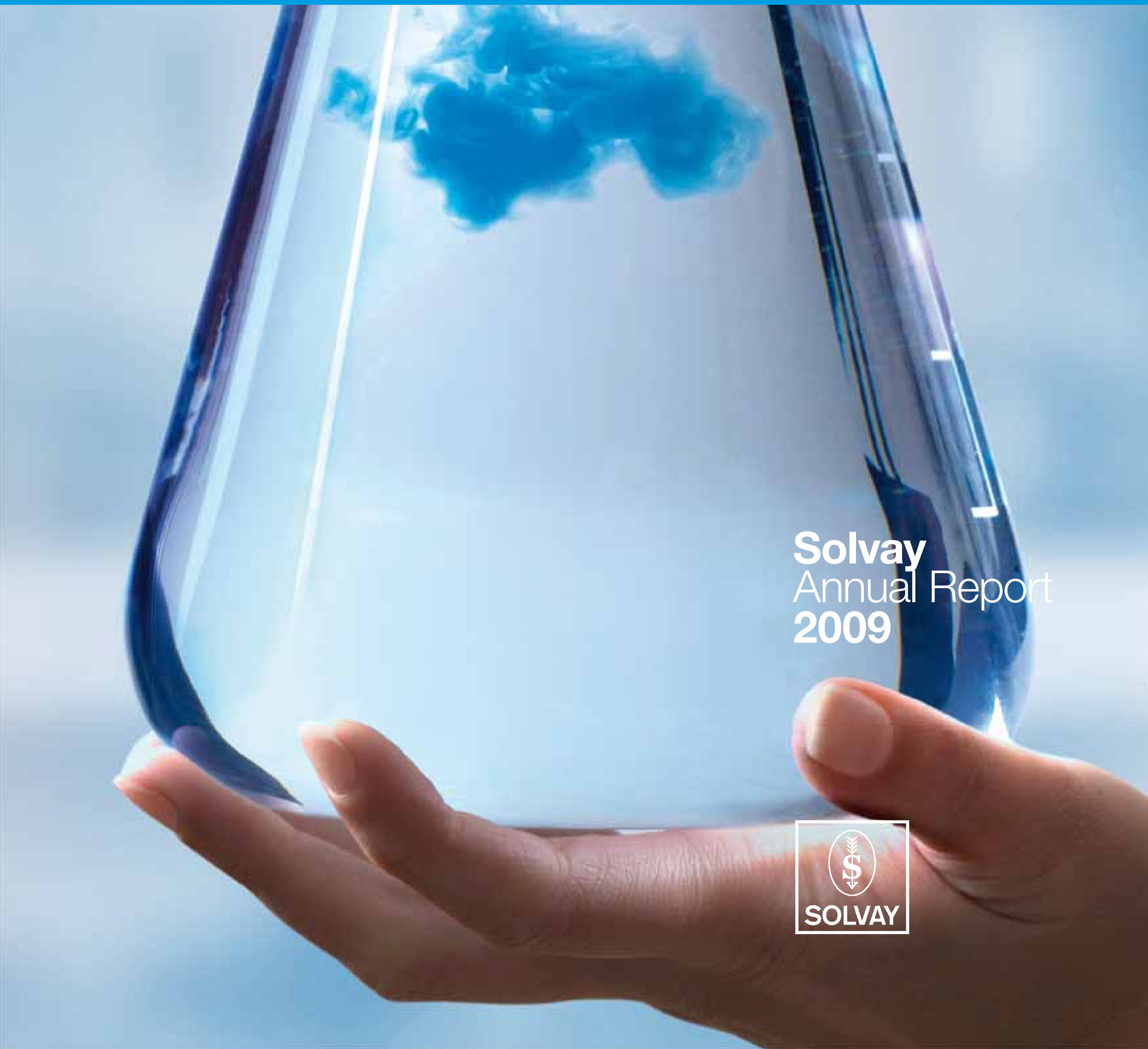
Shaping our Future

The Strength to Change



Solvay
Annual Report
2009

SOLVAY

SOLVAY

Lowering our environmental impact Focusing our efforts Widening our geographical scope

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Key Figures – Solvay group

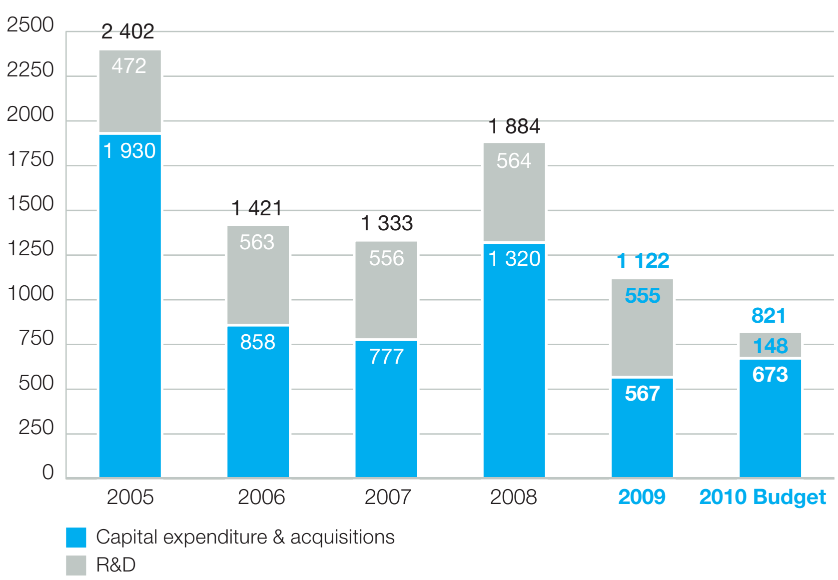
Financial data

	2005	2006	2007	2008	2009	
		millions EUR			millions EUR	millions USD[5]
Operating situation						
Sales	8 562	9 399	9 572	9 490	**8 485**	**12 223**
REBITDA[1]	1 338	1 568	1 662	1 436	**1 375**	**1 981**
REBIT[2]	912	1 099	1 192	965	**905**	**1 304**
REBIT as% of sales	11%	12%	12%	10%	**11%**	**11%**
Net income	816	817	828	449	**553**	**797**
Total depreciation and amortization[3]	464	522	593	417	**496**	**715**
Cash flow[6]	1 280	1 339	1 421	866	**1 049**	**1 511**
Capital expenditure	1 930	858	777	1 320	**567**	**817**
Research expenditure	472	563	556	564	**555**	**800**
Personnel costs	1 920	2 136	2 081	1 981	**2 016**	**2 904**
Added value	3 438	3 628	3 921	3 083	**3 306**	**4 763**
Financial situation						
Shareholders' equity	3 920	4 456	4 459	4 745	**5 160**	**7 433**
Net debt	1 680	1 258	1 307	1 597	**1 333**	**1 920**
Net debt/ shareholders' equity	43%	28%	29%	34%	**26%**	**26%**
Return on Equity (ROE)	22%	19%	18%	9%	**11%**	**11%**
Gross distribution to Solvay shareholders	221	232	240	241	**241**	**347**
Persons employed						
Persons employed at January 1[4]	28 730	29 258	28 340	29 433	**28 204**	**–**

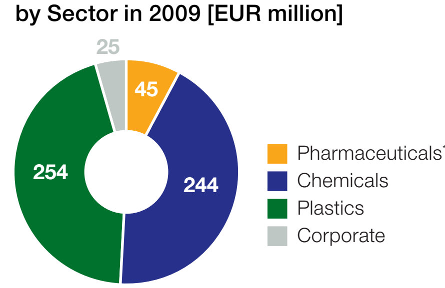
1. REBITDA = REBIT before depreciation and amortization.
2. REBIT = Recurrent EBIT.
3. Including impairment of: -20 in 2005, -48 in 2006, -123 in 2007, +54 in 2008 and -25 in 2009.
4. In full-time equivalents at January 1 of the following year; from 2008 at December 31 of the current year.
5. Exchange rate: 1 EUR: 1.4406 USD at 31/12/2009.
6. Net income + totale depreciation and amortization.

Expenditure for the future

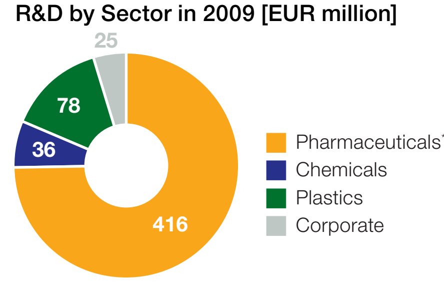
Total Group capital expenditure, acquisitions and R&D 2009 = EUR 1 122 million



Total capital expenditure & acquisitions by Sector in 2009 [EUR million]

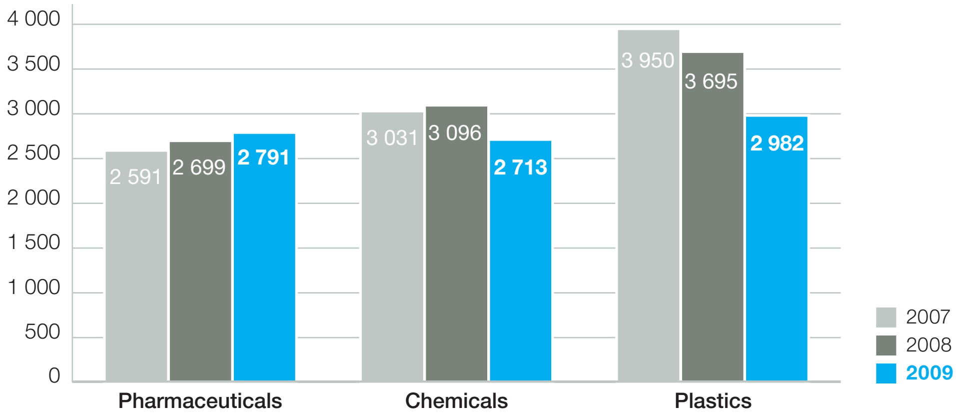


R&D by Sector in 2009 [EUR million]

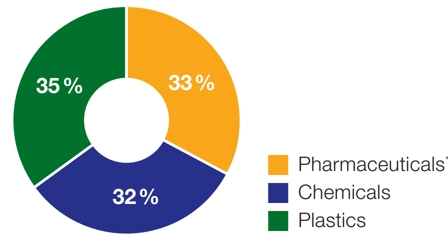


Activities

Group sales 2009 = EUR 8 485 million

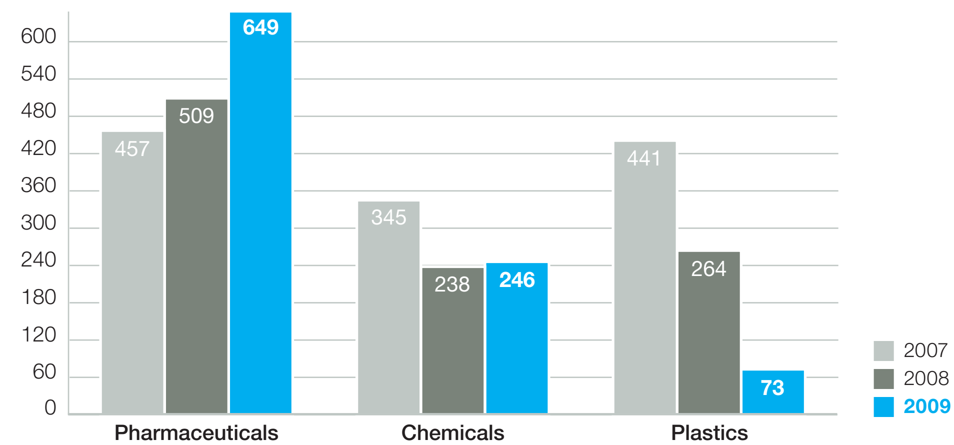


Sales by Sector in 2009



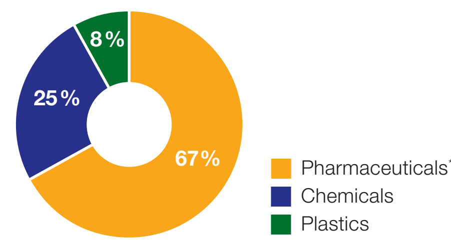
Group REBIT 2009 = EUR 905 million

[Including “Corporate & Business Support”: EUR -63 million]

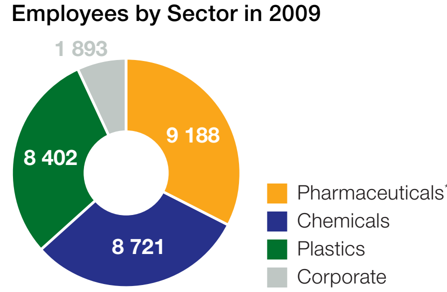


REBIT* by Sector in 2009

*Excluding “Corporate & Business Support”: EUR -63 million



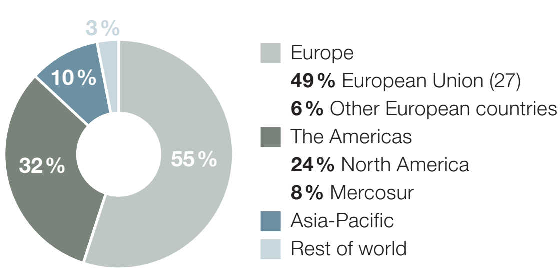
Employees by Sector in 2009



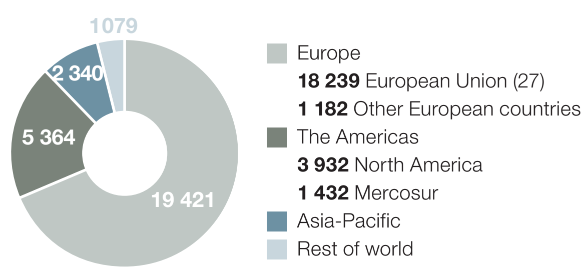
Group employees in 2009 [Dec. 31, 2009]: 28 204 people

A global presence

Group sales 2009 = EUR 8 485 million



Group employees in 2009 [Dec. 31, 2009]: 28 204 people



Customer markets

Group sales 2009 = EUR 8 485 million

Human health	35%	Paper	4%
Construction and architecture	13%	Detergents, cleaning and hygiene products	4%
Automobile industry	8%	Packaging	3%
Chemical industry	7%	Consumer goods	2%
Glass industry	5%	Human and animal food processing	1%
Water and the environment	5%	Other industries	9%
Electricity and electronics	4%		

* “Discontinued Operations”

March 10
DIOFAN®
Solvay announces the start-up of SolVin's new production capacity for DIOFAN® PVDC latex at its Tavaux (France) plant.

June 4
Solvay Indupa
Solvay Indupa successfully completes upgrade and expansion of its vinyl activities in Brazil.

June 18
Inergy Automotive Systems
Inergy Automotive Systems builds new factories in China and India to better serve these growing automotive markets.

June 25
Innovations
Inergy Automotive Systems brings two innovations to reduce NOx and VOC emissions from cars.

July 23
Solvay Energy
Solvay establishes Solvay Energy to manage energy purchases.

August 20
Plextronics
Solvay increases investment in innovative printed electronics by raising its participation in Plextronics.

August 27
Lithium-ion
Solvay's new range of PVDFs significantly increases power capacity of lithium-ion batteries.

September 8
Berezniki (Russia)
Solvay signs agreement to acquire majority in Berezniki (Russia) soda ash plant.

September 9
Influenza vaccines
Solvay's cell-based production facility at Weesp (Netherlands) for influenza vaccines validated and operational.

September 21
Argentina
Solalban Energia SA, a joint venture of Solvay Indupa and Albanesi SA, inaugurates new thermoelectric power station on the Bahia Blanca (Argentina) site.

September 28
Pharmaceuticals
Solvay opts for strategic refocus of activities and decides to sell Pharmaceuticals Sector to Abbott.

October 8
China
Solvay and Huatai to build hydrogen peroxide plant in China.

October 28
Italy
Solvay increases sodium bicarbonate production in Italy to serve growing demand.

November 4
Russia
Inergy Automotive Systems starts producing fuel systems in its new plant in Stavrovo (Russia).

November 10
Brazil
Solvay sets up shared services centre in Brazil for Group companies in the Americas.

December 1
Korea
Solvay inaugurates production unit in Korea for new additives to increase the working life and energy capacity of lithium-ion batteries.

December 3
Solar Impulse
Solar Impulse takes off with Solvay innovative materials and know-how on board.

December 11
Vinythai
Solvay launches tender offer for Vinythai shares.

December 15
Innovation Trophies
Solvay awards its Innovation Trophies for breakthrough technologies for sustainable and profitable growth.

January 7
Epichlorohydrin
Vinythai prepares construction of its epichlorohydrin plant in Thailand.

The strength to change to shape our future

In response to a changing world and with new and with important developments lying ahead, Solvay began last year to turn a major corner in its history. The Group is preparing a fundamental change in its identity, more radical than almost any other to date, projecting itself into the future and optimally positioning itself for long-term success.

Environmental challenges – in particular climate change – are requiring us to totally rethink our vision of the world. Our chemical and plastics businesses need more than ever to provide solutions and responses to these challenges to our society. We have the necessary capacity to respond. We need to bear in mind here that the climate effect of the chemical industry is a double one: on the one hand, it emits greenhouse gases, which it needs to limit, while on the other hand, use of its products can significantly reduce global greenhouse gas emissions. This latter reduction far exceeds the climate impact of the chemical industry, as recently demonstrated by an independent study[1]. It is up to us to show that we can do even better.

The paradigm of the pharmaceutical industry has undergone its own metamorphosis. The gradual shift in this sector toward a model characterized by ever-higher regulatory barriers, increasing pressure from governments and the personalization of therapies, led the Board to take a crucial strategic decision: to divest Solvay Pharmaceuticals. This decision was

1. ICCA: International Council of Chemical Associations (ICCA), with Responsible Care, Öko-Institut and McKinsey & Co. Innovations for Greenhouse Gas Reductions. A life cycle quantification of carbon abatement solutions enabled by the chemical industry. Brussels: ICCA, July 2009.

allowed to mature slowly and carefully and was finally taken only after a detailed study of alternatives.

The Resources for our Ambitions

Over the past 30 years in the bosom of the Group, Solvay Pharmaceuticals had become a jewel – and indeed a coveted jewel – in the crown, thanks to the efforts of men and women who have led it. In particular it attracted the interest of one of the undisputed leaders of the industry, which will grow this business to new horizons. The divestiture of the Pharmaceuticals Sector opens a new chapter for the Group, as the proceeds from the sale will provide it with the necessary resources to fulfill its ambitions.

We wish to thank both the employees of Solvay Pharmaceuticals, who have made their company what it has become, and the Group's shareholders. They are supporting our approach and our reinvestment of the proceeds from the sale of our pharmaceuticals business. In 2010, the sale will generate in a capital gain of EUR 1.7 billion – all value created for shareholders.

2009, a historic year for Solvay, has also been a year of crisis. The Group had seen the recession coming and, since 2007/2008, had been ready to withstand the shock. In fact, it has shown remarkable resilience, even in the most exposed sectors.

Solvay had taken timely steps to put its finances and its activities on a sound and robust footing. While continuing to make the necessary investments in safety, environment and health, and to maintain and improve our production equipment, our capital expenditures were refocused on a limited number of strategic projects, allowing us to halve these expenditures compared to 2008. More stringent control of our working capital also greatly reduced our financing requirements. Many purchase agreements were concluded on more favorable terms. We also adapted our pace of production to market demand. Finally, we took a series of measures in respect of our fixed production costs and sales and administrative expenses, saving us EUR 225 million in 2009. As a result our overall headcount was reduced by 1 630 jobs on a like-for-like basis in 2009.

In this way, with sales down 11% to EUR 8.5 billion, the Group was able to post a recurring operating income (REBIT) of EUR 905 million. Operating income in the Chemicals Sector increased slightly compared to 2008, while Plastics was hit full force by contracting demand in construction, automotive, electronics and equipment parts markets. The Pharmaceuticals Sector achieved record earnings in 2009, thanks to strong demand for its key drugs.

The Group's net profit over the whole year 2009 was EUR 553 million. It should be recalled that the 2008 figure was affected in an amount of EUR 309 million by the write-down of the shareholding in Fortis. Group ROE (return on equity) was 10.7% in 2009.

On the balance sheet, the above measures enabled the Group to end 2009 with its net debt down from EUR 264 million to EUR 1.3 billion, giving a net debt to equity ratio of 26%, down 8% compared to 2008.

The strength of our financial structure enabled us to seize the opportunity offered by the bond market to issue EUR 500 million of new bonds for a period of six years at a rate of 5%, thereby consolidating the long-term financing of our activities on good terms.

Unbroken Determination

The crisis has not affected Solvay's determination to implement its strategy of sustainable and profitable growth driven by innovation and geographic expansion.

Innovation is taking concrete shape on the ground. For example, our new hydrogen peroxide (H_2O_2) production unit at Antwerp (Belgium), the largest in the world (at 230 kt/year in a single line), incorporating revolutionary new Solvay technology, both reinforces our global leadership in this sector and takes hydrogen peroxide into new markets. Another plant of the same type and even higher capacity is planned and awaited for Thailand in 2011.
In Thailand too, industrialization of another Solvay innovation – EPICEROL® – is underway with the upcoming construction of a plant to produce epichlorohydrin from natural glycerin. This should be operational in 2012.

In Russia, Solvay has concluded an agreement to acquire a majority stake in the Berezniki soda ash plant, with a production capacity of 500 kt/year, while RusVinyl, the project to create a large integrated vinyl production unit, continues. Start-up has been postponed to 2013 – in time for the expected economic recovery. In Brazil, the modernization of the Solvay Indupa site at Santo Andre was completed in 2009. The project to produce PVC from raw materials derived from salt and sugar cane was crowned with one of last year's Solvay Innovation Trophies.

The Trophies are awarded over the various triennial sessions. This year we again honored new and innovative projects. We would point out in particular, in Specialty Polymers, innovations that promise higher-endurance lithium-ion batteries, even less polluting cars thanks to a diesel fuel system that limits NOx emissions,

and even lighter airline equipment.

We are convinced that our materials and our innovations will contribute usefully to tomorrow's world. Our expertise is already making a vital contribution to as bold and iconic a project as Solar Impulse: the solar airplane that embodies our commitment to technological breakthrough took off for the first time last December. This too is a world first.

The seriousness of our commitment to the technologies of the future is also illustrated by the fact that in 2010 we will be adding a fourth segment to our financial reporting, consisting of our New Business Development (NBD) activities.

Positioned for the Recovery

Solvay is confident: the Group has demonstrated its resilience and is optimally positioned to benefit from the recovery.

This self-confidence and faith in the future have also given the Group the strength to initiate a fundamental change right in the middle of one of the worst crises ever in its history.

Confident, but lucid: 2010 will remain a difficult transition year. We will be undertaking a vital reorganization of our structures and reducing overheads to adapt the Group to its new reality, while preparing for new developments. We will remain disciplined and vigilant, with continuing stringent control of costs and investments.

Meanwhile, Solvay continues to examine very carefully the proposed reinvestment of the proceeds from the sale of the Pharmaceuticals Sector in order to optimize its transformation.

This transformation is part of the thrust imparted to the Group by the most recent strategic review, setting it on the path of responding effectively to the challenges of sustainable development, with clear targets for reducing the environmental impact of its activities. As part of this development strategy, Solvay will be publishing, starting with the present annual report, sustainable development indicators demonstrating its progress in this area.

We are convinced that tomorrow's chemistry will be more respectful of the environment, more sparing of natural resources and energy, and finally more reactive, because the life cycles of its products will be shorter. At the same time, we are confident that, by doing their job, chemists will provide appropriate answers to the questions raised by the aspiration for sustainable development.

We want to create a new Solvay, a Solvay that is more multicultural, more responsive, more open to growth markets – and we want to broaden our product portfolio to better meet the challenges of tomorrow. The sale of the Pharmaceuticals Sector gives the Group the resources to fulfill its long term vision.

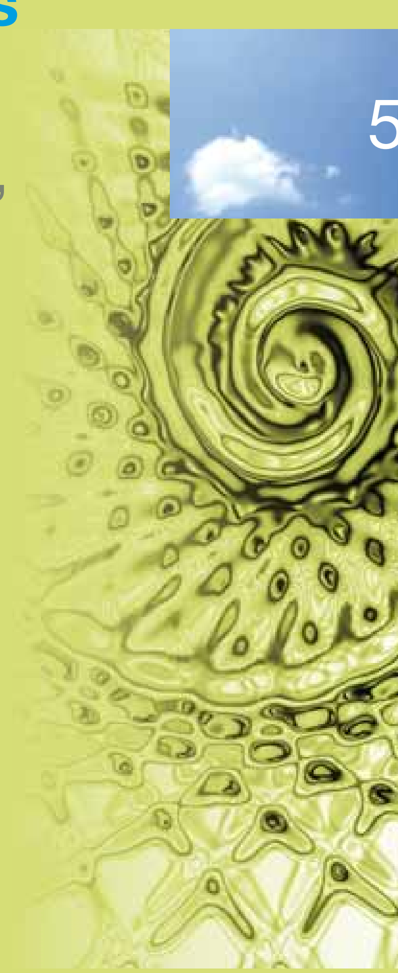
We are pleased at the way Solvay has maintained its cultural unity in this difficult time and we thank all our partners who have contributed to this.

Finally, we wish to pay tribute to Karel Van Miert, a member of the Solvay Board of Directors and former European Commissioner, who died prematurely in 2009. With his human qualities, appreciated by all, Mr. Van Miert combined intelligence, discipline, wisdom and experience. We share the grief of his family and relatives.

Christian Jourquin
Chairman of the
Executive Committee

Aloïs Michielsen
Chairman of the
Board of Directors

Resourcing our Sustainable Development Ambitions



In 2008, Solvay defined and began deploying a strategic long-term vision, intended to ensure the sustainable and profitable growth of the Group. Today, with the sale of its Pharmaceuticals Sector, Solvay is doing two things at once: responding appropriately to a paradigm shift in the pharmaceutical industry and funding its long-term strategy. The world is changing and will continue to change. Solvay has to be strong enough to change too. The future comes at this price.

Regardless of the present global economic recession, the planet faces unavoidable challenges that Solvay has incorporated into its long-term strategy. Projecting itself far into the future, the Group has asked itself what it will look like when it celebrates its 175th anniversary… in 2038. "We are strongly convinced that chemistry and life sciences are key elements in achieving sustainable development. We have both the opportunity and obligation to use our expertise to create solutions," says Solvay CEO Christian Jourquin.

Solvay saw that this 175th anniversary perspective required it to anticipate the future and adapt its practices. This meant consolidating the Group's activities and R&D portfolio, to ensure that Solvay products provide solutions to the challenges of sustainability that face society at large. Equally essential is continuous improvement of the energy efficiency of its industrial processes, by minimizing CO_2 and other emissions.

Solvay has placed markers on the way ahead. It has set ambitious medium-term targets, which it intends to achieve by 2020. On the one hand, the Group is looking to evolve its product portfolio in the direction of greater sustainability. Wherever possible, Solvay will seek to reduce the environmental impacts of its activities, and to identify markets that will experience significant growth or contribute to sustainable development (e.g. clean and renewable energy technologies), and in which its products can respond to customer needs.

At the same time Solvay has made specific commitments, with numbers

attached, to reduce substantially the environmental impact of its activities in terms of energy consumption, logistics, greenhouse gas emissions, effluent and work accidents. A series of progress indicators has been developed and will be published starting this year.

Solvay 175, primarily as an exercise in anticipation, led us last year to a key conclusion: the change in the business environment has accelerated – and radicalized – in certain areas. Regulatory pressure on our chemicals and plastics business is intensifying, confirming the need to rethink our business model; and the economic crisis has made that need for change only more apparent.

In the Pharmaceuticals Sector, Solvay believed that the time had come to closely examine the nature of the challenges ahead and evaluate the Group's strength to face them. Today's pharmaceutical industry is characterized by a series of developments and trends that are requiring major adaptation by companies in this business:

- increasing priority is being given to innovative therapies that optimize the cost for the payors;
- we can expect to see the development of more personalized medicine, optimizing the cost / benefit balance for the patient and the community;
- obtaining authorization to market new compounds will become an increasingly complex and therefore expensive process;
- in times of crisis and budget deficits, governments will place increasing pressure on the cost of health programs. This implies:
  – price reductions, and
  – encouraging generics.

Faced with this rapidly changing environment, the Group conducted a thorough review of options open to it.

The first was to retain the status quo. The Group concluded that this would require a radical change in its business model, with significant restructuring in all areas – including R&D – to ensure access to the new projects and products needed to reach critical size in an ever tougher environment.

An IPO for the Pharmaceuticals Sector would have required the same fundamental changes in business model, with no assurance of giving Solvay Pharmaceuticals the size and competitiveness needed for long-term success. Nor would this option generate the necessary resources to meet the challenges facing the Chemicals and Plastics Sectors.

The possibility of an additional acquisition was also evaluated. This strategy has been actively implemented in recent years, with the integration of Fournier and Innogenetics and product purchases like DUODOPA® and GABAPENTIN ER®. But a successful investment would have been insufficient to substantially change the scope of activity. And an acquisition that could really transform this scope was beyond the means of the Solvay group.

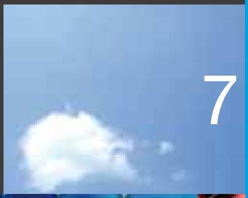
The sale option was finally chosen. Solvay has decided to find a home for the Pharmaceuticals Sector in a new and robust ensemble, confirming Abbott's role among the leaders in its industry. All bids received were carefully studied in terms of various factors (the price offered, the strategic intent, etc.).

The proceeds of this transaction give Solvay the resources with which to

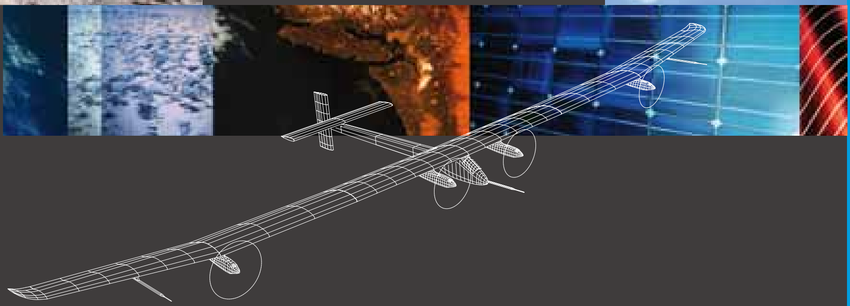
refocus its activities, and to accelerate the implementation of a strategy of sustainable and profitable growth in the Chemical and Plastics Sectors. This new funding will be allocated in particular to substantial external growth, through investment in high value added activities and strategic projects in Chemicals and Plastics. The Group intends to continue its expansion in high potential geographic areas and to develop activities and new products having a reduced energy footprint. A key objective is to reduce the cyclicality of the Group's business portfolio.

Solvay believes that in deciding to sell its Pharmaceuticals Sector, it is following the direction of history. This move secures the long-term future of the Group, while offering expertise and products that contribute to the sustainable development of the planet.





SOLARIMPULSE



Takes to the Air

Solar Impulse HB-SIA, the solar aircraft designed to fly day and night without fuel, left the ground for the first time on December 3, 2009 at Dübendorf airport near Zurich, Switzerland. Solvay's expertise, solutions and ultra-high performance polymers have generated the components without which this first exploit would not have been possible. Since 2004 Solvay has been the project's first main partner and technology partner. In 2010 the airplane will make its first solar-powered test flights and undertake longer and longer missions until undertaking its first night flight on solar energy.

In Solar Impulse Solvay recognizes values that have kept it aloft for the past almost 150 years: pioneering spirit, the human dimension, environmental awareness and innovation, in a word the firm conviction that chemistry and life sciences are an important part of the solution to the challenges of tomorrow.

Solvay's primary contribution has been to develop solutions based on ultra-high-performance polymers to replace heavier metals. In all, Solar Impulse uses 11 Solvay polymers and products in more than 6 000 parts for three key functions:

- structure (elements for composites and films);
- the energy train (battery components, and photovoltaic cell encapsulation films);
- weight reduction (in many mechanical elements like the power control box, the monitor control unit, various binding systems, precision bearings and rings, etc.).

In addition to this major technological contribution, our partnership with Solar Impulse is the cement that binds together our various strategic, innovation and sustainable development initiatives. It is also a powerful driver for mobilizing and motivating our personnel and for imparting a sense of pride in belonging to a Group that threw itself, right from the start and before others, into a symbolic project that is resolutely directed towards a sustainable future.



SOLVAY
MAIN PARTNER
SOLARIMPULSE

Innovation: for Real!

The 2009 Solvay Innovation Trophy, the fifth in a row, proved an unprecedented success: Group employees submitted no less than 406 innovative projects, the most impressive of which took home trophies awarded by an independent panel of judges. This keenness to participate reflects the strategy of innovation that Solvay is implementing with determination, convinced that innovation is the key to a company's sustainable success. Solvay also sees the economic crisis as a call to be even more innovative in all areas within its responsibility and control: managing our priorities, our operating costs, our manufacturing plant, our approach to our markets and our collaborative ventures in particular. Finally, the Group sees innovation as a key vector for meeting the challenges of sustainable development by devising less energy-consuming or polluting processes and developing products that will contribute to personal well-being and to the preservation of the planet.

In selecting the prizewinners the Executive Committee was also keen to spotlight the two criteria of resilience in the present crisis and sustainable development.

The Solvay Innovation Trophy 2009 winners were

New Business:
New SOLEF® PVDF for lithium batteries – SBU Specialty Polymers

This new SOLEF® PVDF considerably improves the main properties of lithium-ion batteries, such as energy density, performance and longevity, as well as reducing their cost. This innovation will in particular facilitate their use in applications such as electric and hybrid cars.

Customer-oriented Projects:
The world's lightest aircraft catering trolley – SBU Specialty Polymers

Tigris represents a totally new generation of ultralight in-flight catering trolleys, based on fully recyclable RADEL®, a material weighing 25% less than aluminum. Other applications for this innovative technology are already planned in the transport field. Tigris alone represents a potential savings of 310 000 tonnes of CO_2 a year.

Performance Improvement:
Palladium catalyst for H_2O_2 production – SBU Peroxides

This innovation relates to the design and development of a new palladium catalyst. This patented process uses raw materials that are both easily available and less costly. It is simpler, involves fewer synthesis phases, consumes less energy and generates less waste than the traditional process.

Management Improvement:
Solvay ethics film festival – CC Legal & Compliance

This unique initiative encourages employees to create their own audiovisual learning and communication tools to promote ethics and its application within Solvay, and in so doing revolutionizes traditional in-house training methods.

Sustainable Development and Citizenship:
SCR: reducing NOx emissions from diesel motors – SBU Inergy

The DINOX® Selective Catalytic Reduction (SCR) technology consists of injecting an aqueous solution of urea into the exhaust system of diesel engines in order to eliminate noxious nitrogen oxide. Unlike competing processes, this one does not use a catalyst of rare metals.

Development of S-300 bicarbonate at Green River (United States) – SBU Soda Ash

This project turns waste into a useful and effective product for protecting the environment. A technical study has confirmed that it is indeed possible to produce low-cost, technical grade S-300 bicarbonate from effluent from processing trona (a natural carbonate).

Replicated Innovations:
Leading-edge organic electronics technologies – CC Materials Development and Analysis

Organic electronics are used in applications like lighting walls, electronic newspapers and ultra-flat TV screens. Through the mobilizing force of New Business Development, Solvay has positioned itself as a credible partner for companies in this field.

Judges' Prize:
Collaboration with Petrovax to produce flu vaccines – Pharmaceuticals Sector

Combining Solvay expertise and technologies with those of Russian company Petrovax has produced three new-generation vaccines, strengthening Solvay's portfolio of vaccines in Russia and in the Community of Independent States (CIS).

Bio-ethylene for vinyls – SBU Vinyls

Solvay is about to launch the production of bio-PVC in Brazil using ethylene derived from sugar cane, a renewable local resource. This production method also makes it possible to transform PVC into CO_2 sinks, with 0.6 Kg of CO_2 absorbed per tonne of PVC produced.

Comex Prize:
Linearity versus complexity – Solvay Solexis

This branching and pseudo-living polymerization technology opens the way to fluoroelastomers with controlled macromolecular structures. With these it is possible to make products with unique properties unattainable by conventional technologies. This 2003 Solvay Innovation Trophy prizewinner has achieved remarkable growth, giving Solvay clear leadership in the high-performance joints and seals markets. Since being introduced, this innovation has earned a total REBIT of EUR 81 million.

Solvay's Strategic Positions

Chemicals

Main products	Europe	World
Soda ash	1	1
Sodium bicarbonate	1	1
Hydrogen peroxide	1	1
Caustic soda	2	3

Plastics

Main products	Europe	World
Fluorinated polymers	1	3
High performance engineering polymers	1	1
Inergy Automotive Systems (fuel systems)	1	1
Vinyls	2	3
Pipelife (pipes & fittings)	4	–

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

Two solid activity clusters with strong

Chemicals

Sales: EUR 2.7 billion – REBIT: EUR 246 million
8 721 employees

4 clusters

Minerals
- Soda ash and specialties (bicarbonate);
- Advanced Functional Minerals.

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

Oxygen
- Hydrogen peroxide;
- Persalts.

Organic (Molecular Solutions)

Strategic priorities

- Intensifying our geographic expansion;
- Pursuing technological innovation;
- Growth in specialties (mainly bicarbonate and fluorinated and organic specialties);
- Competitiveness.

Geographic Deployment

Mercosur

- **Brazil:** in Vinyls, modernization of the Santo Andre plant, bio-PVC project; H_2O_2 extension at Curitiba
- **Argentina:** start-up of a power plant.

leadership positions

Plastics

Sales: EUR 3.0 billion – REBIT: EUR 73 million
8 402 employees

2 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 (50/50 joint venture with Plastic Omnium).

Vinyls

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

Strategic priorities

- Constantly reinforcing the robustness of our activities;
- Focusing on:
  - society's fundamental and long-term needs;
  - specific attractive growth regions;
- Accelerating growth by seizing opportunities offered by materials sciences;
- Keeping innovation and R&D as absolute priorities.

Strategy of sustainable and profitable growth speeded up by sale of pharmaceuticals activities

Reinvestment of the proceeds from the sale of the pharmaceuticals activities (EUR 5.2 billion), with an emphasis on long-term value creation, by:

- investing in high value added activities and in strategic projects in Chemicals and Plastics;
- continuing geographic expansion into regions with growth potential;
- pursuing the development of activities and new products with low energy footprint;
- reducing the cyclicality of Solvay's portfolio of activities.

and Technological Innovation Platforms

Russia/CIS/ Eastern Europe

- **Russia**: major industrial project in vinyls (RusVinyl); acquisition of a soda ash plant (Berezniki); start-up of Inergy Russia
- **Bulgaria**: Pipelife plant under construction; modernisation of the Devnya power plant.

Asia

- **Thaïland**: investments in Chemistry (epichlorohydrin (EPICEROL®), hydrogen peroxide (HPPO)); acquisition of a majority shareholding in Vinythai
- **India**: start-up of a PEEK unit (Specialty Polymers); Inergy plant under construction
- **China**: start-up of a Specialty Polymers plant (POLYMIST®); 2nd Inergy plant under construction; new JV in H_2O_2
- **South Korea**: start-up of a plant producing F1EC (a fluorinated specialty).

Rest of the world

- **Egypt**: integration of Alexandria Sodium Carbonate Company.

Financial Statements part 1

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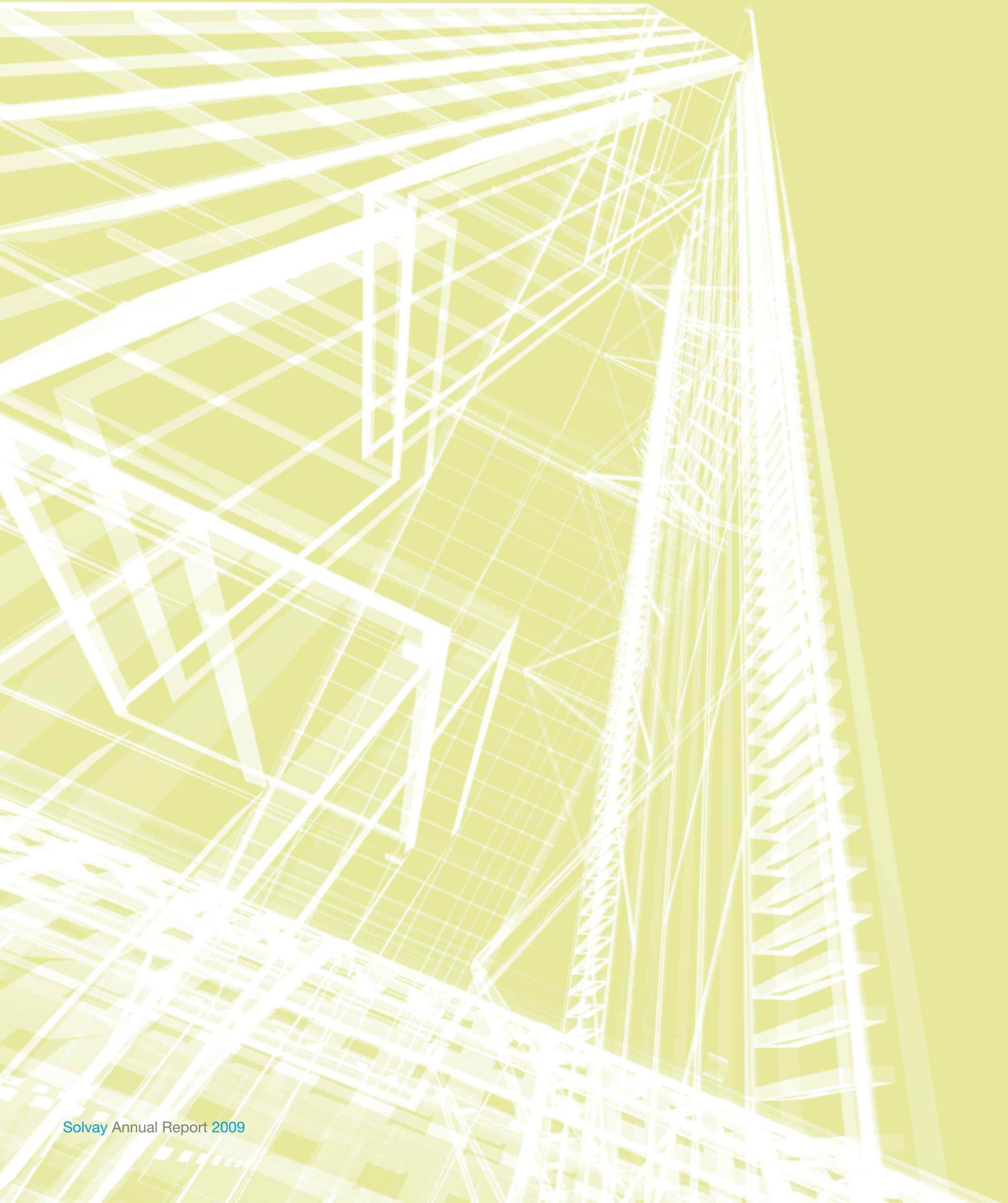


2009: operating result down 6% in the context of the global economic crisis

- Sales (EUR 8 485 million) and operating result (EUR 905 million) down slightly from 2008 against the background of the global economic crisis
- Record operating result in the Pharmaceuticals Sector (EUR 649 million; +27%), higher result in the Chemicals Sector (EUR 246 million; +3%), thanks to lower costs, and reduced result in the Plastics Sector (EUR 73 million; -72%), owing to the crisis
- Proposed 2009 dividend: EUR 2.9333 gross (EUR 2.20 EUR net) per share (identical to 2008)
- Closing of the sale of the pharmaceutical activities to Abbott: February 15, 2010

The Management Report for the accounting period ending on December 31, 2009, consisting of pages 12 to 19, 126 to 137 (risk analysis) and 151 to 176 (Report on the Application of the Corporate Governance Rules) has been prepared in accordance with article 119 of the Companies' Code and approved by the Board of Directors on February 17, 2010.

Business Progress

The Solvay group has been successfully coping with the world economic crisis for over a year owing to the diversification of its activities and its geographic footprint, the rigor of its balance sheet management and the measures taken to reinforce its competitiveness. These measures will be continued in 2010. They are enabling it to maintain a very solid financial situation while continuing to implement a strategy of sustainable, profitable growth.

Sales (EUR 8 485 million) are down by 11% compared to last year. The development by Sector was contrasted: Pharmaceuticals: +3%, Chemicals: -12%, Plastics: -19%. The primary markets of the Chemicals and Plastics Sectors were hard hit by the economic crisis. Since mid-2009, however, there has been some improvement in demand in most of the markets; this improvement remains fragile, however. It is more apparent in Asia than in the rest of the world, in particular than in Europe.

The **REBIT** (EUR 905 million) was down by 6% compared to 2008. The operating result for the Pharmaceuticals Sector in 2009 reached the record level of EUR 649 million, up by 27% compared to last year, in line with the objectives of the Inspire project. The operating result for the Chemicals Sector (EUR 246 million in 2009) was up by 3%, in particular due to the drop in fixed costs and energy costs and despite a significant decline in demand. In Plastics, there is a net decline (EUR 73 million in 2009 compared to EUR 264 million in 2008) due to the significant impact of the crisis on the primary markets of this Sector. This impact, however, was mitigated by a significant cost-reduction and cash optimization program implemented throughout the Sector.

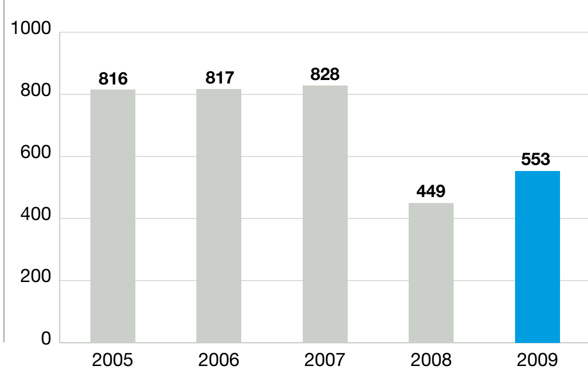
Strict costs control and continued structural changes mitigated the impact on results in a very difficult economic context. At constant scope and EUR/USD exchange rate, the Group reduced fixed production costs and commercial and administrative costs for about EUR 105 million in the Chemicals, Plastics and Corporate and Business Support Sectors and for about EUR 120 million in the Pharmaceuticals Sector, compared to 2008. Headcount continued to decrease (at constant perimeter: about 1 630 persons for the entire year).

In total, the **Group's operating margin** (REBIT on sales) was 10.7% in 2009 compared to 10.2% in 2008.

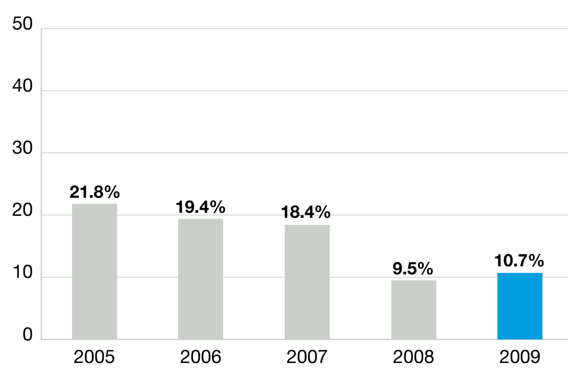
REBITDA was EUR 1 375 million, down by 4% compared to 2008. In the context of the crisis, priority was given throughout the year to generation of cash and maintenance of a sound financial situation. Aside from cost-reduction measures, this priority generated a significant decrease in working capital needs (decline in industrial working capital of more than 9%, or a decrease of EUR 145 million) and investment expenditures (down by 57%, or a decrease of EUR 753 million) compared to 2008.

The **net debt to equity ratio** reached 26% at the end of 2009 compared to 34% at the end of 2008.

Net income of the Group (EUR million)



Return on Equity (%)



EUR million	2008	2009	2009/2008
SALES	**9 490**	**8 485**	**-11%**
Chemicals	3 096	2 713	-12%
Plastics	3 695	2 982	-19%
Pharmaceuticals – “Discontinued Operations”	2 699	2 791	3%
Group REBIT	**965**	**905**	**-6%**
Chemicals	238	246	3%
Plastics	264	73	-72%
Corporate & Business Support	-46	-63	36%
Pharmaceuticals – “Discontinued Operations”	509	649	27%

It should be noted that the first significant maturity for debt reimbursement will not occur until 2014.

The **net income of the Group** (EUR 553 million) improved by 23% compared to 2008. It should be recalled that the net result of 2008 had been affected by the non-recurring write-down (EUR 309 million) of holdings in Fortis.

Development by Sector

The Solvay group announced at the end of September 2009 its decision to refocus its activities and to sell its entire pharmaceutical business to Abbott for a total enterprise value of around EUR 5.2 billion in order to accelerate its strategy of sustainable and profitable growth. This transaction closed on February 15, 2010. The after taxes capital gain on the transaction is estimated at EUR 1.7 billion on January 1st, 2010. It will be booked in the consolidated accounts of the 1st quarter 2010. This capital gain is subject to limited adjustment for the variations in net asset value of the pharmaceuticals activities from January 1, 2010 to February 15, 2010.

Solvay will reinvest the proceeds from the transaction in organic and sizeable external growth, focused on long-term value creation. This will be done by investments in high value added activities and strategic projects in chemicals and plastics, by continuing the geographic expansion into regions with growth potential, and by pursuing the development of activities and new products with low energy footprint and which we expect will reduce the cyclicality in Solvay’s portfolio of activities.

The proceeds of the sale of the pharmaceuticals activities will temporarily be invested in short duration government (Germany, France, The Netherlands, Belgium) and highest rated treasury instruments and in own treasury shares (maximum 5.1 million Solvay shares equal to 6% of the issued capital).

Sales and operating result for the **Pharmaceuticals Sector** reached record levels in 2009. Sales (EUR 2 791 million) were up by 3% compared to 2008. They benefited from the sustained growth of certain drugs such as ANDROGEL®, CREON® and INFLUVAC®. On the other hand, it was negatively impacted by significant pressure from generic competition and by the halt of distribution of ESTRATEST®, decided upon in March 2009. Sales in emerging markets continued to improve, despite the negative effects of exchange rates. Emerging markets represented about 20% of sales in the Pharmaceuticals Sector in 2009. Overall for the year, operating result reached a record level of EUR 649 million (+27% compared to 2008). During the fourth quarter, it benefited from a significant reduction of costs and the discontinuation of depreciation since the Sector is being booked as “discontinued operations” (positive impact of EUR 28 million). There was also a capital gain of EUR 17 million on the sale of a non-strategic product (FLAMMAZINE®) as well as the reversal of a bad debt reserve of EUR 10 million.

Chemicals Sector sales (EUR 2 713 million) decreased by 12% following a decline in demand compared to 2008. Slight improvement in sales volume was observed in the second half compared to the first half of the year. Strong pressure on sales prices for the entire range of chemicals (soda ash, hydrogen peroxide and caustic soda) was felt throughout the year. During the last quarter, caustic soda prices started, however, to move up slightly. Operating result for 2009 (EUR 246 million) was 3% higher than 2008 (EUR 238 million). Strict costs control at all levels and the significant drop in energy costs in fact mitigated the impact on the result of the drop in volumes and of the downward trend of certain sales prices observed since mid-2009.

Plastics Sector sales (EUR 2 982 million) decreased by 19% compared to 2008. The crisis had a significant impact on the primary markets of the Sector, especially automotive, construction, electronics and electricity as well as equipment parts. It should be noted that since the start of the second half of 2009, there was improved demand in several markets covered by Specialty Polymers. This improvement is, however, less noticeable in the construction sector in Europe and in the United States, an important market for Vinyls. This evolution explains the significant improvement of the operating result in the Specialties cluster in the last months of the year. Operating result for the Sector for the full year (EUR 73 million) remained much lower than last year (EUR 264 million). Significant efforts undertaken by the Sector in terms of cash generation and cost reduction at all levels ensured nonetheless strong resistance to an especially difficult economic environment.

Energy Situation

The Solvay group's net energy bill gradually fell during 2009, with a certain delayed effect from the fall in energy prices during the second half of 2008 and also lower industrial activity levels. Readers are reminded that the first half of 2008 saw a very sharp rise in the price of energy, which then reversed sharply during the second half with the global economic crisis.

In 2009 the net energy bill amounted to 8.7% of Group sales (13.0% excluding the sales of the pharmaceuticals activities) as against 10.3% in 2008 (14.3% excluding the sales of the pharmaceuticals activities).

The key features of the Group's energy policy are improving the energy efficiency of its industrial processes, diversifying energy sources, using cogeneration and renewable energies, and setting up partnerships and energy integration projects. Several projects are under way in this area.

- Solvay has formed a partnership with the company Tönsmeier for construction of a cogeneration unit using secondary fuels at the Bernburg site (Germany) as well as development of its partnership with the company Dalkia at the Tavaux site (France) for construction of a cogeneration unit supplied by biomass. These two cogeneration units will be operational respectively in 2010 and 2012.
- In Argentina, Solvay Indupa, in partnership with a local energy group, has secured reliable and competitively priced energy supplies by building a 120 MW power plant on its Bahia Blanca industrial site. The unit will subsequently be extended to 165 MW.
- Solvay participates in the industrial consortium Exeltium with other electro-intensive companies to ensure long-term electricity supplies at competitive prices in France.

It should also be noted that Solvay Energy has been operational since July 2009, and it should be recalled that its purpose is to ensure, on behalf of the different sectors and SBU's, the negotiation and conclusion of purchasing contracts, as well as the mechanisms for financial hedging, for their primary energy needs (electricity, gas, coal, coke, etc.).

Comments on the Key Figures

Income statement

Non-recurring items amounted to EUR -105 million in 2009. They included asset write-downs of EUR 17 million in the Organics cluster (Chemicals Sector) and EUR 12 million in the Pharmaceuticals Sector, various charges for restructuring (mothballing of the hydrogen peroxide unit at Bitterfeld (Germany), shutdown of the precipitated calcium carbonate production unit at Angera (Italy)), as well as the increase by EUR 25 million of the reserve created in the context of contract litigation.

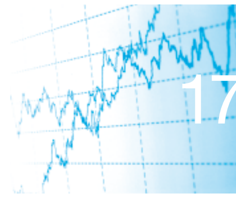
Charges on net indebtedness amounted to EUR -151 million at the end of December 2009 (of which EUR -135 million were charges on borrowing). They were affected by financing charges in local currencies on our development in eastern countries, especially in Russia and in Bulgaria (EUR -17 million), and by the low yield in cash (1.0%). Financial debt is covered at 82% at an average fixed rate of 5.1% with a duration of 6.2 years; the first significant maturity for debt reimbursement will not occur until 2014. In May 2009, the Group issued a 6-year bond in the amount of EUR 500 million at 5%. This issue permitted consolidation of its long-term financing structure, among other things by refinancing short term commercial paper.

Income taxes amounted to EUR -90 million. The effective tax rate at the end of December 2009 was 14% at Group's level due to tax credits. These tax credits are especially related to pharmaceuticals research (EUR 37 million), which contribute to the low tax rate for discontinued operations.

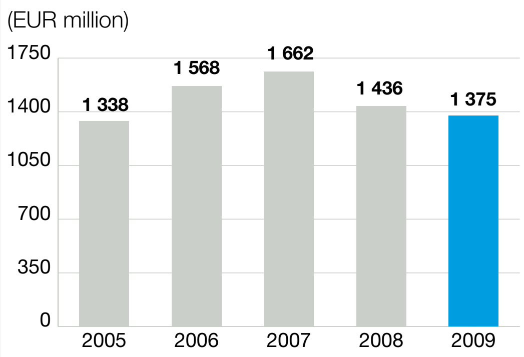
The **net income of the Group** (EUR 553 million) improved by 23% compared to 2008. It should be recalled that the net result of 2008 had been affected by the non-recurring write-down (EUR 309 million) of holdings in Fortis.

REBITDA

REBITDA amounted to EUR 1 375 million, down by 4% compared to 2008. It should be noted that total depreciation (EUR 496 million) was significantly higher compared to 2008 (EUR 417 million), recalling that total depreciation of last year benefited from reversal of an



impairment (EUR 92 million) on the trona mine (natural soda ash).



Balance Sheet

Equity amounted to EUR 5 160 million at the end of 2009, up by EUR 415 million compared to the end of 2008 (EUR 4 745 million). The Group set as a major priority the maintenance of a solid financial structure, in particular in the current economic climate. Due to the significant reduction in industrial working capital (by more than 9%, or a decrease of EUR 145 million) and investment expenditures (down by 57%, or a decrease of EUR 753 million) compared to last year, the net debt decreased by EUR 264 million in 2009, to amount to EUR 1 333 million at the end of December 2009. The **net debt to equity ratio** amounted to 26% (compared to 34% at the end of 2008), demonstrating the importance accorded to this by the entire Group.

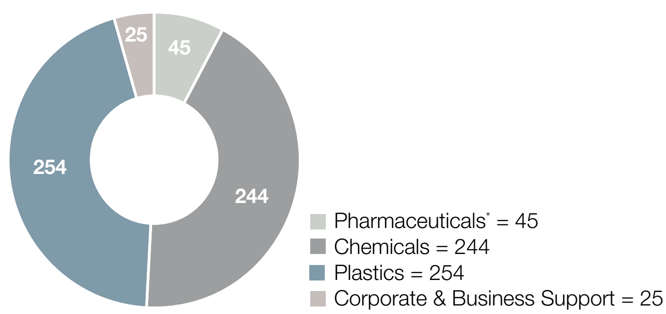
Solvay's **long and short-term ratings** are A3/P2 (negative outlook) at Moody's and A/A1 (negative outlook) at Standard & Poor's.

Capital Expenditures and Research & Development

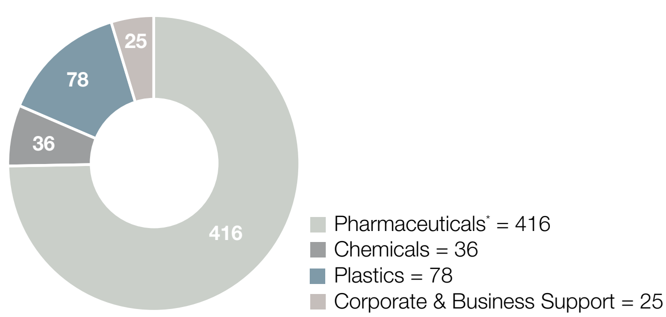
In the context of the economic crisis, the Solvay group decided to significantly reduce its **investments** in 2009. They represented EUR 567 million, or a decrease of 57% compared to the investment amounts for 2008 (EUR 1 320 million).

In 2010, the Solvay group will continue to manage its balance sheet with great scrutiny, since the economic context remains difficult. Aside from reinvestment of the proceeds from the sale of the Pharmaceuticals Sector, the investment budget for 2010 amounts to EUR 673 million. Just as in 2009, outside of investments related to health, safety and environmental, they will be concentrated on a very limited number of strategic projects, oriented by priority toward geographic expansion of the Group and toward choices made in terms of sustainable development. **Research and Development** (R&D) expenditures reached EUR 555 million in 2009 of which EUR 416 million in the Pharmaceuticals Sector. The R&D expenditures budget for 2010 decreased down to EUR 148 million due to sale of the pharmaceuticals activities.

Investments and acquisitions by the Group in 2009 = EUR 567 million



Group R&D in 2009 = EUR 555 million



* Discontinued operations.

Financial Information per Share

Earnings per Share

The **net result per share** amounted to 6.28 EUR (compared to 4.92 EUR at the end of December 2008).

Dividend

The Board of Directors agreed on February 17, 2010 to propose to the General Shareholders Meeting of May 11, 2010 the payment of a **gross dividend** of EUR 2.9333 (EUR 2.20 net) per share, stable compared to 2008. Based on the closing price of February 16, 2010 (EUR 71.73), this represents a dividend yield of 4.1% gross and 3.1% net.
This increase is in line with Group's dividend policy of increasing the dividend whenever possible and, as far as possible, never reducing it.
For 28 years, the dividend has gradually increased and has never been reduced.

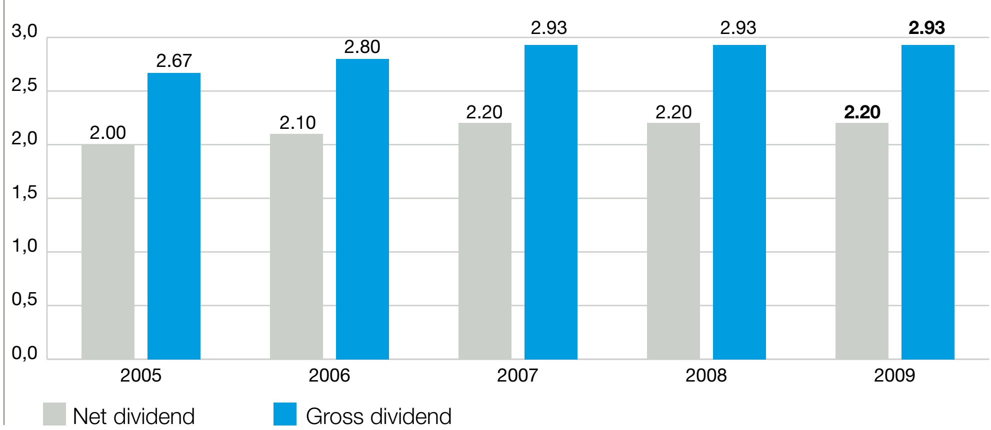
Given the interim dividend of EUR 1.20 gross per share (coupon no. 85) paid on January 14, 2010, the balance of the dividend in respect of 2009, equal to EUR 1.7333 gross per share (coupon no. 86), will be paid on May 18, 2010. Solvay shares will be traded 'ex-dividend' on NYSE Euronext from May 13, 2010.

Parent Company Results (Solvay SA)

EUR million	**2008**	**2009**
Profit for the year available for distribution	376	265
Carried forward	780	908
Total available to the General Shareholders' Meeting	**1 157**	**1 173**
Appropriation:		
Gross dividend	249	248
Carried forward	908	925
Total	**1 157**	**1 173**

The income of Solvay SA comes essentially from managing a portfolio of investments.
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.

Gross and net dividend per share (in EUR)



Current profit before taxes amounts to EUR 343 million, compared with EUR 376 million in 2008.
The balance of extraordinary results is EUR -78 million compared with EUR -15 million in 2008.
The net profit for the year of Solvay SA amounts in 2009 to EUR 265 million, compared with EUR 376 million in 2008.
In the absence of transfers to untaxed reserves, net income for the year of EUR 265 million is available for distribution.

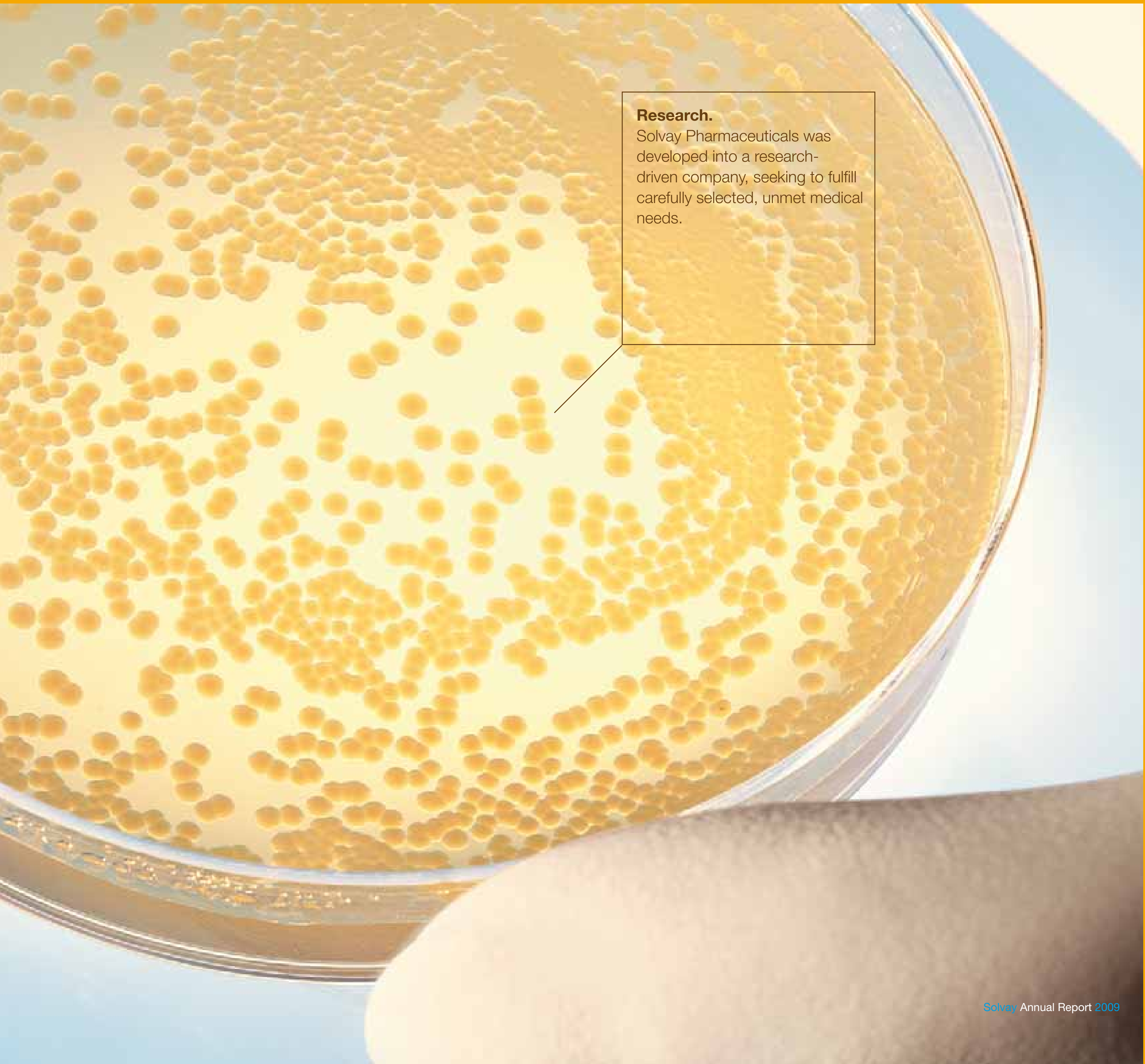
Consolidated Data per Share

EUR	**2005**	**2006**	**2007**	**2008**	**2009**
Stockholders' equity	45.46	50.97	52.10	54.05	57.87
REBITDA	16.13	18.97	20.13	17.44	16.74
Net income	9.51	9.57	9.46	4.92	6.28
Net income (excluding discontinued operations)	3.77	8.33	9.46	4.92	2.59
Diluted net income	9.46	9.52	9.40	4.91	6.28
Diluted net income (excluding discontinued operations)	3.75	8.28	9.40	4.91	2.59
Number of shares (in thousands) at December 31	*84 696*	*84 701*	*84 701*	*84 701*	*84 701*
Average number of shares (in thousands) for calculating IFRS earnings per share	*83 021*	*82 669*	*82 586*	*82 318*	*82 143*
Average number of shares (in thousands) for calculating IFRS diluted earnings per share	*83 491*	*83 106*	*83 054*	*82 447*	*82 186*
Gross dividend	2.67	2.80	2.93	2.93	2.93
Net dividend	2.00	2.10	2.20	2.20	2.20
Highest price	104.1	116.2	123.2	97.9	77.8
Lowest price	79.95	83.1	92.3	51.45	42.0
Price at December 31	93.1	116.2	95.7	53.05	75.6
Price/earnings at December 31	9.8	12.1	10.2	10.8	12.0
Net dividend yield	2.1%	1.8%	2.6%	4.2%	3.1%[1]
Gross dividend yield	2.9%	2.4%	3.5%	5.6%	4.1%[1]
Annual volume (thousands of shares)	44 181	46 225	57 536	94 322	71 259
Annual volume (EUR million)	4 011	4 442	6 318	7 702	4 414
Market capitalization at December 31 (EUR billion)	7.9	9.8	8.1	4.5	6.4
Velocity (%)	53.3	56.9	71.5	113.2	85.2
Velocity adjusted by Free Float (%)	71.1	81.2	102.1	161.7	121.7

1. Based on the closing price at February 16, 2010 (EUR 71.73).

A historic Turning Point

**Solvay is refocusing its activities to accelerate its sustainable and profitable growth strategy.
The divestment of the Pharmaceuticals Sector is generating tremendous value for the Group, reflecting the quality of the work performed over the last three decades.**



Research.
Solvay Pharmaceuticals was developed into a research-driven company, seeking to fulfill carefully selected, unmet medical needs.

Delivering on our Promises

Solvay Pharmaceuticals achieved excellent results in 2009, its last year within the Solvay group – thus justifying its status as a top-notch asset capable of attracting a first-rate buyer.

The sale of the Pharmaceuticals Sector to Abbott – decided on in September 2009 – was finalized on February 15, 2010.

Abbott and Solvay Pharmaceuticals are not total strangers. Over the past years they have established a successful partnership in the dyslipidemia franchise. A recent example is their collaboration on the launch of TRILIPIX™, a drug for patients who experience difficulty in managing cholesterol levels. Apart from the already fruitful relationship, other aspects led to Abbott as the most preferred buyer, such as price and long-term strategic intent. More importantly, Abbott's successful history and its status as a highly respected corporation in the healthcare industry with a solid and committed position played an important role in the selection process.

In 2009, the sales of Solvay Pharmaceuticals grew 3% to EUR 2.8 billion.

In terms of profit, our 2009 REBIT rose to EUR 649 million, or an increase of 27% compared to 2008. This increase resulted in a REBIT to sales ratio of 23%, in excess of the 2010 target of 20% set by the "Inspire" program.

In 2009 we also achieved sales records for three of our top four products:

- ANDROGEL® confirmed its impressive growth pattern and reached worldwide sales of above EUR 450 million of the first time, an increase of 34% compared to 2008.
- Also CREON® continued to grow, benefiting from the first-in-class approval by FDA early 2009. Worldwide sales reached more than EUR 260 million for the first time, up 23% compared to 2008.
- Worldwide sales of INFLUVAC® exceeded EUR 160 million for the first time, an increase of 41% compared to 2008.

Distribution by geographic zones shows that North America became the biggest region; overtaking the European Union (EU), with sales of EUR 1.1 billion. North America represents 39% of worldwide. Europe as a whole (EU + other countries) remains ahead, however, with sales of EUR 1.3 billion or 46% of worldwide sales. The emerging markets confirmed their importance, representing almost 20% of total sales.

United States, Russia and France remained our three largest single markets:

- United States: EUR 933 million, or 33% of total sales
- Russia: EUR 164 million, or 6% of total sales
- France: EUR 160 million, or 6% of total sales

Pharmaceuticals Sector

Key figures [EUR million]

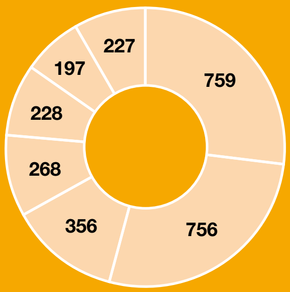
	2007	2008	**2009**
Sales	2 591	2 699	**2 791**
REBIT	457	509	**649**
REBITDA	559	617	**731**
Depreciation	140	121	**86**
Capital expenditure	73	506	**45**
R&D	415	428	**416**
Headcount*	9 178	9 660	**9 188**

* Full-time equivalents at January 1 of the following year for 2007; at December 31 of the same year from 2008.

Sales breakdown 2009: EUR 2 791 million

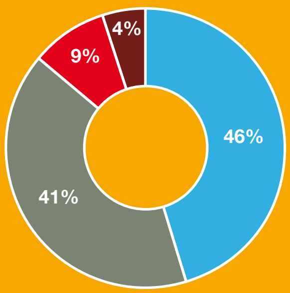
By therapeutic field

Cardiometabolics
759
Female and male hormone treatments
756
Neuroscience
356
Pancreatic enzymes
268
Gastroenterology
228
Flu vaccines
197
Others
227



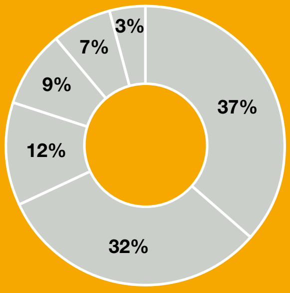
By geographic area

Europe 46%
36% European Union (27)
10% Other European countries
The Americas 41%
39% North America
2% Mercosur
Asia-Pacific 9%
Rest of the world 4%



R&D expenditure 2009: EUR 416 million

Neuroscience
37%
Cardiometabolics
32%
Pancreatic enzymes
12%
Flu vaccines
9%
Female and male hormone treatments
7%
Diagnostics
3%



Flagship Products in 2009

Therapeutic fields	Products	Markets	2009 sales in EUR million	% of 2009 sales	Change 2009/2008 %	Change 2009/2008 (at constant exchange rates)
Cardiometabolics	**TRICOR®/LIPANTHYL®/ TRILIPIX™**	Global	453	17%	- 11 %	- 13 %
Men's health	**ANDROGEL®**	North America + Central & Eastern Europe, Middle East, South Africa	452	17%	+ 34%	+ 28%
Pancreatic enzymes	**CREON®**	Global	268	10%	+ 23%	+ 25%
Flu vaccines	**INFLUVAC®**	Europe + Export	162	6%	+ 41%	+ 44%
Neuroscience	**SERC®**	Europe + Export	143	5%	- 13%	- 8%
Cardiometabolics	**TEVETEN®**	Global [1]	110	4%	- 5%	- 3%
Gastroenterology	**DUPHALAC®**	Global	104	4%	0	+ 4%
Women's health	**DUPHASTON®**	Europe + Export	104	4%	+ 8%	+ 15%
Women's health	**PROMETRIUM®**	United States	103	4%	+ 25%	+ 18%

1. Rights transferred in the USA to Biovail.

Nine of our products reached sales of EUR 100 million or more: the TRICOR®/LIPANTHYL®/ TRILIPIX™ fenofibrate franchise, ANDROGEL®, CREON®, INFLUVAC®, SERC®, TEVETEN®, DUPHALAC®, DUPHASTON® and PROMETRIUM®.

The products whose sales were lower than EUR 100 million but are growing sharply included DUODOPA® (neuroscience), with EUR 59 million of sales, an increase of 40% vs 2008 and OMACOR® (cardiometabolics), with EUR 56 million of sales, an increase of 20% vs 2008.

Major Events at Solvay Pharmaceuticals in 2009

Expanding research activities in the emerging markets

In February 2009, Solvay Pharmaceuticals announced a collaboration agreement with ChemDiv, a global chemistry-driven contract research organization with headquarters in San Diego, US and subsidiaries in Russia, to provide integrated research services from compound screening up to preclinical development of selected molecules. This partnership is in line with Solvay Pharmaceuticals' growth strategy and marks a novel way of collaborating with external partners in the field of early discovery. It is unique in the sense that ChemDiv will provide integrated biology and chemistry services under a risk-sharing agreement that includes basic research funding and especially milestones based on delivery of compounds meeting certain defined criteria.

In May 2009, Solvay Pharmaceuticals announced an agreement with HUYA Bioscience International, a company specialized in enabling and accelerating global co-development of novel biopharmaceutical product opportunities originating in China. Through this agreement Solvay Pharmaceuticals will gain access to HUYA's comprehensive Chinese molecule portfolio, focusing specifically on compounds in the cardiovascular area.

Fenofibrate Franchise

TRILIPIX™, the new generation fenofibrate, was approved in late December 2008 by the US FDA and launched by Solvay Pharmaceuticals and Abbott in January 2009 in the US. TRILIPIX™ reduces triglycerides and LDL ("bad") cholesterol levels and increases HDL ("good") cholesterol levels.

In June 2009 a New Drug Application was submitted by Abbott and AstraZeneca to the US FDA for CERTRIAD™, an investigational compound for the treatment of mixed dyslipidemia. CERTRIAD™ is a combination of the two active ingredients CRESTOR® (rosuvastatin calcium) and TRILIPIX™ (fenofibric acid).

In 2009, the fenofibrate franchise generated a total turnover of EUR 453 million.

ANDROGEL® in the United States

In the first quarter of 2009, Solvay Pharmaceuticals submitted to the US Food and Drug Administration (FDA) a new drug application (NDA) for a low-volume formulation of ANDROGEL® for treatment of adult males with primary or secondary hypogonadism, a chronic condition that is treatable by continuous use of testosterone replacement therapy. Once approved, the low-volume formulation will offer physicians a new option for testosterone replacement therapy for patients who are seeking a gel with less testosterone volume per dose. At the end of 2008 FDA's final decision was not yet known.

In June 2009 Perrigo Pharmaceuticals Ltd. Informed Solvay Pharmaceuticals that it had filed an abbreviated new drug application (ANDA) with the FDA seeking approval to market and sell a generic version of ANDROGEL® 1% in the US.

The low-volume formulation of ANDROGEL® is not within the scope of Perrigo's above-mentioned ANDA.

The commitment of Solvay Pharmaceuticals to men suffering from low testosterone was further emphasized by the announcement of the agreement with Lipocine Inc, providing Solvay Pharmaceuticals with the exclusive right to develop and commercialize an oral formulation of testosterone.

GABAPENTIN ER® in the United States

Top-line results from a Phase 3 clinical trial demonstrated that GABAPENTIN ER® achieved a statistically significant reduction in pain associated with postherpetic neuralgia (PHN) versus placebo.

A new drug application was due to be filed with the United States Food and Drug Administration towards the end of the first quarter 2010. In November 2008 Solvay Pharmaceuticals signed a product license agreement with Depomed, Inc. and obtained exclusive marketing rights in the United States, Canada, Mexico and Puerto Rico for GABAPENTIN ER® for the treatment of neuropathic pain.

CREON® in the United States

In May 2009 the US FDA approved CREON® for the treatment of exocrine pancreatic insufficiency (EPI) due to cystic fibrosis or other conditions. While CREON® has been available on the US market for more than 20 years, the new CREON® was the first pancreatic enzyme product to receive FDA approval under the new guidelines for the class.

Left untreated, exocrine pancreatic insufficiency causes maldigestion, malabsorption and malnutrition and can ultimately be life-threatening. Therefore, as the first product in the pancreatic enzyme class to be FDA-approved under the new guidelines, CREON® helps meet a critical need for thousands of patients suffering from EPI.

Influenza vaccine franchise

In September 2009 Solvay Pharmaceuticals completed the validation for its cell-based production facility following a successful inspection by the Dutch authorities.

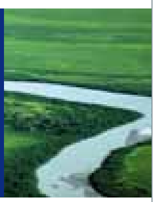
The facility uses the latest technology in cell culturing for the production of influenza vaccines and enables the company to respond even better to the growing worldwide demand for influenza vaccines as it expands its production capacity beyond the current egg-based manufacturing plant.

Driving towards Sustaina

Solvay is firmly convinced that chemistry, its profession, will contribute to humanity's response to ensure the sustainable development of our planet.

ble Solutions

Industrial solutions.
Among many other technologies, Solvay is developing new industrial solutions based on hydrogen peroxide, which decomposes to water and oxygen with no toxic residues.



Weathering the Storm, Looking ahead

Strategy

In the Chemicals Sector, Solvay is sticking to its strategy in what is still a challenging environment by:

- intensifying geographic expansion through investment in flagship products and high growth regions;
- growing in specialties, mainly bicarbonates and fluorinated and organic specialties;
- continuing technological innovation;
- consolidating the competitiveness through operational excellence, world-class plants, and skilled management of energy and product portfolio.

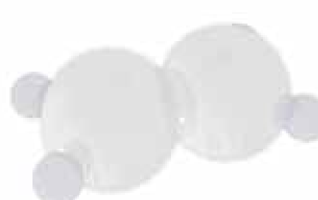
The Minerals Cluster

Soda ash was severely affected by the economic crisis as glassmakers, its main customers, scaled back their activities sharply. Accordingly, after a major upward adjustment early in the year, soda ash prices progressively slipped globally, with intense competition in all regions of the world. Falling sales prices were also accompanied by a decline in the energy costs of production.

Despite this troubled and difficult context, the **Soda Ash** activity concentrated on maintaining and strengthening its global leadership in its two main strategic directions:

- improving the competitiveness of its production network by:
  – a robust action plan to reduce fixed costs at the production sites;
  – optimization of energy costs, especially through the planned secondary fuels power plant in Bernburg (Germany) and a strategy of hedging (risk coverage);
- pursuing geographic expansion:
  – the ongoing consolidation and integration of the recently acquired site at Alexandria, Egypt, intended as a point of entry to Middle East and Maghreb markets;
  – the acquisition of a majority stake in a 500 000 tonnes/year site at Berezniki in Russia – one of the world's most promising markets;
  – the decision to withdraw from ANSAC, the US soda ash exporting consortium and to put in place our own independent global marketing and supply networks from 2011 onwards.

Derivative products – and more specifically sodium bicarbonate – have weathered the economic crisis



Key figures [EUR million]

	2007	2008	**2009**
Sales	3 031	3 096	**2 713**
REBIT	345	238	**246**
REBITDA	508	398	**413**
Depreciation	248	85	**189**
Capital expenditure	315	410	**244**
R&D	37	37	**36**
Headcount*	8 395	8 966	**8 721**

* Full-time equivalents at January 1 of the following year for 2007; at December 31 of the current year from 2008.

Sales breakdown 2009: EUR 2 713 million

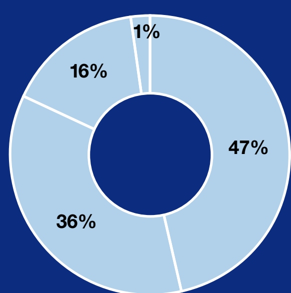
By cluster and SBU

Minerals cluster 47%
- **41%** Soda Ash
- **6%** Advanced Functional Minerals

Electrochemistry and Fluorinated Products cluster 36%
- **24%** Electrochemicals
- **12%** Fluorinated Products

Oxygen cluster 16%
- **16%** Hydrogen peroxide

Organic cluster 1%



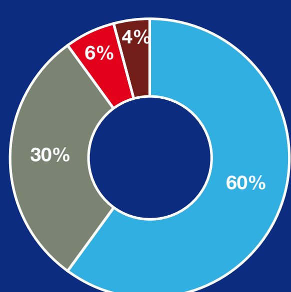
By geographic area

Europe 60%
- **56%** European Union (27)
- **4%** Other European countries

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

Asia-Pacific 6%

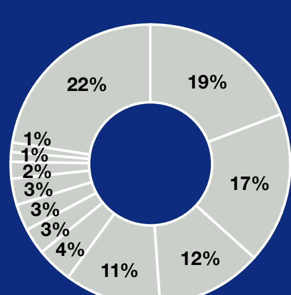
Rest of the world 4%

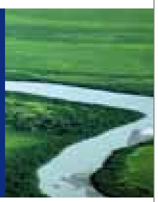


Sales by customer segment 2009:

By customer segment

Chemical industry	19%
Glass industry	17%
Detergents, cleaning and hygiene products	12%
Paper	11%
Human and animal food processing	4%
Construction and architecture	3%
Human health	3%
Water and environment	3%
Electricity and electronics	2%
Automobile industry	1%
Consumer goods	1%
Other industries	22%





well. These products are found mainly in markets that are less exposed to economic cycles such as environment and health (human and animal foodstuffs, pharmaceuticals).

New growth opportunities exist for our sodium bicarbonate business, like:

- new applications in agriculture – including crop protection – and in health;
- the development, in both Europe and the United States, of emission control applications. They have proved very successful in a difficult environment and remain promising, given the regulatory decisions to prevent air pollution;
- the upgrading of production lines in line with certification criteria in the health sector (HACCP[1], GMP[2]…).

Investments have also been made to increase our production capacity:

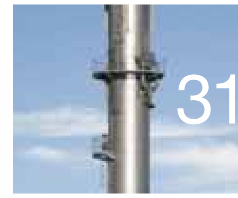
- in Italy, the Rosignano site now houses the world's largest sodium bicarbonate production unit, with a nominal capacity of 250 kt/year;
- in the United States, at Green River, the production of technical grade sodium bicarbonate from solid effluent from the production of soda ash will begin in 2010. This innovative process for recovering waste that is then recycled into in a commercial product was crowned with a 2009 Solvay Innovation Trophy.

In summary, with new production capacity in emerging regions, the improved economic and environmental performance of existing units, the deployment of a global logistics network and the development of products and applications in sustainable-development-related areas, our soda ash activity has weathered the crisis and is ready to seize new opportunities.

For our **Advanced Functional Minerals** activities, the year was marked by difficulties in the process of sale of the Precipitated calcium carbonate (PCC) activities, which had been announced in 2008. The crisis, especially in financial markets, forced us to suspend negotiations early in the year, only to resume the sales process in the second half. Meanwhile, PCC production at the Angera (Italy) site was shut down to reduce overcapacity.

Mention should be made of the start-up of production, at the Onsan (South Korea) site, of blue pigments for applications in next-generation plasma and LCD screens. Since 2009 these innovative products have been marketed by a 50/50 joint venture between Solvay and the Korean company Nepes.

1. Hazard Analysis Critical Control Point – a method that defines, evaluates and controls risks that threaten food healthiness and safety.
2. Good Manufacturing Practices – established by national governments or the European Commission as part of a push for quality, these apply to the manufacturing of medicines for human or veterinary use.



Electrochemistry and Fluorinated Products Cluster

The **Electrochemistry and Derived Specialties** activity has suffered from the global financial and economic crisis. In response to these crises, Solvay has applied a policy of rapid reaction to market developments. The daily challenge has been to reconcile the imperatives of production, commercial and administrative cost reduction programs with the need to adjust production rates to sudden shifts in price and demand.

Caustic soda: In 2009 the caustic soda market saw a serious imbalance between supply and demand. The production of caustic soda increased mechanically, as it is a co-product of chlorine manufactured by electrolysis, which was in high demand. At the same time, demand for caustic soda dropped by 15% to 25% depending on the region and / or market, causing the collapse of sales prices that had previously reached record highs in the first quarter of the year. During the fourth quarter, with reduced supply bringing the market back into balance, prices stabilized and are now moving up again.

In terms of sustainable development, the program to convert from mercury electrolysis to a membrane technology is ongoing, even if the recession has meant a necessary postponement of investments.
In response to rising energy costs, Solvay decided to participate in founding the Exeltium industrial consortium with other major electricity consumers to secure the long-term supply of competitively priced electricity to its French operations.

Allyls faced very difficult circumstances in early 2009, with demand for epichlorohydrin down sharply owing to the financial and economic crisis affecting its clients. A gradual improvement then took place, in an economic context that remained uncertain throughout 2009.

Many cost reduction initiatives, already undertaken in recent years and increased in 2009, made it possible to maintain the competitiveness of the Group's allyls production units.

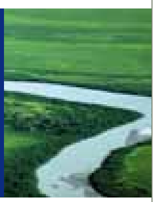
As part of the strategy of geographic expansion in growth markets, the EPICEROL® project took concrete form with the decision to build a new plant in Thailand. The project will be implemented by Vinythai, a Thai company of the Group. This new 100 kt/year unit, scheduled to come on line in early 2012, will help meet growing demand in the Asia-Pacific region. The EPICEROL® process using glycerin, a co-product of biodiesel, as feedstock, is an integral part of the Group's sustainable development strategy.

This new process also reduces the environmental impact of production with fewer co-products and lower water consumption. More and more customers are displaying interest in the development of 'green' products like EPICEROL®.

The process is protected by 38 patent applications. Other EPICEROL® projects are already under study elsewhere in the world.

The **Fluorinated chemicals** activities have demonstrated excellent resilience to the crisis. With the restructuring program initiated back in 2007 and a well-diversified product range, the Strategic Business Unit Fluor has been able to offset the negative impact of the crisis.

The SBU continues to focus on developing specialty products for the semiconductor, photovoltaic cells and flat screen sectors. 2009 saw the launch of industrial production of F1EC at Onsan, South Korea. F1EC, or monofluoroethylene carbonate, is used as a solvent for the electrolytes in rechargeable lithium-ion batteries.



The NOCOLOK® range of products, used as standard fluxing agents for aluminum brazing, has been extended to include new formulae for use in building more environmentally-friendly refrigerators and air conditioning systems. At the same time, production has been rationalized by closing the plant at Catoosa, Oklahoma (United States) and concentrating production at just two sites, in Germany and South Korea, allowing us to efficiently supply our customers worldwide.

New organic fluorinated specialties have been successfully developed for various applications, including agriculture. Our well focused R&D program has generated several new compounds that are right now being tested in collaboration with external partners. ETFBO[4], another fluoro-organic product, is also developing very well and exhibits significant growth potential.

4. 4-Ethoxy-1,1,1-trifluoro-3-buten-2-one: a synthon that can be combined to prepare various products in organic chemistry.

The Oxygen Cluster

After a difficult year-end 2008, global growth resumed in traditional **hydrogen peroxide** (H_2O_2) markets. At regional level, the negative trend in Europe has continued, however, due to the paper industry's ongoing relocation to other continents. This has led to capacity reductions in our activities as well, with Solvay mothballing one of its two production facilities in Germany (Bitterfeld, with a production capacity of 50kt/year).

Markets in other regions remained more buoyant, with good recovery in North America. In South America, Solvay has supported regional growth with the completion of the expansion of its production plant in Curitiba (Brazil) to 160 kt/year and with the opening of a logistics terminal in Chile. In Asia, a joint venture agreement was concluded with China's Huatai group to produce and market H_2O_2. The joint venture will build a 50 kt/year plant on the new Huatai site at Dongying in Shandong province.

H_2O_2 for the production of propylene oxide is the new application that will transform this sector by increasing the size of production units. Solvay leads in this new market. The first mega-plant in Antwerp (Belgium) is operational and construction of the second unit in Thailand is progressing well.

Persalts remains a reliable source of growth, generating constant earnings. Global growth of the sodium percarbonate market remains positive and confirms the attractiveness of this environmentally friendly product for the formulation of detergent powder.

There is worldwide an increasing need to disinfect wastewater for reuse in agriculture. Peracetic acid is a particularly effective biocide in this context given its limited environmental impact and the fact that its use requires relatively little capital investment. Solvay is pressing ahead with this activity in Europe, with new opportunities also identified in the United States, Brazil and China. EURECO®, an effective low temperature bleaching agent that Solvay has developed, continues to

penetrate new markets – essentially in Asia.

Solvay has lofty ambitions for the fast growing market of ‘wet’ chemicals – which are high purity liquid products for the electronics industry, in particular for semiconductors, flat panels and photovoltaic cells. A key achievement in 2009 was the launch of a photovoltaic grade hydrofluoric acid.

Also launched in 2009 was a new specialty product for lithium-ion batteries. The redox features of this electrolyte additive prevent battery overcharging. Results are promising and this new product complements Solvay’s existing range on this new market.

The Organic Cluster

In the course of 2009, SBU Molecular Solutions reorganized its heavily loss-making Peptisyntha (peptides production) activity. This subsidiary, together with Girindus, the oligonucleotides producer in which Solvay has a majority holding, were strengthened last year with the arrival of new senior managers with recognized experience in these areas, who were tasked with relaunching this activity. The development of the Organic cluster is supported by this strategy of synergic growth in peptides and oligonucleotides. The SBU will use its expertise in the synthesis and manipulation of ‘tides’ and its excellent position as a supplier of active pharmaceutical ingredients to build strong, resilient positions in bio-science based activities.

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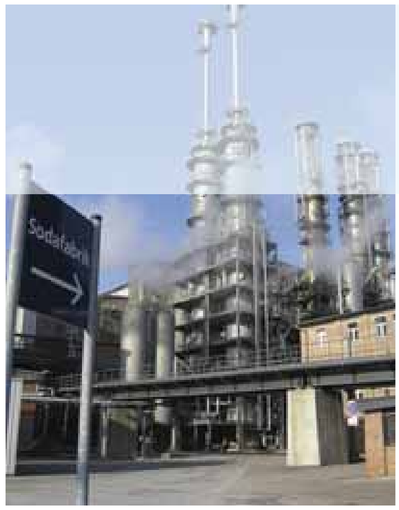


Performing for the World

Solvay Plastics has taken advantage of the crisis to further increase robustness while keeping a strong focus on new sustainable products development and geographic expansion.

LEDs.
High-reflectivity Solvay polymers allow the development of a new generation of ultrathin light-emitting diodes (LEDs).

Emerging Stronger from Turbulence

Solvay Plastics has taken advantage of the crisis to increase its robustness while remaining strongly focused on developing new and sustainable products and on geographic expansion.

1. Car equipped with SCR DINOX® module enabling significant NOx reduction.

The Specialties Cluster

Specialty Polymers

The economic crisis has significantly impacted sales volumes of specialty polymers to the automotive, electrical & electronics, chemical equipment and construction market. Other markets have exhibited greater resistance, with more limited falls in volumes. Geographically, the effects of the crisis on sales were felt essentially in Europe and the United States (-31%).
By contrast, Asia, a prime target of the Group's geographical expansion strategy, posted strong growth (+27%) in 2009.

Prices held steady despite difficult conditions. High value added specialty products are characteristically resistant to economic cyclicality.

SBU Specialty Polymers' strategy is based on three pillars:

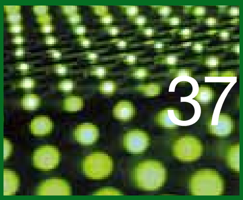
1. Creating and capturing growth in high-performance polymers

The SBU continues to develop ultra-polymers, including KETASPIRE® (PEEK), AVASPIRE® (modified PEEK) and PRIMOSPIRE® (SRP). Combining very strong mechanical properties and very high temperature resistance, these plastics open the way to numerous applications to replace traditional materials. Development of SOLVIVA™ biomaterials for medical implants continues, with over 50 projects currently under examination with customers. Sales are in line with expectations.

Elsewhere the TECNOFLON® "Peroxide Curable" grades have continued to penetrate the market, thanks to their superior performance over standard fluoroelastomers. Finally, SOLEF® has confirmed its leadership in the market for oil and gas extraction equipment, where polymers are subjected to extreme operating conditions.

2. Innovation

Research and Development plays an essential role for the SBU Specialty Polymers, by enlarging the product range, reducing production costs and increasing plant safety.



Key figures [EUR million]

	2007	2008	**2009**
Sales	3 950	3 695	**2 982**
REBIT	441	264	**73**
REBITDA	636	458	**285**
Depreciation	195	201	**212**
Capital expenditure	334	393	**254**
R&D	87	79	**78**
Headcount*	8 977	8 816	**8 402**

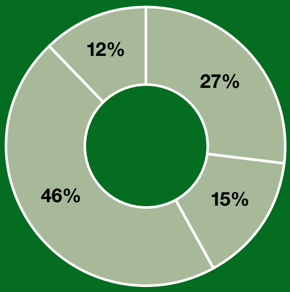
* Full-time equivalents at January 1 of the following year for 2007; at December 31 of the current year from 2008.

Sales breakdown 2009: EUR 2 982 million

By cluster and SBU

Specialties 42%
- **27%** Specialty Polymers
- **15%** Inergy Automotive Systems

Vinyls cluster 58%
- **46%** Vinyls
- **12%** Pipelife (pipes and fittings)



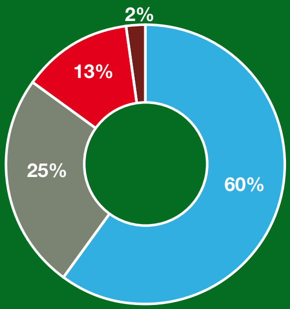
By geographic area

Europe 60%
- **56%** European Union (27)
- **4%** Other European countries

The Americas 25%
- **12%** North America
- **13%** Mercosur

Asia-Pacific 13%

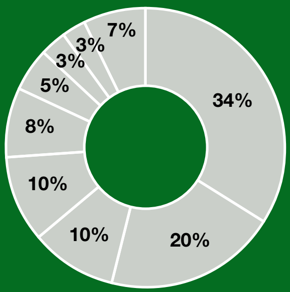
Rest of the world 2%

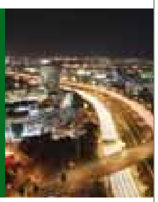


Sales by customer segment 2009:

By customer segment

Construction and architecture	34%
Automobile industry	20%
Electricity and electronics	10%
Water and environment	10%
Packaging	8%
Consumer goods	5%
Chemical industry	3%
Human health	3%
Other industries	7%





Several new products were launched in 2009:

- the new TECNOFLON® SEF (FKM) used primarily for producing hoses and gaskets. This new grade combines the advantages of lower compounding costs with a limited environmental footprint and increased lifespan;
- the new SOLVENE™ range of electro-active polymers, used in printable electronic circuits;
- the new range of FOMBLIN® (PFPE) lubricants for high-performance hard drives.

In all, more than 1 000 innovative projects are currently underway. More than 25 patents were filed in 2009.

Research has also produced a process for manufacturing ALGOFLON® without using perfluorooctanoic acid (PFOA), a fluorinated surfactant that is both environmentally persistent and bio-accumulative. In addition to already reducing emissions by about 95%, this new process will enable Solvay to eliminate PFOA completely from its production by 2012.

Innovation at Specialty Polymers was honored with two 2009 Solvay Innovation Trophies:

- the 'New Business' trophy for SOLEF® (PVDF) 5130, which significantly increases the energy density and life of lithium-ion batteries.
- The 'Customer Oriented Projects' trophy for the world's lightest airline in-flight service trolley, in recyclable RADEL®, representing a potential saving of 310 000 tonnes of CO_2 per year.

3. Globalization and selective capacity extensions

Various capacity expansions were undertaken during the year, among them for producing DIOFAN® (PVDC) and SOLEF® (PVDF) in France, and SOLVERA® (PFPE) and FLUOROLINK® (PFPE) in Italy.

Even greater focus was placed on lowering the breakeven point. Product portfolios were optimized to better manage the complexity typical of a


2

specialties business and better focus on the needs of key customers. This analysis also produced a major reduction in working capital needs, and a significant diminution in the SBU's headcount.

Inergy Automotive Systems

The automotive industry has been one of the sectors most affected by the economic and financial crisis. On top of this, manufacturers' concern to maintain their financial situation has led to massive destocking. This produced a sharp decline in volumes at Inergy Automotive Systems, with sales over the first 9 months of 2009 down 29%, before recovering 20% in the 4th quarter, reflecting restocking in the automotive chain and the effect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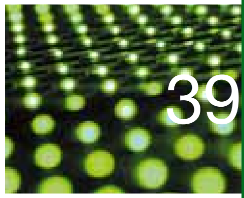
2. The capacity expansion of our PVDC latex lines completed in 2009 will meet the ever increasing market demand for pharmaceutical blisters.
3. Fluorinated fluids and lubricants meeting the demanding requirements of the solar industry.
4. SOLVIN® PVC automated truck loading system enabling greater efficiency.
5. LAN network cables using HYFLON® MFA for its high dielectric qualities.



of government stimulus programs in many countries.

In the face of this unprecedented drop in volumes (-19% on the year), Inergy has very actively adjusted its cost structure. Over the last 24 months, headcount has been trimmed by 760 persons or 16% of the total, with the closure of a plant in Canada (summer 2008) and another in France (August 2009).

This responsiveness helped Inergy maintain its operating results in 2009 at the same level as in 2008.

Meanwhile, Inergy is growing where growth exists, opening a new plant in Stavrovo (Vladimir region) in Russia, and with another two under construction, one in the Beijing region in China and another at Ranipet Vellore (Chennai) in India.

The Twin-Sheet Blow-Molding (TSBM) technology, which has taken four Innovation Awards from the Society of Plastics Engineers and the Society of the Plastics Industry in the United States, is developing well, with industrial applications for two customers.

The denoxification of diesel engines by selective catalytic reduction (SCR) using urea is also progressing well with an initial application on the 3.0-liter V6 TDI engines of a German manufacturer. This technology took a 2009 Innovation Trophy in the Sustainable Development category.

The Vinyls Cluster

Vinyls

Global demand for PVC reduced considerably in 2009 with the recession. After growing by an average 6% a year between 2003 and 2007, demand in 2009 was off 4.1 million tonnes from the peak of 34.5 million tonnes reached in 2007, giving a cumulative decline of -11.9% over the last two years.

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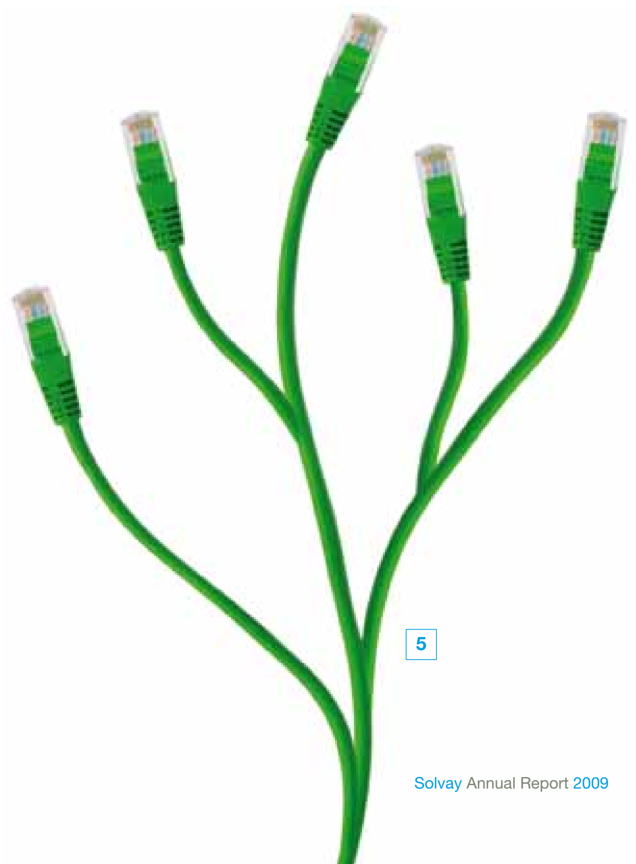
2009 saw very contrasting developments from one region to another. Demand fell very sharply in Western Europe (-24.9%), Eastern Europe (-11.5%) and North America (-28.7%), with 2007 as the base year. Elsewhere in the world, the impact of the crisis was more limited: +0.4% in China, around -5% in South America and around-8% in Asia excluding China.

Against the backdrop of this major crisis, the results of the vinyl chain deteriorated significantly especially compared to the record years of 2004 to 2007. The introduction of the ‘Vinyls Impulse’ plan to reduce costs and working capital and defer non-vital investment in all regions where we work have helped limit the decline in results.

Europe was hardest hit by the crisis owing to the strong euro and high costs of ethylene and electricity, boosting PVC imports from the United States while limiting our export capabilities. In this very difficult environment, SolVin (joint venture owned 75% by Solvay and 25% by BASF) resisted by means of significant cost reductions and better capacity utilization rates than the European market as a whole. SolVin moreover has a competitive advantage over its European peers because of the larger average size of its units and the efforts made over the past 10 years to boost its competitiveness.



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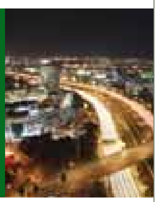

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In Russia, work continues on the planned new RusVinyl production unit (a joint venture of SolVin and Sibur). The launch is now scheduled for mid-2013.

In **Mercosur**, while overall demand decreased slightly, Solvay Indupa still managed to increase its sales volumes. The company nevertheless suffered a deterioration in its results, caused by pressure from US imports, the strength of the Brazilian real against the USD, the significantly higher price of ethylene than in North America and cost overrun at our new production facilities in Brazil.

Production levels should be at normal level by 2010. Solvay Indupa will then benefit fully from the first phase of its capacity expansion in Brazil. A second expansion phase will bring integrated PVC capacity to 360 kt/year. This will feature the production of ethylene from ethanol derived from sugar cane, in a first step towards producing bio-PVC based on renewable raw materials and renewable (mainly hydroelectric) energy. This project took a Special Jury Prize in the 2009 Solvay Innovation Trophy. Combined with Solvay's recycling technology VINYLOOP®, it could lead to the commercial offering of genuinely 'green' PVC.

The first 120 MW tranche of Solalban, an energy production joint venture between Solvay Indupa and Albanesi, came on stream in June 2009. This first combined cycle unit secures a more reliable electricity supply for our Bahia Blanca site.

Asia-Pacific remains a volatile – but high-potential – market for the vinyls chain. After a significant drop in Asia in the 4th quarter of 2008, demand nonetheless steadily climbed back to pre-crisis levels by the end of 2009.

This environment has impacted the activities of Vinythai (a company listed in Bangkok, Thailand, in which Solvay has a majority share), whose results nonetheless remain very satisfactory.

The successful capacity extensions carried out in 2007 and 2008 have further strengthened Vinythai's excellent competitiveness, the reliability of its facilities and its responsiveness to market volatility.

The Vinythai Board of Directors has authorized a new investment in the production of epichlorohydrin from natural glycerin. This project will

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6. Smartline, a household waste-water drainage system with fewer connections.
7. Specialty polymers and vinyls respond to the performance needs of the aerospace industry with applications for engines and for functional materials in aircraft interiors.
8. STORMBOX®, a system for flood management in urban environments.
9. Combining shock-resistance and aesthetics, FibroVin offers new perspectives for architects and designers.

be accompanied by an additional 80 kt/year of chlorine production capacity, strengthening Vinythai's leadership in the region (see Chemicals Sector, p.31).

Finally, in December 2009 Solvay launched a tender offer to purchase the remaining shares of Vinythai, Solvay's participation having previously crossed the 50% threshold. The offer will enable Solvay to support the development of Vinythai's activities.

Pipelife (50/50 joint venture with Wienerberger in pipes and fittings)
Pipelife's performance and sales volume have been negatively affected by the crisis in the construction industry. Eastern Europe (with the exception of Poland), Ireland and Spain are the three regions most severely affected.

Pipelife has a three-pronged strategy of:

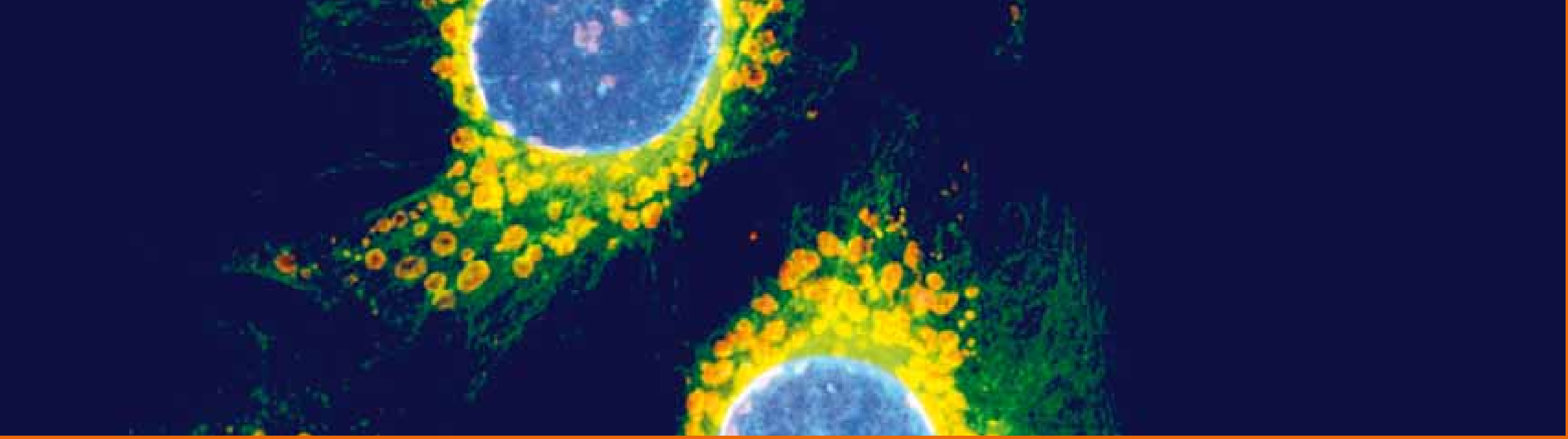
- operating excellence: in November 2008 Pipelife launched its 'Pipefit' program to reduce costs and optimize cash in all countries. FTE headcount has since reduced by more than 8% and working capital requirement by 33%;
- geographical deployment in Central and Eastern Europe: building work on a new production unit in Bulgaria has continued and the plant should come into operation in 2010;
- innovation: Pipelife's R&D objectives have been focused on competitiveness. At the same time, deployment has continued of innovations launched in previous years, both geographically and with an extended product range. A new SOLUFORCE® production line is to be built in the United States. SOLUFORCE® is a range of PE piping reinforced with woven polyester fabric, designed for the specific needs of the US oil extraction industry. The Smartline range (for waste-water systems in buildings, requiring fewer fittings) has similarly been expanded.

11

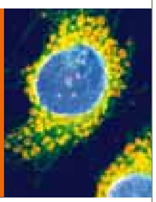
10. Increasing the sealing qualities of any surface: paper, leather, stone… with SOLVERA® PFPE and FLUORLINK® PFPE.
11. Pistol by AdDent, Inc. sterilizable and with strong chemical and mechanical resistance thanks to RADEL® PPSU.

Creating New Opportuni

New Business Development, with its open and structured approach, positions Solvay to participate in markets of the future that could make a significant contribution to the sustainable and profitable growth of the Group.



Organic Electronics.
Solvay created a new laboratory in Brussels (Belgium) specially dedicated to Organic Electronics, whose research generated its first concrete results in 2009.



Tomorrow will not wait. Despite the recession, Solvay is busy developing new areas of potential growth, through a process of open and collaborative innovation.

This approach is reflected in particular by partnerships and consortia with start-ups and research organizations. Solvay undertakes investment operations via venture capital funds (Conduit Ventures, Pangaea and Capricorn Cleantech Fund) and direct investments in high-growth-potential companies (Plextronics and ACAL Energy Amminex, among other).

This led in 2009 to the strengthening of the New Business Development (NBD) teams and greater involvement in two companies, SolviCore (fuel cells) and Plextronics (printed electronics).

The NBD activity is organized in strategic platforms around specific themes. These have been selected as echoing the major challenges of tomorrow's world, to which the chemicals industry is helping provide solutions:

- climate change;
- limited resources;
- new consumers (in particular in Asia);
- displacement of economic centres of activity.

These challenges are all opportunities for future growth with the prospective emergence of large new markets.

A first Competence Center, Future Businesses, is tasked with developing innovative combinations of functional materials for the applications of tomorrow. It manages two platforms: **Renewable Energies** and **Printable Organic Electronics**.

The second Competence Center, Advanced Technologies, has been set up to detect and acquire new technological expertise of potential interest to Solvay. Two platforms, **Nanotechnology** and **Renewable Chemistry**, are currently active.

The Renewable Energies platform

In this area, to which new materials are crucial contributors, Solvay continued in 2009 its work to make tomorrow's 'clean technologies' operational and accessible.

Fuel cells:

- With its partner Umicore, Solvay has continued to invest in the joint venture SolviCore, which produces membrane electrode assemblies (MEAs) and is today the European leader in its field. SolviCore has a growing portfolio of projects with leading automotive groups. These initiatives now extend to auxiliary energy production units for the shipping and air transport industries.
- At Lillo, Belgium, a 1 MW stationary industrial fuel cell, one of the largest in the world, is being built on a demonstration basis as part of a European cross-border (INTERREG) program between Flanders and the southern Netherlands, with a view to creating a competence cluster in hydrogen power and fuel cells.

Photovoltaic:

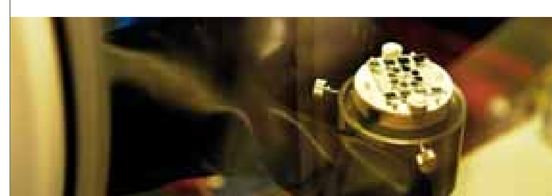
- Solvay is taking part in the development of passive and active materials for organic photovoltaic modules, together with start-up Plextronics (USA) and IMEC, a Belgian research organization associated with KU Leuven.

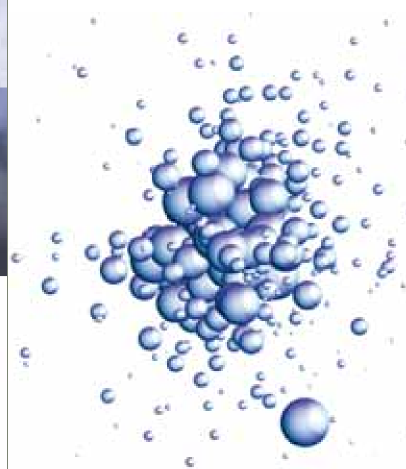
The Printable Organic Electronics platform

Using these technologies, Solvay and its partners are seeking to develop 'inks' that would allow mass, low cost and energy-efficient production of flat panel displays, lighting, circuit boards and radio frequency identification (RFID) systems, among others.

During 2009, major advances were made in three complementary approaches that constitute the core of the program:

- The research team at Neder-over-Heembeek (Belgium) has been





strengthened, and is now working on both in-house and partnership programs. Work focused last year on a new, very long-lasting, organic light emitting diode (OLED) structure with a life of more than 100 000 hours compared with 1000 hours for an incandescent bulb. Several patent applications have been filed and others are being considered;

- Outsourced research programs have been accelerated, including the Solvay Global Discovery Program (an international research consortium that includes such prestigious universities as Georgia Tech, Princeton University, University of Washington, Imperial College London and the Chinese Academy of Sciences) in the field of organic semiconductors, and strengthening Solvay's ties with the Holst Center (Netherlands) through participation in a second program in OLED lighting;
- Finally, the Group has increased its shareholding to become the main minority shareholder in US start-up Plextronics, a global reference in organic materials for printed electronics.

The Nanotechnologies platform

Solvay's teams manage more than 20 projects in this area that are directly associated with the Group's activities. These include:

- improving the properties of its specialty polymers (aromatic polymers and fluorinated polymers);
- developing methods and studying substances to achieve the better dispersion and adhesion of nanoparticles to polymers produced at high temperatures;
- technologies to obtain nanostructured and / or functionalized surfaces for creating super-hydrophobic or hydrophilic materials;
- developing a new blue pigment for LCD screens.

The Group also pays close attention to the toxicological aspects of these projects, to regulations and to the public debate on nanotechnology. Together with professional associations like the UIC in France, Solvay participates actively in the drafting of recommendations in this area.

The Renewable Chemistry platform

Solvay is in the process of systematically identifying renewable materials that can be used by the chemical industry, including sugar cane, lignocellulose and oils. Our NBD teams are providing support to several projects being undertaken by our business units. In parallel, Solvay is contributing to the BIOHUB® programme in France, which is seeking to develop new chemical production chains based on renewable feedstocks such as cereals.

Under the European research program Eureka, Solvay is taking part, via the French start-up SeaDev, in a project to produce bioplastics using microorganisms from hypersaline marine environments. The Group is also playing a part in setting up industry organizations in renewable materials chemistry, such as the ACDV (Association Chimie du Végétal) in France and FISCH (Flanders Strategic Initiative for Sustainable Chemistry) in Belgium.

Learning for Growth

The major worldwide Solvay People Survey 2009 has demonstrated the massive commitment of Solvay employees to their Group – which continues to deploy its people development strategy.

Engaged in Change

The 2009 Solvay People Survey proved an unprecedented success, with 22 624 Group employees from across the world responding. This 86% response rate places Solvay firmly in the top quartile of companies that perform this type of survey.

More importantly, the results indicate the high level of 'commitment' of an impressive majority of employees toward the company. This term describes the extent to which employees are willing to contribute their knowledge, talents and efforts to company performance. Compared with the previous survey, this item has risen by 3% to 77% positive responses.

The SPS 2009 survey has also helped clarify the concerns of Group employees, in particular in the field of training. A number of concrete actions have already been identified, at both Group and team levels, and will be deployed later in 2010. The whole process has been synchronized so as to integrate the effective implementation of these measures into the objectives that Group managers have set themselves for this year.

The **Solvay Corporate University** (SCU) got under way in earnest 2009. The objective of this 'virtual' university, which opened its doors in December 2008, is to ensure that the skills acquired by the Group's employees are fully in line with Solvay's strategy, values and objectives. To date, some 4 000 people have already benefited from the training it provides.

The SCU has developed a program in collaboration with London Business School. Entitled 'Leading through Uncertainty', it is designed to shape and reinforce behavior patterns in the face of current changes within a global company like Solvay.
Other major initiatives by the Solvay Corporate University include the Management Development Series – a comprehensive training program for new Group managers. This is currently being taught in Europe and North America, before being extended to other regions of the world.
In 2010, Solvay plans to expand the activities of the Solvay Corporate University in Asia and to develop training for non-executives.

The multi-year **Renaissance** project, entailing the recasting of the entire HR function, will be completed in 2010. The project was launched with the intention of:
- reconfiguring all human resource management processes within a unified global operation;
- providing a common Group IT system for all HR officers worldwide;
- establishing a new HR organization that reflects the globalized structure.

2010 will also see the deployment of

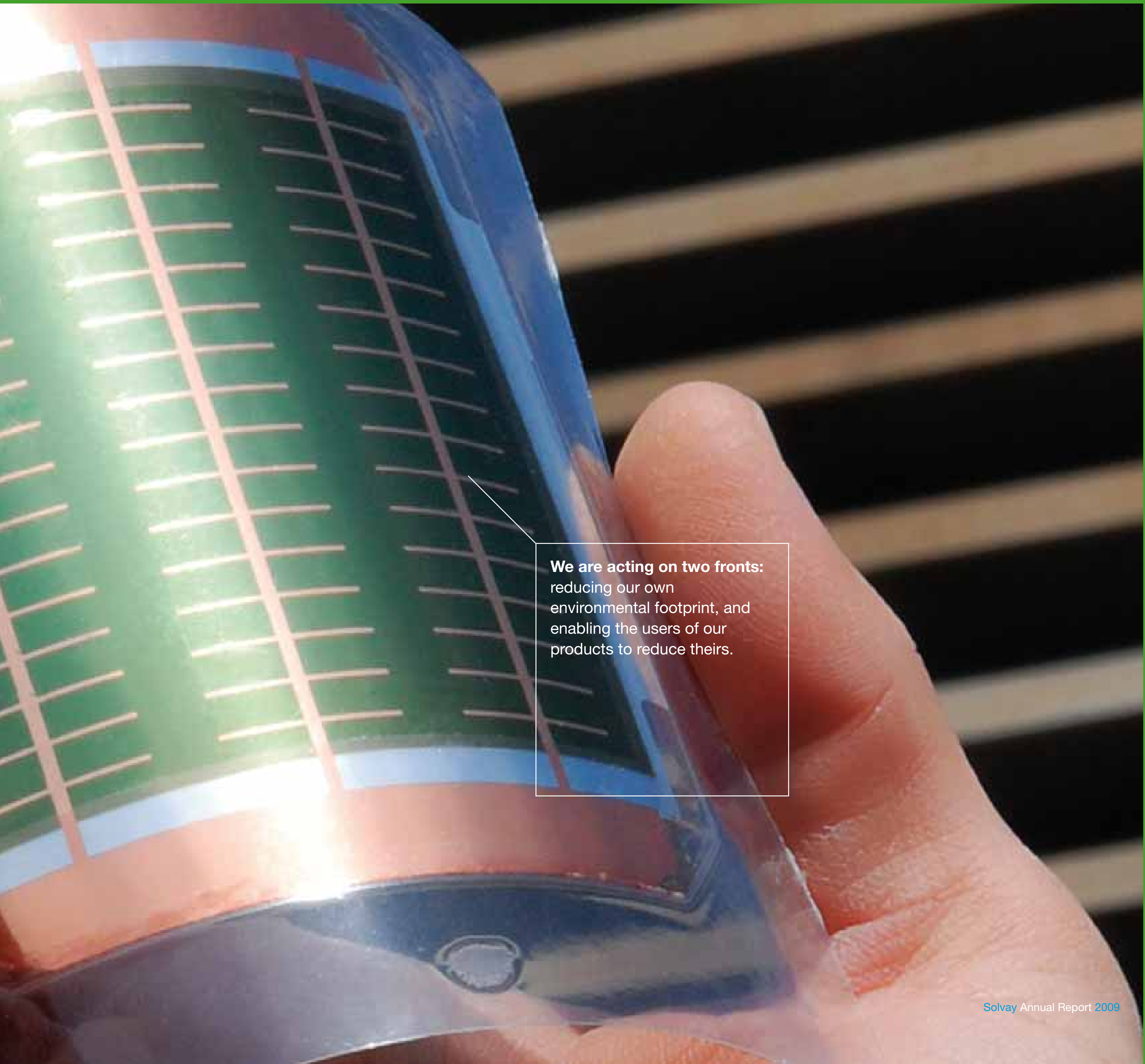
the Renaissance project in Asia. This confirms the importance the Group attaches to this region, where it intends to introduce the tools needed to attract the talents that will carry forward its expansion.

The Group is careful to ensure that it offers its employees competitive and attractive compensation in all regions and functions. Solvay's remuneration policy – including structure, incentives and the principles governing salary adjustments – is currently under revision. This revised structure will be implemented progressively from 2010 onwards.

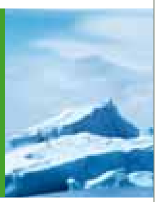
Better Sharing the World

Solvay is accelerating the deployment of its sustainable development policy: the Group aspires to open itself further to a fast-changing world and to offer solutions to the challenges that we need to meet together.

we Live in



We are acting on two fronts: reducing our own environmental footprint, and enabling the users of our products to reduce theirs.



2009, the Year of Deployment

Accelerating change

Solvay's strategy is one of openness to an ever faster changing world. Following the 2008 strategic review and publication of the 2008-2012 sustainability report, this process of opening and the implementation of the related decisions accelerated sharply in 2009. Solvay is aiming to radically transform itself to bring more value to its customers, while reducing both its and their energy and environmental impact.
The urgency of climate challenges, increasing global population and the need to conserve natural resources require us to force the pace.

This calls for a new approach which is open to the outside world, seeks innovative processes and products to meet emerging needs, and reflects the powerful trends – including a demand for more structured governance – at work in the field of sustainable development.

Solvay has at the same time reaffirmed its desire to promote absolute safety at work; with an ambitious objective of zero accidents.

Openness to new Markets

Chemistry, broadly defined, plays an integral part in multidimensional value networks. Solvay's ambition is to better integrate its chemicals and plastics offerings into global value chains. As a manufacturing company in these fields, Solvay intends to position itself as an indispensable partner for new solutions, to be made publicly available as quickly as possible. The urgency of the challenges requires us to accelerate our approach at every level: research – industrialization – marketing.

In terms of product sustainability, key developments in 2009 relate to:
- SOLVIVA™ polymeric biomaterials for medical use;
- the system for treating nitrogen oxides (NOx) from diesel engines by a system of selective catalytic reduction;
- producing epichlorohydrin from natural glycerin to replace fossil fuels;
- the new SOLUFORCE® production line - a range of polyethylene pipes reinforced with woven polyester;
- developing new applications for residue-free biocides – sodium bicarbonate, peracetic acid – in environmental and agricultural markets;
- monofluoroethylene for use as a solvent for electrolytes in lithium-ion batteries;
- sodium percarbonate, which is more environmentally friendly, in the formulation of detergent powders.

Openness to Dialogue on Sustainable Development issues

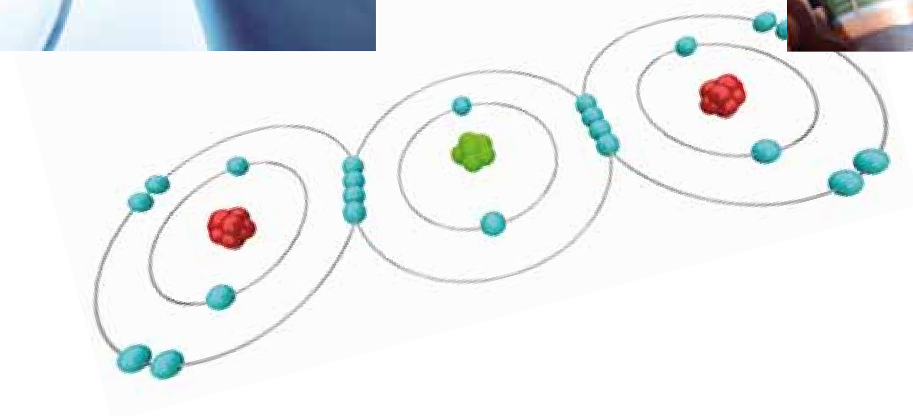
In 2009, the Group multiplied the occasions to enhance dialogue and exchanges on sustainability issues, not only with customers and markets, but also with employees, investors, suppliers, NGOs and other stakeholders. It was also increasingly attentive to the expectations of society as reflected by specialist rating agencies.

To this end, the Group takes an active role in forums where sustainability issues are discussed, in particular at the initiative of the European commission, as well as in representative industry associations, business networks and business schools seeking to integrate CSR in their management and activities (CSR Europe, EABIS...). National-level dialogue initiatives with external partners are also increasing, especially in France and Spain.

Our Employees as Citizens and Players

The involvement of each and every Solvay employee in our sustainable development strategy is essential.

The aim is for everyone to find their particular role here in the company, both as citizens and as decision



implementers. In the wake of pilot meetings in France, internal forums combining employees from all responsibility levels are being gradually deployed Europe-wide as one means of strengthening dialogue and awareness. These will be extended to the entire Group.

Elsewhere, the sustainability modules in our in-house induction seminar and International Management Seminar have been upgraded. A sustainable development charter has also been defined jointly with the European Works Council at the end of 2008.

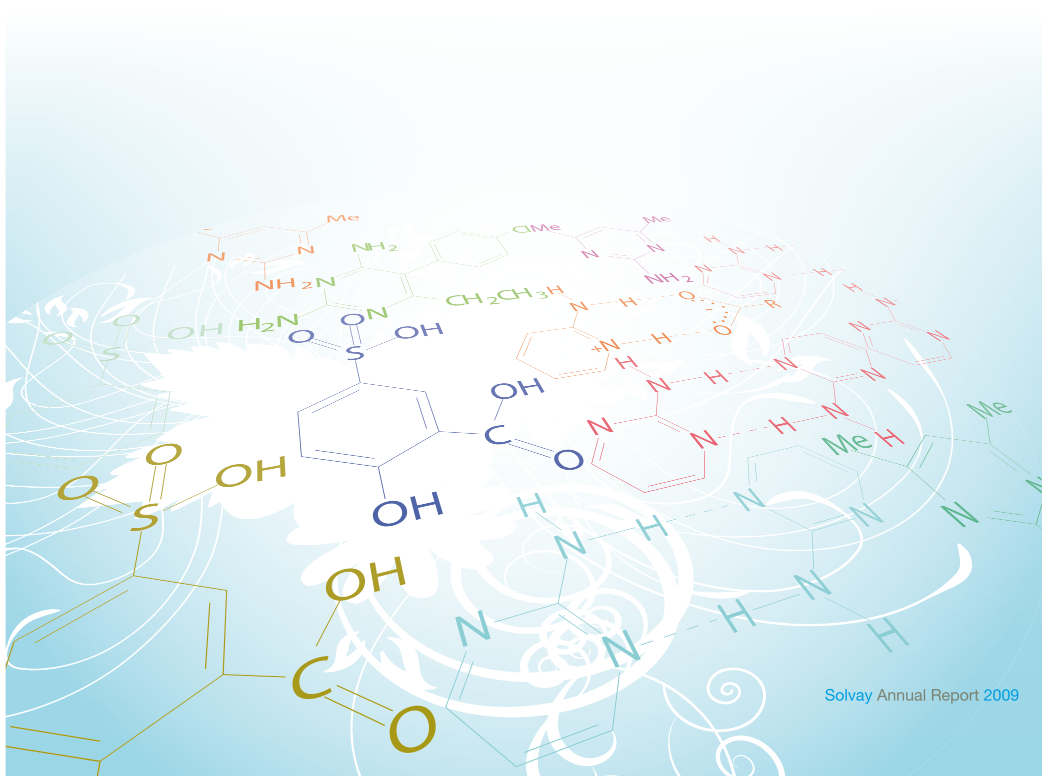
Acceleration and Consistency

The strategic deployment of the Group's sustainable development and Social Responsibility policy has, since 1 July 2009, been under the baton of a Group Manager. Reporting to the Chief Executive, his task is to make sure that individual initiatives are mutually consistent, with converging results, and that objectives are achieved, so as to enable the company to respond better and faster to evolving societal expectations. He also watches over the development of sustainability analysis tools and the selection and monitoring of appropriate indicators and also coordinates in situ working groups.

A future: Networks of Sustainability Scouts

The Steering Committee which helped define the sustainable development Strategy evolved in 2009 into a more extended network of 'scouts'.

Across the different regions of the world these scouts, all of them volunteers and operating in their own names, will be seeking, via communities open to the outside world, to anticipate future issues linked to, for example, a vision of society in 2050, function-oriented business models, industrial ecology and energy, food and water sources.



Progress and Indicators

Multiple and converging initiatives

Solvay's 2008-2012 sustainable development report presented a coherent set of sustainability objectives to be achieved between 2012 and 2020. Related action plans, indicators and measuring instruments were identified. For the first time the Group's annual report includes a selection of parameters[1], which measure the Group's progress in meeting its stakeholders' sustainable development concerns. The complete set of parameters will be published in a specific document and on the Group's website.

Site Neighbors

Key Objective:
To reduce global air and water emission indexes by 20% between 2006 et 2020

Solvay has been achieving sustained progress for many years, with constantly declining air and water emission indexes. Like the other sustainable development indicators, the 2009 indexes will be published by the end of May 2010. In the meantime, the Group has taken important measures, which contribute to meeting this key objective.

Environmental Management

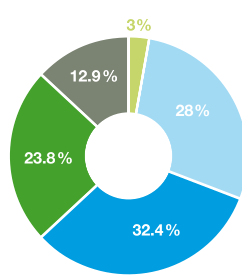
Introduction of environmental management systems is well advanced. Many initiatives to protect underground water sources were undertaken in 2009 under defined management plans.
Particularly detailed additional hydrogeological modelling was also carried out with specialist institutions for certain sites with past environmental histories, in particular those acquired in the meantime by the Group.

Reducing the Environmental Impact

The availability of technical improvements for achieving our global emissions target was reassessed in 2009. Improvement plans are under way at 81% of our sites. At 8% of them, these plans will produce significant, targeted improvements in the short term.

Distribution of Economic Value

The Group remains keen to integrate its activities into the socio-economic fabric. Even if corporate social responsibility has evolved with social legislation and the globalization of certain activities, local economic anchoring remains important. It implies renewed dialogue with local communities to provide an even better response to constantly evolving concerns.



Environmental management systems, 2009

	Number of sites	% of sites concerned
System in place: ISO 14001, EMAS, Responsible Care or equivalent	**63**	**69%**
External certification	**45**	**49%**

Improvement of environmental performance

	Number of sites	%
Sites applying an environmental performance program	**74**	**81%**
Objectives of significantly reducing emissions within 3 years	**7**	**8%**

Distribution of generated economic value. 2009 [EUR million]

Solvay net income	**8 485**	**100.0%**
Dividends	**252**	**3.0%**
Purchases of goods and services	**2 376**	**28.0%**
Purchases of raw materials	**2 746**	**32.4%**
Personnel expenses	**2 016**	**23.8%**
Other	**1 096**	**12.9%**

The largest part of the financial value generated by the Group is redistributed in the form of salaries and purchases of resources or services.

1. While the figures presented below are representative of the Group's activities, their scope can vary from one parameter to another.
2. Turning the Tide on Climate Change: the climate change challenge and the chemical industry.

Society

Key Objective:
To reduce by 20% the direct and indirect greenhouse gas emissions related to our production between 2006 and 2020

Energy

A major planning exercise began in 2009, covering all sites, based on more detailed reporting of energy and CO_2 data, which came into effect in the same year.
Between 2006 and 2009, 4 additional membrane electrolysis units have come onstream. These represent an annual savings of more than 350 GWh of electric energy, as well as 100 000 tons of CO_2 emissions avoided.
The decision in 2009 to invest in heat recovery at Devnya (Bulgaria) will avoid the emission of 50 000 tons of CO_2/year. The new hydro-electric plant at Bussi (Italy) avoids 3 000 tons of CO_2 emissions per year, an important development for the site, even if modest at Group level.
The first 120 MW tranche of the Solalban (Argentina) project, an electricity generation joint venture intended to provide better access to this energy, came into operation in June 2009.

Greenhouse Gas Emissions

Several other industrial projects will provide significant additional reductions of emissions. Construction of the power plant at Germany (Bernburg) reusing third party high energy waste was completed in 2009, in partnership with Tönsmeier. This will prevent the emission of 350 000 tons/year of CO_2. Another project to reuse high energy waste is under study at Rheinberg.

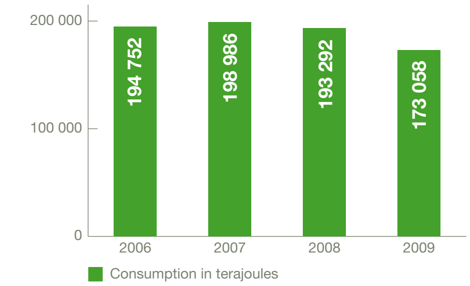
In France, the biomass project at Tavaux – representing a 80 000 tons/year reduction in CO_2 emissions – is under detailed study.

At the Green River trona mine, where operations release underground methane, a project to capture this gas will prevent the emission of the equivalent of 240 000 tons/year of CO_2.

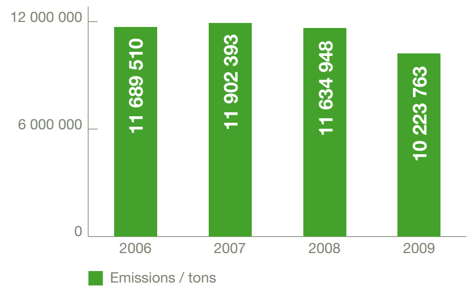
Citizen Initiatives

The Group has continued its many civic, social and philanthropic activities. Solvay is the first sponsor and technology partner of Solar Impulse, a project built entirely around energy savings.
SolVin, meanwhile, continued to support international biodiversity exploration missions, in 2009 in Mozambique.
Under the chairmanship of Christian Jourquin, CEFIC published Professor Robert S. Kandel's study on the contribution of the chemical industry to controlling climate impacts[2].
Every ton of CO_2 it emits allows downstream human activities to avoid some 2.5 tons of additional CO_2 emissions compared with non-chemical alternatives.

Total primary energy consumption
Direct and indirect (acquired energy) consumption related to our productions.



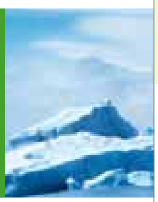
CO_2 emissions
Direct and indirect (acquired energy) consumption related to our productions.



The energy and CO_2 figures cover all 51 sites whose production processes entail significant energy consumption.

The recent decreases in total energy consumption and CO_2 emissions are mostly due to strong drops in production capacity utilization resulting from the contraction of activity overall. Compared with the reference year 2006, under-utilization has decreased yields and increased specific energy consumption as well as relative CO_2 emissions by 5% compared to 2006.

Personnel



Key Objective:
To consolidate the high level of employee commitment (≥75 %) as measured by the Solvay People Surveys

Satisfaction and Commitment

On our employees' commitment depends the degree to which they are willing to contribute their knowledge, talents and effort to the company's performance and evolution. The latest internal survey reveals employees' high level of commitment towards the company and their clear understanding of the Group's objectives and its commitments to sustainable development.

Sustainable Development Forums, Shared Values

The purpose of these forums is to share at all levels a common vision of sustainable development by encouraging creativity and awareness. Since 2009, the dynamic has rooted well in some countries and is being expanded in others, with 23% of European sites and 14% of employees already involved.

In 2009 application of the Group's Code of Conduct was facilitated by systematic training. 76% of employees have expressed a favorable opinion on the company's ethics and values (16% are neutral and 8% have a negative opinion).

Employee satisfaction and commitment

% of personnel, Solvay People Survey, 2009 (covering 86% of employees)

Favorable responses	**77%**
Neutral	**16%**
Unfavorable responses	**7%**

The indicator consolidates employees' responses on pride of belonging, good use of professional potential, assessment of the company as an employer, and working conditions.
A 3% improvement has been observed here since the previous survey in 2006, with 77% positive responses.

Employee well-being

% of employees, Solvay People Survey, 2009 (covering 86% of employees)

Favorable responses	**69%**
Neutral	**17%**
Unfavorable responses	**14%**

The indicator consolidates employee responses to 7 questions addressing the area of well-being and stress: workload, respect and fairness, performance, freedom of expression.

Key Objective:
To achieve a zero accident rate

Occupational Accidents

The 2009 results are a historical record.
The new information system allows centralized monitoring of accidents, along with descriptions and corrective measures. The 2009 results demonstrate the effectiveness of the process of 'cross-fertilization' of lessons learned between sites. 24 out of the 30 (Objective 2012) sites already have OHSAS[1] 18001 certification.

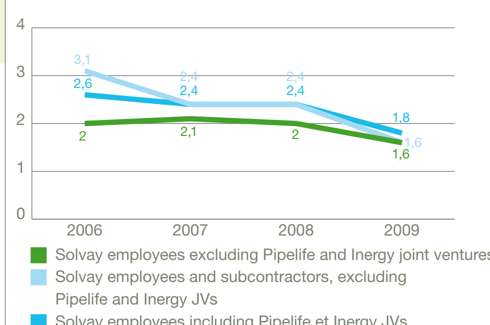
Behavioral Safety and Subcontractor afety

The global behavioral safety program relays the message of the Group's safety culture. It specifically addresses the human factor.
In the area of subconstractor safety, a survey was conducted in 2009 to review the action plan launched in 2006. This concluded that further action is needed at some sites.

Health and Well-being at Work

The Medexis project has accelerated strongly since 2009. This major project aims to upgrade the management of occupational health data (risk exposure), and provide medical monitoring of every employee. Medexis will be extended to all Solvay sites.
In addition, the program of standardized assessment of the industrial hygiene conditions of all workstations, now virtually complete.

Accidents involving people on Group sites - TF1[2]



The TF1 figure, excluding subcontractors, has reduced from 2.0 in 2008 to 1.6 in 2009. For all people working on Solvay sites, including outside providers, major progress has also been achieved, with a 50% reduction in TF1 over the same period.

Deployment of the Group behavioral safety program, 2009

Number of sites	**39**

Deployment of structured subcontractor safety programs, 2009

Number of sites	**83**

1. Occupational Health and Safety Assessment Series.
2. Accidents with work stoppage per million hours worked.

Customers

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

Activities Portfolio

Specific tools – SPM and Solvay Sustainability Screening (S3) – to assess the sustainability of Group products and activities were developed and implemented in 2009.

European REACH Regulation and new Product Classification Regulations

Solvay has to date punctually respected the timetable of the European REACH regulation. It is now gearing up for new global (GHS) and European (CLP) regulations on the classification and labeling of chemicals. The site inspections by the authorities under the REACH program went ahead successfully.

466 substances have been preregistered. Between now and the first registration deadline in 2010, 220 dossiers covering 97 substances will need to be submitted to the European Chemicals Agency.

REACH – Key Figures, 2009

Number of substances "pre-registered" per business*	**466**
Number of dossiers to be submitted to ECHA**	**679**
Number of replies to stakeholders' questions	**> 10 000**

* 466 substances (455 Preregistration + 11 Late Preregistration)
** 679 dossiers (666 Preregistration + 13 Late Preregistration)

Solvay met the registration deadline for these substances (1 December 2008)

Investors

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

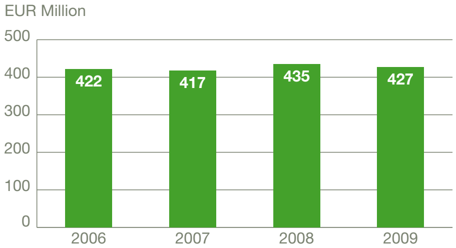
Portfolio Assessment

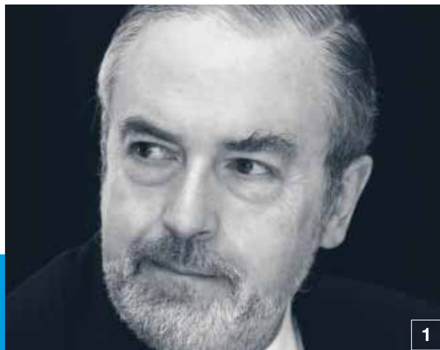
Sustainable Portfolio Management (SPM), a method for assessing the business portfolio in terms of process/market sustainability, was developed together with Arthur D. Little and TNO. This is an internal tool which will enable us to steadily improve the performance of our activities.

Dialogue with Investors

A limited number of reference societal rating agencies have been selected. Their analyses will help evaluate our performance and intensify dialogue with institutional investors.
The latter, especially insurers and pension funds, are displaying growing interest in societal performance.
Solvay is included in the FTSE4good index, the FTSE KLD Global Sustainability Index and is rated by Vigéo. In 2009, Solvay organized eight investor meetings focused on sustainability challenges.

Health, safety, environment provisions





Executive Committee and General Managers

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 Plastics Sector

4 | Werner Cautreels
Group General Manager of Pharmaceuticals Sector

5 | Vincent De Cuyper
Group General Manager of Chemicals Sector

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

7 | Roger Kearns
Region General Manager Asia Pacific

General Managers

2 | Bernard de Laguiche
Chief Financial Officer

3 | Jacques van Rijckevorsel
Group General Manager of Plastics Sector

4 | Werner Cautreels
Group General Manager of Pharmaceuticals Sector

5 | Vincent De Cuyper
Group General Manager of Chemicals Sector

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

7 | Roger Kearns
Region General Manager Asia Pacific

8 | René Degrève
Region General Manager North America

9 | Jacques Lévy-Morelle
Group Corporate Secretary

10 | Daniel Broens
Group General Manager Human Resources

11 | Paulo Schirch
Region General Manager Mercosur

12 | Dominique Dussard
Group General Counsel

13 | Alexis Brouhns
Region General Manager Europe

Solvay Finance part 2

Financial Statements

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– List of companies included in the consolidation page 140
– Summary financial statements of Solvay SA page 147

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Financial Statements

The following financial statements were authorized for issue by the Board of Directors meeting on February 17, 2010. 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.

Consolidated income statement (Notes 1-2)

		Continuing Operations		Discontinued Operations (Ph)		Group Total	
EUR Million	Notes	2008	**2009**	2008	**2009**	2008	**2009**
Sales		6 791	5 694	2 699	2 791	9 490	8 485
Cost of goods sold		-5 626	-4 722	-755	-772	-6 381	-5 495
Gross margin	(3)	1 165	972	1 944	2 019	3 109	2 991
Commercial and administrative costs	(4)	-556	-532	-1 011	-951	-1 567	-1 482
Research and development costs	(5)	-136	-139	-428	-416	-564	-555
Other operating gains and losses	(6)	-25	-30	15	4	-10	-26
Other financial gains and losses	(7)	8	-14	-10	-7	-2	-22
REBIT	(8)	456	256	509	649	965	905
Non-recurring items	(9)	69	56	-49	-161	20	-105
EBIT		525	312	460	488	985	800
Cost of borrowings	(10)	37	26	-174	-161	-138	-135
Interest on lending and short-term deposits	(10)	-15	0	41	9	26	9
Other gains and losses on net indebtedness	(10)	-3	1	21	-26	18	-25
Income/loss from available-for-sale investments	(11)	-299	-5	0	0	-299	-5
Earnings before taxes		244	333	348	310	592	643
Income taxes	(12a)	-65	-85	-77	-5	-143	-90
Net income of the year	(14)	179	248	271	305	449	553
Non-controlling interests		-42	-35	-2	-2	-44	-37
Net income (Solvay share)		136	213	269	303	405	516
Earnings per share (EUR)		1.66	2.59	3.27	3.69	4.92	6.28
Diluted earnings per share (EUR)	(15)	1.65	2.59	3.26	3.69	4.91	6.28

RATIOS

Gross margin as a % of sales	17.2	17.1	72.0	72.3	32.8	35.2
Times charges earned	-24.5	-9.6	4.5	3.6	10.3	6.0
Income taxes / Earnings before taxes (%)	26.8	25.5	22.3	1.8	24.1	14.1

Times charges earned = REBIT / Charges on net indebtedness.
Explanatory notes are found after the financial statements.

In 2008 the Group had no discontinued operations as defined by IFRS 5.

Consolidated statement of comprehensive income

EUR Million	Notes	Continuing Operations 2008	Continuing Operations 2009	Discontinued Operations (Ph) 2008	Discontinued Operations (Ph) 2009	Group Total 2008	Group Total 2009
Net income for the year		179	248	271	305	449	553
Gains and losses on remeasuring available-for-sale financial assets	(16)	33	18	20	0	52	17
Effective portion of gains and losses on hedging instruments in a cash flow hedge	(16)	26	-14	-16	7	10	-8
Currency translation differences	(16)	-16	8	-76	10	-92	18
Income tax relating to components of other comprehensive income	(16)	0	0	0	0	0	0
Other comprehensive income, net of related tax effects		42	11	-72	16	-29	27
Comprehensive income for the year		221	259	199	321	420	580
attributed to:							
– owners of the parent		187	215	198	319	385	534
– non-controlling interests		34	44	1	2	35	46

Consolidated cash flow statement

EUR Million	Notes	2008	2009
EBIT		985	800
Depreciation, amortization and impairments	(17)	417	496
Changes in working capital	(18)	356	48
Changes in provisions	(19)	-167	-126
Income taxes paid		-302	-24
Other	(20)	-12	-10
Cash flow from operating activities		1 277	1 184
Acquisition (-) of investments	(21)	-557	-111
Sale (+) of investments	(21)	104	19
Acquisition (-) of assets	(21)	-763	-456
Sale (+) of assets	(21)	16	15
Income from investments		10	0
Changes in loans		-21	26
Effect of changes in method of consolidation		12	20
Cash flow from investing activities		-1 200	-486
Capital increase (+) / redemption (-)	(22)	-12	-17
Acquisition (-) / sale (+) of treasury shares	(23)	7	7
Changes in borrowings		578	313
Cost of borrowings		-138	-135
Interest on lending and short-term deposits		26	9
Other		18	-25
Dividends		-240	-257
Cash flow from financing activities		239	-105
Net change in cash and cash equivalents		316	593
Currency translation differences		-8	10
Opening cash balance		575	883
Ending cash balance	(33)	883	1 486

Explanatory notes are found after the financial statements.

Cash flows from discontinued operations

EUR Million	Notes	2008	2009
Cash flow from operating activities	(24)	457	527
Cash flow from investing activities	(24)	-286	-30
Cash flow from financing activities	(24)	-147	-516
Net change in cash en cash equivalents		23	-18

Consolidated balance sheet

EUR Million	Notes	2008	2009
ASSETS			
Non-current assets		7 752	5 075
Intangible assets	(25)	726	162
Goodwill	(26)	1 667	76
Tangible assets	(27)	4 218	3 921
Available-for-sale investments	(28)	30	68
Other investments	(29)	187	209
Deferred tax assets	(12b)	649	487
Loans and other non-current assets	(31)	273	152
Current assets		4 513	7 471
Inventories	(30)	1 255	805
Trade receivables	(31)	1 666	1 373
Income tax receivables		92	19
Other current receivables	(31)	555	327
Cash and cash equivalents	(33)	883	1 486
Assets held for sale - Pharma	(35)	0	3 408
Assets held for sale - PCC	(35)	61	53
Total assets		12 264	12 546
EQUITY & LIABILITIES			
Total equity		4 745	5 160
Share capital		1 271	1 271
Reserves		3 179	3 483
Non-controlling interests		296	406
Non-current liabilities		4 185	4 536
Long-term provisions: employee benefits	(32)	1 106	895
Other long-term provisions	(32)	922	766
Deferred tax liabilities	(12b)	258	196
Long-term financial debt	(33) (34)	1 852	2 635
Other non-current liabilities		46	44
Current liabilities		3 334	2 851
Short-term provisions: employee benefits	(32)	43	7
Other short-term provisions	(32)	80	61
Short-term financial debt	(33) (34)	627	185
Trade liabilities		1 337	828
Income tax payable		49	66
Other current liabilities		1 183	682
Liabilities associated with assets held for sale - Pharma	(35)	0	1 012
Liabilities associated with assets held for sale - PCC	(35)	14	11
Total equity & liabilities		12 264	12 546
RATIOS			
Return on equity (ROE)		9.5	10.8
Net debt to equity ratio		33.7	25.8

ROE = net income of the Group / total equity before allocation of fair value differences 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.

Consolidated statement of changes in equity

EUR Million	Equity attributable to equity holders of the parent									
						Fair value differences				
	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 31/12/2007	1 271	18	3 834	-233	-539	-49	0	4 303	156	4 459
Net profit for the period			405					405	44	449
Income and expenses directly allocated to equity					-82	52	10	-20	-9	-29
Comprehensive income			405		-82	52	10	385	35	420
Cost of stock options			8					8		8
Dividends			-246					-246	-11	-257
Acquisitions / sale of treasury shares				7				7		7
Other			-8					-8	116	108
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
Other			-7					-7	75	68
Balance at 31/12/2009	1 271	18	4 272	-218	-612	21	3	4 754	406	5 160

Currency translation differences

The closing balance sheet exchange rate for the US dollar changed from 1.3917 at the end of 2008 to 1.4406 at the end of 2009. Despite the weakening of the US dollar and to a lesser extent of the Egyptian pound, the Russian ruble and the Argentinian peso, the currency translation difference is positive, the main reason being the strengthening of the Brazilian real and to a lesser extent of the British pound and Australian dollar. The total difference amounts to EUR 18 million of which EUR 9 million for the Group's share, slightly increasing the balance from EUR -621 million at the end of 2008 to EUR -612 million at the end of 2009.

Fair value differences

These differences represent the marking to market of available-for-sale investments and financial derivatives used for hedging purposes.

In 2009, the positive variation of EUR 9 million includes an increase in the fair value of the Fortis shares (EUR 27 million) and the recycling to the income statement of the previously unrecognized gain allocated directly to equity at year end 2008 on Sofina shares in an amount of EUR 8 million as Sofina shares were sold during the year.

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 -8 million at the end of 2009 (end 2008: EUR 10 million).

When the financial instrument designated as a hedge matures, its value recognized in equity is transferred to the income statement.

Non-controlling interests - Other

The balance of EUR 75 million includes the increase of the non-controlling interests in Vinythai resulting from the full consolidation of this company in December 2009 (EUR 92 million) and the capital redemption to non controlling interests of our natural carbonate activities in the US (EUR -17 million).

Number of shares (in thousands)[1]

Shares issued and fully paid in at 1/1/2009	84 701
Capital increase	0
Shares issued and fully paid in at 31/12/2009	84 701
Treasury shares held at 31/12/2009	2 461
Shares authorized but not yet issued	0
Par value	15 EUR / share

1. See the consolidated data per share in the financial information per share given in the Management Report.

Information on the dividend proposed to the Shareholders' Meeting can be found in the Management Report.

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, 2009

New standards		Effective for annual periods beginning on or after
IFRS 8	Operating segments	January 1, 2009
Amendments to standards		
IFRS 1	Revisions to IFRS 1 on First-time Adoption of IFRSs	January 1, 2009
IFRS 1 & IAS 27	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	July 1, 2009
IFRS 2	Vesting Conditions and Cancellations	January 1, 2009
IFRS 7	Enhancing Disclosures about Fair Value and Liquidity risk	January 1, 2009
IAS 1	Presentation of Financial Statements	January 1, 2009
IAS 23	Borrowing Costs	January 1, 2009
IAS 32 & IAS 1	Puttable Financial Instruments and Obligations arising on Liquidation	January 1, 2009
IAS 39 & IFRIC 9	Amendments to Embedded Derivatives in the context of a reclassification	Annual periods ending on or after June 30, 2009
Various	Improvements to IFRSs (2007-2008)	Mainly January 1, 2009
New interpretations		
IFRIC 13	Customer Loyalty Programmes	July 1, 2008
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	October 1, 2008
IFRIC 18	Transfers of Assets from Customers	Transfers received on or after July 1, 2009

The adoption of these new standards, amendments and interpretations has led mainly to changes in the presentation of the financial statements: addition of a statement of comprehensive income and of several disclosures related to other comprehensive income, and more detailed information about financial instruments.

Standards available for early adoption in the year ending on December 31, 2009

The Group has elected not to adopt 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 1	Additional Exemptions for First-time Adopters	January 1, 2010
	Additional Exemptions to IFRS 7 comparative information	July 1, 2010
IFRS 2	Group Cash-settled Share-based Payments	January 1, 2010
IFRS 3 & IAS 27	Business Combinations	July 1, 2009
IAS 24	Related Party Disclosures	January 1, 2011
IAS 32	Classification of Rights Issues	February 1, 2010
IAS 39	Eligible Hedged Items	July 1, 2009
Various	Improvements to IFRSs (2008-2009)	Various
New interpretations		
IFRIC 15	Agreements for the Construction of Real Estate	January 1, 2010
IFRIC 17	Distributions of Non-cash Assets to Owners	July 1, 2009
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	July 1, 2010
Amendments to interpretations		
IFRIC 14	Prepayments of a Minimum Funding Requirement	January 1, 2011

Adoption of these new standards and interpretations in subsequent years will have the following main impacts:
– acquisition costs and subsequent milestones, if any, will have to be recognized in the income statement (IFRS 3),
– change in the computation of acquisition goodwill,
– some additional disclosures in the financial statements.

2. Consolidation

Companies controlled by the Group (i.e. in which the Group has, directly, or indirectly, an interest of more than one half of the voting rights or is able to exercise control over the operations) have been fully consolidated. Separate disclosure is made of non-controlling interests. All significant transactions between Group companies have been eliminated on consolidation.

Companies over which the Group exercises joint control with a limited number of partners (joint ventures) are consolidated using the proportionate consolidation method.

Investments in companies over which the Group exercises significant influence, but which it does not control, are accounted for using the equity method.

3. Goodwill

Goodwill represents the difference between the cost of acquisition and the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary or joint venture, at the acquisition date.
Positive goodwill is not amortized, but tested at least annually for impairment. Any negative goodwill is immediately credited to the income statement.

4. Foreign currencies

Foreign currency transactions by Group companies are recorded initially at the exchange rates prevailing at the transaction dates. Monetary assets and liabilities denominated in such currencies are then re-translated at the exchange rates prevailing at the end of the accounting period with resulting profits and losses recorded in the income statement for the period.

Assets and liabilities of foreign entities included in the consolidation are translated into EUR at the exchange rates prevailing at the end of the accounting period. Income statement items are converted into EUR at the average exchange rates for the period. The resulting translation differences are transferred to the equity item "currency translation differences".

The main exchange rates used are:

		Year-end rate		Average rate	
		2008	**2009**	2008	**2009**
1 Euro =					
Pound Sterling	GBP	0.9525	0.8881	0.7963	0.8910
US Dollar	USD	1.3917	1.4406	1.4708	1.3948
Argentinian Peso	ARS	4.8175	5.4839	4.6379	5.1983
Brazilian Real	BRL	3.2436	2.5113	2.6736	2.7671
Thai Baht	THB	48.2849	47.9860	48.4769	47.8063
Japanese Yen	JPY	126.1400	133.1600	152.4565	130.3325

5. Retirement benefit costs

The Group operates a number of defined benefit and defined contribution retirement benefit plans. Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

The Group's commitments under defined benefits plans, and the related costs, are valued using the "projected unit credit method" in order to determine the present value of the obligation at closing date.

The amount recorded in the balance sheet represents the present value of the defined benefit obligations, adjusted for actuarial differences, for unrecognized past service costs and for the fair value of external plan assets, limited in the case of a surplus to the present value of available refunds and/or reductions in future contributions.

Actuarial differences exceeding the higher of 10% of the present value of the retirement benefit obligations and 10% of the fair value of the assets of the external plan assets at balance sheet closing date are amortized over the expected average remaining working life of the participating employees.

6. 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.

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.

7. Income taxes

Income taxes on profits for the period include both current and deferred taxes. They are recorded in the income statement except where they relate to items recorded directly in equity, in which case they too are recorded in equity.

Current taxes are taxes payable on the taxable profit for the period, calculated at the tax rates prevailing at the balance sheet closing date, as well as adjustments relating to previous periods.

Deferred tax assets and liabilities are required to be measured at the tax rates that are expected to apply to the financial year in which the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

Deferred tax liabilities relating to subsidiaries' profits that the Group does not intend distributing in the foreseeable future are not accounted for.

Deferred tax assets are recognized only where taxable profits are likely to be realized, against which the deferred tax assets will be imputed.

8. Tangible and intangible assets

Tangible and intangible assets are carried at their historical cost less depreciation/amortization. Depreciation/amortization is included in the income statement under cost of goods sold, commercial and administrative costs, and in R&D costs.

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

Assets held under finance leases are initially recognized as assets at the lower of their fair value or the present value of the minimum lease payments related to the contracts. The corresponding liability is included in financial debts. Financial charges, representing the difference between the full amount of the lease obligations and the fair value of the assets acquired, are charged to the income statement over the duration of the contract. 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.

Borrowing costs directly attributable to the acquisition, construction or production of an asset requiring a long preparation period are added to the cost of this asset until it is ready for use.

Grants for the purchase of assets are recorded net of the value of these assets.

9. 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.
Income-related grants are netted against the related expense.

10. Impairment

Every year the Group carries out impairment tests on goodwill. At each balance sheet date, the Group reviews the carrying amounts of investments and tangible and intangible assets to determine whether there is any indication that any of these assets might have suffered a reduction in value. Where such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.
The recoverable amount is the higher of the fair value less costs to sell the asset and its value in use. The value in use is the net present value of the estimated future cash flows from the use of an asset. The recoverable amount is calculated at the level of the cash-generating unit to which the asset belongs. Where the recoverable amount is below the carrying amount, the latter is reduced to the recoverable amount.
This impairment is immediately charged to the income statement as a non-recurring item. Where a previously recorded impairment no longer exists, the carrying amount is partially or totally re-established through non-recurring items, except in the case of goodwill, where the write-down cannot be reversed.

11. 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.

12. Financial instruments

– **Trade receivables**
Trade receivables are stated at their nominal value less estimated non-recoverable amounts.

– **Available-for-sale investments**
Available-for-sale investments not considered as trading assets (securities available for sale according to IAS 39) are valued at the stock market price on each closing date. Unrealized profits and losses are recorded directly to equity. When such assets are sold, any profit or loss already taken into equity is then included in the net income for the period. An impairment loss is recognized upon a significant or prolonged decline below its cost in the fair value of an investment in an equity instrument.

– **Borrowings**
Borrowings and overdrafts are accounted for in the amount of the net proceeds received after deduction of costs. Financial charges, including any settlement or redemption premiums, are charged over the term of the facility.

– **Trade liabilities**
Trade liabilities are stated at their nominal value.

– **Derivative financial instruments**
Derivative financial instruments are initially recorded at cost and re-measured to their fair value at every closing date. Changes in fair value linked to designated and effective cash flow hedges are recognized immediately in equity. Changes in fair value not linked to cash flow hedging operations are recorded in the income statement.

– **Cash and cash equivalents**
The cash and cash equivalents consist of cash and sight deposits, short-term deposits (under 3 months) and highly liquid investments which are easily convertible into a known cash amount and where the risk of a change in value is negligible.

13. Provisions

A provision is set up whenever the Group has a legal or constructive obligation at the balance sheet date:

- resulting from a past event and,
- which is likely to result in charges and,
- where the amount of such charges can be reliably estimated.

Commitments resulting from restructuring plans are recognized at the time these plans are announced to the persons concerned.

14. 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.

15. Revenue recognition

A revenue is recognized once it is probable that the economic benefits associated with the transaction will flow to the entity and its amount can be reliably measured.
Net sales consist of sales to third parties, less trade discounts. They are recognized when the significant risks and rewards attached to the ownership of the goods are transferred to the buyer.
Dividends are recorded in the income statement when declared by the Shareholders' Meeting of the distributing company.
Interest income is recognized *pro rata temporis* based on the effective yield of the investment.

16. Assets held for sale

Assets held for sale are measured at the lower of carrying amount and fair value less costs to sell.
Assets are classified as "held for sale" where the sale is highly probable, with a formal commitment by senior management.

17. Share options

Share options are measured at their fair value at the date of grant. 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.

18. Accounting for CO_2 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 2009 exceed actual emissions, no obligation exists at 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.

19. Presentation of Other Comprehensive Income (OCI)

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

Key assumptions & key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described on pages 67-72, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date which, if they were to change, would have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Development costs

Management considers that development costs in the Pharmaceuticals segment generally do not meet the criteria for recognition as an asset because technical feasibility has not yet been demonstrated. Consequently those development costs are expensed when incurred.

Functional currency

Management considers that the functional currency of Solvay Pharma in Russia is no longer the euro, consistent with the changing economic substance of the transactions relevant to that entity.
Consequently, the financial statements of this subsidiary have been restated in rubles.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.
Further details are provided in note 26.

Deferred tax assets

The carrying amount of a deferred tax asset is reviewed at each 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.

Employment benefits provisions

The actuarial assumptions used in determining the pension obligation at December 31 as well as the annual cost can be found on pages 105-112. 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.

Events, the probable occurrence of which lies more than 20 years into the future, have not been taken into account in the provision amount since it is considered that, except on rare occasions, estimates of expenditures are no longer reliable beyond this period.

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 2008 and 2009) 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.

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.

Doubtful trade receivables

Customer credit risk exceeding EUR 500 000 per customer is managed by a risk committee and by an in-house credit management, who fix credit limits for customers and follow-up on cash collections. Additionally, Solvay also uses credit insurance policies to manage customer credit risk.

1 A similar procedure is implemented for tax litigations.

General description of the segments

The four segments are Pharmaceuticals, Chemicals, Plastics and Corporate & Business Support (CBS).

Solvay **Pharmaceuticals** operates in two main therapeutic areas, in which it undertakes a full range of Research and Development activities:
- **Cardiometabolics** (including the fenofibrate franchise)
- **Neuroscience**

Supplementing these are several areas in which major medical needs exist, and where R&D support is selective and individualized:
- **Flu vaccines**
- **Pancreatic enzymes**
- **Women's and men's health**
- **Gastroenterology**

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).

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

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

Notes to the financial statements

The notes below are cross-referenced to the consolidated financial statements.

Consolidated income statement

(1) Financial data by Business Segment

The Pharmaceuticals, Chemicals and Plastics 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.
The Pharmaceuticals Segment has been reclassified in the income statement as Discontinued Operations.

Information per business segment for 2008 is presented below:

2008 EUR Million **Income statement items**	Chemicals	Plastics	Corporate & Business Support	Total from Continuing operations	Discontinued operations (Ph)	Group Total
Sales	3 254	3 929	0	7 182	2 699	9 881
- Inter-segment sales[1]	-157	-234	0	-391	0	-391
External sales	3 096	3 695	0	6 791	2 699	9 490
Gross margin	504	661	0	1 165	1 944	3 109
REBIT	238	264	-46	456	509	965
Non-recurring items	23	-5	51	69	-49	20
EBIT	261	259	5	525	460	985

Cash flow items	Pharmaceuticals	Chemicals	Plastics	Corporate & Business Support	Group Total
EBIT	460	261	259	5	985
Recurrent depreciation and amortization	108	160	194	9	471
Impairments	13	-75	7	0	-54
Changes in provisions and other non-cash items	-24	-47	-32	-76	-179
Changes in working capital	115	147	78	17	356
Cash flow from operating activities before taxes	673	445	506	-45	1 579
Capital expenditures	506	410	393	11	1 320

Balance sheet and other items	Pharmaceuticals	Chemicals	Plastics	Corporate & Business Support	Group Total
Investments[2]	2 644	2 139	2 085	156	7 024
Working capital[3]	99	471	546	-64	1 053
Provisions	286	771	291	803	2 151
Headcount at January 1 of following year	9 660	8 966	8 816	1 991	29 433

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 2008, the Group had no discontinued operations as defined by IFRS 5. However the presentation has been modified in order to match that of 2009 with the Pharmaceuticals segment classified as discontinued operations.

Information per business segment for 2009 is presented below:

2009 EUR Million **Income statement items**	Chemicals	Plastics	Corporate & Business Support	Total from Continuing Operations	Discontinued Operations (Ph)	Group Total
Sales	2 881	3 499	0	6 380	2 791	9 171
- Inter-segment sales[1]	-169	-518	0	-686	0	-686
External sales	2 713	2 982	0	5 694	2 791	8 485
Gross margin	517	454	0	972	2 019	2 991
REBIT	246	73	-63	256	649	905
Non-recurring items	-56	-15	126	56	-161	-105
EBIT	190	59	63	312	488	800

Cash flow items	Chemicals	Plastics	Corporate & Business Support	Total from Continuing Operations	Discontinued Operations (Ph)	Group Total
EBIT	190	59	63	312	488	800
Recurrent depreciation and amortization	168	212	9	388	82	470
Impairments	21	0	0	21	4	25
Changes in provisions and other non-cash items	11	-26	-170	-185	49	-136
Changes in working capital	94	68	46	208	-160	48
Cash flow from operating activities before taxes	484	313	-53	744	464	1 208
Capital expenditures	244	254	25	522	45	567

Balance sheet and other items	Chemicals	Plastics	Corporate & Business Support	Total from Continuing Operations	Discontinued Operations (Ph)	Group Total
Investments[2]	2 212	2 172	198	4 583	2 598	7 181
Working capital[3]	374	494	-120	748	260	1 008
Provisions	788	257	683	1 729	363	2 091
Headcount at January 1 of following year	8 721	8 402	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.

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

(2) Financial data by country and region

Group sales by market location are as follows:

	Continuing Operations				Discontinued Operations (Ph)				Group Total			
EUR Million	2008	%	**2009**	**%**	2008	%	**2009**	**%**	2008	%	**2009**	**%**
Belgium	339	5%	259	5%	54	2%	90	3%	393	4%	349	4%
Germany	738	11%	642	11%	137	5%	141	5%	875	9%	783	9%
France	644	9%	516	9%	170	6%	164	6%	814	9%	681	8%
Italy	575	8%	497	9%	106	4%	104	4%	681	7%	601	7%
Spain	452	7%	363	6%	128	5%	134	5%	580	6%	498	6%
Europe - other	1 386	20%	1 140	20%	641	24%	640	23%	2 027	21%	1 780	21%
Europe	4 134	61%	3 418	60%	1 236	46%	1 273	46%	5 370	57%	4 692	55%
United States	921	14%	846	15%	983	36%	1 012	36%	1 904	20%	1 858	22%
NAFTA - other	117	2%	101	2%	95	4%	86	3%	212	2%	187	2%
NAFTA	1 038	15%	947	17%	1 079	40%	1 098	39%	2 116	22%	2 045	24%
Brazil	537	8%	429	8%	33	1%	36	1%	570	6%	465	5%
Argentina	175	3%	124	2%	1	0%	1	0%	176	2%	125	1%
Mercosur - other	66	1%	56	1%	15	1%	10	0%	80	1%	66	1%
Mercosur	778	11%	608	11%	48	2%	48	2%	826	9%	656	8%
Asia-Pacific and other	841	12%	720	13%	336	12%	372	13%	1 177	12%	1 092	13%
Total	6 791	100%	5 694	100%	2 699	100%	2 791	100%	9 490	100%	8 485	100%

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

	Invested Capital				Capital Expenditures			
EUR Million	2008	%	**2009**	**%**	2008	%	**2009**	**%**
Belgium	733	9%	855	10%	255	19%	50	9%
Germany	748	9%	772	9%	86	6%	88	16%
France	606	7%	779	10%	289	22%	69	12%
Italy	772	10%	713	9%	86	7%	48	9%
Spain	458	6%	311	4%	47	4%	20	3%
Europe - other	2 460	30%	2 389	29%	297	23%	116	21%
Europe	5 776	72%	5 819	71%	1 060	80%	391	69%
United States	1 445	18%	1 349	16%	71	5%	71	13%
NAFTA - other	73	1%	91	1%	4	0%	3	0%
NAFTA	1 519	19%	1 439	18%	74	6%	74	13%
Brazil	325	4%	410	5%	132	10%	31	5%
Argentina	123	2%	102	1%	20	2%	15	3%
Mercosur - other	0	0%	0	0%	0	0%	0	0%
Mercosur	449	6%	512	6%	152	12%	46	8%
Asia-Pacific and other	334	4%	418	5%	33	3%	56	10%
Total	8 077	100%	8 188	100%	1 320	100%	567	100%

Invested capital includes the non-current assets and working capital as defined in the financial data per Business Segment.

Of which discontinued operations:

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

(3) Gross margin

Expressed as a percentage of sales, gross margin amounts to 35.2% in 2009, compared to 32.8% in 2008.

(3a) Continuing operations

Expressed as a percentage of sales, gross margin (Chemicals and Plastics segments) amounts to 17.1% in 2009, compared to 17.2% in 2008.

(3b) Discontinued operations – Pharmaceuticals segment

Expressed as a percentage of sales, gross margin amounts to 72.3% in 2009, compared to 72.0% in 2008.

In compliance with IFRS, the tangible and intangible assets of the Pharma discontinued operations are no longer depreciated from October 1, 2009 onwards, which improves the Gross Margin by EUR 9 million.

In 2008, gross margin was favorably impacted in an amount of EUR 53 million, by milestones for the out-licensing of LUVOX® (EUR 28 million), royalties under the co-promotion agreement for MARINOL® (EUR 12 million), royalties under the co-promotion agreement for SIMCOR® (EUR 5 million), rebates and returns (EUR -22 million) and the launch of TRILIPIX™ sales in the last quarter (EUR 30 million).

No milestones and royalties were booked in 2009.

(4) Commercial and administrative costs

The Group's commercial and administrative costs decreased overall by 5.4% between 2008 and 2009.

(4a) Continuing operations

The commercial and administrative costs decreased overall by 4.3% between 2008 and 2009.
In the Chemicals and Plastics segments, commercial and administrative costs decreased by respectively 4.9% and 4.4%.

(4b) Discontinued operations – Pharmaceuticals segment

The commercial and administrative costs of the discontinued operations decreased overall by 6.0% between 2008 and 2009.

In compliance with IFRS, from October 1, 2009 onwards the tangible and intangible assets of the Pharma discontinued operations are no longer depreciated. This reduced the Pharma commercial costs by EUR 17 million.

The EUR 10 million allowance related to the receivable from Jazz Pharmaceuticals for LUVOX® milestones payments that had been booked in 2008 has been reversed in 2009 in the light of the financial recovery of Jazz.
In 2008, promotional expenses for SIMCOR® amounted to EUR 45 million.

(5) Research and Development costs

These have decreased by 1.5% versus 2008.

(5a) Continuing operations

Research and development costs increased by 2.5% between 2008 and 2009.

(5b) Discontinued operations – Pharmaceuticals segment

The research and development costs of the discontinued operations (representing 75% of total Group R&D costs) decreased by 2.8% between 2008 and 2009.

In compliance with IFRS, the tangible and intangible assets of the Pharma discontinued operations are no longer depreciated from October 1, 2009 onwards. This reduced the Pharma R&D 2009 costs by EUR 2 million.

In 2008, expenses were also reduced by the reversal of the Bipolar provision of EUR 25 million that was included in the bifeprunox development with Wyeth.

(6) Other operating gains and losses

	Continuing Operations		Discontinued Operations (Ph)		Group Total	
EUR Million	2008	**2009**	2008	**2009**	2008	**2009**
Start-up, formation and preliminary study costs	-12	-9	-26	-4	-38	-13
Cost of closures and demolitions	-15	-7	0	0	-15	-6
Costs of trials and tests	-3	-2	0	0	-3	-2
Balance of other gains and losses	5	-12	41	7	46	-4
Other operating gains and losses	-25	-30	15	4	-10	-26

(6a) Continuing operations

The balance of the other gains and losses includes in particular:
- EUR 45 million in the Chemicals segment corresponding to earnings from the sale of underground cavities in Germany, against EUR 51 million for 2008;
- EUR -10 million for restructuring charges, against EUR -18 million in 2008;
- EUR -26 million (EUR -24 million for the same period in 2008) for temporary shutdowns of plants due to the drop in sales volume;
- EUR -8 million for the amortization of actuarial losses on a pension plan in France.

(6b) Discontinued operations – Pharmaceuticals segment

The balance of the other gains and losses includes in particular:
- EUR 17 million revenues in 2009 from the sale of licenses of pharmaceuticals products (against EUR 43 million in 2008);
- EUR -8 million for restructuring charges, against EUR -4 million in 2008.

(7) Other financial gains and losses

	Continuing Operations		Discontinued Operations (Ph)		Group Total	
EUR Million	2008	**2009**	2008	**2009**	2008	**2009**
Cost of discounting provisions	-38	-54	-4	-10	-43	-64
Income from investments and interest on loans to joint ventures and non-consolidated companies	9	6	4	6	14	12
Net foreign exchange gains and losses	0	11	4	-8	4	2
Balance of other gains and losses	37	22	-14	5	22	28
Other financial gains and losses	8	-14	-10	-7	-2	-22

The foreign exchange gains and losses relate to profits and losses realized on financial instruments not recognized as cash flow hedges.

(8) REBIT

REBIT (recurring EBIT) is equal to current operating earnings, i.e. excluding non-recurring earnings.
REBIT decreased by 6.2% from EUR 965 million to EUR 905 million in 2009.

(8a) Continuing operations

REBIT of the continuing operations (Chemicals segment, Plastics segment and Corporate and Business Support) decreased by 43.8% from EUR 456 million to EUR 256 million in 2009.

(8b) Discontinued operations – Pharmaceuticals segment

REBIT increased by 27.4% from EUR 509 million to EUR 649 million in 2009.

(9) 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.

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.

Non-recurring items break down as follows:

EUR Million	Continuing Operations 2008	Continuing Operations 2009	Discontinued Operations (Ph) 2008	Discontinued Operations (Ph) 2009	Group Total 2008	Group Total 2009
Impairments	68	-21	-13	-4	54	-25
Other expenses and income	1	77	-36	-156	-34	-80
Non-recurring items	69	56	-49	-161	20	-105

In 2009, the impairments for Continuing Operations mainly relate to the restructuring of Peptisyntha for EUR -15 million. In 2008, they were mainly related to the reversal of the impairment of the trona mine tangible assets in the United States (natural soda ash) in an amount of EUR 92 million before taxes and to impairments linked to the reorganization of the Molecular Solutions business (EUR -17 million).

The other expenses and income for continuing and discontinued operations take into account the following treatment in 2009 of provisions for Phamaceutical 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 consolidated level.

Apart from this reallocation, other expenses for Discontinued Operations are related to:

- the settlement of consumer protection suits 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).

For Continuing Operations, other expenses were impacted by:

- 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 IP 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).

(10) Charges on net indebtedness

EUR Million	Continuing Operations 2008	Continuing Operations 2009	Discontinued Operations (Ph) 2008	Discontinued Operations (Ph) 2009	Group Total 2008	Group Total 2009
Cost of borrowings	37	26	-174	-161	-138	-135
Interest on lending and short-term deposits	-15	0	41	9	26	9
Other gains and losses on net indebtedness	-3	1	21	-26	18	-25
Charges on net indebtedness	19	27	-112	-178	-93	-151

The average net indebtedness for 2009 amounts to EUR 1 810 million, above the average level of EUR 1 634 million in 2008.

Charges on net indebtedness amounted to EUR -151 million at the end of 2009 (including EUR 135 million borrowing charges). They are impacted by funding our development in the Eastern European countries in local currencies, including in Russia and Bulgaria (EUR -17 million), and by the low yield of cash (1%). The interest rates in rubles averaged 13% in 2009 with peaks above 20%.

Average interest charges on borrowings decreased from 6.1% in 2008 to 5.1% in 2009. In 2008 the average interest charge calculation included a EUR 10 million milestone paid to Fournier shareholders.

The returns on cash and cash equivalents deteriorated from 4.2% to 1% following the dramatic decrease in interest rates, inducing a significant "negative carry".

Borrowing costs incorporated into the cost of assets amounted in 2009 to EUR 2 million (EUR 8 million in 2008).

The breakdown of the charges on net indebtedness between the continuing activities and the discontinued operations does reflect the internal financing situation of the Group and all its subsidiaries.

After the sale of the pharmaceuticals activities (debt-free), the indebtedness of the pharmaceuticals activities will be taken over by the Group.

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

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

The income from available-for-sale investments amounted to EUR -299 million in 2008, which resulted from:
• the impairment loss of EUR -309 million on the Fortis shares available for sale (15.7 million shares impaired, based on the difference between the cost of EUR 20.6 /share and the market value of EUR 0.93 /share on December 31, 2008);
• dividends of EUR 9 million paid in 2008 by Fortis and of EUR 0.4 million by Sofina.

(12) Income taxes and deferred taxes

(12a) Income taxes

Components of the tax charge

The tax charge on earnings consists of current tax and deferred tax.
– Current tax represents the tax paid or payable (recovered or recoverable) in respect of the taxable profit (tax loss) for the past year, as well as any adjustments to tax paid or payable (recovered or recoverable) in relation to previous years;

– Deferred tax represents the tax which will be owed (or recovered) during future years, but which has already been recognized during the past year, and which corresponds to the variance in the deferred tax items recorded in the balance sheet (see below).

The deferred tax charge referring to items accounted for under shareholders' equity is also recorded in this latter item.

The tax charge breaks down as follows:

	Continuing Operations		Discontinued Operations (Ph)		Group Total	
EUR Million	2008	**2009**	2008	**2009**	2008	**2009**
Current taxes related to current year	-125	-79	-120	-74	-246	-153
Current taxes related to prior years	-20	-3	15	13	-5	10
Deferred income tax	75	68	34	51	109	119
Unrecognized deferred tax assets (-/+)	9	-71	-6	3	3	-67
Tax effect of changes in the nominal tax rates on deferred taxes	-4	0	0	1	-4	1
Total	-65	-85	-77	-5	-143	-90

EUR Million	2008	**2009**	2008	**2009**	2008	**2009**
Income tax on items allocated directly to equity	1	-12	0	-6	1	-18
Total	1	-12	0	-6	1	-18

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	2008	**2009**	2008	**2009**	2008	**2009**
Earnings before taxes	244	333	348	310	592	643
Reconciliation of the tax charge						
Total tax charge of the Group entitites computed on the basis of the respective local nominal rates	-57	-104	-97	-76	-154	-180
Weighted average nominal rate	24%	31%	28%	24%	26%	28%
Tax effect of non-deductible expenses	-176	-150	-19	-70	-195	-219
Tax effect of tax-exempt revenues	141	220	40	69	181	289
Tax effect of changes in tax rates	-4	0	0	1	-4	1
Tax effect of current and deferred tax adjustments related to prior years	-13	19	5	66	-8	86
Unrecognized deferred tax assets	43	-71	-6	3	37	-67
Effective tax charge	-65	-85	-77	-5	-143	-90
Effective tax rate	27%	26%	22%	2%	24%	14%

Analysis of the tax charge

The Group's effective tax rate (14%) is lower than the weighted average nominal rate (28%), resulting mainly from tax credits especially for R&D (EUR 37 million) and tax credits on financing costs in Belgium (EUR 43 million).
The R&D tax credits are related to the Pharmaceuticals segment, which explains its low tax level.

The unrecognized deferred tax assets of EUR 43 million in 2008 included the recognition of previously unrecognized deferred tax assets of Solvay Finance Luxembourg. This adjustment is considered as a tax adjustment related to prior years.

During 2009, the Cobelfret judgment triggered an increase of unrecognized deferred tax assets (excess of Definitively Taxed Dividend Income of Solvay SA).

(12b) Deferred taxes on the balance sheet

The deferred taxes recorded in the balance sheet fall into the following categories:

	Deferred tax assets		Deferred tax liabilities	
EUR Million	2008	**2009**	2008	**2009**
Continuing operations				
Employee benefits obligations	192	134		
Provisions other than employee benefits	159	168		
Tax losses	483	537		
Tax credits	128	76		
Depreciation of tangible assets and amortization of intangible assets	199	200	-367	-325
Development costs			-4	-4
Other	213	88	-236	-146
Total (gross amount)	1 374	1 202	-607	-476
Employee benefits obligations	-68	-52		
Provisions other than employee benefits	-35	-56		
Tax losses	-191	-235		
Tax credits	-62	-62		
Depreciation of tangible assets and amortization of intangible assets	-22	-27		
Other	-1	-8		
Total unrecognized deferred tax assets	-379	-439		
Offset	-344	-275	344	275
Total (net amount)	651	488	-263	-201
Discontinued operations (Ph)				
Assets and related liabilities held for sale - Pharma		348		-154
Total (gross amount)		348		-154
Assets and related liabilities held for sale - Pharma		-59		
Total unrecognized deferred tax assets		-59		
Offset		-91		91
Total (net amount)		198		-64
Total (net amount)	651	686	-263	-265

In the above table, the totals include 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 2 million in 2008 and EUR 1 million in 2009 of deferred tax assets and EUR 5 million in 2008 and 2009 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 439 million and include EUR 235 million of tax losses, including the excess of Definitively Taxed Dividend Income of Solvay SA in an amount of EUR 132 million, tax losses of Solvay Chimie SA in an amount of EUR 22 million, and tax credits of EUR 62 million (R&D investment tax credits in Belgium, mainly for Solvay SA: EUR 58 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 are given below by expiration date.

EUR Million	2008	2009
Within 1 year	11	6
Within 2 years	36	17
Within 3 years	23	61
Within 4 years	18	84
Within 5 or more years	127	216
No time limit	881	868

Of which discontinued operations:

EUR Million	2008	2009
Within 1 year	0	0
Within 2 years	0	0
Within 3 years	0	0
Within 4 years	0	12
Within 5 or more years	0	36
No time limit	0	267

The impact of the Cobelfret judgment enables Solvay SA and Belgian affiliates to recognize tax losses coming from the excess of Definitively Taxed Dividend Income.

(13) Discontinued operations

(13a) 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.
This decision resulted from an in-depth analysis and evaluation of the different strategic options for the future development of the pharmaceuticals activities of the Group. Among the different options analyzed, the option to sell the pharmaceuticals activities was selected. It offers to all the Group's activities, pharmaceuticals and non-pharmaceuticals, the best possibilities for their future development.

The Group's pharmaceuticals activities were sold to Abbott for a total Enterprise Value of about EUR 5.2 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 360 million on January 1, 2010. The closing of this transaction took place on February 15, 2010. The after taxes capital gain on the transaction is estimated at EUR 1.7 billion on January 1, 2010. It will be accounted for in the Group results of the 1st quarter 2010 in "discontinued operations".

The details of the capital gain are shown below:

Calculation of the Capital Gain as of January 1, 2010 (*)

EUR Billion	
Initial Sale Price	4.50
Milestones and assumption of unfunded pension liabilities and other items (subject to post closing adjustment calculation)	0.66
Total Enterprise Value	5.16
IFRS Assets held for Sale less Liabilities associated with Assets held for Sale as of December 31, 2009 (Group figures after elimination of intercompany balances with non Pharma subsidiaries but including pension debt)	-2.40
Intercompany balances between Pharma and non Pharma companies	-0.33
IFRS net pension debt	-0.12
Currently translation differences reflecting the delta between Pharma historical and current net equity value	-0.03
IFRS Pharma historical equity net of financial and pension liability	-2.87
Off balance sheet pension debt and provisions for pension litigations	-0.21
Provision for ongoing litigations and other transaction costs	-0.25
Fair value adjustment of Milestones	-0.11
Taxes	-0.02
Capital gain after taxes	1.70

(*) In respect of provisions and other adjustments, the potential future differences between the actual post closing payments and the estimated amounts in the calculation of the capital gain will also be booked as post-closing adjustments to the capital gain in the "discontinued operations" of the Group results.

As the proceeds from the sale substantially exceed the carrying amount of the related net assets, no impairment losses were recognized on these operations.

It should also be noted that the operational results of the Pharmaceuticals segment from January 1, 2010 until the closing date will be accounted for in the "discontinued operations" in the Group results of the 1st quarter 2010.

Details of the assets and liabilities disposed of are disclosed in note 35.

(13b) Analysis of profit for the year from discontinued operations

The results of the discontinued operations (i.e. pharmaceuticals segment) included in the consolidated income statement are set out below. The comparative profit and cash flows from discontinued operations have been restated to include those operations classified as discontinued in the current period.

EUR Million	Notes	2008	**2009**
Net sales		2 699	2 791
Cost of goods sold		-755	-772
Gross margin	(3)	1 944	2 019
Commercial and administrative costs	(4)	-1 011	-951
Research and development costs	(5)	-428	-416
Other operating gains and losses	(6)	15	4
Other financial gains and losses	(7)	-10	-7
REBIT	(8)	509	649
Non-recurring items	(9)	-49	-161
EBIT		460	488
Cost of borrowings	(10)	-174	-161
Interest on lending and short-term deposits	(10)	41	9
Other gains and losses on net indebtedness	(10)	21	-26
Income/loss from available-for-sale investments	(11)	0	0
Earnings before taxes		348	310
Income taxes	(12a)	-77	-5
Net income	(14)	271	305

(14) Group net income

Net income amounted to EUR 553 million. This is EUR 104 million (+23%) higher than net income in 2008 (EUR 449 million). This increase reflects mainly lower operating results (EUR -60 million), higher non-recurring expenses (EUR -125 million) and higher result from available-for-sale investments (EUR 294 million) mainly due to the 2008 impact of the impairment on the Fortis shares.

The non-controlling interest in this net income figure is EUR 37 million compared with EUR 44 million in 2008.

(15) Diluted earnings per share

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.

Full data per share can be found in the management report.

(16) Consolidated statement of comprehensive income

	Continuing Operations		Discontinued Operations (Ph)		Group Total	
EUR Million	2008	**2009**	2008	**2009**	2008	**2009**
Net income of the Group	179	248	271	305	449	553
Currency translation differences arising during the year	-3	16	-76	10	-78	26
Reclassification adjustments relating to foreign operations disposed of in the year	-13	-8	0	0	-13	-8
Currency translation differences on foreign operations	-16	8	-76	10	-92	18
Gains and losses on remeasuring available-for-sale financial assets	-9	25	20	0	11	25
Reclassification adjustments relating to available-for-sale financial assets disposed of in the year	41	-8	0	0	41	-8
Available-for-sale financial assets	33	18	20	0	52	17
Effective portion of gains and losses on hedging instruments in a cash flow hedge	26	4	-16	-1	10	3
Reclassification adjustments to the income statement	0	-17	0	8	0	-10
Reclassification adjustments to the initial carrying amounts of hedged items	0	-1	0	0	0	-1
Cash flow hedges	26	-14	-16	7	10	-8
Share of other comprehensive income of associates	0	0	0	0	0	0
Income tax relating to components of other comprehensive income	0	0	0	0	0	0
Other comprehensive income, net of related tax effects	42	11	-72	16	-29	27
Comprehensive income	221	259	199	321	420	580
attributed to:						
- owners of the parent	187	215	198	319	385	534
- non-controlling interests	34	44	1	2	35	46

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

EUR Million	2008			2009		
	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	-78		-78	26		26
Reclassification adjustments relating to foreign operations disposed of in the year	-13		-13	-8		-8
Currency translation differences on foreign operations	-92	0	-92	18	0	18
Gains and losses on remeasuring available-for-sale financial assets	11		11	25		25
Reclassification adjustments relating to available-for-sale financial assets disposed of in the year	41		41	-8		-8
Available-for-sale financial assets	52	0	52	17	0	17
Effective portion of gains and losses on hedging instruments in a cash flow hedge	10		10	3	0	3
Reclassification adjustments to the income statement	0		0	-10		-10
Reclassification adjustments to the initial carrying amounts of hedged items	0		0	-1		-1
Cash flow hedges	10	0	10	-8	0	-8
Share of other comprehensive income of associates	0	0	0	0	0	0
Other comprehensive income	-29	0	-29	27	0	27

Of which discontinued operations:

EUR Million	2008			2009		
	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	-76		-76	10		10
Reclassification adjustments relating to foreign operations disposed of in the year	0		0	0		0
Currency translation differences on foreign operations	-76	0	-76	10	0	10
Gains and losses on remeasuring available-for-sale financial assets	20		20	0		0
Reclassification adjustments relating to available-for-sale financial assets disposed of in the year	0		0	0		0
Available-for-sale financial assets	20	0	20	0	0	0
Effective portion of gains and losses on hedging instruments in a cash flow hedge	-16		-16	-1		-1
Reclassification adjustments to the income statement	0		0	8		8
Reclassification adjustments to the initial carrying amounts of hedged items	0		0	0		0
Cash flow hedges	-16	0	-16	7	0	7
Share of other comprehensive income of associates	0	0	0	0	0	0
Other comprehensive income	-72	0	-72	16	0	16

Consolidated cash flow statement

(17) Depreciation, amortization and impairments

Total depreciation, amortization and impairment losses amount to EUR 496 million, up EUR 79 million with respect to 2008 (EUR 417 million).
Normal straight-line depreciation and amortization remain stable: EUR 470 million in 2009 against EUR 471 million in 2008.

In compliance with IFRS, the tangible and intangible assets of the Pharma discontinued operations are no longer depreciated from October 1, 2009 onwards. This reduced the normal straight-line depreciation and amortization by EUR 27 million.

In 2009, the net balance of impairment losses is equal to EUR 21 million, mainly linked to the restructuring of Peptisyntha. In 2008, the net balance of impairment gains and losses was positive (EUR 54 million) because of the reversal of the EUR 92 million impairment loss recorded earlier on the trona (natural soda ash) mine in the US.

(18) Changes in working capital

The EUR -48 million reduction in working capital reflects an increase in the net balance of trade payables and receivables (EUR +89 million), a decrease in inventories (EUR -234 million, mainly for Plastics) and an increase of miscellaneous items (EUR +98 million), mainly milestone payments due to Fournier in the Pharmaceuticals segment.

(19) Changes in provisions

In 2009, the provisions in the balance sheet decreased by EUR 107 million (including a EUR 47 million variation in pension fund surpluses). This includes EUR 87 million for Discontinued Operations due to higher pension fund surpluses and the partial reversal of provisions as well as settlements with respect to Pharmaceutical risks. In the cash flow statement this variation (at constant exchange rate and consolidation scope) amounts to EUR 126 million. See note 32 on provisions.

In 2008 the variation in provisions in the cash flow statement was EUR 167 million.

(20) Other

This item serves to take out of cash flow from operating activities those items already included in cash flow from investing activities (gains on the sale of assets). For 2009, the elimination relates essentially to the gain on the sale of Sofina shares. For 2008 the elimination relates essentially to the gain on the sale of Solvay Engineered Polymers (EUR 30 million).

(21) Acquisition / sale of assets and investments

2008 EUR Million	Acquisitions	Disposals	**Total**
Subsidiaries	-508	100	-408
Associates			
Joint ventures			
Available-for-sale investments			
Other	-49	4	-45
Total Investments	-557	104	-453
Tangible/intangible assets	-763	16	-747
Total	-1 320	120	-1 200

2009 EUR Million	Acquisitions	Disposals	**Total**
Subsidiaries	-2		-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

The acquisitions in 2009 consist mainly of:

- the acquisition of additional shares in available-for-sale investments, mainly Plextronics (EUR 9 million);
- “Other” (EUR 96 million) refers to companies that are either not significant or are in a start-up phase. They are neither consolidated nor accounted for under the equity method.

The disposal of available-for-sale investments relates to the sale of Sofina shares for EUR 14 million, generating a capital gain of EUR 9 million.

The acquisition of tangible/intangible assets in 2009 relates to various projects, many of them extending over several years:

- the partnership for the construction of a cogeneration unit at Bernburg (Germany);
- the VCM/PVC capacity increase at Jemeppe (Belgium);
- the construction of a new unit to produce SOLVAIR® Select 300 in the United States;
- the construction of a hydrogen peroxide high-yield mega-plant (Thailand) in partnership with Dow Chemical Company;
- the conversion of mercury electrolysis units to membrane electrolysis and the extension of VCM/PVC manufacturing units at Santo Andre (Brazil);
- the acquisition of product rights to GABAPENTIN® (USA);
- the construction of a new sodium bicarbonate production unit in Rosignano (Italy);
- the PVDF capacity increase at Tavaux (France);
- the installation of a fluidized bed boiler and the capacity increase at the Devnya soda plant (Bulgaria);
- the Fluorolink capacity increase at Spinetta (Italy).

There were no acquisitions of consolidated subsidiaries in 2009.

Alexandria Sodium Carbonate

On October 17, 2008, the Solvay group purchased 100% of Alexandria Sodium Carbonate Co, a sodium carbonate manufacturer located in Egypt, for a net cash outflow of EUR 107 million.
In the 2008 annual report this acquisition was accounted for on a provisional basis, as not all information was available at year-end 2008.
After the final purchase price allocation the net assets acquired in the transaction and the resulting goodwill are:

EUR Million	Carrying amount before acquisition	Fair value adjustments	**Total**
Intangible assets			0
Tangible assets	33	71	104
Other investments			0
Deferred tax assets			0
Loans and other non-current assets			0
Non-current assets	33	71	104
Current assets other than cash and cash equivalents	9	-1	8
Cash and cash equivalents	1	0	1
Current assets	10	-1	9
Long-term provisions		1	1
Deferred tax liabilities		16	16
Long-term financial debt			0
Non-current liabilities	0	17	17
Current liabilities	2	0	2
Net assets	41	53	94
Goodwill			13
Price paid at 31/12/2009			107
Bank balances and cash acquired			1
Net cash outlay on acquisition - prior years			106
Net cash outlay on acquisition - 2009			0

Vinythai (Thailand)

In December 2009 Solvay's investment in Vinythai crossed the threshold of 50% of the shares of its Thai subsidiary. This additional purchase enabled the Solvay group to obtain full control of Vinythai (as opposed to joint control). This change of control has led to a change from proportionate (joint ventures) to full consolidation. Vinythai has been fully consolidated since December 31, 2009 (with impact on the income statement from January 1, 2010).

Disposal of subsidiaries

EUR Million	2008	2009
Non-current assets	62	
Current assets	58	
Non-current liabilities	30	
Current liabilities	19	
Net assets	71	
Non controlling interests	0	
Cumulative gain (+) /loss (-) on available-for-sale financial assets reclassified from equity on loss of control of subsidiary	0	
Cumulative currency translation differences in respect of the net assets of the subsidiaries reclassified from equity on loss of control of subsidiary	0	
Hedging instruments reclassified from equity on loss of control of subsidiary	0	
Gain (+) / loss (-) on disposal	29	
Total consideration received[1]	100	
Bank balances and cash disposed of	0	
Net cash inflow on disposal	100	

1 not including any deferred payment.

There were no disposals of consolidated subsidiaries in 2009. In 2008, the disposal of subsidiaries amounted to EUR 100 million and was mainly related to the sale of Solvay Engineered Polymers for EUR 90 million.

(22) Capital increase / redemption

As in 2008, the Solvay group reimbursed in 2009 to minority shareholders a portion of the capital of our natural carbonate activities in the United States (EUR -17 million).

(23) Options and acquisition / sale of treasury shares

At the end of December 2008, Solvay SA held 2 567 568 treasury shares to cover the share options offered to Group executives. At the end of 2009, the company held 2 460 818 treasury shares, which have been deducted from consolidated shareholders' equity.
As it has in every year since 1999, the Board of Directors renewed the share option plan offered to executive staff (around 300 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 2009 with an exercise price of EUR 72.34, 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 meeting held on May 12, 2009. For the 3 plans the exercise period of the options granted to beneficiaries in Belgium has been increased by 3 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. 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 increase of the exercise period results in an additional charge of EUR 1 million in 2009 (EUR 0.3 million in 2010). The fair value of this extension amounts to EUR 1.3 million.

Share options	2002	2003	2004	2005	2006	2007	2008	**2009**
Number of share options granted and still outstanding at 31/12/2008	177 500	259 800	434 200	512 100	499 100	506 800	522 700	
Granted share options								555 600
Forfeitures of rights and expiries						-300		
Share options exercised	-21 500	-13 600						
Number of share options at 31/12/2009	156 000	246 200	434 200	512 100	499 100	506 500	522 700	555 600
Share options exercisable at 31/12/2009	156 000	246 200	434 200	512 100	0	0	0	0
Exercise price (EUR)	63.76	65.83	82.88	97.30	109.09	96.79	58.81	72.34
Fair value of options at measurement date (EUR)	9.60	9.50	7.25	10.12	21.20	18.68	14.95	19.85

	2008		2009	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
At 1/1	2 421 100	90.90	2 912 200	85.32
Granted during the year	522 700	58.81	555 600	72.34
Forfeitures of rights and expiries during the year	-2 000	96.79	-300	96.79
Exercised during the year	-29 600	72.48	-35 100	64.56
At 31/12	2 912 200	85.32	3 432 400	62.77
Exercisable at 31/12	871 500		1 348 500	

The share options resulted in a charge in 2009 of EUR 10 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 1 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 75.55 at December 31, 2009,
– the time outstanding until the option maturity: exercisable from January 1, 2013,
– the option exercise price: EUR 72.34,
– the risk-free return: 3.21%,
– the volatility of the underlying yield: 31.52%.

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

(24) Cash flows from discontinued operations

The 2009 net change in cash for Pharma operations amounts to EUR -18 million for 2009 (against EUR 23 million in 2008) and includes:

- The cash flow from operating activities of EUR 527 million (an increase of EUR 70 million versus 2008 mainly due to a higher EBITDA);
- The cash flow from investing activities of EUR -30 million (an increase of EUR 256 million versus 2008 mainly due to the acquisition of Innogenetics in 2008 and to lower capital expenditures);
- The change in the cash flow from financing activities in 2009 of EUR -516 million (a decrease of EUR 369 million versus 2008 as a consequence of the reduction of indebtedness in Pharma companies in 2009).

Consolidated balance sheet

(25) Intangible assets

EUR Million	Development costs	Patents and trademarks	Other intangible assets	Total
Gross carrying amount				
At December 31, 2007	79	864	178	1 121
Capital expenditures	14	76	3	93
Disposals	-3	-3	-9	-14
Changes in consolidation scope	0	58	1	59
Currency translation differences	1	-8	2	-6
Other	4	15	-34	-16
Transfer to assets held for sale - Pharma	0	0	0	0
Transfer to assets held for sale - PCC	-3	0	0	-3
At December 31, 2008	93	1 000	141	1 234
Capital expenditures	11	10	20	41
Disposals	-6	-4	-2	-12
Changes in consolidation scope	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 to assets held for sale - PCC	0	0	0	0
At December 31, 2009	98	204	39	342
Accumulated amortization				
At December 31, 2007	-44	-301	-114	-459
Amortization	-6	-58	-8	-72
Impairments	0	-7	0	-7
Reversal of impairments	0	20	0	20
Disposals and closures	2	3	8	13
Changes in consolidation scope	0	-22	-1	-23
Currency translation differences	-1	0	0	-1
Other	-3	5	18	20
Transfer to assets held for sale - Pharma	0	0	0	0
Transfer to assets held for sale - PCC	2	0	0	2
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
Changes in consolidation scope	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 to assets held for sale - PCC	0	0	0	0
At December 31, 2009	-55	-100	-25	-180
Net carrying amount				
At December 31, 2007	35	563	64	662
At December 31, 2008	42	641	43	726
At December 31, 2009	43	104	14	162

(26) Goodwill

EUR Million	Total
Gross carrying amount	
At December 31, 2007	1 210
Arising on acquisitions	483
Change in consolidation scope	-10
Impairments	0
Currency translation differences	-10
Other	-3
Transfer to assets held for sale - Pharma	0
Transfer to assets held for sale - PCC	-4
At December 31, 2008	1 667
Arising on acquisitions	-53
Change in consolidation scope	0
Impairments	-2
Currency translation differences	4
Other	-1
Transfer to assets held for sale - Pharma	-1 539
Transfer to assets held for sale - PCC	0
At December 31, 2009	76

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 the goodwill (EUR -1 539 million) related to Pharmaceuticals, mainly Fournier (EUR -1 222 million) and Innogenetics (EUR -213 million).

The goodwill impairment tests did not lead to any significant impairment losses being recognized in 2009. For these tests, the Group prepares cash-flow forecasts based on the most recent financial projections approved by executive management for the next five years. For the following years, the extrapolation of the cash flows is based on a growth rate which does not exceed the average long-term growth rate of the markets in question.

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 geographic location of the cash-generating units. These discount rates range between 8.8% and 9.8% to which country risk premiums can in some cases be added (up to 6%).

The essential part of the goodwill transferred to assets held for sale comes from the Fournier acquisition (EUR 1 222 million) and from the Innogenetics acquisition (EUR 213 million).

There is no impairment on goodwill in the Pharmaceuticals segment at the end of 2009 as a gain on the sale is expected to be recorded in 2010.

(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, 2007	2 104	7 591	95	567	10 358
Capital expenditures	27	193	4	446	670
Disposals and closures	-28	-117	-8	-2	-154
Changes in consolidation scope	47	408	31	7	493
Currency translation differences	-14	-115	0	-14	-144
Other	22	382	-11	-372	20
Transfer to assets held for sale - Pharma	0	0	0	0	0
Transfer to assets held for sale - PCC	-20	-90	-1	-3	-113
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
Changes in consolidation scope	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 to assets held for sale - PCC	1	7	0	-1	7
At December 31, 2009	2 031	8 364	75	377	10 848
Accumulated depreciation					
At December 31, 2007	-1 129	-5 274	-70	0	-6 472
Depreciation	-54	-339	-4	-1	-398
Impairment	-5	-23	-1	0	-29
Reversal of impairment	10	62	0	0	72
Disposals and closures	19	108	7	0	134
Changes in consolidation scope	-33	-296	-17	0	-346
Currency translation differences	3	73	1	0	77
Other	14	-48	12	0	-22
Transfer to assets held for sale - Pharma	0	0	0	0	0
Transfer to assets held for sale - PCC	21	52	0	0	73
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
Changes in consolidation scope	-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 to assets held for sale - PCC	0	-4	0	0	-4
At December 31, 2009	-1 086	-5 784	-56	0	-6 926
Net carrying amount					
At December 31, 2007	975	2 318	25	567	3 885
At December 31, 2008	970	2 581	37	629	4 218
At December 31, 2009	945	2 580	19	376	3 921

Finance leases

EUR Million	Land and buildings	Fixtures and equipment	Total
Net carrying amount of finance leases included in the table above	14	4	19
Transfer to assets held for sale - Pharma	9	1	10
Transfer to assets held for sale - PCC	0	0	0

The carrying amount of lease obligations approximates to their fair value.

Finance lease obligations

EUR Million	Minimum lease payments		Present value of minimum lease payments	
Amounts payable under finance leases:	2008	**2009**	2008	**2009**
Within one year	4	5	3	4
In years two to five inclusive	17	15	15	13
Beyond five years	1	1	1	1
Less: future finance charges	-3	-3	0	0
Transfer to assets held for sale - Pharma	0	0	0	0
Transfer to assets held for sale - PCC	0	0	0	0
Present value of Lease Obligations	19	18	19	18
Less: Amount due for settlement within 12 months			3	4
Amount due for settlement after 12 months			17	14

Operating lease obligations

EUR Million	2008	**2009**
Total minimum lease payments under operating leases recognized in the income statement of the year	62	69

EUR Million	2008	**2009**
Within one year	53	56
In years two to five inclusive	128	129
Beyond five years	56	42
Total of future minimum lease payments under non-cancellable operating leases	238	227

Operating leases are mainly related to logistics.

(28) Available-for-sale investments

EUR Million	2008	2009
Fair value at January 1	318	30
Disposed of during the year		-12
Capital increase NBD		12
Changes in market value OCI		25
Change in market value (recycled to income statement)	-278	-5
Transfer of NBD from other investments		21
Other	-11	
Transfer to assets held for sale - Pharma		-2
Fair value at December 31	30	68
Of which recognized directly in equity	4	25

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.

This heading contains the following financial assets available for sale: Fortis and New Business Development (NBD). Fortis is not allocated to segments, whilst Arqule (transferred to assets held for sale - Pharma) is allocated to the Pharmaceuticals segment.

The fair value of Sofina shares disposed of during the year, amounted to EUR 12 million on January 1, 2009.

The acquisition of additional shares in NBD amounts to EUR 12 million, mainly Plextronics (EUR 9 million).

The increase of EUR 25 million consists mainly of the mark-to-market variance for Fortis shares (EUR 27 million).

(29) Other investments

EUR million	2008	2009
Fair value at January 1	148	187
Disposed of during the year	-4	-1
Acquired during the year	49	96
Increase (+) / Decrease (-) in fair value		
Changes of consolidation method		-21
Changes in consolidation scope		4
Transfer of NBD to available-for-sale investments		-21
Liquidations		-18
Reversal of impairments		11
Other	-5	-1
Transfer to assets held for sale - Pharma		-26
Fair value at December 31	187	209

Other investments include companies that are neither consolidated nor accounted for under the equity method. The main acquisitions in 2009 (EUR 96 million) are related to new subsidiaries in a start-up phase with no significant market sales and production.

The change of consolidation method for EUR -21 million results from the full consolidation of Solvay Biochemicals Thailand (EUR -7 million), MTP HP JV Thailand (EUR -8 million) and Okorusu Namibia (EUR -6 million) which met the consolidation thresholds in 2009.

The value of New Business Development transferred from “other investments” to “available-for-sale investments” amounts to EUR -21 million.

The impact of liquidations (EUR -18 million) is mainly due to Solvay Organics LLC (EUR -12 million) and Soltraco (EUR -3 million).

(30) Inventories

EUR million at December 31	2008	**2009**
Finished goods	699	536
Raw materials and supplies	577	509
Work in progress	67	43
Other inventories	5	7
Transfer to assets held for sale - Pharma	0	-233
Transfer to assets held for sale - PCC	-13	-9
Total	1 335	854
Write-downs	-81	-49
Net total	1 255	805

(31) Trade receivables, other current receivables, loans and other non-current assets

In 2009, trade receivables represented 66 days’ sales. The carrying value of the trade receivables is a good approximation of the fair value at 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, loans and other non-current assets is as follows:

Continuing operations

2008 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 due	More than 90 days past due
Trade receivables	1 666	8	1 432	158	37	14	18
Other current receivables	555	11	501	17	8	4	15
Loans and other non-current assets	273	1	264	0	0	1	8
Total	2 495	19	2 197	175	45	19	41

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 due	More than 90 days past due
Trade receivables	1 373	11	1 180	105	26	10	41
Other current receivables	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

Discontinued operations

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 due	More than 90 days past due
Trade receivables	151	2	131	18	0	0	0
Other current receivables	93	0	89	3	0	0	0
Loans and other non-current assets	133	0	133	0	0	0	0
Total	377	2	353	22	0	0	0

The other current receivables consist 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.

The table below shows the evolution of write-downs on trade receivables, other current receivables, loans and other non-current assets.

EUR Million	2008	**2009**
At January 1	-17	-73
Net change	-56	-25
At December 31	-73	-98

The management of credit risk is commented on in the "Management of Risks" section (page 126).

(32) Provisions

EUR Million	Employee benefits	Health, safety and environment	Litigation	Other	**Total**
At December 31, 2008	1 150	433	441	127	2 151
Additions*	144	19	104	41	308
Reversals	-14	-4	-66	-33	-116
Uses	-150	-22	-45	-32	-248
Currency translation differences	-3	0	-1	0	-3
Acquisitions and changes in consolidation scope	0	0	0	0	0
Disposals	0	0	0	0	0
Liabilities associated with assets held for sale - Pharma	-225	-3	-122	-13	-363
Other	0	0	0	0	0
At December 31, 2009	902	424	312	91	1 729
Of which short-term provisions	7	36	8	17	67
* Of which interest cost	121	7			128

In total, provisions decreased by EUR 422 million (-20%), mainly due to the transfer to liabilities associated with assets held for sale of EUR 363 million resulting from the disposal of the Pharmaceuticals segment.

The main events of 2009 are:
– The increase and subsequent settlement of a provision for consumer protection suits based on allegedly deceptive advertising relating to the regulatory status of ESTRATEST® products in the USA (EUR 34 million, USD 47 million);
– A reversal of EUR 29 million (USD 40 million) on risks related to pharmaceutical products;
– The increase of a provision in the context of intellectual property litigation relating to the HDPE business divested to Ineos in 2002 (EUR 25 million, USD 35 million).

Provisions for post-employment benefits

Personnel expenses amounted to EUR 2 016 million in 2009 (EUR 1 981 million in 2008). Provisions for employee benefits were EUR 902 million in 2009 (EUR 1 150 million in 2008). EUR 225 million were transferred to liabilities associated with assets held for sale in the context of the Pharmaceuticals sale.

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 765 million in 2009 (EUR 948 million in 2008), before deducting the EUR 29 million capitalized pension asset (2008: EUR 86 million).

Provisions for post-employment benefits associated with assets held for sale amounted to EUR 181 million, before deducting the EUR 103 million capitalized pension asset.

These provisions are set up on the basis of the IFRS accounting principles defined in item 5 of the present report and reflect the estimated compensation at the time of retirement.

The balance consists of provisions for termination benefits (EUR 84 million, EUR 139 million in 2008), provisions for other long-term benefits (EUR 44 million, EUR 51 million in 2008) and provisions for benefits not valued in accordance with IAS 19 (EUR 9 million, EUR 12 million in 2008).

Concerning the liabilities associated with assets held for sale, provisions for termination benefits amount to EUR 33 million, provisions for other long-term benefits amount to EUR 9 million, and provisions for benefits not valued in accordance with IAS 19 amount to EUR 3 million.

The largest pension plans are in the Netherlands, Germany, Belgium, the United States, France and the United Kingdom.

Certain companies provide post-employment health or life insurance cover to their employees and related beneficiaries. This cover is either financed through insurance contracts or is covered by provisions for post-employment benefits.

Total Group post-employment benefit obligations by country

in %	Group Total		Held for sale (Ph)		Total without Held for sale	
	2008	**2009**	2008	**2009**	2008	**2009**
Netherlands	26%	24%	62%	60%	6%	6%
Germany	24%	24%	16%	17%	27%	28%
Belgium	19%	19%	0%	0%	27%	28%
USA	17%	16%	14%	13%	18%	17%
France	7%	6%	3%	4%	6%	7%
UK	5%	6%	2%	2%	9%	8%
Other countries	4%	5%	3%	3%	7%	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 31 million of contributions to these plans were charged to income in 2009 (EUR 30 million in 2008).

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:

	Continuing Operations		Discontinued Operations (Ph)		Group Total	
EUR Million	2008	**2009**	2008	**2009**	2008	**2009**
Service cost: employer	27	24	16	14	44	38
Interest cost	83	81	40	40	123	121
Expected return on plan assets	-44	-34	-37	-31	-81	-65
Amortization of actuarial net losses / gains (-)	13	20	1	5	14	25
Impact of change in asset ceiling - current year	-12	1	0	0	-12	1
Past service cost - recognized in current year	-9	-1	-4	-1	-13	-2
Losses / gains (-) on curtailments / settlements	-10	-5	0	0	-9	-5
Net expense recognized - Defined benefit plans	49	86	17	27	66	113

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

Overall the charge has increased to EUR 113 million (EUR +47 million) mainly due to:

– The financial crisis in 2008 that decreased the assets value, and consequently the expected return on assets to EUR -65 million on the one hand, and increased the amortization of actuarial losses on the other hand. Amortization of actuarial losses includes a one-off charge of EUR 8 million related to the IPCS plan in France for inactives;
– A service cost decrease of EUR -6 million (to EUR 38 million) mainly due to the 2008 curtailments of post retirement medical plans in the USA;
– A one-off plan curtailment (partial outsourcing) for medical benefits in Brazil that also reduced the expense (EUR -5 million).

The amounts recorded in the balance sheet in respect of defined benefit plans are:

EUR Million	2008	**2009**		
		Group Total	Held for sale (Ph)	Total without Held for sale
Defined benefit obligations - funded plans	1 522	1 606	623	982
Fair value of plan assets at end of period	-1 049	-1 239	-599	-640
Deficit for funded plans	473	367	24	343
Defined benefit obligations - unfunded plans	710	738	165	574
Funded status	1 183	1 105	189	917
Unrecognized actuarial gains / losses (-)	-340	-314	-120	-194
Unrecognized past service cost	15	18	9	9
Amounts not recognized as asset due to asset ceiling	4	4	0	4
Net liability (asset) in balance sheet	862	813	77	735
Liability recognized in the balance sheet	948	945	181	765
Asset recognized in the balance sheet	-86	-133	-103	-29

The funded status of our post-employment benefit plans (total obligations less the value of plan assets) decreased by EUR 78 million due to an increase of the asset value (EUR +190 million) compensated by a higher total DBO value of EUR +112 million (EUR +28 million for unfunded plans and EUR +84 million for funded plans).
These two changes do not immediately impact the net liability in the balance sheet, as they pass through unrecognized actuarial losses.

Defined benefit obligations evolved as follows:

EUR Million	2008	2009		
		Group Total	Held for sale (Ph)	Total without Held for sale
Defined benefit obligation at beginning of period	2 355	2 232	747	1 485
Service cost: employer	44	38	14	24
Interest cost	123	121	40	81
Actual employee contributions	7	7	4	3
Plan amendments	-22	-5	0	-6
Acquisitions / Disposals (-)	0	0	0	0
Curtailments	-14	-12	0	-12
Settlements	0	0	0	0
Actuarial loss / gain (-)	-135	108	21	87
Actual benefits paid	-144	-134	-34	-100
Other	18	-11	-4	-7
Defined benefit obligation at end of period	2 232	2 344	788	1 556
Defined benefit obligations - funded plans	1 522	1 606	623	982
Defined benefit obligations - unfunded plans	710	738	165	574

The actuarial loss of EUR 108 million includes EUR 86 million due to changes in actuarial assumptions (mainly discount rate).

The plan amendment of EUR -5 million is mainly due to a reversal for the application of a national agreement (ANI) in France (EUR -11 million) and a new collective agreement on salaries scales in the chemicals segment (EUR 5 million). In the same way the curtailment on the Brazilian medical plan amounts to EUR -12 million of which EUR -5 million are recognized in the net expense in 2009. The remainder goes through unrecognized actuarial gains.

The fair value of plan assets evolved as follows:

EUR Million	2008	2009		
		Group Total	Held for sale (Ph)	Total without Held for sale
Fair value of plan assets at beginning of period	1 341	1 049	499	550
Expected return on plan assets	81	65	31	34
Actuarial gain /loss (-)	-336	95	40	55
Actual employer contributions / direct actual benefits paid	115	159	60	99
Actual employee contributions	7	7	4	3
Acquisitions / Disposals (-)	0	0	0	0
Settlements	-2	0	0	0
Actual benefits paid	-144	-134	-34	-100
Other	-14	-3	-1	-2
Fair value of plan assets at end of period	1 049	1 239	599	640
Actual return on plan assets	-255	160	71	89

Compared to the actual return of EUR -255 million due to the financial crisis in 2008, the actual return now amounts to EUR 160 million in 2009.

Changes in net obligations during the period:

EUR Million	2008	2009		
		Group Total	Held for sale (Ph)	Total without Held for sale
Net amount recognized at beginning of period	883	862	113	749
Net expense - Defined benefit plans	66	113	27	86
Actual employer contributions / direct actual benefits paid	-115	-159	-60	-99
Impact of acquisitions / disposals	0	0	0	0
Changes in consolidation scope	21	0	0	0
Currency translation differences	7	-3	-1	-2
Other	0	-1	-2	1
Net amount recognized at end of period	862	813	77	735

Despite the higher expense in 2009, the net liability decreases to EUR 813 million mainly due to additional contributions for restructuring plans (EUR 58 million: USD 45 million for the USA and EUR 27 million for pharmaceutical pension funds in the Netherlands).

Actuarial assumptions used in determining the pension obligation at December 31

These assumptions are not related to a specific segment.

	Eurozone		Europe Other		USA		Other	
	2008	2009	2008	2009	2008	2009	2008	2009
Discount rates	6%	5%	3.5% - 6.25%	3.25% - 6.2%	6%	6%	8.6% - 9.7%	8.6% - 9.7%
Expected rates of future salary increases	2.5% - 4.5%	3% - 4.5%	2% - 5%	2% - 5%	4%	5%	5.5% - 6.6%	5.5% - 6.6%
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%	7.1%

Actuarial assumptions used in determining the annual cost

These assumptions are not related to a specific segment.

	Eurozone		Europe Other		USA		Other	
	2008	2009	2008	2009	2008	2009	2008	2009
Discount rates	5%	6%	3.5% - 5.75%	3.5% - 6.25%	6%	6%	9% - 9.7%	8.6% - 9.72%
Expected rates of future salary increases	2.5% - 4.5%	3% - 4.5%	2% - 5%	2% - 5%	4%	5%	5.5% - 6.6%	5.5% - 6.6%
Expected (long-term) rates of return on plan assets	4.5% - 6%	4.5% - 6%	3.5% - 5.9%	3.5% - 5.9%	8.3%	7.5%	8.5% - 9.7%	8.5% - 9.72%
Expected rates of pension growth	0% - 2%	0% - 2%	0% - 3.1%	0% - 3.1%	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%	7.1%

The main categories of plan assets are:

	2008	2009
Shares	39%	41%
Bonds	55%	50%
Property	3%	2%
Other assets	3%	6%

Of which discontinued operations:

	2008	2009
Shares	40%	41%
Bonds	56%	53%
Property	2%	3%
Other assets	1%	3%

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 100 million for 2010 (EUR 131 million for 2010 when including defined contributions), compared with EUR 159 million for 2009.

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	10	-9

Historical development of defined benefit plans:

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

Of which historical development of post-employment medical plans:

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

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

These provisions stand at EUR 424 million, compared with EUR 433 million at the end of 2008.
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: forecast 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. While some of these provisions will be used in the short to medium term, some 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 312 million at the end of 2009 compared with EUR 441 million at the end of 2008. Provisions associated with assets held for sale amount to EUR 122 million.

The main events in 2009 are:
– the increase and subsequent settlement of a provision for consumer protection suits based on allegedly deceptive advertising relating to the regulatory status of Estratest products in the USA (EUR 34 million, USD 47 million);
– a reversal of EUR 29 million (USD 40 million) on risks related to pharmaceutical products;
– the increase of a provision in the context of an intellectual property litigation relating to the divested HDPE business to Ineos in 2002 (EUR 25 million, USD 35 million).

The main provision at the end of 2009 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 91 million, compared with EUR 127 million at the end of 2008. EUR 13 million were transferred to liabilities associated with assets held for sale in the context of the Pharmaceuticals segment sale.

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.

(33) Net indebtedness

The Group's net indebtedness is the balance between its financial debts and cash and cash equivalents. It decreased by EUR 264 million from EUR 1 597 million at the end of 2008 to EUR 1 333 million at the end of 2009.

EUR Million	2008	**2009**
Financial debt	2 480	2 820
- Cash and cash equivalents	-883	-1 486
Transfer to liabilities associated with assets held for sale - Pharma	0	0
Transfer to liabilities associated with assets held for sale - PCC	0	0
Net indebtedness	1 597	1 333

The Group's net debt to equity ratio decreased from 34% at the end of 2008 to 26% at the end of 2009. Solvay's long term rating has been confirmed by the two rating agencies at A (negative outlook) at Standard and Poors and A3 (negative outlook) at Moody's.

Financial debt

Financial debt increased by EUR 340 million from EUR 2 480 million to EUR 2 820 million.

The rise in bonds is mainly explained by the retail bond issue for a nominal amount of EUR 500 million, maturing in 2015. The rise in long-term financial debts to financial institutions is mainly explained by the EUR 300 million loan with the European Investment Bank (EIB), maturing in 2016.

Other short-term financial debts decreased substantially (EUR -466 million), following the reimbursement of the Belgian Treasury Bills program that amounted to EUR 455 million at the end of 2008.

EUR Million	2008	**2009**
Subordinated loans	501	503
Bonds	985	1 479
Long-term finance lease obligations	17	14
Long-term debts to financial institutions	261	524
Other long-term debts	88	115
Amount due within 12 months (shown under current liabilities)	19	42
Other short-term borrowings (including overdrafts)	609	143
Transfer to liabilities associated with assets held for sale - Pharma	0	0
Transfer to liabilities associated with assets held for sale - PCC	0	0
Total financial debt (short and long-term)	2 480	2 820

Borrowings and credit lines

The largest borrowings maturing after 2009 are:

- in Belgium:
  - EMTN-note type bond issues by Solvay SA totaling EUR 1 billion:
    - EUR 500 million with 4.99% effective fixed rate, maturing in 2014;
    - EUR 500 million maturing in 2018, consisting of an initial issue of EUR 300 million in 2003 with a 4.75% effective fixed rate and a tap issue of EUR 200 million in 2008 with an effective fixed rate of 5.71%;
  - Retail bond issue by Solvay SA of EUR 500 milllion, with a 5.01% effective fixed rate, maturing in 2015.
- in France: a EUR 500 million deeply subordinated debt issue by Solvay Finance SA with support from Solvay SA. This borrowing matures in 2104 and carries an annual coupon of 6.375%. Rating agencies Moody's and Standard & Poors have treated this issue as part equity (50%), part debt (50%). In IFRS, however, it is 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 maturing in 2104. Solvay has an option to redeem this issue at par from 2016 onwards. The issuer has a coupon non-payment option governed by the rules of the coupon carry forward mechanism;
- in early 2009, Solvay drew down EUR 300 million under a EUR 350 million credit facility with the European Investment Bank for the financing of pharmaceutical research in Europe (fixed rate of 3.90%, maturing in 2016).
- in Germany: the financing of SolVin, amounting to EUR 120 million from 2008 to 2012;
- in Austria: our 50% share of the amounts borrowed under a EUR 165 million revolving credit facility to finance Pipelife (final maturity: 2012);
- in Bulgaria: our 75% share of the amounts borrowed under a EUR 80 million revolving credit facility by Solvay Sodi, of which EUR 40 million maturing in 2011 and a further EUR 40 million in 2012;
- In Brazil: the financing of Solvay Indupa do Brasil, amounting to BRL 259 million under a long-term credit maturing in July 2014.

Fair value of long-term debts

For floating rate financial debts, the fair value is equal to the face value (see also note 31). The fair value of the Group's fixed rate debt at the end of 2009 is as follows:

- EMTN EUR 500 million maturing 2014: EUR 537 million,
- EMTN EUR 500 million maturing 2018: EUR 525 million,
- Hybrid EUR 500 million maturing 2104: EUR 470 million,
- Retail EUR 500 million maturing 2015: EUR 531 million,
- European Investment Bank EUR 300 million maturing 2016: EUR 316 million.

The fair value is based on the quoted market price at the end of 2009.

Cash and cash equivalents

Cash and cash equivalents amounted to EUR 1 486 million, up by EUR 603 million from end-2008 (EUR 883 million), mainly because of the retail bond issue and the particular cash generation effort.

EUR Million	2008	**2009**
Shares	20	23
Fixed-income securities	11	16
Term deposits	239	244
Cash	613	1 203
Transfer to liabilities associated with assets held for sale - Pharma	0	0
Transfer to liabilities associated with assets held for sale - PCC	0	0
Cash and cash equivalents	883	1 486

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.

Liquidity risk

EUR Million	Total 2008	on demand or within one year	in year two	in years three to five	beyond five years
Outflows of cash related to financial liabilities:	5 095				
Other non-current liabilities	46	46			
Short-term financial debt	627	627			
Trade liabilities	1 337	1 337			
Income tax payable	49	49			
Other current liabilities	1 183	1 183			
Long-term financial debt	1 852		47	320	1 486

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	68	108	676	1 783

Of which discontinued operations:

EUR Million - Discontinued operations	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:	582				
Other non-current liabilities	2	2			
Short-term financial debt	0	0			
Trade liabilities	295	295			
Income tax payable	30	30			
Other current liabilities	255	255			
Long-term financial debt	0	0	0	0	0

The above table gives the nominal amount repayable, undiscounted, and due at maturity. The Group staggers the maturities of its financing sources over time in order to minimize its liquidity risk.

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 2009; or as an alternative a US commercial paper program in an amount of USD 500 million, unused at the end of 2009. In addition to the credit lines mentioned below, the higher ceiling of the two programs is also covered by back-up credit lines (EUR 540 million) and a EUR 400 million bank credit line, maturing in October 2013. Both were unused at the end of 2009;
- a EUR 850 million bank credit line (unused at end-2009), maturing in 2011.

The liquidity risk management is described in the “management of risks” section.

(34) Derivative financial instruments

The Solvay group uses derivatives to hedge clearly identified foreign exchange and interest rate 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 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.

Currency translation differences

Exchange rate fluctuations, particularly of the US dollar, can affect earnings. In the course of 2009 the EUR / USD exchange rate moved from 1.3917 at the start of January to 1.4406 at the end of December. The average rate in 2009 was 1.3948 compared to an average rate in 2008 of 1.4708.

Managing the exchange risk on debt

Group borrowings are generally carried out by the Group's financial companies, which make the proceeds of these borrowings available to the operating entities.

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 2009, the Group had a very limited foreign exchange exposure on its residual currency borrowings in Bulgaria.

Managing the translation exchange 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).

Currency translation risk in the income statement

For the Solvay group, this risk relates mainly to the translation into EUR of earnings generated in the NAFTA region. Based on the expected net earnings in the NAFTA region for the period in question and depending on market conditions, steps may be taken to hedge this translation risk.

During 2009, the Solvay group did not hedge the income statement currency translation risk.

Balance sheet risk

The Group's net assets (EUR 5.2 billion at end 2009) are distributed as follows, by reducing order of importance:
- Euro zone: 43%
- NAFTA: 29%
- Brazil and Argentina: 8%
- Asia-Pacific: 10%
- Bulgaria: 3%
- Great Britain: 2%
- Other: 5%

In all, the Group is exposed to 30 currencies in the NAFTA region, Latin America, Asia and Eastern Europe. A VaR (Value at Risk) analysis has been carried out to quantify the balance sheet risk. Based on market expectations for the volatility of the currency pairs, the VaR (EUR 730 million) appears to be close to 14% of the Group's current equity within a 99% confidence interval. This risk has decreased compared with the end of 2008 (EUR 770 million) owing mainly to the decreased volatility on foreign exchange markets from the levels reached at the end of 2008. Measures to hedge equity have not been considered.

Managing the transactional exchange risk

This 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.

a) Hedging transactional exchange risk when certain

Subsidiaries are required to transfer their foreign exchange positions (e.g. customer invoices, supplier invoices) when certain, to Solvay CICC[1]. This systematic hedging centralizes the Group's foreign exchange position at CICC and relieves operating subsidiaries of the administrative burden of exchange risk management.

CICC's foreign 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.

b) Hedging forecast short / medium-term foreign currency flows

Forecasted foreign currency flows are regularly mapped, by business, in order to measure the Group's expected exposure to transactional exchange risk on an annual horizon. Based on current risk management policy, the hedging amount is up to 75% of the expected foreign currency flows as mapped on an annual basis.

The Group's exposure (including Pharma) in 2009 was essentially linked to the EUR / USD risk: the Group is "long" in USD by around USD 780 million a year as the Group's overall activities generate a net positive USD flow. Based on this mapping and depending on market conditions, foreign exchange hedging can be carried out on the basis of expected flows.

The main financial instruments utilized are forward currency sales and the purchase of put options. The Group covered its 2009 exposure in an amount of USD 540 million. The Group is exposed to currency exchange risks for other currencies for which the risk is considered minimal, with the exception of the yen (JPY 15.5 billion "long" exposure).

By using financial instruments to cover its medium-term currency exchange risk, Solvay is exposed to the risks attached to these foreign currency derivatives. From the accounting point of view, the covering operation is preferably documented in a way that enables it to be treated as a perfect hedge.

Changes in the fair value of the hedging instruments are recorded in equity. Upon maturity, the gains and losses on these hedging instruments are recycled to the income statement.

In 2008 certain foreign currency derivatives, mainly "average rate options", are not documented in a way that allows them to be treated as perfect hedges. Exchange rate variations impact the value of these instruments and are accounted for in other financial gains and losses in an amount of less than EUR 1 million in 2008, corresponding to the hedging operations for 2008 and 2009. In 2009, no such additional hedging operations were made; the existing foreign currency derivatives not treated as perfect hedges expired and the change in value has been recognized in the income statement.

The foreign exchange risk exposure, which is centralized at Solvay CICC, was not significant at the end of 2009. For this reason, the Group's foreign exchange exposure on financial instruments is essentially related to derivatives used to cover short and medium term transactional exchange risks which were still outstanding at the end of 2009.

All other variables being constant, a 5% higher (lower) exchange rate at the end of the year would have occasioned a non material variation in "other financial gains and losses" (compared to EUR 10 (-9) million in 2008). The fair value differences in total equity would not have been affected.

1. Solvay Coordination Internationale des Crédits Commerciaux, SA.

Managing energy price risk

In order to reduce the price volatility of coal and gas, the Group has developed a policy for exchanging variable price against fixed price through swap contracts. Most of these hedging contracts meet the criteria to apply hedge accounting as defined by IFRS.

Managing CO_2 emission rights

All CO_2 emission rights granted free of charge have been accounted for as intangible assets at a symbolic one euro. To the extent that the rights granted to the Group for 2009 exceed the expected actual emission, no obligation exists at balance sheet date, and therefore, no provision has been recorded.

The emission rights purchased forward in 2009 or before are not marked to market as the intent is to cover the expected future needs of the Group (own use exemption).

Managing interest rate risk

Interest rate risk is managed at Group level.

At December 31, 2009, 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 in 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, 2008			At December 31, 2009		
Currency	Fixed rate	Floating rate	**Total**	Fixed rate	Floating rate	**Total**
Financial debt						
EUR	-1 510	-747	-2 257	-2 300	-253	-2 553
USD	-3	-12	-16	-2	-17	-19
GBP	0	0	0	0	-1	-1
BRL	0	-78	-78	0	-120	-120
Other	0	-129	-129	0	-127	-127
Total	-1 513	-967	-2 480	-2 302	-518	-2 820
Cash and cash equivalents						
EUR	0	513	513	0	1 138	1 138
USD	0	207	207	0	139	139
Other	0	163	163	0	209	209
Total	0	883	883	0	1 486	1 486

82% of financial debt is covered at an average fixed rate of 5.1% with a duration of 6.2 years; the first significant maturity for debt reimbursement will not occur until 2014.

For the sensitivity analysis, an increase (decrease) of the average interest rate for the reporting period is applied to the floating rate debt.

All other variables being equal, a 1% higher (lower) interest rate would translate into EUR 4 million higher (lower) borrowing charges in 2009 (EUR 7 million in 2008).

This impact would have been partially offset by a higher (lower) interest rate on cash and cash equivalents of EUR 9 million in 2009 (EUR 5 million in 2008).

Financial instruments

IAS 39 defines the categories of financial assets and liabilities. IFRS 7 requires the net carrying amount and the fair value to be indicated for each category of financial assets and liabilities.

	2008 - Pharma included		**2009 - Pharma excluded**	
EUR Million	Net carrying amount	Fair value	Net carrying amount	Fair value
Financial assets at fair value through profit or loss - upon initial recognition	0	0	0	0
Financial assets at fair value through profit or loss - held for trading (included in other current receivables)	80	80	0	0
Held-to-maturity investments	0	0	0	0
Loans and receivables (including cash and cash equivalents, income tax receivables, loans and other non-current assets except pension fund surpluses)	2 738	2 738	2 982	2 982
Available-for-sale investments	30	30	68	68
Total assets	2 848	2 848	3 050	3 050
Financial liabilities at fair value through profit or loss - upon initial recognition	0	0	0	0
Financial liabilities at fair value through profit or loss - held for trading (included in other current liabilities)	-9	-9	-4	-4
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)	-3 971	-3 847	-3 796	-3 691
Total liabilities	-3 980	-3 856	-3 800	-3 695

Where certain expenses are deducted from the proceeds of a borrowing, these are charged over the life of the borrowing. This is a good approximation to the amortized cost rule, the difference with the linear method not being significant at Group level.
The financial assets at fair value through profit or loss - held for trading (included in other current receivables) were EUR 80 million at the end of 2008; these were settled in 2009.

The category “financial assets at fair value through profit or loss - 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. This category also includes financial derivatives at fair value qualifying for hedge accounting with change in fair value recorded in equity.

These operations are detailed in the table below:

	2008 - Pharma included		**2009 - Pharma excluded**	
EUR Million	Notional amount	Fair value	Notional amount	Fair value
Foreign currency derivatives				
Foreign exchange contracts and swaps	699	22	474	-5
Options	644	58	0	0
Interest rate derivatives				
Swaps	20	0	0	0
Other	0	0	0	0
Other derivatives	0	0	0	0
Total derivative financial instruments (included in other current receivables)	1 363	80	474	-5

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 at fair value through profit or loss - upon initial recognition				
Financial assets at fair value through profit or loss - held for trading (included in other current receivables)				
Available-for-sale investments	41		27	68
Total assets	41	0	27	68
Financial liabilities at fair value through profit or loss - upon initial recognition				
Financial liabilities at fair value through profit or loss - held for trading (included in other current liabilities)		-4		-4
Total liabilities	0	-4	0	-4

Reconciliation of Level 3 fair value measurements of financial assets (New Business Development):

EUR Million	2009 - Pharma excluded
Fair value at January 1	0
Increase (+) / Decrease (-) in fair value through the income statement	-5
Increase (+) / Decrease (-) in fair value through other comprehensive income	-1
Acquired during the year	12
Disposed of during the year	0
Reclassification from investments at historical cost to available-for-sale investments	21
Transfers out of level 3	0
Fair value at December 31	27

Income and expenses on these financial instruments break down as follows:

	Continuing Operations		Discontinued Operations (Ph)		Group Total	
EUR Million	2008	2009	2008	2009	2008	2009
Recognized in the income statement						
Interest on cash and cash equivalents	-15	0	41	9	26	9
Interest on loans and receivables	4	2	2	4	6	6
Income on available-for-sale financial assets	-258	-5	0	0	-258	-5
Net gain on disposal of available-for-sale financial assets transferred from equity	-41	8	0	0	-41	8
Changes in the fair value of financial assets held for trading *	-3	-10	25	-12	22	-22
Changes in the fair value of cash flow hedges transferred from equity **	0	3	0	10	0	13
Ineffective portion of the changes in fair value of cash flow hedges	0	0	0	0	0	0
Interest expense on financial liabilities measured at amortized cost	37	26	-174	-161	-138	-135
Total	-277	23	-105	-150	-383	-127

* Including EUR -0.4 million for energy financial assets held for trading in 2009.
** Including EUR -1 million for energy cash flow hedges in 2009.

Interest on cash and cash equivalents for discontinued operations includes interests on current account towards the continuing operations where this amount is offset (neutral at Group level).

EUR Million	Continuing Operations 2008	Continuing Operations 2009	Discontinued Operations (Ph) 2008	Discontinued Operations (Ph) 2009	Group Total 2008	Group Total 2009
Recognized directly in equity						
Net change in the fair value of available-for-sale financial assets	-9	25	20	0	11	25
Net change in available-for-sale financial assets transferred to the income statement	41	-8	0	0	41	-8
Effective portion of changes in fair value of cash flow hedge	26	4	-16	-1	10	3
Changes in the fair value of cash flow hedges transferred to the income statement	0	-17	0	8	0	-10
Reclassification adjustments to the initial carrying amounts of hedged items	0	-1	0	0	0	-1
Total	58	4	4	6	62	9

Conventionally, (+) indicates an increase and (-) a reduction in equity.

In 2008, charges on available-for-sale financial assets (EUR -258 million) and net loss transferred from equity (EUR -41 million) were mainly linked to write-downs on the investment in Fortis SA, after the significant decrease of its share price.

In 2009, the net change in the fair value of available-for-sale financial assets recognized directly in equity relates mainly to the Fortis shares.

Hedge accounting

The Group uses derivatives to hedge clearly identified foreign exchange rate risks (hedging instruments). At the end of 2008, the Group had hedged 2009 forecasted sales in a nominal amount of USD 200 million via forward foreign exchange contracts. These derivatives qualify for hedge accounting and can be summarized as follows:

		Change in fair value			
EUR Million	Fair value end 2008	through equity	through income statement	to carrying amount of hedged items	**Fair value end 2009**
Forward exchange contracts	10.0	3.0	-10.0	-0.5	2.6
Commodity contracts	0.0	0.5	0.0	0.0	0.5

(35) Assets held for sale and liabilities associated with assets held for sale

Pharma

The pharmaceuticals segment has been classified and accounted for at September 30, 2009 as a disposal group held for sale (see details in the table below).

EUR Million	2009
ASSETS	
Non-current assets	2 911
Intangible assets	552
Goodwill	1 539
Tangible assets	461
Other investments	28
Deferred tax assets	198
Loans and other non-current assets	133
Current assets	497
Inventories	233
Trade receivables	151
Income tax receivables	20
Other receivables	93
Total assets	3 408
LIABILITIES	
Non-current liabilities	410
Long-term provisions: employee benefits	212
Other long-term provisions	128
Deferred tax liabilities	64
Other non-current liabilities	5
Current liabilities	602
Short-term provisions: employee benefits	13
Other short-term provisions	10
Trade liabilities	295
Income tax payable	30
Other current liabilities	255
Total liabilities	1 012

Precipitated calcium carbonate activities

At the end of 2008 the precipitated calcium carbonate activities, which are part of the Chemicals Segment, have been separately classified (see details in the table below) in the consolidated balance sheet under ‘assets held for sale’ (EUR 61 million) and ‘liabilities associated with assets held for sale’ (EUR 14 million). A sale did not take place in 2009 as expected because circumstances arose that were previously considered unlikely: financing of this acquisition on the buyer’s side has been delayed due to the financial crisis. The Group’s management is still fully committed to the plan to sell and active negotiations are in progress.

EUR Million	2009
ASSETS	
Non-current assets	43
Intangible assets	1
Goodwill	4
Tangible assets	37
Deferred tax assets	2
Current assets	10
Inventories	9
Other receivables	1
Total assets	53
LIABILITIES	
Non-current liabilities	6
Deferred tax liabilities	6
Current liabilities	6
Trade liabilities	3
Other current liabilities	2
Total liabilities	12

(36) Commitments to acquire tangible and intangible assets

EUR Million	2008	2009
Commitments for the acquisition of tangible and intangible assets	102	81
of which: joint ventures	14	45

The decrease reflects the nearing completion of major new investment projects.

(37) Contingent liabilities

EUR Million	2008	2009
Liabilities and commitments of third parties guaranteed by the company	318	268
Additional milestones for Fournier	70	70
Litigation and other major commitments	15	14

The liabilities and commitments of third parties guaranteed by the company relate mainly to VAT payment guarantees that have been issued.
The milestone amount payable to former Fournier shareholders as at the end of 2009 depends on future product performance.

The amounts relating to joint ventures are included in the table below.

EUR Million	2008	2009
Liabilities and commitments of third parties guaranteed by the company	9	7
Litigation and other major commitments	0	0

(38) 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	2008	2009
Non-current assets	667	648
Current assets	421	373
Non-current liabilities	180	151
Current liabilities	366	357
Sales	1 143	1 095
Cost of goods sold	-971	-916

Management of Risks

The global financial crisis has tested Solvay's resilience and capability to manage risk through a crisis. The result is that Chemicals and Plastics, even though the performance of the latter deteriorated significantly, resisted through the year thanks to their competitive positions and to the measures taken. The financial crisis increased risks like volatility of sales volumes, raw material and energy prices, counterparty risks and reduced availability of funding. Solvay responded with appropriate mitigation measures. Since its foundation in 1863, Solvay has successfully demonstrated its ability to anticipate and respond appropriately to an ever-changing world and to achieve sustainable and profitable growth with a profound respect and concern for the environmental and social contexts in which it operates.

Solvay's policy of acting responsibly as a corporate citizen and caring for the health, safety and environment of its employees and the community at large is embedded in Solvay's policy and strategy for sustainable development and in the Group's Responsible Care® policy.

In its 147-year history, Solvay has built up a solid track record of good practices in the management of the risks inherent to its chemical and pharmaceutical activities. 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.

Risk Impact from the Sale of the Pharmaceutical Activities

Pharmaceuticals activities are generating risks and Solvay has been exposed to and managing these risks for decades. With the sale of its pharmaceutical activities, Solvay's risk profile will improve significantly as a result of the exit from these activities as well as a result of the contractual terms and conditions of the sale of these activities.

Risks in the following Risk Categories will be significantly reduced by the exit:

Supply chain and manufacturing risk
Because of the concentration of manufacturing in only a few plants, the Pharmaceuticals Sector has a potential exposure to larger consequential damage than the Chemicals and Plastics plants.

Regulatory, Political and Legal risk
The pharmaceutical activities were much more regulated, extended to many more countries and were exposed to more litigation risks.

Product risk
Both the product liability risk and product development risk are significantly higher for pharmaceutical products than for chemical products.

Reputational risk
As pharmaceutical products are consumer products, their manufacturers are more exposed to reputational risk.

On the negative side, the risks in the following Risk Categories will increase:

Strategic risk
After closing the sale of the Pharmaceuticals Sector to Abbott, Solvay will commit itself to reinvest the proceeds from the transaction in organic and sizeable external growth, focused on long-term value creation. This will be done by investing in high value-added activities and strategic projects in chemicals and plastics, by continuing the geographic expansion into regions with growth potential, and by pursuing the development of activities and new products with low energy footprint and which are expected to reduce the cyclicality in Solvay's portfolio of activities. Although evaluations of such potential reinvestments are ongoing, there is still a risk of Solvay not being able to re-invest the cash received from the deal with Abbott quickly enough or in the right type of companies. The portfolio of businesses is less balanced after the sale of the pharmaceutical business, but new acquisitions could help correct this.

The Solvay Group's philosophy remains unaltered: to realize sustained growth with leading positions and maintain a conservative financial structure.

Financial risk

The sale of the pharmaceutical activities to Abbott will trigger an important reduction of pension fund risk exposure for Solvay. The sale includes the transfer of all pension liabilities and assets of the pharmaceutical activities. The Groups' exposure to USD risk will significantly decrease after the transaction.

The contractual terms and conditions agreed by the parties in the context of the sale of an activity define the sharing of liability arising out of the activities conducted before the sale. This sharing is a key parameter of the value of a transaction. In the context of the sale of its pharmaceutical activities, Solvay has achieved a satisfactory sharing of the past liabilities (including ongoing litigation) in line with is decision to exit these activities and to limit its future exposure to past liabilities.

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.

Risk management Leadership and Progress

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.

A Group Risk Manager was hired five years ago to assist the Group in making Risk Management more systematic and coherent. The progress of this Enterprise Risk Management implementation was measured in 2009 and it was shown 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)[1] and reputation management. To reach excellence there is a need to formalize the risk appetite and apply this across the Group, to apply Risk Profiling to more management processes and to improve monitoring of risk. The study will now be 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. In 2009 each Business Unit was asked to perform a risk analysis using the spectrum of the ten Risk Categories in order to identify and quantify the largest risks, as well as developing an action plan to mitigate risk. With only a few exceptions, the Business Units have completed the work and it will be possible to update the Solvay Risk Profile early in 2010.

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 objectives have been validated for 2012:

- systematically improving risk management in each of the ten categories;
- raising awareness so that each manager knows the main risks in his or her own area of responsibility, and steps that can be taken to reduce them.

1 See HR section, page 48.

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 risk associated with each category and to outline the actions undertaken by the Group to reduce that risk. With the closing of the deal with Abbott, all references to the Pharmaceuticals sector's activities and products have been removed from the descriptions of the different Risk Categories.

The order in which these risk categories are listed is not an indication of their severity 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.

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. As mentioned, there is a risk of Solvay not being able to re-invest the cash received from the deal with Abbott quickly enough or in the right type of companies.

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 materials,
- Strict financial policy of controlling the net debt to equity ratio.

The periodic review of the main macroeconomic assumptions, market assumptions and key strategic issues of each Strategic Business Unit (SBU) 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, discussed with if needed, amended and approved by the Executive Committee.

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 alternatives and targets.

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. Our plants are regularly subject to audits 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. A new partnership with the mutual insurance group FM Global, the world leader in Risk Engineering, will significantly improve the manufacturing resilience and protection. Solvay evaluates the Risk Engineering recommendations together with FM Global and implements those with the largest improvement potential.

The geographical 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 a single plant.

In reference to ***Raw Materials***, in 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 to the extent 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 SBU 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,…);
- a newly created subsidiary Solvay Energy SA Since mid 2009, all commercial and hedging activities in the field of energy and CO_2 emission rights for the Solvay Group are managed by this dedicated subsidiary 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 SBU, 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 called Blue Sky.

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).

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 will require registration under the REACH Regulation, in addition to the other requirements preexisting to REACH.

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. In Europe, approvals will be required in the near future for chemical substances as a consequence of the implementation of the REACH Regulation.

The geographical spread of the Group around the world is a factor reducing some regulatory and political risks.

Solvay is monitoring the developing cost of CO_2 emissions in Europe with new government commitments, taxes and regulations being expected following the Copenhagen Climate Change meeting in December 2009. The present Kyoto protocol is integrated by Solvay in its strategy as it at least indirectly affects every company including upstream operators (through energy cost and raw materials) and downstream businesses (with an impact on transport, contractors and customers).

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 (see for example, Code of Conduct training under section 4 below), sharing of information, self-assessment procedures and internal auditing. The simple fact of doing business exposes Solvay to disputes and litigations. Adverse outcome of such disputes or litigation is always possible (see Note on Important Litigation below).

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.

Prevention and Mitigation efforts
In the field of Corporate Governance, Solvay has a comprehensive corporate governance charter (publicly 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 promotes 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 the rules of conduct are 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.

5. Financial Risk

Financial Risk is Solvay's exposure to foreign exchange risk, liquidity risk, interest rate risk, counterparty risk (credit risk), or failure to fund pension obligations.

- ***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). In particular credit spreads for "single A" issuers suffer less from deteriorating credit conditions than those of issuers with weaker ratings. Solvay maintains as its objective a net debt to equity ratio not durably exceeding 45%. Its liquidity profile is very strong, mainly supported by long-term bond issuance (first significant maturity in 2014) and substantial liquidity reserves (cash and committed credit lines, including two syndicated loans of EUR 450 and 850 million respectively, and a credit line of EUR 350 million with the European Investment Bank). The Group also took the opportunity of a strong market appetite for corporate bonds to issue in 2009 a EUR 500 million retail bond.

- Solvay is naturally 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.

- ***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.

- 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. For example, a default by one of Solvay's banking counterparties could cause a loss in value of one of its bank deposits or the loss of an interest rate or foreign exchange hedge. The failure to pay by one of Solvay's customers could lead to a write-down on the trade receivables.

Prevention and Mitigation efforts
Solvay manages its financial counterparty risk by working with banking institutions of the highest caliber (with 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 may place money with highly rated money market funds as well as invest in short term debt securities from highly rated sovereign or other issuers. Furthermore, 60% 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 is aiming to further improve 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.

- With regard to the ***Risk of Funding Pension Obligations***, Solvay is exposed whenever it operates 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. Where plans are funded, also the different 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.

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.).

Provisions for unfunded pension plans are made in the Group's Balance Sheet. The percentage of funded pension obligations will decrease after the sale of Pharma.

6. Product Risk

- ***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.
  As mentioned in the introduction, this risk is significantly reduced now as a result of the sale of the pharmaceutical activities, but during 2009 the pharmaceutical activities were still part of Solvay.

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 SBUs involved have product stewardship programs including material 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. Implementation of the REACH Regulation is expected to result in a reduction of product liability risk exposure in Europe.

- ***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.
  As mentioned in the introduction, this risk is significantly reduced now as a result of the sale of the pharmaceutical activities but, during 2009 the pharmaceutical activities were still part of Solvay.

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.

Solvay launched a dynamic innovation program at corporate level ten years ago, covering its main fields of activity, including R&D.

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) and the intermediate target is to reach 1.2 by 2012. While many capex investments were postponed in the difficult year of 2009, all planned investment in safety to people went ahead. The TF1 score at the end of 2009 is 1.6, representing a dramatic improvement 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 monthly to the Executive Committee.

The risk of hazardous chemicals transportation is reduced by optimizing transport routes and means as well as and by operating of 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 (e.g. following a plant equipment failure). 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.

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. 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.

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 or controlled duplication. The two challenges regarding information assets are to reduce the risks of accidental unavailability or loss and the risks of deliberate misuse, abuse and theft.

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 has 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

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. Among those relationships, Solvay participates in specific programs in the US (through the American Chemistry Council) and Europe (through CEFIC) to improve the reputation of the chemical industry.

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.

Furthermore, communication processes, systems, plans and programs are established in order 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, directly or through the press and other media. Examples are the quarterly release of the Group's results, internal magazines, websites, open doors, meetings and events.

Clear values supported by the Code of Conduct, combined with a high level of Corporate Governance, are instrumental in reducing the reputational risk.

Specific management and communication systems exist 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 people are trained to face such situations while crisis simulations are organized on a regular basis.

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 has decided to further appeal this decision before the European Court of Justice.

- In May 2006, the European Commission imposed fines for 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 law 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 amount of EUR 430 million. This proceeding is still at early stage and Solvay will defend itself vigorously.

  It remains possible that further civil anti-trust lawsuits for damage may be filed concerning these alleged anti-trust violations.

Intellectual property disputes

In connection with the sale of its high density polyethylene (HDPE) business in 2001, Solvay indemnified the purchaser against certain claims related to HDPE technology. Ineos, the successor to the purchaser, has been sued by Chevron Phillips Chemical Company (CPChem), which alleges that Ineos has used CPChem's trade secrets in Ineos' HDPE licensing package. Ineos has demanded indemnity and Solvay has accepted the defense. CPChem subsequently sued Solvay directly in the same action.

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 are 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 has provisionally charged 38 individuals (including employees or former employees of Solvay, and including Ausimont SpA) in relation to alleged criminal violations of environmental laws (a.o. poisoning of drinkable water).
  The allegations are vigorously contested. Solvay 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 as legal successor of Ausimont SpA, may be exposed to claims for civil liability in the event of a negative outcome of the criminal proceeds.

– 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, the Solvay's exposure for indemnifications to Abbott for liabilities arising out of sold activities shall be limited to an aggregate amount representing about 10% of the enterprise value of the transaction for Solvay.

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, 2009, fewer than 400 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.

2009 Consolidation Scope

The Group consists of Solvay SA and a total of 388 subsidiaries and associated companies in 50 countries.

Of these, 171 are fully consolidated and 83 are proportionately consolidated, whilst the other 134 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	Segment	Comments
BELGIUM	Solvay Energy SA	-	new company
LUXEMBOURG	Solvay Pharma Finance Sarl	-	meets the consolidation criteria
NETHERLANDS	Terlin bv	-	meets the consolidation criteria
	MTP HP JV Management bv	Ch	meets the consolidation criteria
	MTP HP JV Management bv	Ch	meets the consolidation criteria
CHINA	Inergy Automotive Systems Manufacturing (Beijing) Co., Ltd	Pl	meets the consolidation criteria
THAILAND	Solvay Biochemicals (Thailand) Ltd	Ch	meets the consolidation criteria
	MTP HP JV (Thailand) Ltd	Ch	meets the consolidation criteria
NAMIBIA	Okorusu Fluorspar (Pty) Ltd	Ch	meets the consolidation criteria
	Okorusu Holdings (Pty) Ltd	Ch	meets the consolidation criteria

Companies leaving the Group

Country	Company	Segment	Comments
NETHERLANDS	Physica bv Sodufa Pharmaceuticals bv	Ph Ph	liquidated liquidated
GERMANY	Solvay Interox Bitterfeld GmbH	Ch	absorbed by Solvay Chemicals GmbH
SPAIN	Solvay Fluor Iberica SA	Ch	liquidated
CZECH REPUBLIC	Instaplast Praha AS	Pl	absorbed by Pipelife Czech s.r.o.
SWEDEN	Neopharma AB	Ph	absorbed by Solvay Pharma AB
UNITED STATES	Solvay Alkalis, Inc.	Ch	absorbed by Solvay Chemicals, Inc.
VIRGIN ISLANDS	Pipelife Holding (HK) Ltd	Pl	liquidated

Change of consolidation method

Country	Company	Segment	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		
Financière Keyenveld SA, Brussels (liquidation in progress)	50.4	-
Innogenetics nv, Gent	100	Ph
Mutuelle Solvay SCS, Brussels	99.9	-
Peptisyntha SA, Neder-Over-Heembeek	100	Ch
Solvay Benvic & Cie Belgium SNC, 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 Pharma SA, Brussels	100	Ph
Solvay Pharmaceuticals SA - Management Services, Brussels	100	-
Solvay Specialties Compounding SA, Brussels	100	-
Solvay Stock Option Management SPRL, Brussels	100	-
Solvic SA, Brussels	75	Pl
SolVin SA, Brussels	75	Pl
LUXEMBOURG		
Solvay Finance (Luxembourg) SA, Luxembourg	100	-
Solvay Luxembourg Sarl, Luxembourg	100	-
Solvay Pharma Finance Sarl, Luxembourg	100	-
NETHERLANDS		
Sodufa bv, Weesp	100	Ph
Sodufa Biologicals bv, Weesp	100	Ph
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	-
Solvay Pharma bv, Weesp	100	Ph
Solvay Pharmaceuticals bv, Weesp	100	Ph
SolVin Holding Nederland bv, Weesp	75	Pl
Terlin bv, Amsterdam	100	-
FRANCE		
Fournier Industrie et Santé SA, Dijon	100	Ph
Laboratoires Fournier SA, Dijon	100	Ph
Solvay Benvic France SAS, Paris	100	Pl
Solvay - Carbonate - France SAS, Paris	100	Ch
Solvay - Electrolyse - France SAS, Paris	100	Ch
Solvay Energie France SAS, Paris	100	-
Solvay Finance France SA, Paris	100	-
Solvay Finance SA, Paris	100	-
Solvay - Fluorés - France SAS, Paris	100	Ch
Solvay - Organics - France SAS, Paris	100	Ch
Solvay - Olefines - France SAS, Paris	100	Pl
Solvay Participations France SA, Paris	100	-
Solvay Pharma SAS, Suresnes	99.9	Ph
Solvay Pharmaceuticals SAS, Suresnes	100	Ph
Solvay Solexis SAS, Paris	100	Pl

Solvay - Spécialités - France SAS, Paris	100	Ch
SolVin France SA, Paris	75	Pl
Vivalsol SNC, Paris	100	Ph
ITALY		
SIS Italia SpA, Rosignano	100	-
Società Elettrochimica Solfuri e Cloroderivati (ELESO) SpA, Milano	100	Ch
Società Generale per l'Industria della Magnesia (SGIM) SpA, Angera	100	Ch
Solvay Bario e Derivati SpA, Massa	100	Ch
Solvay Benvic - Italia SpA, Rosignano	100	Pl
Solvay Chimica Italia SpA, Milano	100	Ch
Solvay Chimica Bussi SpA, Rosignano	100	Ch
Solvay Fluor Italia SpA, Rosignano	100	Ch
Solvay Finanziaria SpA, Milano	100	-
Solvay Padanaplast SpA, Roccabianca	100	Pl
Solvay Pharma SpA, Grugliasco	100	Ph
Solvay Solexis SpA, Milano	100	Pl
SolVin Italia SpA, Ferrara	75	Pl
GERMANY		
Cavity GmbH & Co KG, Hannover	100	Ch
Fournier Pharma GmbH, Thansau	100	Ph
Girindus AG, Bensberg	76	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 Arzneimittel GmbH, Hannover	100	Ph
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 Pharmaceuticals GmbH, Hannover	100	Ph
Solvay Verwaltungs-und Vermittlungs GmbH, Hannover	100	-
SolVin GmbH & Co KG, Hannover	75	Pl
SolVin Holding GmbH, Hannover	75	Pl
SPAIN		
Electrolisis de Torrelavega AEI, Torrelavega	100	Ch
Hispavic Iberica SL, Martorell	75	Pl
Solvay Benvic Iberica SA, Barcelona	100	Pl
Solvay Ibérica SL, Barcelona	100	-
Solvay Participaciones SA, Barcelona	100	-
Solvay Pharma SA, Barcelona	100	Ph
Solvay Quimica SL, Barcelona	100	Ch
Vinilis SA, Martorell	48.8	Pl
SWITZERLAND		
Solvay (Schweiz) AG, Zurzach	100	Ch
Solvay Pharmaceuticals Marketing & Licensing AG, Allschwil	100	Ph
Solvay Pharma AG, Bern	100	Ph
PORTUGAL		
3S Solvay Shared Services-Sociedade de Serviços Partilhados Unipessoal Lda, Carnaxide	100	-
Solvay Farma Lda, Porto Salvo	100	Ph
Solvay Interox - Produtos Peroxidados SA, Povoa	100	Ch
Solvay Portugal - Produtos Quimicos SA, Povoa	100	Ch
Voxfarma, Produtos Farmaceuticos, Unipessoal, Lda, Porto Salvo	100	Ph

AUSTRIA		
Solvay Österreich GmbH, Wien	100	Ch
Solvay Pharma GmbH, Klosterneuburg	100	Ph
GREAT BRITAIN		
Fournier Pharmaceuticals Ltd, Slough	100	Ph
Solvay Chemicals Ltd, Warrington	100	Ch
Solvay Healthcare Ltd, Southampton	100	Ph
Solvay Interox Ltd, Warrington	100	Ch
Solvay UK Holding Company Ltd, Warrington	100	-
Solvay Speciality Chemicals Ltd, Warrington	100	Ch
IRELAND		
Fournier Laboratories Ireland Ltd, Cork	100	Ph
Solvay Healthcare Ltd , Dubin	100	Ph
Solvay Finance Ireland Ltd , Dublin	100	-
FINLAND		
Solvay Chemicals Finland Oy, Voikkaa	100	Ch
SWEDEN		
Solvay Pharma AB, Västra Frölunda	100	Ph
POLAND		
Fournier Polska Sp. z o.o., Warszawa	100	Ph
Solvay Pharma Sp. z o.o., Piaseczno	100	Ph
Solvay Pharma Polska Sp. z o.o., Warszawa	100	Ph
BULGARIA		
Solvay Bulgaria AD, Devnya	100	Ch
GREECE		
Solvay Pharma M.E.P.E., Alimos	100	Ph
TURKEY		
Solvay Ilac Ve Ecza Ticaret Limited Sirketi, Istanbul	100	Ph
EGYPT		
Solvay Alexandria Sodium Carbonate Co, Alexandria	100	Ch
RUSSIA		
Solvay Pharma OOO, Moscow	100	Ph
UNITED STATES		
American Soda LLP, Parachute, CO	100	Ch
Ausimont Industries, Inc., Wilmington, DE	100	Pl
Fournier Pharma Corp, Inc., Parsippany NJ	100	Ph
Girindus America, Inc., Cincinnati OH	76	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 Automotive Plastics & Systems, Inc., Troy, MI	100	Pl
Solvay Biologicals, LLC, Marietta, GA	100	Ph
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 Pharma US Holdings, Inc., Houston, TX	100	Ph
Solvay Pharmaceuticals, Inc., Marietta, GA	100	Ph
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
Unimed Pharmaceuticals Inc., Deerfield, IL	100	Ph
CANADA		
Fournier Pharma, Inc., Montreal	100	Ph
Solvay Pharma, Inc., Scarborough	100	Ph
Solvay Pharma Canada, Inc., Scarborough	100	Ph
MEXICO		
Italmex SA, Mexico	100	Ph
Solvay Fluor Mexico SA de CV, Ciudad Juarez	100	Ch
Solvay Mexicana S. de RL de CV, Monterrey	100	Ch
Solvay Quimica Y Minera Servicios SA de CV, Monterrey	100	Ch
Solvay Quimica Y Minera Ventas SA de CV, Monterrey	100	Ch
BRAZIL		
Solvay Farma Ltda, São Paulo	100	Ph
Solvay do Brasil Ltda, São Paulo	100	Ch
Solvay Indupa do Brasil SA, São Paulo	69.9	Pl
ARGENTINA		
Solvay Indupa S.A.I.C., Bahia Blanca	69.9	Pl
Solvay Argentina SA, Buenos Aires	100	-
Solvay Quimica SA, Buenos Aires	100	Ch
AUSTRALIA		
Solvay Interox Pty Ltd, Banksmeadow	100	Ch
Solvay Pharmaceuticals Pty Ltd, Pymble	100	Ph
JAPAN		
Nippon Solvay KK, Tokyo	100	Ch
Solvay Advanced Polymers KK, Tokyo	100	Pl
Solvay Seiyaku KK, Tokyo	100	Ph
Solvay Solexis KK, Minato Ku-Tokyo	100	Pl
CHINA		
Solvay (Shanghai) Ltd, Shanghai	100	Pl
THAILAND		
Solvay Biochemicals (Thailand) Ltd, Bangkok	100	Ch
Solvay Peroxythai Ltd, Bangkok	100	Ch
Vinythai Public Company Ltd, Bangkok	50	Pl
SINGAPORE		
Solvay Singapour Pte Ltd, Singapore	100	-
INDIA		
Solvay Pharma India Ltd, Mumbai	68.9	Ph
Solvay Specialities India Private Ltd, 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, Seoul	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 H_2O_2 Production nv, Brussels	50	Ch
Inergy Automotive Systems (Belgium) nv, Herentals	50	Pl
Pipelife Belgium SA, Kalmthout	50	Pl
Inergy Automotive Systems Research SA, Brussels	50	Pl
NETHERLANDS		
Inergy Automotive Systems Netherlands Holding bv, Weesp	50	Pl
MTP HP JV Management bv, Weesp	50	Ch
MTP HP JV CV, Weesp	50	Ch
Pipelife Finance bv, Enkhuizen	50	Pl
Pipelife Nederland bv, Enkhuizen	50	Pl
Twebotube bv, Enschede	50	Pl
FRANCE		
Inergy Automotive Systems SA, Paris	50	Pl
Inergy Automotive Systems France SAS, Compiègne	50	Pl
Inergy Automotive Systems Management SA, Paris	50	Pl
Pipelife France SNC, Gaillon	50	Pl
GERMANY		
Inergy Automotive Systems (Germany), Karben	50	Pl
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		
Inergy Automotive Systems (Spain) SL, Vigo	50	Pl
Inergy Automotive Systems Valladolid, SL, Gava	50	Pl
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		
Inergy Automotive Systems (UK) Ltd, Warrington	50	Pl
Pipelife UK Ltd, Corby	50	Pl
IRELAND		
Dromalour Plastics Ltd, Cork	50	Pl
Inergy Reinsurance Ltd , Dublin	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 AB, Oelsremma	50	Pl
Pipelife Hafab AB, Haparanda	50	Pl
Pipelife Nordic AB, Göteborg	50	Pl

NORWAY		
Pipelife Norge AS, Surnadal	50	Pl
FINLAND		
Pipelife Finland OY, Oulu	50	Pl
Propipe OY, Oulu	50	Pl
POLAND		
Inergy Automotive Systems Poland Sp. z o.o., Warszawa	50	Pl
Pipelife Polska SA, Karlikowo	50	Pl
ROMANIA		
Inergy Automotive Systems Romania SRL, Pitesti	50	Pl
Pipelife Romania SRL, Cluj-Napoca	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		
Inergy Automotive Systems Slovakia s.r.o., Bratislava	50	Pl
Pipelife Slovakia s.r.o., Piestany	50	Pl
GREECE		
Pipelife Hellas SA, Moschato Attica	50	Pl
TURKEY		
Arili Plastik Sanayii AS, Pendik	50	Pl
RUSSIA		
Pipelife Russia OOO, Moscou	50	Pl
Soligran ZAO, Moscou	50	Pl
Stavroro Automotive Systems LLC, Vladimir	50	Pl
UNITED STATES		
Inergy Automotive Systems Holding (USA), Troy, MI	50	Pl
Inergy Automotive Systems (USA) LLC, Troy, MI	50	Pl
Pipelife Jet Stream, Inc. Siloam Springs, AR	50	Pl
CANADA		
Inergy Automotive Systems (Canada), Inc., Blenheim	50	Pl
MEXICO		
Inergy Automotive Systems Mexico SA de CV, Ramos	50	Pl
Solvay & CPC Barium Strontium Reynosa S. de RL de CV, Reynosa	75	Ch
Solvay & CPC Barium Strontium Monterrey S. de RL de CV, Monterrey	75	Ch
BRAZIL		
Dacarto Benvic SA, Santo André	50	Pl
Peroxidos do Brasil Ltda, São Paulo	69.4	Ch
Inergy Automotive Systems Brazil Ltda, São Paulo	50	Pl

ARGENTINA		
Inergy Automotive Systems Argentina SA, Buenos Aires	50	Pl
CHINA		
Inergy Automotive Systems (Wuhan) Co., Ltd, Wuhan	50	Pl
Inergy Automotive Systems Consulting (Beijing) Co., Ltd, Beijing	50	Pl
Inergy Automotive Systems Manufacturing (Beijing) Co., Ltd, Beijing	50	Pl
THAILAND		
Inergy Automotive Systems Thailand Ltd, Bangkok	50	Pl
MTP HP JV (Thailand) Ltd, Bangkok	50	Ch
INDIA		
Inergy Automotive Systems India Pvt Ltd, Mumbai	50	Pl
SOUTH KOREA		
Inergy Automotive Systems Co. Ltd, Kyungju	50	Pl
Solvay & CPC Barium Strontium Korea Co. Ltd, Onsan	75	Ch
JAPAN		
Inergy Automotive Systems KK, Tokyo	50	Pl
SOUTH AFRICA		
Inergy Automotive Systems South Africa (Pty) Ltd, Brits	50	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

The Statutory Auditor has expressed a reservation with regard to the decision of 2006 to maintain the value of Solvay Finance (Luxembourg) at the historical value of the investments contributed to it. The reservation relates solely to the accounts of Solvay SA and does not in any way concern the Group's consolidated accounts.

Balance sheet of Solvay SA (summary)

EUR Million	2008	**2009**
ASSETS		
Fixed assets	4 266	5 317
Start-up expenses and intangible assets	40	64
Tangible assets	63	64
Financial assets	4 163	5 189
Current assets	2 356	1 684
Inventories	32	23
Trade receivables	86	64
Other receivables	1 072	658
Short-term investments and cash equivalents	1 166	939
Total assets	6 622	7 001
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity	4 145	4 162
Capital	1 271	1 271
Issue premiums	18	18
Reserves	1 948	1 948
Net income carried forward	908	925
Investment grants	0	0
Provisions and deferred taxes	240	308
Financial debt	1 782	2 005
– due in more than one year	996	1 998
– due within one year	786	7
Trade liabilities	93	90
Other liabilities	362	436
Total shareholders' equity and liabilities	6 622	7 001

Income statement of Solvay SA (summary)

EUR Million	2008	2009
Operating income	813	711
Sales	405	250
Other operating income	408	461
Operating expenses	-942	-774
Operating profit / loss	-129	-63
Financial gains / losses	505	406
Current profit before taxes	376	343
Extraordinary gains / losses	-15	-78
Profit before taxes	361	265
Income taxes	15	0
Profit for the year	376	265
Transfer to (-) / from (+) untaxed reserves	-	-
Profit available for distribution	376	265

STATUTORY AUDITOR'S REPORT

on the consolidated financial statements for the year ended December 31, 2009 to the shareholders' meeting of Solvay SA.

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 balance sheet as at December 31, 2009, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity 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 balance sheet shows total assets of EUR 12 546 million and the consolidated income statement shows a consolidated profit (Group share) for the year then ended of EUR 516 million.

The financial statements of several significant entities included in the scope of consolidation which represent total assets of EUR 380 million and a total profit of EUR 32 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 internal control relevant to the Group's 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 basis 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 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, 2009, 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 directors' report on the consolidated financial statements includes the information required by law and is in agreement 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, 2010

The statutory auditor

DELOITTE Bedrijfsrevisoren / Reviseurs d'Entreprises
BV o.v.v.e. CVBA / SC s.f.d. SCRL
Represented by Michel Denayer

Report on the application of the Corporate Governance Rules

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Introduction

This report presents the Solvay group's application of the Corporate Governance rules in 2009. It presents the application of the recommendations of the Belgian Corporate Governance Code as published on March 12, 2009, in accordance with the "comply or explain" principle. The 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-investors.com. Its company purpose consists of pharmaceutical, chemical and plastic activities.

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, 2009, the capital of Solvay SA was represented by 84 701 133 shares, including 2 460 818 shares held by Solvay Stock Option Management in particular to cover the stock option program (further details are found under 2.1. "Company capital").
Each share entitles its holder to one vote whenever voting takes place (except for the shares held by SSOM, 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 ranks in 59th place (0.4% of the index) (at December 31, 2009).
- The BEL 20 index, based on the 20 most significant shares listed on Euronext Brussels. At December 31, 2009, Solvay represented around 6.7% of the value of this index (7th 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 2009.

In the USA, shareholders can acquire Solvay shares in the form of ADRs (American Depositary Receipts) under a program (no. 834437-10-5) sponsored by Solvay SA and managed by J.P. Morgan Chase & Co (New York). These ADRs are not listed in the USA. One ADR represents one share and entitles its holder to vote on the basis of the underlying share.

1.3. Solvay SA's main shareholder is Solvac SA, a registered company, which at January 1, 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.

The BlackRock group declared that it held on December 7, 2009, via various subsidiaries, 3.09% of the shares issued by Solvay SA.

In addition, at December 31, 2009, 2.91% of the shares issued by Solvay SA were held by Solvay Stock Option Management SPRL, in particular to cover the Solvay stock options program.

The latest transparency declarations relating to these various shareholdings are available on the internet site www.solvay-investors.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 any 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 278 000 shares in 2009 and 368 000 shares in 2008).

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 2008 and May 2009 Shareholders' Meetings, shares were deposited and votes cast in respect of an average 46% of Solvay SA's capital.

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 5 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. This facility was not used in 2009, other than for requirements of a liquidity contract and to cover stock option commitments (see item 2.1.3. below).

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, 2009 Stock Option Management SPRL's holdings of Solvay SA shares y represented 2.91% (2 460 818 shares) of the company capital.
The most recent annual program of stock options (exercisable from January 1, 2013 to December 9, 2017) was offered at the end of 2009 to around 300 Group executives, at an exercise price of EUR 72.34 per share. This price represents the average closing price of the Solvay share on Euronext during the 30 days preceding the offering of options. 98.2% of these stock options were accepted by these executives.

In 2009, stock options representing a total of 104 250 shares were exercised (it should be noted that options are in principle exercisable over a period of five years[1] after being frozen for three years). The total number of stock options exercised break down as follows:
- 2000 stock option plan: 1 400 shares
- 2001 stock option plan: 67 750 shares
- 2002 stock option plan: 21 500 shares
- 2003 stock option plan: 13 600 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 10, 2009 meeting, the Board of Directors implemented its annual stock option plan in favor of around 300 Group executives, including the Members of the Executive Committee. These include Mr. Christian Jourquin and Mr. Bernard de Laguiche, who are

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%

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.

also directors. The latter persons therefore declared their situation and 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 18 000 options respectively.

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 the legal limit, 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.

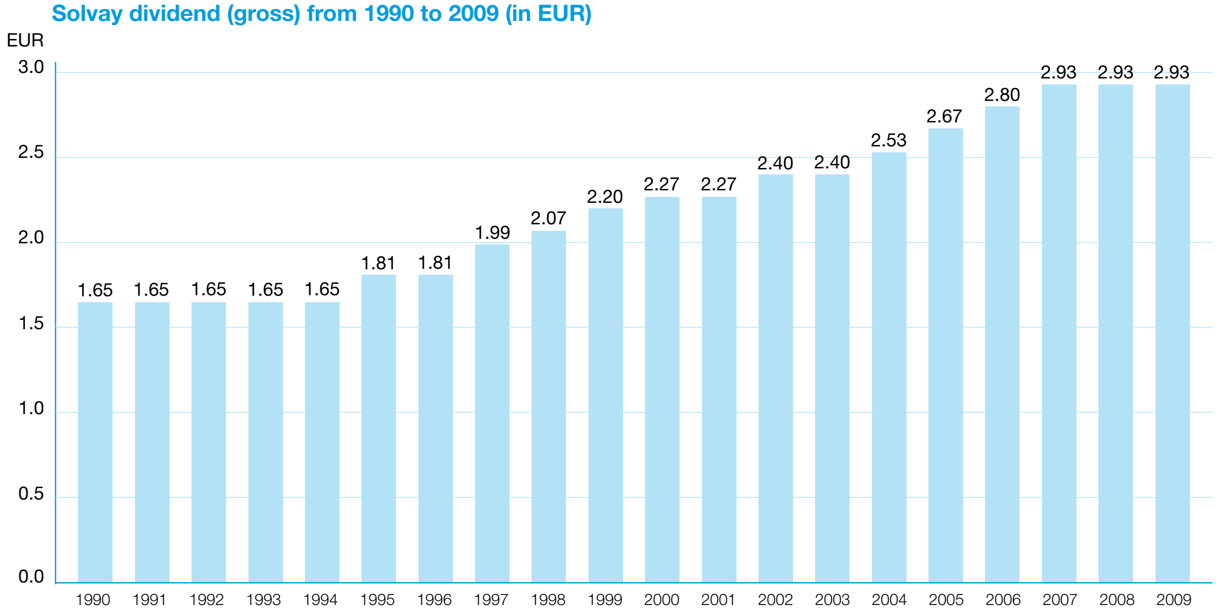
2.2.2. The annual dividend is paid in two installments, in the form of an advance payment (interim dividend) and a payment of the balance.

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 2009, an interim dividend of EUR 0.90 net per share (EUR 1.20 gross before Belgian with-holding tax at 25%) was approved by the Board of Directors on October 28, 2009. This interim dividend (coupon no. 85), which was paid on January 14, 2010, is to be offset against the total dividend for 2009, which was proposed by the Board of Directors on February 17, 2010.

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 2009 proposed to the General Shareholders' Meeting of May 11, 2010 is EUR 2.20 net per

Solvay dividend (gross) from 1990 to 2009 (in EUR)



share (EUR 2.9333 gross per share), unchanged from 2008. Given the interim dividend payment made on January 14, 2010 (EUR 0.90 net per share – coupon no. 85), the balance of EUR 1.30 net per share will be payable from May 18, 2010 (coupon no. 86).

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.

Let us note the recent change of banks where coupons representing the interim dividend and dividend balance are payable. From now on, they will be payable at KBC Bank SA and CBC Banque SA – for the first with respect to the coupon representing the balance of the dividend for 2009.

- KBC Bank SA, Havenlaan 2
  1080 Brussels (Belgium)

- CBC Banque SA, Grand-Place 5
  1000 Brussels (Belgium)

Dividends in respect of ADRs are payable by Morgan ADR Service Center, P.O. Box 8205 – USA-Boston, MA 02266-8205.

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, as this option does not offer in Belgium any tax or financial benefit to make it attractive to investors.

3. Shareholders' meetings

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 Shareholders' Meeting.

The next Ordinary Shareholders' Meeting will therefore be held on Tuesday May 11, 2010 starting 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' and the auditor's reports on the financial year;
- the Corporate Governance report for the financial 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);
- setting of directors' fixed compensation and attendance fees for their work on the Board of Directors or on the Committees (only in the case of changes);
- 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).

A bill is currently before Parliament to require in the future a report on the company's compensation policy to be put to the vote of the Ordinary Shareholders' Meeting. The report on compensation policy is found in chapter 6 below.

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 2009 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.
It should be noted that the whole procedure of notification, convening and proxies is the subject of a bill before Parliament.

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 law requires a quorum (including proxies) of 50% of the capital, failing which a new Shareholders' Meeting must be convened, which may deliberate even if a quorum has still not been achieved.

Additionally, resolutions need to be passed by qualified majorities, in most cases of at least 75% of votes cast.

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-investors.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-investors.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, semi-annual 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. Adopting the budget and long-term plan, including investments, R&D and financial objectives.

4. 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.

5. Supervision of the Executive Committee and ratification of its decisions, where required by law.

6. Appointing from among its members a Chairman and a Vice-Chairman, and creating from among its members an Audit Committee, a Compensation and Appointments Committee and a Finance Committee, defining each Committee's mission and determining its composition and its duration.

7. 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.

8. Setting the compensation of the Chairman of the Executive Committee, of Executive Committee members and of General Managers.

9. 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 January 1, 2010, the Board of Directors consisted of 15 members, as listed on p. 159. At that date, the

	Year of birth	Year of 1st appointment	Solvay SA mandates, and expiry date of directorship	Diplomas and activities outside Solvay	Presence at meetings in 2009 as a function of date of appointment
Mr. Aloïs Michielsen (B)	1942	1990	2013 Chairman of the Board of Directors and of the Finance and Compensation/ Appointments Committees	Civil engineering degree in chemistry and MA in Applied Economics (Catholic University of Louvain), Business Administration (University of Chicago) Director of Miko.	9/9
Mr. Denis Solvay (B)	1957	1997	2010 Independent Director, Vice-Chairman of the Board of Directors and Member of the Compensation/Appointments Committee	Commercial engineering degree (Free University of Brussels), Director (and Member of the Audit Committee) of Eurogentec, Director and Chairman of Abelag Holding.	9/9
Mr. Christian Jourquin (B) (*)	1948	2005	2013 Chairman of the Executive Committee, Director, member of the Finance Committee and guest of the Compensation/Appointments Committee	Commercial Engineering degree (Free University of Brussels), ISMP Harvard.	9/9
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).	9/9
Baron Hubert de Wangen (F)	1938	1981	Until May 12, 2009 Independent Director	Chemical engineering degree (Ecole Polytechnique Fédérale de Lausanne), Former Executive Director of Kowasa and non-executive Director of Jotace (Spain).	2/2
Mr. Jean-Marie Solvay (B)	1956	1991	2012 Independent Director Member of the New Business Board	CEO of Albrecht RE Immobilien GmbH&Co. KG., Director of Heliocentris GmbH&Co. KG (Berlin - Germany).	9/9
Chevalier Guy de Selliers de Moranville (B)	1952	1993	2013 Director Member of the Finance Committee and the Audit Committee	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).	9/9
Mr. Nicolas Boël (B)	1962	1998	2013 Independent Director Member of the Compensation/ Appointments Committee	MA in Economics (Catholic University of Louvain), Master of Business Administration (College of William and Mary – USA) Managing Director of BMF-Participations SA, Director of Sofina.	9/9
Mr. Whitson Sadler (US)	1940	2002	2011 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.	6/9
Mr. Jean van Zeebroeck (B)	1943	2002	2010 Independent Director Member of the Compensation/ Appointments Committee	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.	9/9
Mr. Jean-Martin Folz (F)	1947	2002	2010 Independent Director Member of the Compensation/ Appointments Committee	Ecole Polytechnique and Mining Engineer (France), Chairman of the Association Française des entreprises privées (AFEP) Director of Saint-Gobain, of Société Générale, of Carrefour and Alstom, Member of the Supervisory Board of Axa.	9/9
Mr. Karel Van Miert (B) (died unexpectedly on June 22, 2009)	1942	2003	Until June 22, 2009 Independent Director Member of the Finance Committee	MA in Diplomacy (University of Ghent), Former Competition Commissioner for the European Commission, Board member of Agfa Gevaert, the Persgroep group and Sibelco SA, member of the Supervisory Boards of Royal Philips Electronics, RWE AG, Munchner Ruck and Anglo American Vivendi Universal, Member of the Advisory Boards of Eli Lilly Holdings Ltd, and Goldman Sachs International, former Chairman of the Executive Board of the University of Nijenrode (Netherlands).	2/2
Dr Uwe-Ernst Bufe (D)	1944	2003	Unil May 12, 2009 Independent Director Member of the Finance Committee	Doctorate in Chemistry (Technical University of Munich), Member of the Supervisory Boards of UBS Deutschland AG, Akzo Nobel NV, Umicore SA, Sunpower Inc. and Kali+Salz AG.	0/2
Prof. Dr. Bernhard Scheuble (D)	1953	2006	2010 Independent Director Member of the Audit Committee	MSc,Nuclear Physics & PhD, Display Physics (Freiburg University). Former Chairman of the Executive Board of Merck KGaA, Darmstadt and former Member of the E. Merck OHG Board.	9/9
Mr. Anton van Rossum (NL)	1945	2006	2010 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 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).	8/9
Mr. Charles Casimir-Lambert (B/CH)	1967	2007	2011 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 fi nance (University of St.Gallen – Switzerland), Supervising family interests across the world.	9/9
Ms. Petra Mateos-Aparicio Morales (ES)	N/A	2009	2013 Independent Director Member of the Finance Committee	PhD in Science and Business Administration (Universidad Complutense, Madrid) Executive President of Hispasat (Spain and International); Professor at the University of Business Administration, UNED & CUNEF, Madrid.	5/7
Baron Hervé Coppens d'Eeckenbrugge (B)	1957	2009	2013 Director	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).	7/7

* Full-time activity in the Solvay group.

16th director's position was empty, following the unexpected death of Mr. Karel Van Miert in June 2009. This number of Directors is justified by the diversified nature of the Group's activities and its international character.

4.3.2. During 2009, the Board of Directors was chaired by Mr. Aloïs Michielsen, with Mr. Denis Solvay as Vice-Chairman.

At the Ordinary Shareholders' Meeting of May 12, 2009:

- the directorships of Messrs. Aloïs Michielsen, Christian Jourquin, Bernard de Laguiche, and Chevalier Guy de Selliers de Moranville were renewed for four-year terms;
- the independent directorships of Messrs. Nicolas Boël and Karel Van Miert were renewed for four-year terms;
- Baron Hervé Coppens d'Eeckenbrugge was appointed a director for a four-year term, replacing Baron Hubert de Wangen;
- Ms. Petra Mateos-Aparicio Morales was appointed an independent director for a four-year term, replacing Mr Uwe-Ernst Bufe.

At the Ordinary Shareholders' Meeting on May 11, 2010, the Board of Directors will propose

- to renew for four-year terms the directorships of Messrs. Denis Solvay, Jean van Zeebroeck, Jean-Martin Folz, Anton van Rossum and Prof. Dr. Bernhard Scheuble. It will propose to confirm their independent status, with the exception of Mr. Denis Solvay who, at the date of the Shareholders' Meeting, will have exercised such a mandate for 12 years (see criteria of independence under item 4.3.4. below);
- to appoint as Director Ms. Evelyn du Monceau, who will resign her position as an independent director of Solvac at this company's Shareholders' Meeting in May 2010, to replace Mr. Karel Van Miert, who died on June 22, 2009. Her curriculum vitae will be included with the notice convening the Ordinary Shareholders' Meeting;
- to appoint Mr. Yves-Thibault de Silguy as an independent director to replace Mr. Whitson Sadler who, approaching the age of 70, does not wish to complete his full term of office as a director until 2011. Mr. de Silguy's curriculum will be included with the notice convening the Ordinary Shareholders' Meeting;
- to decide on the independence, under the new law of December 17, 2008, of Mr. Charles Casimir-Lambert and Baron Hervé Coppens d'Eeckenbrugge, both of whom ceased to be non-executive directors 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 4 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 January 1, 2010, 13 out of 15 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 non-executive 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, the independent status of 9 out of 13 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 January 1, 2010 the Board included members of seven 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 2009;
- 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 non-executive 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 non-executive 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.

Readers are reminded that, prior to the publication of the law of December 17, 2008, the following criteria of independence in particular were applied:

- Not having exercised a significant executive function within the Solvay group or have been an executive or non-executive director of Solvac SA during the previous three years at least. In this respect the Board of Directors was stricter than the law, which set a limit of only two years. The fact of being a non-executive director of a local Group holding or administrative company was not considered as an obstacle to independence, as local services provided by such companies are not matters falling within the remit of the Board of Directors.

- Not being a significant shareholder. The law considered a shareholding to be significant when it reached or exceeded 10%.
- Not having business or other relations with the Solvay group, for example as a customer or supplier, the nature or size of which could potentially affect the independence of his judgment.

At January 1, 2010, 9 out of 15 directors fulfilled the criteria of independence, as confirmed by a vote of the Ordinary Shareholders' Meeting of May 12, 2009.

- 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);
- 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);
- Baron Hervé Coppens d'Eeckenbrugge was not recog-nized as independent at the time of his appointment as Director in May 2009, his non-executive directorship of Solvac SA having ended at the same date (new criterion no. 1);
- Mr. Charles Casimir-Lambert was not considered as independent at the time of his appointment in 2007 under the criteria of independence applicable prior to the publication of the law of 17 December 2008. This is because, prior to this appointment to the Board of Directors of Solvay SA, he had been a non-executive Director of Solvac SA within the previous 3 years.

Readers are reminded that the Board of Directors will propose to the Shareholders' Meeting of May 11, 2010 that it decide on the independence, under the terms of the new law of December 17, 2008, (criterion no. 1), of Mr. Charles Casimir-Lambert and Baron Hervé Coppens d'Eeckenbrugge, both former non-executive Directors of Solvac SA more than one year ago. Additionally, on the occasion of the renewal of his directorship, Mr. Denis Solvay, who at the date of the Shareholders' Meeting will have exercised his term of office for 12 years, will no longer be presented as independent (criterion no. 2).

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 Compensation and Appointments 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 9 times in 2009 (five ordinary and four extraordinary meetings). Five ordinary meetings are planned in 2010.

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 2009 for the decision to sell the Group's Pharmaceuticals activities. 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

Between the end of 2006 and the 1st quarter of 2007 the Board of Directors reviewed its own composition and modus operandi, 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 GU**BE**RNA.

The Chairman of the Board of Directors has taken note of the results of this review. The next review will take place during 2010.

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 2009 this training program was taken, in particular, by the two new Directors, including a visit to the Jemeppe site in Belgium. A safety training course is also planned 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 three specialized Committees: the Audit Committee, the Finance Committee and the Compensation and Appointments Committee.
- 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 has existed since October 2009 to examine the reinvestment of the proceeds of the sale of the Group's Pharmaceuticals activities.

4.5.2. The Audit Committee

During the 2009 financial year, the Audit Committee was composed of Mr. Whitson Sadler (Chairman), Chevalier Guy de Selliers de Moranville, Prof. Dr. Bernhard Scheuble, Mr. Anton van Rossum and Mr. Charles Casimir-Lambert. Exceptionally, Prof. Dr. Bernard Scheuble chaired the Audit Committee meeting of October 2009. These are independent non-executive directors, with the exception of Mr. Charles Casimir-Lambert and, since May 2009, Chevalier Guy de Selliers de Moranville.

The Secretariat is provided by a member of the Group's internal legal staff.

This Committee met four times in 2009, 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 very high 95%.

The Audit Committee oversees 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). 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

At January 1, 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.

The Corporate Secretary, Mr. Jacques Lévy-Morelle, acts as secretary to the Committee.
This Committee met five times in 2009. Participation of members of the Finance Committee was a very high 93%. 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, 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 Appointments Committee
At January 1, 2010, this Committee consisted of Mr. Aloïs Michielsen (Chairman) and four independent, non-executive directors, Messrs. Jean van Zeebroeck, Nicolas Boël, Denis Solvay and Jean-Martin Folz. Mr. Christian Jourquin is invited as Chairman of the Executive Committee. It should be pointed out that the bill currently before Parliament requires at least half the members of this Committee to be independent. This is currently already the case.

Mr. Daniel Broens, the Group General Manager Human Resources, reports to the Committee and acts as secretary. The Committee met three times in 2009. Participation of the members of the Compensation and Appointments Committee was very high (100%). The 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. In the area of compensation, 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). The Committee also prepares the report on compensation policy, preparation of which will shortly be made mandatory by the above-mentioned bill.

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 January 1, 2010, the Executive Committee had seven members.

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 2009 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 Compensation and Appointments 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 Compensation and Appointments 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 and Appointments Committee whenever proposals are made for setting variable compensation.

5.4. Frequency, preparation and procedure of meetings

5.4.1. The Executive Committee met 20 times in 2009.
Meetings are generally held at the 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.

	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)
M. Christian Jourquin (B)	1948	1996	2010	Commercial Engineering degree (Free University of Brussels), ISMP Harvard, Chairman of the Executive Committee.	20/20
M. Bernard de Laguiche (F/BR)	1959	1998	2010	Commercial engineering degree – MA in economics HSG (University of St Gallen - Switzerland), Executive Committee Member in charge of Finance/IT.	20/20
M. 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
M. Werner Cautreels (B)	1952	2005	2011	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.	19/20
M. Vincent De Cuyper (B)	1961	2006	2010	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
M. 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.	19/20
M. Roger Kearns (US)	1963	2008	2010	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

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 close to 100% in 2009. 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 holds an off-site meeting to discuss the group's strategic directions. A meeting of this type was organized in 2008, devoted mainly to the direction to be taken concerning Sustainable Development.

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 and Appointments Committee.
In 2005, based on a proposal by the Compensation and Appointments Committee, the Board of Directors updated its compensation policy for its main senior managers, including the members of the Executive Committee. This policy 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 Appointments Committee and for the Finance Committee, of EUR 2 500 gross per member and EUR 4 000 gross for the Chairmen of these Committees;
– but with the specification that the Chairman of the Board, the Chairman of the Executive Committee and the Executive Directors would 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 by-laws to grant an additional fixed compensation of EUR 228 176 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 an amount of EUR 427 953 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 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 and Appointments 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 2009 financial year, is set out in an annex to this document. The Board intends to adapt this policy in 2010 to reflect the changes brought about by the Corporate Governance legislation. 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.

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 below)

GROSS COMPENSATION AND OTHER BENEFITS GRANTED TO DIRECTORS

Compensation	2008		2009	
	Gross amount	Including Board of Directors and Committee attendance fees	Gross amount	Including Board of Directors and Committee attendance fees
A. Michielsen				
– Fixed emoluments + attendance fees	57 500.04	22 500.00	55 000.04	20 000.00
– "Article 27" supplement	225 207.86		228 175.94	
– Compensation for complementary pension rights	422 385.97		427 952.70	
N. Böel	62 500.04	27 500.00	62 500.04	27 500.00
D. Solvay	60 000.04	25 000.00	62 500.04	27 500.00
C. Jourquin	57 500.04	22 500.00	55 000.04	20 000.00
H. de Wangen	52 500.04	17 500.00	17 701.63	5 000.00
J-M. Solvay	57 500.04	22 500.00	55 000.04	20 000.00
G. de Selliers	81 000.04	46 000.00	87 500.04	52 500.00
Wh. Sadler	81 500.04	46 500.00	71 500.04	36 500.00
J. van Zeebroeck	62 500.04	27 500.00	62 500.04	27 500.00
J-M. Folz	57 500.04	22 500.00	62 500.04	27 500.00
K. Van Miert*	62 500.04	27 500.00	27 500.02	10 000.00
U-E. Bufe	62 500.04	27 500.00	12 701.63	
B. de Laguiche	57 500.04	22 500.00	55 000.04	20 000.00
B. Scheuble	71 000.04	36 000.00	77 000.04	42 000.00
A. van Rossum	71 000.04	36 000.00	72 500.04	37 500.00
C. Casimir-Lambert	73 500.04	38 500.00	75 000.04	40 000.00
H. Coppens d'Eeckenbrugge			37 298.41	15 000.00
Ms. P. Mateos-Aparicio Morales			44 798.41	22 500.00
	1 675 594.48	**468 000.00**	**1 649 629.26**	**451 000.00**

* Deceased on June 22, 2009.

6.4. Amount of compensation and other benefits granted directly or indirectly to the Chairman of the Executive Committee.

(see table below)

The Chairman of the Executive Committee has requested that the Board of Directors reduce for 2009 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. Readers are reminded that in 2008 he had requested that the Board of Directors reduce his variable compensation to EUR 216 093, by way of exception to the policy set by the Board, which would have permitted him to receive an amount of EUR 616 093.

The Chairman of the Executive Committee receives stock options as explained below.

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 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 six other members of the Executive Committee by the company or an affiliated company.

(see table below)

Executive Committee members receive stock options as explained below.

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 169)

In December 2009 the Board of Directors allotted, on the proposal of the Compensation and Appointments Committee, stock options to around 300 senior Group managers.

The exercise price amounts to EUR 72.34 per option, with a three-year non-exercise period. Executive Committee members together were granted 117 000 options in 2009, compared with 112 000 in 2008.

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

Compensation and other benefits granted to the Chairman of the Executive Committee	2008	2009
Base compensation	774 266	776 804
Variable compensation	216 093	497 494
Pension and death-in-service and disability coverage (costs paid or provided for)	209 661	222 907
Other compensation components[1]	13 410	18 601

Compensation and other benefits granted to the other members of the Executive Committee	2008	2009
Base compensation	2 633 232	2 687 778
Variable compensation	1 628 323	1 711 110
Pension and death-in-service and disability coverage (costs paid or provided for)	605 462	463 928
Other compensation components[2]	107 492	120 220

1. Company vehicles.
2. Representation allowance, luncheon vouchers, company car.

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, benefits from any "golden parachute" clause. If their service ends early, only the legal system applies.

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. 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 mandate of the audit company Deloitte, Réviseurs d'Entreprise, represented by Mr. Michel Denayer, expire at the end of the ordinary Shareholders' Meeting of 2010.
The Board of Directors, on proposal of the Audit Committee, proposes the ordinary General Meeting on 11 May 2010 to renew the mandate with three years. The Board also proposes to appoint audit company Deloitte, represented by Franck Verhaegen as alternate auditor for three years. The proposed yearly emoluments for the effective auditor for the fiscal years 2010 to 2012 are 354 818 EUR for 2010, 351 270 EUR for 2011 and 351 270 for 2012. As from fiscal year 2011 these amounts will be adapted to inflation.

Stock options granted to Executive Committee members in 2009

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	18 000
Belgium	van RIJCKEVORSEL Jacques	Member of the Executive Committee	18 000
Belgium	CAUTREELS Werner	Member of the Executive Committee	15 000
Belgium	DE CUYPER Vincent	Member of the Executive Committee	15 000
Belgium	MESLAND Jean-Michel	Member of the Executive Committee	13 000
Belgium	KEARNS Roger	Member of the Executive Committee	13 000
TOTAL			**117 000**

Stock options exercised in 2009 by Executive Committee members

Name	Function	Scheme	No. options exercised	Exercise price in EUR	Alloted in
van RIJCKEVORSEL Jacques	Comex	Options	1 700	62.25	2001
MESLAND Jean-Michel	Comex	Options	2 300	63.76	2002

Additional fees received by Deloitte in 2009 amount to EUR 610 000. For the entire consolidated Group, the fees received by Deloitte break down as follows:

- fees for auditing the financial statements: EUR 4 849 000
- other audit and miscellaneous services: EUR 470 000
- special mission and tax advice: EUR 140 000.

9. Code of Conduct

The Solvay Code of Conduct expresses certain values that serve as a reference framework for the Group's decisions and actions:

- Ethical behavior;
- Respect for people;
- Customer care;
- Empowerment;
- Teamwork.

All these Values need to be respected and applied constantly and consistently.

The Code of Conduct is part of the Group's constant efforts 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. A compliance organization has also been set up under the authority of the Group General Counsel with a network of compliance officers.

The Group encourages its employees to take up any difficulty relating to the application of the Code of Conduct with its hierarchy or other identified interlocutors (legal staff, human resources, and an ombudsman in the person of the Corporate Secretary). It is also progressively introducing the possibility, in every region, of talking to an external service to express any difficulties.

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.

10. Preventing insider trading

10.1. 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), the Chief Financial Officer, the Group General Counsel, the Group General Manager Human Resources and the Head of Corporate Communications and Investor Relations. In particular, this Committee advises the Board of Directors, the Executive Committee and any employee confronted with a difficult situation.

10.2. 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 154), in 2009 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 withdraw and 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.

10.3. 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 at least two respects:

- 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;
- in the area of compliance, given the problems encountered with regard to compliance with competition rules, in particular in Europe but also

in the USA, compliance policy has been tightened at all levels at the behest of the Executive Committee, including setting up a network of compliance officers.

10.4. 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.

11. Internal organization of the Solvay group

11.1. The activities of the Solvay group are organized by Sector. Right now the Solvay Group consists of two Sectors, the Chemicals Sector and the Plastics Sector. Readers are reminded that at the end of September 2009 the Solvay group elected to refocus its activities and to sell on February 15, 2010 all its pharmaceuticals activities in order to speed up its strategy of sustainable and profitable growth. Solvay will reinvest the proceeds from the transaction in organic and sizeable external growth, focused on long-term value creation. This will be done by investments in high value added activities and strategic projects in chemicals and plastics, by continuing the geographic expansion into regions with growth potential, and by pursuing the development of activities and new products with low energy footprint and which we expect will reduce the cyclicality in Solvay's portfolio of activities.

11.2. Each Sector is in turn divided by business area into Strategic Business Units (SBUs). Each SBU's field of activity is set out in greater detail in the pages of the annual report devoted to the Sectors. The SBUs are almost entirely composed of individual subsidiaries by business area and by country. In most cases these subsidiaries are held by local national holding companies, particularly where tax consolidation is permitted. Examples of this are Solvay America, Inc. in the USA and Solvay GmbH (formerly Solvay Deutschland GmbH) in Germany.

11.3. The Sectors and SBUs are supported by five Functional Managements (Finance; Technology, Research and Procurement; Human Resources; Legal and Compliance[2]; and Corporate Secretariat[2]), in turn subdivided into Competence Centers. Nearly all Functional Managements and their Competence Centers are located at Solvay SA in Brussels and in national holding companies, where they are part of Regional or Country Managements.

11.4. Sectors and SBUs are also supported by specialist services organized into Business Support Centers (BSCs). These BSCs can be global, international, national or site-specific. Depending on their particular purpose, they are attached to a Functional Management, to a Sector, to an SBU or to a Regional or Country Management.

12. Relations with shareholders and investors

The Group thanks its shareholders and all others, in particular journalists and analysts, for the interest they continue to express in Solvay.

12.1. The Solvay share in 2009

The development of the Solvay share was marked in 2008 and in 2009 by the global financial and economic crisis.

The highest price was EUR 77.8 (September 17, 2009), compared with EUR 97.9 in 2008. The average price was EUR 63.7 (EUR 80.68 in 2008). The lowest price was EUR 42.0 (March 9, 2009) as against EUR 51.45 in 2008. Average daily trading volume as reported by Euronext was 278 000 shares in 2009, compared with 368 000 shares in 2008 and 226 000 shares in 2007.

The evolution of Solvay shares in 2009 compared with market indexes is shown overleaf.

12.2. 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.

2. Distinct funtional entitles since January 1, 2007.

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For addition information on ADRs, a telephone hotline is also available at 1-800-428-4237 (from the USA and Canada) or 1-651-453-2128 (from other countries).

12.3. Flow of financial information

In 2009, 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.

12.4. Shareholder Clubs and individual investors

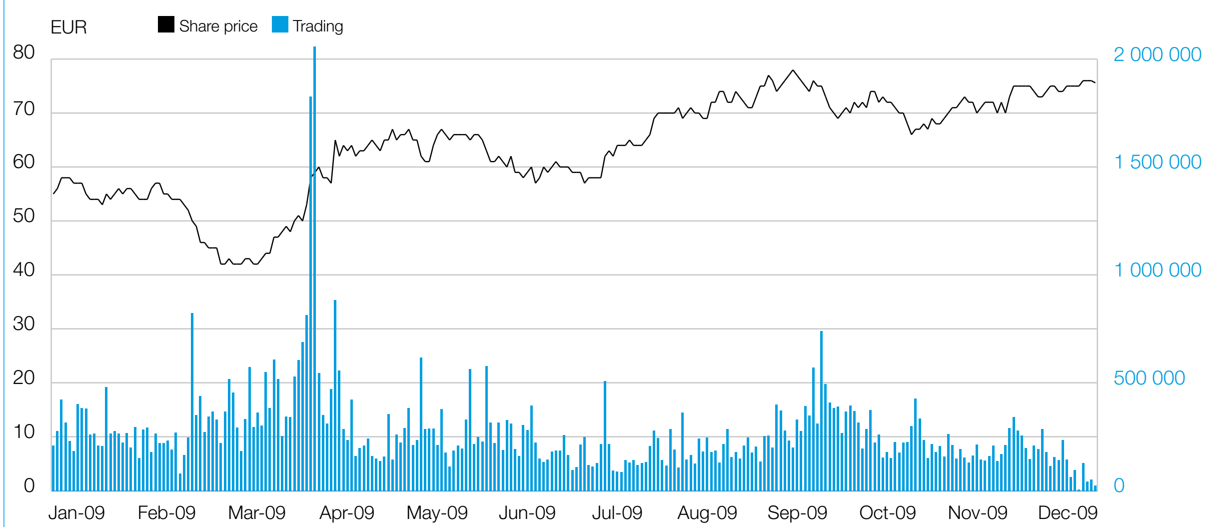
For many years the Group has maintained very close relations with clubs of individual investors both by taking part in fairs and conferences and by providing regular information on the life of the Group (press releases, the annual report, etc.) on request.

In 2009, the Solvay group actively continued its meetings with individual investors.

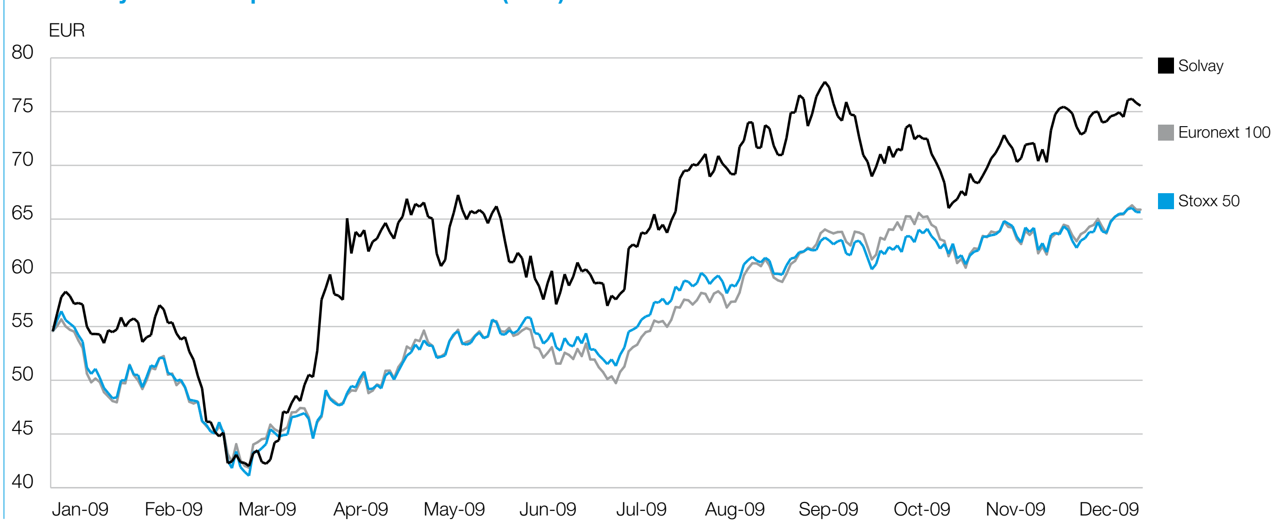
By way of example:

• in March 2009, nearly 200 people

Solvay share prices and trading volumes: 01/01/2009 to 12/12/2009



The Solvay share compared with the indexes (2009)



took part in Mr. Christian Jourquin's Rendez-Vous with the readers of Belgium's CASH magazine, some of them members of investment clubs like Investa and VFB. Solvay's participation in "Share Day," also organized by CASH in March, was a further opportunity to meet individual shareholders;

- in April 2009, Solvay took part in the "Investors' Event" organized by the VFB (Flemish Association of Investors and Investors Clubs), which every year brings together more than 1 000 participants, with Mr. Christian Jourquin presenting the Group's latest strategic developments.

12.5. Roadshows and meetings for professionals

Roadshows and meetings with senior Group managers are organized regularly for international professionals (analysts, portfolio managers, press, etc.).
In 2009 over 300 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.

12.6. A specific internet site

A dedicated internet site, www.solvay-investors.com, 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.

12.7. 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 will in future propose 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 and Appointments 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 chemical and pharmaceutical 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 considers a blend of some 20 leading European chemical and pharmaceutical companies as its frame of reference, taking into consideration Solvay's relative size in terms of sales revenues and headcount vis-à-vis these companies.

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 chemical and pharmaceutical sectors) constitutes the reference. For external market data, 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); 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 and Appointments 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

			CEO	Executive Committee	General Managers
ROE	Actual performance	ROE levels	AS % OF FIX	as % of FIX	as % of FIX
	Below thresold	< 4%	0%	0%	0%
	At thresold	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

ABAF: Belgian Financial Analysts Association (Association Belge des Analystes Financiers)
ACDV: Association Chimie du Végétal
ADR: American Depositary Receipt
ANDA: Abbreviated new drug application
BSC: Business Support Centre
CC: Competence Centre
CEFIC: European Chemical Industry Council
Central Europe: Hungary, Poland, Czech Republic, Romania, Slovakia, Germany, Austria, Slovenia
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, Labelling, Packaging
CSR: Corporate Social Responsability
EABIS: European Academy of Business in Society
Eastern Europe: Belarus, Estonia, Latvia, Lithuania, Moldavia, Romania, Russia, Ukraine
ECHA: European Chemicals Agency
EMAS: Eco-Management and Audit Scheme
EPI: Exocrine Pancreatic Insufficiency
ETFBO: 4-Ethoxy-1, 1, 1-trifluoro-3-buten-2-one: a synthon that can be combined to prepare various products in organic chemistry
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
FDA: Food and Drug Administration
FISCH: Flanders Strategic Initiative for Sustainable Chemistry
FKM: Fluoroelastomer
FTE: Full time equivalent
GHS: Globally Harmonized System
GMP: Good Manufacturing Practices – established by national governments or the European Commission as part as of a push for quality, these apply to the manufacturing of medicines for human or veterinary use
HACCP: Hazard Analysis Critical Control Point – a method that defines, evaluates and controls risks that threaten food healthiness and safety
HDL-cholesterol: High density lipoprotein – “good” cholesterol
HPPO: Hydrogen Peroxide to Propylene Oxide
HR: Human Resources
Kt: Kilotonne
LCD: Liquid Cristal Display
LDL-cholesterol: Low density lipoprotein – “bad” cholesterol
LO: International Labour Organization
MEA: Membrane Electrode Assembly
Mercosur: South American Common Market (Republics of Argentina, Brazil, Paraguay and Uruguay)
NAFTA: North American Free Trade Agreement (Canada, United States, Mexico)
NBD: New Business Development
NGO: Non-governmental organization
NOx: Nitric oxide
OHSAS: Occupational Health and Safety Assessment Series
OLED: Organic Light Emitting Diodes
PCC: Precipitated calcium carbonate
PEEK: Polyether-ether-ketone
PFOA: Perfluorooctanoic
PFPE: Perfluoropolyether
PHN: Postherpetic Neuralgia
PTFE: Polytetrafluoroethylene
PVC: Polyvinyl chloride
PVDC: Polyvinylidene chloride
PVDF: Polyvinylidene fluoride
R&D: Research and Development
REACH: Registration, Evaluation and Authorization of Chemicals
RFID: Radio- Frequency Identification
S3: Solvay Sustainability Screening
SBU: Strategic Business Unit
SCR: Selective Catalytic Reduction
SCU: Solvay Corporate University
SPM: Sustainable Portfolio Management
SPS: Solvay People Survey
SRP: Self-reinforced polyphenylen
SSOM: Solvay Stock Option Management
TSBM: Twin-Sheet Blow-Molding. Fuel systems manufacturing systems which combines the advantages of blow molding with that of thermoforming
UIC: Union des Industries Chimiques
VCM: Vinyl chloride monomer
VOC: Volatile Organic Compounds
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
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

Tuesday May 11, 2010:
announcement of the three months 2010 results (at 13.00) and Annual Shareholders' Meeting (at 14.30)

Tuesday May 18, 2010:
payment of the balance of the 2009 dividend (coupon no. 86) Quotation ex-dividend from May 13, 2010

Thursday July 29, 2010:
announcement of six months 2010 results (at 07.30)

Thursday October 28, 2010 (at 07.30):
announcement of nine months 2010 results and the interim dividend for 2010 (payable in January 2011, coupon no. 87)

February 17, 2011:
announcement of annual results for 2010

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