paid out the following dividends over the last three fiscal years:

**Annual dividends paid out for the indicated fiscal years**

| **Fiscal year** | **2007** | **2008** | **2009** | **2010 (proposed)** |
|---|---|---|---|---|
| Dividend paid out (euros per share) | 0,25 | - | 0,25 | 0,50 |

Source : Company

Rhodia proposed a dividend de €0.5 per share for the fiscal year 2010.

### *3.1.3 Summary assessment of the Price per Share*

| **Criteria** | **Price per share** | **Implicit offered premium (31.6 euros ex-dividend)** |
|---|---|---|
| **Analysis of historical trading prices** | | |
| Last quoted price before announcement of the offer(1) | 21.1 | 50.0% |
| 5-day average(1) | 20.8 | 52.2% |
| 1-month average(1) | 20.2 | 56.3% |
| 3-month average(1) | 21.9 | 44.3% |
| 6-month average(1) | 21.7 | 45.8% |
| 1-year average(1) | 18.6 | 69.9% |
| **Analysis of research analysts target prices** | | |
| Median research analysts target price | 26.0 | 21.5% |
| **Analysis of trading multiples of comparable listed companies** | | |
| Implicite price based on enterprise value / EBITDA 2010 | 20.0 | 58.0% |
| Implicite price based on enterprise value / EBITDA 2011 | 19.5 | 61.9% |
| Implicite price based on enterprise value / EBITDA 2012 | 17.3 | 82.4% |
| **Analysis of multiples of precedent transactions** | | |
| Implicite price based on enterprise value / EBITDA 2010 | 26.4 | 19.5% |
| **Analysis of discounted cash flows** | | |
| Premium on mid-point of the range | 23.5 | 34.7% |

Source : Factset, Bloomberg, companies annual reports

Note :

(1) As of April 1st, 2011

## 3.2 Rhodia OCEANEs

### *3.2.1 Summary of Rhodia OCEANEs key terms*

The key terms relating to the OCEANEs are described in section 2.4 of this Offer Document.

For further information on the OCEANEs, please refer to the OCEANEs Prospectus (as defined in section 2.4 of this Offer Document).

### *3.2.2 Price per OCEANE*

The Price per OCEANE is €52,30, it being specified that the Price per OCEANE had been determined assuming that the settlement date of the Offer would be September 1, 2011. In the event that the settlement date of the Offer would be:

(i) on or before September 1, 2011, the price per OCEANE will remain unchanged;

(ii) after September 1, 2011, the price per OCEANE will be increased by an amount equal to 2.35% of the Price per OCEANE (coupon included) calculated *prorata temporis* for the period from September 1, 2011, to the actual settlement date of the Offer. The rate of 2.35% corresponds to the gross yield to maturity of the OCEANEs as defined in the OCEANEs Prospectus.

The price of the OCEANE can be compared to the following:

### *3.2.3 Early Redemption Price value of the OCEANEs*

As of September 1, 2011, the Early Redemption Price (as defined in paragraph 2.4.2(i) of this Offer Document) is equal to €52.28. Therefore, the Price per OCEANE of €52.30 provides a premium of 0.04% compared to the Early Redemption Price.

### *3.2.4 Conversion value of the OCEANEs in the event of public offer*

The conversion value per OCEANE is determined by applying the Share Attribution Ratio (as such term is defined in section 2.4.2(i) of this Offer Document) (i.e. 1.04) on the anticipated date of opening of the Offer adjusted by a premium (such as calculated below) in case of a public offer, i.e. an adjusted attribution ratio of 1.21 with a price per share of €31.60. The conversion value is therefore €38.24.

The adjustment premium results from the following formula: 1+Issue Premium of the Bonds x (J/JT)

Issue Premium of the Bonds: 42.0%

J: Number of days between June 16, 2011, and January 1, 2014 (excluded): 930 days

JT: 2,441 days

The Price per OCEANE of provides a premium of 36.8% compared to the conversion value of €38.24.

### *3.2.5 OCEANE trading price*

The table below shows the premium of the Price per OCEANE can be compared to the trading price of the OCEANE, as follows:

| | **OCEANE Rhodia (euros / OCEANE)** | **Implicit offered premium (52.30 euros)** |
|---|---|---|
| Last quoted price before announcement of the offer(1) | 49.5 | 5.6% |
| 5-day average(1) | 49.4 | 5.8% |
| 1-month average(1) | 49.4 | 5.8% |
| 3-month average(1) | 49.4 | 5.8% |
| 6-month average(1) | 49.1 | 6.5% |
| 1-year average(1) | 47.6 | 9.8% |

Source : Bloomberg Generic Price (BGN)

Note :

(1) As of April 1st, 2011

### *3.2.6 Gross Yield to Maturity*

Given the Price per OCEANE of €52.30, the gross yield to maturity for the holder of OCEANEs for the period starting April 27, 2007 (date of issue) and ending April 5, 2011, i.e. the last trading day before the filing of the Offer, is 2.59%.

This gross yield to maturity offered in the context of the Offer is greater by 0.24% than the gross yield to maturity that a holder of OCEANEs would have obtained had it held them until maturity (i.e. 2.35%) except in case of conversion, exchange or early redemption of the OCEANE.

### *3.2.7 Theoretical value*

A theoretical value of the OCEANE was calculated.

The theoretical value presented below results from a trinomial valuation model and is based on market assumptions as of April 1, 2011. The swap rates used are as of April 1, 2011. The following assumptions were made:

Rhodia share price: €21.07.

Discount rate: 2.62% base rate, calculated by reference to swap rates of similar maturity, to which is added a credit spread of 2.00%, corresponding to OCEANE investors' credit spread assumption as of April 1, 2011, the last trading day before the announcement of the Offer.

Borrowing costs for Rhodia share: 0.40% on an annual basis.

Dividend protection: full dividend protection.

Rhodia share price volatility: 37%; this level is close to the historical long-term volatility of the Rhodia share as of April 1, 2011 (200-day volatility as at April 1, 2011 is 36.8%), the last trading day before the announcement of the Offer.

Using these assumptions, the theoretical value (including accrued interest) is equal to €49,52 for a Rhodia share price of €21.07. The Price per OCEANE of €52.30 provides a premium of 5.6% to the theoretical value as of April 1, 2011.

With the same assumptions and a Rhodia share price of €25.73 (equal to the twelve (12) month high), the theoretical value of the OCEANE is €50.42. The Price per OCEANE of €52.30 provides a premium of 3.7% compared to the theoretical value of the OCEANE as of April 1, 2011.

The following table shows the sensitivity of the theoretical value of the OCEANE to the volatility and share price assumption.

| **Rhodia share price (€)** | **Rhodia share volatility assumption** | | | | |
|---|---|---|---|---|---|
| | **31%** | **34%** | **37%** | **40%** | **43%** |
| 15.07 | 48.78 | 48.83 | 48.91 | 49.00 | 49.13 |
| 18.07 | 48.89 | 49.00 | 49.14 | 49.32 | 49.52 |
| 21.07 | 49.10 | 49.29 | 49.52 | 49.79 | 50.08 |
| 24.07 | 49.45 | 49.74 | 50.07 | 50.43 | 50.81 |
| 27.07 | 49.96 | 50.36 | 50.79 | 51.25 | 51.73 |
| 30.07 | 50.66 | 51.16 | 51.70 | 52.24 | 52.81 |
| 31.60 | 51.09 | 51.65 | 52.23 | 52.82 | 53.43 |

### *3.2.8 Summary of the valuation factors of the Price per OCEANE offered in the context of the Offer*

| Criteria | Implicit price per OCEANE | Implicit offered premium (52.3 euros) |
|---|---|---|
| **Conversion value** | | |
| Conversion value at offer price | 38.24 | 36.8% |
| **Early redemption value** | | |
| Early redemption value in case of an offer as of September 1st 2011 | 52.28 | 0.04% |
| **Trading price** | | |
| Last quoted price before announcement of the offer(1) | 49.52 | 5.6% |
| 5-day average(1) | 49.44 | 5.8% |
| 1-month average(1) | 49.42 | 5.8% |
| 3-month average(1) | 49.42 | 5.8% |
| 6-month average(1) | 49.10 | 6.5% |
| 1-year average(1) | 47.60 | 9.8% |
| **Theoretical value** | | |
| Value at a price of the underlying share of €21.07 | 49.52 | 5.6% |
| Value at a price of the underlying share of €25.73 | 50.42 | 3.7% |

Note :
(1) As of April 1st, 2011

## 4. PERSONS RESPONSIBLE FOR THE OFFER DOCUMENT

### 4.1 Bidder

"*To my knowledge, the information presented in the Offer Document is consistent with reality and does not include any omission likely to affect its meaning*".

Mr. Christian Jourquin
Chairman of the Executive Committee

### 4.2 Presenting bank

"*In accordance with Article 231-18 of the General Regulation of the AMF, Morgan Stanley & Co. International plc, the presenting bank for the Offer, certifies that to its knowledge, the presentation of the Offer which it has examined on the basis of information provided by the Bidder, and the elements of appreciation of the price, are consistent with reality and do not include an omission likely to affect their significance*".

Morgan Stanley & Co. International plc