Shaping our Future

Opening New Frontiers

Solvay
Annual Report
2010

SOLVAY

SOLVAY

Aerospace.
Solvay provides innovative solutions to the aerospace industry, which is an outlet for the Group's high performance polymers.

Contents

Key Figures – Solvay group

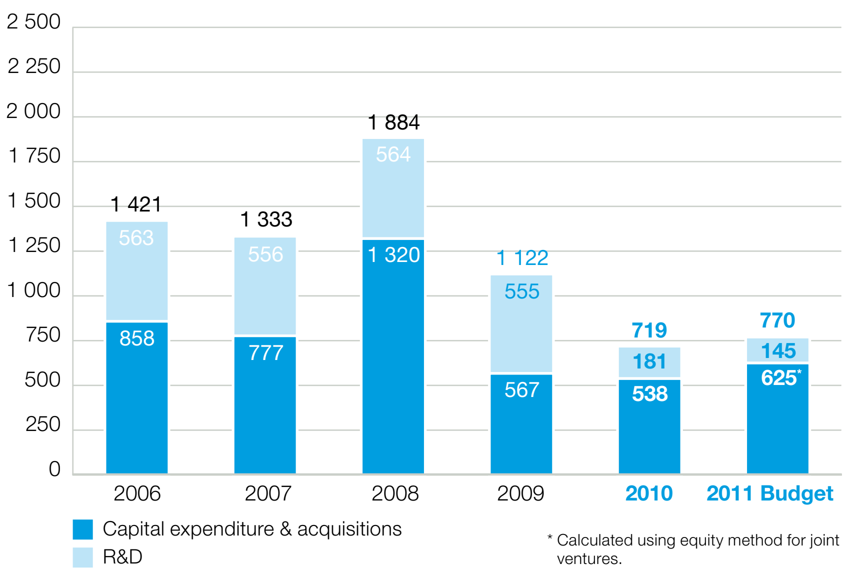
Financial data

	2006	2007	2008	2009	2010	
		EUR million			EUR million	USD million[5]
Operating situation						
Sales	9 399	9 572	9 490	8 485	**7 109**	**9 499**
REBITDA[1 (*)]	1 568	1 662	1 436	1 439	**1 051**	**1 404**
REBIT[2 (*)]	1 099	1 192	965	969	**633**	**846**
REBIT as % of sales	12%	12%	10%	11%	**9%**	**9%**
Net income	817	828	449	553	**1 823**	**2 436**
Total depreciation and amortization[3]	522	593	417	496	**717**	**958**
Cash flow[6]	1 339	1 421	866	1 049	**2 540**	**3 394**
Capital expenditure	858	777	1 320	567	**538**	**719**
Research expenditure	563	556	564	555	**181**	**242**
Personnel costs	2 136	2 081	1 981	2 016	**1 339**	**1 789**
Added value	3 628	3 921	3 083	3 306	**4 065**	**5 432**
Financial situation						
Shareholders' equity	4 456	4 459	4 745	5 160	**6 839**	**9 138**
Net debt[7]	1 258	1 307	1 597	1 333	**-2 902**	**-3 878**
Net debt / shareholders' equity	28%	29%	34%	26%	**NA**	**NA**
Return on Equity (ROE)	19%	18%	9%	11%	**27%**	**27%**
Gross distribution to Solvay shareholders	232	240	241	241	**240**	**321**
Persons employed						
Persons employed at December 31[4]	29 258	28 340	29 433	28 204	**16 785**	**–**

(*) The cost of discounting provisions (47 in 2006, 42 in 2007, 43 in 2008, 64 in 2009 and 52 in 2010) has been transferred from operating to financial charges given the financial nature of this item.
1. REBITDA = REBIT before depreciation and amortization.
2. REBIT = Recurrent EBIT.
3. Including impairment of: -48 in 2006, -123 in 2007, 54 in 2008, -25 in 2009 and -300 in 2010.
4. In full-time equivalents on December 31 of the year; on January 1 of following year for 2006 and 2007.
5. Exchange rate: 1 EUR: 1.3362 USD at 31/12/2010.
6. Net income + total depreciation and amortization.
7. Liabilities (+) / Assets (-)

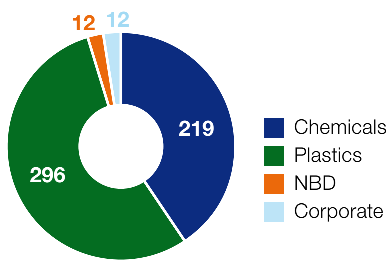
Expenditure for the future

Total Group capital expenditure, acquisitions and R&D 2010 = EUR 719 million

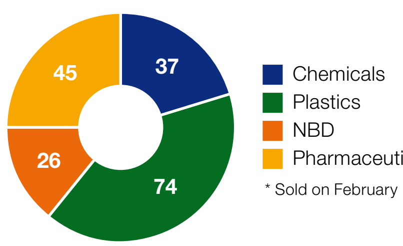


* Calculated using equity method for joint ventures.

Total capital expenditure & acquisitions by Sector in 2010 [EUR million]



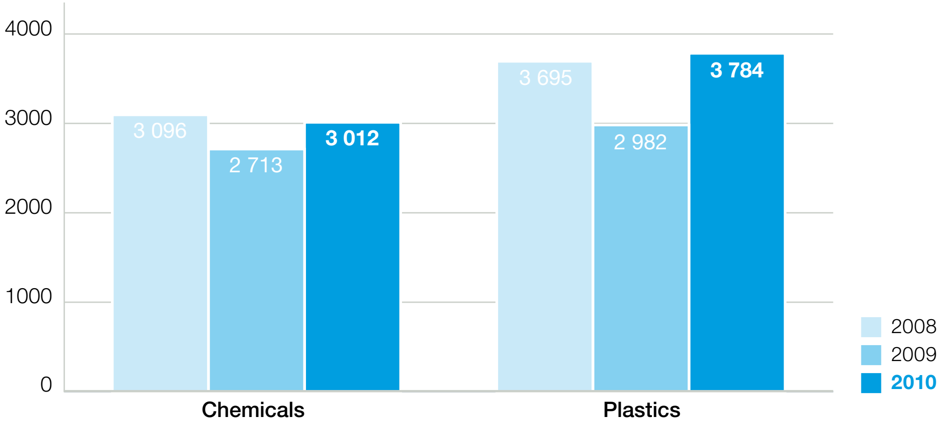
R&D by Sector in 2010 [EUR million]



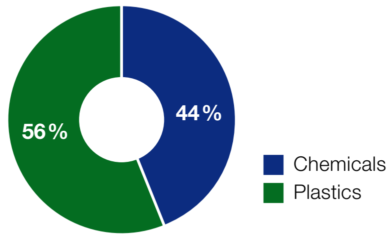
* Sold on February 15, 2010

Key financial data of Group's continued operations

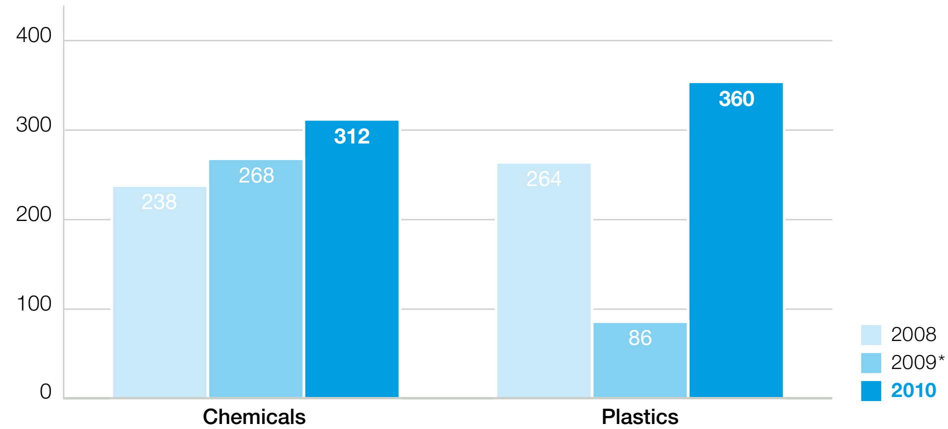
Sales 2010 = EUR 6 796 million



Sales by Sector in 2010



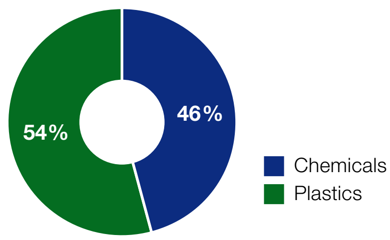
REBIT 2010 = EUR 602 million [Including "Corporate & Business Support": EUR -45 million and "New Business Development": EUR -26 million]



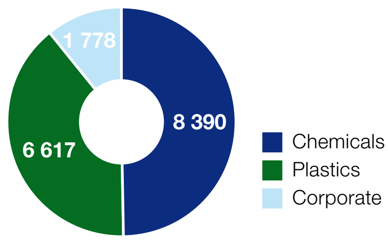
* Restated to reflect the transfer of the cost of discounting provisions from operating expenses to financial expenses.

REBIT* by Sector in 2010

* Excluding "Corporate & Business Support": EUR -45 million and "New Business Development": EUR -26 million



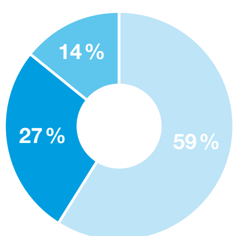
Employees by Sector in 2010



Employees in 2010 (Dec. 31, 2010): 16 785 people

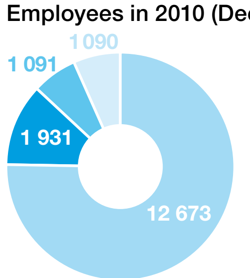
A global presence

Sales 2010 = EUR 6 796 million



- EMEA
  - **51%** Western Europe
  - **5%** Eastern Europe
  - **3%** Other country EMEA
- The Americas
  - **16%** North America
  - **11%** Mercosur
- Asia-Pacific

Employees in 2010 (Dec. 31, 2010): 16 785 people



- EMEA: **12 673**
- North America: **1 931**
- Mercosur: **1 091**
- Asia-Pacific: **1 090**

WORLD: 16 785

Customer markets*

Sales 2010 = EUR 6 796 million

Construction and architecture	23%	Packaging	5%
Chemical industry	13%	Consumer goods	5%
Water and the environment	7%	Automobile industry	4%
Electricity and electronics	7%	Paper	4%
Glass industry	6%	Human health	3%
Detergents, cleaning and hygiene products	5%	Human and animal food processing	2%
		Other industries	14%

* Excluding Inergy Automotive Systems, following purchase by Plastic Omnium of Solvay's stake in this company in 2010.

2010 Highlights

January 7
EPICEROL®
Vinythai prepares to build an epichlorohydrin plant in Thailand, based on EPICEROL®, a biosourced production technology developed by Solvay.

February 10
Antwerp (Belgium)
Solvay to build a giant fuel cell, one of the most powerful in the world, at SolVin's Antwerp (Belgium) site.

February 11
Asia
Solvay announces the launch of three RD&T centers in Asia to strengthen its presence in this growing region.

February 16
Pharmaceuticals
Solvay closes the EUR 5.2 billion sale of its pharmaceuticals business to Abbott.

April 7
Solar Impulse
Maiden flight of the Solar Impulse, made possible by innovative materials and know-how from Solvay.

April 28
Bernburg (Germany)
Solvay reduces the CO_2 impact of its Bernburg (Germany) plant by generating energy from waste-derived fuels.

May 5
United States
United States: a new plant converts soda ash waste into bicarbonate for flue-gas treatment.

May 21
ACAL Energy
Solvay increases its stake in fuel cell developer ACAL Energy.

June 17
Inergy Automotive Systems
Agreement to sell Solvay's stake in Inergy Automotive Systems to Plastic Omnium.

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June 25
Solvay and Arkema
Arkema and Solvay untie their vinyl production joint ventures in France and Spain.

July 27
RusVinyl
The European Bank for Reconstruction and Development (EBRD) announces EUR 52 million investment in RusVinyl, Solvay's PVC joint venture in Russia.

August 4
Iridos
Iridos, a joint venture of Solvay and Nepes, starts producing pigment pastes for liquid crystal displays in Korea.

September 2
TECNOFLON®
To meet growing demand, Solvay ups TECNOFLON® production capacity at its Spinetta Marengo (Italy) site.

September 5
Wet chemicals
Solvay expands its high-purity wet chemicals business on the Chinese electronics market.

September 7
Polyera
Solvay expands its printed electronics development with a stake in Polyera.

September 23
Horizon
Solvay details its Horizon project for a new organization to secure sustained growth.

October 10
China
Solvay to expand its compounding capacity for specialty polymers in China.

October 14
"Solvay Science for Innovation 2010"
The Solvay Science for Innovation 2010 conference is attended by nearly 200 researchers and two Nobel Prize winners.

October 26
Korea
Solvay and its Korean partners invest EUR 26 million in a venture capital fund for advanced materials in Korea.

November 9
Tavaux (France)
Solvay decides to convert from mercury-based to higher-efficiency membrane electrolysis at its Tavaux (France) site.

December 1
REACH
REACH: Solvay has successfully registered 170 dossiers, representing 82 different chemical substances.

December 14
Epichlorohydrin
EPICEROL® process: Solvay launches project to build an epichlorohydrin production plant in China.

December 18
Vinythai
Solvay increases its stake in Vinythai from 50% to 58%.

Opening new Frontiers

Solvay is pursuing its strategic transformation. The goal is to make the Group into a champion in sustainable chemistry. Solvay is creating a new organization to become quicker, more agile. The significant evolution of its industrial base continues.

Solvay is transforming itself, Solvay is changing because the world is changing. We are changing because we want the Group to remain strong and successful. Our duty is to optimally position ourselves to secure the Group's long-term future through sustainable and profitable growth.

2010 was a crucial year in redirecting the business portfolio, now that the sales of its pharmaceuticals activities and of its shareholding in Inergy Automotive Systems give Solvay the resources with which to successfully transform itself. Also during the past year we launched a wide-ranging project to modernize the Group's structures.

As Solvay has done ever since it was founded in 1863, we are positioning ourselves in the flow of history. We are evolving in a complex, fluctuating world, shaken by deep crises. Major changes, however, are clear to see. Certain of these megatrends directly affect us. We need to detect them, understand them, measure their scope and adapt to them.

The megatrends that are fashioning tomorrow's world

First among these is global warming: an enormous, indisputable and fundamental reality. Researchers regularly present new knowledge that confirms the changes affecting the global climate system. This is increasing the pressure on the general structure of manufacturing industries, which consume large amounts of energy and emit greenhouse gases.

On top of this comes the ever heavier use of our planet's natural resources, with demand rapidly outstripping supply, whether for oil, water or most industrially useful metals. This is inevitably leading to the scarcity or exhaustion of critical resources. Our main inputs – energy and the raw materials of our value chains – will be affected.

Another irrepressible phenomenon: the global population is growing – and ageing. By 2050, there will be nine billion human beings on Earth. But more importantly, for the first time in the history of humanity, people aged 60 or over will be more numerous on this planet than children aged fifteen or under. This unprecedented situation will also see the arrival of over a billion new consumers. This will define new patterns of behavior and will irreversibly change the demand for the manufactured goods that incorporate our products and technology solutions.

Finally, structural competition from emerging economies will intensify. The rise of the BRIC quartet (Brazil, Russia, India, China), heralded during the first decade of this 21st century, is a very contemporary reality. Other countries present a growth potential that could transform them into future major economic powers.

Acting on three fronts: structure, business management, and industrial base

These paradigm shifts pose exciting challenges, to which we are bringing detailed responses on three fronts: our organization, the way we manage our business, and our industrial base.

First, we are reorganizing ourselves with a more agile and more motivating structure, able to respond effectively to the new challenges. This organization, proposed in September 2010, formally approved by the Board of Directors in February 2011 and to be phased in before the end of 2012, will promote the empowerment and motivation of our employees and increase customer proximity.

On the second front – the management of its business – Solvay in 2010 demonstrated its ability to bounce back after weathering the recession that shook the global economy.

Group sales reached EUR 7.1 billion. Group sales for continuing operations (EUR 6.8 billion) was up by 19% compared to 2009. This increase reflects considerable growth in sales volumes in each of our activities. This sales increase is particularly marked in Asia, where the Group now realizes 14% of its sales, compared with 10% in 2009, and almost one third of its Specialty Polymers sales.

The Group's operating result (REBIT) is EUR 633 million. REBIT for continuing operations was EUR 602 million, up by 94% compared to 2009. Apart from higher sales volumes, it reflects a situation of energy costs globally under control and a tightly managed cost base. The major efforts of 2008 and 2009 to reduce costs on a structural basis are bearing fruit. With the exception of soda ash, confronted with the persistent weakness of the flat glass market in Europe, each major activity has posted a better result. We would point in particular to the record result of our Specialty Polymers activity in 2010.

The net income of the Group reaches EUR 1.8 billion. It benefited from the capital gain realized on the sale of the pharmaceuticals activities (EUR 1.7 billion) and was negatively impacted by non-recurring items for an amount of EUR 328 million. These non-recurring items include impairments of industrial assets, restructuring charges (including a charge of EUR 74 million linked to the reorganization project Horizon) and the capital gain on the sale of our stake in Inergy Automotive Systems. Return on equity for 2010 was 26.7%.

With the business turnaround we have not forgotten the need to manage the Group's cash position with a firm hand. The working capital of our chemicals and plastics activities remains under strict control. With sales up 19% in 2010, working capital was only 7% higher than at end-2009. The Group also concentrated its capital expenditures on a limited number of strategic chemicals and plastics projects, directed primarily at geographic expansion and specific sustainable development choices. And this with no cuts in financial resources devoted to safety, the environment and health.

The Group is also seeking to integrate into its daily decision-making the same criteria that guide its strategic repositioning to ensure the durability of its current activities.

For example, Solvay has just announced its intention to build a new EPICEROL® site in China, with an annual capacity of 100 000 tons of epichlorohydrin. This plant, which applies a biosourced production technology developed by Solvay, joins another site already under construction in Thailand. Both sites are magnificent examples of our ability through innovation to provide products and solutions that promote sustainable development. At the same time, we are continuing our geographic expansion in high-growth countries.

In Russia, the foundation stone of the Kstovo site of our RusVinyl joint venture has been laid. This will be the first world-scale vinyl production plant at the heart of a very promising

market. Right from the drawing board, this integrated plant has been subject to the most stringent Russian and international environmental standards. By 2013, it should be able to produce 330 000 tons of PVC per year, with maximum energy efficiency, while minimizing raw materials consumption and production of effluent.

In the United States, Solvay has developed one of the few facilities in the world capable of recovering soda ash production waste and transforming it into marketable-grade sodium bicarbonate. This product is being used very successfully in flue-gas cleaning applications.

In Europe, the cradle of the Group, new developments in energy management are improving the sustainability of our sites and reducing their environmental impact. Examples include the proposed 1 MW giant fuel cell at Antwerp (Belgium), the construction of a cogeneration plant powered by waste-derived fuels at Bernburg (Germany) and the decision to fully convert our mercury electrolysis facilities at Tavaux (France) and Antwerp (Belgium) to membrane electrolysis.

Lastly, in Asia, Solvay announced in 2010 the creation of three new research centers in India, South Korea and China. These are now up and running with the mission of supporting innovation and sustainable development in the region. Each will focus primarily on client-customized innovation.

Apart from the dynamic management of our business, our ambition is to develop our portfolio of activities to offer our customers the products and solutions they will need in the future. Hence the rigor with which Solvay has set about reinvesting the proceeds from the sale of its pharmaceuticals business. This process is based on clearly-defined criteria: new activities must generate high-added-value; they should contribute to reducing the Group's environmental footprint; and they must increase its geographic coverage, reduce earnings cyclicality and match Solvay's sustainability objectives.

These strategic criteria must respect a strict financial discipline – enabling our Group to maintain a solid structure – and more broadly, a proper analysis of risks.

These criteria have enabled us to identify certain market segments and, within these, targets that we have considered worthy of interest. It was not yet possible, however, to carry this project to conclusion in 2010.

In another change in its business portfolio in 2010, Solvay sold its 50% stake in Inergy Automotive Systems to its partner Plastic Omnium. This decision demonstrates our commitment to focus on a limited number of selected businesses.

Continuing implementation in 2011

Our capacity to mobilize our resources and our ability to direct all our energies towards a common goal will be more crucial than ever in 2011. Major projects lie ahead. We will be moving into step with a new world and changing our habits.

But above everything else, Solvay is preparing for tomorrow. The Group is positioning itself to provide the world with the solutions it needs to ensure its sustainable development.

Solvay not only creates value for its stakeholders, but is also invested with a real social mission. This mission the Group will fulfill by becoming a major player in sustainable chemistry: an innovative, modern and essential chemistry, with a reduced environmental footprint.

By the end of the massive change process that is currently under way, a new, transformed and highly motivated Solvay will be up and running to serve a new world.

Christian Jourquin
Chairman of the Executive Committee

Aloïs Michielsen
Chairman of the Board of Directors

Solvay Enters a New Stage

In 2010 Solvay opened a new chapter in its history by launching the Horizon project. This vast transformation exercise will give birth to a new organization, with which to position our Group for the future and build a strong position as a major player in sustainable chemistry. The sale of our pharmaceuticals business gives us the resources with which to achieve our ambition. But before integrating new activities we must first give Solvay a structure that is more motivating, more agile and more welcoming.

6

The new Solvay will build on the gains of the structure based on Strategic Business Units, which has helped to change the Group in recent years. Revising this organization is intended to increase the spirit of entrepreneurship and promote greater delegation.

Each major area of activity will now be housed in a new entity, better suited to its particular features. Our high-added-value specialties will be integrated into global entities. In contrast, our essential products will be organized into regional entities, because the economic logic and strategies governing these markets vary from one major economic area of the world to another.

In the Chemicals Sector, specialty chemicals (fluorinated products, Advanced Functional Minerals and Molecular Solutions) will be consolidated into a Global Business Unit clearly focused on growth markets. In this perspective, the world headquarters of this GBU will be established in Seoul, Korea. Essential chemicals (soda ash and derivatives, peroxides and electrochemistry), however, will be managed in Regional Business Units, which will be run as regional companies within the Group. The focus of the Essential Chemicals RBUs can vary from one region to another: Asia-Pacific and Mercosur will focus on growth, Europe and North America rather on competitiveness and on operating excellence.

In the Plastics Sector, all Specialty Polymers-related activities will be brought together into a Specialty Polymers Global Business Unit, to be headquartered at Bollate, Italy. This GBU will combine the activities of Solvay Solexis, Solvay Advanced Polymers, Padanaplast and the polyvinylidene chloride activities. Integrating these operations will strengthen them even further to grow their high-added-value activities and facilitate the development of new solutions for our customers. It will

also contribute to creating synergies and promoting operational excellence through the sharing of best practices.

For essential products, the Plastics Sector retains its current regional organization for vinyl-related activities, based on the joint ventures SolVin in Europe, Solvay Indupa in South America, Vinythai in Asia and RusVinyl in the Commonwealth of Independent States (CIS). Also in the Plastics Sector, Solvay is creating an Integration Business Unit that will manage Benvic (PVC compounding in Europe), as well as the alliances in its Pipelife (pipes and fittings) and Dacarto Benvic (PVC compounding in Mercosur) joint ventures.

This operational organization will be rounded off with four new Strategy Development Units, for specialty polymers, special chemicals, essential chemicals and vinyls. The task of these teams, which will report directly to the management of the Chemicals and Plastics Sectors, will be to develop the strategy for products and major market segments, in symbiosis with the Business Units. They will also provide the necessary coordination between regional organizations.

The Group's governance will remain unchanged, with a Board of Directors, an Executive Committee operating on a collegial basis, Sectors and functional managements. The regional managements will be combined with operational or functional managements, except in Asia where the Group is undertaking a priority development thrust. In addition, Sector managers will have greater autonomy in investment decisions. They in turn will propagate greater autonomy within their own entities, which will accelerate the implementation of new projects.

Besides a more rapid, more agile and more customer-proximate organization, the Group will include a specific Innovation Center. Led by a Chief Scientific and Innovation Officer reporting directly to the CEO, it will give even more impetus to the Innovation that is vital to the Group's sustainable future.

Another batch of measures aim to facilitate competitiveness and teamwork. We are keen to continue to promote the sharing of best practices across the Group.

Clear guidelines will encourage effective, consistent delegation and accountability. The Corporate Center will be slimmed. Apart from the Sector managements, it will contain a limited number of functions tasked with developing Group-wide guidelines and policies and overseeing their deployment.

These structural changes will together reduce internal costs by around EUR 65 million per year by end-2012, with further annual savings of EUR 55 million in external expenditures. They will affect around 800 Solvay jobs worldwide.

Consistent with its Values on ethics and respect for people, Solvay will attempt to limit the social impact and outright layoffs, where possible, by early retirement, assistance with internal and external reclassification, and training to facilitate re-employment outside the Group.

This increased agility and lighter structure will make our Group more welcoming and will further enhance our ability to integrate new activities.

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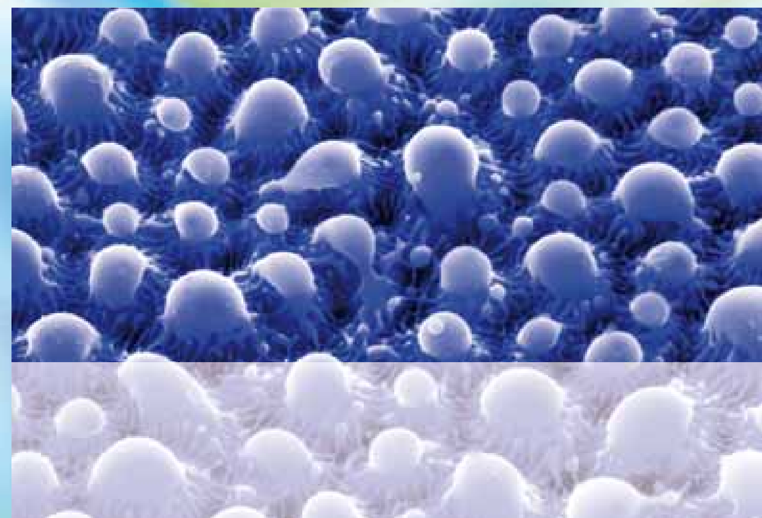
The Ability to Look Further Ahead

Solvay is pursuing its tradition of change in a consistent, orderly and coherent manner. This includes initiatives in all areas, among them financial reporting, scientific competition and partnership with the exploits of Solar Impulse.



A new Financial Reporting Segment

Since 1 January 2010, Solvay has added a fourth business segment in its financial reporting: New Business Development (NBD) now joins Chemicals, Plastics and Corporate & Support. This will serve to highlight Solvay's efforts, through its NBD approach, to explore new technologies, products and markets to come up with viable solutions to the challenges of sustainable development. These challenges include the growing and ageing population, climate change, limited resources and the emergence of new consumers.

NBD is currently developing new sources of potential growth through a process of open and collaborative innovation, including partnerships and consortia with start-ups and research organizations. Today's NBD platforms are focused on sustainable energy, printable organic electronics, nanotechnology and renewable resources chemistry.

This year's report devotes a larger section to the New Business Development, on a par with those that overview our activities in the Group's two industrial sectors – Chemicals and Plastics.

Solar Impulse: the Dream Becomes Reality

After an initial 'flea-hop' in December 2009, Solar Impulse, the aircraft powered solely by solar energy, made in 2010 a decisive series of test flights including the first night flight in solar aviation history.

After taking off on July 7 from Payerne military airport in Switzerland, the aircraft flew for more than 26 hours, reaching a maximum altitude of 8 744 meters, and landing with more energy in its batteries than at takeoff. This flight is a key step towards the ultimate goal of making a world tour in successive 5-day legs in 2013-2014. The ability to remain in flight right through the night with solar energy gathered during the day is now proven. In 2011, Solar Impulse should make its first international flights, with the first transatlantic flight scheduled for 2012.

Solvay is the first main partner and technology partner of Solar Impulse.

Innovative materials from the Group feature in some 6 000 items of the plane, with three functions: structures, energy system and weight reduction.

Solar Impulse is allowing Solvay to demonstrate that its business, chemistry, is a bearer of future solutions that can meet the most formidable challenges of sustainable development.

Science for Innovation 2010

In October 2010 Solvay organized its fourth *Science for Innovation* conference, this time on the theme: "Sustainability or Chaos: will science (help) tackle the challenge?"

At this very high level meeting, nearly 200 Solvay experts and researchers from Europe, the US and Asia were joined by some 25 representatives of the international scientific community, including Nobel Prize winners Peter Grünberg (Physics, 2007) and Ada Yonath (Chemistry, 2009). Trophies were presented to the most promising research projects from the Group, focused essentially on new materials and on high-purity products for leading-edge applications.

Solvay, an international industrial Group active with clear leadership positions

Main activities:

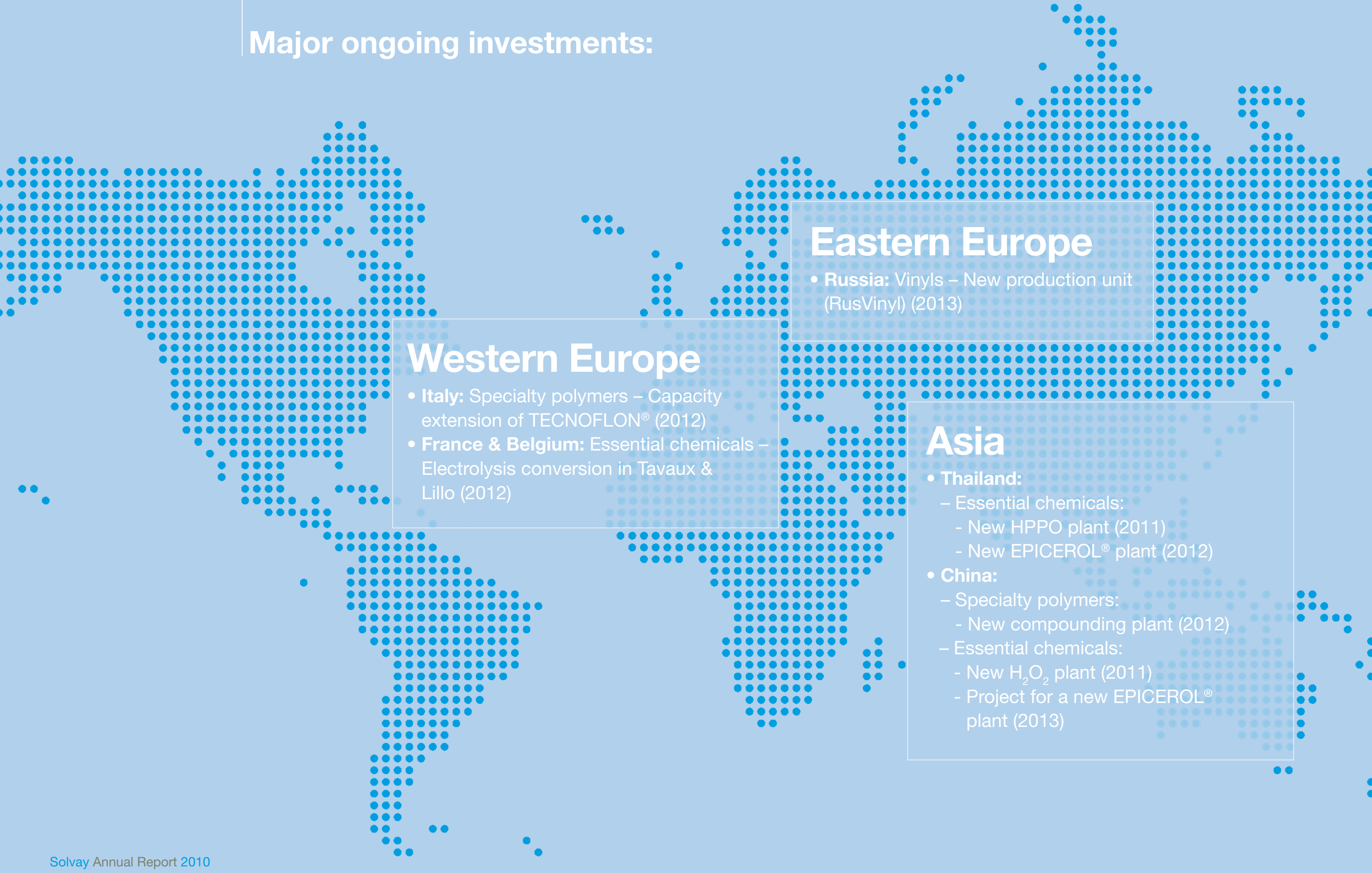
Specialty Polymers:
- Fluorinated polymers and high-performance engineering polymers
- Polyvinylidene chloride (PVDC)
- Polyethylene compounds

Vinyls:
- PVC and PVC compounds
- Pipes and fittings (Pipelife)

Special Chemicals:
- Fluorinated chemicals
- Advanced Functional Minerals
- Molecular Solutions

Essential chemicals:
- Soda ash and derivatives (bicarbonate)
- Electrochemistry and derivatives (caustic soda, epichlorohydrin)
- Hydrogen peroxide
- Persalts

Major ongoing investments:



Western Europe
- **Italy:** Specialty polymers – Capacity extension of TECNOFLON® (2012)
- **France & Belgium:** Essential chemicals – Electrolysis conversion in Tavaux & Lillo (2012)

Eastern Europe
- **Russia:** Vinyls – New production unit (RusVinyl) (2013)

Asia
- **Thailand:**
  - Essential chemicals:
    - New HPPO plant (2011)
    - New EPICEROL® plant (2012)
- **China:**
  - Specialty polymers:
    - New compounding plant (2012)
  - Essential chemicals:
    - New H_2O_2 plant (2011)
    - Project for a new EPICEROL® plant (2013)

in Chemistry

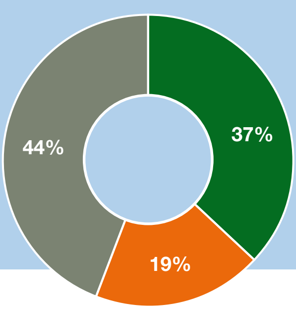
Leadership positions:

Main products	Europe	World
Fluorinated polymers	1	3
High-performance engineering polymers	1	1
Soda ash and sodium bicarbonate	1	1
Hydrogen peroxide	1	1
PVC	2	3

Source: Solvay, calculations based on information publicly available in external publications, in particular IMS, Harriman Chemsult, CMAI, SRI.

Expenditures for the future:

Research and Development orientations (spending breakdown in 2010)



- Specialty Polymers: 37%
- New Business Development: 19%
- Other activities: 44%

The R&D projects are aligned on the Group's sustainable targets and focus among others on energy savings, renewable energy, water treatment, renewable materials or health and well-being.

New Business Development and its four research platforms:

- Renewable energies
- Printable Organic Electronics
- Nanotechnologies
- Renewable chemistry

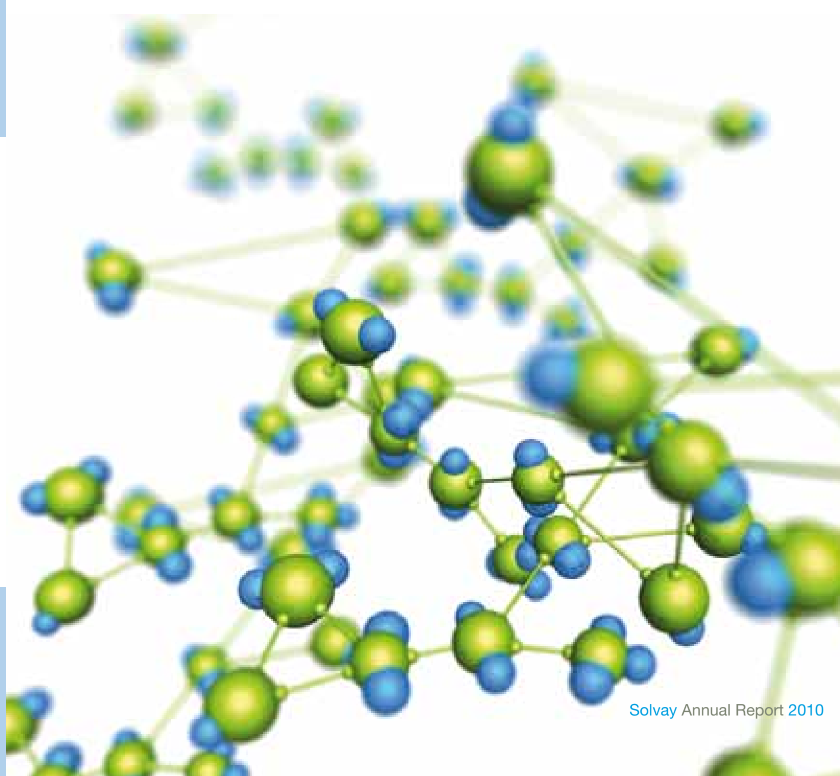
Solvay has the ambition to become a major player in sustainable chemistry

The reinvestment of the proceeds from the sale of the pharmaceuticals activities is intended to speed up Solvay's strategy of sustainable and profitable growth.

Solvay's strategic priority is to improve the Group's sustainability profile by:

- investing in high-value-added activities and in strategic projects in Chemicals and Plastics;
- improving the geographic footprint into regions with growth potential;
- pursuing the development of activities and new products with a lower energy footprint and an improved environmental footprint;
- reducing the cyclicality of the portfolio of activities.

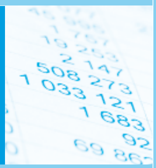
These strategic criteria must respect a strict financial discipline – enabling our Group to maintain a solid structure – and more broadly, a proper analysis of risks.

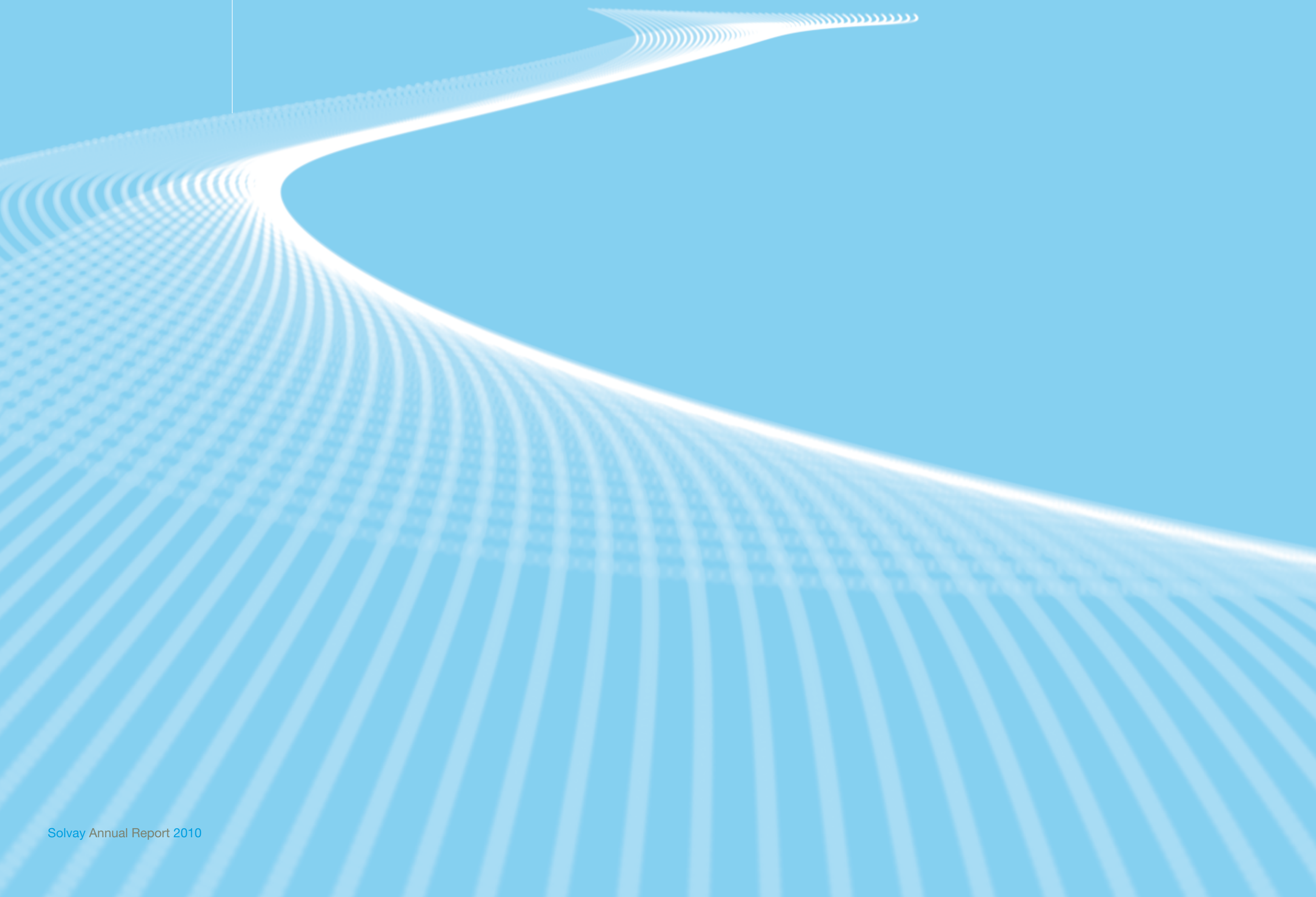


Financial Statements part 1

Financial Statements

12

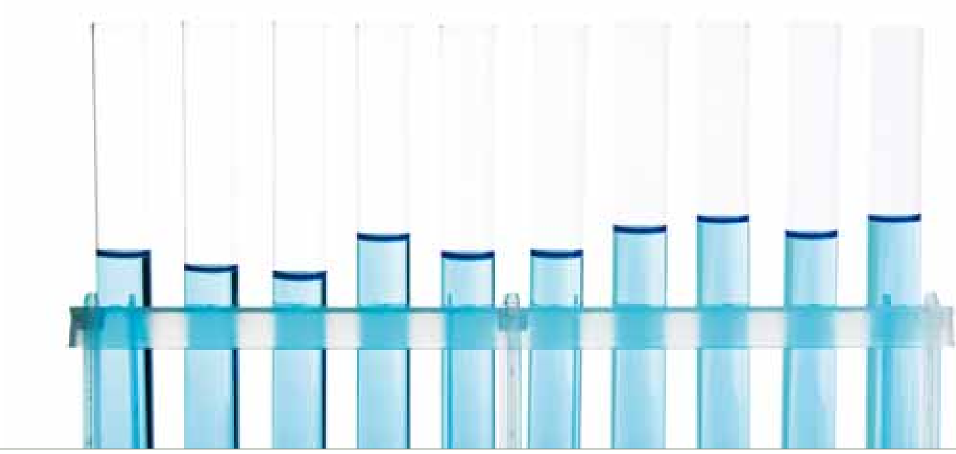


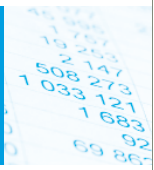


Strong growth of the operating result for chemicals and plastics activities in the context of a more sustained global activity

This management report covers both the consolidated accounts of the Solvay group and the statutory accounts of Solvay SA.

- Group sales (EUR 7 109 million); sales for continuing activities (EUR 6 796 million) up by 19% thanks to strong improvement in sales volumes
- Group operating result (EUR 633 million), of which EUR 602 million (+94%) for continuing activities; in addition to the increase in sales volumes, it benefited from energy costs that were under control and from significant cost cutting efforts
- Capital gains realized on the sale of the pharmaceuticals activities and on the sale of the stake in Inergy Automotive Systems of EUR 1.8 billion
- 2010 dividend proposed: EUR 3.0667 gross (EUR 2.3 net) per share (up by 4.5% compared to 2009)





The Management Report for the accounting period ending on December 31, 2010, consisting of pages 12 to 19, 142 to 154 (Management of Risks) and 169 to 197 (Corporate Governance Statement) has been prepared in accordance with article 119 of the Companies' Code and approved by the Board of Directors on February 16, 2011.

Strategic refocus of Solvay group activities

Solvay intends to reinvest the proceeds from the sale of the pharmaceuticals activities in organic and sizeable external growth, focused on long-term value creation. The strategic focus is on investments and acquisitions in high-added-value activities and strategic projects in Chemicals and Plastics, improving the geographic footprint in regions with growth potential, and pursuing the development of activities and new products with a lower energy footprint and an improved environmental footprint, which should reduce the cyclicality of Solvay's portfolio of activities. Added to these strategic criteria is financial discipline, which enables the Solvay group to maintain a solid structure, and more broadly an adequate risk analysis. These criteria allowed to identify market segments and targets within these segments, that the Solvay group considers interesting. The reinvestment process is continuing in 2011.

In the meanwhile, the proceeds of the sale of the pharmaceuticals activities are temporarily invested in short-duration government bonds (Germany, France, the Netherlands, Belgium) for some 80% and in highest-rated treasury instruments for about 20%; and a program of investments in own shares (in the form of treasury shares) was put into place. In 2010, the investment in Solvay's shares amounted to 880 766 shares at an average price of EUR 69.25 per share, representing an investment of EUR 61 million. From an initial time frame of one year, this program was renewed until the end of December 2011 for new purchases up to 1.65 million shares.

In the framework of this strategic refocus, the Solvay group did a study (the Horizon project) aimed at optimizing the effectiveness of its organization and preparing it for future growth. The new organizational structure proposed in September 2010 was formally approved by the Board of Directors in February 2011. Aside from improved functioning of the company, this reorganization should lead to reductions in labor costs (estimated at EUR 65 million per year) and external expenses (estimated at EUR 55 million per year). The new organizational structure will gradually be implemented and should produce its full effect at the end of 2012. Restructuring charges will be less than initially estimated. A large portion of these charges was recorded in 2010 (EUR 78 million of which EUR 74 million in the 4th quarter).

Business Progress

Group **sales** amounted to EUR 7 109 million in 2010. Group sales for continuing operations (EUR 6.8 billion) was up by 19% compared to 2009. Annual sales in the Chemicals Sector (EUR 3 012 million) improved by 11%; sales volumes, significantly up (+14%), compensated for the lower sales prices (-6%). Annual sales in the Plastics Sector (EUR 3 784 million) clearly improved (+33% at constant scope), especially thanks to a significant increase in sales volumes in Specialty Polymers (+36% compared to last year). From a geographic standpoint, Asia's contribution to the Group's total sales strongly improved, going from 10% in 2009 to 14% in 2010.

The **recurring Group operating result** (REBIT) amounted to EUR 633 million in 2010. REBIT for continuing activities (EUR 602 million) improved by 94%. In addition to the strong increase in sales volumes, it benefited, overall, from significant cost cutting efforts and energy costs that were under control. It should however be noted that energy costs have been rising since a few months.

The Group's **operating margin** (REBIT on sales), excluding the pharmaceuticals activities, was 8.9% in 2010 compared to 5.4% in 2009.

Development by Sector

Chemicals Sector annual sales (EUR 3 012 million) improved by 11% compared to last year. Sales volumes increased sharply (+14%) overall in the Sector's activities, which compensated for lower sales prices (-6%) – primarily in soda ash. The operating result for the Chemicals Sector in 2010 (EUR 312 million) was up by 16% compared to last year (EUR 268 million). This increase cut across all chemicals activities except for soda ash.

Plastics Sector sales (EUR 3 784 million) were significantly up compared to last year; at constant scope, they improved by 33%. This can be explained by the sharp increase in sales volumes in Specialty Polymers (+36% compared to 2009). Although all regions of the world were involved, this improvement was particularly notable in Asia. In Vinyls,

EUR million	2009	2010	2010/2009
GROUP SALES	**8 485**	**7 109**	**-16%**
Chemicals	2 713	3 012	11%
Plastics	2 982	3 784	27%
Sales – continuing operations	**5 694**	**6 796**	**19%**
Pharmaceuticals – Discontinued Operations	2 791	312	ns
REBIT	**969**	**633**	**-35%**
Chemicals	268	312	16%
Plastics	86	360	320%
New Business Development	-25	-26	4%
Corporate and Business Support	-19	-45	135%
REBIT – continuing operations	**310**	**602**	**94%**
Pharmaceuticals – Discontinued Operations	658	31	ns

demand improved compared to last year; this improvement, however, was limited by a still-depressed construction market in some countries in Western Europe. The operating result for the Plastics Sector (EUR 360 million) was clearly improved compared to last year (EUR 86 million). This improvement was recorded in Vinyls as well as in Specialty Polymers although the latter showed the most growth in its results. It should be emphasized that Specialty Polymers posted record results in 2010.

Energy situation

Energy expenditure remained broadly under control during 2010. The net energy bill totaled 12% of Group sales (excluding pharmaceuticals business) as against 13% in 2009.

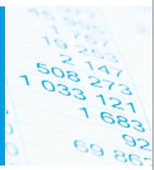
The Group's energy policy focuses on improving the energy efficiency of its industrial processes, diversifying its energy sources, using cogeneration and alternative non-fossil energy sources and undertaking energy partnerships and integration projects. A number of recent accomplishments and projects fall into this category:

- The cogeneration plant built in partnership with Tönsmeier at the Bernburg (Germany) site has been operational since early 2010. It is supplied by secondary fuels (recovered materials). It reduces the site's regulated CO_2 emissions by 63% (350 000 tons) and increases its competitiveness by reducing its energy cost.
- Solvay participates in the industrial consortium Exeltium, along with other electricity-intensive companies, in order to ensure long-term electricity supplies at competitive prices in France. Supplies of electricity by Exeltium to its client-shareholders began in 2010.
- Conversion of mercury-based electrolysis into membrane-based electrolysis has begun at the Tavaux (France) and Lillo (Belgium) sites and should be effective by end-2012. This conversion will enable, on the one hand, reduction of electricity consumption in electrolysis and, on the other hand, reduction of the environmental footprint of the two sites, diminishing direct and indirect CO_2 emissions by over 70 000 tons a year.
- Methane recovered from the trona mine at Green River (USA) should provide part of the energy requirements of the local soda ash activity while avoiding the emission of the equivalent of 240 000 tons of CO_2/year.

Comments on the other key figures of the income statement

Non-recurring items amounted to EUR -328 million in 2010. They included impairments on industrial assets amounting to EUR 272 million, primarily in soda ash in Europe, the capital gain of EUR 139 million on the sale of the stake in Inergy Automotive Systems, restructuring charges related to the Horizon project (EUR 78 million in 2010), an environmental provision of EUR 21 million for remediation and containment works in Spinetta (Italy), a depreciation of assets of EUR 20 million related to the closed hydrogen peroxide unit at Bitterfeld (Germany), other restructuring charges on fluorinated products in Germany and in Italy for EUR 20 million and a charge of EUR 13 million from the settlement of a contractual litigation.

Charges on net indebtedness amounted to EUR -184 million compared to EUR -215 million in 2009. Charges on borrowing amounted to EUR -146 million. Gross financial debt is at 82% covered at an average fixed rate of 5.1% with a duration of 5.1 years. Interest on cash deposits and investments amounted to EUR 24 million. It should be recalled that the proceeds from the sale of the pharmaceuticals activities have been invested in short-duration government bonds and highest rated treasury instruments. Annual cash yield in 2010 was 0.5%.

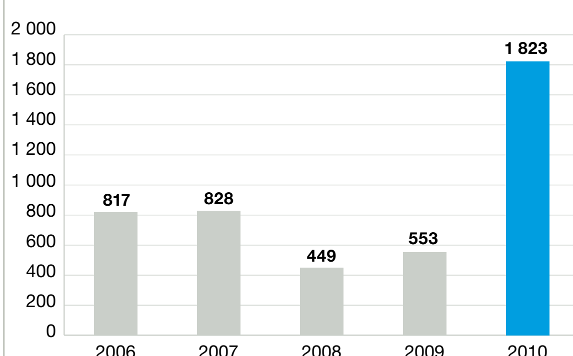


The **capital gain realized on the sale of the pharmaceuticals activities** amounted to EUR 1.7 billion net of taxes.

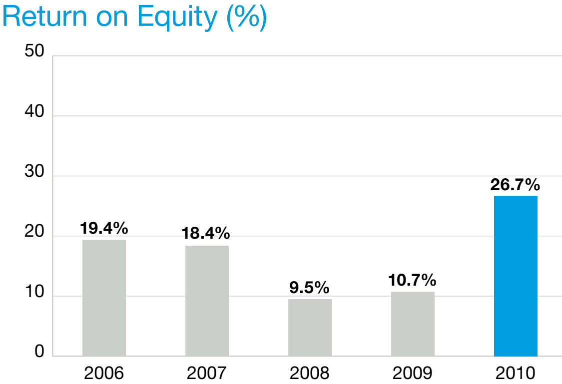
Income taxes amounted to EUR -1 million compared to EUR -90 million last year. The recognition of a deferred tax asset of EUR 68 million on impairments – non cash – of industrial assets (non-recurring charge of EUR 272 million before taxes) should be noted. Aside from this exceptional item and not considering the capital gains realized on the sale of the pharmaceuticals activities and on the sale of the stake in Inergy Automotive Systems, the effective tax rate would be 24%.

The **net income** of the Group (EUR 1 823 million) was up significantly. It included the capital gains realized on the sale of the pharmaceuticals activities (EUR 1.7 billion net of taxes) and on the sale of Solvay's stake in Inergy Automotive Systems (EUR 130 million after taxes). The "**non-controlling interests**" amounted to EUR 46 million.

Net income of the Group (EUR million)



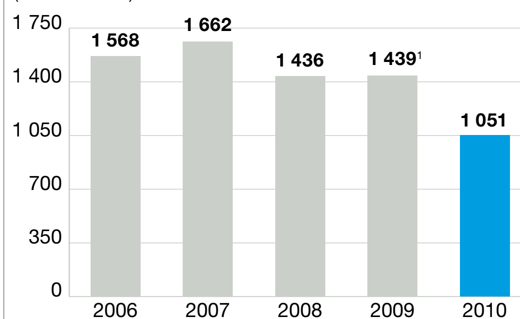
Return on Equity (%)



REBITDA and Free Cash Flow

The **REBITDA** of the Group amounted to EUR 1 051 million. Excluding pharmaceuticals activities, it was up by 46% compared to last year. Total depreciation (EUR 717 million) was clearly higher than in 2009 (EUR 496 million) due to impairments on industrial assets that amounted to EUR 272 million, primarily in soda ash in Europe.

(EUR million)



Our strict management of working capital and capital expenditures has allowed us to generate in 2010 a **Free cash flow[2] from continuing operations** – thus excluding any return on the reinvestment of the proceeds from the sale of the pharmaceuticals activities – of EUR 208 million. The Cash flow from operating activities of continuing operations amounted to EUR 662 million; compared to the end of 2009 industrial working capital increased only slightly (+7%) in comparison with the strong growth in sales (+19%).

The Cash flow from investing activities of continuing operations amounted to EUR -454 million; it included capital expenditures of EUR 538 million, which is below budget (EUR 673 million), the cash from the sale of the 50% stake in Inergy Automotive Systems (EUR 268 million) and an amount of EUR -206 million related to the substitution of a previously issued guarantee by a prepayment in the first quarter of 2010, of fines imposed in 2006 by the European Commission concerning peroxygen antitrust cases (still in appeal).

Financing structure

Equity amounted to EUR 6 839 million at the end of 2010, up by EUR 1 679 million compared to the end of 2009. This increase is largely explained by accounting for the capital gains on the sale of the pharmaceuticals business and of the stake in Inergy Automotive Systems.

Following the sale of the pharmaceuticals business and the 50% stake in Inergy Automotive

1. Only the REBITDA of 2009 has been restated to reflect the transfer of the cost of discounting provisions (EUR 64 million in 2009) from operating expenses to financial expenses as of 2010 in line with IAS 19 taking into account the financial nature of this item.
2. Free cash flow: cash flow from operating activities + cash flow from investing activities.

Systems, the Solvay group has a positive net **cash surplus** (EUR 2 902 million).

Solvay's long and short-term **ratings** are A3/P2 (negative outlook) at Moody's and A-/A2 (stable outlook) at Standard & Poor's.

Group employees

The Solvay group employed 16 785 full-time equivalents at 31 December 2010. The change from the end-2009 figure (28 204 full-time equivalents) is explained by the sale of the pharmaceuticals business and of the stake in Inergy Automotive Systems.

Parent Company Results (Solvay SA)

Solvay SA is a société anonyme created under Belgian law, with its registered office at 33, rue du Prince Albert, 1050 Brussels.

The accounts of Solvay SA are prepared in accordance with Belgian generally accepted accounting principles, and include its French and Italian branches.

The main activities of Solvay SA consist of holding and managing a number of participations in Group companies and of financing the Group from the bank and bond markets. It also manages the research center at Neder-Over-Heembeek (Belgium) and a very limited number of industrial and commercial activities not undertaken through subsidiaries.

EUR million	**2009**	**2010**
Profit for the year available for distribution	265	2 782
Carried forward	908	925
Total available to the General Shareholders' Meeting	**1 173**	**3 707**
Appropriation:		
Gross dividend	248	260
Carried forward	925	3 447
Total	**1 173**	**3 707**

The operating result represents the balance of the head office operating costs partially offset by income from industrial and commercial activities not undertaken through subsidiaries.

Current profit before taxes amounts to EUR 211 million, compared with EUR 343 million in 2009. It includes dividends received from its various shareholdings (EUR 391 million in 2010) and the differential between interest paid and received on its financing activities.

The balance of extraordinary results is EUR 2 543 million compared with EUR -78 million in 2009. It consists primarily of a EUR 2 465 million reversal of an earlier write-down on its shareholding in Solvay Finance (Luxembourg) SA. For the record, the gain on the contribution in 2006 of the pharmaceutical companies to Solvay Finance (Luxembourg) SA was offset by a write-down on Solvay Finance (Luxembourg) SA, so as not to excessively impact the parent company earnings with internal capital gains. It has also benefited in the amount of EUR 137 million from the capital gain on the sale of its shareholding in Inergy Automotive Systems.

The net profit of Solvay SA amounted in 2010 to EUR 2 782 million, compared with EUR 265 million in 2009.

In the absence of transfers to untaxed reserves, net income for the year of EUR 2 782 million is available for distribution.

Significant events after the balance sheet date

No significant events have occurred between the year-end closing date (December 31, 2010) and the date of approval of this management report by the Board of Directors (February 16, 2011).

Risk management

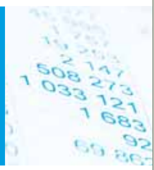
Risk management (processes, risks identified and actions undertaken to reduce them) is described on pages 142 to 154 of the 2010 Annual Report.

Investments and Research & Development

In 2010, in the context of a still fragile economic recovery in Europe and the United States, the Solvay group rigorously managed its **capital expenditures**. They represented EUR 538 million in 2010 compared to EUR 522 million the year before for its continuing operations. It should be pointed out that among other things, investments were made for construction of a new PVC production unit in Russia (RusVinyl), for construction of a high yield mega-plant of hydrogen peroxide in Thailand and for construction, also in Thailand, of a production unit of epichlorohydrin based on natural glycerin.

The 2011 capital expenditures budget amounts to EUR 625 million[3], excluding reinvestment of proceeds from the sale of the pharmaceuticals activities. It includes

3. Calculated using equity method for joint ventures.



in particular investments related to a limited number of strategic projects in Chemicals and Plastics, oriented in priority to geographic expansion and to the choices made in terms of sustainable development, and investments related to health, safety and the environment.

Research and Development expenses for continuing operations amounted to EUR 136 million in 2010. Major research and development activities are conducted in particular in Specialty Polymers (see pages 30 to 33 of the 2010 Annual Report 2010) and in New Business Development (see pages 38 to 41 of the 2010 Annual Report). The R&D expenditures budget for 2011 amounts to EUR 145 million, EUR 35 million of which for activities included in the New Business Development segment.

Financial instruments

The management of financial risks and any use of financial instruments to hedge them are described on pages 125 to 137 of the 2010 Annual Report.

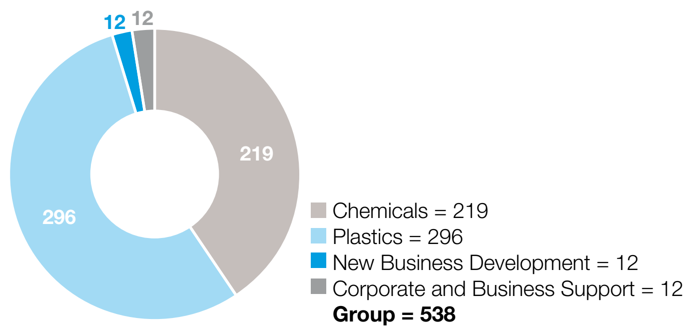
Audit Committee

The mission, composition and modus operandi of the Audit Committee are described on pages 181 and 194 of the 2010 Annual Report.

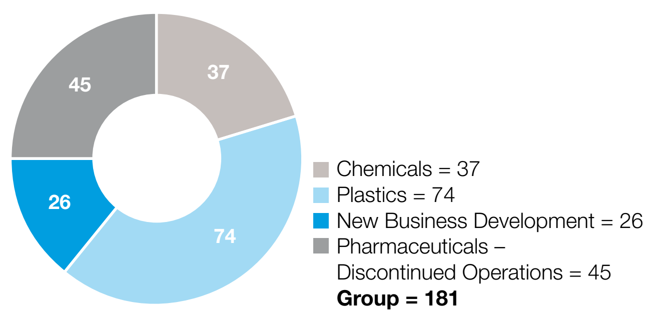
Corporate Governance Statement

The Corporate Governance Statement is included on pages 169 to 197 of the 2010 Annual Report. This Statement includes among others a description of the legal and shareholding structure of Solvay, its capital and dividend policy, the modus operandi of the Shareholders' Meetings, the composition and modus operandi of Board of Directors and its Committees, the composition and modus operandi of the Executive Committee, the compensation policy and the most recent compensation report, a description of the main characteristics of risk management and internal control systems, the measures taken by Solvay to comply with Belgian rules on insider trading and a description of the Group's Code of Conduct.

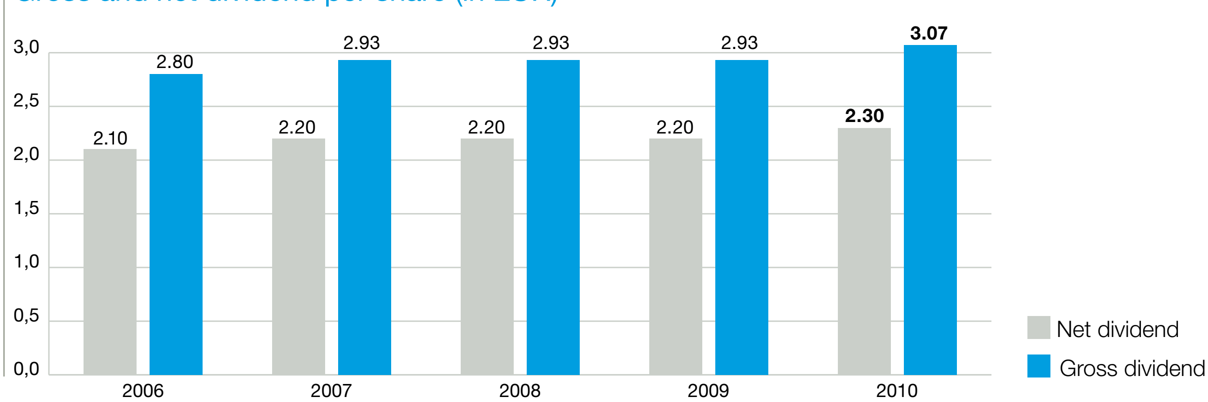
Investments and acquisitions by the Group in 2010 = EUR 538 million



Group R&D in 2010 = EUR 181 million



Gross and net dividend per share (in EUR)



Financial Information per Share

Earnings per Share

The net result per share amounted to EUR 21.85 (compared to EUR 6.28 in 2009).

Dividend

On February 16, 2011, the Board of Directors decided to propose to the General Shareholders' Meeting of May 10, 2011 payment of a total gross dividend of EUR 3.0667 (EUR 2.3 net) per share, up by 4.5% compared to 2009. Based on the closing price of February 15, 2011 (EUR 78.95), this represents a gross dividend yield of 3.9% and a net yield of 2.9%.

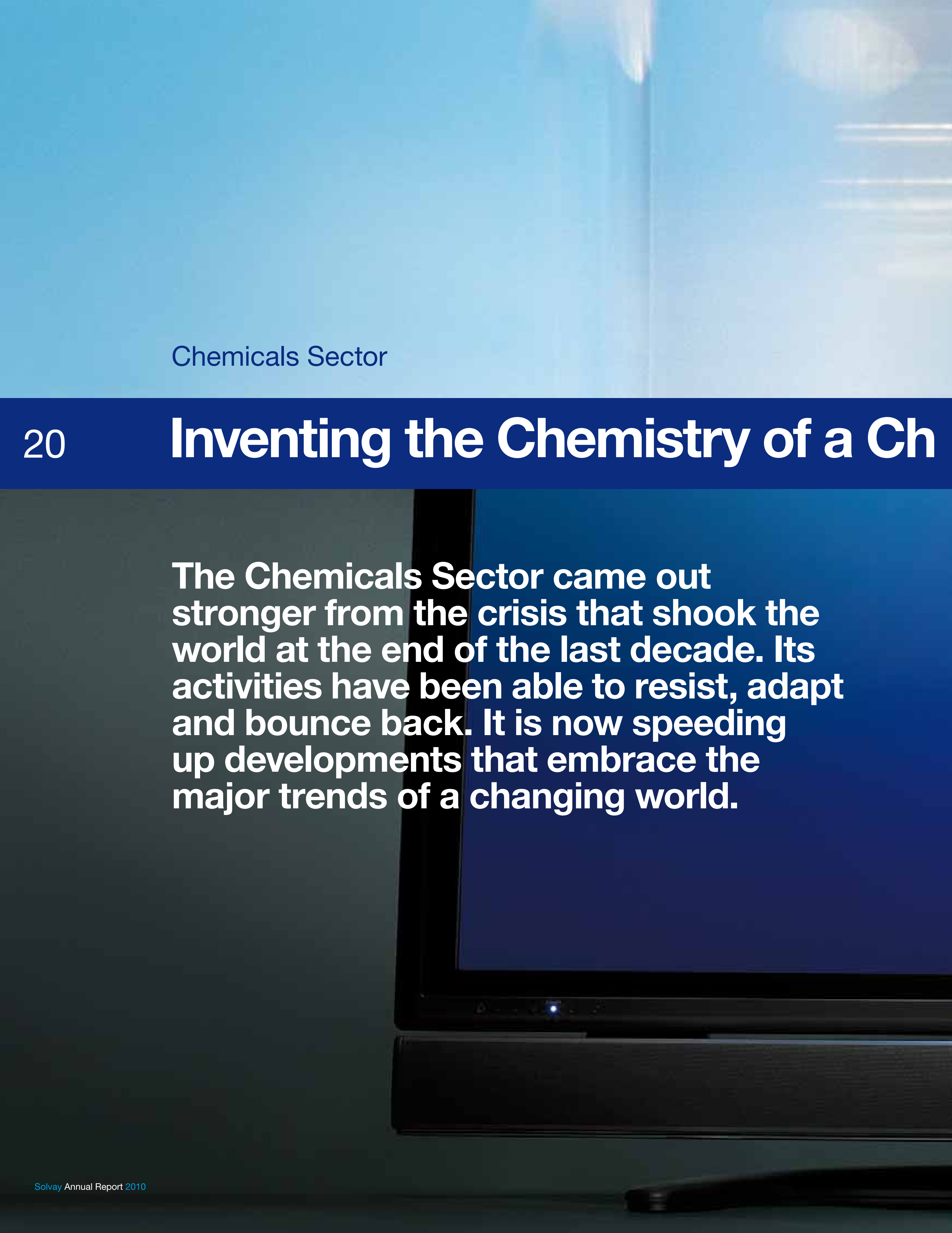
This increase is in line with Group's dividend policy of increasing the dividend whenever possible and, as far as possible, never reducing it.

In line with this policy, the dividend has been increased in many years, kept stable in others and has never been reduced for 29 years. Given the interim dividend of EUR 1.20 gross per share (coupon no. 87) paid on January 13, 2011, the balance of the dividend in respect of 2010, equal to EUR 1.87 gross per share (coupon no. 88), will be paid on May 17, 2011. Solvay shares will be traded 'ex-dividend' on NYSE Euronext from May 12, 2011.

Consolidated Data per Share

EUR	2006	2007	2008	2009	2010
Stockholders' equity	50.97	52.10	54.05	57.87	78.95
REBITDA[4]	18.97	20.13	17.44	17.52	12.92
Net income	9.57	9.46	4.92	6.28	21.85
Net income (excluding discontinued operations)	8.33	9.46	4.92	2.59	0.62
Diluted net income	9.52	9.40	4.91	6.28	21.80
Diluted net income (excluding discontinued operations)	8.28	9.40	4.91	2.59	0.62
Number of shares (in thousands) at December 31	*84 701*	*84 701*	*84 701*	*84 701*	*84 701*
Average number of shares (in thousands) for calculating IFRS earnings per share	*82 669*	*82 586*	*82 318*	*82 143*	*81 320*
Average number of shares (in thousands) for calculating IFRS diluted earnings per share	*83 106*	*83 054*	*82 447*	*82 186*	*81 499*
Gross dividend	2.80	2.93	2.93	2.93	3.07
Net dividend	2.10	2.20	2.20	2.20	2.30
Highest price	116.2	123.2	97.9	77.8	81.9
Lowest price	83.1	92.3	51.45	42.0	67.8
Price at December 31	116.2	95.7	53.05	75.6	79.8
Price/earnings at December 31	12.1	10.2	10.8	12.0	3.6
Net dividend yield	1.8%	2.6%	4.2%	3.1%	2.9%[5]
Gross dividend yield	2.4%	3.5%	5.6%	4.1%	3.9%[5]
Annual volume (thousands of shares)	46 225	57 536	94 322	71 259	47 028
Annual volume (EUR million)	4 442	6 318	7 702	4 414	3 481
Market capitalization at December 31 (EUR billion)	9.8	8.1	4.5	6.4	6.8
Velocity (%)	56.9	71.5	113.2	85.2	56.0
Velocity adjusted by Free Float (%)	81.2	102.1	161.7	121.7	80.4

4. Only the REBITDA of 2009 has been restated to reflect the transfer of the cost of discounting provisions (EUR 64 million in 2009) from operating expenses to financial expenses as of 2010 in line with IAS 19 taking into account the financial nature of this item.
5. Based on the closing price at February 15, 2011 (EUR 78.95).

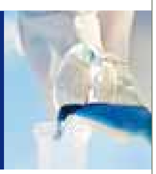


Chemicals Sector

Inventing the Chemistry of a Ch

The Chemicals Sector came out stronger from the crisis that shook the world at the end of the last decade. Its activities have been able to resist, adapt and bounce back. It is now speeding up developments that embrace the major trends of a changing world.

Blue pigment.
The blue pigment pastes for next generation screens that Solvay is marketing through its Korean joint venture are the fruit of a sustained R&D effort and an extensive knowledge base in nanotechnologies.



Staying Strong and Building the Future

Strategy

Solvay's Chemical Sector continues to implement its strategy by:

- accelerated geographic expansion with investments in flagship products and high-growth regions;
- development of its specialties, especially sodium bicarbonates and fluorinated and organic products;
- constant technological innovation;
- high-quality energy management and emission reduction;
- reinforcement of its competitiveness with operating excellence, world-scale plants and a high-quality product portfolio.

As it goes about its daily business, Solvay is implementing the key principles of sustainable development that govern its strategic vision. Within the Chemicals Sector this includes:

- reuse of selected waste at Bernburg (Germany) to cogenerate steam and electricity, avoiding 350 000 tons of CO_2 emissions/year;
- technical improvements at the existing soda ash production units at Alexandria (Egypt), Devnya (Bulgaria) and Torrelavega (Spain);
- methane recovery from the Green River (US) trona mine, avoiding 240 000 tons of CO_2-equivalent emissions/year.

The Minerals Cluster

In Europe, the market for **soda ash** remained very depressed in 2010 due to slower-than-expected recovery in demand and production in some key markets, in particular flat glass for the construction industry, which continues to be greatly affected by the 2008/2009 recession. In contrast, the packaging and detergents glass markets remained stable.

In North America, conditions remained difficult for soda ash in 2010 due to stiff price competition, with volumes recovering somewhat from 2009 levels. In contrast, growth in emerging regions like South America and Asia has been sustained due to a faster recovery from the recession.

The Group's soda ash activity in Europe remains sensitive to energy costs. Solvay has therefore continued the implementation of programs focusing on energy efficiency, alternative energy and process optimization at all production units.

Key figures [EUR million]

	2008	2009	**2010**
Sales	3 096	2 713	**3 012**
REBIT	238	268*	**312**
REBITDA	398	436	**499**
Depreciation	85	189	**476**
Capital expenditure	410	244	**219**
R&D	37	36	**37**
Headcount on December 31	8 966	8 721	**8 390**
REBITDA/sales	13%	16%	**17%**

* Restated to reflect the transfer of the cost of discounting provisions from operating expenses to financial expenses.

Sales breakdown 2010: EUR 3 012 million

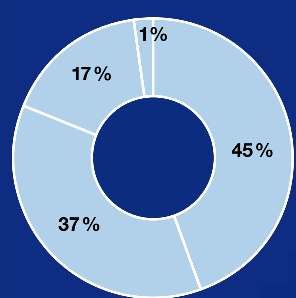
By cluster and SBU

Minerals cluster **45%**
- **39%** Soda Ash
- **6%** Advanced Functional Minerals

Electrochemistry and Fluorinated Products cluster **37%**
- **25%** Electrochemicals
- **12%** Fluorinated Products

Oxygen cluster **17%**
- **17%** Hydrogen peroxide

Organic cluster **1%**

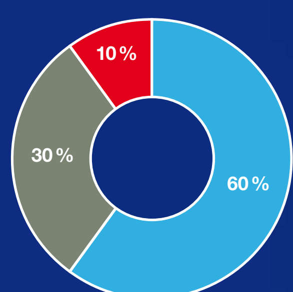


By geographic area

EMEA **60%**
- **51%** Western Europe
- **4%** Eastern Europe
- **5%** Other countries EMEA

The Americas **30%**
- **22%** North America
- **8%** Mercosur

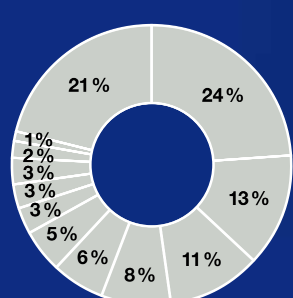
Asia-Pacific **10%**

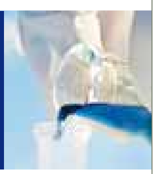


Sales by customer segment 2010:

By customer segment

Chemical industry	24%
Glass industry	13%
Detergents, cleaning and hygiene products	11%
Paper	8%
Water and environment	6%
Human and animal food processing	5%
Construction and architecture	3%
Human health	3%
Electricity and electronics	3%
Automobile industry	2%
Consumer goods	1%
Other industries	21%





This includes the new fluidized bed boiler and the new cogeneration plant powered by secondary fuels that came into operation at Devnya (Bulgaria) and Bernburg (Germany), respectively.

Solvay has also very carefully prepared its exit from ANSAC (American Natural Soda Ash Corporation), the export consortium for US soda ash production. Solvay quit ANSAC on January 1, 2011, giving it direct access to the strongly growing Latin American, Asian and African markets from all its plants. This will allow the Group to strengthen its presence in these markets, better serve world-scale customers and increase the global competitiveness of the supply chain through optimization of supply.

In Russia, Solvay suffered in 2010 a disappointing setback, when the proposed acquisition of the Berezniki plant – with an annual production capacity of 500 000 tons of soda ash – was aborted in the final implementation phase for reasons outside the Group's control.

Finally, the Group last year recorded a EUR 186 million after-tax impairment of its soda ash industrial assets. These write-downs relate to the business in Europe, which faces continued weakness in some of its markets, including flat glass for the building industry. Industrial measures have already been taken to address this situation.

The market for **sodium bicarbonate** continued to grow in 2010, with new applications at the pre-marketing stage offering interesting development prospects.

The American and European teams have continued their successful efforts to create new opportunities and develop agro-food and environmental applications for trona, the raw soda ash mineral produced in the United States. This includes the launch of SOLVAIR® S300, a new sodium bicarbonate grade produced at Green River, Wyoming, from soda ash production waste and used in flue-gas cleaning applications.

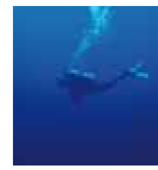
One of the successes of the **Advanced Functional Minerals** Strategic Business Unit (SBU AFM) is Iridos, a 50/50 joint venture with South Korean microelectronic components producer Nepes, which has now been converted into a fully integrated company. Iridos produces blue pigment pastes for thin-film transistors for next-generation liquid crystal (TFT-LCD) displays and OLED (organic light emitting diode) screens. Researching and manufacturing these products requires significant expertise in nanotechnology. Solvay's contribution has been decisive to this success. New R&D activities for red pigment pastes have now been launched.

Solvay and Nepes will have contributed more than 20 million Korean Won (EUR 12 million) in assets to Iridos between 2009 and 2011.

The global market for TFT-LCD pigment pastes is around 300 million Korean Won (EUR 200 million). Until the establishment of Iridos, the sole source of supply was Japanese producers.

For SBU AFM as a whole, the restructuring initiatives of recent years are now bearing fruit, as evidenced by the performance of the precipitated calcium carbonate and barium/strontium derivatives activities, which are on the increase.

METATREND



Electrochemistry and Fluorinated Products Cluster

The Electrochemistry and Derived Specialties business has demonstrated a very strong ability to resist and react to the crisis. Significant cost reductions, production adjustments and entrepreneurial initiatives to increase cash generation have shielded this activity from the worst effects of the recession.

In **caustic soda**, even if pre-crisis profit levels were not achieved, the supply and demand situation gradually improved in 2010, with capacity utilization at the chlor-alkali production units steadily increasing throughout the year. The upturn in demand was particularly noticeable in the paper pulp and alumina segments.

With the European market in balance, following the severe paring of supply with the closure of production units and the implementation of maintenance programs, prices started to move upwards from the second quarter onwards.

The program to convert the Group's mercury-based electrolysis units to the more efficient and sustainable membrane technology continues. Solvay began the complete conversion of its electrolysis facilities at its site at Tavaux (France) in 2010.

In allyls, demand for **epichlorohydrin** improved significantly in 2010 compared to 2009 in all applications. In addition, the strong competitiveness of the Group's production units helped it take advantage of the rapid growth in demand and strengthen its position in world markets. Overall, compared with the year before, the profit margins of this activity grew in 2010.

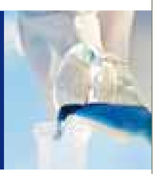
This increase in the Group's market share anticipates the launch of the new production unit at Map Ta Phut in Thailand, with an annual capacity of 100 kilotons of epichlorohydrin, based on the EPICEROL® process. Start-up, by the Group's Vinythai subsidiary, is scheduled for early 2012.

EPICEROL® is a new process developed by Solvay. Compared with the standard propylene-based method, it massively reduces water and energy consumption, while cutting the emission of greenhouse gases by about 70%.

In late 2010, Solvay also decided to examine a new project for a further EPICEROL® production unit, this time in China, with a capacity of 100 kilotons once again, to come into operation in 2013.

The **fluorinated chemicals** activities performed excellently in 2010. Results improved across the board for virtually all products and market segments.

Following the phase-out of SOLKANE® 22 in the European market for refrigerants – in January 2010 – and the closure of the Group's production unit in Bad Wimpfen (Germany), Solvay has more than compensated the loss of revenue with increased sales of other products and by promoting new product types.



The range of blowing agents for polyurethane-based insulation materials has benefited from improved market conditions in Europe and the development of new business activities in Asia and the Americas.

The fluorinated specialties segment has grown significantly. A wide range of products, including NOCOLOK® and specialties based on fluorine gas, have strengthened their market positions. New grades have enabled NOCOLOK®, the fluxing agent for aluminum brazing, to gain ground in new applications, including heating, ventilation and air conditioning. Sales to the automotive sector, the traditional outlet for NOCOLOK®, were also markedly improved compared with 2009. Finally, the pharmaceutical grades of SOLKANE® gas, used as propellants in medical sprays, have enjoyed remarkable growth.

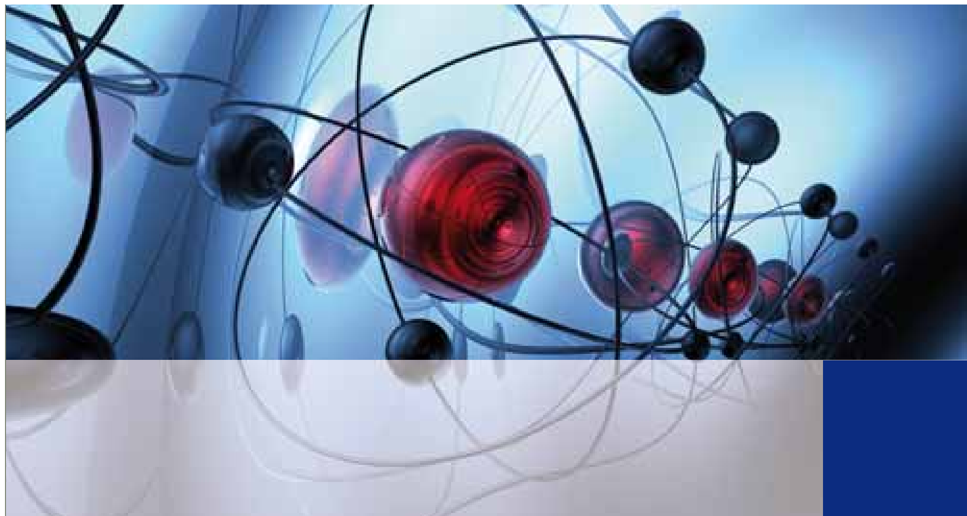
The upstream integration of Solvay, through mining the basic fluorspar ore, has proved particularly beneficial and should be one of the main strengths of the Group in the future.

The research program in fluorinated products remains focused on clearly identified major trends. These include additives for lithium-ion batteries, synthons for the food industry based on the fluorinated intermediate CF3, and new Fluorine gas-based concepts for photovoltaic cells and semiconductor applications.

The Oxygen Cluster

In 2010, the **hydrogen peroxide** activity improved significantly compared with the previous year.

The European market rebounded, as pulp and other hydrogen peroxide (H_2O_2) outlets have improved. Even so, the paper pulp industry is still not yet back to its pre-crisis levels, and further consolidation is expected in this sector.



In North America, the market recovery meant the restarting of some pulp production capacity. Export markets also recovered with strong Chinese demand. Other outlets – including the chemical industry, environmental applications and sterilized packaging – also contributed decisively to the improvement.

In South America, Solvay enjoys a leading position in the hydrogen peroxide market with a dynamic strategy that feeds the strong regional growth. Annual production capacity at the Curitiba (Brazil) plant has been expanded from 160 to 180 kilotons, with new terminals added to the distribution network.

Asia-Pacific, for its part, continues to benefit from the stimulating effect of Chinese demand. Peroxythai set new production, sales and earnings records in 2010 as the expansion completed last year became fully operational.

The overall trend looks positive for volumes in 2011 in all regions, while we expect an increase in energy prices.

As regards ongoing projects, the joint venture with Huatai Group in China has started building a hydrogen peroxide production unit on the new Dongying Huatai site in Shandong Province. This 50 kiloton/year plant should be operational by end-2011.

The development of hydrogen peroxide for the production of propylene oxide – the HPPO process – continues, under Solvay leadership, to metamorphose the entire H_2O_2-related industry. With the Solvay-developed high productivity technology, the scale of hydrogen peroxide production plants is set to change radically. The first mega-plant in Antwerp is now operating at stable rates. The start-up of a second mega-plant in Thailand is scheduled for 2011, while projects to build new units are progressing satisfactorily.

Solvay has made promising progress in the market for so-called **wet chemicals**, that is, high-purity chemicals for the electronics industry, including semiconductors, flat panel displays and solar cells. Lansol, the joint venture of Solvay and Sinochem Lantian in China, has built and launched an industrial-scale hydrofluoric acid purification unit at Quzhou, which supplies mainly the growing Chinese photovoltaic cell market. Solvay has also built a pilot plant in Germany to purify phosphoric acid for applications in the semiconductor industry. Finally, Solvay has completed the acquisition of its partners' shareholdings in the Interox Semco joint venture at Suzhou in China, which specializes in ultra-pure hydrogen peroxide.

In hydrogen peroxide, Solvay is devoting above-average resources to strengthen its leadership. Research is focusing on:
• new-generation sustainable technologies (direct synthesis, production of H_2O_2 in fuel cells...)
• development of new markets through new applications and special customer relationships.

The Organics Cluster

The **Molecular Solutions** Strategic Business Unit (SBU) remains loss-making but has made substantial progress financially and in terms of prospects for its peptide and oligonucleotide activities. A restructuring program has significantly improved the cost structure, without jeopardizing its development capacities. The portfolio of customer projects has been expanded.

Peptisyntha and Girindus, its affiliated entity in the SBU, are now better aligned with the markets they serve. At the same time, major research programs, involving both the Nanotechnologies platform of New Business Development (NBD) and external partners, are beginning to generate growth and diversification opportunities for the "tides"-related activities.

Testimonial: **Hellen Pham**
Global Sales & Marketing Allylic Products – Team member EPICEROL® China

"EPICEROL® is an innovative process developed by Solvay to produce Epichlorohydrin from glycerin, a renewable by-product of the biodiesel and oleochemical industries.

As it had become the world biggest and fastest growing Epichlorohydrin market, China was a "natural" second step after the first expansion in Thailand. There is a lack of reliable supply there and most of the consumers are longing for a stable, long-term strategic supplier/partner. Solvay was determined to play that role while bringing the innovative "Green" EPICEROL® technology to the market.

Speed was the key. We had to act quickly to take the leadership. And it could not be done without an excellent team, a team with high motivation, strong commitment, a team of true entrepreneurs and most of all, fun people. I am simply proud to be part of it!"

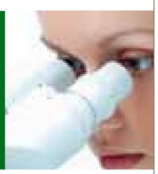
Plastics Sector

Solutions for an Ever More De

The Plastics Sector bounced back strongly from the recession because the right choices were made. It has demonstrated its robustness and invested on activities that today put it ahead of the race as the global economy gets back into gear. Today the Sector profiles itself more than ever as a supplier of innovative solutions to the major challenges of the contemporary world.

manding World

Specialty Polymers and Vinyls play a critical role in healthcare: they offer exceptional mechanical and chemical resistance, making them fit for applications that must be bio-compatible or withstand repeated sterilization, for instance. These lightweight, high performance materials meet the demanding and ever evolving needs of the medical market.



Growth in Specialties And Emerging Markets Offsets Effects of the Crisis

2010 was a banner year for the Plastics Sector's high-added-value specialties, crowning with success the aggressive growth strategy of recent years. Nearly a third of Solvay's specialty polymers sales came from Asia last year. At the same time, the Sector is continuing its efforts to reduce its environmental impact and increase the energy efficiency of its activities.

1

The Specialties Cluster

The recovery in the specialty polymers market was particularly strong. The markets most affected by the crisis (electricity and electronics, automotive, chemical industry equipment) returned to pre-crisis and at times even higher levels, with the notable exception of the construction market, which remains at a level significantly lower than in 2008.

In geographic terms the European and American markets, most affected by the crisis, are returning to overall 2008 sales levels, while Asia continues to grow and now accounts for 30% of sales.

In addition, thanks to the Solvay group's Innovation approach, strong sales growth was recorded in new applications like alternative energy (including photovoltaics), materials for lithium-ion batteries and high-performance membranes for water treatment technologies.

These combined effects enabled the Specialty Polymers Strategic Business Unit to achieve record net sales (EUR 1 143 million) and operating profit (EUR 212 million) in 2010.

The strategy of Specialty Polymers SBU is based on three pillars:

1. Creating and capturing growth in high-performance polymers
The SBU is pursuing the development of ultra-polymers, including KETASPIRE® (PEEK), and AVASPIRE® (modified PEEK). These plastics' highly effective combinations of mechanical properties and heat resistance give them access to many applications replacing traditional materials.

SOLVIVA® biomaterials for use by manufacturers of implantable medical devices are enjoying significant success: a leading producer of spinal implants has received approval from the US Food & Drug Administration (FDA) for a new spinal implant made of ZENIVA® polyetheretherketone (PEEK) resin from Solvay Advanced Polymers.

2

1. Vinyls & Specialty Polymers offer unique technical performance, comfort and weight reduction to the automotive industry.
2. Using SOLEF® PVDF as a binder guarantees improved energy and power performance as well as a longer cycle life of the battery.

Key figures [EUR million]

	2008	2009	**2010**
Sales	3 695	2 982	**3 784**
REBIT	264	86*	**360**
REBITDA	458	298	**583**
Depreciation	201	212	**234**
Capital expenditure	393	254	**296**
R&D	79	78	**74**
Headcount on December 31	8 816	8 402	**6 617**
REBITDA/sales	12 %	10 %	**15 %**

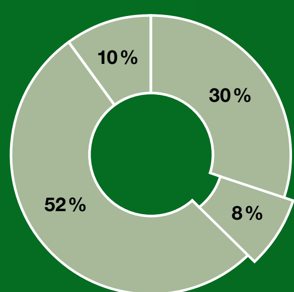
* Restated to reflect the transfer of the cost of discounting provisions from operating expenses to financial expenses.

Sales breakdown 2010: EUR 3 784 million

By cluster and SBU

Specialties **38%**
- **30%** Specialty Polymers
- **8%** Inergy Automotive Systems

Vinyls cluster **62%**
- **52%** Vinyls
- **10%** Pipelife (pipes and fittings)

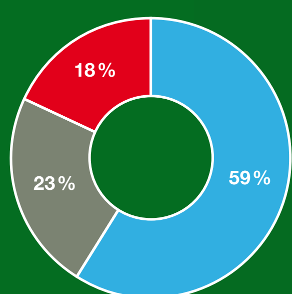


By geographic area

EMEA **59%**
- **51%** Western Europe
- **6%** Eastern Europe
- **2%** Other countries EMEA

The Americas **23%**
- **11%** North America
- **12%** Mercosur

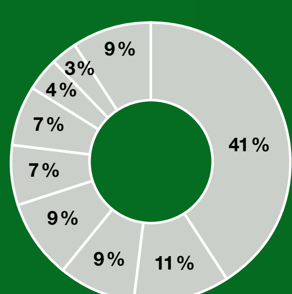
Asia-Pacific **18%**



Sales by customer segment* 2010:

By customer segment

Construction and architecture	41%
Electricity and electronics	11%
Water and environment	9%
Packaging	9%
Automobile industry	7%
Consumer goods	7%
Chemical industry	4%
Human health	3%
Other industries	9%



* Excluding sales of Inergy Automotive Systems, as Solvay divested its 50% stake in the company in 2010.

In fluoropolymers, Solvay Solexis has concluded an agreement with Thin Film Electronics ASA to market the new SOLVENE™ polymer used in printed electronics and for the manufacture of memories thanks to its ferroelectric properties. Printed electronics is the production of electronic components by means of printing techniques that use functional inks, an approach that permits efficient high-volume production of electronic components on flexible substrates.

Solvay Solexis also continues to develop its range of AQUIVION® materials for fuel cell membranes. These projects are undertaken together with major players in the automotive industry or through SolviCore, the 50/50 joint venture with Umicore to produce the membrane electrode assemblies (MEAs) that constitute the heart of fuel cells. These MEAs include Solvay membranes and catalysts produced by Umicore.

2. Innovation

Innovation plays a key role for the Specialty Polymers SBU, expanding its range of products and applications, reducing production costs and increasing the safety of our plants.

Several new products were launched in 2010, among them:

- A new range of perfluoropolyethers (PFPEs) for applications including the lubrication of magnetic thin films and additives for plastics, rubber and composites. This technology will permit the development of new hybrid materials able to enter markets where PFPE has not been present until now.
- SOLEF® PVDF 80000 is making it possible to produce expanded foam that is 16 times lighter, while maintaining fire resistance, chemical resistance and thermal stability.
- The new IXEF® BXT 2000-0203 formulation was approved in the US by federal and California authorities as an alternative barrier solution for the three-layer reservoir systems used in various household appliances.

Solvay Advanced Polymers has signed a partnership agreement to develop and market a PEEK improved with carbon nanotubes for a range of emerging applications in the medicine, aerospace, automotive and oil and gas extraction fields.

Solvay is also collaborating with Mitsubishi Gas Chemical Co. Inc. (MGC) to develop a new

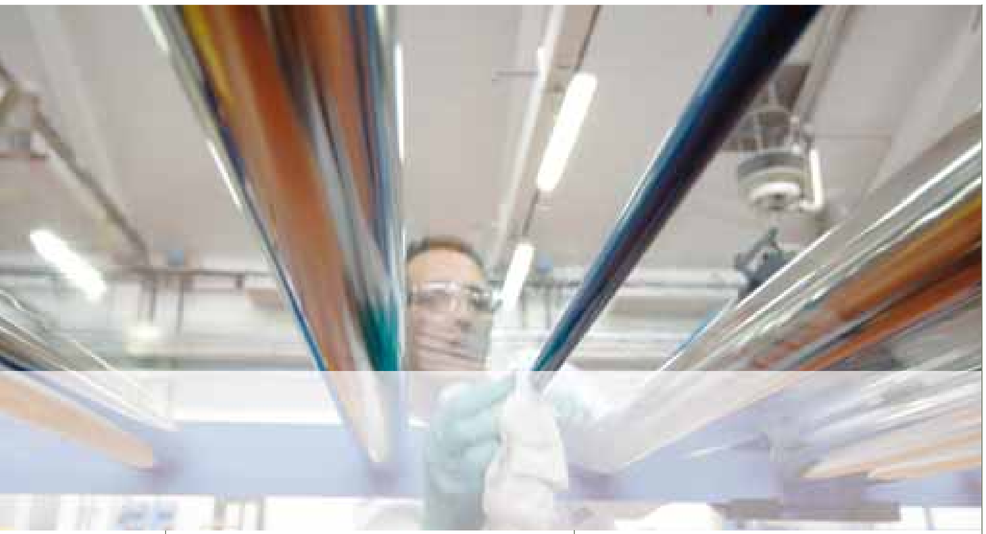
2

biosourced high-temperature polyamide for high-performance sustainable applications.

Solvay Solexis has strengthened its position by devoting a substantial portion of its R&D resources to products and applications for renewable energy. These efforts will be increased this year in the field of lithium batteries with the installation of a new Solvay R&D center in Korea.

1

1. Films made in SOLEF® PVDF offer high resistance to environmental conditions and lower friction for windmill blades and turbine generators.
2. AQUIVION® PFSA electrolytes and binders and SolviCore know-how constitute the heart of SolVin's powerful Polymer Electrolyte Fuel Cell stacks presently being built at Antwerp, Belgium.
3. Advanced Vertebral Solutions, a leading supplier of minimally invasive spinal implants and delivery systems, has received clearance from the US Food & Drug Administration for its new spinal fusion implant made of ZENIVA® PEEK.
4. The unique features of SOLVENE™ EAP allow the production of printed non-volatile rewritable memories (NVRAM) with outstanding performances.



3

3. Globalization and selective capacity expansions
To accompany the very strong growth of specialty polymers in China, Solvay decided to build a new compounding plant in Changshu. Initially this will produce compounds of polyphthalamide (PPA) AMODEL®, IXEF® polyarylamide (PAA) and KALIX® (modified PAA). These plastics serve mainly the electronics, automotive and industrial applications and more general consumer markets.

Solvay is also increasing the production capacity of its TECNOFLON® specialty fluoroelastomers in Italy. Demand for these products, with their resistance to high temperatures and harsh chemical environments, is growing rapidly. They are well suited for applications that implement low-pollution technologies and alternative energies such as biodiesel, which is more aggressive to equipment than conventional diesel. They are also used in methanol and ethanol fuel systems, where their low permeability reduces losses.

Inergy Automotive Systems
With a very significant increase in sales volumes of fuel systems and a lowered profitability threshold, Inergy Automotive Systems' results recovered sharply in the first half of 2010, compared to a 2009 badly affected by the recession. It is in Asia and North America that sales grew most. In total, more than 40% of the joint venture's sales came from outside the traditional markets of Western Europe, North America and Japan.

4

On September 8, 2010, Solvay completed the sale of its 50% interest in Inergy Automotive Systems to Plastic Omnium, which already owned the other half of the joint venture. Solvay has collected EUR 268 million in cash from the transaction, adding EUR 130 million to its after-tax income. In the automotive sector Solvay will now focus on the development and marketing of high-added-value specialty polymers.

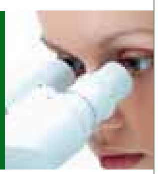
The Vinyls Cluster

Global demand for **polyvinyl chloride** (PVC) recovered slightly in 2010 with the evolution of the construction market. Even so, it is not yet back to its 2007 levels.

In Europe, total market volume once again passed 4 500 kilotons, but remains below pre-crisis levels. However, utilization rates at the SolVin plants (75/25 joint venture between Solvay and BASF) are recovering. Margins remain stable at below pre-crisis levels.

The results of Benvic, which specializes in PVC compounds in Europe, are improving thanks to the restructuring completed in 2009.

South American demand for PVC continues to grow strongly. Despite a higher sales volume, operating results for Solvay Indupa (a listed company in Argentina in which Solvay has a



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1. Plastics are essential to drinking water supply, waste water disposal and water treatment, for better living in both cities and remote areas.
2. The unique features of wood fiber and the durability of SOLVIN® PVC are combined to produce maintenance-free, artificial slate for terraces, balconies or pool borders.
3. The strategic decision of maintaining the investment in PVDC & PVDF capacity increases at Tavaux, France during the crisis contributed to the excellent 2010 recovery results.
4. The new class of FOMBLIN® PFPE-TFE offers a revolutionary concept for high speed, low noise bearings for automotive and consumer electronic markets.
5. TECNOFLON® FKM answers to the growing demand of biodiesel engine and other markets that are looking for polymers with outstanding chemical and temperature properties.
6. The 2010 Design SolVin Award went to innovative soft and flexible jewelry made of SOLVIN® PVC.

majority interest) declined in 2010 due to strong competitive pressure from PVC imports from the USA and ethylene and gas supply problems in Argentina. Solvay Indupa's operational situation improved steadily during the final months of 2010.

In China, nearly 10 million tons of production capacity have been added since 2005. These additional capabilities implement for the most part an acetylene-based process, which in 2010 was less economical than Solvay's ethylene-based process. In China this resulted in capacity utilization rates leveling off at around 50%, and high imports (1.2 million tons).

Demand in Asia has grown well. The 2010 results of Vinythai (a Thai listed company in which Solvay holds a majority stake) clearly reflect the strong demand and the good pace of production at the Map Ta Phut site.

As for the environmental footprint of the Group's vinyl activities, the conversion from mercury to membrane electrolysis is enabling the SBU Vinyls to significantly improve its energy performance, with a net gain of about 18% for each converted electrolysis unit. At the Brazilian site of Santo André, this conversion took place in 2009, with full-scale production reached in 2010. At Lillo (Belgium), a conversion project is scheduled for 2011-2012. The conversion of electrolysis at Tavaux (France) in turn should be completed by late 2012.

Overall, SBU Vinyls significantly reduced its greenhouse gas emissions in 2010, in line with its twin objectives of:

- a 35% reduction by 2013 from 2006 levels;
- a 50%+ reduction of its channeled atmospheric emissions from 2006 levels.

SBU Vinyls' strategy has three major thrusts:

- **Competitiveness** based on technological leadership and operational excellence. Since the second half of 2010, the Tavaux (France) site has received its energy supplies through Exeltium, the group of electricity-intensive industries of which Solvay is part and whose goal is to provide its members with a sustainable supply of competitively priced energy. Solvay has also signed up to a similar project in Belgium – Blue Sky

– for electricity for its Jemeppe and Lillo sites, thereby contributing to their long-term competitiveness.

SolVin has begun building a 1 megawatt (MW) electrical fuel cell at its Antwerp (Belgium) site. By converting hydrogen from the SolVin electrolysis process back into electricity, this will help improve the energy efficiency of electrolysis. The technology of this fuel cell is based on the use of Solvay specialty polymers and SolviCore proton exchange membrane assemblies.

- **Regional leadership**
  SBU Vinyls has a significant presence and leading positions in three regions.

  In Europe, SolVin and Arkema have decided to untie their joint ventures in France and Spain: SolVin has taken back Arkema's 35% shareholding in Vinylis, which operates the Martorell site in Spain, in exchange for its 21% holding in Vinylfos and 35% holding in Vinylberre. This exchange allows SolVin to streamline its industrial structure.

- **Growth in selected regions**
  In Russia, construction of the RusVinyl plant (a joint venture between SolVin and Sibur) at Kstovo in the region of Nizhny Novgorod was officially launched in July in the presence of Belgian Prime Minister Yves Leterme. The European Bank for Reconstruction and Development (EBRD) has decided to take a EUR 52 million stake in the project, as well as grant a loan of EUR 150 million.

Overall, sales volumes of Pipelife, the pipes and fittings joint venture with Wienerberger, are up slightly in 2010, confirming the contrasting trends of the construction market in the different regions of Europe. Export specialties such as reinforced piping for the oil and gas industry are helping to boost sales levels in Western Europe and to compensate for the crisis in the construction industry. Sales in the US are up from 2009. In this context, Pipelife has extended its cost reduction program with the:

- closing of production sites in Croatia and Romania;
- closing of two production sites in Ireland;
- complete closure of the Spanish and Portuguese entities.

Meanwhile, a new plant has started production in Bulgaria and a new production line for pipe for the oil and gas industry is being installed in the USA.

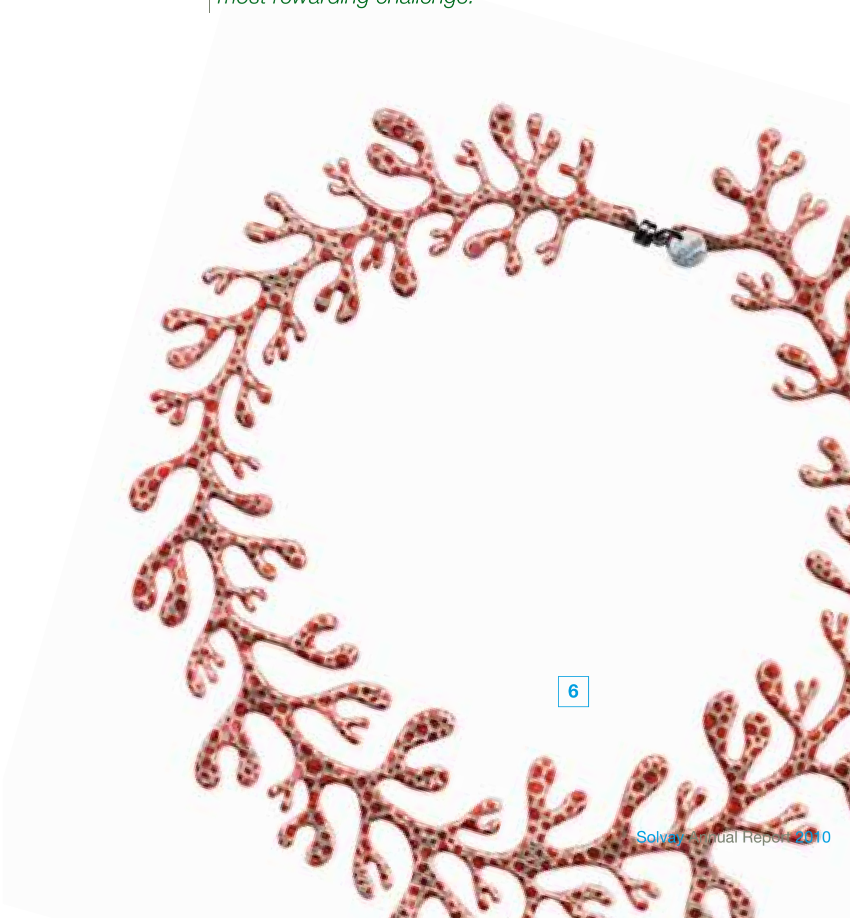
Testimonial: **Maurizio Gastaldi**
Head of Specialty Polymers Asia

"It's been a phenomenal year for Specialty Polymers in Asia. We have all worked very hard to capture the boon of the economic rebound here.

We still remained focused on sustainable growth. For instance, investing in a new compounding capacity in Changshu, we increase our competiveness and our reactivity. We have many new initiatives planned and we will grow Solvay big and strong in China.

We are also investing in Innovation with our new R&D centers in Asia. They will dramatically boost our capacity to serve our customers timely and efficiently; and to stay ahead of relevant technology trends.

We are also investing in people, populating our organization with Asian talent. This will make Solvay a stronger global organization. From a personal point of view, it's the most exciting and the most rewarding challenge."



New Business Development

Exploring New Seams of Techn

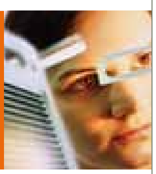
Solvay is combining rigor and boldness to better position itself in the dynamic sectors of the chemistry of the future.

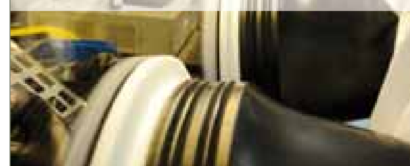
ology

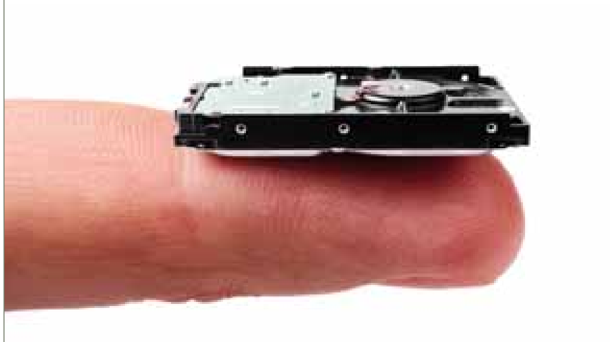
Innovative technologies and products.
The NBD activity develops innovative technologies and products, with programs organized into four platforms: Organic Printable Electronics, Renewable Energies, Nanotechnologies and Renewable Chemistry.

Using Technology Breakthroughs to Create New Activities

With an open and structured approach, New Business Development is developing innovative technologies and products, taking Solvay into markets where technology breakthroughs offer promising opportunities.







With its approach of open, collaborative innovation, New Business Development creates a dynamic space in which Innovation can flourish. High-quality project management enables the Group to take decisive options in selected technology areas. NBD's activity is organized around strategic platforms of programs related to common themes, selected for their relevance to the major challenges facing tomorrow's world – climate change, limited resources, new consumers, displacement of centers of economic activity – to which chemistry helps provide solutions. A first Competence Center, Future Businesses, manages the two strategic platforms, Renewable Energies and Printable Organic Electronics. In 2010 this Center took further steps towards constituting a cluster of autonomous activities, paving the way for the business of tomorrow. Future Businesses has also introduced a new platform around materials for lithium-ion batteries, allowing a specific approach to developing this energy storage model. The second Competence Center, Advanced Technologies, focuses on the strategic platforms of Nanotechnology and Renewable Chemistry.

Printable Organic Electronics

In 2010, collaboration continued with Plextronics, in which Solvay is a shareholder. Work focused on developing new inks for producing lighting surfaces based on organic light emitting diodes (OLED). Several new materials have been developed and patents applied for.

Solvay's research programs with outside partners continued apace and produced their first patentable results.

Solvay's Corporate Venturing Unit took a minority stake in Polyera Corporation, based in Illinois (USA), a leading developer of materials for the printed electronics market. Polyera develops and

Key figures: NBD expenses for the future [EUR million]

	2010	2011 budget
REBIT (=R&D costs)	(26)	**(35)**
Capital Expenditure	12	**n.d.**

Partnering & Start-ups		Investing in Venture Capital Funds	
Materials for printed electronics	**Plextronics, Inc.**	Renewable energy, printed electronics, clean technologies & green chemistry	**Korea Advanced Materials Fund**
	Polyera	Sustainable & environmental technologies	**Capricorn Cleantech Fund**
Fuel cell technology	**ACAL Energy**	Advanced materials, energy & environmental technology	**Pangaea Ventures Fund**
Hydrogen storage solutions	**Amminex A/S**	Fuel cells & hydrogen technologies	**Conduit Ventures Limited**
Membrane Electrode Assemblies (MEA) for fuel cells	**SolviCore (joint venture with Umicore)**		

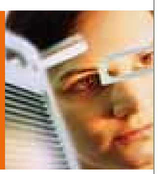
Nanotechnologies
- Electronics and IT
- Manufacturing and Materials
- Healthcare and life sciences

Organic Electronics
- Organic Light Emitting Diodes (OLEDs)
- Organic Memories

The four NBD Platforms: Over 20% of total R&D effort

Renewable Chemistry
- Renewable raw materials
- Process improvement via biotechnologies
- New products sciences

Renewable Energy
- Fuel cells
- Organic Photovoltaics (OPV)
- Hydrogen Storage
- New Batteries



markets semiconductors and organic dielectrics for organic thin-film transistors (OTFT) and organic photovoltaics (OPV). These can be used to produce flexible display backplanes, RFID (radio frequency identification) labels and organic solar panels.

Renewable Energies

With its partner Umicore, Solvay continues to develop the SolviCore joint venture, which produces membrane electrode assemblies (MEAs) and is today the European leader in its area. SolviCore has a growing number of projects with leading automotive groups. In particular, the joint venture is developing an MEA for the modular system of the polymer membrane proton exchange fuel cell developed by a major automaker in partnership with the Commissariat à l'énergie atomique (CEA, France), with the objective of integrating it into a prototype hybrid car.

Solvay is investing over EUR 5 million in the construction of a 1 megawatt stationary fuel cell which will become operational in mid-2011 at the SolVin site in the port of Antwerp (Belgium). This exceptionally large unit, built with public-private financing, will reconvert hydrogen from SolVin's electrolysis activities back into electricity.

Solvay has upped its stake in ACAL Energy, a British company that is developing fuel cells. ACAL intends using these funds to accelerate the next development phase of FLOWCATH®, its non-platinum cathode technology for low-cost fuel cells. Solvay is planning to install the world's first demonstration system of this technology at the Solvay Interox production site in Warrington (United Kingdom).

Nanotechnologies

The Nanotechnologies platform teams now manage more than 50 projects, most of them in collaboration with the Group's various entities. All, without exception, are conducted with a constant concern for health and hygiene in the implementation of this technology. In 2010 their efforts covered:

- improving the properties of certain of our products, in particular specialty polymers;
- developing technologies to obtain nanostructured and/or functionalized surfaces, particularly for the construction market;
- developing new products and processes. This already includes the creation of blue pigment

pastes for next-generation display screens and the scaling up to industrial production level of an improved polyvinylidene chloride, offering better UV resistance and greater thermal stability;
- exploring new areas such as the use of metallic nanomaterials in catalysis;
- collaborating actively with universities and research centers, including projects under the European Union's Framework Programme for Research (FP7).

Renewable Chemistry

This platform is dedicated to the development of new renewable raw materials. Teams are focusing in particular on:
- processing chains based on agricultural resources, like sugar cane in Brazil, for manufacturing chemical or mineral feedstocks;
- industrial biotechnologies and their future role in building a new chemicals industry based on carbohydrates of photosynthetic rather than fossil origin;
- examining the conversion of certain sugars and vegetable oils to produce basic components for new specialty polymers. This research is being done largely in collaboration with third parties;
- fractionation of biomass and exploitation of the derivative compounds by chemical or biotechnological means;
- mapping of the various pathways of CO_2 recovery using emerging biosynthetic or catalytic technologies.

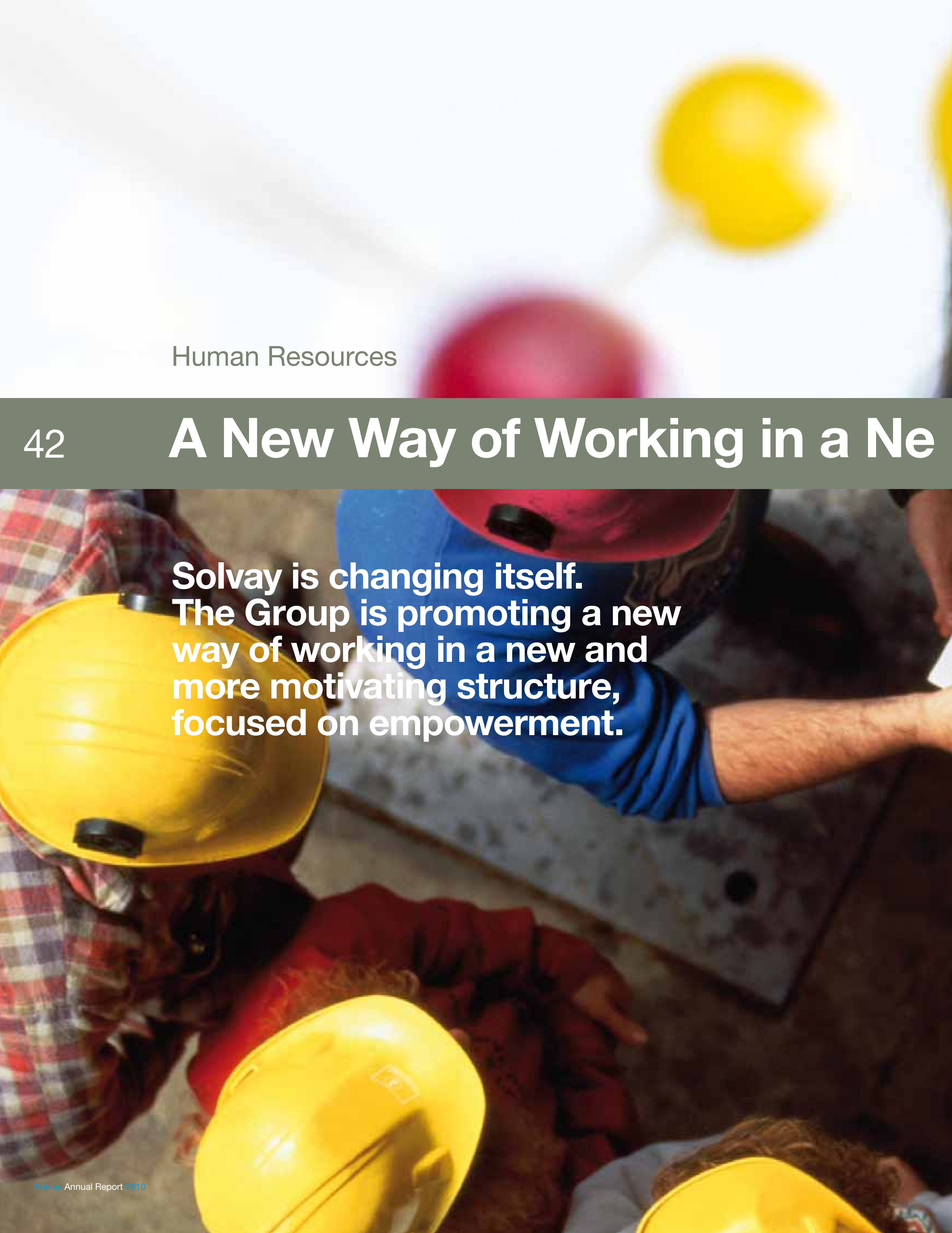
Finally, Solvay is seeking investment opportunities in sustainable development activities, both directly and by investing in dedicated cleantech venture capital funds.

Asia

To seize new growth opportunities in Asia, Solvay has extended to Korea its investment in carefully selected venture capital funds. Together with its Korean partners, Solvay intends to focus on renewable energy, printed electronics, clean technologies and green chemistry.

Testimonial: **Thierry J. Piret**, *senior investment manager, corporate venturing*

"Ten years ago, the idea of investing money in a company was limited to acquisitions or major joint ventures. We rapidly understood that interactions with start-up companies would be complementary to our organic developments in selected platforms. NBD is investing in specialized venture funds and also directly into start-ups and SMEs. A number of synergies arose, as Solvay became in some cases a customer or a supplier, offered access to its manufacturing sites for trial purposes, contributed to scale up, and eventually entered into joint development, with new business opportunities. Solvay NBD's Venturing Unit now has full venture investment capabilities, serving the Group worldwide. Using investment as a development tool and an integral part of Solvay's open innovation concept has become a reality."



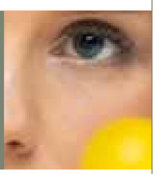
A New Way of Working in a Ne

Solvay is changing itself. The Group is promoting a new way of working in a new and more motivating structure, focused on empowerment.

w Solvay

Knowing Ourselves Better to Develop Better

Solvay is acquiring a new structure as part of a radical transformation initiated after careful self-analysis. At the same time, the Group is continuing to deploy tools and policies that together will bring into being a new Solvay.



HUMAN RESOURCES **SOLVAY**

A new way of working together

In 2010, Solvay launched a comprehensive revitalization plan (the Horizon project) leading to a new organization, driven by a new way of working together. The Group intends to strengthen the implementation, on a daily basis, of two of its core Values: empowerment and customer care.

More specifically in the area of human resources, the objective is to give greater responsibility to employees on the ground, with greater decision-making leeway.

Moreover, under this new organization, Solvay has decided to establish more decision centers for its new Business Units away from Group headquarters, in direct contact with the markets they serve.

A whole series of measures are also aimed at promoting competitiveness and teamwork. Solvay intends to continue to promote the sharing of best practices across the Group.

To encourage delegation and accountability, the Corporate Center will be streamlined, with a limited number of functions dedicated to developing a general framework of guidelines and policies.

Sale of the pharmaceuticals activities

The sale of the pharmaceuticals business has had a major impact on the Group headcount, with around 9 000 employees transferred to Abbott when the sale became effective in February 2010. The geographic distribution of the workforce has also changed. The transfer has negatively impacted the gender distribution within the Group, given the higher female presence in the pharmaceuticals business than in the Chemicals and Plastics Sectors.

Internal restructuring

One consequence of the sale of the pharmaceuticals activities has been the need to resize a number of support functions. As part of the Horizon project, a comparative analysis was conducted of similar companies in the chemical industry. Between now and end-2012 this project will affect about 800 jobs worldwide. The restructuring is being undertaken in constructive dialogue with employee representatives in different countries and with the European Works Council.

Expansion in Asia

The number of Solvay employees in Asia has increased to around 1 200 (in continuing operations). This increase will continue over the next two years with the full implementation of new research and technology centers in India, Korea and China. The transfer of the headquarters of the Special Chemicals Global Business Unit to Seoul will contribute to this trend. Talent recruitment and retention has become a key priority for the Group, particularly in China.

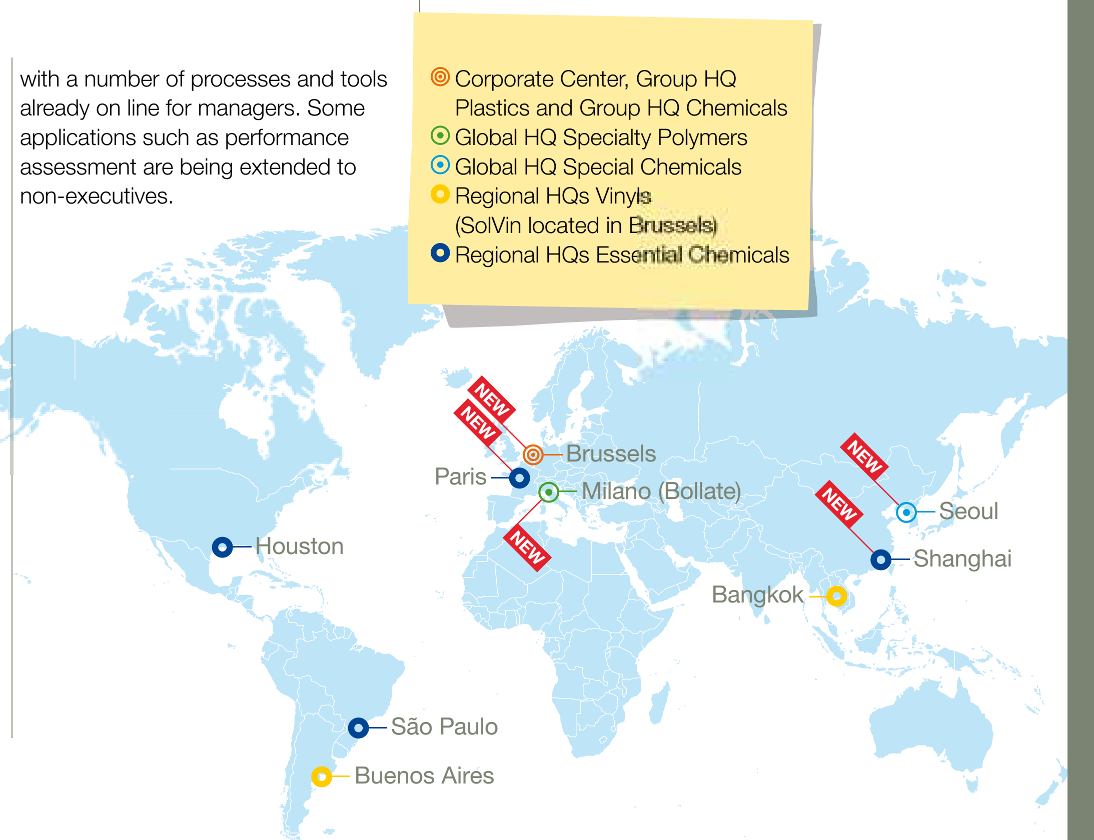
Corporate Social Responsibility

Following internal discussions in various forums, including the European Works Council, five themes have emerged and will be the subject of action programs:

- increasing diversity;
- improving the internal and external employability of all employees;
- improving safety and well-being;
- improving social dialogue (in all areas while respecting the specificities of each);
- meeting the challenges posed by the demographic development within Solvay (talent loss from retirement, new workforces for a number of sites and functions, etc.).

Completion of the Renaissance project

Renaissance – a three-year project covering Europe, North America and Mercosur, with the goal of reshaping the HR function and harmonizing key processes – was formally completed on schedule in June 2010. The Group now has a state-of-the-art technological platform and implements standardized HR processes, such as real-time organization charts, performance assessments in electronic format and automated pay revisions as well as e-learning and recruitment solutions. Transactional operations – such as data management and payroll – are undertaken from two Shared Service Centers in Lisbon (Portugal) and Curitiba (Brazil). The system is now being progressively deployed in Asia, with a number of processes and tools already on line for managers. Some applications such as performance assessment are being extended to non-executives.



Sustainable Development

Sustainable Action for a Sustai

Now an integral part of everyone's thought processes, sustainable development directly influences strategic and operational decision-making at Solvay.

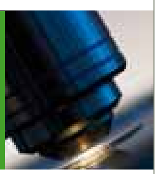
Together with the Annual Report, a supplementary "Sustainability indicators 2010" report presenting all relevant sustainable management indicators is available on the website www.solvay.com/EN/Lit/Literature.aspx

nable Future

Realizations in 2010.
Sustainable developement realizations, as listed in the highlights of our activity, demonstrate the increased anchoring of sustainability objectives in the Group's strategy.

2010, a Year of Anchoring

Solvay is accelerating the deployment of its Sustainable Development policy, the principles of which it formalized in 2008. This policy is now central to the Group's activities and guides its initiatives.



1. Aligning policies and programs

Group policies are being reformulated in order to strengthen the emphasis on Sustainable Development and the discipline with which it is applied. Rolling out the New Solvay will offer a particular opportunity to clarify certain aspects of sustainability and social responsibility policies and to promote sustainable practices in the Group's supply chain.

Respect for people, which is one of five Group Values[1], has been reviewed by the Executive Committee as part of a process of strengthening the health, environment and safety culture across our workforce.

In 2010 Solvay formally subscribed to the Principles of Responsibility of the UN Global Compact.

2. Enhanced dialogue on sustainability performance

Each year, Solvay publishes a series of indicators measuring progress made in sustainability in relation to the goals set by the Group.

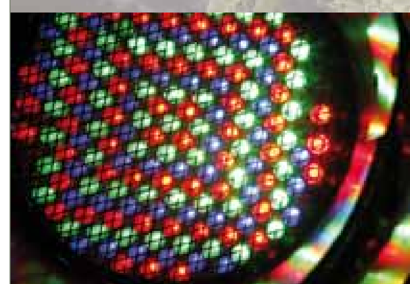
In the interest of transparency towards its stakeholders and with a view to its next activities and sustainable development reports, Solvay sought in 2010 to initiate a process of continuous improvement. In this context, Ernst & Young Company Auditors SCCRL (EY) was commissioned to assist the Group over a three-year period with ensuring the reliability of key elements of its sustainable development reporting.[2]

Dialogue with stakeholders on emerging issues

Both directly, as through the World Business Council for Sustainable Development (WBCSD), CSR Europe, and through business associations Solvay participates in the debate on emerging themes: societal values in the supply chain, use of non-renewable, renewable and aquatic resources, marine pollution from plastic waste, and local and global biodiversity.

3. Opening innovation to societal issues

The Group's focus on more sustainable activities and products is stimulating open innovation with a proliferation of partnerships and consortia. The New Business Development entity is exploring those areas where this innovation is leading to more sustainable applications and products, especially in the field of energy.



4. More sustainable production and products

Programs are under way to reach the 107 sustainability objectives set by the Group in 2008, with a particular emphasis on reducing effluents, energy consumption and greenhouse gas emissions. The move towards a balanced portfolio of more sustainable products, for use in applications that are themselves more sustainable, is also continuing.

1. Along with ethical behavior, customer care, empowerment and teamwork.

2. The ultimate goal is to submit these elements to extensive external audit ready for Solvay's 2012 activity and sustainable development reports. One important step has already been completed: this year, EY audited the energy and environment reporting procedures in advance of the 2010 Annual Report and the complementary 'Sustainability indicators 2010' report. More information on this audit work and and the EY assurance report published on pp. 6-7 of the complementary 'Sustainability indicators 2010' report can be found on the website: www.solvay.com/EN/Lit/Literature.aspx

Progress and Indicators

Solvay has adopted a precise and rigorous system with which to measure its progress in terms of sustainability. Beyond the key indicators used here, a separate document – "Sustainability indicators 2010", published simultaneously with this report – details and comments on the Group's progress towards its sustainable development objectives.

Investors

Key objective:
By end-2010, to evaluate the activities portfolio using validated sustainability assessment tools

Evaluation of activities in terms of sustainability

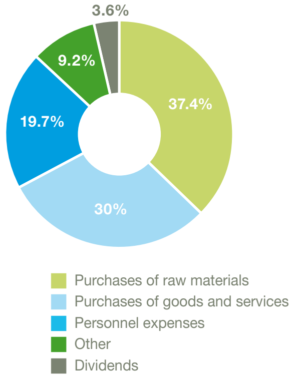
Evaluation of the Group's portfolio of activities using the Sustainable Portfolio Management (SPM) tool has been extended to 80% of the net sales of the Group's nine Strategic Business Units, and to 60% of their R&D projects.
SPM is a tool developed with TNO and A.D. Little that assesses the sustainability of a product in terms of both production and use in the market. Production-related aspects include associated environmental impact parameters like energy consumption and greenhouse gas emissions. The sustainability of the product in its application is also assessed.

Solvay also has environmental profiles (Ecoprofiles, from raw materials to the gate of the plant) of substantially for all of its products. Customers in turn integrate these profiles into the life cycles analyses of their own products.

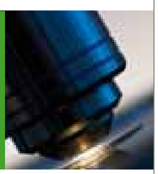
Dialogue with investors and social responsibility rating agencies

Five agencies, together presenting a representative range of societal expectations, serve as a reference for us. Their analyses contribute to the Group's progress and to dialogue with institutional investors. Solvay's social responsibility rating improved in 2010. Weak points are addressed with specific actions: clearer expression of certain policies, improving processes and indicators.

Distribution of generated economic value
EUR Million

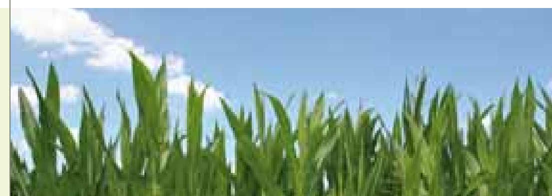


The largest portion of the financial value generated by the Group is redistributed in the form of salaries and purchases of resources and services. This redistribution is little affected by the sale of the pharmaceuticals activities.



Society

Key objective:
To reduce by 20% the direct and indirect greenhouse gas emissions related to our production by 2020 (base 2006)



Energy and greenhouse gases

Over the next three years, savings in primary energy consumption and greenhouse gas emissions as a result of projects decided or budgeted in 2011 should reach 6.5% and 9%, compared with the 2006 reference year and on a constant scope basis, putting Solvay on track to achieve the objectives it has set itself for 2020.

In contrast, the energy-from-biomass project in Tavaux has been suspended, as the partner could not guarantee a competitive supply of biomass. A new project is under study.

Waste management and recycling

Solvay is concentrating its efforts on reducing industrial waste, especially waste classified as hazardous. The objective is to reduce waste to a minimum, to BAT[1] levels where these exist, and with a long-term objective of zero waste, in particular through recycling.

Regarding product end-of-use waste, the VINYLOOP® plant at Ferrara, Italy (PVC recycling) has since early 2010 included technical equipment for recycling textile-coated tarpaulins (TEXILOOP®). In addition, SolVin, through its customers, is seeking to promote the development of high-added-value recycled products. The markets for the SOLVAIR®-NEUTREC® flue-gas cleaning range continue to grow in the US, Europe and Asia with initial applications in Africa. In 2010, the first installation using the NOVOSOL® sediment treatment process was inaugurated in Belgium.

Corporate citizenship and philanthropy initiatives specified

The three thrusts of this policy, which is exercised through the Ernest Solvay Fund, were redefined in 2010:

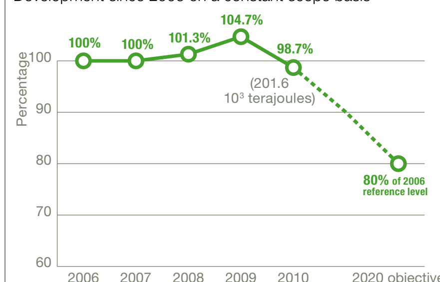
1. Support for scientific research: such as the International Institutes for Physics and Chemistry of the Université libre de Bruxelles, founded by Ernest Solvay, support of the Nobel Week held in Brussels in May and continued support of SolVin explorations of biodiversity, this time in Mozambique and Madagascar.

2. Support for science and technology education and training: For example for a training program for German teachers on fuel cell technology, and the 'science bus' XperiLAB.be®, co-funded by Solvay for the Royal Institute of Natural Sciences of Belgium, which will visit Belgian schools.

3. Targeted support to humanitarian and development actions: We can mention here the citizen aid by the staff of Solvay Shared Services (Brazil) to disadvantaged young people in Guarituba and a partnership with the city of Curitiba to provide clothing and auxiliary heaters for the elderly. Also a program to support reconstruction in Haiti by Solvay America (USD 100 000) and the shipment of 300 refurbished computers to the same country, the continuation of the Coral project in Thailand using PVC structures for establishing of new corals, or again the Earth Home Cultural Center, which is helping tsunami victims in the province of Phang-Nga (Thailand).

✓ Energy consumption relative to production activities

Development since 2006 on a constant scope basis

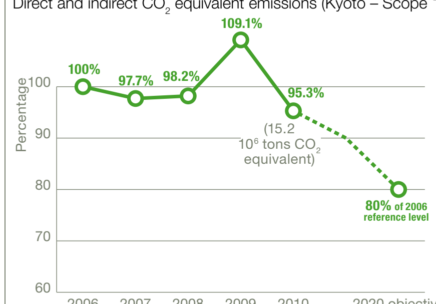


Energy in primary fuels (coal, gas, oil, etc.)
+ purchased energy (steam, electricity)

% change as compared to 2006 (reference year); corrected each year for changes in the Group's scope and in production volumes (further details in the complementary 'Sustainability indicators 2010' document on the website: www.solvay.com/EN/Lit/Literature.aspx)

✓ Greenhouse gas emissions related to manufacturing activities

Development since 2006 on a constant scope basis
Direct and indirect CO_2 equivalent emissions (Kyoto – Scope 1+2)



Greenhouse gases according to the Kyoto definition (CO_2, N_2O, CH_4, SF_6, PFCs, HFCs).

✓ Hazardous and non-hazardous waste generation 1 000 tons

	Total hazardous waste	Total non-hazardous waste
2007	**71.99**	**4 098.5**
2008	**57.01**	**4 116.3**
2009	**58.73**	**3 816.9**
2010	**59.56**	**3 658.2**

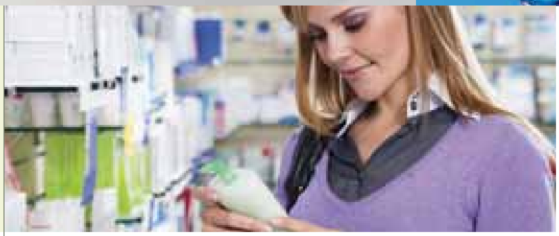
Non-hazardous waste is composed largely of mineral inert waste, hazardous waste is that defined as such by national legislation.

1. "Best Available Techniques" Best available techniques from an environmental perspective.

✓ See the assurance report by Ernst & Young on pp. 6-7 of the complementary document: 'Sustainability indicators 2010' on the website: www.solvay.com/EN/Lit/Literature.aspx

Customers

Key objective:
By 2020, the Solvay group will manage a balanced portfolio of activities showing a better sustainability index, in terms of both production and markets



Products and applications portfolio

The 2010 highlights illustrate the milestones reached in the evolution of the products and applications portfolio, including the decision to establish three R&D centers in India, Korea and China, creating a Korean joint venture to produce pigments for LCDs and OLEDs, the construction in China of a production unit for hydrogen fluoride intended primarily for the manufacture of photovoltaic cells, and the growing use of UDEL® polysulfone polymers for water treatment.

European REACH Regulation and the new classification, labeling and packaging of chemicals regulations

Solvay has registered 170 dossiers covering 82 chemical substances under phase one of the REACH Regulation. The next task is to prepare the dossiers for the sixty or so substances covered by phase two, ending in May 2013. During 2010, Solvay also worked hard to bring its products into compliance with the European CLP (Classification, Labeling and Packaging) Regulation that transposes into European law the guidelines of the Global Harmonized System (GHS), in particular those that codify the classification, labeling and packaging of hazardous chemicals. Tools have been developed to inform customers of their new obligations.

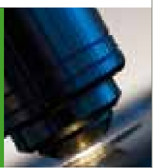
Under the Global Product Strategy (GPS) adopted by the ICCA (International Council of Chemical Associations), Solvay is committed to providing the general public, by 2018, with information in an accessible format – GPS Safety Summary – on a certain number of substances it sells. This initiative complements the Product Stewardship of the Responsible Care Global Charter®, which covers the safety accompaniment of products right along the chain of users.

Product information – Implementation of REACH

	Chemicals Sector products	Plastics Sector products
Number of dossiers	**129**	**41**
Number of lead registrants	**34**	**5**
REACH dossiers submitted to ECHA at 30.11.2010	**100%**	**100%**
Dossiers accepted by ECHA	**100%**	**100%**

Personnel

Key objective:
Zero accident



Safety of persons and facilities

The frequency of workplace accidents with lost time (TF1) involving both employees and contractors has continued to fall, from 3.1 in 2006 to 1.6 in 2010. The 40% reduction in the frequency of accidents without stoppage (TF0) over the same period also reflects significant progress. All sites are gradually establishing contractor safety programs in line with Group standards.
In 2010, the 'behavioral safety' program that focuses specifically on improving the human factor, the primary and recurrent cause of accidents, covered 63% of sites.

The Medexis system

Medexis is intended to better manage all information relating to occupational health (risk exposure) and individual medical monitoring in the Group. The Medexis '*occupational health*' module currently covers 42% of production and R&D sites (27 sites). The 'health' module has been introduced at nine European sites.

Professional hygiene, well-being and health at work

The program of standardized assessment of industrial hygiene at the workplace has been completed for all production work stations for 90% of laboratory work stations and for 50% of maintenance work stations. A global indicator of well-being and stress at work has been created that will help identify areas where improvement is necessary.

Social dialogue: diversity, employability, demographics

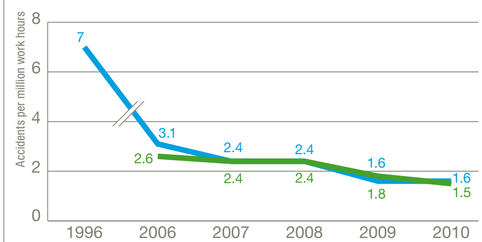
Health and well-being at work, diversity, employability and the demographic evolution of personnel are the four work areas identified in collaboration with the European Works Council, a partner since 2002 of the Group's sustainability initiatives. Diversity – cultures, nationalities, ages, gender distribution at different hierarchical levels – and internal and external employability will be integrated within a context in which businesses face an unstable economic environment where restructuring is inevitable.
A study conducted in 2010 of the changing demographics of Solvay employees shows mixed trends: an ageing population at the sites of the Western Europe and North American regions and a younger profile at Asian sites. Demographic risk assessments will be undertaken by site/function.

Sustainable development forums as part of dialogue with personnel

Deployment of European forums with personnel (since the launch of the European program in 2007)

	2009	2010	2012 objective
European sites having held a forum	**23%**	**40%**	**100%**
Employees having taken part in a forum	**14%**	**25%**	**100%**

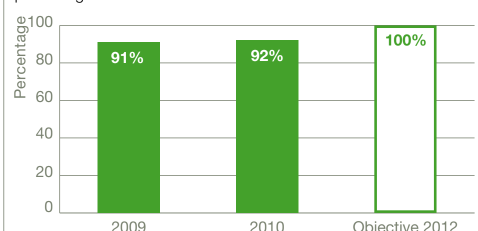
Accidents involving people on Group sites – TF1[1]



TF1[1] Solvay and joint ventures[2] excluding subcontractors
TF1[1] Solvay employees and subcontractors excluding joint ventures[2]

Contractors safety programs

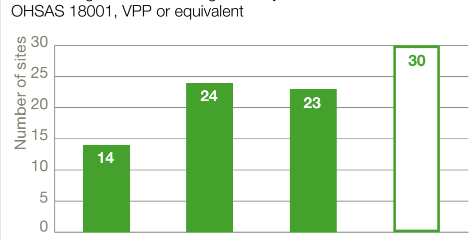
Sites implementing a program in line with Group standards percentage



Sites implementing a safety program including contractors. The good safety performance of contractors is integral to the safety of our own activities. 92% of sites have a program in line with Group standards.

Management systems for occupational health and work safety

Sites having a certified management system: OHSAS 18001, VPP or equivalent



To better structure existing systems and processes, the objectives for 2012 is to achieve certification of these management systems for at least 30 sites. The decrease in 2010 is due to the sale of the pharmaceuticals activities.

1. Accidents with work stoppage per million hours worked.
2. Joint ventures = Pipelife and Inergy.

Site Neighbors

Key objective:
To reduce global air and water emissions by 20% between 2006 and 2020

Reducing environmental impacts

The technology needed to achieve the objectives of reduced emissions to air and water has been assessed and a portfolio of action programs identified. The Green River (USA) site now captures 30% of the underground methane emitted when extracting trona (natural soda). The replacement of potentially ozone-depleting refrigerants (-30% target by 2012) has made good progress, especially at Santo André (Brazil) and Bahia Blanca (Argentina).

In Russia, the RusVinyl plant (joint venture between Sibur and SolVin), currently under construction, will be one of the world's most eco-efficient PVC production plants, in particular in terms of aqueous effluents.

Control of water consumption

A project for limiting the Group's water consumption has begun with a program to improve the measurement reliability at sites. Reductions are planned, and are already under way at sites in regions where water is less abundant, like in Martorell (Spain), Rosignano (Italy) and in South America.

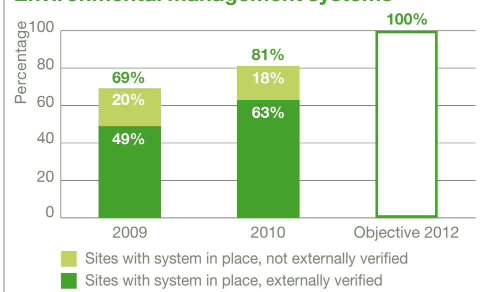
Checking alignment with Best Available Techniques

The comprehensive evaluation of production units in terms of BATs has been completed. A list of deviations from BATs was established and will constitute a guideline for possible improvements, such as reducing residual suspended solids in effluent at Torrelavega (Spain).

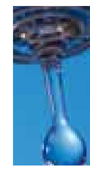
Reducing local nuisance levels and informing local residents

Two examples among many. In June 2010, the Dombasle (France) site opened a bypass that avoids hundreds of trucks a day passing through the local communities. At Spinetta Marengo (Italy), a detailed brochure was distributed to the general population to inform it of the programs implemented to improve performance since the site was acquired in 2002.

Environmental management systems

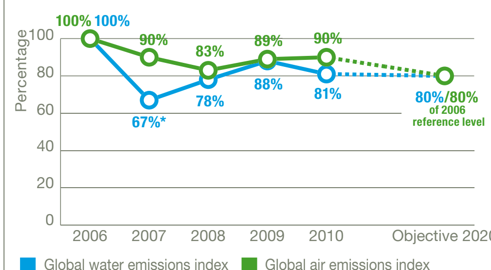


Sites (%) having an environmental management system. The objective is to obtain certification for all production sites having significant environmental impacts.



✓ Global emissions to water and air

Development since 2006 at constant activity scope

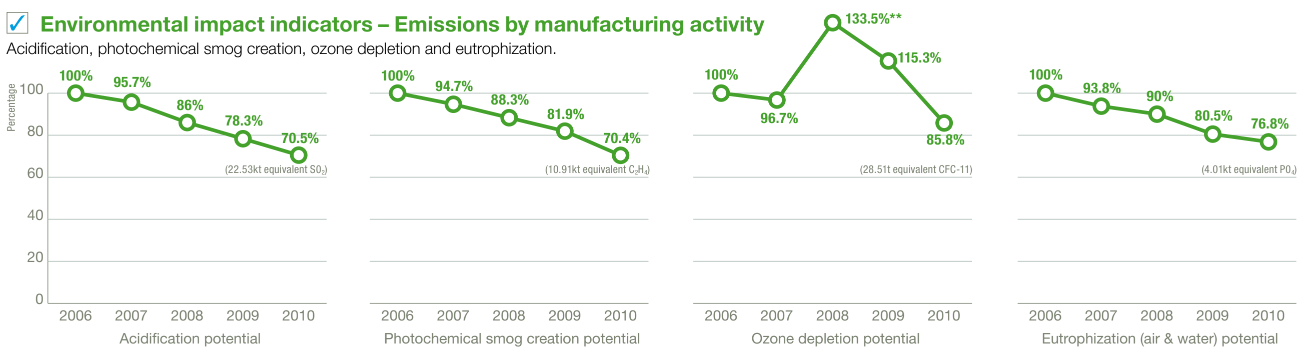


Change since 2006. For more information on the absolute values of the indices, the definition and scope of energy and environmental emissions indicators, see: 'Sustainability indicators 2010' at www.solvay.com/EN/Lit/Literature.aspx

The sharp decrease of water emissions between 2006 and 2007 is largely due to the permanent cessation of the use of carbon tetrachloride as feedstock at one of the sites. The rise in 2009 of the index calculated on a constant scope basis is due to the sharp declines in business volume that year. The upturn in 2010 is mainly due to variations in the quality (heavy metals content) of minerals used as raw material for the production of soda ash. In terms of air emissions, significant progress has been achieved under the program to reduce dust emissions in certain energy production installations. The rise in 2009 of the index calculated on a constant scope basis is due to the lower activity volumes of the plants that year.

✓ Environmental impact indicators – Emissions by manufacturing activity

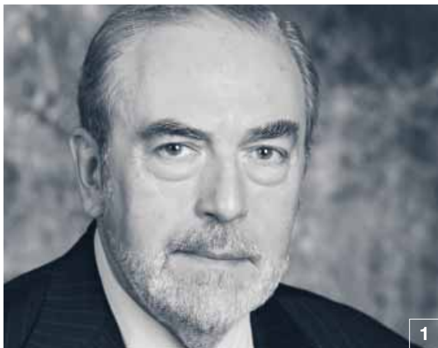
Acidification, photochemical smog creation, ozone depletion and eutrophization.



Besides the greenhouse gases indicator, four other internationally recognized environmental impact indicators are monitored to assess and communicate the Group's overall environmental emissions. These are photochemical smog creation potential, eutrophication potential, acidification potential, and ozone depletion potential. In the absence of internationally recognized weighting factors reflecting human toxicity and ecotoxicity, it is the combination of these five indicators with both Global Emission Indices that has been adopted to reflect Solvay's overall environmental performance.

** Emissions of substances with ozone depletion potential moved up again in 2008 and 2009 due to accidental leakage of liquid refrigerants in cooling systems. An improvement program for this equipment is in hand.

✓ See the assurance report by Ernst & Young on pp. 6-7 of the complementary document: 'Sustainability indicators 2010' on the website: www.solvay.com/EN/Lit/Literature.aspx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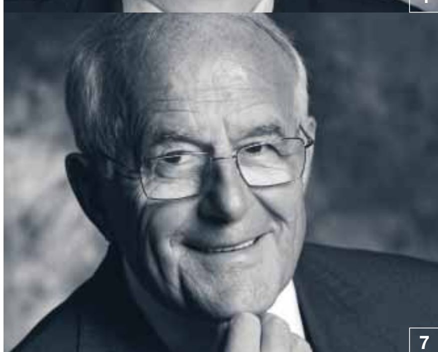
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Executive Committee and General Managers


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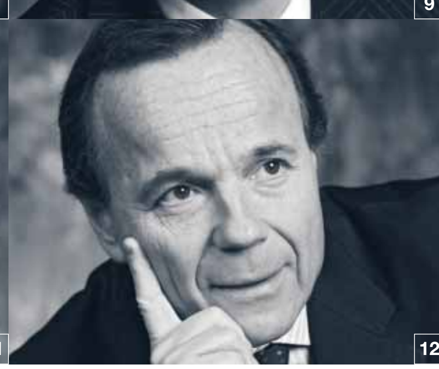
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Executive Committee and General Managers

Executive Committee

1 | Christian Jourquin
Chief Executive Officer

2 | Bernard de Laguiche
Chief Financial Officer

3 | Jacques van Rijckevorsel
Group General Manager of the Plastics Sector

4 | Vincent De Cuyper
Group General Manager of the Chemicals Sector

5 | Jean-Michel Mesland
Group General Manager of Technology,
Research and Procurement

6 | Roger Kearns
Region General Manager Asia-Pacific

General Managers

2 | Bernard de Laguiche
Chief Financial Officer

3 | Jacques van Rijckevorsel
Group General Manager of the Plastics Sector

4 | Vincent De Cuyper
Group General Manager of the Chemicals Sector

5 | Jean-Michel Mesland
Group General Manager of Technology,
Research and Procurement

6 | Roger Kearns
Region General Manager Asia-Pacific

7 | René Degrève
Region General Manager North America

8 | Jacques Lévy-Morelle
Group Corporate Secretary (until May 31, 2010)

9 | Daniel Broens
Group General Manager Human Resources

10 | Paulo Schirch
Region General Manager Mercosur

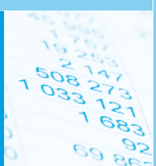
11 | Dominique Dussard
Group General Counsel

12 | Alexis Brouhns
Region General Manager Europe

13 | Michel Defourny
Group Corporate Secretary (from June 1, 2010)

Solvay Financial Statements Part 2

Financial Statements



Consolidated Financial Statements

The following financial statements were authorized for issue by the Board of Directors meeting on February 16, 2011.
They have been drawn up in accordance with the IFRS accounting policies which are set out in the coming pages. Information on related parties required by IAS 24 can be found in the "Corporate Governance" chapter.

Income statement (Notes 1-2)

		Continuing Operations		Discontinued Operations (Ph)		Group Total	
EUR Million	Notes	2009	**2010**	2009	**2010**	2009	**2010**
Sales		5 694	6 796	2 791	312	8 485	7 109
Cost of goods sold		-4 722	-5 496	-772	-90	-5 495	-5 586
Gross margin	(3)	972	1 301	2 019	222	2 991	1 523
Commercial and administrative costs	(4)	-532	-560	-951	-134	-1 482	-694
Research and development costs	(5)	-139	-136	-416	-45	-555	-181
Other operating gains and losses	(6)	10	-3	6	-11	16	-14
REBIT	(7)	310	602	658	31	969	633
Non-recurring items	(8)	56	-328	-161	0	-105	-328
EBIT		366	274	498	31	864	305
Cost of borrowings	(9)	26	-142	-161	-4	-135	-146
Interest on lending and term deposits	(9)	0	23	9	1	9	24
Other gains and losses on net indebtedness	(9)	1	-10	-26	0	-25	-10
Cost of discounting provisions (*)	(9)	-54	-52	-10	0	-64	-52
Income/loss from available-for-sale investments	(10)	-5	0	0	0	-5	0
Capital gain Pharma	(12)	0	0	0	1 703	0	1 703
Results before taxes		333	93	310	1 732	643	1 824
Income taxes	(11a)	-85	4	-5	-5	-90	-1
Net income for the year	(13)	248	97	305	1 726	553	1 823
Non-controlling interests		-35	-46	-2	0	-37	-46
Net income (Solvay share)		213	51	303	1 726	516	1 777
Earnings per share (EUR)		2.59	0.62	3.69	21.23	6.28	21.85
Diluted earnings per share (EUR)	(14)	2.59	0.62	3.69	21.18	6.28	21.80

RATIOS

	2009	2010	2009	2010	2009	2010
Gross margin as a % of sales	17.1	19.1	72.3	71.1	35.2	21.4
Times charges earned	-11.7	4.7	3.7	10.5	6.4	4.8
Income taxes / Result before taxes (%)	25.5	-4.2	1.8	0.3	14.1	0.0

(*) The cost of discounting provisions for continuing operations (EUR 54 million in 2009 and EUR 52 million in 2010) has been transferred from operating to financial charges given the financial nature of this item.
Times charges earned = REBIT / Charges on net indebtedness.
Explanatory notes are found after the financial statements

Statement of comprehensive income

EUR Million	Notes	Continuing Operations 2009	Continuing Operations 2010	Discontinued Operations (Ph) 2009	Discontinued Operations (Ph) 2010	Group Total 2009	Group Total 2010
Net income for the year		248	97	305	1 726	553	1 823
Gains and losses on available-for-sale financial assets	(16)	18	-14	0	4	17	-10
Gains and losses on hedging instruments in a cash flow hedge	(16)	-14	1	7	1	-8	2
Currency translation differences	(16)	8	245	10	33	18	278
Income tax relating to components of other comprehensive income	(16)	0	-1	0	0	0	-1
Other comprehensive income, net of related tax effects		11	231	16	39	27	269
Comprehensive income for the year		259	327	321	1 765	580	2 092
attributed to:							
– owners of the parent		215	241	319	1 765	534	2 006
– non-controlling interests		44	86	2	0	46	86

Statement of cash flows

EUR Million	Notes	2009	2010
EBIT		864	305
Depreciation, amortization and impairments (*)	(17)	496	717
Changes in working capital	(18)	48	-42
Changes in provisions	(19)	-126	24
Income taxes paid		-24	-108
Other	(20)	-74	-198
Cash flow from operating activities		1 184	697
Acquisition (-) of subsidiaries	(21)	0	0
Acquisition (-) of investments - Other	(21)	-111	-172
Sale (+) of subsidiaries	(21)	0	4 430
Sale (+) of investments - Other	(21)	19	280
Acquisition (-) of tangible and intangible assets	(21)	-456	-366
Sale (+) of tangible and intangible assets	(21)	15	20
Dividends received		0	1
Changes in non-current financial assets		26	-205
Other		20	-13
Cash flow from investing activities		-486	3 976
Capital increase (+) / redemption (-)	(22)	-17	-26
Acquisition (-) / sale (+) of treasury shares	(23)	7	-83
Changes in borrowings		313	5
Changes in other current financial assets	(21)	0	-3 701
Cost of borrowings		-135	-146
Interest on lending and term deposits		9	24
Other		-25	-10
Dividends paid		-257	-248
Cash flow from financing activities		-105	-4 185
Net change in cash and cash equivalents		593	488
Currency translation differences		10	29
Opening cash balance		883	1 486
Ending cash balance	(33)	1 486	2 003

* On tangible assets, intangible assets and goodwill

Explanatory notes are found after the financial statements

Statement of cash flows from discontinued operations

EUR Million	Notes	2009	2010
Cash flow from operating activities	(24)	527	35
Cash flow from investing activities	(24)	-30	4 430
Cash flow from financing activities	(24)	-516	0
Net change in cash en cash equivalents		-18	4 465

Statement of financial position (balance sheet)

EUR Million	Notes	2009	2010
ASSETS			
Non-current assets		5 075	5 205
Intangible assets	(25)	162	121
Goodwill	(26)	76	73
Tangible assets	(27)	3 921	3 698
Available-for-sale investments	(28) (33)	68	62
Investments in associates		0	20
Other investments	(29)	209	278
Deferred tax assets	(12b)	487	586
Loans and other non-current assets	(33)	152	368
Current assets		7 471	8 809
Inventories	(30)	805	870
Trade receivables	(33)	1 373	1 706
Income tax receivables		19	13
Other current receivables - Financial instruments	(32) (33)	0	3 701
Other current receivables - Other		327	516
Cash and cash equivalents	(32) (33)	1 486	2 003
Assets held for sale - Pharma	(34)	3 408	0
Assets held for sale - PCC	(34)	53	0
Total assets		12 546	14 014
EQUITY & LIABILITIES			
Total equity		5 160	6 839
Share capital		1 271	1 271
Reserves		3 483	5 148
Non-controlling interests		406	419
Non-current liabilities		4 536	4 636
Long-term provisions: employee benefits	(31)	895	871
Other long-term provisions	(31)	766	952
Deferred tax liabilities	(12b)	196	175
Long-term financial debt	(32) (33)	2 635	2 590
Other non-current liabilities	(33)	44	48
Current liabilities		2 851	2 540
Short-term provisions: employee benefits	(31)	7	80
Other short-term provisions	(31)	61	63
Short-term financial debt	(32) (33)	185	212
Trade liabilities	(33)	828	1 489
Income tax payable		66	67
Other current liabilities	(33)	682	629
Liabilities associated with assets held for sale - Pharma	(34)	1 012	0
Liabilities associated with assets held for sale - PCC	(34)	11	0
Total equity & liabilities		12 546	14 014
RATIOS			
Return on equity (ROE)		10.8	26.7
Net debt to equity ratio		25.8	-42.4

ROE = net income of the Group / total equity before allocation of the revaluation reserve directly to equity.
Net debt to equity ratio = net debt / total equity.
Net debt = short and long-term financial debt less cash and cash equivalents.
Explanatory notes are found after the financial statements

Statement of changes in equity

	Equity attributable to equity holders of the parent									
						Revaluation reserve (Fair value)				
EUR Million	Share capital	Issue premiums	Retained earnings	Treasury shares	Currency translation differences	Available-for-sale investments	Cash flow hedges	Total	Non-controlling interests	**Total equity**
Balance at 31/12/2008	1 271	18	3 994	-226	-621	4	10	4 449	296	4 745
Net profit for the period			516					516	37	553
Income and expenses directly allocated to equity					9	17	-8	18	9	27
Comprehensive income			516		9	17	-8	534	46	580
Cost of stock options			10					10		10
Dividends			-241					-241	-11	-252
Acquisitions / sale of treasury shares				7				7		7
Increase (decrease) through changes in ownership interests in subsidiaries that do not result in loss of control									75	75
Other			-7					-7		-7
Balance at 31/12/2009	1 271	18	4 272	-218	-612	21	3	4 754	406	5 160
Net profit for the period			1 777					1 777	46	1 823
Income and expenses directly allocated to equity					238	-10	1	229	40	269
Comprehensive income			1 777		238	-10	1	2 006	86	2 092
Cost of stock options			10					10		10
Dividends			-240					-240	-8	-248
Acquisitions / sale of treasury shares				-83				-83		-83
Increase (decrease) through changes in ownership interests in subsidiaries that do not result in loss of control			-22					-22	-65	-86
Other			-6					-6		-6
Balance at 31/12/2010	1 271	18	5 791	-301	-374	11	4	6 419	419	6 839

Notes to the consolidated financial statements

IFRS accounting policies

The main accounting policies used in preparing these consolidated financial statements are set out below:

1. General information and applicable IFRS

Solvay (the “Company”) is a public limited liability company (société anonyme) governed by Belgian law and quoted on NYSE Euronext Brussels. The principal activities of the Company, its subsidiaries and its joint ventures (jointly the “Group”) are described in note 1 on segment information.

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union.

Reporting standards applicable for the first time to the year ending on December 31, 2010

New standards		**Effective for annual periods beginning on or after**
IFRS 3	Business Combinations	July 1, 2009
Amendments to standards		
IFRS 2	Group Cash-settled Share-based Payments	January 1, 2010
IAS 27	Consolidated and Separate Financial Statements	January 1, 2010
IAS 39	Financial Instruments: Recognition and Measurement – Eligible Hedged Items	July 1, 2009
Various	Improvements to IFRSs (2008-2009)	Mainly January 1, 2010
New interpretations		
IFRIC 12	Service Concession Arrangements	April 1, 2009
IFRIC 15	Agreements for the construction of real estate	January 1, 2010
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	July 1, 2009
IFRIC 17	Distributions of Non-cash Assets to Owners	November 1, 2009
IFRIC 18	Transfers of Assets from Customers	November 1, 2009

Adoption of these new standards and interpretations has the following main impacts:

- IFRS 3 (Revised 2008), Business Combinations
  The revised standard includes some significant changes. The purchase consideration to acquire a business, including contingent payments, should be recorded at fair value at the acquisition date, while subsequent adjustments to the contingent payments resulting from events after the acquisition date should be recognized in profit or loss. The so-called ‘full goodwill’ option, which can be elected on a case-by-case basis, allows the acquirer to measure the non-controlling interest in the acquiree either at fair value or at its proportionate share of the acquiree’s net assets. All acquisition-related costs, such as consulting fees, should be expensed.
- IAS 27 (Revised 2008), Consolidated and Separate Financial Statements.
  The revised standard requires the effects of all share transactions with non-controlling interests to be recorded in equity if there is no change in control. Consequently, such transactions will not result in goodwill or gains and losses recognized in profit or loss. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognized in profit or loss.

The first adoption of the following amendments to standards and new interpretations will not have a material impact on the financial statements:

- IFRS 2 (Amendment), Share-based Payment – Group cash-settled and share-based payment transactions, issued in June 2009. In addition to incorporating IFRIC 8, Scope of IFRS 2, and IFRIC 11, IFRS 2 – Group and Treasury Share Transactions, the amendments expand on the guidance in IFRIC 11 to address the classification of group arrangements that were not covered by that interpretation.
- IAS 39 (Amendment), Financial Instruments: Recognition and Measurement. This amendment deals with eligible hedged items.
- IFRIC 15, Agreements for the Construction of Real Estate, clarifies the recognition of revenue by real estate developers for sales of units, such as apartments or houses, 'off plan', before construction is complete.
- IFRIC 16, Hedges of a Net Investment in a Foreign Operation, clarifies that net investment hedging should relate to functional currency risk only and that hedging instruments may be held anywhere in the Group.
- IFRIC 17, Distributions of Non-cash Assets to Owners. The interpretation clarifies that (i) a dividend payable should be recognized when the dividend is appropriately authorized; (ii) an entity should measure the dividend payable at the fair value of the net assets to be distributed; and (iii) an entity should recognize the difference between the dividend paid and the carrying amount of the net assets distributed in profit or loss.
- IFRIC 18, Transfers of Assets from Customers, clarifies the requirements for agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services (such as a supply of electricity, gas or water).

Standards available for early adoption in the year ending on December 31, 2010

The Group has elected not to adopt in 2010 any standards or interpretations in advance of their effective application dates.

New standards		**Effective for annual periods beginning on or after**
IFRS 9	Financial Instruments	January 1, 2013
Amendments to standards		
IFRS 7	Financial Instruments: Disclosures – Derecognition	July 1, 2011
IAS 12	Income Taxes – Deferred Tax: Recovery of Underlying Assets	January 1, 2012
IAS 24	Related Party Disclosures	January 1, 2011
IAS 32	Classification of Rights Issues	February 1, 2010
Various	Improvements to IFRSs (2009-2010)	Various
New interpretations		
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	July 1, 2010
Amendments to interpretations		
IFRIC 14	IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction – Prepayments of a Minimum Funding Requirement	January 1, 2011

At this stage, the Group does not expect first adoption of the following standard, amendments to standards and new interpretations to have a material impact on the financial statements:

- IFRS 9 (Issued November 2009), Financial Instruments (effective from 1 January 2013). The present version of the new standard mainly simplifies the classification and measurement of financial assets and liabilities.
- IFRS 7 (Amendment) – Enhanced Derecognition Disclosure Requirements. The amendment introduces enhanced disclosure requirements to IFRS 7 to include information on off-balance sheet activities, such as transactions involving the transfer of financial assets (for example, securitizations).
- IAS 12 (Amendment) – Deferred Tax: Recovery of Underlying Assets. The amendment provides a practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model in IAS 40 – Investment Property
- IAS 24 (Revised 2009), Related Party Disclosures. This revision basically introduces exemptions for state-owned entities.
- IAS 32 (Amendment), Financial Instruments: Presentation. This amendment deals with the classification of rights issues.
- IFRIC 19, Extinguishing Financial Liabilities with Equity Instruments. This interpretation provides guidance on debt-for-equity swaps.
- IFRIC 14 (Amendment), IAS 19 – The Limit on a Defined-Benefit Asset, Minimum Funding Requirements and their Interaction. This amendment deals with the prepayments of a minimum funding requirement.

2. Basis for preparation

The consolidated financial statements are presented in thousands of euros, under the historical cost convention, except for investments held for trading and available for sale, which are stated at their fair value. Financial assets which do not have a quoted price in an active market and the fair value of which cannot be reliably measured are carried at cost. Unless explicitly stated, the accounting policies are applied consistently with the previous year.

3. Principles of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group’s equity therein. The interest of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interests’ proportionate share of the fair value of the acquiree’s identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests’ share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group’s interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group’s interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognized in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

4. Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognized in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant IFRSs. Changes in the fair value of contingent consideration classified as equity are not recognized.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 (2008) are recognized at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognized and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;

- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with IFRS 2 Share-based Payment; and

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see next paragraph below), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date – and is subject to a maximum of one year.

5. Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognized at the date of acquisition is recognized as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

6. Interests in joint ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control, that is when the strategic financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control.

Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities. The Group reports its interests in jointly controlled entities using proportionate consolidation, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. The Group's share of the assets, liabilities, income and expenses of jointly controlled entities are combined with the equivalent items in the consolidated financial statements on a line-by-line basis.

Any goodwill arising on the acquisition of the Group's interest in a jointly controlled entity is accounted for in accordance with the Group's accounting policy for goodwill arising in a business combination (see 4 above).

Where the Group transacts with its jointly controlled entities, unrealized profits and losses are eliminated to the extent of the Group's interest in the joint venture.

7. Goodwill

Goodwill arising in a business combination is recognized as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortized but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of an associate is described at 5 above.

8. Foreign currencies

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in Euros (EUR), which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognized in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see item 23 below for hedging accounting policies); and

- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in Euros using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate) under "currency translation differences".

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognized, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences is reattributed to non-controlling interests and is not recognized in profit or loss. For all other partial disposals (i.e. of associates or jointly controlled entities not involving a change of accounting basis), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

The main exchange rates used are:

		Year-end rate		Average rate	
		2009	**2010**	2009	**2010**
1 Euro =					
Pound Sterling	GBP	0.8881	0.8607	0.8910	0.8579
US Dollar	USD	1.4406	1.3362	1.3948	1.3258
Argentinian Peso	ARS	5.4839	5.3287	5.1983	5.1940
Brazilian Real	BRL	2.5113	2.2177	2.7671	2.3318
Thai Baht	THB	47.9860	40.1700	47.8063	42.0248
Japanese Yen	JPY	133.1600	108.6500	130.3325	116.2492

9. Retirement benefit costs

Contributions to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. Actuarial gains and losses that exceed 10 % of the greater of the present value of the Group's defined benefit obligation and the fair value of plan assets as at the end of the prior year are amortized over the expected average remaining working lives of the participating employees. Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognized in the statement of financial position (balance sheet) represents the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses and unrecognized past service cost, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to unrecognized actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

10. Non-recurring items

Non-recurring items mainly include:

- gains and losses on the sale of subsidiaries, joint-ventures, affiliates accounted for under the equity method that do not qualify as discontinued operations, available-for-sale investments; gains and losses on the sale of real estate not directly linked to an operating activity;
- restructuring charges associated with the shutdown of an activity;
- impairment losses resulting from the shutdown of an activity or a plant;
- impairment losses resulting from testing Cash-Generating Units[1] for impairment (a CGU includes tangible assets, intangible assets and allocated goodwill if any);
- the impact of significant litigation;
- the remediation costs related to shutdown sites or discontinued activities.

[1] CGU = the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

11. Income taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax are recognized as an expense or income in profit or loss, except when they relate to items that are recognized outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognized outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in the accounting for the business combination.

12. Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Agreements not in the legal form of a lease contract are analyzed with reference to IFRIC 4 to determine whether or not they contain a leasing contract to be accounted for in accordance with IAS 17.

Finance leases
Assets held under finance leases are initially recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position (balance sheet) as a finance lease obligation.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on borrowing costs (see 17 below). Contingent rentals are recognized as expenses in the periods in which they are incurred.

Operating leases
Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

13. Intangible assets

Intangible assets acquired in a business combination are initially measured at fair value; intangible assets acquired separately are initially measured at cost. After initial recognition, intangible assets are measured at cost or fair value less accumulated amortization and any accumulated impairment losses. Intangible assets are amortized on a straight-line basis over the best estimate of their useful lives. The amortization period and method are reviewed at each financial year-end. A change in the useful life of an intangible asset is accounted for prospectively as a change in estimate.

Licenses, patents and similar rights
Expenditure on acquired licenses, patents, trademarks and similar rights is capitalized and amortized on a straight-line basis over the contractual period, if any, or the estimated useful life, which is normally considered to be not longer than 20 years.

Research and Development costs
Research costs are charged in the period in which they are incurred.
Development costs are capitalized if, and only if all the following conditions are fulfilled:

- the product or process is clearly defined and the related costs are measured reliably and can be separately identified;
- the technical feasibility of the product has been demonstrated;
- the product or process will be placed on the market or used internally;
- the assets will generate future economic benefits (a potential market exists for the product or, where it is to be used internally, its future utility is demonstrated);
- the technical, financial and other resources required to complete the project are available.

The capitalized development costs are amortized on a straight-line basis over their useful lives.

Emission rights

CO_2 emission rights are accounted for based on IAS 38 (intangible assets), IAS 37 (provisions) and IAS 20 (government grants).

Emission rights which have been granted free of charge are accounted for as intangible assets at a symbolic one euro to the extent that they are 100 % subsidized, with a balancing entry in other current liabilities in the same amount.

To the extent that the rights granted to the Group for 2010 exceed actual emissions, no obligation exists at the statement of financial position (balance sheet) date, and no provision needs to be recorded.

Market sales of emission rights acquired free of charge generate a profit that is immediately recognized in income.

In the absence of any IASB standard or interpretation regulating the accounting treatment of CO_2 emission rights, the Group has applied the 'net approach', according to which:
- the allowances are recognized as intangible assets and measured at cost (the cost of allowances issued free of charge being therefore zero) and
- any short position is recognized as a liability at the fair value of the allowances required to cover the shortfall at the balance sheet date.

Other intangible assets

Other intangible assets mainly include customer lists and other intangible commercial assets, such as brand names, acquired separately or in a business combination. These are amortized on a straight-line basis over their estimated useful life.

14. Property, plant & equipment

The Group has opted for the historical cost model and not for the revaluation model. Property, plant and equipment acquired separately is initially measured at cost. Property, plant and equipment acquired in a business combination is initially measured at fair value, which thus becomes its deemed cost. After initial recognition, property, plant and equipment is measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes all direct costs and all expenditure incurred to bring the asset to its working condition and location for its intended use.

Depreciation is recognized so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year-end, with the effect of any changes in estimate accounted for on a prospective basis.

15. Useful lives

Depreciation/amortization is calculated on a straight-line basis, according to the useful life listed below:

Buildings	30 years
IT equipment	3 - 5 years
Machinery and equipment	10 - 20 years
Transportation equipment	5 - 20 years
Development costs	2 - 5 years
Patents, trademarks and other intangible assets	5 - 20 years

Depreciation/amortization is included in the income statement under cost of goods sold, commercial and administrative costs, and in R&D costs.

16. Impairment of tangible and intangible assets excluding goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

17. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

18. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.
Government grants relating to the purchase of property, plant and equipment are deducted from the cost of those assets. They are recognized in the balance sheet at their expected value at the time of initial government approval and corrected, if necessary, after final approval. The grant is amortized over the depreciation period of the underlying assets.
Other government grants are recognized as revenue over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

19. Inventories

Inventories are stated at the lower of purchasing cost (raw materials and merchandise) or production cost (work in progress and finished goods) and net realizable value. Net realizable value represents the estimated selling price, less all estimated costs of making the product ready for sale, including marketing, selling and distribution costs. Inventories are generally valued by the weighted average cost method.

Cost of inventories includes the purchase, conversion and other costs incurred to bring the inventories to their present location and condition.

20. Financial assets

All financial assets are recognized and derecognized on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.
Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.
Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.
However, the straight-line method is used instead, whenever it is a good approximation to the amortized cost rule i.e. when the difference between both methods is considered as not being significant at Group level.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets are classified as at fair value through profit or loss if they are held for trading. Financial assets at FVTPL are stated at fair value, with any resultant gains or losses recognized in profit or loss. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorized as at FVTPL unless they are designated and effective as hedges.

Held-to-maturity investments

Bills of exchange and debentures with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are measured at amortized cost using the effective interest method less any impairment, with revenue recognized on an effective yield basis.

Available-for-sale financial assets

Non-current available-for-sale assets include investments in entities which were not acquired principally for the purpose of selling in the short term, and which are neither consolidated nor accounted for using the equity method. Assets classified in this category are stated at fair value, with any resultant gains or losses recognized directly in equity, except if there exists an impairment loss, in which case the loss accumulated in equity is recycled to the income statement. However, they are stated at cost if they do not have a quoted price in an active market and their fair value cannot be reliably measured by alternative valuation methods.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. The Group's loans and receivables category comprises cash and cash equivalents, trade receivables, income tax receivables and loans and other non-current assets except pension fund surpluses. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, have original maturities of three months or less and are subject to insignificant risk of change in value. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate, except for short-term receivables or when the difference with the straight-line method would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are tested for impairment when there is objective evidence that they could be impaired. An impairment loss is directly recognized in the income statement. For trade receivables, amounts deemed uncollectible are written off against the allowance account for trade receivables at each balance sheet date. Additions to and recoveries from this allowance account are reported under ‘commercial and administrative costs’ in the income statement.

21. Financial liabilities

Financial liabilities are classified as either ‘financial liabilities at fair value through profit or loss (FVTPL)’ or ‘financial liabilities measured at amortized cost’.

Financial liabilities at fair value through profit or loss (FVTPL).

Financial liabilities are classified as at fair value through profit or loss if they are held for trading. Financial liabilities at FVTPL are stated at fair value, with any resultant gains or losses recognized in profit or loss. A financial liability is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorized as at FVTPL unless they are designated and effective as hedges.

Financial liabilities measured at amortized cost using the effective interest method.

Financial liabilities measured at amortized cost, including borrowings, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

The Group’s financial liabilities measured at amortized cost category comprises long-term financial debt, other non-current liabilities, short-term financial debt, trade liabilities and dividends payable included in other current liabilities.

Derecognition of financial liabilities.

The Group derecognizes financial liabilities when, and only when, the Group’s obligations are discharged, cancelled or they expire.

22. Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts, interest rate swaps and cross-currency swaps. Further details of derivative financial instruments are disclosed in note 33.

Derivatives are initially recognized at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Group designates certain derivatives as either hedges of the fair value of recognized assets or liabilities or firm commitments (fair value hedges), hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges), or hedges of net investments in foreign operations.

A derivative with a positive fair value is recognized as a financial asset whereas a derivative with a negative fair value is recognized as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realized or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

23. Hedge accounting

The Group designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk and energy risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Note 33 sets out details of the fair values of the derivative instruments used for hedging purposes.

Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognized in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognized in the line of the income statement relating to the hedged item.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortized to profit or loss from that date.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, and is included in the 'other financial gains and losses' line item.
Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognized in profit or loss, in the same line of the income statement as the recognized hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

Hedges of net investments in foreign operations

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in other comprehensive income and accumulated in the foreign currency translation reserve. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, and is included in the 'other financial gains and losses' line item.

Gains and losses on the hedging instrument relating to the effective portion of the hedge accumulated in the foreign currency translation reserve are reclassified to profit or loss in the same way as exchange differences relating to the foreign operation as described in item 8 above.

24. Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Onerous contracts

Present obligations arising under onerous contracts are recognized and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Restructurings

A restructuring provision is recognized when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

25. Segment information

Segment information is produced according to two distinct criteria: a business criterion based on the Group's Sectors of activity (the segments), and a geographical criterion based on the main countries.

26. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognized when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Royalties

Royalty revenue is recognized on an accrual basis in accordance with the substance of the relevant agreement (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably). Royalties determined on a time basis are recognized on a straight-line basis over the period of the agreement. Royalty arrangements, such as milestones and earn-outs, that are based on production, sales and other measures, are recognized by reference to the underlying arrangement.

Dividend and interest revenue

Dividend revenue from investments is recognized when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

Interest revenue is recognized when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Rental income

The Group's policy for recognition of revenue from operating leases is described in 12 above.

27. Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. For a sale to be highly probable, management should be committed to a plan to sell the asset (or disposal group), an active program to locate a buyer and complete the plan should be initiated, and the asset (or disposal group) should be actively marketed at a price which is reasonable in relation to its current fair value, and the sale should be expected to be completed within one year from the date of classification.

A discontinued operation is a component of an entity which the entity has disposed of or which is classified as held for sale, which represents a separate major line of business or geographical area of operations and which can be distinguished operationally and for financial reporting purposes.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Any excess of the carrying amount over the fair value less costs to sell is included as an impairment loss. Depreciation of such assets is discontinued as from their classification as held for sale. Comparative statement of financial position (balance sheet) information for prior periods is not restated to reflect the new classification in the statement of financial position (balance sheet).

28. Share options

Share options are measured at their fair value at the grant date. This fair value is assessed using the Monte Carlo option pricing model and is expensed on a straight-line basis over the vesting period of these rights, taking into account an estimate of the number of options that will eventually vest.

The policy described above is applied to all share options that were granted after 7 November 2002 and vested after 1 January 2005. No amounts have been recognized in the financial statements in respect of other share options.

29. Statement of Comprehensive Income

In accordance with IAS 1 Presentation of Financial Statement, an entity can elect to present either a single statement of comprehensive income or two statements, i.e. an income statement immediately followed by a comprehensive income statement. The Group elected to do the latter.

The components of other comprehensive income (OCI) are presented before related tax effects with one amount shown for the aggregate amount of income tax relating to those components.

30. Contingencies

Contingent assets are not recognized in the financial statements. They are disclosed if the inflow of economic benefits is probable. Contingent liabilities are not recognized in the financial statements, except if they arise from a business combination. They are disclosed unless the possibility of a loss is remote.

31. Events after the reporting period

Events after the reporting period which provide additional information about the company's position at the closing date (balance sheet) date (adjusting events) are reflected in the financial statements. Events after the reporting period which are not adjusting events are disclosed in the notes if material.

Critical accounting judgments and key sources of estimation uncertainty

Impairment

The Group performs annual impairment tests on goodwill and on cash-generating units for which there are indicators that the carrying amount might be higher than the recoverable amount. This analysis requires management to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate present value.

Further details are provided in notes 26 & 27.

Deferred tax assets

The carrying amount of a deferred tax asset is reviewed at each statement of financial position (balance sheet) date. The carrying amount of a deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilized. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

The corporate tax competence center, which has the overview of the Group deferred tax situation, is systematically involved in assessing deferred tax assets.

Further details are provided in note 11b.

Employment benefits provisions

The actuarial assumptions used in determining the pension obligation at December 31 as well as the annual cost can be found in note 31. All main employee benefits plans are assessed annually by independent actuaries. Discount rates and inflation rates are defined globally by management, the other assumptions (such as future salary increases, expected long-term rates of return on plan assets and expected rates of medical care cost increases) are defined at a local level. All plans are supervised by the Group's central HR department with the help of one central actuary to check the acceptability of the results and assure uniformity in reporting.

Health, Safety and Environmental Provisions (HSE)

HSE provisions are managed and coordinated jointly by an HSE competence center and corporate finance in cooperation with the strategic business units and local management.

The forecasts of expenses are set up in constant currency, with assumptions regarding inflation and technological innovations in the environmental field.

The forecasts of expenses are discounted to present value in accordance with IFRS rules.
The discount rate (4% in 2009 and 2010) corresponds to an average risk-free rate on 10-year government bonds. This rate is set annually by Solvay's Corporate Finance department and can be revised based on the evolution of economic parameters of the country involved.

To reflect the nearness of the probable date of incurrence of the expenses, the provisions are increased each year on a prorated basis at the discount rate defined by Solvay's Corporate Finance department. This increase is applied systematically to provisions for expenses expected to be incurred within the next 10 years. Provisions in the 10-20 year bracket are examined annually and updated if necessary.

Further details are provided in note 31.

Provisions for litigation

All significant legal litigation[1] (or threat of litigation) is reviewed by Solvay's in-house lawyers with the support, when appropriate, of external counsels at least every quarter. This review includes an assessment of the need to recognize provisions or adapt existing provisions together with Solvay's Corporate Finance department and the Insurance department. The resulting report is submitted to the Executive Committee by the Group general counsel and thereafter to the Audit Committee.

Milestones linked to the sale of the pharmaceutical business

Among the additional potential cash payments of up to EUR 300 million if specific milestones are met between 2011 and 2013, management considers that the first two milestones of EUR 100 million each are probable. Consequently their discounted value (at 4%) has been recorded as being part of the gain on the sale of the pharmaceutical business.

Further details are provided in note 12.

Fair value adjustments for business combinations

In accordance with IFRS 3 'Business Combinations', the Group remeasures the assets, liabilities and contingent liabilities acquired through a business combination to fair value. Where possible, fair value adjustments are based on external appraisals or valuation models, e.g. for contingent liabilities and intangible assets which were not recognized by the acquiree. Internal benchmarks are often used for valuing specific production equipment. All of these valuation methods rely on various assumptions such as estimated future cash flows, remaining useful economic life etc.

Further details are provided in note 21.

[1] A similar procedure is implemented for tax litigation.

General description of the segments

The five segments are Chemicals, Plastics, New Business Development (NBD), Corporate & Business Support (CBS) and Pharmaceuticals (discontinued operations).

The **Chemicals** segment operates in 4 different clusters:

Minerals
- Soda ash and related specialties (bicarbonate),
- Advanced Functional Minerals (precipitated calcium carbonate).

Electrochemistry, fluorinated products
- Electrochemicals and derivatives (caustic soda, epichlorohydrin),
- Fluorinated products.

Oxygen
- Hydrogen peroxide,
- Detergents (persalts).

Organics (Molecular Solutions)

The **Plastics** segment operates in 2 different clusters:

Specialties
- Specialty polymers (high and ultra-high performance polymers like fluorinated polymers, elastomers and fluids, barrier materials, polyarylamides, polysulfones, high performance polyamides, liquid crystal polymers);
- Inergy Automotive Systems[1] (50/50 joint venture with Plastics Omnium).

Vinyls
- Vinyls (integrated electrolysis chain, VCM (monomer), PVC (polymer) and PVC compounds),
- Pipelife (50/50 joint venture with Wienerberger).

The **New Business Development (NBD)** segment includes the research activities undertaken outside the Strategic Business Units in promising and important areas for the development of the Group.

The **Corporate & Business Support (CBS)** segment consists of the staff and installations of the various Group headquarters which provide support to the other segments, along with certain sites where industrial operations have been discontinued.

The Group sold its entire Pharmaceutical business on February 15, 2010. Consequently, the results of the Pharmaceuticals segment are presented as discontinued operations.

The first four segments are extensively described in the general section of this report.

[1] On September 8, 2010, Plastic Omnium purchased Solvay's stake in Inergy Automotive Systems. The 2010 income statement of the Plastics segment includes the results of Inergy Automotive Systems up to June 30, 2010.

Notes to the income statement

(1) Financial data by Business Segment

The Chemicals, Plastics and New Business Development (NBD) segments are extensively described in the general section of this report. The Corporate & Business Support (CBS) segment consists of the staff and installations of the various Group headquarters which are not specifically attributable to the other three segments, along with certain sites where industrial operations have been discontinued.

Information per business segment for 2009 is presented below:

2009 EUR Million **Income statement items**	Chemicals	Plastics	New Business Development	Corporate & Business Support	Total from Continuing operations	Discontinued operations (Ph)	Group Total
Sales	2 881	3 499	0	0	6 380	2 791	9 171
- Inter-segment sales[1]	-169	-518	0	0	-686	0	-686
External sales	2 713	2 982	0	0	5 694	2 791	8 485
Gross margin	517	454	0	0	972	2 019	2 991
REBIT	268	86	-25	-19	310	658	969
Non-recurring items	-56	-15	0	126	56	-161	-105
EBIT	213	71	-25	107	366	498	864

Cash flow items	Chemicals	Plastics	New Business Development	Corporate & Business Support	Total from Continuing Operations	Discontinued Operations (Ph)	Group Total
EBIT	213	71	-25	107	366	498	864
Recurrent depreciation and amortization	168	212	1	8	388	82	470
Impairments	21	0	0	0	21	4	25
Changes in provisions and other non-cash items	-12	-38	0	-189	-239	39	-200
Changes in working capital	94	68	-1	46	208	-160	48
Cash flow from operating activities before taxes	484	313	-25	-28	744	464	1 208
Capital expenditures	-244	-254	-13	-12	-522	-45	-567
Cash flow from investing activities	-237	-196	-13	-11	-456	-30	-486

Balance sheet and other items	Chemicals	Plastics	New Business Development	Corporate & Business Support	Total from Continuing Operations	Discontinued Operations (Ph)	Group Total
Investments[2]	2 212	2 172	28	171	4 583	2 598	7 181
Working capital[3]	374	494	0	-120	748	260	1 008
Provisions	788	257	0	683	1 729	363	2 091
Headcount at January 1 of following year	8 721	8 402	0	1 869	18 992	9 212	28 204

1 Inter-segment transfer prices are based on market prices.
2 Non-current assets with the exception of deferred tax assets and other long-term receivables.
3 Short-term assets and liabilities and other non-current assets and liabilities, with the exception of dividends payable.

Information per business segment for 2010 is presented below:

2010 EUR Million **Income statement items**	Chemicals	Plastics	New Business Development	Corporate & Business support	Total from Continuing Operations	Discontinued Operations (Ph)	Group Total
Sales	3 189	4 502	0	0	7 691	312	8 003
- Inter-segment sales[1]	-177	-718	0	0	-895	0	-895
External sales	3 012	3 784	0	0	6 796	312	7 109
Gross margin	588	713	0	0	1 301	222	1 523
REBIT	312	360	-26	-45	602	31	633
Non-recurring items	-336	86	0	-78	-328	0	-328
EBIT	-24	446	-26	-123	274	31	305

Cash flow items	Chemicals	Plastics	New Business Development	Corporate & Business Support	Total from Continuing Operations	Discontinued Operations (Ph)	Group Total
EBIT	-24	446	-26	-123	274	31	305
Recurrent depreciation and amortization	187	222	0	8	417	0	417
Impairments	289	11	0	0	300	0	300
Changes in provisions and other non-cash items	-4	-135	0	-35	-174	0	-174
Changes in working capital	14	-65	0	3	-47	5	-42
Cash flow from operating activities before taxes	462	480	-25	-147	769	36	805
Capital expenditures	-219	-296	-12	-12	-538	0	-538
Cash flow from investing activities	-437	-8	-12	3	-454	4 430	3 976

Balance sheet and other items	Chemicals	Plastics	New Business Development	Corporate & Business Support	Total from Continuing Operations	Discontinued Operations (Ph)	Group Total
Investments[2]	2 214	2 175	35	136	4 561	0	4 561
Working capital[3]	370	594	0	77	1 040	0	1 040
Provisions	812	268	0	887	1 967	0	1 967
Headcount at January 1 of following year	8 390	6 617	0	1 778	16 785	0	16 785

1 Inter-segment transfer prices are based on market prices.
2 Non-current assets with the exception of deferred tax assets and other long-term receivables.
3 Short-term assets and liabilities and other non-current assets and liabilities, with the exception of dividends payable.

In 2009 and 2010, the Group presents the Pharmaceuticals segment as discontinued operations as defined by IFRS 5.

External sales by cluster (continuing operations) are presented below:

EUR Million	2009	2010
Chemicals	2 713	3 012
Minerals	1 263	1 359
Electrochemistry and fluorinated products	986	1 124
Oxygen	441	505
Organics [1]	22	23
Plastics	2 982	3 784
Specialties [2]	1 251	1 438
Vinyls [3]	1 731	2 346

1. SBU Molecular Solutions
2. Including SBUs Specialty Polymers and Inergy Automotive Systems
3. Including SBUs Vinyls and Pipelife

(2) Financial data by country and region

Group sales by market location are as follows:

	Continuing Operations				Discontinued Operations (Ph)				Group Total			
EUR million	2009	%	2010	%	2009	%	2010	%	2009	%	2010	%
Belgium	259	5%	356	5%	90	3%	9	3%	349	4%	365	5%
Germany	642	11%	725	11%	141	5%	14	4%	783	9%	739	10%
Italy	497	9%	536	8%	104	4%	12	4%	601	7%	548	8%
France	516	9%	528	8%	164	6%	19	6%	681	8%	547	8%
Spain	363	6%	354	5%	134	5%	14	4%	498	6%	368	5%
Other Western Europe	844	15%	982	14%	359	13%	33	11%	1 203	14%	1 015	14%
Western Europe	3 123	55%	3 481	51%	992	36%	102	33%	4 115	48%	3 583	50%
Eastern Europe (*)	296	5%	339	5%	327	12%	47	15%	623	7%	386	5%
Egypt	16	0%	31	0%	5	0%	1	0%	21	0%	32	0%
EMEA - Other	150	3%	172	3%	115	4%	10	3%	265	3%	182	3%
EMEA	3 585	63%	4 024	59%	1 439	52%	159	51%	5 024	59%	4 183	59%
United States	846	15%	959	14%	966	35%	109	35%	1 812	21%	1 068	15%
Nafta - other	101	2%	113	2%	86	3%	10	3%	187	2%	123	2%
Nafta	947	17%	1 072	16%	1 052	38%	119	38%	1 999	24%	1 191	17%
Brazil	429	8%	518	8%	36	1%	3	1%	465	5%	522	7%
Argentina	124	2%	150	2%	1	0%	0	0%	125	1%	150	2%
Mercosur - other	56	1%	58	1%	10	0%	3	1%	66	1%	61	1%
Mercosur	608	11%	726	11%	48	2%	6	2%	656	8%	733	10%
Asia-Pacific	554	10%	974	14%	253	9%	28	9%	806	9%	1 002	14%
Total	5 694	100%	6 796	100%	2 791	100%	312	100%	8 485	100%	7 109	100%

(*) Russia and Bulgaria

Invested capital and capital expenditure by geographical segment are shown below.

	Invested Capital				Capital Expenditures			
EUR million	2009	%	**2010**	**%**	2009	%	**2010**	**%**
Belgium	854	10%	569	10%	50	9%	37	7%
Germany	772	9%	565	10%	88	16%	27	5%
France	779	10%	502	9%	69	12%	49	9%
Italy	713	9%	737	13%	48	9%	45	8%
Spain	311	4%	280	5%	20	3%	34	6%
Other Western Europe	1 917	23%	306	5%	39	7%	58	11%
Western Europe	5 346	65%	2 961	53%	314	55%	252	47%
Eastern Europe (*)	366	4%	394	7%	77	14%	103	19%
Egypt	107	1%	90	2%	1	0%	3	1%
EMEA	5 819	71%	3 445	61%	391	69%	358	67%
United States	1 349	16%	1 074	19%	70	12%	40	7%
Nafta - other	91	1%	24	0%	3	0%	1	0%
Nafta	1 439	18%	1 098	20%	74	13%	41	8%
Brazil	410	5%	412	7%	31	5%	26	5%
Argentina	102	1%	104	2%	15	3%	12	2%
Mercosur - other	0	0%	0	0%	0	0%	0	0%
Mercosur	512	6%	515	9%	46	8%	37	7%
Asia-Pacific	418	5%	543	10%	56	10%	102	19%
Total	8 188	100%	5 602	100%	567	100%	538	100%

(*) Russia and Bulgaria

Of which discontinued operations:

	Invested Capital				Capital Expenditures			
EUR Million	2009	**%**	**2010**	**%**	2009	**%**	**2010**	**%**
Belgium	285	10%	0	0%	1	3%	0	0%
Germany	149	5%	0	0%	3	6%	0	0%
France	208	7%	0	0%	3	7%	0	0%
Italy	14	0%	0	0%	0	0%	0	0%
Spain	29	1%	0	0%	3	7%	0	0%
Europe - other	1 691	59%	0	0%	8	17%	0	0%
Europe	2 377	83%	0	0%	18	40%	0	0%
United States	348	12%	0	0%	25	57%	0	0%
NAFTA - other	61	2%	0	0%	1	2%	0	0%
NAFTA	409	14%	0	0%	26	59%	0	0%
Brazil	39	1%	0	0%	0	0%	0	0%
Argentina	0	0%	0	0%	0	0%	0	0%
Mercosur - other	0	0%	0	0%	0	0%	0	0%
Mercosur	39	1%	0	0%	0	0%	0	0%
Asia-Pacific and other	32	1%	0	0%	1	1%	0	0%
Total	2 858	100%	0	0%	45	100%	0	0%

(3) Gross margin

Expressed as a percentage of sales, gross margin amounts to 21.4% in 2010, compared to 35.2% in 2009.

(3.1) Continuing operations

Expressed as a percentage of sales, gross margin (Chemicals and Plastics segments) amounts to 19.1%, compared to 17.1 % in 2009. The increase reflects improvement in sales volumes across all activities, notably in Specialty Polymers.

(3.2) Discontinued operations – Pharmaceuticals segment

The Pharmaceuticals income statement has been reported under discontinued operations until the closing date (February 15, 2010), which means during 45 days in 2010.

(4) Commercial and administrative costs

The Group's commercial and administrative costs decreased overall by 53.2% between 2009 and 2010.

(4.1) Continuing operations

Commercial and administrative expenses increased overall by EUR 28 million between 2009 and 2010.

Commercial expenses increased by EUR 8 million due to the exchange rate impact.

Administrative expenses increased by EUR 20 million, due mainly to the exchange rate impact and additional legal expenses in Italy (EUR 13 million). In addition, some increase was due to the fact that continuing operations could no longer invoice some administrative expenses to the discontinued Pharmaceuticals operations. This increase will be compensated over time by the Horizon cost reductions.

(4.2) Discontinued operations – Pharmaceuticals segment

Commercial and administrative costs of the discontinued operations decreased overall by 86.0% between 2009 and 2010, as the costs have been reported in 2010 only until the closing date of the sale of these activities to Abbott.

(5) Research and Development costs

(5.1) Continuing operations

Research and development costs decreased by 2.2% between 2009 and 2010. The costs for continuing operations are mainly related to the Specialty Polymers Business and to the New Business Development. The decrease is due to the sale of Inergy Automotive Systems.

(5.2) Discontinued operations – Pharmaceuticals segment

Research and development costs of the discontinued operations decreased by 89.2% between 2009 and 2010.

(6) Other operating gains and losses

	Continuing Operations		Discontinued Operations (Ph)		Group Total	
EUR Million	2009	**2010**	2009	**2010**	2009	**2010**
Start-up, formation and preliminary study costs	-9	-9	-4	0	-13	-9
Cost of closures and demolitions	-7	-10	0	0	-6	-10
Costs of trials and tests	-2	-4	0	0	-2	-4
Income from investments and interest on loans to joint ventures and non-consolidated companies	6	10	6	0	12	10
Net gain (+) / loss (-) on financial assets classified as held for trading	11	7	-8	0	2	7
Balance of other gains and losses	11	2	13	-11	23	-9
Other operating gains and losses	10	-3	6	-11	16	-14

(6.1) Continuing operations

The balance of other gains and losses includes in particular:

- EUR 16 million of earnings from the sale of underground cavities in Germany, against EUR 45 million for 2009;
- EUR 11 million from the sale of Brazilian energy supply credits;
- EUR -7 million for reorganization charges, against EUR -10 million in 2009;
- EUR -9 million (EUR -26 million in 2009) for temporary plant shutdowns;
- EUR -8 million in the Chemicals segment for excise duties regularization in 2010;
- EUR +7 million in the Chemicals segment for the sale of CO_2 rights in 2010;
- EUR -8 million for the curtailment of a pension plan in France in 2009.

(6.2) Discontinued operations – Pharmaceuticals segment

No significant amount was posted in 2010.

(7) REBIT (recurring EBIT)

REBIT decreased by 34.7 % from EUR 969 million to EUR 633 million in 2010.

(7.1) Continuing operations

REBIT of the continuing operations (Chemicals segment, Plastics segment and Corporate and Business Support) increased by 94.2 % from EUR 310 million to EUR 602 million in 2010.

(7.2) Discontinued operations – Pharmaceuticals segment

REBIT decreased by 95.3 % from EUR 658 million to EUR 31 million in 2010 as the results have been reported in 2010 only until the closing date of the sale of these activities to Abbott.

(8) Non-recurring items

Non-recurring items mainly include:

- gains and losses on the sale of subsidiaries, joint-ventures, affiliates accounted for under the equity method that do not qualify as discontinued operations, available-for-sale investments; gains and losses on the sale of real estate not directly linked to an operating activity;
- restructuring charges associated with the shutdown of an activity;
- impairment losses resulting from the shutdown of an activity or a plant;
- impairment losses resulting from testing Cash-Generating Units[1] for impairment (a CGU includes tangible assets; intangible assets and allocated goodwill if any);
- the impact of significant litigation;
- the remediation costs related to shutdown sites or discontinued activities.

Non-recurring items break down as follows:

		Continuing Operations		Discontinued Operations (Ph)		Group Total
EUR Million	2009	**2010**	2009	**2010**	2009	**2010**
Impairments	-21	-311	-4	0	-25	-311
Other expenses and income	77	-18	-156	0	-80	-18
Non-recurring items	56	-328	-161	0	-105	-328

In 2010, the impairments for continuing operations (see also note 27) relate to:

- the impairment of the Cash-Generating unit Soda Ash Europe amounting to EUR -245 million;
- other impairments for Chemicals (EUR -56 million, mainly in Bussi and Bitterfeld) and Plastics (EUR -10 million for Olefins in France).

In 2009, the impairments for continuing operations mainly relate to the restructuring of Peptisyntha for EUR -15 million.

Other expenses for continuing operations in 2010 were impacted by:

- the capital gain before taxes for Inergy Automotive Systems (EUR +139 million);
- the Horizon costs (EUR -78 million), of which EUR -68 million have been posted to the CBS Segment as it is not yet possible to allocate all these costs to the segments in the new organization;
- an environmental provision of EUR -21 million for remediation and containment works in Spinetta (Italy).

Other expenses and income for continuing and discontinued operations take into account the following treatment in 2009 of provisions for Pharmaceutical risks allocated to Corporate and Business Support until 2008:

- the partial reversal of these provisions in an amount of EUR 29 million (with a positive impact on Corporate and Business Support);
- the decision taken by Solvay, in the perspective of the closing with Abbott, to transfer the balance of these provisions on December 31 from Corporate and Business Support to “Discontinued Operations”. This allocation is neutral at the consolidated level.

Apart from this reallocation, other expenses for discontinued operations in 2009 related to:

- the settlement of consumer protection lawsuits based on allegedly deceptive advertising relating to the regulatory status of Estratest products in the USA (EUR -34 million, USD -47 million); and
- the liquidation of Solvay Organics US (EUR -12 million).

[1] CGU = the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

For continuing operations, other expenses in 2009 were impacted by:

- the mothballing of a peroxide plant in Germany for EUR -11 million;
- the profit of EUR 9 million on the sale of Sofina shares;
- the increase of a provision in the context of an intellectual property litigation relating to the HDPE business divested in 2005 (EUR -25 million, USD -35 million);
- the reversal of pension provisions for US discontinued operations (EUR 13 million).

(9) Charges on net indebtedness

	Continuing Operations		Discontinued Operations (Ph)		Group Total	
EUR Million	2009	**2010**	2009	**2010**	2009	**2010**
Cost of borrowings - Interest expense for financial liabilities at amortized cost	26	-142	-161	-4	-135	-146
Interest income on cash and cash equivalents (excluding bonds and treasury bills < 3 months)		7	9	1	9	8
Interest income on bonds and treasury bills < 3 months (held to maturity at amortized cost)		3				3
Interest income on bonds and treasury bills > 3 months (held to maturity at amortized cost)		9				9
Interest income on financial assets available for sale		5				5
Other gains and losses on net indebtedness	1	-10	-26		-25	-10
Cost of discounting provisions	-54	-52	-10		-64	-52
Charges on net indebtedness	-27	-181	-188	-3	-215	-184

Interest income on financial assets at amortized cost + Interest income on financial assets held to maturity + Interest income on financial assets available for sale = Interest on lending and term deposits (see income statement).The corresponding financial assets are included on the balance sheet under the headings "Other current receivables – Financial instruments" and "Cash and cash eqivalents".

The cost of the internal debt for discontinued operations (EUR -161 million in 2009) was taken over at closing date in 2010 by the continuing operations.
The average net financial situation for 2010 amounted to EUR 2 039 million (excess treasury), compared to an average net indebtedness of EUR 1 810 million in 2009.

Charges on net indebtedness were EUR 184 million at the end of 2010 compared to EUR 215 million at the end of 2009. As of January 1, 2010 (2009 restated), they include the cost of discounting provisions and the interest income on the investment of the proceeds of the sale of the Pharmaceuticals activities (EUR 4.5 billion) and of Inergy Automotive Systems (EUR 268 million) in short duration government bonds and highest rated treasury instruments.

The cost of discounting provisions decreased from EUR 64 million at the end of 2009 to EUR 52 million at the end of 2010.

Interest income amounted to EUR 24 million in 2010 compared to EUR 9 million in 2009. Annual cash yield at the end of December 2010 was 0.5%.

Borrowing costs incorporated into the cost of assets amounted to EUR 3 million in 2010 (EUR 2 million in 2009).

The weighted average capitalization rate used is 5% a year (4.2% a year in 2009).

Average interest charges on borrowings (excluding the capitalized interest and the cost of discounting provisions) increased from 5.1 % in 2009 to 5.3% in 2010.

The other gains and losses were less impacted in 2010 by the cost of funding of our development in the Eastern European countries in local currencies, including in Russia and Bulgaria.

The breakdown of the charges on net indebtedness between continuing activities and discontinued operations reflects the internal financing situation of the Group.

(10) Income/loss from available-for-sale investments

In 2010, income from available-for-sale investments is close to zero.

In 2009, the impairment loss amounted to EUR -5 million due to losses on available-for-sale investments in the New Business Development area.

(11) Income taxes and deferred taxes

(11a) Income taxes

Components of the tax charge

The tax charge breaks down as follows:

	Continuing Operations		Discontinued Operations (Ph)		Group Total	
EUR Million	2009	**2010**	2009	**2010**	2009	**2010**
Current taxes related to current year	-79	-106	-74	-1	-153	-107
Current taxes related to prior years	-3	-27	13	0	10	-27
Deferred income tax	-3	136	54	-3	52	132
Tax effect of changes in the nominal tax rates on deferred taxes	0	0	1	0	1	0
Total	-85	3	-5	-4	-90	-1

EUR Million	2009	**2010**	2009	**2010**	2009	**2010**
Income tax on items allocated directly to equity	-12	0	-6	0	-18	0
Total	-12	0	-6	0	-18	0

Reconciliation of the tax charge

The effective tax charge has been reconciled with the theoretical tax charge obtained by applying to the pre-tax profit of each Group entity the nominal tax rate prevailing in the country in which it operates.

	Continuing Operations		Discontinued Operations (Ph)		Group Total	
EUR Million	2009	**2010**	2009	**2010**	2009	**2010**
Earnings before taxes	333	93	310	1 732	643	1 824
Reconciliation of the tax charge						
Total tax charge of the Group entitites computed on the basis of the respective local nominal rates	-104	-31	-76	-484	-180	-515
Weighted average nominal rate	31%	32%	24%	28%	28%	28%
Tax effect of non-deductible expenses	-150	-61	-70	-249	-219	-311
Tax effect of tax-exempt revenues	220	211	69	729	289	940
Tax effect of changes in tax rates	0	0	1	0	1	0
Tax effect of current and deferred tax adjustments related to prior years	19	58	66	0	86	58
Unrecognized deferred tax assets	-71	-174	3	0	-67	-174
Effective tax charge	-85	4	-5	-5	-90	-1
Effective tax rate	26%	-4%	2%	0%	14%	0%

(*) Tax charge (+) / Tax credit (-)

Analysis of the tax charge

The Group's effective tax rate (0 %) is lower than the weighted average nominal rate (28 %), resulting mainly from the capital gains realized on the sale of the Pharmaceuticals segment and of Inergy Automotive Systems with a minimum tax charge.

(11b) Deferred taxes in the statement of financial position (balance sheet)

The deferred taxes recorded in the statement of financial position (balance sheet) fall into the following categories:

2010 EUR Million	**Balance at December 31, 2008**	**Balance at December 31, 2009**	Recognized in income statement	Recognized in OCI	Recognized in equity	Reclassified from equity to the income statement	Acquisitions / Disposals	Other	**Balance at December 31, 2010**
Temporary differences									
Employee benefits obligations	192	134	28				-1		161
Provisions other than employee benefits	159	168	11						178
Tangible assets	-168	-126	77				-3		-52
Intangible assets	-4	-4					4		
Tax losses	483	537	89				-10		616
Tax credits	128	76	32				-1		107
Assets held for sale									
Other	-23	-58	70	-1			-11	-2	-3
Total (net amount)	767	726	306	-1			-22	-2	1 007
Unrecognized deferred tax assets - Continuing operations	-379	-439	-174				17		-596
Unrecognized deferred tax assets - Assets held for sale									
Total unrecognized deferred tax assets	-379	-439	-174				17		-596
Total	388	287	132	-1			-5	-2	411
Discontinued operations									
Assets and related liabilities held for sale - Pharma		194					-194		
Total (gross amount)		194					-194		
Assets and related liabilities held for sale - Pharma		-59					59		
Total unrecognized deferred tax assets		-59					59		
Total (net amount)		135					-135		
Total (net amount)	388	422	132	-1			-140	-2	411
Deferred tax assets in statement of financial position (balance sheet).									586
Deferred tax liabilities in statement of financial position (balance sheet).									-175

In the table above, the balance at December 31, 2009 includes the amounts of deferred taxes presented as “Assets held for sale” and “Liabilities associated with assets held for sale” in the balance sheet linked to the precipitated calcium carbonate activities (EUR 1 million of deferred tax assets and EUR 5 million of deferred tax liabilities).

No deferred tax asset has been recognized for tax losses and temporary differences which are not likely to be recovered in the future. These unrecognized deferred tax assets amount to EUR 596 million.

Other information

All the Group's tax loss carry-forwards have generated deferred tax assets (some of which have not been recognized). These carried-forward tax losses generating deferred tax assets are given below by expiration date.

EUR Million	2009	2010
Within 1 year	6	32
Within 2 years	17	35
Within 3 years	61	63
Within 4 years	84	49
Within 5 or more years	216	101
No time limit	868	603

Of which discontinued operations

EUR Million	2009	2010
Within 1 year	0	0
Within 2 years	0	0
Within 3 years	0	0
Within 4 years	12	0
Within 5 or more years	36	0
No time limit	267	0

(12) Discontinued operations

(12a) Disposal of the Pharmaceuticals segment

The Board of Directors decided at the end of September 2009 to refocus the activities of the Solvay group and to sell its entire pharmaceutical business in order to accelerate its strategy of profitable and sustainable growth.

The Group's pharmaceuticals activities were sold on February 15, 2010 to Abbott for a total Enterprise Value of about EUR 5.2 billion that was later on adjusted to EUR 5.1 billion. This includes a first cash payment at closing of EUR 4.5 billion and additional potential cash payments of up to EUR 300 million if specific milestones are met between 2011 and 2013. It also includes the assumption of certain liabilities and sale price adjustments, which Solvay valued at approximately EUR 300 million.

The closing of this transaction took place on February 15, 2010. The after-taxes capital gain on the transaction amounted to EUR 1.7 billion on January 1, 2010 and has been accounted for in the Group 2010 results in "discontinued operations".

The details of the capital gain are shown below:

Calculation of the Capital Gain as of December 31:

EUR Billion	
Initial Sale Price	4.50
Milestones	0.30
Unfunded pension liabilities	0.30
Adjustment for working capital	0.00
Total Enterprise Value	5.10
Pharma historical equity net of financial and pension liability as of 12/2009	-2.87
Adjustment assets deal	0.00
Net profit Pharma from January 1, 2010 until Closing Date	-0.03
Reduction in financial debt from January 1 until Closing Date	0.03
Pharma historical equity net of financial and pension liability at closing	-2.87
Unrecognized pension liabilities and provisions for pension litigation	-0.17
Fair value adjustment of milestones	-0.11
Recycling of unrealized gains and losses	0.00
Provisions for ongoing litigation and transaction costs	-0.24
Reversal of provisions in non Pharma companies	0.00
Taxes on capital gain	0.00
Total capital gain	1.70

The capital gain on the sale of the Pharmaceuticals segment at the end of 2010 amounts to EUR 1.7 billion. This capital gain is in line with the one estimated on January 1, 2010 and published in the press release at the closing.

Some adjustments to the capital gain have been posted since the press release issued at the closing. Their impact on the capital gain is as follows:

- no adjustment of the purchase price for the working capital has been taken into account (negative impact of EUR -0.06 billion) as it is not possible to anticipate the outcome as well as the magnitude of the amount to be paid to or received from Abbott (not until mid-2011);
- the provisions for pension litigation have been updated (positive impact of EUR +0.04 billion);
- taxes on capital should be lower than initially expected (positive impact of EUR +0.02 billion);
- other provisions for ongoing litigation should be lower than initially expected (positive impact of EUR +0.01 billion).

In respect of provisions and other adjustments, the potential future differences between the actual post-closing payments and the estimated amounts used in calculating the capital gain will also be booked as post-closing adjustments to the capital gain in the “discontinued operations” of the Group results.

(12b) Analysis of profit for the year from discontinued operations

The Pharmaceuticals income statement has been reported under discontinued operations until the closing date (February 15, 2010), which means during 45 days in 2010. This explains the variances between 2009 and 2010.

EUR Million	Notes	2009	**2010**
Net sales		2 791	312
Cost of goods sold		-772	-90
Gross margin	(3)	2 019	222
Commercial and administrative costs	(4)	-951	-134
Research and development costs	(5)	-416	-45
Other operating gains and losses	(6)	6	-11
REBIT	(7)	658	31
Non-recurring items	(8)	-161	0
EBIT		498	31
Cost of borrowings	(9)	-161	-4
Interest on lending and term deposits	(9)	9	1
Other gains and losses on net indebtedness	(9)	-26	0
Cost of discounting provisions (*)	(10)	-10	0
Income/loss from available-for-sale investments	(11)	0	0
Results before taxes		310	28
Income taxes	(11a)	-5	-4
Net income for the year	(13)	305	24

(*) The cost of discounting provisions for discontinued operations (EUR 10 million in 2009) has been transferred from operating to financial charges given the financial nature of this item.

(13) Group net income

The cost of discounting provisions (EUR 64 million on December 31, 2009 and EUR 52 million on December 31, 2010) was transferred from operating to financing charges.

Net income amounts to EUR 1 823 million in 2010 and includes the capital gain on Pharmaceuticals (EUR 1 703 million) and a net income of discontinued operations before the closing with Abbott of EUR 24 million). Net income of continuing operations, amounted in 2010 to EUR 97 million, down EUR -151 million compared with 2009. The main elements explaining this difference are:

- a higher REBIT from continuing operations (EUR +292 million);
- higher non-recurring net expenses (EUR – 384 million);
- higher financing expenses (EUR -154 million) as the cost of the internal debt of discontinued operations (EUR -161 million in 2009) was taken over at closing date in 2010 by continuing operations;
- lower income taxes (EUR +89 million).

The non-controlling interest in this net income figure is EUR 46 million compared with EUR 37 million in 2009.

(14) Earnings per share

Number of shares	2009	**2010**
Weighted average number of ordinary shares (basic) (in thousands)	82 143	81 320
Dilution effect of subscription rights	43	179
Weighted average number of ordinary shares (diluted) (in thousands)	82 186	81 499

	Basic	Diluted	Basic	Diluted
Net income of the year (Solvay share) including discontinued operations (in thousands)	515 735	515 735	1 776 951	1 776 951
Net income of the year (Solvay share) excluding discontinued operations (in thousands)	213 000	213 000	50 676	50 676
Earnings per share (including discontinued operations) (in EUR)	6.28	6.28	21.85	21.80
Earnings per share (excluding discontinued operations) (in EUR)	2.59	2.59	0.62	0.62

The basic earnings per share amount is obtained by dividing net income by the number of shares.

The diluted earnings per share amount is obtained by dividing net income by the number of shares, increased by the number of potentially diluting shares attached to the issue of share options. For the purpose of calculating diluted earnings per share, there were no adjusting elements to net income of the year (Solvay share).

Full data per share, including dividend per share, can be found in the management report on page 19.

The average closing price during 2010 was EUR 74.46 per share (2009: EUR 63.63 per share). The following share options were out of the money, and therefore antidilutive, for the period presented, but could potentially dilute basic earnings per share in the future (see note 23 ‘Options and acquisition / sale of treasury shares’).

Antidilutive share options	Date granted	Exercise price	Number granted	Number outstanding
Share option plan 2004	1-Jan-2005	82.88	450 500	433 400
Share option plan 2005	1-Jan-2006	97.30	516 100	511 200
Share option plan 2006	1-Jan-2007	109.09	499 100	498 100
Share option plan 2007	1-Jan-2008	96.79	508 800	505 500
Share option plan 2010	1-Jan-2011	76.49	431 900	431 900
		Total	2 881 800	2 380 100

(15) Consolidated income statement by nature for continuing operations

EUR Million	2010	"Of which non-recurring"
Sales	6 796	
Purchase of finished and semi-finished goods	-414	
Purchase of raw materials	-1 859	
Purchase of combustible and energy	-686	
Purchase of utilities	-235	
Purchase of goods in inventory and variation	-3 194	
Distribution costs	-519	
Increases/reversals on provisions (except employee benefits)	-77	-46
Other	-871	-43
Other Income and Expenses	-1 467	
Depreciation of property, plant and equipment	-402	
Amortization of intangible assets	-15	
Impairment of fixed assets	-300	-300
Depreciation and Amortization	-717	
Post-employment benefits	-37	
Termination benefits	-93	-88
Other employee benefits	-12	
Employee Benefits	-142	
Wages, salaries and direct social benefits	-887	
Employer's contribution for social insurance	-194	
Employer's premium for insurance benefits	-34	
Other personnel costs and recoveries	-43	
Defined contributions	-15	
Estimation of personnel expenses payable	-24	
Personnel Expenses	-1 197	
Financial Income and Expenses	47	
Capital gains and impairment on investments	148	148
EBIT	274	-328
Cost of borrowings	-142	
Interest on lendings and term deposits	23	
Other gains and losses on net indebtedness	-10	
Cost of discounting provisions	-52	
Income/loss from available-for-sale investments	0	
Result before taxes	93	
Income taxes	4	
Net income of the Group	97	

Notes to the statement of comprehensive income

(16) Consolidated statement of comprehensive income

EUR Million	Continuing Operations 2009	Continuing Operations 2010	Discontinued Operations (Ph) 2009	Discontinued Operations (Ph) 2010	Group Total 2009	Group Total 2010
Net income of the Group	248	97	305	1 726	553	1 823
Currency translation differences arising during the year	8	249	10	0	18	249
Recycling of currency translations differences relating to foreign investments disposed of in the year	0	-4	0	33	0	29
Currency translation differences on foreign operations	8	245	10	33	18	278
Net change in the fair value of available-for-sale financial assets	25	-15	0	0	25	-15
Recycling of available-for-sale financial assets disposed of in the year (*)	-8	0	0	4	-8	4
Recycling of available-for-sale financial assets impaired in the year (*)	0	1	0	0	0	1
Available-for-sale financial assets	18	-14	0	4	17	-10
Effective portion of gains and losses on hedging instruments in a cash flow hedge	4	2	-1	0	3	2
Recycling to the income statement (*)	-17	-1	8	1	-10	0
Recycling to the initial carrying amounts of hedged items (*)	-1	0	0	0	-1	0
Cash flow hedges	-14	1	7	1	-8	2
Share of other comprehensive income of associates	0	0	0	0	0	0
Income tax relating to components of other comprehensive income	0	-1	0	0	0	-1
Other comprehensive income, net of related tax effects	11	231	16	39	27	269
Comprehensive income	259	327	321	1 765	580	2 092
attributed to:						
- owners of the parent	215	241	319	1 765	534	2 006
- non-controlling interests	44	86	2	0	46	86

* See note 33 on page 131

Presentation of the tax effect relating to each component of other comprehensive income

EUR Million	2009			2010		
	Before-tax amount	Tax expense (-) /benefit (+)	Net-of-tax amount	Before-tax amount	Tax expense (-) /benefit (+)	Net-of-tax amount
Currency translation differences arising during the year	18	0	18	249	0	249
Recycling of currency translations differences relating to foreign investments disposed of in the year	0	0	0	29	0	29
Currency translation differences on foreign operations	18	0	18	278	0	278
Gains and losses on remeasuring available-for-sale financial assets	25	0	25	-15	0	-15
Recycling of available-for-sale financial assets disposed of in the year (*)	-8	0	-8	4	0	4
Recycling of available-for-sale financial assets impaired in the year (*)	0	0	0	1	0	1
Available-for-sale financial assets	17	0	17	-10	0	-10
Effective portion of gains and losses on hedging instruments in a cash flow hedge	3	0	3	2	-1	1
Recycling to the income statement (*)	-10	0	-10	0	0	0
Recycling to the initial carrying amounts of hedged items (*)	-1	0	-1	0	0	0
Cash flow hedges	-8	0	-8	2	-1	1
Share of other comprehensive income of associates	0	0	0	0	0	0
Other comprehensive income	27	0	27	270	-1	269

* See note 33 on page 131

Of which discontinued operations:

EUR Million	2009			2010		
	Before-tax amount	Tax expense (-) /benefit (+)	Net-of-tax amount	Before-tax amount	Tax expense (-) /benefit (+)	Net-of-tax amount
Currency translation differences arising during the year	10	0	10	0	0	0
Recycling of currency translations differences relating to foreign investments disposed of in the year	0	0	0	33	0	33
Currency translation differences on foreign operations	10	0	10	33	0	33
Gains and losses on remeasuring available-for-sale financial assets	0	0	0	0	0	0
Recycling of available-for-sale financial assets disposed of in the year (*)	0	0	0	4	0	4
Recycling of available-for-sale financial assets impaired in the year (*)	0	0	0	0	0	
Available-for-sale financial assets	0	0	0	4	0	4
Effective portion of gains and losses on hedging instruments in a cash flow hedge	-1	0	-1	0	0	0
Recycling to the income statement (*)	8	0	8	1	0	1
Recycling to the initial carrying amounts of hedged items (*)	0	0	0	0	0	
Cash flow hedges	7	0	7	1	0	1
Share of other comprehensive income of associates	0	0	0	0	0	
Other comprehensive income	16	0	16	39	0	39

* See note 33 on page 131

Notes to the statement of cash flows

(17) Depreciation, amortization and impairments

Total depreciation, amortization and impairment losses amounted to EUR 717 million, up EUR 222 million on 2009 (EUR 496 million).

For continuing operations:
• normal straight-line depreciation and amortization increased from EUR 388 million in 2009 to EUR 417 million in 2010;
• impairment losses amounted to EUR -300 million in 2010, far above 2009 (EUR -26 million).

(18) Changes in working capital

The change in working capital amounted to EUR -42 million for continuing operations in 2010 due to higher business volumes. This amount does not include the net receivable of EUR 198 million from Abbott posted after the closing. This net receivable is mainly related to the net present value of the milestones expected to be paid early in 2012 and 2013.

(19) Changes in provisions

In 2010, the change in provisions amounted to EUR 24 million.

This amount includes the uses, additions and reversals reported in note 31 and an increase in pension fund surpluses for continuing operations. It excludes provisions amounting to EUR 177 million to cover potential risks related to the sale of the Pharmaceuticals segment as the impact of this deal is reported under the sole heading “Sale of subsidiaries”.

(20) Other non-operating and non-cash items

For 2010, this includes mainly the elimination of the capital gain on the sale of Inergy Automotive Systems (EUR -139 million) and of the cost of discounting provision (EUR -52 million).

For 2009, the elimination essentially related to the cost of discounting provisions (EUR -64 million).

(21) Cash flows linked to the acquisition / disposal of assets and investments

2009 EUR Million	Acquisitions	Disposals	**Total**
Subsidiaries	-2	0	-2
Associates			
Joint ventures			
Available-for-sale investments	-14	14	0
Other	-96	6	-90
Total Investments	-111	19	-91
Tangible/intangible assets	-456	15	-441
Total	-567	34	-532

2010 EUR Million	Acquisitions	Disposals	**Total**
Subsidiaries	0	4 430	4 430
Associates			
Joint ventures	-1	268	267
Available-for-sale investments	-8	0	-8
Other	-164	13	-151
Total Investments	-172	4 711	4 539
Tangible/intangible assets	-366	20	-346
Total	-538	4 731	4 193

The acquisition of investments (EUR -172 million) in 2010 consists mainly of:

- the purchase of non-controlling interests in Vinythai (EUR -35 million), Vinilis (EUR -15 million) and Kali Chemie (EUR -2 million);
- the investment in a PVC entity under construction in Russia (EUR -90 million) which will be consolidated from 2011 onward;
- investments in non-consolidated companies that are not significant.

WESTPIPE

On April 1, 2010, the Solvay group purchased 50% of Westpipe AB, a sewage, soil, water and cable protection pipe systems manufacturer located in Ulricehamn, Sweden, for a net cash outflow of EUR 0.7 million (SEK 7 million). After the final purchase price allocation the net assets acquired in the transaction amounted to EUR 0.5 million and the resulting goodwill to EUR 0.3 million.

EUR Million	Carrying amount before acquisition	Fair value adjustments	Total
Intangible assets	0.0	0.4	0.4
Tangible assets	0.4	0.0	0.4
Other investments	0.0	0.0	0.0
Deferred tax assets	0.0	0.0	0.0
Loans and other non-current assets	0.0	0.0	0.0
Non-current assets	0.4	0.4	0.9
Current assets other than cash and cash equivalents	0.8	0.0	0.8
Cash and cash equivalents	0.0	0.0	0.0
Current assets	0.8	0.0	0.8
Long-term provisions	0.0	0.0	0.0
Deferred tax liabilities	0.0	0.1	0.1
Long-term financial debt	0.4	0.0	0.4
Non-current liabilities	0.4	0.1	0.5
Current liabilities	0.7	0.0	0.7
Net assets	0.2	0.3	0.5
Goodwill			0.3
Price paid at 31/12/2010			0.7
Bank balances and cash acquired			0.0
Net cash outlay on acquisition - prior years			0.0
Net cash outlay on acquisition - 2010			0.7

The acquisition of tangible/intangible assets in 2010 (EUR -366 million) relates to various projects, many of them extending over several years:

- Advanced Biochemical Thailand, a wholly-owned subsidiary of Vinythai, built in Thailand an epichlorohydrin production unit (100 kt/year) based on natural glycerin (EPICEROL® process). This unit will begin operation at the start of 2012;
- the construction of a high-yield hydrogen peroxide mega plant (Thailand) in partnership with Dow Chemical Company (startup set for the third quarter of 2011);
- the partnership for the construction of a cogeneration unit at Bernburg (Germany);
- the VCM/PVC capacity increase at Jemeppe (Belgium);
- the new unit to produce SOLVAIR® Select 300 in the United States, which started up in April 2010;
- the conversion of mercury electrolysis units to membrane electrolysis and the extension of VCM/PVC manufacturing units at Santo Andre (Brazil) in order to increase capacity to 300 kt/year;
- the PVDF capacity increase at Tavaux (France);
- the installation of a fluidized bed boiler and the capacity increase at the Devnya soda plant (Bulgaria).

There were no acquisitions of consolidated subsidiaries in 2010.

Disposal of investments

a) Sale of the Pharmaceuticals segment

The sale of the Pharmaceuticals segment to Abbott appears under the specific heading “sale of subsidiaries”. The impact on the statement of cash flows amounts to EUR 4 430 million. This amount consists of:

- the initial sale price paid at closing date (EUR 4 500 million free);
- expenses related to the deal incurred in 2010 (EUR -53 million);
- a deduction from the initial sale price for assets sold before closing (EUR -13 million);
- an adjustment for an assets deal (EUR – 4 million).

All the other elements taken into account in the computation of the capital gain have no cash impact in 2010 as they are related to:

- liabilities transferred to Abbott and included in the total Enterprise Value;
- provisions for litigation and transaction costs which might have a cash impact in the next years;
- the fair value of milestones included in the Enterprise Value that will not be collected before 2012.

The proceeds from the sale of the Pharmaceuticals segment have been invested in:

- other financial current assets (EUR 3 701 million, of which EUR 1 097 million in Money Market Fund assets (MMF) and EUR 2 604 million in bonds and treasury bills of more than 3 months;
- bonds and treasury bills of less than 3 months included in cash and cash equivalents (EUR 905 million).

(see note 32).

b) Other sales of investments

Other sales of investments (EUR 280 million) are related to Inergy Automotive Systems (EUR 268 million) and to non-consolidated investments in the Vinyls cluster (EUR 11 million).

The purchase by Plastic Omnium of Solvay’s 50% stake in Inergy Automotive Systems closed on September 8, 2010 for EUR 268 million in cash for its shares. A capital gain before taxes of EUR 139 million was posted. The initial sale price corresponds to an Enterprise Value of EUR 328 million.

Only the results from the first 6 months of 2010 for Inergy Automotive Systems are included in the consolidated accounts for the Group at the end of December 2010.

Calculation of the capital gain on the sale of Solvay’s 50% stake in Inergy Automotive Systems:

EUR Million	
Initial Sale Price	268
Adjusted net financial debt as of July 1, 2010 transferred to buyer	45
Unfunded pension liabilities as of July 1, 2010 transferred to buyer	11
Provision for litigation as of July 1, 2010 transferred to buyer	5
Total enterprise value	328
Inergy Automotive Systems historical equity as of July 1, 2010	-127
Adjusted liabilities as of July 1, 2010 assumed by buyer	-60
Provision for ongoing litigation and restructuring costs	-2
Capital gain before taxes on July 1, 2010	139

(22) Capital increase / redemption

As in 2009, the Solvay group reimbursed in 2010 to minority shareholders a portion of the capital of our natural carbonate activities in the United States (EUR -26 million).

(23) Options and acquisition / sale of treasury shares

At the end of December 2009, the Group held 2 460 818 treasury shares to cover the share options offered to Group executives. At the end of 2010, the Group held 3 635 584 treasury shares (of which 880 766 shares in the treasury share investment program – see 23a below), which have been deducted from consolidated shareholders' equity.

(23a) Treasury share investment program

Solvay started a treasury share investment program in February 2010.
The extraordinary shareholders' meeting of May 12, 2009 authorized the Board of Directors for a period of five years to acquire on the stock exchange up to a maximum of 16 940 000 of the Group's own shares, at a price between EUR 20 and EUR 150. Within this framework, the Board of Directors decided to initiate an investment program of maximum EUR 5.1 million (6% of the issued capital) of the Group's own shares.
A credit institution has been mandated for a period of one year starting on January 16, 2010 to execute this investment program, which is currently intended as a temporary investment of the cash resulting from the sale of the Pharmaceutical activities before reinvestment in industrial assets. On December 31, 2010, the investment in Solvay shares since the launch of the program totaled 880 766 shares.
This program has been renewed by the Board of Directors up to the end of 2011 for further purchases of up to 1.65 million treasury shares.

(23b) Stock options plan program

As it has in every year since 1999, the Board of Directors renewed the share option plan offered to executive staff (around 215 persons) with a view to involving them more closely in the long-term development of the Group. The majority of the managers involved subscribed the options offered them in 2010 with an exercise price of EUR 76.49, representing the average stock market price of the share for the 30 days prior to the offer.
The 3-year vesting period is followed by a 5-year exercise period, at the end of which any unexercised options expire. The settlement method is in equity.

Share options plans granted in 2005, 2006 and 2007 have been modified by the decision of the General Shareholders' Meeting of May 12, 2009. For the 3 plans the exercise period of the options granted to beneficiaries in Belgium has been increased by 5 years. Beneficiaries had the right to accept or refuse the modification until June 30, 2009. As there is a ceiling, some beneficiaries could accept the increase on only part of the options initially granted and accepted.
The modification date taken into account for the re-pricing of options is the date the decision was made to extend the exercise period of certain shares (May 12, 2009). The extension of the exercise period results in an additional charge of EUR 0.3 million in 2010 (EUR 1 million in 2009). The fair value of this extension amounts to EUR 1.3 million.

Share options	2002	2003	2004	2005	2006	2007	2008	2009	2010
Number of share options granted and still outstanding at 31/12/2009	156 000	246 200	434 200	512 100	499 100	506 500	522 700	555 600	
Granted share options									431 900
Forfeitures of rights and expiries	-5 000	-500	-800	-900	-1 000	-1 000			
Share options exercised	-101 500	-30 600							
Number of share options at 31/12/2010	49 500	215 100	433 400	511 200	498 100	505 500	522 700	555 600	431 900
Share options exercisable at 31/12/2010	49 500	215 100	433 400	511 200	498 100	0	0	0	0
Exercise price (EUR)	63.76	65.83	82.88	97.30	109.09	96.79	58.81	72.34	76.49
Fair value of options at measurement date (EUR)	9.60	9.50	7.25	10.12	21.20	18.68	14.95	19.85	15.58

	2009		2010	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
At 1/1	2 912 200	85.32	3 432 400	83.43
Granted during the year	555 600	72.34	431 900	76.49
Forfeitures of rights and expiries during the year	-300	96.79	-9 200	77.33
Exercised during the year	-35 100	64.56	-132 100	64.24
At 31/12	3 432 400	83.43	3 723 000	83.32
Exercisable at 31/12	1 348 500		1 707 300	

The share options resulted in a charge in 2010 of EUR 9.7 million calculated by a third party according to the Monte Carlo model and recorded in the income statement under commercial and administrative costs. This amount includes the additional charge of EUR 0.3 million linked to the extension of the exercise period of the share options plans granted in 2005, 2006 and 2007.

The model places a value on the options taking into account the fact that some of them will be exercised before the option maturity.

The value of the option is based on:
- the price of the underlying asset (Solvay share): EUR 79.75 at December 31, 2010;
- the time outstanding until the option maturity: exercisable from January 1, 2014;
- the option exercise price: EUR 76.49;
- the risk-free return: 2.99 %;
- the volatility of the underlying yield: 22.39 %.

The model places a value on the options taking into account the fact that some of them will be exercised before the option maturity.

Weighted average remaining contractual life:

In years	**2010**
Share option plan 2000	1.0
Share option plan 2001	2.0
Share option plan 2002	2.9
Share option plan 2003	1.0
Share option plan 2004	2.0
Share option plan 2005	5.0
Share option plan 2006	5.5
Share option plan 2007	6.7
Share option plan 2008	6.0
Share option plan 2009	6.9
Share option plan 2010	8.0

(24) Cash flows from discontinued operations

The cash flow from discontinued operations results mainly from the sale of the Pharmaceuticals segment (see note 21) for EUR 4 430 million.

Notes to the statement of financial position (balance sheet)

(25) Intangible assets

EUR Million	Development costs	Patents and trademarks	Other intangible assets	Total
Gross carrying amount				
At December 31, 2008	93	1 000	141	1 234
Capital expenditures	11	10	20	41
Disposals	-6	-4	-2	-12
Increase through business combinations	0	0	0	0
Currency translation differences	0	1	-4	-3
Other	2	4	-10	-4
Transfer to assets held for sale - Pharma	-1	-807	-105	-913
Transfer from assets held for sale - PCC	0	0	0	0
At December 31, 2009	98	204	39	342
Capital expenditures	8	8	1	18
Disposals	-1	0	0	-1
Disposal consolidated investment	-100	-3	-10	-113
Currency translation differences	0	9	1	10
Other	5	-1	-6	-2
Transfer from assets held for sale - PCC	3	0	0	3
At December 31, 2010	14	217	27	257
Accumulated amortization				
At December 31, 2008	-50	-359	-98	-507
Amortization	-9	-45	-5	-59
Impairments	0	0	0	0
Reversal of impairments	0	1	0	1
Disposals and closures	3	3	2	8
Increase through business combinations	0	0	0	0
Currency translation differences	0	0	3	3
Other	1	4	9	13
Transfer to assets held for sale - Pharma	0	296	65	361
Transfer from assets held for sale - PCC	0	0	0	0
At December 31, 2009	-55	-100	-25	-180
Amortization	-10	-8	-1	-19
Impairments	0	0	0	-1
Reversal of impairments	0	0	0	0
Disposals and closures	0	0	0	0
Disposal of consolidated investment	59	3	6	68
Currency translation differences	0	-2	-1	-3
Other	0	0	0	0
Transfer from assets held for sale - PCC	-2	0	0	-2
At December 31, 2010	-7	-108	-21	-136
Net carrying amount				
At December 31, 2008	42	641	43	726
At December 31, 2009	43	104	14	162
At December 31, 2010	6	109	6	121

The main patents and trademarks are related to the Trona business in the US and the Specialty Polymers activity.

(26) Goodwill

EUR Million	Total
Gross carrying amount	
At December 31, 2008	1 667
Arising on acquisitions	-53
Disposals and closures	0
Impairments	-2
Currency translation differences	4
Other	-1
Transfer to assets held for sale - Pharma	-1 539
Transfer from assets held for sale - PCC	0
At December 31, 2009	76
Arising on acquisitions	0
Disposals and closures	-1
Impairments	-11
Currency translation differences	5
Other	0
Transfer to assets held for sale - Pharma	0
Transfer from assets held for sale - PCC	4
At December 31, 2010	73

The 2010 impairment loss relates to Alexandria Sodium Carbonate Co in Egypt, which is part of the cash-generating unit covering the activities of Soda Ash in Europe and Egypt and Calcium Chloride (see note 27). This impairment has brought the value of goodwill in Alexandria Sodium Carbonate Co to zero.

In 2009, the decrease in goodwill results from:

- the goodwill adjustment after final purchase price allocation related to the acquisition of Alexandria Sodium Carbonate Co (EUR -53 million);
- the "transfer to assets held for sale – Pharma" of goodwill (EUR -1 539 million) related to Pharmaceuticals, mainly Fournier (EUR -1 222 million) and Innogenetics (EUR -213 million).

For information on impairment on goodwill in 2010, see note 27.

Goodwill by cash-generating unit (CGU)

Goodwill acquired in a business combination is allocated on acquisition to the cash-generating units (CGU) that are expected to benefit from that business combination.
The carrying amounts of goodwill and related impairment have been allocated as follows:

EUR Million Activity clusters	Cash-Generating Units	Impairment 2010	Carrying amount 31 Dec 2010
Soda ash	Soda ash Europe [1]	-11	0
Advanced Functional Minerals	PCC		4
Oxygen	H_2O_2 / PAA / Persalts Europe [2]		1
	H_2O_2 / Asia		6
Fluorinated products	Solvay Fluor Mexico		7
Vinyls	PVC Europe		3
	PVC Mercosur		2
	PVC Asia		2
Specialty Polymers	Fluoropolymers, sulfone polymers, ultra-polymers, crystalline polymers		28
	PE compounds		11
Pipelife	Pipelife Europe		5
Vinyls	Dacarto Benvic		4
Total		-11	73

[1] H_2O_2 Hydrogen peroxide / PAA = peracetic acid.
[2] CGU Soda ash Europe also includes Alexandria sodium carbonate (Egypt), underground cavities, calcium chloride and service units

(27) Tangible assets (including finance leases)

EUR Million	Land & Buildings	Fixtures & Equipment	Other tangible assets	Properties under construction	Total
Gross carrying amount					
At December 31, 2008	2 138	8 252	110	630	11 130
Capital expenditures	18	151	3	243	415
Disposals and closures	-2	-58	-1	0	-62
Increase through business combinations	25	169	4	9	207
Currency translation differences	-3	90	1	10	97
Other	171	422	-2	-507	83
Transfer to assets held for sale - Pharma	-318	-668	-38	-7	-1 031
Transfer from assets held for sale - PCC	1	7	0	-1	7
At December 31, 2009	2 031	8 364	75	377	10 848
Capital expenditures	11	79	1	257	348
Disposals and closures	-10	-32	0	0	-42
Disposal of consolidated investment	-59	-201	-32	-8	-299
Currency translation differences	44	268	3	20	335
Other	75	126	44	-284	-39
Transfer from assets held for sale - PCC	19	83	1	4	106
At December 31, 2010	2 110	8 688	92	366	11 256
Accumulated depreciation					
At December 31, 2008	-1 153	-5 685	-73	-1	-6 912
Depreciation	-51	-354	-6	0	-412
Impairment	-8	-18	0	0	-25
Reversal of impairment	0	1	0	0	1
Disposals and closures	1	51	1	0	53
Increase through business combinations	-6	-120	-3	0	-130
Currency translation differences	1	-48	-1	0	-48
Other	0	-21	-1	1	-21
Transfer to assets held for sale - Pharma	130	415	26	0	571
Transfer from assets held for sale - PCC	0	-4	0	0	-4
At December 31, 2009	-1 086	-5 784	-56	0	-6 926
Depreciation	-44	-353	-3	1	-399
Impairment	-82	-170	-1	-40	-292
Reversal of impairment	1	4	0	0	5
Disposals and closures	5	28	0	0	33
Disposal of consolidated investment	27	152	24	0	203
Currency translation differences	-15	-137	-2	0	-154
Other	-2	87	-43	0	42
Transfer from assets held for sale - PCC	-21	-48	0	0	-70
At December 31, 2010	-1 218	-6 221	-80	-40	-7 558
Net carrying amount					
At December 31, 2008	970	2 581	37	629	4 218
At December 31, 2009	945	2 580	19	376	3 921
At December 31, 2010	892	2 468	12	326	3 698

The Group has defined about 70 cash-generating units (this includes 31 cash-generating units for Pipelife, a joint-venture where each entity is considered as a separate cash-generating unit).

Indications of impairment for four of them led to the recording of:

- an impairment of industrial assets belonging to the cash-generating unit covering the activities of Soda Ash in Europe and Egypt and Calcium Chloride (Chemicals segment), amounting to EUR 245 million, which was recorded in the third quarter of 2010. The assets concerned are primarily tangible assets (EUR 228 million), goodwill (EUR 11 million) and investments. Soda Ash in Europe is confronted with the persistent weakness of some of its markets, including flat glass used in construction;
- an impairment of tangible assets belonging to the cash-generating unit covering the activities of the electrochemistry site at Bussi, Italy, amounting to EUR 14 million (Chemicals segment);
- an impairment of tangible assets belonging to the cash-generating unit Olefins in France (Plastics segment);
- an impairment of tangible assets belonging to the cash-generating unit covering the activities of the Detergents site at Bussi, Italy, amounting to EUR 7 million (Chemicals segment).

The forecasted cash flows for each of the cash-generating units concerned have been discounted to net present value at specific rates, based on external references and measuring the risks inherent to the specific segment and the geographic location of the cash-generating units (value in use). These discount rates range between 8.3% and 9.3%.

Finance leases

EUR Million	Land and buildings	Fixtures and equipment	Total
Net carrying amount of finance leases included in the table above	1	2	3
Transfer to assets held for sale - Pharma	0	0	0
Transfer from assets held for sale - PCC	0	0	0

The carrying amount of lease obligations approximates their fair value.

Finance lease obligations

EUR Million	Minimum lease payments		Present value of minimum lease payments	
Amounts payable under finance leases:	2009	2010	2009	2010
Within one year	5	1	4	1
In years two to five inclusive	15	1	13	1
Beyond five years	1	0	1	0
Less: future finance charges	-3	0	0	0
Transfer to assets held for sale - Pharma	0	0	0	0
Transfer from assets held for sale - PCC	0	0	0	0
Present value of minimum lease payments of finance leases	18	2	18	2
Less: Amount due for settlement within 12 months			4	1
Amount due for settlement after 12 months			14	1

Operating lease obligations

EUR Million	2009	2010
Total minimum lease payments under operating leases recognized in the income statement of the year	69	43

EUR Million	2009	2010
Within one year	56	37
In years two to five inclusive	129	83
Beyond five years	42	35
Total of future minimum lease payments under non-cancellable operating leases	227	155

Operating leases are mainly related to logistics.

(28) Available-for-sale investments

EUR Million	2009	2010
Fair value at January 1	30	68
Acquisition NBD	12	8
Gains and losses on remeasuring available-for-sale financial assets	25	-13
Available-for-sale financial assets disposed of in the year	-12	0
Available-for-sale financial assets impaired in the year	0	-1
Transfer of NBD from other investments	21	0
Other	-5	0
Transfer to assets held for sale - Pharma	-2	0
Fair value at December 31	68	62
Of which recognized directly in equity	25	11

The value of New Business Development was transferred on January 1, 2009 from “other investments” (see below) to “available-for-sale investments” in an amount of EUR 21 million as they meet the definition of available-for-sale investments.

The loss on remeasuring available-for-sale financial assets (EUR -13 million) is mainly related to the mark-to-market variance for AGEAS (former Fortis).

(29) Other investments

EUR million	2009	2010
Carrying amount at 1 January	187	209
Disposed of during the year	-1	-7
Acquired during the year	96	110
Changes of consolidation method	-21	-5
Changes in consolidation scope	4	0
Transfer of NBD to available-for-sale investments	-21	0
Liquidations	-18	0
Impairments	0	-11
Reversal of impairments	11	0
Other	-1	2
Transfer to assets held for sale - Pharma	-26	0
Carrying amount at 31 December	209	298

In 2010, the acquisitions are mainly related to the investment in the PVC entity under construction in Russia (for EUR -90 million) which will be consolidated from 2011 onward. Impairments are related to the investments in the Soda Ash cash-generating unit.

(30) Inventories

EUR million at December 31	2009	2010
Finished goods	536	499
Raw materials and supplies	509	357
Work in progress	43	26
Other inventories	7	10
Transfer to assets held for sale - Pharma	-233	0
Transfer to (-) / from (+) assets held for sale - PCC	-9	0
Total	854	891
Write-downs	-49	-21
Net total	805	870

(31) Provisions

EUR Million	Employee benefits	Health, safety and environment	Litigation	Other	Total
At December 31, 2009	902	424	312	91	1 729
Additions	131	70	171	53	424
Reversals	-3	-18	-2	-11	-34
Uses	-117	-26	-41	-21	-206
Increase through time value of money	40	12	0	0	52
Currency translation differences	7	4	4	1	16
Acquisitions and changes in consolidation scope	0	0	0	0	0
Disposals	-9	0	-1	-4	-15
Other	1	0	0	0	1
At December 31, 2010	952	464	441	109	1 967
Of which short-term provisions	80	43	5	15	143

In total, provisions increased by EUR 238 million (+14%).

The main events of 2010 are:
- the settlement of an intellectual property litigation relating to the divested HDPE business (EUR 38 million);
- the recognition of provisions amounting to EUR 177 million to cover potential risks related to the sale of the Pharmaceuticals segment for which the Group may remain liable;
- the EUR 68 million increase of provisions for termination benefits related to the Group's Horizon restructuring project;
- the sale of Inergy Automotive Systems, that decreased the Group's provisions by EUR 15 million.

Management expects provisions to be used (cash outlays) as follows:

EUR Million at December 31, 2010	up to 5 years	between 5 and 10 years	beyond 10 years	Total
Total provisions for HSE	135	107	222	464
Total provisions for litigation	379	62	0	441
Total other provisions	50	16	43	109
Total	564	185	265	1 014

Provisions for post-employment benefits

Personnel expenses amounted to EUR 1 339 million in 2010 (EUR 2 016 million in 2009). Provisions for employee benefits were EUR 952 million in 2010 (EUR 902 million in 2009).

These provisions have been set up primarily to cover post-employment benefits granted by most Group companies in line, either with local rules and customs, or with established practices which generate constructive obligations.

Provisions for post-employment benefits amounted to EUR 750 million in 2010 (EUR 765 million in 2009), before deducting the EUR 45 million capitalized pension asset (EUR 29 million in 2009).

These provisions are set up on the basis of the IFRS accounting principles defined in item 24 of the present report and reflect the estimated compensation at the time of retirement.

The balance consists of provisions for termination benefits (EUR 148 million, EUR 84 million in 2009), provisions for other long-term benefits (EUR 44 million, the same as in 2009) and provisions for benefits not valued in accordance with IAS 19 (EUR 10 million, EUR 9 million in 2009).

The largest pension plans in 2010 are in Germany, Belgium, the United States, the United Kingdom and France. Certain companies provide post-employment health or life insurance cover to their employees and related beneficiaries. This cover is either financed under insurance contracts or is covered by provisions for post-employment benefits. In 2010, the pension plans of Solvay Chemie in the Netherlands were transferred to an insurance company and now qualify as defined contribution plans according to the IAS 19 standards. Similarly, the Brazilian defined benefits pension plan was converted to a defined contributions plan. The sale of Inergy Automotive Systems also decreased the Group's defined benefits obligation by
EUR 15 million.

Total Group post-employment benefit obligations by country

	2009			2010
in %	Group Total	Held for sale (Ph)	Total without Held for sale	
Germany	24%	17%	28%	30%
Belgium	19%	0%	28%	27%
USA	16%	13%	17%	19%
France	6%	4%	7%	8%
United Kingdom	6%	2%	8%	8%
Netherlands	24%	60%	6%	2%
Other countries	5%	3%	6%	6%

Post-employment benefit plans are classified into defined contribution and defined benefit plans.

Defined contribution plans
Defined contribution plans are those for which the company pays fixed contributions into a separate entity or fund in accordance with the provisions of the plan. Once these contributions have been paid, the company has no further obligation. EUR 18 million of contributions to these plans were charged to income in 2010 (EUR 31 million in 2009 including the discontinued operations).

Defined benefit plans
All plans which are not defined contribution plans are deemed to be defined benefit plans. These plans can be either funded via outside pension funds or insurance companies ("funded plans") or financed within the Group ("unfunded plans"). All main plans are assessed annually by independent actuaries.

The amounts charged to income in respect of these plans are:

EUR Million	Continuing Operations 2009	Continuing Operations 2010	Discontinued Operations (Ph) 2009	Discontinued Operations (Ph) 2010	Group Total 2009	Group Total 2010
Service cost : employer	24	25	14	0	38	25
Interest cost	81	76	40	0	121	76
Expected return on plan assets	-34	-35	-31	0	-65	-35
Amortization of actuarial net losses / gains (-)	20	10	5	0	25	10
Impact of change in asset ceiling - current year	1	-2	0	0	1	-2
Past service cost - recognized in current year	-1	-1	-1	0	-2	-1
Losses / gains (-) on curtailments / settlements	-5	3	0	0	-5	3
Net expense recognized - Defined benefit plans	86	77	27	0	113	77

The cost of these benefit plans is charged variously to cost of goods sold, commercial and administrative costs, research & development costs, other operating gains and losses and non-recurring items.

Compared to 2009, the charge for continued operations has decreased from EUR 86 million to EUR 77 million (EUR -9 million) mainly because of a one-off amortization of the actuarial loss for the IPCS plan in France in 2009 (EUR -8 million).

The amounts recorded in the statement of financial position (balance sheet) in respect of defined benefit plans are:

EUR Million	2009 Group Total	2009 Held for sale (Ph)	2009 Total without Held for sale	2010
Defined benefit obligations - funded plans	1 606	623	982	901
Fair value of plan assets at end of period	-1 239	-599	-640	-621
Deficit for funded plans	367	24	343	281
Defined benefit obligations - unfunded plans	738	165	574	610
Funded status	1 105	189	917	890
Unrecognized actuarial gains / losses (-)	-314	-120	-194	-195
Unrecognized past service cost	18	9	9	8
Amounts not recognized as asset due to asset ceiling	4	0	4	2
Net liability (asset) in statement of financial position (balance sheet)	813	77	735	705
Liability recognized in the statement of financial position (balance sheet)	945	181	765	750
Asset recognized in the statement of financial position (balance sheet)	-133	-103	-29	-45

Despite the increase of unfunded plans (EUR +36 million) the funded status of the post-employment benefit plans for continued operations (total obligations less the value of plan assets) decreased by EUR -27 million owing to the reduction of defined benefits obligations for funded plans (EUR -81 million) on the one hand, and a smaller reduction of the assets (EUR -19 million) on the other.

Defined benefit obligations evolved as follows:

EUR Million	2009			2010
	Group Total	Held for sale (Ph)	Total without Held for sale	
Defined benefit obligation at beginning of period	2 232	747	1 485	1 556
Service cost: employer	38	14	24	25
Interest cost	121	40	81	76
Actual employee contributions	7	4	3	3
Plan amendments	-5	0	-6	0
Acquisitions / Disposals (-)	0	0	0	-15
Curtailments	-12	0	-12	-3
Settlements	0	0	0	-81
Actuarial loss / gain (-)	108	21	87	33
Actual benefits paid	-134	-34	-100	-102
Other	-11	-4	-7	19
Defined benefit obligation at end of period	2 344	788	1 556	1 511
Defined benefit obligations - funded plans	1 606	623	982	901
Defined benefit obligations - unfunded plans	738	165	574	610

The actuarial loss of EUR 33 million is mainly due to decreases in discount rates.
The sale of Inergy Automotive Systems has reduced the DBO by EUR -15 million (disposal). The transfer of the Solvay Chemie pension plan in the Netherlands to an insurer and the conversion of the Brazilian defined benefits plan account for a net reduction of EUR 84 million.

The fair value of plan assets evolved as follows:

EUR Million	2009			2010
	Group Total	Held for sale (Ph)	Total without Held for sale	
Fair value of plan assets at beginning of period	1 049	499	550	640
Expected return on plan assets	65	31	34	35
Actuarial gain /loss (-)	95	40	55	19
Actual employer contributions / direct actual benefits paid	159	60	99	105
Actual employee contributions	7	4	3	3
Acquisitions / Disposals (-)	0	0	0	-5
Settlements	0	0	0	-92
Actual benefits paid	-134	-34	-100	-102
Other	-3	-1	-2	17
Fair value of plan assets at end of period	1 239	599	640	621
Actual return on plan assets	160	71	89	54

The actual return on plan assets is lower than in 2009 (EUR 54 million against EUR 89 million in 2009) because of the reduction of assets (Transfer of the Solvay Chemie NL and Brazilian assets to an insurer for EUR -92 million and disposal of the assets of Inergy Automotive Systems for EUR -5 million) and of a lower return on existing assets.

Changes in net obligations during the period:

EUR Million	2009			2010
	Group Total	Held for sale (Ph)	Total without Held for sale	
Net amount recognized at beginning of period	862	113	749	735
Net expense - Defined benefit plans	113	27	86	77
Actual employer contributions / direct actual benefits paid	-159	-60	-99	-105
Impact of acquisitions / disposals	0	0	0	-6
Changes in consolidation scope	0	0	0	0
Currency translation differences	-3	-1	-2	3
Other	-1	-2	1	0
Net amount recognized at end of period	813	77	735	705

The net liability decreased to EUR 705 million.

The disposal of the net liability corresponding to the sale of Inergy Automotive Systems amounts to EUR -6 million.

Extra contributions were paid for recovery plans in the United States (EUR 36 million = USD 48 million) and in the Netherlands (EUR 3 million).

Actuarial assumptions used in determining the benefit obligation at December 31

These assumptions are not related to a specific segment.

	Eurozone		Europe Other		USA		Other	
	2009	2010	2009	2010	2009	2010	2009	2010
Discount rates	5%	4.75%	3.25% - 6.2%	3% - 6.2%	5.75%	5.5%	8.6% - 9.7%	9.72%
Expected rates of future salary increases	3% -4.5%	3% - 4.5%	2% - 5%	2% - 5%	5%	4.5%	5.5% - 6.6%	6.6%
Expected rates of pension growth	0% - 2%	0% - 2%	0% - 3.25%	0% - 3.25%	not avail.	not avail.	not avail.	not avail.
Expected rates of medical care cost increases	0% - 2%	0% - 2%	not avail.	not avail.	5% - 8%	5% - 7.5%	7.1%	7.12%

Actuarial assumptions used in determining the annual cost

These assumptions are not related to a specific segment.

	Eurozone		Europe Other		USA		Other	
	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**
Discount rates	5,5%	5%	3.5% - 6.25%	3.25% - 6.2%	5.75%	5.75%	8.6% - 9.72%	9.72%
Expected rates of future salary increases	3% -4.5%	3% - 4.5%	2% - 5%	2% - 5%	5%	4.5%	5.5%-6.6%	6.6%
Expected (long-term) rates of return on plan assets	4.5% - 6%	5% - 6%	3.5% - 5.9%	3.5% - 5.9%	7.5%	7.5%	8.5% - 9.72%	9.72%
Expected rates of pension growth	0% - 2%	0% - 2%	0% - 3.1%	0% - 3.25%	not avail.	not avail.	not avail.	not avail.
Expected rates of medical care cost increases	0% - 2%	0% - 2%	not avail.	not avail.	5% - 8%	5% - 8%	7.1%	7.12%

The main categories of plan assets are:

	2009	**2010**
Shares	41%	48%
Bonds	50%	46%
Property	2%	1%
Other assets	6%	5%

Of which discontinued operations:

	2009	**2010**
Shares	41%	0%
Bonds	53%	0%
Property	3%	0%
Other assets	3%	0%

With respect to the invested assets, it should be noted that:

- these assets do not contain any direct investment in Solvay group shares or in property or other assets occupied or used by Solvay. This does not exclude Solvay shares being included in mutual investment fund type investments;
- the expected rate of return is defined at local level with the help of a local actuary. It is determined using the "building block approach" which factors in long-term inflation and the expected long-term rate of return on each asset category.

The Group expects to pay cash contributions for the post-employment defined benefits in the amount of EUR 70 million in 2011 (EUR 100 million when including defined contributions), compared with EUR 105 million for 2010 (EUR 123 million when including defined contributions).

The assumptions made for medical expenditure have an impact on the amounts recognized in the income statement. Sensitivity to a change of percentage in the expected rates of increase of medical expenses is as follows:

EUR Million	1% increase	1% decrease
Effect on the aggregate of the service cost and the interest cost	1	-1
Effect on defined benefit obligation	9	-8

Historical development of defined benefit plans:

EUR Million	2005	2006	2007	2008	2009	2010
Defined benefit obligation	2 471	2 491	2 355	2 232	2 344	1 511
Plan assets	-1 232	-1 298	-1 341	-1 049	-1 239	-621
Deficit / surplus (-)	1 239	1 193	1 013	1 183	1 105	890
Experience adjustments on plan liabilities	not avail.	-14	-12	6	22	-3
Experience adjustments on plan assets	not avail.	-36	6	336	-95	-20

Of which historical development of post-employment medical plans:

EUR Million	2005	2006	2007	2008	2009	2010
Defined benefit obligation	125	134	130	99	75	74
Experience adjustments on plan liabilities	not avail.	-3	2	0	-1	12

Health, safety and environment (HSE) provisions after transfer to liabilities associated with assets held for sale

These provisions stand at EUR 464 million, compared with EUR 424 million at the end of 2009.

These are intended to cover the liabilities and charges of the following main problem areas:

- mines and drilling operations to the extent that legislation and/or operating permits in relation to quarries, mines and drilling operations contain requirements to pay compensation to third parties. These provisions, based on local expert advice, can be expected to be used over a 10-20 year horizon;
- provisions related to the cessation of mercury electrolysis activities: forecasted expenditure is staggered over time as a function of the envisaged reutilization of the sites, national regulations on the management of contaminated soils and the state of contamination of soils and groundwater. Most of these provisions can be expected to be used over a 10-20 year time horizon;
- dikes, dump sites and land: the provisions relate mainly to soda plant dikes, old lime dikes and land and dump sites linked to activities at certain industrial sites; these provisions have a horizon of 1 to 20 years;
- asbestos: an asbestos removal program is under way: provisions for asbestos removal work and occupational diseases have a horizon of 1 to 15 years.

The estimated amounts are discounted as a function of the probable date of disbursement. As well as being updated annually, provisions are adjusted every year to reflect the increasing proximity of such disbursement.

Provisions for litigation after transfer to liabilities associated with assets held for sale

Provisions for litigation stand at EUR 441 million at the end of 2010 compared with EUR 312 million at the end of 2009.

The main events in 2010 are:
- the settlement of an intellectual property litigation relating to the divested HDPE business (EUR 38 million, USD 50 million);
- the recognition of provisions in the amount of EUR 143 million to cover potential risks related to the sale of the Pharmaceuticals segment for which the Group may remain liable.

The main provisions at the end of 2010 serve to cover the financial consequences of the EUR 193 million fine imposed by the European authorities for infringement of competition rules in the peroxides area, against which the Solvay group has appealed, and in an ancillary manner the potential financial exposure for civil litigation in connection thereof.

Other provisions after transfer to liabilities associated with assets held for sale

Other provisions, set up to cover specific risks such as obligations related to the shutdown or disposal of activities, amount to EUR 109 million, compared with EUR 91 million at the end of 2009.

Group policy on insurance

Solvay's group policy is only to use insurance to cover very large risks, when insurance is required by law as well as whenever insurance represents the best financial solution for Solvay.

The Group maintains and develops appropriate insurance coverage for insurable risks in line with the policy to limit the financial impact of risks that could materialize.

In 2009, the global insurance programs were renewed with improved coverage and at a lower level of premium. The liability insurance market remained difficult for companies selling pharmaceutical products, which is reflected in the coverage and premium level in Solvay's insurance programs attaching at the closing date with Abbott.

(32) Net indebtedness

The Group's net indebtedness is the balance between its financial debts and other current receivables – financial instruments and cash and cash equivalents. It amounted to a positive net financial position of EUR 2 902 million (excess treasury) compared to a net indebtedness of EUR 1 333 million at the end of 2009, mainly resulting from the cash proceeds from the sale of the Pharmaceuticals activities (EUR 4.5 billion) and of Inergy Automotive Systems (EUR 268 million).

EUR Million	2009	**2010**
Financial debt	2 820	2 802
- Other current receivables - Financial instruments	0	-3 701
- Cash and cash equivalents	-1 486	-2 003
Net indebtedness	1 333	-2 902

Liabilities (+) / Assets (-)

Solvay's long term rating has been confirmed by two rating agencies: at A- (stable outlook) at Standard and Poors and A3 (negative outlook) at Moody's.

Financial debt

Financial debt decreased from EUR 2 820 million in 2009 to EUR 2 802 million in 2010, with no major changes to be highlighted in the breakdown of debt.

EUR Million	2009	**2010**
Subordinated loans	503	503
Bonds	1 479	1 481
Long-term finance lease obligations	14	1
Long-term debts to financial institutions	524	498
Other long-term debts	115	108
Amount due within 12 months (shown under current liabilities)	42	109
Other short-term borrowings (including overdrafts)	143	103
Total financial debt (short and long-term)	2 820	2 802

Borrowings and credit lines

The largest borrowings maturing after 2010 are:

EUR million (except where indicated)	Maturity	Amount			Coupon
EMTN bonds issued by Solvay SA (Belgium)	2014	500			4.99%
	2018	500		300	4.75%
				200	tap issue 5.71%
Retail bonds issues by Solvay SA (Belgium)	2015	500			5.01%
Deeply subordinated debt issued by Solvay Finance SA (France) with support from Solvay SA (Belgium)	2104	500	(*)		6.375%
European Investment Bank credit facility	2016	300			3.90%
SolVin (Germany)	2012	120			not disclosed
Pipelife (Austria: Solvay's share 50%)	2012	165	100%		not disclosed
Solvay Sodi (Bulgaria: Solvay's share 75%)	2015	80	(1)		not disclosed
Solvay Indupa do Brazil	2014	221	(2)		not disclosed

(1) of which the equivalent of EUR 20 million in BGN

(2) BRL million

There is no default on the above-mentioned financial debt.

There are no covenants on Solvay SA and Solvay holding financial vehicles.

(*) Rating agencies Moody's and Standard & Poors have treated this issue as part equity (50 %), part debt (50 %). In IFRS, however, it must be treated 100% as debt. This debt is subordinated to the other debts of the Group and is listed in Luxembourg. The coupon carries a fixed rate for the first ten years. In 2016 the coupon converts to a floating rate (3-month Euribor + 335 basis points) until maturity in 2104. Solvay has an option to redeem this issue at par from 2016 onward. The issuer has a coupon non-payment option governed by the rules of the coupon carry-forward mechanism.

Fair value of long-term debts

Management considers that the fair value of the floating rate debt (EUR 501 million) is not significantly different from its face value (EUR 501 million - see also note 33 managing interest rate risk).

The fair value of the Group's fixed rate debt at the end of 2010 is as follows:

EUR Million	2010			
	Nominal amountt	Fair value	Maturity	Secured
EMTN	500	535	2014	No
EMTN	500	541	2018	No
Retail	500	542	2015	No
European Investment Bank	300	317	2016	No
Hybrid	500	512	2104	No
Total	2 300	2 447		

The fair value is based on the quoted market price at the end of 2010. Long-term debt is measured at amortized cost.

Other current receivables - financial instruments and cash and cash equivalents

The proceeds from the sale of the Pharmaceuticals activities and the sale of Inergy Automotive Systems are temporarily invested in short duration government bonds (Germany, France, The Netherlands, Belgium) (around 80%) and in highest-rated treasury instruments (around 20%). A program of investments in treasury shares was also set up for a maximum of 5.1 million shares (6% of the issued capital) (see note 23a).

There are 3 financial instrument categories:

- Money Market Funds (MMF) (other current receivables – financial instruments);
- Bonds and treasury bills of more than 3 months (other current receivables – financial instruments);
- Bonds and treasury bills of less than 3 months (cash and cash equivalents).

Bonds and treasury bills have been split according to their maturity.

Other current receivables - financial instruments

EUR Million	Classification	2009	2010
Money Market Fund (MMF)	Assets available for sale	0	1 097
Bonds and Treasury Bills of more than 3 months	Assets held to maturity	0	2 604
Other current receivables - financial instruments		0	3 701

The underlying instruments in the Money Market Funds (MMF) are valued on a daily basis but the funds are managed in such a way that the overall net asset value of each fund is stable.

Management has opted to consider the bonds and treasury bills of more than 3 months as assets held to maturity, which are therefore not marked to market.

Cash and cash equivalents amounted to EUR 2 003 million at the end of 2010, of which EUR 905 million are bonds and treasury bills of less than 3 months.

EUR Million	2009	2010
Shares	23	23
Fixed-income securities	16	8
Term deposits	244	239
Bonds and treasury bills of less than 3 months	0	905
Cash	1 203	827
Cash and cash equivalents	1 486	2 003

The shares mentioned in the above table consist of investments in money market funds. The carrying amount is the fair value of the shares, fixed income securities and term deposits.

Management has opted to consider the bonds and treasury bills of less than 3 months as assets held to maturity, which are therefore not marked to market.

(33) Financial instruments and financial risk management

Overview of financial instruments

The following table gives an overview of the carrying amount of all financial instruments by class and by category as defined by IAS 39 – Financial Instruments: Recognition and Measurement.

EUR Million	2009 Carrying amount	2010 Carrying amount
Financial assets classified as held for trading	0	0
Derivative instruments in designated hedge accounting relationships	0	3
Available-for-sale investments - New Business Development / AGS (former Fortis)	68	62
Available-for-sale - Money Market Funds (*)	0	1 097
Held-to-maturity investments - Bonds and treasury bills of more than 3 months (*)	0	2 604
Held-to-maturity - Cash and cash equivalents - Bonds and treasury bills of less than 3 months	0	905
Cash and cash equivalents excluding bonds and treasury bills of less than 3 months	1 486	1 098
Loans and receivables (including trade receivables, loans and other non-current assets except pension fund surpluses)	1 495	2 029
Total financial assets	3 050	7 798
Financial liabilities classified as held for trading	-4	-7
Derivative instruments in designated hedge accounting relationships	0	-1
Financial liabilities measured at amortized cost (includes long-term financial debt, other non-current liabilities, short-term financial debt, trade liabilities and dividends payable included in other current liabilities)	-3 778	-4 438
Financial lease liabilities	-18	-2
Total financial liabilities	-3 800	-4 448

(*) The total amount corresponds to the “other receivables - financial instrument” in the statement of financial position (EUR 3 701 Million)

Fair value of financial instruments

1. Fair value of financial instruments measured at amortized cost

EUR Million	2009 Carrying amount	2009 Fair value	2010 Carrying amount	2010 Fair value
Held-to-maturity investments - Bonds and treasury bills of more than 3 months	0	0	2 604	2 604
Held-to-maturity - Cash and cash equivalents - Bonds and treasury bills of less than 3 months)	0	0	905	905
Cash and cash equivalents excluding bonds and treasury bills of less than 3 months	1 486	1 486	1 098	1 098
Loans and receivables (including trade receivables, loans and other non-current assets except pension fund surpluses)	1 495	1 495	2 029	2 029
Financial lease receivables	0	0	0	0
Total financial assets	2 982	2 982	6 636	6 636
Financial liabilities measured at amortized cost (includes long-term financial debt, other non-current liabilities, short-term financial debt, trade liabilities and dividends payable included in other current liabilities)	-3 778	-3 883	-4 438	-4 608
Financial lease liabilities	-18	-18	-2	-2
Total financial liabilities	-3 796	-3 901	-4 440	-4 610

2. Valuation techniques and assumptions used for measuring fair value

Solvay's New Business Development (NBD) activity has built a Corporate Venturing portfolio which is made of direct investments in start-up companies and of investments in Venture Capital funds. All these investments are related to the NBD platforms. They are all valued at fair market value according to the valuation guidelines published by the European Private Equity and Venture Capital Association.

The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are quoted market prices.

The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.
Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.
Fixed for floating energy price swaps are measured using quoted forward energy prices and yield curves derived from quoted interest rates matching the maturities of the swaps.
The fair values of other financial assets and financial liabilities (excluding those described above) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.
Specifically, significant assumptions used in determining the fair value of the following financial assets and liabilities are set out below.

3. Financial instruments measured at fair value in the consolidated statement financial position (balance sheet)

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	2009 (Pharma excluded)			
EUR Million	Level 1	Level 2	Level 3	**Total**
Financial assets held for trading				
- Derivative financial assets				
° Foreign exchange contracts and swaps				
° Foreign currency options				
° Interest rate swaps				
° Other interest rate derivatives				
° Energy fixed for floating prices swaps				
° CO2 certificates swaps and forward contracts				
- Non-derivative financial assets				
Derivative instruments in designated hedge accounting relationships				
° Foreign exchange contracts and swaps				
° Foreign currency options				
° Interest rate swaps				
° Other interest rate derivatives				
° Energy fixed for floating prices swaps				
Available-for-sale				
- New Business Development			27	27
- AGEAS (former Fortis)	41			41
- Other current receivables - financial instruments (Money Market Funds)				
Total financial assets	41		27	68
Financial liabilities held for trading				
- Derivative financial liabilities				
° Foreign exchange contracts and swaps		-4		-4
° Foreign currency options				
° Interest rate swaps				
° Other interest rate derivatives				
° Energy fixed for floating prices swaps				
° CO_2 certificates swaps and forward contracts				
- Non-derivative financial liabilities				
Derivative instruments in designated hedge accounting relationships				
° Foreign exchange contracts and swaps				
° Foreign currency options				
° Interest rate swaps				
° Other interest rate derivatives				
° Energy fixed for floating prices swaps				
Total financial liabilities		-4		-4

EUR Million	2010 Level 1	Level 2	Level 3	Total
Financial assets held for trading				
- Derivative financial assets				
° Foreign exchange contracts and swaps				
° Foreign currency options				
° Interest rate swaps				
° Other interest rate derivatives				
° Energy fixed for floating prices swaps				
° CO2 certificates swaps and forward contracts				
- Non-derivative financial assets				
Derivative instruments in designated hedge accounting relationships				
° Foreign exchange contracts and swaps		1		1
° Foreign currency options				
° Interest rate swaps				
° Other interest rate derivatives				
° Energy fixed for floating prices swaps		2		2
Available-for-sale				
- New Business Development			35	35
- AGEAS (former Fortis)	27			27
- Other current receivables - financial instruments (Money Market Funds)	1 097			1 097
Total financial assets	1 124	3	35	1 162
Financial liabilities held for trading				
- Derivative financial liabilities				
° Foreign exchange contracts and swaps		-9		-9
° Foreign currency options				
° Interest rate swaps				
° Other interest rate derivatives				
° Energy fixed for floating prices swaps				
° CO2 certificates swaps and forward contracts		1		1
- Non-derivative financial liabilities				
Derivative instruments in designated hedge accounting relationships				
° Foreign exchange contracts and swaps		-1		-1
° Foreign currency options				
° Interest rate swaps				
° Other interest rate derivatives				
° Energy fixed for floating prices swaps				
Total financial liabilities		-8		-8

There were no significant transfers between level 1 and level 2 during 2009 and 2010.

The category “financial assets held for trading” usually contains financial instruments such as “average rate options”, that are used for currency risk management, but which are not documented in a way which allows them to be treated as hedging instruments.

Reconciliation of level 3 fair value measurements of financial assets:

	2009 - Pharma excluded				
	At fair value through profit or loss		Available for sale		Total
EUR Million	Derivatives	Non-derivatives	Shares	Other	
Opening balance at 1 January			0		0
Total gains or losses			-6		-6
- Recognized in the income statement			-5		-5
- Recognized in other comprehensive income			-1		-1
Acquisitions			12		12
Disposals			0		0
Reclassification from investment in associate to available-for-sale financial assets			21		21
Transfers out of level 3			0		0
Derivative instruments in designated hedge accounting relationships			0		0
Closing balance at 31 December			27		27

	2010				
	At fair value through profit or loss		Available for sale		Total
EUR Million	Derivatives	Non-derivatives	Shares	Other	
Opening balance at 1 January			27		27
Total gains or losses			0		0
- Recognized in the income statement			0		0
- Recognized in other comprehensive income			0		0
Acquisitions			8		8
Disposals			0		0
Reclassification from investment in associate to avalaible-for-sale financial assets			0		0
Transfers out of level 3			0		0
Derivative instruments in designated hedge accounting relationships			0		0
Closing balance at 31 December			35		35

Total gains or losses relating to assets held at the end of the period are EUR 0 million (2009: EUR -6 million). The total gains or losses for the period recognized in the income statement are included in income/loss from available-for-sale investments.

The total gains or losses for the year recognized in other comprehensive income relate to assets held at the end of the period. The total gains or losses for the year recognized in other comprehensive income are included in gains and losses on remeasuring available-for-sale financial assets.

Income and expenses of financial instruments recognized in the income statement and in equity

Income and expenses on financial instruments break down as follows:

	Continuing Operations		Discontinued Operations (Ph)		Group Total	
EUR Million	2009	2010	2009	2010	2009	2010
Recognized in the income statement						
Recycling from equity of changes in the fair value of currency cash flow hedges as of December 2009 (see next table)	17	0	-8	-1	10	-1
Change in the fair value of currency cash flow hedge in 2010	-12	-7	16	0	4	-7
Recycling from equity of changes in the fair value of energy cash flow hedges as of December 2009 (see next table)	0	1	0	0	0	1
Change in the fair value of energy cash flow hedge in 2010	0	1	0	0	0	1
Recognized in the gross margin	5	-5	8	-1	14	-6
Interest on loans and receivables	2	2	4	0	6	2
Changes in the fair value of financial instruments held for trading (energy/CO2 emission rights)	0	-1	0	0	0	-1
Recognized in other operating gains and losses	2	1	4	0	6	1
Interest expense on financial liabilities measured at amortized cost (cost of borrowings)	26	-142	-161	-4	-135	-146
Interest on cash and cash equivalents (including bonds < 3 months)	0	9	9	1	9	10
Interest on other current financial assets (Money Market Funds and bonds > 3 months)	0	14	0	0	0	14
Changes in the fair value of financial instruments held for trading (currency)	2	-10	-26	0	-24	-10
Recognized in charges on net indebtedness	28	-128	-178	-3	-150	-131
Income/loss from available-for-sale investment	-5	0	0	0	-5	0
Capital gain on available-for-sale investment posted directly to the income statement	1	0	0	0	1	0
Recycling from equity of unrecognized gain and losses related to disposed of available-for-sale financial assets (see next table)	8	0	0	-4	8	-4
Recycling from equity of impairment losses on available-for-sale financial assets (see next table)	0	-1	0	0	0	-1
Total recognized in the income statement	37	-133	-166	-8	-128	-141

The currency cash flow hedge corresponds to forward contracts aimed at hedging forecasted sales in USD and JPY.

The change in the fair value of financial instruments held for trading refers to forward exchange contracts related to the net cash position.

The unrecognized gains and losses related to disposed of available-for-sale financial assets refer to the sale of Sofina shares in 2009 and to the divestment of Pharma (Arqule) in 2010. The total capital gain on Sofina shares disposed of in 2009 amounted to EUR 9 million, of which EUR 1 million posted directly to the income statement.

The impairment losses on available-for-sale financial assets recycled from equity are related to New Business Development.

Income on available-for-sale financial assets is related to adjustments in New Business Development available-for-sale assets directly posted to the income statement.

	Continuing Operations		Discontinued Operations (Ph)		Group Total	
EUR Million	2009	**2010**	2009	**2010**	2009	**2010**
Recognized directly in equity						
Net change in the fair value of available-for-sale financial assets	25	-15	0	0	25	-15
Recycling to the income statement of unrecognized gain and losses related to disposed of available-for-sale financial assets	-8	0	0	4	-8	4
Recycling to the income statement of impairment losses on available-for-sale financial assets	0	1	0	0	0	1
Available-for-sale financial assets	18	-14	0	4	17	-10
Effective portion of changes in fair value of cash flow hedge	4	2	-1	0	3	2
Recycling to the income statement of changes in the fair value of currency cash flow hedges	-17	0	8	1	-10	1
Recycling to the income statement of changes in the fair value of energy cash flow hedges	0	-1	0	0	0	-1
Recycling to the initial carrying amounts of hedged items	-1	0	0	0	-1	0
Cash flow hedges	-14	1	7	1	-8	2
Total	4	-13	6	**5**	9	-8

Conventionally, (+) indicates an increase and (-) a reduction in equity

In 2009 and 2010, the net change in the fair value of available-for-sale financial assets recognized directly in equity relates mainly to the AGEAS (former Fortis) shares.

Capital management

See item 2.1. on page 172 in the Corporate Governance section of this report.

Financial risk management

The Group is exposed to market risks from movements in exchange rates, interest rates and other market prices (energy prices and equity prices). The Solvay group uses derivatives to hedge clearly identified foreign exchange, interest rate and energy price risks (hedging instruments). However, the required criteria to apply hedge accounting according to IFRS are not met in all cases. This means that this form of accounting cannot always be applied when the Group covers its economic risks. The Group's foreign exchange risk hedging policy is based essentially on the principles of financing its activities in local currency, systematically hedging transactional (see below) exchange risk at the time of invoicing (risks which are certain) and monitoring and hedging where appropriate exchange rate positions generated by the Group's activities, based on expected cash flows.

Furthermore, the Group is also exposed to liquidity risks and credit risks.

The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1. Foreign currency risks

See item Foreign exchange risk on page 147 in the Management of Risks section of this report.

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilizing forward foreign exchange contracts.

The Group's currency risk can be split into two categories: translation and transactional risk.

Translation risk

The translation exchange risk is the risk affecting the Group's consolidated accounts related to subsidiaries operating in a currency other than the EUR (the Group's functional currency), the main other currency being the US dollar.

During 2010 (and 2009), the Solvay group did not hedge the currency risk of foreign operations.

Exchange rate fluctuations, particularly of the US dollar, can affect earnings. In the course of 2010 the EUR / USD exchange rate moved from 1.4406 at the start of January to 1.3362 at the end of December.

Transactional risk

The transactional risk is the exchange risk linked to a specific transaction, such as a Group company buying or selling in a currency other than its functional currency.

The Group manages the transactional risk on receivables and borrowings at the level of Solvay CICC in Belgium.

The choice of borrowing currency depends essentially on the opportunities offered by the various markets. This means that the selected currency is not necessarily that of the country in which the funds will be invested. Nonetheless, operating entities are financed in their own local currencies, with this currency being obtained, where appropriate, by currency swaps against the currency held by the financing company. The cost of these currency swaps is included under the cost of borrowing. These enable us to limit the exchange risk both in the financial company and in the company finally using the funds.

In emerging countries it is not always possible to borrow in local currency, either because local financial markets are too narrow and funds are not available, or because the financial conditions are too onerous. In such a situation the Group has to borrow in a different currency. Nonetheless the Group has taken advantage of any opportunities to refinance its borrowing in emerging countries with local currency debt. In this way, at the end of 2010, the Group had a very limited foreign exchange exposure on its residual currency borrowings in Bulgaria.

Since Solvay subsidiaries assign their foreign exchange transactions (e.g. customer invoices, supplier invoices) to Solvay CICC, the Group's foreign exchange position is centralized at Solvay CICC. Operating subsidiaries are no longer in charge of exchange risk management. The centralized exchange position is then managed under rules and specific limits which have been set by the Group.

The main management tools are the spot and forward purchase and sale of currencies.

The main financial instruments used are the spot and forward purchase and sale of currencies; forward currency sales and the purchase of put options. The Group hedged its 2010 exposure in an amount of USD 20 million -USD 105 million on sales and USD 85 million on purchases - (USD 540 million in 2009). The Group hedged its 2010 exposure in an amount of JPY 3.8 billion on sales. By using financial instruments to hedge its medium-term currency exchange risk, Solvay is exposed to the risks attached to these foreign currency derivatives.

The Group uses derivatives to hedge clearly identified foreign exchange rate risks (hedging instruments). At the end of 2010, the Group had hedged 2011 forecasted sales in a nominal amount of USD 11 million (36-25) and JPY 5.7 billion via forward foreign exchange contracts.

The following table details the forward exchange contracts outstanding at the end of the period:

	Notional amount		Fair value assets		Fair value liabilities	
EUR Million	2009	**2010**	2009	**2010**	2009t	**2010**
Cash flow hedges						
- Forward exchange contracts	6	99	0	1	0	-1
- Energy swaps	8	7	1	2	0	0
- CO2 certificates swaps and forward contract						
Held for trading						
- Forward exchange contracts	452	764	0	0	-5	-9
- Average Rate Options (ARO)						
- Energy swaps	1	1	0	0	0	0
- CO_2 certificates swaps and forward contract	6	9	0	0	0	1
Total	474	880	1	3	-5	-8

The following table details the Group's sensitivity in profit or loss and equity to a 10% increase and decrease in the EUR against the relevant foreign currencies. 10% represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower. It includes also the forward exchange contracts. A positive number below indicates an increase in profit or equity where the EUR strengthens 10% against the relevant currency. For a 10% weakening of the EUR against the relevant currency, there would be a comparable impact on the profit or equity, and the balances below would be negative.

	USD		**JPY**	
EUR Million	2009	**2010**	2009	**2010**
Profit or loss	0	0	0	0
Equity	1	1	0	5

2. Interest rate risks

See item ‘Interest rate risks’ on page 147 in the Management of Risks section of this report.
Interest rate risk is managed at Group level.
The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. Interest rate risk is managed at Group level by maintaining an appropriate mix between fixed and floating rate borrowings.

At December 31, 2010, around EUR 2.3 billion of the Group’s debt was fixed-rate.

- The Group has fixed the interest rates of its bond loans (EMTN: EUR 500 million maturing 2018 and EUR 500 million maturing 2014; retail: EUR 500 million maturing 2015);
- The hybrid subordinated issue placed on the market 2006 (EUR 500 million maturing 2104) carries a fixed coupon until 2016 and floating thereafter;
- European Investment Bank EUR 300 million maturing in 2016.

Interest rate exposure by currency is summarized below:

EUR Million	At December 31, 2009			**At December 31, 2010**		
Currency	Fixed rate	Floating rate	Total	Fixed rate	Floating rate	**Total**
Financial debt						
EUR	-2 300	-253	-2 553	-2 300	-131	-2431
USD	-2	-17	-19	-1	-8	-9
GBP	0	-1	-1	0	0	0
BRL	0	-120	-120	0	-124	-124
Other	0	-127	-127	0	-238	-238
Total	-2 302	-518	-2 820	-2 301	-501	-2 802
Cash and cash equivalents						
EUR	0	1 138	1 138	0	1 249	1 249
USD	0	139	139	0	519	519
Other	0	209	209	0	235	235
Total	0	1 486	1 486	0	2 003	2 003

82% of financial debt is contracted at an average fixed rate of 5.11% with a duration of 5.15 years; the first significant maturity for debt reimbursement will not occur until 2014.

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 1% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management’s assessment of the reasonably possible change in interest rates.

Impact of interest rate changes at the end of 2010:
- on borrowing charges: if interest rates had been 1% higher/lower and with all other variables remaining constant, these would have increased/decreased by EUR 5 million (2009: increase/decrease by EUR 4 million). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings;
- on cash and cash equivalents and other current financial assets:
  - if interest rates had been 1% higher and with all other variables remaining constant, income would have increased by EUR 49 million (2009: + EUR 9 million);
  - if interest rates had been 1% lower, and with all other variables remaining constant, income would have decreased by EUR 25 million (2009 : - EUR 9 million).

3. Other market risks

Energy price risks

The Group purchases a large portion of its coal and gas needs in Europe and the US based on fluctuating liquid market indices. In order to reduce the price volatility of coal and gas on production costs, the Group has developed a policy for exchanging variable price against fixed price through financial swap contracts. Most of these hedging contracts meet the criteria to apply hedge accounting as defined by IFRS.

Financial hedging of energy risks is managed centrally by Solvay Energy SA on behalf of the Group entities, which show the residual risk in their accounts. In 2010, Solvay Energy made energy financial swaps for a total underlying amount of EUR 34 million. Generally, the maturity of these swaps does not exceed 12 months.

The following tables detail the notional principal amounts and remaining terms of energy price swaps outstanding at the end of the reporting period:

Cash flow hedges	**Notional Amount**		**Fair value assets**		**Fair value liabilities**	
EUR Million	2009	**2010**	2009	**2010**	2009	**2010**
Outstanding 'receive floating / pay fixed' contracts						
- Less than 1 year	8	7	1	2	0	0
- 1 to 2 years						
- 2 to 5 years						
- more than 5 years						
Total	8	7	1	2	0	0

4. Credit risk

See item 'Counterparty risk' on page 147 in the Management of Risks section of this report.

In 2010, trade receivables represented 67 days' sales. The carrying value of the trade receivables is a good approximation of the fair value at statement of financial position (balance sheet) closing date.

There is no significant concentration of credit risk at Group level to the extent that the receivables risk is spread over a large number of customers and markets.

The ageing of trade receivables, other current receivables - other, loans and other non-current assets is as follows:

2009 EUR Million	Total	with write-down	of which receivables without write-down: not past due	less than 30 days past due	between 30 & 60 days past due	between 60 & 90 days past duer	more than 90 days past due
Trade receivables	1 373	11	1 180	105	26	10	41
Other current receivables - other	327	0	302	3	4	0	17
Loans and other non-current assets	152	0	145	0	0	0	7
Total	1 852	11	1 627	108	31	10	65

2010 EUR Million	Total	with write-down	of which receivables without write-down: not past due	less than 30 days past due	between 30 & 60 days past due	between 60 & 90 days past duer	more than 90 days past due
Trade receivables	1 706	10	1 546	110	19	6	15
Other current receivables - other	516	1	508	2	1	0	4
Loans and other non-current assets	368	0	368	0	0	0	0
Total	2 589	11	2 422	112	20	6	18

'Other current receivables - other' consists essentially of other receivables, deferred charges and accrued income.

Other non-current assets consist essentially of pension fund surpluses and other amounts receivable after more than one year. This balance includes a cash deposit made as a guarantee for the good execution of the fine imposed by the European Commission in connection with antitrust rules.

The table below shows the evolution of write-downs on trade receivables, other current receivables - other, loans and other non-current assets.

EUR Million	2009	**2010**
At 1 January	-73	-98
Net change	-25	-67
At 31 December	-98	-31

For credit risk regarding other financial assets, we refer to the related notes.

5. Liquidity risk

See item "Liquidity risk" on page 146 in the Management of Risks section of this report.

Liquidity Risk relates to Solvay's ability to service and refinance its debt (including notes issued) and to fund its operations. This depends on its ability to generate cash from operations and not to over-pay for acquisitions.

The Finance Committee gives its opinion on the appropriate liquidity risk management for the Group's short-, medium- and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecasted and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The Group staggers the maturities of its financing sources over time in order to minimize its liquidity risk.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up using the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Group may be required to pay.

EUR Million	Total 2009	on demand or within one year	in year two	in years three to five	beyond five years
Outflows of cash related to financial liabilities:	4 440				
Other non-current liabilities	44	44			
Short-term financial debt	185	185			
Trade liabilities	828	828			
Income tax payable	66	66			
Other current liabilities	682	682			
Long-term financial debt	2 635	0	176	676	1 783
Total financial debt (short and long-term)	2 820	185	176	676	1 783

EUR Million	**Total 2010**	on demand or within one year	in year two	in years three to five	beyond five years
Outflows of cash related to financial liabilities:	5 035				
Other non-current liabilities	48	48			
Short-term financial debt	212	212			
Trade liabilities	1 489	1 489			
Income tax payable	67	67			
Other current liabilities	629	629			
Long-term financial debt	2 590	0	94	1 512	984
Total financial debt (short and long-term)-	2 802	212	94	1512	984

All major derivatives mature within 1 year.

In addition to the above-mentioned financing sources, the Group also has access to the following instruments:

- a Belgian Treasury Bill program in an amount of EUR 1 billion, unused at the end of 2010; or as an alternative a US commercial paper program in an amount of USD 500 million, unused at the end of 2010. In addition to the credit lines mentioned below, the higher ceiling of the two programs is also covered by back-up credit lines (EUR 550 million) and a EUR 400 million bank credit line, maturing in 2013. Both were unused at the end of 2010;
- a EUR 1 billion bank credit line (unused at end-2010), maturing in 2015.

Additional information is provided in note 32 – Net indebtedness

(34) Assets held for sale and liabilities associated with assets held for sale

It should be noted that in line with IFRS, following the decision to terminate the sale of the precipitated calcium carbonate activity, this activity was reintroduced in June 2010 into the Chemicals segment, after being shown as “assets and liabilities associated with asset held for sale” since October 2008. Consequently, the cumulative depreciation of the assets involved, since this date, were expensed in the second quarter of 2010, with a negative impact on the segment’s operating result of EUR 10 million.

Notes to the statement of changes in equity

Currency translation differences

The closing statement of financial position (balance sheet) exchange rate for the US dollar changed from 1.4406 at the end of 2009 to 1.3362 at the end of 2010. The stronger US dollar, and to a lesser extent, the greater strength of other currencies leads to a positive currency translation difference. The total difference amounts to EUR 278 million of which EUR 238 million for the Group's share, increasing the balance from EUR -612 million at the end of 2009 to EUR -374 million at the end of 2010.

Fair value differences

These differences represent the marking to market of available-for-sale investments and financial derivatives used for hedging purposes.

In 2010, the negative variation of EUR -10 million is mainly related to a decrease in the fair value of the AGEAS (former Fortis) shares (EUR -14 million) and to the recycling of the unrealized loss on Pharmaceuticals available-for-sale investments at the end of 2009 (EUR 5 million) to the income statement.

The fair value differences also include the marking to market of financial instruments accounted for according to IAS 39 as cash flow hedges. Only the effective part of the hedge is recognized in equity, with the balance being taken directly into income. The variation in this effective part, recognized among fair value differences, amounted to EUR 1 million at the end of 2010 (EUR -8 million in 2009).

When the financial instrument designated as a hedge matures, its value recognized in equity is recycled to the income statement.

Non-controlling interests - Other

The balance of EUR -65 million includes the decrease of the non-controlling interests in Vinythai resulting from the acquisition of shares on the stock exchange (EUR -16 million), the capital redemption to non-controlling interests of our natural carbonate activities in the US (EUR -27 million) and the acquisition of full ownership of Vinilis within the SolVin Group (EUR -14 million).

Number of shares (in thousands) [1]

	2009	2010
Shares issued and fully paid in at 1/1/2010	84 701	84 701
Capital increase	0	0
Shares issued and fully paid in at 31/12/2010	84 701	84 701
Treasury shares held at 31/12/2010	2 461	3 636
Shares authorized but not yet issued	0	0
Par value	15 EUR / share	15 EUR / share

Information on the dividend proposed to the Shareholders' Meeting can be found in the Management Report.

1. See the consolidated data per share in the financial information per share found in the management report.

Miscellaneous notes

(35) Commitments to acquire tangible and intangible assets

EUR Million	2009	2010
Commitments for the acquisition of tangible and intangible assets	81	73
of which: joint ventures	45	17

The decrease reflects the nearing completion of major new investment projects.

(36) Contingent liabilities

EUR Million	2009	2010
Liabilities and commitments of third parties guaranteed by the company	268	242
Additional milestones for Fournier	70	0
Litigation and other major commitments	14	7

The liabilities and commitments of third parties guaranteed by the company relate mainly to VAT payment guarantees that have been issued.

The amounts relating to Joint Ventures are included in the table below.

EUR Million	2009	2010
Liabilities and commitments of third parties guaranteed by the company	7	4
Litigation and other major commitments	0	0

(37) Joint ventures

The Joint Ventures are proportionately consolidated in the annual accounts at the following amounts (see the list of proportionately consolidated companies).

EUR Million	2009	2010
Non-current assets	648	475
Current assets	373	255
Non-current liabilities	151	109
Current liabilities	357	253
Sales	1 095	892
Cost of goods sold	-916	-718

(38) Related parties

Balances and transactions between Solvay SA and its subsidiaries, which are related parties of Solvay SA, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

Trading transactions

	Sale of goods		Purchases of goods	
EUR Million	2009	**2010**	2009	**2010**
Joint ventures	111	170	104	143
Associates	0	0	0	0
Other related parties	0	0	0	0
Total	111	170	104	143

	Amounts owed by related parties		Amounts owed to related partie	
EUR Million	2009	**2010**	2009	**2010**
Joint ventures	108	102	19	32
Associates	0	0	0	6
Other related parties	0	0	0	0
Total	108	102	19	38

Loans to related parties

EUR Million	2009	**2010**
Loans to key management personnel		
Loans to joint ventures	42	28
Loans to associates		
Loans to other related parties	51	48
Total	93	76

Compensation of key management personnel

See item 6 on page 184 in the Corporate Governance section of this report

(39) Events after the reporting period

There were no material events after the reporting period.

(40) Policy in respect of capital

See item 2.1. on page 172 in the Corporate Governance section of this report

Management of Risks

2010 saw the formalization of a major strategic event that considerably impacts on Solvay's risk profile: the sale of the pharmaceutical activities resulted in an overall decrease of risk. Categories with reduced risk include Product Risk, Supply Chain Risk, Regulatory Risk and pension funding (Financial) risk. However, the reduced diversification of the Group's portfolio without the pharmaceutical activities constitutes an increase in Strategic Risk.

Solvay has adopted the FERMA (Federation of European Risk Management Associations) Risk Management Standard as the framework for its Risk Management activities. Solvay's objective is to achieve advanced Enterprise Risk Management through its policy:

- to identify, assess and manage all potentially significant business opportunities and risks, by applying systematic risk management integrated with strategy, business decisions and operations;
- while continuously improving our risk management capabilities, we achieve risk awareness and confidence in entrepreneurship and make risk management part of everyone's job.

Measurement of Solvay's Enterprise Risk Management implementation 2009 showed that Solvay compares well with its peers. Particular strengths are that Risk Management is integrated in the strategy process, scenario planning, Healthcare Risk Management (Chemicals and Plastics products applications in healthcare, food or feed), the Renaissance project (globalizing HR processes) and reputation management. To reach excellence, the Group needs to formalize the desired level of risk appetite and apply it across the Group, to apply the Risk Profiling tool (risk analysis and risk reduction) to more management processes and to improve monitoring of risk. The results of the study are being used by Solvay to make improvements in order to achieve an even higher maturity level in Enterprise Risk Management.

A special Competence Center within Financial Management develops tools, provides advice and proposes strategies to help entities manage their risks more systematically. During 2009/10 each Business Unit was asked to apply the Risk Profiling tool on the unit's business objectives and use the spectrum of the ten Risk Categories in order to identify and quantify the largest risks, as well as develop an action plan to mitigate risk. The analyses were consolidated into an updated Group Risk Profile that confirmed the reduction of risk after the sale of the pharmaceutical activities.

The Sustainable Development initiative is helping to reduce risk and to realize opportunities especially in the strategic risk area. As part of the Sustainable Development process, the following specific Risk Management targets have been validated for 2012:

- Assess the critical risks in the 10 categories for each new business opportunity
- Make risk management a routine procedure in the 10 risk categories
- Make each manager aware of the main risks within that person's area of responsibility, and of the risk measures taken.
- Ensure that Solvay is a company recognized for its expertise in risk management.

Risk Description in 10 Risk Categories

Solvay has defined ten categories of risk:

1. **Market & Growth – Strategic risk**
2. **Supply Chain and Manufacturing risk**
3. **Regulatory, Political and Legal risk**
4. **Corporate Governance and risks attached to Internal Procedures**
5. **Financial risk**
6. **Product risk**
7. **Risk to people**
8. **Environmental risk**
9. **Information and IT risk**
10. **Reputational risk**

The purpose of this report is to describe the risks associated with each category and to outline the actions undertaken by the Group to reduce that risk. The order in which these risk categories are listed is not an indication of their importance or probability. The mitigation efforts described are no guarantee that risks will not materialize but demonstrate the Group's efforts to reduce risk exposures in an entrepreneurial way.

In 2011, the Group entered into a reorganization aimed at promoting increased employee empowerment, a new planning process as well as a new organization for its Business Units.

1. Market & Growth – Strategic Risk

Strategic Risk is Solvay's exposure to adverse developments in our markets or our competitive environment as well as the risk of making erroneous strategic decisions. Examples of such risks are technological leaps allowing the development of substitute products or manufacturing processes, drastic changes in energy prices, the lack of success of a new product, scarcity of key raw materials, reduction of demand in our main markets as a consequence of new legislation, events affecting our most important customers, new entrants in a market, price war, significant imbalances between supply and demand in our markets, and major social crises.

The diverse businesses within the Group generate a variety of risks, some of which could possibly affect the Group as a whole. But diversification contributes to the reduction of the overall risk as the Group's different businesses, processes, policies and structures offset some risks against each other merely through a balanced portfolio of products.

Prevention and Mitigation efforts

The potential impact of adverse events is managed at Group level, and involves in particular:
• Managing activities and maintaining a balanced portfolio of products,
• Diversification of the customer base in different market segments,
• Adaptation of operations to the changing macroeconomic and market environment,
• Selective vertical integration to limit potential cumulative effects from raw material supply risks,
• Strict financial policy of controlling the net debt to equity ratio,
• Investment strategy.

The periodic review of the main macroeconomic assumptions, market assumptions and key strategic issues of each Business Unit (BU) for the next five years is managed in the strategy and plan process of the Group.

The strategy phase focuses on market and competitive environment assumptions and on the strategic options of each SBU. The planning phase focuses on the business plan, scenarios, and on the main projects on which execution of the strategy relies. The strategy and business plans of each SBU are presented by the management of the SBU to the Executive Committee. After discussion, the strategy is amended (if needed) and approved by the Executive Committee. In 2011, the strategic planning process will be modified so as to reflect the new organization of the Group.

A project called Horizon has been launched to revisit our organization. A lean corporate center will be created in charge of defining the Group's strategy and global policies. The business operations will be managed by fully empowered global and regional business units close to the customers. We shall align the legal structure of our Group with business responsibilities which will lead to improved corporate governance. Through the boards of the affiliates we will assure that they operate in line with the Group's strategy and policies.

The Corporate Development department acts as facilitator in the process, cross-checking assumptions between the different business units and with external sources. Corporate Development continuously updates its strategic analysis of the competitive environment. Larger projects are assessed with a tool measuring their alignment with Group strategic targets of profitability and sustainability as well as their risk profiles. The major strategic orientations are submitted to the Board of Directors, which has the ultimate responsibility for the Group's strategy, including managing the balance of the portfolio of businesses. Management is systematically planning the redeployment of the cash received from the deal with Abbott and analyzing interesting acquisition opportunities.

2. Supply Chain and Manufacturing Risk

Supply Chain and Manufacturing Risk attached to production units is Solvay's exposure to risks associated with raw material, suppliers, production and storage units and transportation, such as risks of major equipment failure or damage, transportation accidents, drastic shortages of raw materials or energy, natural disasters or transportation strikes.

Prevention and Mitigation efforts

Key risk areas are addressed with policies and risk control programs such as health and safety, process safety, risk engineering, integrated resource planning and supply chain optimization systems (ERP), emergency response, central and local crisis management, business continuity planning, continuity planning for the case of a pandemic, etc.

Solvay buys insurance to reduce the financial impact of potential events causing extensive damage and consequential interruption of supply above what is covered by the insurance Captive. Our plants are regularly subject to external reviews and in this context the risks of damage to production units and consequential business interruption events are identified and quantified by risk engineering experts from the insurance company. The partnership with a mutual insurance group contributes to improving manufacturing resilience and protection.

The geographic distribution of production units around the world reduces the overall impact of one production unit being damaged or interrupted. Some specialty products are however, only produced in one single plant.

In reference to ***Raw Materials***, n addition to owning several mines and quarries, Solvay reduces the risk of disruption (availability, reliability and price) by a combination of:

- the use of medium and long-term contracts;
- the diversity and the flexibility of the sources of raw materials as far as possible;
- the development of partnerships with preferred suppliers;
- processes to ensure REACH compliance up the supply chain and/or substitution, to minimize the risk of raw materials disruption.

In the field of ***Energy Supply***, Solvay has been consistently implementing programs to reduce its energy consumption for many years. While Solvay has energy-intensive industrial activities, particularly in Europe (soda ash, electrolysis), it also operates a range of industrial activities with a relatively low energy consumption, in particular in the BU Specialty Polymers.

The risk exposure to availability and reliability of energy supply has to be managed well. A number of strategic initiatives are realized by Solvay to reduce the effect of the volatility of energy markets:

- technological leadership in processes, to minimize energy consumption;
- high-performance industrial operations;
- diversification and flexible use of the different types and sources of primary energies;
- long-term partnerships or backward integration in steam and electricity generation (gas cogeneration, biomass or secondary fuels cogeneration,...);
- Solvay Energy manages all commercial and hedging activities in the field of energy and CO2 emission rights for the Solvay Group with a highly skilled team;
- a strategy of supply coverage with medium to long-term contracts.

As permitted by the specific market conditions of each BU, price increases are negotiated to offset the increase of energy costs. Solvay is a founding member of Exeltium, a project by a group of electro-intensive industries in France intended to ensure reliable and sustainable energy supply at a competitive price. In Belgium, Solvay is examining a similar project.

In 2008, Solvay committed to a structured program dedicated to Sustainable Development. It includes objectives to reduce by 2020 Solvay's energy consumption and greenhouse gas emissions by 20% (compared to 2006 levels).

Incorporated in June 2009, Solvay Energy has been active in hedging transactions on behalf of the different legal entities of the Group. A total of 66 transactions have been executed, mainly on coal and gas (in Europe and the US) protecting the Group against the general uptrend in price in 2010.

3. Regulatory, Political and Legal Risk

Regulatory Risk is Solvay's exposure to events like government price regulation, taxation, tariff policy, new regulations banning a product, imposing manufacturing, marketing and use restrictions or making it uneconomical to produce, etc.

Legal Risk is the exposure to adverse consequences of non-compliance with regulations (for example anti trust) or contractual undertakings, or the loss of rights or benefits expected from protection by regulation or contract. This includes various areas like product liability, administrative or criminal sanctions, contractual or intellectual property disputes, as well as the potentially adverse outcome of ongoing litigation (see Note on Important Litigation below).

Political Risk is Solvay's exposure to, for example, the destruction or loss of control of production means or the unavailability of raw materials, utilities or logistic or transport facilities resulting from political decisions, civil war, nationalization, terrorism or other circumstances where the normal exercise of public authority is disrupted.

Solvay must obtain and retain regulatory approval for operating its production facilities, and for selling its products.

A significant number of substances manufactured or used in Solvay activities require registration under the REACH Regulation, in addition to the other requirements pre-existing to REACH. At the end of 2010, 170 dossiers representing 82 different substances were successfully registered on schedule with the ECHA (European Chemicals Agency). Solvay's products are also subject to the compliance with the new Regulation on classification, labeling and packaging.

Given the international scope of the Group, those regulatory approvals emanate from authorities or agencies in many countries. The withdrawal of any previously granted approval or the failure to obtain an authorization may have an adverse effect on our business continuity and operating results. The same could also apply in the case of regulatory changes likely to cause us to incur additional costs.

The geographical spread of the Group around the world is a factor reducing some regulatory and political risks.

Solvay has identified the development of the cost of CO_2 emissions in Europe expected in the future as a potential risk and is monitoring it carefully.

Prevention and Mitigation efforts

Proper design of products and their production processes contributes to the management of regulatory and legal risks, as do timely and thorough applications for necessary approvals.

Regulatory and political risk is reduced through the continuous work and interactions with Public Authorities by the Government and Public Affairs department. In addition, in each country outside the European Union, Solvay maintains clear communication links with the political authorities through the local Belgian Embassy.

Solvay is following the REACH implementation timetable and has achieved the pre-registration of all its products concerned by REACH. Developments in regulations are monitored systematically by internal and external resources.

To manage legal risk Solvay maintains in-house legal and intellectual property and regulatory resources, and relies on additional external professional resources as appropriate. The Group is managing this risk by relying on internal and external resources and by making appropriate financial provisions. Awareness of legal risks is raised by dedicated training, sharing of information, self-assessment procedures and internal auditing. The simple fact of doing business exposes Solvay to disputes and litigation. Adverse outcome of such disputes or litigation is always possible (see note on Important Litigation below).

In order to optimize coverage of these risks, the Group coordinates the activities of the various internal audit functions.

In the chemicals and plastics industries, technological know-how can remain protected by way of trade secret, which is often a good substitute for patent protection and Solvay is, in many cases, a leader in the technological know-how for its production processes. However, Solvay systematically considers patenting new products and processes and maintains continuous efforts to preserve its proprietary information.

In respect of political risks, Solvay's actions include risk-sharing with local or institutional partners as well as monitoring of political developments in sensitive areas.

4. Corporate Governance and Risk attached to Internal Procedures

The risk attached to Internal Procedures is Solvay's exposure to failure to comply with its own Group Code of Conduct, policies and processes. Examples of risks are failed Human Resources strategy, failure to integrate an acquired company, failure to comply with internationally recognized Corporate Governance rules and good practices, etc. Solvay is in particular subject to the Belgian Code for Corporate Governance.

The redeployment of cash received from the sale of the pharmaceutical activities could lead to acquisitions that would need to be integrated into the Solvay Group. That process as such would not be without risk.

Prevention and Mitigation efforts

In the field of Corporate Governance, Solvay has a comprehensive corporate governance charter (available on www.solvay.com) and publishes its yearly report on the application of Solvay's Corporate Governance rules. The reference is the Belgian Code for Corporate Governance.

Since 2007 a compliance organization under the leadership of the Group General Counsel has been in place to enhance a Group-wide ethics and compliance-based culture and to promote compliance with applicable laws, Solvay's Group Code of Conduct and corporate values. Compliance Officers have been appointed in all four regions.

Training courses and induction activities are organized to ensure that ethical and compliant conduct is embodied in the way business is done at Solvay and to address behavioral risks in certain specific areas, such as antitrust or corruption. Regular campaigns are organized to train new employees and to maintain the right level of awareness in the whole Group. The compliance organization, in collaboration with internal audit, legal department and other departments or functions, is monitoring compliance with applicable laws and Solvay's Group Code of Conduct. Any violation of this code will lead to sanctions in accordance with prevailing legislation. Reporting of violations is encouraged and various avenues are proposed to employees including the Compliance Officers. In most countries in which Solvay operates, Solvay has introduced the Solvay Ethics Helpline, an external resource where employees can report ethical or compliance concerns in their own language.

5. Financial Risk

Financial Risk is Solvay's exposure to foreign exchange risk, liquidity risk, interest rate risk, counterparty risk (credit risk), failure to fund pension obligations, and tax risks. The main tax risks are compliance risk, transfer pricing risk, and litigation risk.

5.1. ***Liquidity Risk*** relates to Solvay's ability to service and refinance its debt (including notes issued) and to fund its operations. This depends on its ability to generate cash from operations and not to over-pay for acquisitions.

Prevention and Mitigation efforts

The Group is recognized as historically having a prudent financial profile, as illustrated by its “single A” rating (S&P A-; Moody’s A3). Its liquidity profile is very strong, mainly supported by long-term bond issuance (for a total of EUR 2 billion, with a first significant maturity of EUR 500 million in 2014) and substantial liquidity reserves (cash and committed credit lines, including two syndicated credit facilities loans of EUR 400 million and EUR 1 billion (refinanced in July 2010) respectively and a credit line of EUR 300 million with the European Investment Bank). Solvay maintains its objective of net debt to equity ratio not durably exceeding 45%. After the divestment of the pharmaceuticals activities, Solvay intends to reinvest the proceeds from the transaction in both organic expansion and sizeable external growth, focused on long-term value creation. The financial discipline and the acquisition criteria will remain conservative.

5.2. Solvay is exposed to ***Foreign Exchange Risk*** as a consequence of its international activities. In its present structure, the Group’s exposure is mainly associated with the EUR/USD risk, as the Group‘s overall activities generate a net positive USD flow. Consequently, a depreciation of the USD will generally result in lower revenues for Solvay.

Prevention and Mitigation efforts

The geographical diversification of production and sales provides a natural currency hedge because of the resulting combination of an income stream and an expense base in local currency. Furthermore, Solvay closely monitors the foreign exchange market and enters into hedging measures for terms of between 6 and 24 months whenever deemed appropriate. In practice, Solvay enters into forward and option contracts securing the EUR value of cash flows in foreign currency during the following months.

5.3.Interest-rate Risk is Solvay’s exposure to fluctuating interest rates.

Prevention and Mitigation efforts

In its present structure, the Group has locked in the largest part of its net indebtedness with fixed interest rates. Solvay closely monitors the interest rate market and enters into interest rate swaps whenever deemed appropriate.

5.4. Solvay is exposed to ***Counterparty Risk*** *in its cash management and in its foreign exchange risk and interest rate risk management as well as in its commercial relations with customers.*

Prevention and Mitigation efforts

Solvay manages its financial counterparty risk by working with banking institutions of the highest caliber (selection based on major rating systems) and minimizes the concentration of risk by limiting its exposure to each of these banks to a certain threshold, set in relation to the institution’s credit rating.

In addition, Solvay places money with highly rated money market funds as well as invests in short term debt securities from highly rated sovereign. In particular, the proceeds resulting from the sale of the pharmaceuticals activities and the sale of Inergy Automotive Systems are temporarily invested in short duration government bonds (Germany, France, The Netherlands, Belgium) for some 80% and in highest-rated treasury instruments for about 20%. A program of investments in treasury shares has also been set up for a maximum of 5.1 million shares (6% of the issued capital).

Furthermore, 75% of turnover is assigned to an in-house factoring company, Solvay CICC, which is in charge through a network of credit managers of risk assessment per country / customer and of cash collection. An improvement program started in 2009 aims at further improving the credit management quality. A Risk Committee follows the performance of the customer portfolio and sets credit policy guidelines. Solvay CICC receivables are insured to a large extent on the credit insurance market.

5.5. With regard to the ***Risk of Funding Pension Obligations***, Solvay is exposed to a number of defined-benefit plans. Fluctuations in discount rates, salaries and social security, longevity and asset / liability matching can have a major impact on the liabilities of such pension plans. For funded plans, the risks related to the investment need to be managed, taking into account the risk-return balance. If plans are unfunded Solvay is mostly exposed to inflation and interest rate risk.

Prevention and Mitigation efforts

Solvay has defined Pension Corporate Governance guidelines in order to maximize its influence over local pension fund decisions within the limits provided by local law, in particular, decisions related to investment and funding, selection of advisors, appointments of employer-nominated trustees to local pension fund boards and other cost management decisions.

The Group has reduced its exposure to defined-benefit plans by converting existing plans into pension plans with a lower risk profile for future services or by closing them to new entrants. Examples of plans with a lower risk profile are hybrid plans, cash balance plans and defined-contribution plans. The transfer of Solvay's pension obligations hosted in a Dutch Pension Fund to an insurance company has also contributed to the reduction of the financial exposure of the Group.

Solvay has developed guidelines and processes to better manage the pension risk related to funding, cost or liability values. Over the past years the major defined-benefit pension plans (in Germany, Netherlands, UK, USA, Spain and Belgium), representing more than 80% of the Group's pension obligations (under IFRS), have been reviewed in line with the above principles. A global asset/liability management study was completed in 2007 to define the asset allocation optimizing expected return and risk tolerance, the conclusions of which were confirmed by the market turmoil of 2008. Interest rate risk exposure is actively managed (timing, long term interest rate instrument investment, etc.).

The percentage of funded pension obligations decreased after the sale of Pharma.

5.6 Tax compliance risk relates to the consequences of failure to comply on time with legal and administrative regulations (complementary assessments, interests and penalties).

Prevention and mitigation efforts

Solvay stresses the importance of tax compliance with its tax and financial personnel. It monitors its procedures and systems through internal reviews and through audits performed by reputed external consultants.

5.7 Transfer pricing risk

Tax authorities of all countries wish to ensure that the transactions between related entities reflect the fair prices which would be agreed between independent parties in similar circumstances, especially in cross-border situations. Like all multinational groups, Solvay has to respect detailed transfer pricing regulations and documentation requirements issued by an ever growing number of countries, with specific high penalties in case of non-compliance. Transfer pricing issues have become the frequent focus of tax audits, as they are seen by many authorities as a major source of revenue loss.

Prevention and mitigation efforts

Solvay has issued a transfer pricing policy and a procedure aimed at meeting the requirements of the authorities. A detailed documentation is prepared for each business or country with the assistance of internal or external experts and in line with OECD requirements, and updated every year, in order to demonstrate the fairness of cross-company pricing. The existence and timeliness of the documentation are regularly audited by the internal audit department. Internal transfer pricing specialists assist the business in setting intra-group prices compliant with the transfer pricing policy.

5.8 Litigation risk is the risk that the authorities do not share Solvay's analysis of its factual and tax position, possibly leading to litigation. Changes in tax law, regulations or case law can also lead to litigation.

Prevention and Mitigation efforts are based on a thorough analysis of mergers, acquisitions and divestments, or proposed changes in the business organization and operations, with the assistance of external experts or law-firms when the amounts at stake warrant it. Changes in laws and regulations are also monitored with the aim to adapt to new situations.

6. Product Risk

6.1. ***Product Liability Risk*** is Solvay's exposure stemming from injury or damage to third parties or their property arising from the use of a Solvay product, as well as the resulting litigation. Product liability may arise from out-of-specification products, inappropriate use, previously unidentified effects, manufacturing errors resulting in defective products, product contamination, altered product quality or inappropriate safety recommendations. Consequences of a faulty product could be exposure to liability for injury and damage, as well as having to recall a product. Both the product liability risk and product development risk are generally higher for products to be used in healthcare and pharma applications as compared to industrial or technical uses.

Prevention and Mitigation efforts

Product liability exposure is reduced by quality assurance and control, adequate information and technical assistance to customers and by health and safety programs. The Group supplies information relating to the safe use and handling of its products. For products with significant hazards, which in general are only sold directly to industrial users, the BUs involved have product stewardship programs including safety data sheets and regulatory compliance statements. Solvay is managing the Chemicals and Plastics products applications in healthcare, food or feed in a special process called Healthcare Risk Management. Regulatory watch & intelligence processes are aimed at ensuring product regulatory compliance in each country where a market for a defined product is identified.

6.2. Product Development Risk is Solvay's exposure to failure to develop new products and technologies or scale up a process. Solvay's operating results depend, among other factors, on the innovation and development of commercially viable new products and production technologies. Because of the lengthy development process, technological challenges and intense competition, Solvay cannot ensure that the products it develops will become market-ready or achieve commercial success. If Solvay is unsuccessful in developing new products and production processes in the future, its competitive position and operating results will be harmed.

Prevention and Mitigation efforts

Solvay devotes substantial resources to Research and Development. Solvay continuously improves the competitiveness of its essential products over the long term through technological improvements and innovation. Innovation is the cornerstone of the Group's strategy, and Solvay considers that managing the challenges related to product development is more about opportunity than about risk for the company.

Management of R&D through programs and projects that are fully in line with Solvay's strategy enhances R&D performance and reduces the risk of failure. Management by projects, with a conceptual and operational roadmap for moving a new product project from idea to launch, also ensures that resources are used in an optimal way.

New Business Development includes participation in venture capital funds allowing Solvay to remain engaged at the forefront of emerging businesses such as alternative renewable energies and organic electronics.

7. Risk to People

Risk to People is the exposure of employees, contractors and the public to adverse effects from Solvay's activities and products, for example from plant processes or from transportation of hazardous chemicals. A major accident can injure people, lead to the temporary closing of a plant and ultimately expose Solvay to significant liabilities.

Prevention and Mitigation efforts

Solvay considers the safety and health of people key aspects in the management of its activities. The Group has consistently developed and implemented stringent safety and health programs. Solvay has a long track record of good safety performance, which will be further sustained by a recently approved program aimed at reinforcing the safety culture of employees and contractors. The Group is pursuing the ultimate target of no lost time accidents (TF1 = 0)[1]. The TF1 score reduced from 1.6 at the end of 2009 to 1.3 at the end of 2010, representing a significant improvement in safety to people during the year.

Related policies and risk control programs apply to all production units and other facilities, include contractors and newly acquired plants. Safety performance is reported to the Executive Committee on a monthly basis and to the Board of Directors. While many capex investments were postponed during the financial crisis, all planned investment in HSE went ahead.

Special attention is given to the report and analysis of process incidents or near misses. Regular distribution of Lesson Learning Events is organized to increase awareness and to avoid repetition of similar events.

In order to ensure high standard of health prevention for employees, Solvay started rolling out in 2008 the occupational hygiene and health modules of the Medexis system, in order to manage comprehensive hygiene data as well as the data related to medical surveillance in order to standardize and leverage medical surveillance programs. The system is integrated within a broader IT infrastructure delivering substance related data - site structure information, etc.

Solvay is continually improving its preparedness for a flu pandemic through a centrally led organization with a network of country and site coordinators.

The risk of hazardous chemicals transportation is reduced by optimizing transport routes and means as well as by operating integrated production units, which do not require the transportation of intermediate hazardous goods.

Solvay follows the recommendations of associations like Eurochlor, ECVM or CTEF, and programs like Responsible Care®.

8. Environmental Risk

Environmental Risk is Solvay's exposure stemming from the accidental release of a chemical substance following a plant equipment failure, a transport accident or production problems resulting in exceeding permitted emission levels. Around 40 Solvay sites are covered by regulations concerning major risk installations. Like most other industrial companies, Solvay has to manage and remediate historical soil contamination at some of its sites.

Authorities are increasingly requesting management of the soil and groundwater environmental legacy. In this context, a number of administrative proceedings are under way to define the need and approach for remediation.

Prevention and Mitigation efforts

Solvay considers environmental protection as a key aspect in the management of its activities. Well-defined pollution and accident prevention measures have been in place at Solvay for a long time. Solvay implements environment management systems of ISO type or equivalent in all plants concerned. Policies and risk control programs are applied in all production units and other facilities, and are progressively implemented in newly acquired plants. The Group has, in particular, taken the necessary steps to comply and even go beyond compliance with regulations concerning major risks, which includes detailed accident prevention measures.

1 TF1 = (number of work accidents with absence from work more than 1 day)/(number of working hours)*10^6

The historical soil contamination sites are carefully managed including setting appropriate provisions for monitoring and remediation. The Group has developed internal expertise in soil management. It is Solvay's policy to have risk characterization in all concerned sites. Hydrogeological studies and soil characterizations are conducted to diagnose potential problems, evaluate risks to aquifers and discuss remediation or confinement actions with the relevant authorities. A number of such actions have been completed or are under way. Solvay has opted for an environmental liability insurance program that covers gradual pollution, and liability according to the EU Environmental Liability Directive (ELD).

9. Information and IT Risk

IT is integrated in the business to process and exchange information and to optimize business processes such as industrial production unit controls and management, inventory management, supply chain management and productivity enhancement. IT choices and strategy therefore strongly impact the business. The losses from outages, service-level degradation or IT systems failure can raise business continuity issues and can result in the loss of revenue. IT service availability has been reviewed with regard to pandemic influences.

Business information is a real asset within the corporation that must be valued and protected by structured processes like access management, controlled duplication as well as encryption. The challenges regarding information assets are to reduce the risks of accidental unavailability or loss and the risks of deliberate misuse, abuse and theft.

The design of IT-based business processes follow certified implementation procedures with regard to risk mitigation. This is particularly important when performing restructuring projects.

Prevention and Mitigation efforts

Every employee is responsible for the appropriate management of information in compliance with the laws and policies related to information and to the use of IT systems. Internal IT specialists manage and safeguard systems and their integrity, and support and train employees in IT security, making regular back-up copies and ensuring safer use of the systems.

The overwhelming majority of employees have been certified according to the Group's standardized security obligations.

Some important IT systems are hosted and technically managed by external IT suppliers. The choice of these suppliers, the contractual conditions and the level of services they can provide are crucial to reducing the risks linked to IT.

10. Reputational Risk

Reputational risk arises from Solvay's exposure to a deterioration of its reputation among its different stakeholders. Damage may occur due to the materialization of any of the risks described in this section and subsequent publicizing of the outcome. It may also arise from the occurrence of any event or action associated with the Solvay name that would be in breach of ethics, legislation, corporate governance principles and which, more generally speaking, fall short of stakeholder expectations with regard to Solvay.

Damage to corporate reputation can be accelerated and amplified by the Internet and social networking media.

Reputation is a key asset. Loss of reputation can result in competitive disadvantage. The reputational risk deals with the subjective, composite perception of a company by its different stakeholders. Trust is a fundamental ingredient to reputation.

Prevention and Mitigation efforts

Besides overall good management, control practices and systems, efficient communication (transparent, consistent and timely) and long-term solid relationships, both inside and outside the organization, contribute in the long run to establishing trust, which is a fundamental ingredient to reputation.

In addition to fostering its own good reputation, Solvay participates in specific programs implemented by key trade organizations to improve the reputation of the entire chemical industry. Members of the Executive Committee of Solvay have recently been active as presidents of the International Council of Chemical Associations (ICCA), the European Chemical Industry Council (CEFIC) and Plastics Europe.

As mentioned above, a study of Solvay's Enterprise Risk Management maturity in 2009 mentioned Reputational Management as one of Solvay's Risk Management strengths.

Solvay has established communication processes, systems, plans and programs to create, develop and maintain a regular flow of two-way communication with the main stakeholders: shareholders and the financial community, employees, customers, authorities, local communities and opinion leaders. Tools include a variety of internal and external electronic and print media tailored for internal and external audiences. Solvay maintains active press relations at corporate and local level, with press releases, conferences and visits as well as open doors and other events aimed at local residents around major sites. Solvay has also adopted a clear set of guidelines and advice for employee use of social networking media.

Clear values supported by the Code of Conduct, combined with a high level of Corporate Governance, are instrumental in preventing behavior that could contribute to reputational risk.

Solvay is implementing effective management and communication systems designed to give early warning of developing crises and to ensure an adequate response in the case of unexpected and sudden adverse events that can potentially harm the Group's reputation. Dedicated managers and employees are trained to face such situations. Crisis simulations are organized on a regular basis in the different entities of the Group.

Important litigation

With its variety of activities and its geographical reach, Solvay Group is exposed to legal risks, particularly in the areas of product liability, contractual relations, antitrust laws, patent disputes, tax assessments and HSE (Health, Safety and Environment) matters. In this context litigation cannot be avoided and is sometimes necessary to defend the rights and interest of the Group.

The outcome of proceedings cannot be predicted with certainty. It is therefore possible that adverse final court decisions or arbitration awards could lead to liabilities (and expenses) that are not covered, or fully covered by provisions or insurance and could impact materially our revenues and earnings.

Ongoing legal proceedings involving Solvay Group currently considered to involve significant risks are outlined below. The legal proceedings described below do not represent an exhaustive list.

The fact that litigation proceedings are reported below is without relation with the merit of the case. Solvay is defending itself vigorously and believes in the merits of its defense.

For certain cases in accordance with the accounting rules, Solvay has created reserves/provisions to cover the financial risk and/or defense costs (see section 32).

Chemical & Plastics activities

Anti-trust proceedings

– In December 2000, the European Commission imposed fines in an aggregate amount of EUR 23 million against Solvay for alleged breaches of competition rules in the soda ash market for the period before 1990. Following appeal by Solvay, the European General Court reduced the fines by EUR 1.75 million.
Solvay decided in December 2010 to further appeal this decision before the European Court of Justice.

– In May 2006, the European Commission imposed fines in an aggregate amount of EUR 193 million against Solvay (including Ausimont SpA acquired by Solvay in 2002) for alleged breaches of competition rules in the peroxygens market. Solvay is appealing the decision of the European Commission.

Joint civil lawsuits have been filed before the Court of Dortmund (Germany) in 2009 against Solvay and other producers based on the alleged anti-trust violation and claiming damages from the producers on a joint and several basis in the principal amount of EUR 430 million. This proceeding is still at an early stage and Solvay will defend itself vigorously.

HSE related proceedings

– The French municipality of Metz has since 2001 filed several lawsuits against Solvay and another manufacturer alleging that discharge of water containing some sodium chloride arising from the soda ash production process into the Meurthe river was generating additional costs (claimed to be about EUR 50 million) for the distribution of drinkable water.
Solvay complies with the operating permits delivered by the authorities and contests vigorously the allegations.

– In Italy since 2002 criminal proceedings have been ongoing before the criminal court of Ferrara against 4 former employees of Solvay for alleged criminal conduct before 1975 in relation to 2 cases of former PVC workers exposed to VCM. The allegations are vigorously contested.
Solvay may be exposed to claims for civil liability in the event of a negative outcome of the proceedings.

– In Spinetta Marengo, Italy, in October 2009, the Public Prosecutor provisionally charged 38 individuals (including employees or former employees of Solvay, and including Ausimont SpA) in relation to alleged criminal violations of environmental laws. The case is now under judicial review to decide whether or not there are bases for a trial and, in the affirmative, on which basis and against which individuals.
The allegations are vigorously contested. Solvay Solexis, a subsidiary of Solvay, and legal successor of Ausimont SpA, may be exposed to claims for civil liability in case of a negative outcome of the proceedings.

– In Bussi, Italy, the Public Prosecutor charged provisionally 28 individuals (including former employees of Ausimont SpA – acquired by Solvay in 2002) in relation to alleged criminal violation of environmental laws. This case is pending before the Judge of Preliminary Investigation.
Solvay Solexis, a subsidiary of Solvay, and legal successor of Ausimont SpA, may be exposed to claims for civil liability in the event of a negative outcome of the criminal proceedings.

– As a general note, authorities are increasingly active to ensure improved management of the soil and groundwater environmental legacy. In this context, a number of administrative proceedings are under way to define the need and approach for remediation. As a result, Solvay is involved in environmental legal proceedings in a limited number of sites, most of them related to sites of Ausimont SpA (acquired in 2002) and concerning soil contamination or landfills.

Pharmaceutical activities

In the context of the sale, the contractual arrangements have defined satisfactory terms and conditions for the allocation and sharing of liability arising out of the activities before the sale.

Subject to limited exceptions, Solvay's exposure for indemnifications to Abbott for liabilities arising out of sold activities shall be limited to an aggregate amount representing EUR 500 million (less than 10% of the enterprise value of the transaction for Solvay) and for limited durations.

This includes indemnification against certain liabilities for the U.S. hormone replacement therapy (HRT) litigation. Former users of HRT products have brought thousands of U.S. lawsuits against manufacturers of HRT products.

As of December 31, 2010, fewer than 350 plaintiffs had alleged use of Solvay HRT products. This number is not expected to change significantly. No cases involving Solvay products have gone to trial. Solvay will defend itself vigorously.

2010 Consolidation Scope

The Group consists of Solvay SA and a total of 274 subsidiaries and associated companies in 50 countries.

Of these, 126 are fully consolidated, 55 are proportionately consolidated and 1 is accounted for under the equity method, whilst the other 92 do not meet the criteria of significance.

In accordance with the principle of materiality, certain companies which are not of significant size have not been included in the consolidation scope. Companies are deemed not to be significant when they do not exceed any of the three following thresholds in terms of their contribution to the Group's accounts:

- sales of EUR 20 million,
- total assets of EUR 10 million,
- headcount of 150 persons.

Companies that do not meet these criteria are, nevertheless, consolidated where the Group believes that they have a potential for rapid development, or where they hold shares in other companies that are consolidated under the above criteria.

Globally, the non-consolidated companies have no material impact on the consolidated data of the Group, their overall impact on the Group net profit being of the order of 0.1 %.

The full list of companies is filed with the National Bank of Belgium as an attachment to the annual report, and can be obtained from the company head office.

List of companies entering or leaving the Group

Ch = Chemicals Ph = Pharmaceuticals Pl = Plastics - = not allocated

Companies entering the Group

Country	Company	Sector	Comments
SWITZERLAND	Solvay Vinyls Holding AG	-	meets the consolidation criteria
CHINA	Solvay Speciality Polymers (Changshu) Co. Ltd	Pl	meets the consolidation criteria
SERBIA	Pipelife Serbia d.o.o.	Pl	new company

Companies leaving the Group

Country	Company	Sector	Comments
BELGIUM	Financière Keyenveld SA	-	liquidated
	Innogenetics nv	Ph	sold to Abbott
	Sovlay Pharma SA	Ph	sold to Abbott
	Inergy Automotive Systems Research SA	Pl	sold to Plastic Omnium
	Inergy Automotive Systems (Belgium) nv	Pl	sold to Plastic Omnium
NETHERLANDS	Sodufa bv	Ph	sold to Abbott
	Solvay Biologicals bv	Ph	sold to Abbott
	Solvay Pharma bv	Ph	sold to Abbott
	Solvay Pharmaceuticals bv	Ph	sold to Abbott
	Inergy Automotive Systems Netherlands Holding bv	Pl	sold to Plastic Omnium
FRANCE	Fournier Industrie et Santé SA	Ph	sold to Abbott
	Laboratoires Fournier SA	Ph	sold to Abbott
	Solvay Pharma S.A.S.	Ph	sold to Abbott
	Solvay Pharmaceuticals S.A.S.	Ph	sold to Abbott
	Vivalsol S.N.C.	Ph	sold to Abbott
	Inergy Automotive Systems SA	Pl	sold to Plastic Omnium
	Inergy Automotive Systems France S.A.S.	Pl	sold to Plastic Omnium
	Inergy Automotive Systems Management SA	Pl	sold to Plastic Omnium
ITALY	Solvay Pharma S.p.A.	Ph	sold to Abbott
GERMANY	Fournier Pharma GmbH	Ph	sold to Abbott
	Solvay Arzneimittel GmbH	Ph	sold to Abbott
	Sovlay Pharmaceuticals GmbH	Ph	sold to Abbott
	Inergy Automotive Systems (Germany)	Pl	sold to Plastic Omnium
SPAIN	Solvay Pharma SA	Ph	sold to Abbott
	Inergy Automotive Systems (Spain) S.L.	Pl	sold to Plastic Omnium
	Inergy Automotive Systems Valladolid S.L.	Pl	sold to Plastic Omnium
SWITZERLAND	Solvay Pharma AG	Ph	sold to Abbott
	Sovlay Pharmaceuticals Marketing & Licensing AG	Ph	sold to Abbott
PORTUGAL	Solvay Pharma Lda	Ph	sold to Abbott

	Voxfarma, Produtos Farmaceuticos, Unipessoal, Lda	Ph	sold to Abbott
AUSTRIA	Solvay Pharma GmbH	Ph	sold to Abbott
GREAT BRITAIN	Fournier Pharmaceuticals Ltd	Ph	sold to Abbott
	Solvay Healthcare Ltd	Ph	sold to Abbott
	Inergy Automotive Systems (UK) Ltd	Pl	sold to Plastic Omnium
IRELAND	Fournier Laboratories Ireland Ltd	Ph	sold to Abbott
	Solvay Healthcare Ltd	Ph	sold to Abbott
	Inergy Reinsurance Ltd	Pl	sold to Plastic Omnium
SWEDEN	Solvay Pharma AB	Ph	sold to Abbott
POLAND	Fournier Polska Sp. z o.o.	Ph	sold to Abbott
	Solvay Pharma Sp. z o.o.	Ph	sold to Abbott
	Solvay Pharma Polska Sp. z o.o.	Ph	sold to Abbott
	Inergy Automotive Systems Poland Sp. z o.o.	Pl	sold to Plastic Omnium
ROMANIA	Inergy Automotive Systems Romania S.R.L.	Pl	sold to Plastic Omnium
SLOVAKIA	Inergy Automotive Systems Slovakia sr.o.	Pl	sold to Plastic Omnium
GREECE	Solvay Pharma M.E.P.E.	Ph	sold to Abbott
TURKEY	Solvay Ilac Ve Ecza Ticaret Limited Sirketi	Ph	sold to Abbott
RUSSIA	Solvay Pharma OOO	Ph	sold to Abbott
	Stavroro Automotive Systems LLC	Pl	sold to Plastic Omnium
UNITED STATES	Solvay Automotive Plastics & Systems, Inc.	Pl	merged into Solvay America
	Fournier Pharma Corp, Inc.	Ph	sold to Abbott
	Solvay Biologicals, LLC	Ph	sold to Abbott
	Solvay Pharma U.S. Holdings, Inc.	Ph	sold to Abbott
	Sovlay Pharmaceuticals, Inc.	Ph	sold to Abbott
	Unimed Pharmaceuticals, Inc.	Ph	sold to Abbott
	Inergy Automotive Systems Holding (USA)	Pl	sold to Plastic Omnium
	Inergy Automotive Systems (USA) LLC	Pl	sold to Plastic Omnium
CANADA	Fournier Pharma, Inc.	Ph	sold to Abbott
	Solvay Pharma, Inc.	Ph	sold to Abbott
	Solvay Pharma Canada, Inc.	Ph	sold to Abbott
	Inergy Automotive Systems (Canada), Inc	Pl	sold to Plastic Omnium
MEXICO	Italmex SA	Ph	sold to Abbott
	Inergy Automotive Systems Mexico SA de C.V.	Pl	sold to Plastic Omnium
BRAZIL	Solvay Farma Ltda	Ph	sold to Abbott
	Inergy Automotive Systems Brazil Ltda	Pl	sold to Plastic Omnium
ARGENTINA	Inergy Automotive Systems Argentina SA	Pl	sold to Plastic Omnium
AUSTRALIA	Sovlay Pharmaceuticals Pty Ltd	Ph	sold to Abbott
CHINA	Inergy Automotive Systems (Wuhan) Co., Ltd	Pl	sold to Plastic Omnium
	Inergy Automotive Systems Consulting (Beijing) Co., Ltd	Pl	sold to Plastic Omnium
	Inergy Automotive Systems Manufacturing (Beijing) Co., Ltd	Pl	sold to Plastic Omnium
THAILAND	Inergy Automotive Systems Thailand Ltd	Pl	sold to Plastic Omnium

INDIA	Solvay Pharma India Ltd	Ph	sold to Abbott
	Inergy Automotive Systems India Pvt Ltd	Pl	sold to Plastic Omnium
SOUTH KOREA	Inergy Automotive Systems Co., Ltd	Pl	sold to Plastic Omnium
JAPAN	Sovlay Seiyaku KK	Ph	sold to Abbott
	Inergy Automotive Systems KK	Pl	sold to Plastic Omnium
SOUTH AFRICA	Inergy Automotive Systems South Africa (Pty) Ltd	Pl	sold to Plastic Omnium

Change of consolidation method

Country	Company	Sector	Comments
THAILAND	Vinythai Public Company Ltd	Pl	fully consolidated

List of fully consolidated Group companies

Indicating the percentage holding, followed by the Segment.
It should be noted that the percentage of voting rights is very close to the percentage holding.
Ch = Chemicals Ph = Pharmaceuticals Pl = Plastics - = not allocated

BELGIUM		
Financières Solvay SA, Brussels	99.9	-
Peptisyntha SA, Neder-Over-Heembeek	100	Ph
Solvay Benvic & Cie Belgium S.N.C., Brussels	100	Pl
Solvay Chemicals International SA, Brussels	100	Ch
Solvay Chemie SA, Brussels	100	Ch
Solvay Coordination Internationale des Crédits Commerciaux (CICC) SA, Brussels	100	-
Solvay Energy SA, Brussels	100	-
Solvay Nafta Development and Financing SA, Brussels	100	-
Solvay Participations Belgique SA, Brussels	100	-
Solvay Pharmaceuticals SA- Management Services, Brussels	100	-
Solvay Specialties Compounding SA, Brussels	100	-
Solvay Stock Option Management S.P.R.L., Brussels	100	-
Solvic SA, Brussels	75	Pl
SolVin SA, Brussels	75	Pl
LUXEMBOURG		
Solvay Finance (Luxembourg) SA, Luxembourg	100	-
Solvay Luxembourg S.a.r.l., Luxembourg	100	-
Solvay Luxembourg Development S.a.r.l., Luxembourg	100	-
NETHERLANDS		
Solvay Chemicals and Plastics Holding bv, Weesp	100	
Solvay Chemie bv, Linne-Herten	100	Ch
Solvay Finance bv, Weesp	100	-
Solvay Holding Nederland bv, Weesp	100	-
SolVin Holding Nederland bv, Weesp	75	Pl
Terlin bv, Amsterdam	100	-

FRANCE		
Solvay Benvic France S.A.S., Paris	100	Pl
Solvay - Carbonate - France S.A.S., Paris	100	Ch
Solvay - Electrolyse - France S.A.S., Paris	100	Ch
Solvay Energie France S.A.S., Paris	100	
Solvay Finance France SA, Paris	100	-
Solvay Finance SA, Paris	100	-
Solvay - Fluorés - France S.A.S., Paris	100	Ch
Solvay - Organics - France S.A.S., Paris	100	Ch
Solvay - Olefines - France S.A.S., Paris	100	Pl
Solvay Participations France SA, Paris	100	-
Solvay Solexis S.A.S., Paris	100	Pl
Solvay - Spécialités - France S.A.S., Paris	100	Ch
SolVin France SA, Paris	75	Pl
ITALY		
SIS Italia S.p.A., Rosignano	100	-
Società Elettrochimica Solfuri e Cloroderivati (ELESO) S.p.A., Milano	100	Ch
Società Generale per l'Industria della Magnesia (SGIM) S.p.A., Angera	100	Ch
Solvay Bario e Derivati S.p.A., Massa	100	Ch
Solvay Benvic - Italia S.p.A, Rosignano	100	Pl
Solvay Chimica Italia S.p.A., Milano	100	Ch
Solvay Chimica Bussi S.p.A., Rosignano	100	Ch
Solvay Fluor Italia S.p.A., Rosignano	100	Ch
Solvay Finanziaria S.p.A., Milano	100	-
Solvay Padanaplast SpA, Roccabianca	100	Pl
Solvay Solexis S.p.A., Milano	100	Pl
SolVin Italia S.p.A., Ferrara	75	Pl
GERMANY		
Cavity GmbH & Co KG, Hannover	100	Ch
Girindus AG, Bensberg	82	Ch
Kali-Chemie AG, Hannover	100	-
Salzgewinnungsgesellschaft Westfalen mbH & Co KG, Epe	65	Ch
Solvay GmbH, Hannover	100	-
Solvay Advanced Polymers GmbH, Hannover	100	Pl
Solvay Chemicals GmbH, Hannover	100	Ch
Solvay Fluor GmbH, Hannover	100	Ch
Solvay Infra Bad Hoenningen GmbH, Hannover	100	Ch
Solvay Kali-Chemie Holding GmbH	100	-
Solvay Organics GmbH, Hannover	100	Ch
Solvay Verwaltungs-und Vermittlungs GmbH, Hannover	100	-
SolVin GmbH & Co KG, Hannover	75	Pl
SolVin Holding GmbH, Hannover	75	Pl

SPAIN		
Electrolisis de Torrelavega A.E.I., Torrelavega	100	Ch
Hispavic Iberica S.L., Martorell	75	Pl
Solvay Benvic Iberica SA, Barcelona	100	Pl
Solvay Ibérica S.L., Barcelona	100	-
Solvay Participaciones SA, Barcelona	100	-
Solvay Quimica S.L., Barcelona	100	Ch
Vinilis SA Martorell	75	Pl
SWITZERLAND		
Solvay (Schweiz) AG, Zurzach	100	Ch
Solvay Vinyls Holding AG, Bad Zurzach	100	-
PORTUGAL		
3S Solvay Shared Services-Sociedade de Serviços Partilhados Unipessoal Lda, Carnaxide	100	-
Solvay Interox - Produtos Peroxidados SA, Povoa	100	Ch
Solvay Portugal - Produtos Quimicos SA, Povoa	100	Ch
AUSTRIA		
Solvay Österreich GmbH, Wien	100	Ch
GREAT BRITAIN		
Solvay Chemicals Ltd, Warrington	100	Ch
Solvay Interox Ltd, Warrington	100	Ch
Solvay UK Holding Company Ltd, Warrington	100	-
Solvay Speciality Chemicals Ltd, Warrington	100	Ch
IRELAND		
Solvay Finance Ireland Unlimited, Dublin	100	-
FINLAND		
Solvay Chemicals Finland Oy, Voikkaa	100	Ch
BULGARIA		
Solvay Bulgaria EAD, Devnya	100	Ch
EGYPT		
Solvay Alexandria Sodium Carbonate Co, Alexandria	100	Ch
UNITED STATES		
American Soda LLP, Parachute, CO	100	Ch
Ausimont Industries, Inc., Wilmington, DE	100	Pl
Girindus America, Inc., Cincinnati OH	82	Ch
Montecatini USA, Wilmington, DE	100	Pl
Peptisyntha, Inc., Torrance, CA	100	Ch
Rocky Mountain Coal Company, LLC, Houston, TX	100	Ch
Solvay Advanced Polymers, LLC, Alpharetta, GA	100	Pl
Solvay America, Inc., Houston, TX	100	-
Solvay America Holdings, Inc., Houston, TX	100	-
Solvay Chemicals, Inc., Houston, TX	100	Ch
Solvay Finance (America), LLC, Houston, TX	100	-

Solvay Fluorides, LLC., Greenwich, CT	100	Ch
Solvay Information Services NAFTA, LLC, Houston, TX	100	-
Solvay North America, LLC, Houston, TX	100	-
Solvay North America Investments, LLC, Houston, TX	100	
Solvay Soda Ash Joint Venture, Houston, TX	80	Ch
Solvay Soda Ash Expansion JV, Houston, TX	80	Ch
Solvay Solexis, Inc., Wilmington, DE	100	Pl
MEXICO		
Solvay Fluor Mexico SA de C.V., Ciudad Juarez	100	Ch
Solvay Mexicana S. de R.L. de C.V., Monterrey	100	Ch
Solvay Quimica Y Minera Servicios SA de C.V., Monterrey	100	Ch
Solvay Quimica Y Minera Ventas SA de C.V., Monterrey	100	Ch
BRAZIL		
Solvay do Brasil Ltda, Sao Paulo	100	Ch
Solvay Indupa do Brasil SA, Sao Paulo	69	Pl
ARGENTINA		
Solvay Indupa S.A.I.C., Bahia Blanca	69	Pl
Solvay Argentina SA, Buenos Aires	100	-
Solvay Quimica SA, Buenos Aires	100	Ch
AUSTRALIA		
Solvay Interox Pty Ltd, Banksmeadow	100	Ch
JAPAN		
Nippon Solvay KK, Tokyo	100	Ch
Solvay Advanced Polymers KK, Tokyo	100	Pl
Solvay Solexis KK, Minato Ku-Tokyo	100	Pl
CHINA		
Solvay (Shanghai) Ltd, Shanghai	100	Pl
Solvay Speciality Polymers (Changshu) Co. Ltd, Shangshu	100	Pl
THAILAND		
Advanced Biochemical (Thailand) Company Ltd, Bangkok	58.8	Ch
Solvay Peroxythai Ltd, Bangkok	100	Ch
Vinythai Public Company Ltd, Bangkok	58.8	Pl
SINGAPORE		
Solvay Singapore Pte Ltd, Singapore	100	-
INDIA		
Solvay Specialities India Private Limited, Mumbai	100	Pl
CAYMAN ISLANDS		
Blair International Insurance (Cayman) Ltd, Georgetown	100	-
SOUTH KOREA		
Daehan Specialty Chemicals Co., Ltd, Seoul	100	Ch
Solvay Fluor Korea Co. Ltd, Séoul	100	Ch

NAMIBIA		
Okorusu Fluorspar (Pty) Ltd, Otjiwarongo	100	Ch
Okorusu Holdings (Pty) Ltd, Windhoek	100	Ch

List of proportionately consolidated Group companies

BELGIUM		
BASF Interox H2O2 Production nv, Brussels	50	Ch
Pipelife Belgium SA, Kalmthout	50	Pl
NETHERLANDS		
MTP HP JV Management bv, Weesp	50	Ch
MTP HP JV C.V., Weesp	50	Ch
Pipelife Finance bv, Enkhuizen	50	Pl
Pipelife Nederland bv, Enkhuizen	50	Pl
Twebotube bv, Enschede	50	Pl
FRANCE		
Pipelife France S.N.C., Gaillon	50	Pl
GERMANY		
Pipelife Deutschland Verwaltungs-GmbH Bad Zwischenahn, Bad Zwischenahn	50	Pl
Pipelife Deutschland GmbH & Co KG Bad Zwischenahn, Bad Zwischenahn	50	Pl
Pipelife Deutschland Asset Management GmbH, Bad Zwischenahn	50	Pl
Solvay & CPC Barium Strontium GmbH & Co KG, Hannover	75	Ch
Solvay & CPC Barium Strontium International GmbH, Hannover	75	Ch
SPAIN		
Pipelife Hispania SA, Zaragoza	50	Pl
PORTUGAL		
Pipelife Portugal-Sistemas de Tubagens Plasticas Lda, Nogueira Da Maia	50	Pl
AUSTRIA		
Pipelife International GmbH, Wiener Neudorf	50	Pl
Pipelife Austria GmbH & Co KG, Wiener Neudorf	50	Pl
Solvay Sisecam Holding AG, Wien	75	Ch
GREAT BRITAIN		
Pipelife UK Ltd, Corby	50	Pl
IRELAND		
Dromalour Plastics Ltd, Cork	50	Pl
Kenfern Investments Ltd, Cork	42.5	Pl
Quality Plastics (Holding) Ltd, Cork	50	Pl
Quality Plastics Ltd, Cork	50	Pl
Qualplast Sales Ltd, Cork	50	Pl
SWEDEN		
Pipelife Sverige A.B., Oelsremma	50	Pl

Pipelife Hafab A.B., Haparanda	50	Pl
Pipelife Nordic A.B., Göteborg	50	Pl
NORWAY		
Pipelife Norge AS, Surnadal	50	Pl
FINLAND		
Pipelife Finland OY, Oulu	50	Pl
Propipe OY, Oulu	50	Pl
POLAND		
Pipelife Polska SA, Karlikowo	50	Pl
ROMANIA		
Pipelife Romania S.R.L., Bucuresti	50	Pl
SLOVENIA		
Pipelife Slovenija, d.o.o., Trzin	50	Pl
ESTONIA		
Pipelife Eesti AS, Tallinn	50	Pl
LITHUANIA		
Pipelife Lietuva UAB, Vilnius	50	Pl
LATVIA		
Pipelife Latvia SIA, Riga	50	Pl
BULGARIA		
Deven AD, Devnya	75	Ch
Pipelife Bulgaria EOOD, Plovdiv	50	Pl
Solvay Sodi AD, Devnya	75	Ch
CROATIA		
Pipelife Hrvatska Republika d.o.o., Karlovac	50	Pl
HUNGARY		
Pipelife Hungaria Kft, Debrecen	50	Pl
CZECH REPUBLIC		
Pipelife Czech s.r.o., Otrokovice	50	Pl
SLOVAKIA		
Pipelife Slovakia s.r.o., Piestany	50	Pl
SERBIA		
Pipelife Serbia d.o.o., Beograd	50	Pl
GREECE		
Pipelife Hellas SA, Moschato Attica	50	Pl
TURKEY		
Arili Plastik Sanayii AS, Pendik	50	Pl
RUSSIA		
Pipelife Russia OOO, Zhukov	50	Pl
Soligran ZAO, Moskva	50	Pl
UNITED STATES		
Pipelife Jet Stream, Inc. Siloam Springs, AR	50	Pl

MEXICO		
Solvay & CPC Barium Strontium Reynosa S. de R.L. de C.V., Reynosa	75	Ch
Solvay & CPC Barium Strontium Monterrey S. de R.L. de C.V., Monterrey	75	Ch
BRAZIL		
Dacarto Benvic SA, Santo André	50	Pl
Peroxidos do Brasil Ltda, Sao Paulo	69.4	Ch
THAILAND		
MTP HP JV (Thailand) Ltd, Bangkok	50	Ch
SOUTH KOREA		
Solvay & CPC Barium Strontium Korea Co Ltd, Onsan	75	Ch

List of companies consolidated under the equity method

ARGENTINA		
Solalban Energia SA, Bahia Blanca	40.5	Pl

Summary financial statements of Solvay SA

The annual financial statements of Solvay SA are presented in summary format below. In accordance with the Companies Code, the annual financial statements of Solvay SA, the management report and the statutory auditor's report will be deposited with the National Bank of Belgium.

These documents are also available free of charge on the internet or upon request from:

Solvay SA
rue du Prince Albert 33
B - 1050 Brussels

Balance sheet of Solvay SA (summary)

EUR Million	2009	**2010**
ASSETS		
Fixed assets	5 317	8 061
Start-up expenses and intangible assets	64	83
Tangible assets	64	61
Financial assets	5 189	7 917
Current assets	1 684	5 613
Inventories	23	38
Trade receivables	64	110
Other receivables	658	687
Short-term investments and cash equivalents	939	4 778
Total assets	7 001	13 674
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity	4 162	6 944
Capital	1 271	1271
Issue premiums	18	18
Reserves	1 948	1 948
Net income carried forward	925	3 707
Investment grants	0	0
Provisions and deferred taxes	308	324
Financial debt	2 005	6 122
– due in more than one year	1 998	1 999
– due within one year	7	4 123
Trade liabilities	90	119
Other liabilities	436	165
Total shareholders' equity and liabilities	7 001	13 674

Income statement of Solvay SA (summary)

EUR Million	2009	2010
Operating income	711	903
Sales	250	427
Other operating income	461	476
Operating expenses	-774	-973
Operating profit / loss	-63	-70
Financial gains / losses	406	281
Current profit before taxes	343	211
Extraordinary gains / losses	-78	2 543
Profit before taxes	265	2 754
Income taxes	0	28
Profit for the year	265	2 782
Transfer to (-) / from (+) untaxed reserves	-	-
Profit available for distribution	265	2 782

STATUTORY AUDITOR'S REPORT

to the general shareholders' meeting on the consolidated financial statements for the year ended 31 December 2010

To the shareholders

As required by law and the company's articles of association, we are pleased to report to you on the audit assignment which you have entrusted to us. This report includes our opinion on the consolidated financial statements together with the required additional comment.

Unqualified audit opinion on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Solvay SA/NV ("the company") and its subsidiaries (jointly "the Group"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium. Those consolidated financial statements comprise the consolidated statement of financial position as at December 31, 2010, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The consolidated statement of financial position shows total assets of EUR 14,014 million and the consolidated income statement shows a consolidated profit (Group share) for the year then ended of EUR 1,777 million.
The financial statements of several significant entities included in the consolidation scope which represent total assets of EUR 201 million and a total profit of EUR 38 million have been audited by other auditors. Our opinion on the accompanying consolidated financial statements, insofar as it relates to the amounts contributed by those entities, is based upon the reports of those other auditors.
The Board of Directors of the company is responsible for the preparation of the consolidated financial statements. This responsibility includes among other things: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with legal requirements and auditing standards applicable in Belgium, as issued by the "Institut des Réviseurs d'Entreprises/Instituut van de Bedrijfsrevisoren". Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

In accordance with these standards, we have performed procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we have considered the Group's current internal control procedures as these apply to the preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the group's internal control. We have assessed the soundness of the accounting policies used, the reasonableness of accounting estimates made by the company and the presentation of the consolidated financial statements, taken as a whole. Finally, the Board of Directors and responsible officers of the company have replied to all our requests for explanations and information. We believe that the audit evidence that we have obtained, together with the reports of other auditors on which we have relied, provides a reasonable basis for our opinion.

In our opinion, and based upon the reports of other auditors, the consolidated financial statements give a true and fair view of the group's financial position as of December 31, 2010, and of its results and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the EU and with the legal and regulatory requirements applicable in Belgium.

Additional comment

The preparation and the assessment of the information that should be included in the directors' report on the consolidated financial statements are the responsibility of the Board of Directors.

Our responsibility is to include in our report the following additional comment which does not change the scope of our audit opinion on the consolidated financial statements:

- The information contained in the directors' report on the consolidated financial statements includes the information required by law and is concordant with the consolidated financial statements. However, we are unable to express an opinion on the description of the principal risks and uncertainties confronting the group, or on the status, future evolution, or significant influence of certain factors on its future development. We can, nevertheless, confirm that the information given is not in obvious contradiction with any information obtained in the context of our appointment.

Diegem, February 17, 2011

The statutory auditor

DELOITTE Bedrijfsrevisoren / Reviseurs d'Entreprises
BV o.v.v.e. CVBA / SC s.f.d. SCRL
Represented by Eric Nys

Corporate Governance Statement

This chapter is an annex to the management report

Table of contents

Annexes:

Reference Code and Introduction

The Solvay group has adopted the 2009 Belgian Corporate Governance Code as its reference code in governance matters. The present report presents the application of the recommendations of this code in accordance with the “comply or explain” principle. The 2009 Belgian Corporate Governance Code is available on the GUBERNA internet site (www.guberna.be).

1. Legal and shareholding structure of Solvay SA

1.1. Solvay SA is a société anonyme (public limited liability company) created under Belgian law, having its registered office at 33, rue du Prince Albert, 1050 Brussels, Belgium. The company's by-laws can be found on the Solvay internet site: www.solvay.com. Its company purpose consists of chemical and plastic activities in the broad sense of the term.

1.2. Its shares are registered, dematerialized or bearer shares (in denominations of 1, 10, 100 or 1 000 shares).
Since January 1, 2008 it has no longer been possible to receive paper (bearer) shares. Bearer shares already in a securities file have automatically been converted into dematerialized shares. Additionally, the General Shareholders’ Meeting of May 8, 2007 resolved that, no later than June 30, 2011, all bearer shares issued by the company that have not been recorded on dematerialized or registered securities accounts will be converted as of right into dematerialized shares.
Shares may be converted into registered shares, via a bank, through deposit in the Solvay SA securities file “Counterpart of registered certificates” with Euroclear Belgium.

At December 31, 2010, the capital of Solvay SA was represented by 84 701 133 shares. Each share entitles its holder to one vote whenever voting takes place (except for the shares held by Solvay Stock Option Management SPRL and by Solvay SA, the voting rights for which are suspended). All shares are equal and common.

The stock is listed on the NYSE Euronext Brussels. Solvay’s share price is also included in several indexes:

- Euronext 100, consisting of the leading 100 European companies listed on NYSE EURONEXT, where Solvay ranked in 65th place (0.4% of the index) at December 31, 2010).
- The BEL 20 index, based on the 20 most significant shares listed on Euronext Brussels. At December 31, 2010, Solvay represented around 7.2% of the value of this index (6th place in this index). Solvay shares are included in the 'Chemicals – Specialties' category of the Euronext Brussels sectoral index.
- The DJ Stoxx, DJ Euro Stoxx, FTSE 300, FTSE4Good, MSCI and other indexes.

Since February 15, 2007, Solvay Stock Option Management SPRL has appointed the bank Rothschild & Cie., under a liquidity contract, to improve the liquidity of the share on Euronext Brussels. This appointment remained in place in 2010.

1.3. Solvay SA’s main shareholder is Solvac SA, a registered company, which at December 31, 2010 held a little over 30% of capital and voting rights in Solvay. Solvac SA has filed the required transparency declarations every time it has passed a legal or statutory declaration threshold. It has also made the notifications required by law with regard to public purchase bids. Solvac SA is a société anonyme established under Belgian law and listed on Euronext Brussels. Its shares, all of which are registered, may be held by physical persons only. The very large majority (around 80%) of its capital is held by members of the Solvay SA founder families.

In addition, at December 31, 2010:

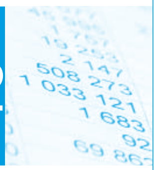
- Solvay Stock Option Management SPRL held 3.25% of the shares issued by Solvay SA (2 754 818 shares), in particular to cover the Solvay stock options program (see under 2.1. ‘Capital’), and
- Solvay SA held 1.0% of its own shares (880 766 shares) acquired under a program to invest in treasury shares introduced in February 2010. In January 2011, this program was renewed by the Board of Directors for a further year (until end-2011).

The latest transparency declarations are available on the internet site www.solvay.com.

The remaining shares are held by:

- individual shareholders who hold shares directly in Solvay SA. None of these persons, either individually or in concert with others, reaches the initial 3% transparency declaration threshold;
- European and international institutional shareholders, whose number and interest can be measured by the intensity of contacts at the many roadshows, by the regular publication of analysts’ reports and by the level of trading volumes over recent years (an average daily trading volume on Euronext of 182 000 shares in 2010 and 278 000 shares in 2009).

The company has been informed that certain individual shareholders have decided to arrange to consult together when questions of particular strategic importance are submitted by the Board of Directors to the Shareholders’ Meeting. Each of these shareholders, however, remains free to vote as he or she chooses.



1.4. At the May 2009 and May 2010 Shareholders' Meetings, shares were deposited and votes cast in respect of an average 45% of Solvay SA's capital.

1.5. At December 31, 2010, Solvay SA did not hold any shareholding requiring a legal or statutory transparency declaration.

2. Capital and dividend policy

2.1. Policy in respect of capital

2.1.1. Since being converted into a société anonyme and listed on the Stock Exchange in 1969, the company has not made public calls for capital from its shareholders (but see item 2.1.6. below), instead self-financing out of its profits, only a portion of which are distributed (see "Dividend policy" below).

2.1.2. By resolution of the Extraordinary Shareholders' Meeting of May 12, 2009, the Board of Directors was authorized, for a period of five years from that date, to acquire or dispose of, on the stock exchange, company shares representing up to 20% of its capital (i.e. 16 940 000 shares), at a price of between EUR 20 and EUR 150. Very limited use was made of this facility in 2010 for the requirements of a liquidity contract (see item 1.2. above) and to cover stock option commitments (see item 2.1.3. below) and in the framework of a treasury share investment program introduced in early 2010 (see item 1.3. above).

2.1.3. In December 1999 the company introduced a new annual stock option program for Group executives worldwide. This program is covered by own shares purchased by the Solvay group on the stock exchange. Since January 2007, the covering program has been handled by Solvay Stock Option Management SPRL. This covering program was authorized for a 5-year period by the Extraordinary Shareholders' Meeting of May 12, 2009.

At December 31, 2010 Stock Option Management SPRL's holdings of Solvay SA shares y represented 3.25% (2 754 818 shares) of the company capital.
The most recent annual program of stock options (exercisable from January 1, 2014 to December 15, 2018) was offered at the end of 2010 to around 215 Group executives, at an exercise price of EUR 76.49 per share. This price represents the average closing price of the Solvay share on Euronext during the 30 days preceding the offering of options. 98.05% of these stock options were accepted by these executives.

In 2010, stock options representing a total of 156 000 shares were exercised (it should be noted that options are in principle exercisable over a period of five[1] years after being frozen for three years).
The stock options exercised break down as follows:
- 1999 stock option plan: 17 300 shares
- 2000 stock option plan: 5 800 shares
- 2001 stock option plan: 800 shares
- 2002 stock option plan: 101 500 shares
- 2003 stock option plan: 30 600 shares

Voting and dividend rights attached to these shares are suspended as long as they are held by the company.

2.1.4. Article 523 of the Companies' Code
At its December 16, 2010 meeting, the Board of Directors implemented its annual stock option plan in favor of around 215 Group executives, including the Members of the Executive Committee. These include Mr. Christian Jourquin and

Stock options plans

Issue date	Exercise price (in EUR)	Exercise date	Acceptance rate
1999	76.14	02/2003-12/2007	99.2%
2000	58.21	02/2004-12/2008	98.9%
2001	62.25	02/2005-12/2009	98.6%
2002	63.76	02/2006-12/2010	98.4%
2003	65.83	02/2007-12/2011	97.3%
2004	82.88	02/2008-12/2012	96.4%
2005	97.30	02/2009-12/2013	98.8%
2006	109.09	02/2010-12/2014	97.2%
2007	96.79	01/2011-12/2015	97.6%
2008	58.81	01/2012-12/2016	96.9%
2009	72.34	01/2013-12/2017	98.2%
2010	76.49	01/2014-12/2018	98.1%

1. Increased to eight years in the case of the 1999 to 2002 Stock Options Plans, for beneficiaries in Belgium. Increased to 10 years in the case of the 2005 to 2007 Stock Options Plans, for beneficiaries in Belgium.

Mr. Bernard de Laguiche, who are also directors. The latter persons therefore abstained, for ethical reasons, from the deliberations of the Board of Directors that concerned them with respect to stock options.

The Board of Directors noted their declaration of abstention, deeming that their participation in this plan fell under Article 523 §3.2 of the Companies' Code covering routine operations undertaken under normal market conditions and normal market safeguards for operations of the same type. Mr. Christian Jourquin and Mr. Bernard de Laguiche accepted 25 000 and 20 000 options respectively. At his request, the number of options granted in 2010 to the Chairman of the Executive Committee was limited to the number granted the year before, given the general economic environment and the social impact of the Horizon project.

2.1.5. Independently of the authorization mentioned in paragraph 2.1.2. above and in a defensive context, the company has the ability to buy back its own shares on the stock market, up to 10% of the subscribed capital, with no price floor or cap, in the event of a threat of serious and imminent damage, such as, for example, a hostile public takeover bid. This system was renewed in May 2008 for a three-year period by an Extraordinary Shareholders' Meeting of the company.

2.1.6. The company's by-laws contain so-called "authorized capital" provisions empowering the Board of Directors to increase the capital of the company by up to EUR 25 million. This right was last used in 2006 to cover the former stock option scheme.

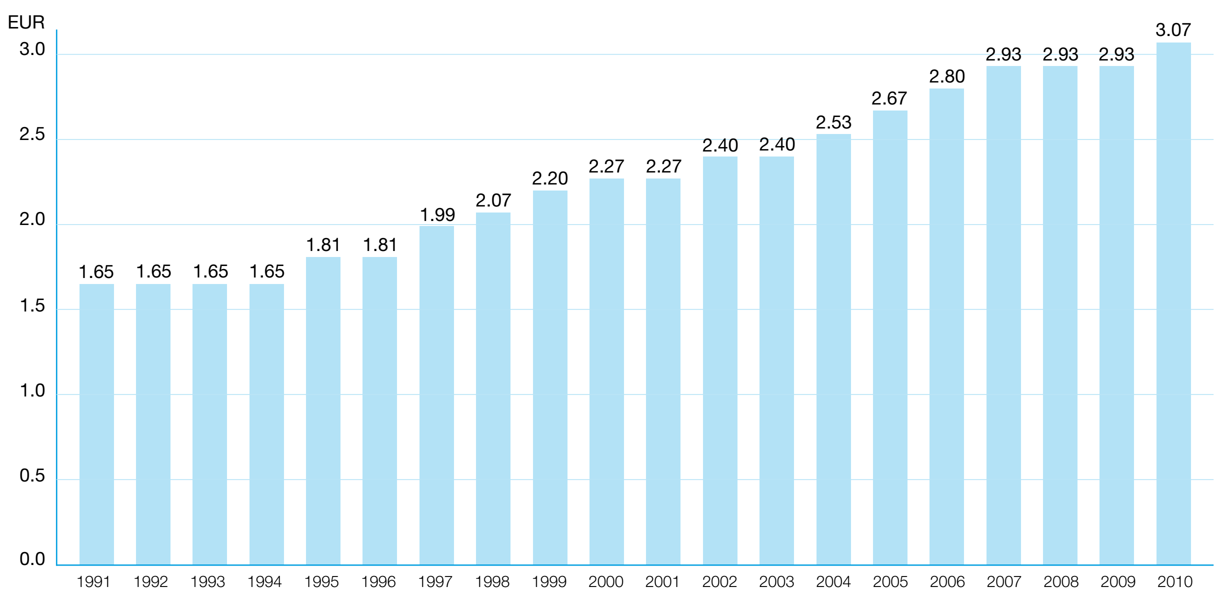
2.2. Dividend policy

2.2.1. Board policy is to propose a dividend increase to the Shareholders' Meeting whenever possible, and as far as possible, never to reduce it. This policy has been followed for very many years. The graph below illustrates the application of this policy over the past 20 years.

2.2.2. The annual dividend is paid in two installments, in the form of an advance payment (interim dividend) and a payment of the balance. In October 2006 the Board of Directors decided to change the way the advance payment is set. From 2006 onwards this method includes a guidance of 40% (rounded) of the total previous year's dividend, and takes into account the results for the first nine months of the current year.

In this way, for 2010, an interim dividend of EUR 0.90 net per share (EUR 1.20 gross before Belgian withholding tax in full discharge at 25%) was approved by the Board of Directors on October 27, 2010. This interim dividend (coupon no. 87), which was paid on January 13, 2011, is to be offset against the total dividend for 2010, which was proposed by the Board of Directors on February 16, 2011. As to the balance, once the annual financial statements have been completed, the Board of Directors proposes a dividend, in accordance with the policy described above, which it submits to the Ordinary Shareholders' Meeting for approval. The second dividend installment, *i.e.* the balance after deducting the advance payment, is payable in May. The net dividend for 2010 proposed

Solvay dividend (gross) from 1991 to 2010 (in EUR)



to the General Shareholders' Meeting of May 10, 2011 is EUR 2.30 net per share (EUR 3.0667 gross per share), up 4.5% compared with the dividend for 2009. Given the interim dividend payment made on January 13, 2011 (EUR 0.90 net per share – coupon no. 87), the balance of EUR 1.40 net per share will be payable from May 17, 2011 (coupon no. 88).

2.2.3. Shareholders who have opted to hold registered shares receive the interim dividend and the balance of the dividend automatically and free of charge by transfer to the bank account they have indicated, on the dividend payment date. Shareholders owning bearer or dematerialized shares receive their dividends via their banks or as they elect and arrange.

Coupons representing the interim dividend and dividend balance are payable at KBC Bank SA and CBC Banque SA:

- KBC Bank SA, Havenlaan 2 1080 Brussels (Belgium)
- CBC Banque SA, Grand-Place 5 1000 Brussels (Belgium)

2.2.4. The company does not have any reduced-tax VVPR shares, given that almost its entire capital was issued before the introduction of this pro-dividend tax regime. The company has not, up to this point, proposed optional dividends to its shareholders, *i.e.* stock instead of cash dividends. This option does not offer in Belgium any tax or financial benefit to make it attractive to investors.

3. Shareholders' Meetings

It should be noted that a law concerning the exercise of certain rights of shareholders in listed companies modifies the provisions concerning the holding of general meetings in the future. The by-laws of the companies in question will need to be adapted by January 1, 2012. A draft text revising the by-laws of Solvay SA will be submitted to the Extraordinary Shareholders' Meeting of Solvay of May 10, 2011.

The Ordinary Shareholders' Meeting of Solvay SA, to be held on May 10, 2011, will still be organized according to the current provisions as described below.

3.1. Place and date

The company's annual Ordinary Shareholders' Meeting is held on the second Tuesday of May at 14:30 in the Auditorium, 44 rue du Prince Albert, Brussels, Belgium. The Board tries to organize any necessary Extraordinary Shareholders' Meeting immediately before or after the annual Ordinary Shareholders' Meeting. The next Extraordinary Shareholders' Meeting will be held on Tuesday May 10, 2011 (at 10.30) and the next Ordinary Shareholders meeting on the same day (at 14:30).

3.2. Agenda

The Shareholders' Meeting is convened by the Board of Directors, which also sets its agenda. Shareholders may, however, request the calling of a Shareholders' Meeting and/or the addition of an item to the agenda where those shareholders together represent 20% of the capital, as required by Belgian law. In this case, their request must be granted. If these shareholders represent less than 20% of the capital, their request must be sent in good time to the Board of Directors, which will be the sole judge of whether or not to accede to it. Where the request is submitted in good time by shareholders together representing more than 5% of the capital and consists of adding an item to the agenda of an already-planned Shareholders' Meeting, this request will be taken into consideration unless it is harmful to the interests of the company.

The agenda of the annual Ordinary Shareholders' Meeting as a rule includes the following items:

- the Board of Directors' report on the financial year, including the Corporate Governance report and the compensation report;
- the auditor's report for the year;
- the consolidated financial statements for the year;
- approval of the annual financial statements;
- setting the dividend for the year;
- discharge of the directors and the statutory auditor in respect of the financial year;
- setting the number of directors and of independent directors, the length of their terms of office and the rotation of renewals;
- election of directors and of the external auditor (renewals or new appointments);
- the company's compensation report (included in Chapter 6 below)
- setting the auditor's annual fee for the external audit for the duration of the auditor's appointment; and
- approval of change of control clauses in significant contracts (e.g. joint ventures).

Extraordinary Shareholders' Meetings are required in particular for all matters affecting the content of the company's by-laws. Every time the Board of Directors prepares a special report in advance of an Extraordinary Shareholders' Meeting, this special report is enclosed with the notice of the meeting and is published on the company's internet site.

3.3. Procedure for calling meetings

The notices convening Shareholders' Meetings set forth the place, date and time of the meeting, the agenda, the reports, proposed resolutions on each item to be voted on, and the procedure for taking part in the meeting or for appointing proxies. Holders of registered shares receive notice of the meeting by mail at the address they have given, including notification of participation and proxy forms. Persons owning bearer or dematerialized shares are notified of meetings by announcements in the Belgian press. These notices of meetings are published in the official Belgian gazette (Moniteur Belge/ Belgisch Staatsblad) and in Belgium's French and Dutch-language financial newspapers (L'Echo and De Tijd). The major banks established in Belgium also receive the necessary documentation to pass on to Solvay shareholders among their clients.

3.4. Blocking of shares and appointment of proxies

Belgian legislation applicable to the 2010 financial year provides for the temporary blocking of shares to enable the company to identify with certainty the shareholders authorized to vote at the Shareholders' Meeting. The company has not opted for the optional registration date system.

3.4.1. For holders of registered shares, shares are blocked automatically to the extent that their rights are represented by an entry in the shareholders' register held by the company itself or for its account. All that is required is for them to send either their notification of participation or proxy form to the company's General Secretariat. In both cases, documents must reach the company five working days before the Shareholders' Meeting for the shareholder to be permitted to vote.

3.4.2. For holders of bearer or dematerialized shares, the procedure is not automatic and the shareholder must block his shares until the Shareholders' Meeting, either with his bank, which will advise the General Secretariat, or at the company's registered office. Notice of blocking must be in the hands of the General Secretariat five working days before the Meeting for the shareholder to be entitled to vote. Similarly, a shareholder wishing to be represented by another party must also send a proxy form that reaches the General Secretariat at least five working days before the Meeting.

3.4.3. The exercise of voting rights attached to shares that are jointly owned or the usufruct and bare property rights of which have been separated, or shares belonging to a minor or a legally incapacitated person, follows special legal and statutory rules, a common feature of which is the appointment of a single representative to exercise the voting right. Failing this, the voting right is suspended pending such appointment.

3.4.4. When a proxy is appointed, this proxy must be a shareholder himself for the appointment to be valid (with certain exceptions, e.g. a spouse or legal persons). The company will count proxy votes in accordance with the mandating party's instructions. Where the proxy wishes to modify the instruction in a mandate during the course of the Shareholders' Meeting, the proxy must state this expressly, on his or her responsibility, at the time of the vote. Blank proxy forms are treated as positive votes unless otherwise stated by the proxy at the time of the vote. Invalid proxy forms are excluded from the count. Abstentions formally expressed as such during a vote or on proxy forms are counted as such.

3.5. Procedure

3.5.1. The Shareholders' Meeting is chaired by the Chairman of the Board or, in his absence, by the Vice-Chairman.
The Chairman will preside over the discussions following Belgian practice for deliberative meetings. He will take care to ensure that questions from the Meeting are answered, whilst respecting the agenda and confidentiality commitments. He will appoint the tellers as well as the secretary of the meeting, who as a rule is the Corporate Secretary.

3.5.2. Resolutions in Ordinary Shareholders' Meetings are passed by a simple majority of votes of shareholders present and represented on a "one share, one vote" basis.

3.5.3. In the case of Extraordinary Shareholders' Meetings, the company respects the legal rules governing quorums and majorities.

3.5.4. Voting is, as a general rule, public, by show of hands or by electronic voting. Votes are counted and the results announced immediately.
Provision is made for secret balloting in exceptional cases when a particular person is involved. This procedure has never been requested to date. This by-law was amended at the Extraordinary Shareholders' Meeting of May 9, 2006 so as to set a threshold of 1% of capital to be reached by one or more shareholders acting in concert, and only when there is more than one candidate for a given office.
The minutes of the Shareholders' Meeting are drawn up and adopted by shareholders at the end of the meeting.
They are signed by the Chairman, secretary, tellers and those shareholders who wish to do so. Minutes of Extraordinary Shareholders' Meetings are notarized.

3.5.5. Minutes of the most recent Shareholders' Meetings are published on the company's internet site (www.solvay.com). Copies or official extracts may be obtained on request by shareholders, in particular under the signature of the Chairman of the Board.

3.6. Documentation

Documentation relating to Shareholders' Meetings (notice of meeting, agenda, proxy and notification of participation forms, special report of the Board of Directors, etc.) is available every year on the Internet site www.solvay.com. This documentation is available in French and Dutch (official versions) and in English (unofficial translation).

4. Board of Directors

4.1. Role and mission

The Board of Directors is the highest management body of the company. The law accords to it all powers which are not reserved, by law or by the by-laws, to the Shareholders' Meeting. In the case of Solvay SA, the Board of Directors has reserved certain key areas for itself and has delegated the remainder of its powers to an Executive Committee (see below). It has not opted to set up a Management Committee (Comité de Direction/ Directiecomité) as defined by Belgian law.

The main key areas which the Board of Directors has reserved for itself are:

1. Matters for which it has exclusive responsibility, either by law or under the by-laws, for example:
   - the preparation and approval of the consolidated periodical financial statements and those of Solvay SA (quarterly – consolidated only, semiannual and annual) and the related communications;
   - adoption of accounting standards (in this case the IFRS standards for the consolidated accounts and Belgian standards for the Solvay SA unconsolidated accounts);
   - convening Shareholders' Meetings and drawing up the agenda and proposals for resolutions to be submitted to them (concerning, for example, company financial statements, dividends, amendments to the by-laws, etc.).

2. Setting the main policies and general strategic directions of the Group.

3. Approving the reference frameworks for internal control and for risk management.

4. Adopting the budget and long-term plan, including investments, R&D and financial objectives.

5. Appointing the Chairman and Members of the Executive Committee and the Corporate Secretary, and setting their missions and the extent of the delegation of powers to the Executive Committee.

6. Supervision of the Executive Committee and ratification of its decisions, where required by law.

7. Appointing from among its members a Chairman and a Vice-Chairman, and creating from among its members an Audit Committee, a Compensation Committee, an a Nomination Committee and a Finance Committee, defining each Committee's mission and determining its composition and its duration.

8. Major decisions concerning acquisitions, divestitures, the creation of joint ventures and investments. Major decisions are considered to be those involving amounts of EUR 50 million or more.

9. Setting the compensation of the Chairman of the Executive Committee, of Executive Committee Members and of General Managers.

10. Establishing internal Corporate Governance and Compliance rules.

In all matters for which it has exclusive responsibility, the Board of Directors works in close cooperation with the Executive Committee, which in particular is responsible for preparing most of the proposals for decisions by the Board of Directors.

4.2. Modus operandi and representation

4.2.1. Board Members have available to them the information needed to carry out their functions in the form of dossiers drawn up under instructions from the Chairman and sent out to them by the Corporate Secretary several days before each session. They may also receive additional information of any kind that may be of use to them from, depending on the nature of the question, the Chairman of the Board, the Chairman of the Executive Committee or the Corporate Secretary. Decisions to obtain outside expertise, when necessary, are taken by the Board of Directors, for those subjects falling within its authority.

4.2.2. The company is validly represented with regard to third parties by the joint signature of persons with the following capacities: the Chairman of the Board of Directors and/or directors belonging to the Executive Committee. For documents relating to the day-to-day management of the company, the signature of a single director on the Executive Committee is sufficient. Powers may also be delegated on a case-by-case basis as needs arise.

4.3. Composition

4.3.1. Size & Composition

At December 31, 2010, the Board of Directors consisted of 16 members, as listed on p. 177. This number of Directors is justified by the diversified nature of the Group's activities and its international character.

4.3.2. During 2010, the Board of Directors was chaired by Mr. Aloïs Michielsen, with Mr. Denis Solvay as Vice-Chairman.

At the Ordinary Shareholders'

	Year of birth	Year of 1st appointment	Solvay SA mandates, and expiry date of directorship	Diplomas and activities outside Solvay	Presence at meetings in 2010 as a function of date of appointment
Mr. Aloïs Michielsen (B)	1942	1990	2013 Chairman of the Board of Directors and of the Finance, Compensation and Nomination Committees	Civil engineering degree in chemistry and MA in Applied Economics (Catholic University of Louvain), Business Administration (University of Chicago), Director of Miko.	6/6
Mr. Denis Solvay (B)	1957	1997	2014 Director, Vice-Chairman of the Board of Directors and Member of the Compensation and Nomination Committees	Commercial engineering degree (Free University of Brussels), Director of Eurogentec, Director and Member of the Executive Committee of Abelag Holding.	4/6
Mr. Christian Jourquin (B) (*)	1948	2005	2013 Chairman of the Executive Committee, Director, Member of the Finance Committee and guest of the Compensation and Nomination Committees	Commercial Engineering degree (Free University of Brussels), ISMP Harvard.	6/6
Mr. Bernard de Laguiche (F/BR) (*)	1959	2006	2013 Member of the Executive Committee, Director and Member of the Finance Committee	Commercial Engineering degree, MA in economics HSG (University of St. Gallen, Switzerland).	6/6
Mr. Jean-Marie Solvay (B)	1956	1991	2012 Independent Director and Member of the New Business Board	Advanced Management Programme – Insead, CEO of Albrecht RE Immobilien GmbH & Co. KG., Director of Heliocentris GmbH & Co. KG (Germany).	6/6
Chevalier Guy de Selliers de Moranville (B)	1952	1993	2013 Director Member of the Finance and Audit Committees	Civil engineering degree in mechanical engineering, and MA in Economics (Catholic University of Louvain), Executive Chairman of Hatch Corporate Finance (UK), Member of the Supervisory Board and Chairman of the Audit Committee of Advanced Metallurgical Group (Netherlands), Director and Chairman of the Governance Committee of Wimm-Bill Dann Foods OJSC (Russia). Vice-Chairman of the Board Committee of Ageas SA, Chairman of the Board of Ageas UK.	6/6
Mr. Nicolas Boël (B)	1962	1998	2013 Director Member of the Nomination Committee	MA in Economics (Catholic University of Louvain), Master of Business Administration (College of William and Mary – USA) Director of Sofina.	6/6
Mr. Whitson Sadler (US)	1940	2002	Until May 11, 2010 Independent Director Chairman of the Audit Committee	Bachelor of Arts in Economics (University of the South, Sewanee – USA), Master of Business Administration Finance (Harvard), Retired General Manager of Solvay SA for the North America region.	0/3
Mr. Jean van Zeebroeck (B)	1943	2002	2014 Independent Director Member of the Compensation and Nomination Committees	Doctorate of Law and diploma in Business Administration (Catholic University of Louvain), MA in Economic Law (Free University of Brussels), Master of Comparative Law (University of Michigan – USA), General Counsel of 3B-Fibreglass Company.	6/6
Mr. Jean-Martin Folz (F)	1947	2002	2014 Independent Director Member of the Compensation and Nomination Committees	Ecole Polytechnique and Mining Engineer (France), former Chairman of PSA Peugeot-Citroën, Director of Saint-Gobain, of Société Générale, of Carrefour, of Alstom and of Axa, Member of the Supervisory Board of ONF-Participations.	5/6
Prof. Dr. Bernhard Scheuble (D)	1953	2006	2014 Independent Director Chairman of the Audit Committee	MSc,Nuclear Physics & PhD, Display Physics (Freiburg University - Germany), Former Chairman of the Executive Board of Merck KGaA, (Darmstadt) and former Member of the E. Merck OHG Board.	6/6
Mr. Anton van Rossum (NL)	1945	2006	2014 Independent Director Member of the Audit Committee	MA in Economics and Business Administration (Erasmus University Rotterdam), Board Member of Crédit Suisse (Zurich), Supervisory Board Member of Munich Re (Munich), Chairman of the Supervisory Board of Royal Vopak (Rotterdam), Member of the Supervisory Board of Rodamco Europe (Schiphol), Chairman of the Supervisory Board of Erasmus University Rotterdam. Special Advisor to General Atlantic (London) and Chairman of the Netherlands Economics Institute (Rotterdam).	5/6
Mr. Charles Casimir-Lambert (B/CH)	1967	2007	2011 Independent Director Member of the Audit Committee	MBA Columbia Business School (New York)/London Business School (London), Master's degree (lic.oec.HSG) in economics, management and finance (University of St.Gallen – Switzerland), Supervising family interests across the world.	6/6
Ms. Petra Mateos-Aparicio Morales (ES)	N/A	2009	2013 Independent Director Member of the Finance Committee	PhD in Economics and Business Administration (Universidad Complutense, Madrid - Spain), Executive President of Hispasat (Spain and International); Professor at the University of Business Administration, UNED & CUNEF, Madrid.	6/6
Baron Hervé Coppens d'Eeckenbrugge (B)	1957	2009	2013 Independent Director Member of the Finance Committee	MA in Law from the University of Louvain-la-Neuve (Belgium), Diploma in Economics and Business, ICHEC (Belgium), Director of companies in the Petercam sa group and Managing Director of Petercam Institutional Bonds sa, Director of Vital Renewable Energy Company LLC (Delaware).	6/6
Ms. Evelyn du Monceau (B)	N/A	2010	2013 Director Member of the Nomination Committee	MA in Applied Economics from the Catholic University of Louvain (Belgium), Member of the Board of Directors of La Financière de Tubize SA, Vice Chair of the Board and Chair of the Remuneration and Nomination Committee of UCB SA, Director of FBNet Belgium, Member of the Fondation Commission Corporate Governance.	3/3
Mr. Yves-Thibault de Silguy (F)	1948	2010	2011 Independent director Member of the Compensation and Nomination Committees	MA in Law from the University of Rennes, DES in public law from the Université de Paris I, graduate of the Institut d'Etudes Politiques de Paris and the Ecole Nationale d'Administration, Vice-Chair and Lead Director of the VINCI group, Director of LVMH, Chairman of the Supervisory Board of Sofisport (France) and Trustee of the International Financial Reporting Standards Foundation (IFRS Foundation).	3/3

* Full-time activity in the Solvay group.

Meeting of May 11, 2010:
- the directorship of Mr. Denis Solvay and the independent directorships of Mr. Jean van Zeebroeck, Mr. Jean-Martin Folz, Prof. Dr. Bernhard Scheuble and Mr. Anton van Rossum were renewed for four-year terms;
- Ms. Evelyn du Monceau was appointed a director to replace Mr. Karel Van Miert;
- Mr. Yves-Thibault de Silguy was appointed an independent director to replace Mr. Whitson Sadler;
- the independence, under the new law of December 17, 2008, of Mr. Charles Casimir-Lambert and Baron Hervé Coppens d'Eeckenbrugge was confirmed, both having ceased to be non-executive directors of Solvac SA more than one year ago (see criteria of independence under item 4.3.4. below).

At the Ordinary Shareholders' Meeting on May 10, 2011, the Board of Directors will propose:
- to renew for four-year terms the independent directorships of Mr. Charles Casimir-Lambert and Mr. Yves-Thibault de Silguy;
- to decide on the independence, under the new law of December 17, 2008, of Ms. Evelyn du Monceau, who ceased to be a non-executive director of Solvac SA more than one year ago (see criteria of independence under item 4.3.4. below).

Terms of office and age limit
Directors are appointed by the Shareholders' Meeting for four years.

They may be reappointed. To avoid simultaneous expiration of all directorships, a rotation was established by lot when the company was converted into a societé anonyme over 40 years ago. The age limit for membership on the Board is the annual Shareholders' Meeting following the member's 70th birthday. In this case, the director in question resigns, and is replaced, for his remaining term of office, by a successor appointed by the Shareholders' Meeting.

4.3.3. Criteria for appointment
The Board of Directors applies the following primary criteria when proposing candidates for election to directorships by the Ordinary Shareholders' Meeting:

- ensuring that a substantial majority of directors on the Board are non-executive.
  At December 31, 2010, 14 out of 16 directors were non-executive, and two belonged to the Executive Committee (Mr. Christian Jourquin and Mr. Bernard de Laguiche);
- ensuring that a large majority of nonexecutive directors are independent according to the criteria, defined by law and further tightened by the Board of Directors (see "criteria of independence" below).
  In this respect, at December 31, 2010 the independent status of 9 out of 14 non-executive directors has been recognized by the Ordinary Shareholders' Meeting;
- ensuring that the members of the Board of Directors together reflect the shareholder structure and possess the wide range of competences and experience required by the Group's activities;
- ensuring that the Board of Directors' international composition appropriately reflects the geographic extent of its activities.
  At December 31, 2010 the Board included members of six different nationalities;
- ensuring that the candidates it presents commit to devoting sufficient time to the task entrusted to them. In this respect, attendance at Board Meetings was very high in 2010 (92%);
- ensuring, finally, that it does not select any candidate holding an executive position in a competing company or who is or was involved in the external audit of the Group
- Belgian law and the by-laws of the company permit spontaneous candidacies for the post of director, providing that these are addressed to the company in writing at least 30 days before the Ordinary Shareholders' Meeting. Exercise of this right is not encouraged.

The Chairman of the Board gathers the information allowing the Board of Directors to verify that the selected criteria have been met at the time of appointment, renewal and during the term of office.

4.3.4. Criteria for independence
Based on Belgian law, the Board of Directors sets the criteria for determining directors' independence. Each director fulfilling these criteria is presented to the Ordinary Shareholders' Meeting for confirmation.

The independence criteria are now regulated more strictly since the publication of the law of December 17, 2008. These new legislative provisions apply on the occasion of renewals or new directorships, and no later than July 1, 2011.

The new legal criteria, as contained in article 526ter of the Companies' Code (introduced by the law of December 17, 2008 (art. 16)), are as follows:

1. During a period of five years before appointment, not having exercised a mandate as an executive member of the management body or a function of member of the executive committee or managing director in the company or in a company or person affiliated with the same within the meaning of article 11 of the Companies' Code. The Board of Directors has added to this criterion a minimum one-year waiting period for the Shareholders' Meeting to recognize the independence of a nonexecutive director of Solvac leaving its Board of Directors to

join the Solvay Board of Directors;

2. Not having sat on the board of directors in the capacity of a nonexecutive director for more than three successive terms of office or more than twelve years;

3. During three years prior to appointment, not having been part of the senior management, within the meaning of article 19.2 of the law of September 20, 1948 on the organization of the economy, of the company or of a company or an affiliated person within the meaning of article 11 of the Companies' Code;

4. Not having received compensation or any other significant benefit of a patrimonial nature from the company or an affiliated company or person within the meaning of article 11 of the Companies' Code, with the exception of any profit percentages (tantièmes) or fees received in the capacity of non-executive member of the management body or a member of the supervisory body;

5. a) Not holding any ownership rights in the company representing a tenth or more of the capital, or the company equity, or a category of shares of the company;
   b) Where the person in question holds ownership rights of under 10%:
      a) When these ownership rights are added to those held in the same company by companies over which the independent director has control, these ownership rights may not reach one tenth of the capital, of the company equity, or a category of shares of the company;
      or
      b) The use of these shares or the exercise of the rights attached to the same may not be subject to contract stipulations or to unilateral commitments to which the independent member of the management body has subscribed;
   c) Not to represent in any way a shareholder meeting the conditions of this item;

6. Not maintaining, or having maintained during the past financial year, a significant business relationship with the company or with an affiliated company or person within the meaning of article 11 of the Companies' Code, either directly or in the capacity of partner, shareholder, member of the management body or of member of senior management, within the meaning of article 19.2 of the law of September 20, 1948 on the organization of the economy, of a company or a person maintaining such relationship;

7. Not having been, during the past three years, a partner or salaried employee of the current or previous external auditor of the company or of an affiliated company or person within the meaning of article 11 of the Companies' Code;

8. Not being an executive member of the management body of another company in which an executive director of the company acts as a non-executive member of the management body or member of the supervisory body, nor maintaining other major connections with the executive directors of the company as a result of functions exercised in other companies or bodies;

9. Not having, either within the company or within an affiliated company or person within the meaning of article 11 of the Companies' Code, a spouse or legally cohabiting partner, or parents or relations up to the second degree of kinship exercising the position of member of the management body, of member of the executive committee, of a day-to-day executive manager or of member of senior management, within the meaning of article 19.2 of the law of September 20, 1948 on the organization of the economy, or falling under one of the other cases defined in items 1 to 8.

At December 31, 2010, 9 out of 16 directors fulfilled the criteria of independence, as confirmed by a vote of the Ordinary Shareholders' Meeting of May 11, 2010.

- Mr. Aloïs Michielsen, having been Chairman of the Executive Committee of Solvay until May 9, 2006, was not recognized as independent at the time of renewal of his directorship in May 2009 (new criterion no. 1);
- Mr. Denis Solvay, a Director of the company for over 12 years, was not recognized as independent for this reason at the time of renewal of his directorship in May 2010 (new criterion 2);
- Messrs. Christian Jourquin and Bernard de Laguiche, Chairman and Member of the Executive Committee respectively, were not recognized as independent at the time of renewal of their directorships in May 2009 (new criterion no.1);
- Chevalier Guy de Selliers de Moranville, a Director of the company for over 12 years, was not recognized as independent for this reason at the time of renewal of his directorship in May 2009 (new criterion no. 2);
- Mr. Nicolas Boël, a Director of the company for over 12 years, is no longer independent, his directorship having been renewed at the Shareholders' Meeting of May 12, 2009 under the regime of the law of December 17, 2008 (new criterion no. 2);
- Ms. Evelyn du Monceau was not recognized as an independent Director at the time of her appointment in May 2010. This is because her executive directorship of Solvac SA ended at the same date (new criterion no.1).

Readers are reminded that the Board of Directors will propose to the Shareholders' Meeting of May 10, 2011 that it decide on the independence, under the terms of the law of December 17, 2008, (criterion no.1), of Ms. Evelyn du Monceau, no longer an executive Director of Solvac SA for over a year.

Finally, it should be noted that Mr. Jean-Marie Solvay will lose his independent status on July 1, 2011, having been a director of the company for over 12 years; from that date he will serve as a non-independent director.

4.3.5. Appointment, renewal, resignation and dismissal of Directors

The Board of Directors submits directors' appointments, renewals, resignations or dismissals to the Ordinary Shareholders' Meeting for approval. It also submits to it the vote on the independence of the Directors fulfilling the related criteria, after informing the Works' Council of the same. It also seeks first the opinion of the Nomination Committee, which is tasked with defining and assessing the profile of any new candidate using the criteria of appointment and of specific competences set by itself. The Ordinary Shareholders' Meeting decides on proposals made by the Board of Directors in this area by a simple majority.

When a directorship becomes vacant during a term of office, the Board of Directors may appoint a new member, subject to ratification by the next following Ordinary Shareholders' Meeting.

4.3.6. Frequency, preparation and holding of Board meetings

The Board of Directors met six times in 2010 (five ordinary and one extraordinary meetings). Five ordinary meetings are planned in 2011. The dates of ordinary meetings are set by the Board of Directors itself, more than one year before the start of the financial year. Additional meetings can, if needed, be called by the Chairman of the Board of Directors, after consulting with the Chairman of the Executive Committee.

The agenda for each meeting is set by the Chairman of the Board of Directors after consulting with the Chairman of the Executive Committee. The Corporate Secretary is charged, under the supervision of the Chairman of the Board of Directors, with organizing meetings, and sending notices of meetings, agendas and the dossier containing the item-by-item information required for decision-making. To the extent possible, he ensures that directors receive notices of meetings and complete files at least five days before the meeting. The Corporate Secretary prepares the minutes of the Board meetings, presenting the draft to the Chairman and then to all members. Finalized minutes that have been approved at the following Board meeting are signed by all Directors having taken part in the deliberations.

The Board of Directors takes its decisions in a collegial fashion by a simple majority of votes. Certain decisions that are considered particularly important by the company's by-laws require a three quarters majority of its members. This was the case in 2010, for example, for the decision to sell the 50% shareholding in Inergy Automotive Systems. The Board may not validly transact its business unless half of its members are present or represented. Given the very high level of attendance, the Board of Directors has never been unable to transact its business.

4.4. Evaluation and Training

4.4.1. Evaluation

In 2010 the Board of Directors undertook an evaluation, focused primarily on its own composition, modus operandi, information and its interactions with executive management, and the composition and modus operandi of the committees created by it. Board members were invited to express their views on these various points based on a questionnaire drawn up with the help of the Belgian Governance Institute, now named GUBERNA. The Chairman of the Board then met individually with each Board member. In addition to the subjects listed above, the meetings focused on assessing the individual directors' contributions to the Board's work and, where applicable, the renewal of their directorships. The improvements decided by the Board at the end of this evaluation process are: increasing the time allotted to questions and answers during executive management's presentation of quarterly results, ex-post evaluation of past policy decisions in order to draw lessons for the future, and also the addition of Human Resources to the list of regular executive management presentations to the Board. It was also decided to add a third meeting of the Nomination Committee to the calendar for 2011. The next evaluation of the Board will take place in 2013.

4.4.2. Training

An induction program is provided for new Directors, aimed at acquainting them with the Solvay group as quickly as possible. The program includes a review of the Group's strategy and its sectors of activity and of the main challenges in terms of growth, competitiveness and innovation, as well as finance, research & development directions, human resources management, the legal context and the general organization of operations. This program is open to every Director who wishes to participate. It also includes a visit to an industrial or research site.

In 2010 this training program was taken, in particular, by the two new Directors, including a visit at the beginning of 2011 to the Rheinberg site in Germany.

A detailed exposé of safety policy and action programs rounded off this program in 2010.

4.5. Committees

4.5.1. Rules common to the various Committees

- The Board of Directors has set up on a permanent basis the following specialized Committees: the Audit Committee, the Finance Committee and the Compensation and Nomination Committee. This latter Committee was split into two distinct Committees in October 2010.
- These Committees do not have decision-making powers. They are advisory in nature and report to the Board of Directors, which takes the decisions. They are also called on to give opinions at the request of the Board of Directors or Executive Committee. After presentation to the Board of Directors, the Committees' reports are attached to the minutes of the next following Board meeting.
- All terms of office on the three Committees are for two years and are renewable.
- Members of the permanent Committees (except for Executive Committee members) receive separate compensation for this task.
- The Board of Directors may also set up a temporary ad hoc committee to liaise with the Executive Committee on an important issue. One such committee was set up at the end of 2009 to examine the reinvestment of the proceeds of the sale of the Group's pharmaceuticals activities.

4.5.2. The Audit Committee

In 2010, the Audit Committee was composed of Prof. Dr. Bernhard Scheuble (Chairman), Mr. Whitson Sadler (until 11 May 2010), Chevalier Guy de Selliers de Moranville, Mr. Anton van Rossum and Mr. Charles Casimir-Lambert. These are independent non-executive directors, with the exception of Chevalier Guy de Selliers de Moranville.
The Secretariat of this Committee is provided by a member of the Group's internal legal staff.

This Committee met four times in 2010, each time before a Board meeting scheduled to consider the publication of periodical results (quarterly, half-yearly and annual). Participation in Audit Committee meetings was a high 89%.

The Audit Committee is tasked with monitoring the effectiveness of the internal control of Group and Solvay SA accounting, checking in particular its reliability and compliance with legal and internal accounting procedures. Its mission has been set out in an internal "Terms of Reference" document (see Annex 1). This mission was reviewed in 2009 to integrate the requirements of the legal mission instituted by the Belgian law of December 17, 2008.

At each meeting, the Audit Committee hears reports from the General Manager for Finance (Mr. Bernard de Laguiche), the Head of the Internal Audit Competence Center (Mr. Thierry Duquenne) and of the Auditor in charge of the External Audit (Deloitte, represented by Mr. Michel Denayer until May 11, 2010 and by Mr Eric Nys for the rest of the year). It also examines the quarterly report of the Group's Legal Competence Center on significant ongoing legal disputes and reports on tax and intellectual property disputes. It meets alone with the auditor in charge of the external audit whenever it deems such meetings useful. The Chairman of the Executive Committee (Mr. Christian Jourquin) is invited, once a year, to discuss the major risks to which the Group is exposed.

The Directors belonging to this Audit Committee fulfill the criterion of competence by their training and by the experience gathered during their previous functions (see section 4.3. concerning the composition of the Board of Directors).

4.5.3. The Finance Committee

In 2010 the Finance Committee consisted of Mr. Aloïs Michielsen (Chairman), Mr. Christian Jourquin (Chairman of the Executive Committee) and Mr. Bernard de Laguiche (Member of the Executive Committee and General Manager for Finance) and two Directors, Ms. Petra Mateos-Aparicio Morales and Chevalier Guy de Selliers de Moranville.
On October 27, 2010, on the proposal of the Compensation and Nomination Committee, the Board of Directors appointed Baron Hervé Coppens d'Eeckenbrugge an additional member of this Committee. The Corporate Secretary, Mr. Michel Defourny, acts as secretary to the Committee.

This Committee met four times in 2010. Participation of members of the Finance Committee was very high (100%).
The Committee gives its opinion on financial matters such as the amounts of the interim and final dividends, the levels and currencies of indebtedness in the light of interest rate developments, the hedging of foreign exchange and energy risks, the policy of buying in own shares, the content of financial communication, the financing of major investments, etc. It finalizes the preparation of the press releases announcing the quarterly results. It may also be called on to give opinions on Board policies on these matters.

4.5.4. The Compensation and Nomination Committees

The Compensation and Nomination Committee was split into two distinct Committees by decision of the Board of Directors of October 27, 2010.

Prior to its split, the Compensation and Nomination Committee consisted of Mr. Aloïs Michielsen (Chairman) and four independent, non-executive directors, Messrs. Nicolas Boël, Jean van Zeebroeck, Denis Solvay and Jean-Martin Folz. Mr. Christian Jourquin was invited as Chairman of the Executive Committee. Mr. Daniel Broens, the Group General Manager Human Resources, reported to the Committee and acted as secretary. Since the split:

- The Compensation Committee consists of Mr. Aloïs Michielsen (Chairman), Messrs. Denis Solvay, Jean van Zeebroeck, Jean-Martin Folz and Yves-Thibault de Silguy. Ms. Evelyn du Monceau will also join the Committee from May 10, 2011, subject to her acquiring independent director status. It should be pointed out here that a majority of the members of this Committee have independent Director status within the meaning of the law. Mr. Christian Jourquin is invited to meetings in his capacity as Chairman of the Executive Committee, except for matters that concern him personally. The secretary of this Committee remains Mr. Daniel Broens. The Compensation Committee has the requisite expertise for exercising its missions.
- The Nomination Committee consists of Mr. Aloïs Michielsen (Chairman), Messrs. Denis Solvay, Nicolas Boël, Jean van Zeebroeck, Jean-Martin Folz and Yves-Thibault de Silguy and Ms. Evelyn du Monceau. Mr. Christian Jourquin is invited to meetings in his capacity as Chairman of the Executive Committee, except for matters that concern him personally. The secretary of this Committee is Mr. Michel Defourny. The Nomination Committee will contain a majority of independent, non-executive Directors in the event that Ms. Evelyn du Monceau is confirmed as an independent Director by the Ordinary Shareholders' Meeting of May 10, 2011.
- Members of these two Committees receive the same attendance fees as the members of the former Compensation and Nomination Committee (EUR 2 500 gross per meeting), on the understanding that no Director shall receive double pay.

The Committees met three times in 2010, one of these times in the split form. Participation of the members of the Compensation Committee and the Nomination Committee was very high (100%).

The Nomination Committee gives its opinion on appointments to the Board of Directors (Chairman, Vice-Chairman, new Members, renewals and Committees), to Executive Committee positions (Chairman and Members) and to General Manager positions.
The Nomination Committee fulfils the missions imposed on it by law. In particular it advises the Board of Directors on compensation policy and compensation levels for members of the Board of Directors, the Executive Committee and General Management. It also gives its opinion to the Board of Directors and/or Executive Committee on the Group's main compensation policies (including stock options). It also prepares the report on compensation policy.

5. Executive Committee

5.1. Role and Mission

5.1.1. The Board of Directors defines the role and mission of the Executive Committee. The main discussion and decisions on this subject date back to December 14, 1998. There have been no significant changes since then.

5.1.2. The Executive Committee, as a group, has been assigned the following main tasks by the Board of Directors:
- day-to-day management of the company is delegated to it;
- it ensures that the company, its subsidiaries and its affiliates are properly organized, through the choice of members of their governing bodies (Boards of Directors, etc.);
- it appoints senior managers (except to those functions where the decision lies with the Board of Directors);
- it supervises subsidiaries;
- it has delegated authority from the Board of Directors for investment and divestiture decisions (including acquisitions and sales of know-how) up to a ceiling of EUR 50 million. At each meeting, the Board of Directors is informed of and ratifies the Executive Committee's decisions and recommendations in respect of investments of between EUR 3 and 50 million for the immediately preceding period;
- it sets Group policies, except for the most important ones, which it proposes to the Board of Directors;
- it sets executives' compensation (except where the decision lies with the Board of Directors);
- it prepares and proposes to the Board of Directors, for its decision:
  – general strategies (including the effect of strategies on the budget and 5-year plan and the allocation of resources);
  – general internal organization;
  – major financial steps that have the effect of modifying the company's financial structure;
  – the creation and termination of major activities, including the corresponding entities (branches, subsidiaries, joint ventures); and
  – the company's financial statements.
- it submits to the Board of Directors all questions lying within the latter's competence, and reports to the Board on the exercise of its mission;

- it executes the decisions of the Board of Directors.

5.2. Delegation of powers

The Executive Committee operates on a collegial basis, whilst consisting of members exercising General Management functions.

The execution of Executive Committee decisions and the following up of its recommendations is delegated to the Executive Committee member (or another General Manager) in charge of the activity or of the function corresponding to the decision or recommendation.

5.3. Composition of the Executive Committee

5.3.1. Size and composition
At December 31, 2010, the Executive Committee had six members. Mr. Werner Cautreels’ left the Committee on February 15, 2010 following the sale of the pharmaceuticals activities.

5.3.2. Terms of office and age limits
Executive Committee members are appointed by the Board of Directors for two-year renewable terms. The Board of Directors has set an age limit of 65 for Executive Committee membership.

5.3.3. Criteria for appointment
The Executive Committee is a collegial body made up of specialist members, generally from the Group's General Managements. Members must work full-time for the Group. Apart from the Chairman, its members were in 2010 the Chief Financial Officer, the Group General Managers of the three Sectors (Chemicals, Plastics and Pharmaceuticals), the Group General Manager Technology, Research and Procurement, and the Region General Manager Asia-Pacific.

All Executive Committee members have employment contracts with the Solvay group, except for the Chairman, who has self-employed status. The post of Chairman of the Executive Committee may not be held concurrently with that of Chairman of the Board of Directors.

5.3.4. Appointment and renewal procedure
The Chairman of the Executive Committee is appointed by the Board of Directors based on a proposal by the Chairman of the Board of Directors and with recommendations by the Nomination Committee and the outgoing Chairman of the Executive Committee.
The other Executive Committee members are also appointed by the Board of Directors, but on the proposal of the Chairman of the Executive Committee in agreement with the Chairman of the Board of Directors and with the concurrence of the Nomination Committee.

Executive Committee members' performance is assessed annually by the Chairman of the Executive Committee. This assessment is undertaken together with the Chairman of the Board and with the Compensation Committee whenever proposals are made for setting variable compensation.
The performance of the Chairman of the Executive Committee is assessed annually by the Compensation Committee.

5.4. Frequency, preparation and procedure of meetings

5.4.1. The Executive Committee met 20 times in 2010.
Meetings are generally held at the

	Year of birth	Year of 1st appointment	Term of office ends	Diplomas and main Solvay activities	Presence at meetings (as a function of date of appointment)
Mr. Christian Jourquin (B)	1948	1996	2012	Commercial Engineering degree (Free University of Brussels), ISMP Harvard, Chairman of the Executive Committee.	20/20
Mr. Bernard de Laguiche (F/BR)	1959	1998	2012	Commercial engineering degree – MA in economics HSG (University of St Gallen - Switzerland), Executive Committee Member in charge of Finance/Information Systems.	20/20
Mr. Jacques van Rijckevorsel (B)	1950	2000	2011	Civil Engineering degree in Mechanics (Catholic University of Louvain) Advanced studies in Chemical Engineering (Free University of Brussels), AMP Harvard, Executive Committee member in charge of the Plastics Sector.	20/20
Mr. Vincent De Cuyper (B)	1961	2006	2012	Chemical engineering degree (Catholic University of Louvain, Master in Industrial Management (Catholic University of Louvain), AMP Harvard, Executive Committee member in charge of the Chemicals Sector.	20/20
Mr. Jean-Michel Mesland (F)	1957	2007	2011	Engineering degrees from the Ecole Polytechnique and the Ecole des Mines (Paris) – AMP Harvard. Executive Committee member in charge of Technology, Research and Procurement.	20/20
Mr. Roger Kearns (US)	1963	2008	2012	Bachelor of Science – Engineering Arts (Georgetown College – Georgetown), Bachelor of Science – Chemical Engineering (Georgia Institute of Technology - Atlanta), MBA (Stanford University). Executive Committee member in charge of Asia-Pacific Regional Management.	20/20
Mr. Werner Cautreels (B)	1952	2005	Until February 15, 2010	Bachelor and Master of Science in Chemistry and Doctorate in Chemistry (University of Antwerp), AMP Harvard, Executive Committee member in charge of the Pharmaceuticals Sector.	2/2

Company's registered office, but can also be held elsewhere at the decision of the Executive Committee Chairman. The Executive Committee sets the dates of its meetings more than a year before the start of the financial year. Additional meetings can be convened by the Chairman of the Executive Committee, who sets the agenda based, inter alia, on proposals from the General Managements.

5.4.2. The Corporate Secretary, who acts as secretary to both the Board of Directors and the Executive Committee, is responsible, under the supervision of the Chairman of the Executive Committee, for organizing meetings and sending out notices of meetings, agendas and the dossiers containing the item-by-item information required for decision-making. He makes sure that members receive notices and dossiers – complete whenever possible – at least five days before meetings.

The Corporate Secretary draws up the minutes of Executive Committee meetings and has them approved by the Chairman of the Executive Committee and subsequently by all members. Minutes are formally approved at the following meeting. They are not signed, but the Chairman of the Executive Committee and the Corporate Secretary may deliver certified conformed extracts.

It should be noted that the Executive Committee organized certain meetings in teleconference format, given that one member is physically located in Asia.

5.4.3. The Executive Committee takes its decisions by a simple majority, with its Chairman having a casting vote. If the Chairman of the Executive Committee finds himself in a minority he may, if he wishes, refer the matter to the Board of Directors which will then decide on the matter. In practice, however, almost all Executive Committee decisions are taken unanimously, so that the Chairman has never made use of his casting vote.

Attendance at meetings was 100% in 2010. The Executive Committee has not appointed any specialist Committees from among its members. For important projects, however, it does set up ad hoc working teams, led mainly by General Managers chosen on the basis of the competences required. The Executive Committee regularly invites other employees to its discussions on specific subjects.

5.4.4. Every two years the Executive Committee, enlarged to include the other General Managers, holds an off-site meeting to discuss the group's strategic directions. A meeting of this type was organized in 2010. This was devoted to the Horizon project to reorganize the Group, as part of the strategy to make the Group a major player in sustainable chemistry.

6. Compensation report

6.1. Description of the procedure for:

6.1.1. Developing a compensation policy:

a) for Directors:
Directorships of Solvay SA are remunerated with fixed emoluments, the common basis of which is set by the ordinary Shareholders' Meeting, and any complement thereto by the Board of Directors on the basis of article 27 of the by-laws, which states that "Directors shall receive emoluments payable from overhead costs; the shareholders' meeting shall determine the amount and terms of payment.
That decision shall stand until another decision is taken.
The Board of Directors shall be authorized to grant directors with special duties (the Chairman, vice-chairmen, directors charged with day-to-day management, members of the Executive Committee) fixed emoluments in addition to those provided for in the above paragraph.
Each of the Directors responsible for day-to-day management is also entitled to variable compensation determined by the Board of Directors on the basis of their individual results and of the consolidated results of the Solvay Group.
The sum referred to in the two preceding sub-sections are also paid out of overhead costs."

b) for Executive Committee members: compensation policy is decided by the Board of Directors based on proposals by the Compensation Committee.
In 2005, based on a proposal by the Compensation and Nomination Committee, the Board of Directors updated its compensation policy for its main senior managers, including the members of the Executive Committee. This policy, which was developed with the help of a specialist outside consultant, is set out in an annex 2 to this document.

6.1.2. Setting individual compensation:

a) for Directors:
(i) The June 2005 Ordinary Shareholders' Meeting decided to set Directors' pay, starting from the 2005 financial year, as follows:
– on the one hand to grant an annual gross fixed compensation of EUR 35 000 per Director and, on top of this, an attendance individual fee of EUR 2 500 gross per Board meeting attended;
– and on the other hand to confirm the Audit Committee attendance fees, namely: EUR 4 000 gross for

members and EUR 6 000 gross for the Chairman;
– and, lastly, to grant attendance fees, for the Compensation and Nomination Committees and for the Finance Committee, of EUR 2 500 gross per member and EUR 4 000 gross for the Chairmen of these Committees, on the understanding that a Director belonging to both the Compensation Committee and the Nomination Committee, following the split of the Compensation and Nomination Committee into two separate committees in October 2010, does not receive double compensation;
– but with the specification that the Chairman of the Board, the Chairman of the Executive Committee and the Executive Directors do not receive attendance fees for taking part in these Committees.

(ii) The Board of Directors has made use of the authorization conferred on it by article 27 of the bylaws to grant an additional fixed compensation of EUR 231 218 gross to the Chairman of the Board of Directors by reason of the work load and the responsibility attached to this task. The Chairman of the Board of Directors also receives a contractual amount of EUR 433 659 a year to compensate the postponement of his rights to the Solvay complementary pension, which should have been paid at the end of his mandate as Chairman of the Executive Committee, but which has not owing to his mandate

GROSS COMPENSATION AND OTHER BENEFITS GRANTED TO DIRECTORS

Compensation	2009		2010	
	Gross amount	Including Board of Directors and Committees attendance fees	Gross amount	Including Board of Directors and Committees attendance fees
A. Michielsen				
– Fixed emoluments + attendance fees	55 000.04	20 000.00	50 000.04	15 000.00
– “Article 27” supplement	228 175.94		231 218.28	
– Compensation for complementary pension rights	427 952.70		433 658.74	
N. Böel	62 500.04	27 500.00	57 500.04	22 500.00
D. Solvay	62 500.04	27 500.00	52 500.04	17 500.00
C. Jourquin	55 000.04	20 000.00	50 000.04	15 000.00
H. de Wangen	17 701.63	5 000.00		
J-M. Solvay	55 000.04	20 000.00	50 000.04	15 000.00
G. de Selliers	87 500.04	52 500.00	76 000.04	41 000.00
Wh. Sadler	71 500.04	36 500.00	12 607.54	
J. van Zeebroeck	62 500.04	27 500.00	57 500.04	22 500.00
J-M. Folz	62 500.04	27 500.00	55 000.04	20 000.00
K. Van Miert*	27 500.02	10 000.00		
U-E. Bufe	12 701.63			
B. de Laguiche	55 000.04	20 000.00	50 000.04	15 000.00
B. Scheuble	77 000.04	42 000.00	74 000.04	39 000.00
A. van Rossum	72 500.04	37 500.00	63 500.04	28 500.00
C. Casimir-Lambert	75 000.04	40 000.00	66 000.04	31 000.00
H. Coppens d’Eeckenbrugge	37 298.41	15 000.00	50 000.04	15 000.00
Ms. P. Mateos-Aparicio Morales	44 798.41	22 500.00	60 000.04	25 000.00
Ms. E. du Monceau			32 392.50	10 000.00
Y-T. de Silguy			32 392.50	10 000.00
	1 649 629.26	**451 000.00**	**1 554 270.12**	**342 000.00**

as Chairman of the Board.

(iii) Directors do not receive any variable compensation linked to results or other performance criteria. They are not entitled to stock options, nor to any supplemental pension scheme.

(iv) The company reimburses Directors' travel and subsistence expenses for meetings and while exercising their Board and Board Committee functions.
The Chairman of the Board of Directors is the sole non-executive Director having permanent support provided by the Group (office, secretariat, car). The other non-executive directors receive logistics support from the General Secretariat as and when needed. The company also carries customary insurance policies covering the activities of Board Members in carrying out their duties.

b) for Executive Committee members:
The compensation of the Chairman and the members of the Executive Committee is set as a global gross amount. This includes not only the gross compensation earned at Solvay SA, but also amounts deriving, contractually or as directors' emoluments, from companies throughout the world in which Solvay SA holds majority or other shareholdings.
Individual compensation is set by the Board of Directors based on recommendations by the Compensation Committee.

6.2. Declaration concerning compensation policy for the Chairman and members of the Executive Committee.

The compensation policy adopted by the Board of Directors in 2005, and which remained valid for the 2010 financial year, is set out in Annex 2 to this document.

This policy contains: the basic compensation principles, indicating the relationship between compensation and performance, including the criteria for assessing the Executive Committee member in relation to the objectives, and the relative importance of various compensation components.

The significant changes to the organization of the Group following on from the sale of its pharmaceutical business, the Horizon project and the changes in the scope of its activities justify the Board's intention to adapt this policy during the next two years to reflect the changes brought in by the Corporate Governance legislation.

6.3. Amount of the compensation and other benefits granted directly or indirectly to Directors (executive and non-executive) by the company or by an affiliated company.

(see table page 185)

6.4. Amount of compensation and other benefits granted directly or indirectly to the Chairman of the Executive Committee.

(see table below)

For 2009 the Chairman of the Executive Committee requested the Board of Directors to reduce his variable compensation to EUR 497 494, by way of exception to the policy set by the Board, which would have permitted him to receive an amount of EUR 697 494.

The Chairman of the Executive Committee receives stock options as explained below. He does not, however, receive shares as part of his compensation package. In the area of extra-legal pension rights, given his self-employed status in Belgium, the Chairman of the Executive Committee has his own separate contractual regime, with pension, death-in-service and disability rules that are financially comparable with those applicable, leaving aside any contributions, to his Executive Committee colleagues related to the Pension Regulations for executives in Belgium.

Given that he is aged over 60, any early departure of the Chairman of the Executive Committee would be deemed retirement. This means that no severance indemnity would be owed to him. The Chairman of

Compensation and other benefits granted to the Chairman of the Executive Committee	2009	2010
Base compensation	776 804	776 804
Variable compensation	497 494	926 625
Pension and death-in-service and disability coverage (costs paid or provided for)	222 907	250 000
Other compensation components[1]	18 601	15 676

Compensation and other benefits granted to the other members of the Executive Committee	2009	2010
Base compensation	2 687 778	2 278 519
Variable compensation	1 711 110	1 699 342
Pension and death-in-service and disability coverage (costs paid or provided for)	463 928	398 109
Other compensation components[2]	99 411	85 597

1. Company vehicles.
2. Representation allowance, luncheon vouchers, company car.

the Executive Committee would be entitled to his pension capital given his recognized service at the date of departure. In the case of retirement prior to age 65, a reduction of 0.5% by month of anticipation is applied to this capital.

6.5. Global amount of compensation and other benefits granted directly or indirectly to the other members of the Executive Committee by the company or an affiliated company.

(see table page 186)
The decrease in compensation and other benefits between 2009 and 2010 is due to Mr. Werner Cautreels' leaving the Executive Committee on February 15, 2010 following the sale of the pharmaceuticals activities to Abbott.

Variable compensation consists of an annual incentive based on the performance of the Solvay group (ROE) and on each Executive Committee member's performance against individual objectives (for further details see the table on page 197).

The law (Art. 96, § 3, paragraph 2, 7 of the Companies' Code) provides that from 2011 onwards, in the absence of statutory provisions to the contrary or express approval by the general meeting of shareholders, at least one quarter of the variable compensation of Executive Committee members must be based on predetermined criteria of performance that are objectively measurable over a period of at least two years, and another quarter at least should be based on predetermined performance criteria that are objectively measurable over a period of at least three years.

Given the significant changes under way in terms of organizational and business scope, the Board intends to seek the authorization of the Shareholders' Meeting to continue the current system for 2011 and 2012, given that the current system is already based on predetermined and objectively measurable performance criteria.

Executive Committee members receive stock options as explained below. They do not, however, receive shares as part of their compensation packages.

Executive Committee members' expenses, including those of its Chairman, are governed by the same rules as apply to all Group management staff, that is: the justification of all business expenses, item by item. Private expenses are not reimbursed. In the case of mixed business/private expenses (like cars), a proportional rule is applied in the same way as to all management staff in the same position.

In the area of insurance, the Company subscribes the same type of cover for Executive Committee members as it does for its senior managers.

Pensions and retirement and death-in-service coverage for Executive Committee members are based in principle on the provisions of the schemes applicable to senior executives in their base countries.

6.6. Stock options.

(see table page 188)
In December 2010 the Board of Directors allotted, on the proposal of the Compensation Committee, stock options to around 215 senior Group managers.

The exercise price amounts to EUR 76.49 per option, with a three-year non-exercise period. Executive Committee members together were granted 106 000 options in 2010, compared with 117 000 in 2009. The stock option plans are not considered as part of variable compensation.

6.7. The most important provisions of their contractual relationships with the company and/or an affiliated company, including the provisions relating to compensation in the event of early departure.

Executive Committee members, including the Chairman, have directorships in Group subsidiaries as a function of their responsibilities. Where such directorships are compensated, they are included in the amounts given above, regardless of whether the position is deemed to be salaried or undertaken on a self-employed basis under local legislation.

No Executive Committee member, including the Chairman, will benefit from any departure indemnity linked to the exercise of their office. If their service ends early, only the legal system applies. Mr. Werner Cautreels left the Executive Committee on February 15, 2010 following the sale of the pharmaceuticals activities to the Abbott group. Like all employees of these activities, he was transferred on that date to the Abbott group. In this way he did not receive any severance indemnity from the Solvay group.

Executive Committee members' contracts do not contain a clause providing a right of claw-back of variable compensation in case of erroneous financial information.

7. Chairmen's roles in achieving harmony between the Board of Directors and the Executive Committee

The Chairman of the Board of Directors and the Chairman of the Executive Committee work together to harmonize the work of the Board of Directors (including its committees) with that of the Executive Committee.

The following measures have been introduced to achieve this:

- the two Chairmen meet as often as is necessary on matters of common interest to the Board of Directors and the Executive Committee;
- the Chairman of the Board of Directors is invited once a month to join the Executive Committee meeting during its discussion of the most important items on which proposals will be made to the Board of Directors;
- the Chairman of the Executive Committee (along with the Finance Manager, a member of the Executive Committee), is also a member of the Board of Directors, where he presents the Executive Committee's proposals.

8. Main characteristics of risk management and internal control systems

The Solvay group has set up an internal control system designed to provide a reasonable assurance that (i) current laws and regulations are complied with, (ii) policies and objectives set by the company are implemented and (iii) financial and non-financial information is reliable. This system has five components: the control environment, the risk management process, the management controls, the internal control supervision, and the disclosure of financial information.

1. The control environment

Our control environment is made up of various elements such as a Code of Conduct which is a reference framework for the Group, a management philosophy expressed in Values, a clear organisational and hierarchical structure supported by job descriptions linked, where appropriate, to delegations of power and management bodies (Board of Directors and Committees, Executive Committee, etc.), the workings of which are described in the Corporate Governance Statement. More detailed information on this point is available in the 2010 Annual Report; in particular, the new organisational structure is described on pages 6 to 7.

2. The risk management process

Taking calculated risks in compliance with laws and regulations and the Code of Conduct is inherent in the development of the business of the Solvay group. In order to identify, assess and manage opportunities successfully and at the same time

Stock options allotted in 2010 to Executive Committee members

Country	Name	Function	Number of options
Belgium	Jourquin Christian	Chairman of the Executive Committee	25 000
Belgium	de Laguiche Bernard	Member of the Executive Committee	20 000
Belgium	van Rijckevorsel Jacques	Member of the Executive Committee	18 000
Belgium	De Cuyper Vincent	Member of the Executive Committee	15 000
Belgium	Mesland Jean-Michel	Member of the Executive Committee	14 000
Thailand	Kearns Roger	Member of the Executive Committee	14 000
TOTAL			**106 000**

Stock options held at end 2010 by Executive Committee members

Country	Name	Options held at 31.12.2009	Options allotted in 12.2010	Options exercised in 2010	Options expired in 2010	Options held at 31.12.2010
Belgium	Jourquin Christian	130 000	25 000	0	0	155 000
Belgium	de Laguiche Bernard	88 000	20 000	0	0	108 000
Belgium	van Rijckevorsel Jacques	87 000	18 000	0	0	105 000
Belgium	De Cuyper Vincent	62 000	15 000	0	0	77 000
Belgium	Mesland Jean-Michel	44 000	14 000	0	0	58 000
Thailand	Kearns Roger	40 400	14 000	0	0	54 400
TOTAL		**451 400**	**106 000**	**0**	**0**	**557 400**

limit risks which are potentially significant for the activities of the Group, the Company has set up risk management systems.

Risk management is integrated in the strategic and operational decision-making process and is seen as an essential management tool and an aid for making the decisions to achieve the company's short, medium and long term aims.

The "Risk Management and Insurance" (RMI) Competence Center, headed by the Group Risk Manager, is in charge of setting up global, systematic, coherent management of risks across the Group.

Solvay has adopted the FERMA reference framework for risk management. This framework structures the process of risk management in following phases, taking into account the organisation's strategic objectives:

- Risk analysis (identification, quantification and evaluation),
- Decision on how to manage the material risks,
- Implementation of risk management actions,
- Monitoring.

The RMI Competence Center supports Group entities in the process of managing their risks, in particular by providing them with methods and tools and via training sessions.

More information on this topic can be found in the "Risk Management" section of the 2010 Annual Report, in particular with regard to risk management actions recently carried out within the group, the Group's main risks and the actions taken to prevent or reduce them.

This approach to risk management enables a consistent implementation throughout the organisation. It is applied in the decisions and actions of Group staff. It makes it possible to move forward in a clearly defined framework, and thus with confidence.

3. The management control activities (1st level control)

The management is responsible for internal control in operations.

The Solvay group has set up reporting systems to gather and circulate the information of relevance to the various levels of the company. Such systems are in place in, for example, the financial, operational (production process), human resources, HSE (in particular with regard to safety at work and the environment), commercial, and legal (in particular compliance) areas.

In the financial area, the Solvay group has set up a reporting system based on IFRS standards, common to all its subsidiaries. The information provided every month mainly originates directly from the integrated IT systems (ERP). These ERPs are common to most parts of the Group. We should also emphasise that the IT systems are managed centrally.

The financial data are consolidated monthly and analysed at every level of responsibility of the company (such as for example the local finance manager, the controller and the management of the activity in question, Group Accounting and the Executive Committee) and in various ways such as, for example, variance analysis, plausibility and consistency checks, ratio analysis and comparison with forecasts. The results are also validated quarterly by the Audit Committee, taking into account the work carried out by the external auditor.

The monitoring of financial data is supported by the use of common ERPs, by an organisation based on major financial processes which are managed centrally and integrated, where appropriate, in the Shared Services Centres, and by application of uniform procedures.

4. The internal control supervision (2nd level control)

The Audit Committee is in charge of monitoring the effectiveness of internal control systems. It supervises the work of the "Internal Audit" Competence Center with regard to financial, operational, and compliance monitoring. In particular, it verifies the scope, programmes and results of the internal audit work and ensures that its recommendations are properly implemented. The Mission Statement of the Audit Committee is given in Appendix 1 to this Corporate Governance Statement.

The "Internal Audit" Competence Center assesses independently the effectiveness of the internal controls in the financial, IT, and HR areas. In particular, it ensures that:

- Risks, including fraud, are identified and managed;
- Operational, management and financial (material) information is reliable;
- The actions of the employees are in line with the Group's policies, standards and procedures, as well as with the decisions of the management;
- The resources are obtained economically, used efficiently, and protected properly.

The internal audit assignments are planned and defined in terms of content on the basis of a risk analysis; the controls focus on the areas perceived as having the highest risks. All the entities within the Group are visited by Internal Audit at least every three years. The recommendations of Internal Audit are implemented by the management.

Other entities carry out activities

of the same type in very specific areas. For example:

- The “Health Safety & Environment” Competence Center carries out health, safety, and environmental audits;
- The “Organisation, Design & Performance” Competence Center carries out management systems audits (e.g. Quality Management)
- The “Ethics and Compliance” Competence Center verifies application of and compliance with the Group Values, the applicable laws and regulations and the Group Code of Conduct, with the assistance of the “Internal Audit” Competence Center; the “Ethics and Compliance” Competence Center takes action in the event of potential violations. An Ethics Helpline, managed by a third party, is progressively being made available to employees to enable them to report potential violations in a confidential manner.
- The “Legal” Competence Center provides guidance, organises training, and ensures that applicable laws are complied with and applied correctly. In this respect, it is important to emphasise that strict internal rules are in place with regard to competition law. Internal screenings are carried out regularly in order to ensure compliance with these internal rules and prevent any non-compliance.

The audit work of these Competence Centers is coordinated via an Audit Council in order to optimise its effectiveness and impact.

5. 5. The disclosure of financial information

The Solvay group publishes quarterly results. Publication of these results is subject to various checks and validations carried out in advance.

- Publication is carried out under the supervision and control of the Executive Committee;
- The Audit Committee validates it, in particular ensuring that the IFRS accounting principles are complied with and that it gives a fair and relevant picture of the business of the Group;
- The Finance Committee finalises its preparation;
- The Board of Directors approves it.

9. External Audit

The audit of the company’s financial situation, its financial statements and the conformance of the same with respect to the Companies' Code and the by-laws, and of the entries to be recorded in the financial statements, is entrusted to one or more auditors appointed by the Shareholders' Meeting from among the members, either physical or legal persons, of the Belgian Institute of Company Auditors.

The mission and powers of the auditor(s) are those set by the law. The Shareholders' Meeting sets the number of auditors and fixes their emoluments in accordance with the law. Auditors are also entitled to reimbursement of their travel expenses for auditing the company’s plants and administrative offices.

The Shareholders' Meeting may also appoint one or more alternate auditors. Auditors are appointed for three-year renewable terms, which may not be revoked by the Shareholders' Meeting other than for good reasons.

The Ordinary Shareholders’ Meeting of May 2010 proceeded to appoint the international audit company Deloitte, represented by Mr. Eric Nys, as Effective Auditor and to appoint the international audit company Deloitte, represented by Mr. Franck Verhaegen as Alternate Auditor. These two mandates expire at the end of the 2013 Ordinary Shareholders' Meeting.

The same Shareholders’ Meeting also set the yearly emoluments for the Effective Auditor, covering the statutory audits, the consolidated accounts and IFRS reporting, at EUR 354 818 for 2010, EUR 351 270 for 2011 and EUR 351 270 for 2012. As from fiscal year 2011 these amounts will be inflation-adjusted (consumer price index from December to December).

Additional fees received by Deloitte in 2010 amount to EUR 670 000. For the entire consolidated Group, the fees received by Deloitte break down as follows:

- fees for auditing the financial statements: EUR 3 521 000
- other audit and miscellaneous services: EUR 539 000
- special mission and tax advice: EUR 131 000.

10. Code of Conduct

The Solvay Code of Conduct sets out how Solvay wishes to carry out its business and how it wishes to interact with all its stakeholders in an ethical and compliant manner. The Solvay Code of Conduct is based on its Values that serve as a reference framework for the Group’s decisions and actions:

- Ethical behavior;
- Respect for people;
- Customer care;
- Empowerment;
- Teamwork.

These Values need to be respected and applied constantly and consistently.

The Code of Conduct is part of the Group’s constant effort to maintain and strengthen trust both among all its employees and between the Group and its partners, including its employees, their representatives, shareholders, customers and suppliers, government agencies and all other third parties. The Code also draws inspiration from international conventions such as the Universal Declaration of Human Rights, the Convention on the Rights of the Child, and the conventions of the International Labour Organization (ILO).

To obtain the widest possible involvement of all employees in implementing this Code, the Group will continue to promote a rich and balanced social dialogue between senior management and social partners.

The Solvay group takes various measures to ensure that this Code is applied, including targeted training programs, in order to minimize the danger of violation and with provision for clear sanctions where necessary.

The 'Ethics and Compliance' Competence Center has as its objective to strengthen a culture based on ethics and compliance with prevailing laws and regulations, and the Solvay Values and Code of Conduct. It reports to the Group General Counsel and consists of a network of Compliance Officers present in the four regions. These are assisted by a network of experienced employees tasked, in addition to their other responsibilities, with supporting activities in this area.

The Group encourages its employees to take up any difficulty or question relating to the application of the Code of Conduct with its hierarchy or other identified interlocutors (Compliance Officers, legal staff, human resources). It is also progressively introducing the possibility, in every region, of turning to an Ethics Helpline in the form of an external service to voice any difficulties or pose questions in complete confidence. The Ethics Helpline is managed in accordance with applicable legislation and in particular the laws governing data protection.

It should also be noted that strict rules are in place with regard to respecting competition law. These are the subject of regular review procedures.

In the joint ventures, our Board representatives make every effort to have rules adopted that are in line with the Group's Code of Conduct.

11. Preventing insider trading

11.1. The Group has introduced a policy in this area

The interpretation and oversight of compliance with these rules are entrusted to a Transparency Committee composed of the Group Corporate Secretary (chairman), who is also head of Corporate Communications, the Chief Financial Officer, the Group General Counsel and the Group General Manager Human Resources. In particular, this Committee advises the Board of Directors, the Executive Committee and any employee confronted with a difficult situation.

11.2. Special measures within the Board of Directors

The Board of Directors subscribes to the Group rules on ethical values, in particular as regards confidentiality and non-usage of insider information. Notably, it has adopted strict rules defining the periods during which members should abstain from all direct or indirect transactions involving Solvay shares (and related derivative instruments) before the publication of results or other information that could affect the market price of Solvay shares.

Subject to the items set out in item 2.1.4. (Article 523 of the Companies' Code, page 172), in 2010 members of the Board of Directors were not confronted with conflict of interest situations requiring the implementation of the legal procedures provided for by the Companies' Code. On the other hand, and in a very limited number of cases, one or the other member has preferred, for ethical reasons, to abstain from participating in debates and in voting, for example Directors belonging to the Executive Committee when the Board of Directors was deciding on the renewal of their terms of office or the number of stock options to allocate to them.

11.3. Special measures within the Executive Committee

The Executive Committee respects the same ethical and compliance rules as the Board of Directors (see above).

These rules are, however, tighter in questions of insider information: given the Executive Committee's participation in major decisions, including the establishment of the results, and the allocation of stock options, stricter rules apply to avoid any insider trading, for example, as regards the sale during possibly sensitive periods of shares obtained from the exercise of stock options.

11.4. Notification to the Banking, Finance and Insurance Commission of transactions involving Solvay shares

Persons exercising managing responsibilities within the Group, and persons who are closely related to them, that is:

- the members of the Solvay SA Board of Directors
- the members of the Executive Committee
- the Corporate Secretary
- the Group General Manager Human Resources and
- the Group General Counsel

have been informed of their obligation to declare to the Banking, Finance and Insurance Commission every transaction involving Solvay shares undertaken for their own account within the meaning of the law of August 2, 2002. The Corporate Secretary also keeps an updated list of persons having access to periodical insider information.

12. Internal organization of the Solvay group

The internal organization of the Solvay group is described in the ‘Strategy’ section on pages 6 to 7 of this Annual Report.

13. Relations with shareholders and investors

13.1. Performance of the Solvay share

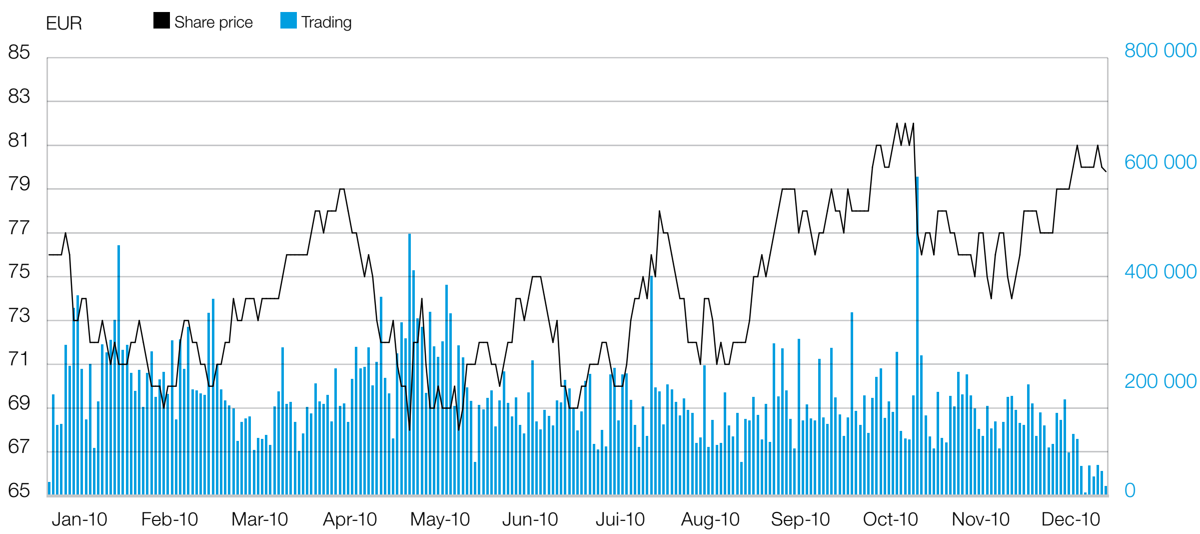
The Solvay share is listed on NYSE Euronext Brussels.

On December 31, 2010 its price was EUR 79.8, as against EUR 75.6 at the end of 2009. During 2010 the average price was EUR 74.5 and the highest price was EUR 81.9 (October 27, 2010)

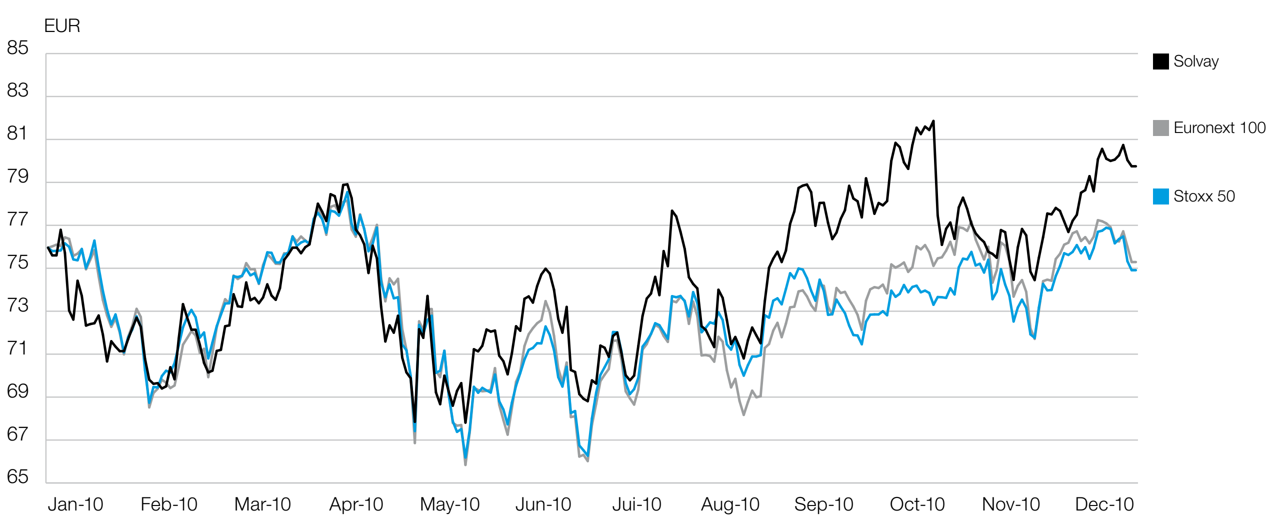
Average daily trading volume as reported by Euronext was 182 000 shares in 2010, compared with 278 000 shares in 2009.

The evolution of the Solvay share in 2010 compared with market indexes is shown above.

Solvay share prices and trading volumes: 01/01/2010 to 31/12/2010



The Solvay share compared with the indexes (2010)



13.2. Active financial communication

Throughout the year the Investor Relations Team is ready to meet individual and institutional shareholders and investors, as well as analysts, to answer their questions and to explain to them short- and long-term developments at the Group, with appropriate regard for the equal treatment of all shareholders.

The Group's communication policy is to disseminate, as soon as reasonably possible, information that is of material interest for the market in the form of press releases and/or press conferences.

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13.3. Flow of financial information

In 2010, the Belgian Financial Analysts' Association recognized the quality of the information contained in Solvay's quarterly and annual publications, of the Investor Relations department and of the Solvay group Internet site.

13.4. Shareholder Clubs and individual investors

For many years the Group has maintained very close relations with clubs of individual investors both by taking part in fairs and conferences and by providing regular information on the life of the Group (press releases, the annual report, etc.) on request.

In 2010, the Solvay group actively continued its meetings with individual investors.

By way of example:

- in March 2010, Solvay's participation in 'Share Day', organized by the Belgian magazine CASH, was a renewed opportunity to meet individual shareholders;
- in April 2010, Solvay took part in the 'Investors' Event' organized by the VFB (Flemish Association of Investors and Investors Clubs), and attended every year by more than 1 000 participants.

13.5. Roadshows and meetings for professionals

Roadshows and meetings with senior Group managers are organized regularly for international professionals (analysts, portfolio managers, press, etc.).
In 2010 over 250 contacts were established at meetings and events organized in Europe (Brussels, London, Paris, Frankfurt, Geneva, Zurich, Milan, etc.), the United States and Canada.

Conference telephone calls with management are also systematically organized, every quarter, to comment on Group results.

13.6. A specific internet site

A dedicated internet site, www.solvay.com/investors, provides shareholders and investors with the latest published financial and strategic information from the Group. The site informs investors and shareholders of many valuable services. It also provides useful contacts with specialist analysts who closely track the Group.

The internet site also offers a way to join a Shareholders' and Investors' Club in order to receive e-mail notification in three languages (French, Dutch, English) of the publication of information of various kinds: agendas of certain meetings, including the annual Shareholders' Meeting, draft wording of by-law amendments, special reports of the Board of Directors, publication of the annual report, unconsolidated parent company accounts, payment of dividends, etc.

The site was fully updated in early 2011, out of a concern to offer even easier and more user-friendly access to the wealth of information contained on it.

13.7. Quarterly earnings publication

Out of a desire to provide ever more finely tuned and regular communication, the Group began in 2003 to publish quarterly results in accordance with International Financial Reporting Standards (IFRS).

ANNEX 1

Audit Committee Mission Statement

1. Members

The Audit Committee consists of a Chairman and at least two other members, all three of whom are non executive directors and at least two of whom are independent directors. The Members of this Audit Committee are competent in this area through training and experience acquired in their previous positions.

2. Guests

The Audit Committee invites the following persons to report to its meetings:

a) the Chief Financial Officer;
b) the Head of the internal audit Competence Centre;
c) a representative of the Group's statutory auditor.

3. Frequency of meetings

The Audit Committee meets at least four times a year prior to the publication of the annual, semiannual and quarterly results. Additional meetings may be organized to discuss and agree on the scope of audit plans and on audit costs, and to discuss other important financial questions.

4. Main tasks of the Audit Committee

a) The Audit Committee ensures that the annual report and accounts, the periodic financial statements and all other important financial communications by the Group conform to generally accepted accounting principles (IFRS for the Group, Belgian accounting law for the parent company). These documents should provide a fair and relevant view of the business of the Group and of the parent company and meet all legal and stock market requirements.

b) The Audit Committee regularly examines the accounting strategies and practices that are applied in preparing the Group's financial reports, making sure that these conform to good practices and meet the requirements of the appropriate accounting standards.

c) The Audit Committee regularly examines the scope of the external audit and the way it is implemented across the Group. The Audit Committee studies the recommendations of the external audit and the auditor's report to the Board of Directors.

d) The Audit Committee monitors the effectiveness of the Group's internal control systems, and in particular the financial, operational and conformity controls, along with risk management. The Audit Committee also satisfies itself that the electronic data processing systems used to generate financial data meet the required standards. The Audit Committee ensures that these systems meet legal requirements.

e) In respect of the internal audit, the Audit Committee verifies the scope/programs/results of the work of the internal audit department and makes sure that the internal audit organization has the necessary resources.
The Audit Committee checks that internal audit recommendations are properly followed up.

f) The Audit Committee verifies and monitors the independence of the external auditor, in particular concerning supplementary services requested from the auditor outside its legal mission. In this respect, it is the Audit Committee that proposes the external auditor to the Board of Directors, which will transmit the candidacy for approval and appointment (including remuneration) by the Ordinary Shareholders' Meeting.
Additionally, in consultation with the Chief Financial Officer, the Audit Committee participates in the choice of head of the Internal Audit Competence Center.

g) The Audit Committee examines areas of risk that can potentially have a material effect on the Group's financial situation. These include, for example, the foreign exchange risk, major legal disputes, environmental questions, product liability issues, etc.
During such examination, the Audit Committee examines the procedures in place to identify these major risks and to quantify their potential impact on the Group and the way the control systems work.

5. Minutes

As a committee of the Group's Board of Directors, the Audit Committee prepares minutes of each of its meetings and submits them to the Board.

ANNEX 2

Compensation policy for General Managers

In general

This compensation policy applies to Solvay's General Managers, including the CEO and the members of the Executive Committee.
General Managers' compensation is set by the Board of Directors based on the recommendations of the Compensation Committee.
The guiding principles of Solvay's compensation policy for its General Managers can be summarized as follows:

- to ensure overall competitive compensation opportunities that will enable Solvay to attract, retain,

motivate and reward executives of the highest caliber essential to the successful leadership and effective management of a global chemicals company;
- to focus executives' attention on critical success factors for the business that are aligned with the company’s interests in the short, medium and long term;
- to encourage executives to act as members of a strong management team, sharing in the overall success of the Group, while still assuming individual roles and responsibilities;
- to maintain and further strengthen the performance culture of the Group by linking compensation directly to the fulfillment of demanding individual and collective performance targets.

The composition and level of the General Managers’ total compensation (fixed and variable) is reviewed annually.

Compensation reflects overall responsibility as well as individual experience and performance. It takes into account relevant competitive practice considering the nature and level of the position as well as specific characteristics of the business sectors in which Solvay operates. Other factors that are deemed relevant, such as fairness and balance within the company, are also taken into consideration.

To assess relevant competitive practice, Solvay takes as its frame of reference a selection of European Chemical and industrial manufacturing companies with international operations and annual sales revenues and headcount reasonably close to its own. The composition of this group will be reviewed on a periodic basis to assure that it continues to reflect the company's strategic orientation.

For executives with a non-European home country and who are based outside Europe, the home country practice (ideally weighted towards the chemicals sectors) constitutes the reference. For data relating to the international market, the services of internationally recognized compensation consultants are retained.

Solvay's objective is to provide total compensation levels that are at or around the median of the chosen reference market for normal performance and close to the upper quartile level of the market in case of outstanding collective and individual performance.

Elements of compensation

The compensation of the General Managers comprises base salary, annual incentives (*i.e.* performance bonuses) and long-term incentives, which constitute the General Managers' total direct compensation. General Managers also enjoy other benefits such as, essentially, retirement, death-in-service, disability and medical benefits. Target performance-based and, hence, variable pay represents at a minimum close to 50% of the General Managers' total direct compensation.

Base salary

Base salary is reviewed – but not necessarily changed – on an annual basis. This review assesses current levels against median levels of the reference market taking into account the responsibilities and scope of the position of the General Manager, as well as individual competencies, relevant professional experience, potential for future development and sustained performance over time.

Annual incentives

The incentive levels are related to the full achievement of all pre-set performance objectives and range from 50% to 100% of the base salary depending upon position. These percentages have been determined taking into consideration median target bonus levels observed in the chosen reference market and Solvay's policy regarding the target compensation mix and competitive positioning.

Generally speaking, Solvay aims to offer, on average, base salary plus annual incentive opportunities close to the median levels observed in the reference market.

The actual annual bonus amount varies according to the performance of the Solvay group, its various sectors and the individual General Managers' performances. The actual bonus ranges from zero in the case of poor performance up to 150% of the amount corresponding to normal performance in case of outstanding achievement.

The overall business performance is measured in terms of ROE (return on equity of the past year); the individual performance is measured against a set of predetermined region/business sector/function goals as well as other executive-specific critical objectives approved by the Board of Directors.

Long-term incentives

The long-term incentive is delivered through periodic grants of stock options.
Each year, the Board of Directors, upon the recommendation of the Compensation Committee, sets the number of stock options that are granted respectively to the Chairman of the Executive Committee, the members of the Executive Committee and the other General Managers.
In determining the actual number of options to be granted to each group of General Managers, the Board is guided by prevailing long-term incentive levels and practices in the reference market.
The option strike price is equal to the average closing price of the

Solvay share on Euronext Brussels during the 30 days preceding the start of the offer. The options expire eight years after the date of grant. They vest as from the first day of the year following the third anniversary of the grant and can be exercised during specified “open periods”.

Other benefits

The General Managers are entitled to retirement, death-in-service and disability benefits, as a rule, on the basis of the provisions of the plans applicable in their home country. Other benefits, such as medical care and company cars or car allowances, are also provided according to the rules applicable in the host country. The nature and magnitude of these other benefits are largely in line with the median market practice. The chosen reference market is, as a rule, a blend of some 20 leading Belgian companies and Belgian subsidiaries of foreign-owned organizations generally considered as attractive employers by national and international executive talent and for which the representative benefit practices can be regarded as sufficiently in line with prevailing European standards at executive level.

Annual and long-term incentive levels

			Chairman of the Executive Committee	Members of the Executive Committee	Other General Managers
ROE	Actual performance	ROE levels	AS % OF FIX	as % of FIX	as % of FIX
	Below threshold	< 4%	0%	0%	0%
	At threshold	4% to < 8%	15%	9%	8%
		8% to < 10%	30%	18%	15%
	Intermediate (low)	10% to < 12%	40%	24%	20%
	On target	**12% to < 14%**	**50%**	**30%**	**25%**
	Intermediate (high)	14% to < 16%	60%	36%	30%
	Outstanding	16% to < 18%	70%	42%	35%
	Exceptional	>= 18%	At Board discretion	At Board discretion	At Board discretion
INDIVIDUAL BONUS		Bonus level	as % of FIX	as % of FIX	as % of FIX
		Below	0%	0%	0%
		Target	**50%**	**30%**	**25%**
		Outstanding	75%	45%	37,5%
			At Board discretion	At Board discretion	At Board discretion
INDIVIDUAL BONUS + ROE	At target, ROE and individual bonus represent 50/50.		as % of FIX	as % of FIX	as % of FIX
			0%	0%	0%
			100%	**60%**	**50%**
			145%	87%	72,5%
STOCK OPTIONS	If a stock option plan is agreed by the Board of Directors		Stock options	Stock options	Stock options
		-20%	32 000	12 000	4 000
		Target	**40 000**	**15 000**	**5 000**
		+20%	48 000	18 000	6 000

General Glossary

AFM: Advanced Functional Minerals
ANSAC: Amercian natural Soda Ash Corporation
BAT: Best available techniques
BRIC: Brazil, Russia, India, China
Central Europe: Hungary, Poland, Czech Republic, Romania, Slovakia, Germany, Austria, Slovenia
CEA: Commissariat à l'énergie atomique (France)
CEO: Chief Executive Officer
CIS: Community of Independent States consisting of Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldavia, Russia, Tajikistan, Turkmenistan, Ukraine, Uzbekistan
CLP: Classification, Labeling, Packaging
CSR: Corporate Social Responsability
Eastern Europe: Belarus, Estonia, Latvia, Lithuania, Moldavia, Romania, Russia, Ukraine
EBRD: European Bank for Reconstruction and Development
ECHA: European Chemicals Agency
EMEA: Europe, Middle East and Africa
Europe-27: Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, United Kingdom
EY: Ernst & Young Company Auditors SCCRL
FDA: Food and Drug Administration
GHS: Globally Harmonized System
GPS: Global Product Strategy
HPPO: Hydrogen Peroxide to Propylene Oxide
HR: Human Resources
ICCA: International Council of Chemical Associations
Kt: Kiloton
LCD: Liquid Cristal Display
MEA: Membrane Electrode Assembly
Mercosur: South American Common Market (Republics of Argentina, Brazil, Paraguay and Uruguay)
MGC: Mitsubishi Gas Chemical Co. Inc,
NBD: New Business Development
OHSAS: Occupational Health and Safety Assessment Series
OLED: Organic Light Emitting Diodes
OPV: Organic photovoltaics
OTFT: Organic thin-film transistors
PAA: Polyarylamide
PEEK: Polyether-ether-ketone
PFPE: Perfluoropolyether
PPP: Polyphtalamide
PV: Photovoltaic
PVC: Polyvinyl chloride
PVDC: Polyvinylidene chloride
R&D: Research and Development
RD&T: Research, Development and Technology
REACH: Registration, Evaluation and Authorization of Chemicals
RFID: Radio-Frequency Identification
SBU: Strategic Business Unit
SME: Small and medium entreprises
SPM: Sustainable Portfolio Management
WBCSD: World Business Council for Sustainable Development
Western Europe: Germany, Andorra, Austria, Belgium, Denmark, Spain, Finland, France, Greece, Ireland, Iceland, Italy, Liechtenstein, Luxembourg, Malta, Norway, Netherlands, Portugal, United Kingdom, San Marino, Switzerland, Sweden, Vatican

ABAF: Belgian Financial Analysts Association (Association Belge des Analystes Financiers)
Cash flow: Net income plus total depreciation, amortization, impairments and other write-downs
Corporate & Business Support: Non-allocated items, after larger direct allocations from 2007 onwards
Dividend yield (net): Net dividend divided by the closing share price on 31 December
Dividend yield (gross): Gross dividend divided by the closing share price on 31 December
Earnings per share: Net income (Solvay's share) divided by the weighted average number of shares, after deducting own shares purchased to cover stock option programs
Earnings per share (excluding discontinued operations): As earnings per share but excluding discontinued operations from the net income figure (Solvay's share)
Earnings per share (diluted): Net income (Solvay's share) divided by the weighted average number of shares, after deducting treasury shares purchased to cover stock option programs, and adding back other potential sources of dilution (outstanding options, etc)
Earnings per share (diluted, excluding discontinued operations): As diluted earnings per share, but excluding discontinued operations from net income (Solvay share)
EBIT: Earnings before interests and taxes
Equity (per share): Equity divided by the average number of shares for calculating IFRS results. The same denominator is used in calculating cash flow and REBITDA per share
Free cash flow: Cash flow from operating activities + Cash flow from investing activities
IFRS: International Financial Reporting Standards
OCI: Other Comprehensive Income
REBIT: Operating result, *ie* EBIT before non-recurrent items
REBITDA: REBIT, before depreciation and amortization
ROE: Return on equity
Velocity: Total number of shares traded during the year divided by the total number of listed shares, using the Euronext definition
Velocity adjusted by free float: Velocity adjusted as a function of the percentage of the listed shares held by the public, using the Euronext definition

Notes

Shareholders' Diary

Monday May 9, 2011:
announcement of the three months 2011 results (at 18.00)

Tuesday May 10, 2011:
Extraordinary Shareholders' Meeting (at 10.30)
Annual Ordinary Shareholders' Meeting (at 14.30)

Tuesday May 17, 2011:
payment of the balance of the 2010 dividend (coupon no. 88). Quotation ex-dividend from May 12, 2011

Thursday July 28, 2011:
announcement of six months 2011 results (at 7.30)

Thursday October 27, 2011 (at 7.30):
announcement of nine months 2011 results and the interim dividend for 2011 (payable in January 2012, coupon no. 89)

February 16, 2012:
announcement of annual results for 2011

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SOLVAY sustainable

SOLVAY

a Passion for Progress®