Press Release

SOLVAY

EMBARGO: Brussels, May 9, 2011 at 6:00 p.m.
REGULATED INFORMATION

Solvay Group results from the first quarter of 2011[1]

Excellent operating result (EUR 197 million): +79% compared to the first quarter of 2010 +37% compared to the fourth quarter of 2010

- ✓ **Group sales (EUR 1,670 million)** improved by 23% compared to the first quarter of 2010, resulting from an increase in volumes (+10%) and sales price (+12%) in Group activities
- ✓ **Group operating result (EUR 197 million) balanced between the two Sectors:**
  - ➢ **Chemicals (EUR 101 million)**: record result (+55% compared to the first quarter of 2010); the increase in sales prices and volumes compensated for higher energy costs
  - ➢ **Plastics (EUR 116 million)**: +108% compared to the first quarter of 2010, primarily thanks to an increase in sales volumes in both Specialty Polymers and Vinyls
- ✓ **Net result from continuing operations (EUR 98 million)** improved compared to the first quarter of 2010 (EUR 12 million)
- ✓ **New organizational structure** (Horizon) in place since April 1, 2011
- ✓ Agreement announced on April 4 for launch of a **friendly cash offer for Rhodia**; closing expected in August 2011

Group **sales** amounted to EUR 1,670 million, up by 23% compared to the restated[1] sales of the 1st quarter 2010. This improvement was reflected in both Chemicals and Plastics. It is explained by an increase in volumes (+10%) and sales prices (+12%) across all activities. Sales in Asia and South America represent 25% of the total Group sales for the first quarter of 2011.

The Group's recurring operating result (**REBIT**[2]) amounted to EUR 197 million (+79%). There was a clear improvement in **operating margin** (REBIT on sales): 11.8% in the first quarter of 2011 compared to 8.1% in the first quarter of 2010 and 9.5% in the fourth quarter of 2010. This improvement is explained by better capacity utilization rates and by the increase in sales prices, which compensated for increased costs of energy and some raw materials. The margin improvement for Specialty Polymers was of particular note; it was sustained by additional growth in sales volumes, by an improvement in product mix and by slightly higher sales prices. Over the course of the upcoming quarters, the Group will continue to dynamically manage the increase in energy and ethylene costs.

The Group's **REBITDA**[3] amounted to EUR 285 million (+46%). At the end of March 2011, the Solvay Group was in a **net cash surplus** situation of EUR 2,689 million. The total cash available at the end of March 2011 amounts to EUR 5,386 million. It will partly be used to finance the purchase of the shares of Rhodia (up to EUR 3.4 billion) in the friendly cash offer announced on April 4th, 2011.

Chemicals Sector sales (EUR 800 million) improved by 23%. Sales volumes remained high at the start of this year; they were up by 7% compared to the first quarter of 2010. The sustained level of demand contributed to an increase in sales prices (on average, up by 15%), which compensated overall for the rise in energy costs. The operating result of the Sector reached the record level of EUR 101 million; it was up by 55% compared to the first quarter of last year. This increase cut across all activities.

Plastics Sector sales (EUR 870 million) were up by 24%; this increase was seen both in Specialty Polymers (+23%) and in Vinyls (+24%). Specialty Polymers continued to benefit from very strong demand at the beginning of 2011. The improvement in their sales came from continued increases in sales volumes, a better product mix and, to a lesser extent, an increase in sales prices. This explains the improvement in margins and operating result for this cluster of activities. The net improvement in sales and operating result of the vinyls activities came from growth in sales volumes in Europe (SolVin) and in South America (Indupa) and the good performance of Vinythai (Asia). The operating result for the Plastics Sector (EUR 116 million) more than doubled compared to last year.

1 Financial data for the year 2010 were restated to take into account the two following changes:
- Since January 1, 2011, the Group consolidates joint ventures using the equity method instead of the proportionate method (in line with IAS 31) with a negative impact on the sales of the 1st quarter 2010 of EUR 244 million. More information about this is provided on pages 12 and 13 of this press release.
- Data from the results of the pharmaceuticals activities up to February 15, 2010 in the Group accounts are consolidated under a single heading in the income statement: "Result from discontinued operations".

2 REBIT: measure of operating performance (this is not an IFRS concept as such)
3 REBITDA: REBIT, before recurring depreciation and amortization

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SOLVAY

The Solvay Group is attentive to the macro-economic developments and the evolution of energy and ethylene costs.
In the context of the globally favorable business climate and based on its strategy of sustainable and profitable growth, Solvay expects to improve its annual operating result, both in Chemicals and Plastics activities in 2011.

SOLVAY Group – Summary Financial Information

EUR million (except for per-share figures: EUR)	1st quarter of 2010	1st quarter of 2011	1st quarter of 2011/ 1st quarter of 2010
Sales	**1,355**	**1,670**	**23%**
REBIT	**110**	**197**	**79%**
REBIT/sales	*8.1%*	*11.8%*	
Non-recurring items	-48	-15	
EBIT[4]	**62**	**182**	**193%**
Charges on net indebtedness	-43	-41	-4%
Income / loss from investments available-for-sale	0	0	ns
Result before taxes	**19**	**141**	**ns**
Income taxes	-7	-43	ns
Result from continuing operations	**12**	**98**	**ns**
Result from discontinued operations	1,720	1	ns
Net income	**1,732**	**99**	**ns**
Net income Solvay share	1,725	86	ns
Total depreciation	113	90	-20%
REBITDA from continuing operations	195	285	46%
Cash flow	1,845	190	ns
Basic earnings per share[5] **from continuing operations**	**0.06**	**1.05**	**ns**
Net debt to equity ratio	-39%	-40%	

Notes on Solvay Group summary financial information

Non-recurring items amounted to EUR –15 million.

Charges on net indebtedness amounted to EUR –41 million. Charges on borrowing amounted to EUR -35 million. Gross financial debt (EUR 2,698 million) is at 85% covered at an average fixed rate of 5.1% with a duration of 4.9 years. Interest on cash deposits and investments amounted to EUR 9 million. It should be recalled that the proceeds from the sale of the pharmaceuticals activities have been invested in short-duration government bonds and highest rated treasury instruments. Annual cash yield at the end of March 2011 was 0.6%.

Income taxes amounted to EUR –43 million. The effective tax rate at the end of March 2011 was 30%.

The **net income** for the first quarter of 2011 amounted to EUR 99 million. The "**non-controlling interests**" amounted to EUR 13 million. The **basic earnings per share** from continuing operations amounted to EUR 1.05 (compared to EUR 0.06 at the end of March 2010).

Total depreciation (EUR 90 million) was lower than that of the first quarter of 2010 (EUR 113 million); this difference can be explained primarily by the impairments on assets, effected last year, following shutdown of the hydrogen peroxide unit at Bitterfeld.

At the end of March 2011, the Solvay Group was in a **net cash surplus** position that amounted to EUR 2,689 million. The Group is continuing its efforts in **management of working capital**; the increase in industrial working capital (+12% compared to the end of March 2010) is substantially lower than the sharp increase in sales (+23%). The evolution of the industrial working capital (EUR -246 million) as well as the amount of the capital increase in RusVinyl (EUR 89 million) are the main factors explaining the level of the **Free Cash Flow** in the first quarter 2011 (EUR -157 million).

4 EBIT: result before financial charges and taxes
5 Calculated on the basis of the weighted average number of shares in the period, after deduction of treasury shares and own shares purchased to cover the stock option program, or a total of 81,918,872 shares at the end of March 2010 and 81,028,332 shares at the end of March 2011.

RESULTS BY SEGMENT

EUR million	1st quarter of 2010	1st quarter of 2011	1st quarter of 2011/ 1st quarter of 2010
Sales[6]	**1,355**	**1,670**	**23%**
Chemicals	651	800	23%
Plastics	704	870	24%
REBIT	**110**	**197**	**79%**
Chemicals	65	101	55%
Plastics	56	116	108%
Corporate and Business Support	-5	-13	ns
New Business Development	-6	-7	16%
REBITDA	**195**	**285**	**46%**
Chemicals	102	138	35%
Plastics	102	166	62%
Corporate and Business Support	-3	-12	ns
New Business Development	-6	-7	18%

RESULTS BY SEGMENT BEFORE ELIMINATION OF INTER-SEGMENT SALES

	1st quarter of 2010	1st quarter of 2011	1st qtr. 2011 / 1st qtr. 2010
Sales	**1,563**	**1,923**	**23%**
Chemicals			
Sales	698	844	21%
Inter-segment sales	-47	-44	-6%
External sales	651	800	23%
Plastics			
Sales	865	1,079	25%
Inter-segment sales	-161	-209	23%
External sales	704	870	24%
EBIT	**62**	**182**	**ns**
Chemicals	33	94	ns
Plastics	54	111	ns
New Business Development	-6	-7	16%
Corporate and Business Support	-19	-16	-15%

6 These are sales after elimination of inter-segment sales.

CONSOLIDATED FINANCIAL STATEMENTS

INCOME STATEMENT

	1st quarter of 2010	1st quarter of 2011
Sales	**1,355**	**1,670**
Combined sales (*)	1,599	1,803
Cost of goods sold	-1,125	-1,322
Gross margin	**230**	**348**
Commercial and administrative costs	-112	-120
Research and development costs	-29	-32
Other operating gains and losses	6	-9
Earnings from associates and joint ventures accounted for using the equity method	15	10
REBIT	**110**	**197**
Non-recurring items	-48	-15
EBIT	**62**	**182**
Cost of borrowings	-32	-35
Interest on lendings and short-term deposits	3	9
Other gains and losses on net indebtedness	-2	-2
Cost of discounting provisions	-12	-12
Income/loss from available-for-sale investments	0	0
Result before taxes	**19**	**141**
Income taxes	-7	-43
Result from continuing operations	**12**	**98**
Result from discontinued operations	1,720	1
Net income	**1,732**	**99**
Non-controlling interests	-7	-13
Net income Solvay share	**1,725**	**86**
Basic earnings per share from continuing operations (EUR)	0.06	1.05
Basic earnings per share from discontinued operations (EUR)	20.99	0.01
Basic earnings per share (EUR)	21.05	1.06
Diluted earnings per share from continuing operations (EUR)	0.06	1.05
Diluted earnings per share from discontinued operations (EUR)	20.95	0.01
Diluted earnings per share (EUR)	21.01	1.06

STATEMENT OF COMPREHENSIVE INCOME

	1st quarter of 2010	1st quarter of 2011
Net income	**1,732**	**99**
Gains and losses on available-for-sale financial assets	5	6
Gains and losses on hedging instruments in a cash flow hedge	-2	1
Currency translation differences	184	-153
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	18	-11
Income tax relating to components of other comprehensive income	1	0
Other comprehensive income, net of related tax effects	**206**	**-158**
Comprehensive income attributed to	**1,938**	**-58**
- owners of the parent	1,906	-52
- non-controlling interests	32	-6

STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

	December 31, 2010	March 31, 2011
Non-current assets	**5,076**	**4,990**
Intangible assets	111	105
Goodwill	68	65
Tangible assets	3,276	3,145
Available-for-sale investments	62	69
Investments in joint ventures and associates - equity method	346	592
Other investments	275	88
Deferred tax assets	579	564
Loans and other non-current assets	360	361
Current assets	**8,633**	**8,503**
Inventories	761	773
Trade receivables	1,651	1,824
Income tax receivables	12	7
Other current receivables - Financial instruments	3,722	2,722
Other current receivables - Other	533	512
Cash and cash equivalents	1,954	2,664
TOTAL ASSETS	**13,709**	**13,493**
Total equity	**6,839**	**6,780**
Share capital	1,271	1,271
Reserves	5,148	5,098
Non-controlling interests	419	411
Non-current liabilities	**4,577**	**4,497**
Long-term provisions: employees benefits	858	848
Other long-term provisions	975	945
Deferred tax liabilities	163	156
Long-term financial debt	2,535	2,504
Other non-current liabilities	46	44
Current liabilities	**2,294**	**2,215**
Short-term provisions: employees benefits	78	78
Other short-term provisions	29	55
Short-term financial debt	148	193
Trade liabilities	1,428	1,411
Income tax payable	62	73
Other current liabilities	549	405
TOTAL EQUITY & LIABILITIES	**13,709**	**13,493**

STATEMENT OF CHANGES IN EQUITY

	Equity attributable to equity holders of the parent									
						Reevaluation reserve (fair value)				
EUR Million	Share capital	Issue premiums	Retained earnings	Treas-ury shares	Currency translation differences	Available for-sale investments	Cash flow hedges	Total	Non-controlling interests	Total equity
Balance – 12/31/2010	**1,271**	**18**	**5,791**	**-301**	**-374**	**11**	**4**	**6,419**	**419**	**6,839**
Net profit for the period			86					**86**	14	**99**
Income and expenses directly allocated to equity					-144	6	1	**-138**	-20	**-158**
Comprehensive income	**0**	**0**	**86**	**0**	**-144**	**6**	**1**	**-52**	**-6**	**-58**
Cost of stock options			2					**2**		**2**
Dividends			0					**0**	-2	**-2**
Acquisition/sale of treasury shares				0				**0**		**0**
Increase (decrease) through changes in ownership interests in subsidiaries that do not result in loss of control								**0**		**0**
Other			0					**0**	0	**0**
Balance – 3/31/2011	**1,271**	**18**	**5,879**	**-302**	**-518**	**17**	**4**	**6,369**	**411**	**6,780**

STATEMENT OF CASH FLOWS

	1st quarter of 2010	1st quarter of 2011
EBIT	93	181
Depreciation, amortization and impairments	113	90
Changes in working capital	-138	-246
Changes in provisions	-55	-6
Income taxes paid	-11	-12
Others	-30	-19
Cash flow from operating activities	**-28**	**-12**
Acquisition (-) of subsidiaries	0	0
Acquisition (-) of investments - Others	-16	-95
Sale (+) of subsidiaries	4,453	0
Sale (+) of investments – Others	0	0
Acquisition (-) of tangible and intangible assets	-39	-52
Sale (+) of tangible and intangible assets	1	3
Changes in non-current financial assets	-229	-5
Other	1	0
Cash flow from investing activities	**4,172**	**-148**
Capital increase (+) / redemption (-)	0	0
Acquisition (-) / sale (+) of treasury shares	-36	0
Changes in borrowings	13	-20
Changes in other current financial assets	-3,423	1,008
Cost of borrowings	-34	-29
Interest on lendings and short-term deposits	0	0
Dividends received from associates and joint ventures accounted for using the equity method	4	20
Dividends paid	-98	-99
Cash flow from financing activities	**-3,573**	**880**
Net change in cash and cash equivalents	**570**	**720**
Currency translation differences	16	-10
Opening cash balance	1,415	1,954
Closing cash balance	2,001	2,664
Free Cash Flow[7] from continuing operations	**-344**	**-157**
Free Cash Flow[7] from discontinued operations	**4,486**	**-2**

CASH FLOWS FROM DISCONTINUED OPERATIONS

EUR millions	1st quarter of 2010	1st quarter of 2011
Cash flow from operating activities	34	-2
Cash flow from investing activities	4,453	0
Cash flow from financing activities	0	0
Net change in cash and cash equivalents	**4,486**	**-2**

7 Free cash flow = cash flow from operating activities + cash flow from investing activities.

ANNEX TO PRESS RELEASE
COMMENTS ON SOLVAY GROUP RESULTS FOR THE FIRST QUARTER OF 2011

GROUP

Solvay to create with Rhodia a major player in Chemicals

At the beginning of April 2011, Solvay and Rhodia signed a framework agreement for a friendly cash offer for Rhodia by Solvay conditional upon a minimum acceptance level of 50% plus one share. The corresponding Enterprise Value for this offer amounts to EUR 6.6 billion. Solvay will fully finance the transaction with its cash resources and its financial structure will continue to be conservative and solid. The transaction has been recommended unanimously by the board of directors of Rhodia. The offer will be launched in France and extended to the United States of America. Solvay anticipates that the offer will be closed in August 2011.

The new group will capitalize on its large geographic footprint, the quality and balance of its portfolio, its industrial excellence and the solidity of its financial base to fully capture new growth opportunities, especially in high-growth markets.

- It relies on positions of excellence: 90% of its combined sales of EUR 12 billion are realized in businesses where it is already among the top three worldwide.
- Future geographic expansion will be driven by a significant presence in the emerging markets, which already generate 40%[8] of sales of the combined group.
- The complementary nature of the industrial activities of Rhodia and Solvay should provide the combined group with a balanced presence in its different market segments: specialty chemicals for consumer goods, construction, automotive, energy, water, environment, and electronics …

Beyond the revenue synergies, the annual cost synergies are estimated to amount to EUR 250 million within three years. The cost synergies are expected to result from the alignment of cost structures in line with good industry practices used in groups of a comparable size. Two thirds of these synergies will come from external cost optimization.

Implementation of the new organizational structure (Horizon)

The Group's new organizational structure went into effect on April 1, 2011, after its approval by the Board of Directors and by the employee representatives. The major principles of this new organization are detailed in the press release published on September 23, 2010.

Aside from improved functioning of the company, this reorganization should enable reduction in personnel costs (estimated at 65 million EUR per year) and external expenses (estimated at 55 million EUR per year) by the end of 2012. These savings will gradually produce their effects, starting in the second half of 2011.

CHEMICALS SECTOR

Strategic developments underway

In the management of its activities, Solvay has implemented the principles of sustainable development that govern its strategic vision. In the Chemicals Sector, this is especially seen in various current or recently completed projects.

- Advanced Biochemical Thailand, wholly-owned subsidiary of Vinythai, built an epichlorohydrin production unit (100,000 tons/year) based on natural glycerin (the EPICEROL® process). This unit will begin operation at the start of 2012. As well as using renewable raw materials, this process generates fewer byproducts and consumes less water.
- Additionally, Solvay is planning construction of a second epichlorohydrin production unit based on the process called EPICEROL® in Asia; with an initial capacity of 100,000 tons/year, it will be built in China and should be operational in 2013.

In view of latest developments, it is of paramount importance for the Chemicals Sector to control its value chain by vertical integration of raw materials, to continuously improve the energy efficiency of its industrial processes, to minimize its CO_2 emissions and to ensure a lasting, reliable and competitive supply of energy.

- Conversion of mercury-based electrolysis to membrane-based electrolysis has begun at the Tavaux (France) site and should begin operation at the end of 2012. This conversion will make possible, on the one hand, reduction

[8] Based on 2010 data

of its electricity consumption by 25% and, on the other hand, reduction of the carbon footprint of the plant. It will further strengthen the competitive position of Solvay in the area of electrochemistry.

- In February 2011, a Bulgarian fluorspar mine was acquired. This strategic acquisition reinforces the vertical integration of Solvay's high added-value fluorinated specialty polymers and fluorinated special chemicals production at a competitive cost.

Technological innovation and geographic expansion in high-growth regions constitute strategic priorities of the Chemicals Sector. The following recent developments and projects exemplify this strategy:

- In the framework of a partnership with Dow Chemical Company, construction of a high-yield mega-plant (330,000 tons/year) of hydrogen peroxide is under way in Thailand (start-up set for the third quarter of 2011). Hydrogen peroxide from this plant will be used to produce propylene oxide. Solvay is the leader in this new, important market for hydrogen peroxide.
- Solvay is building a hydrogen peroxide plant in China in partnership with the Huatai group. This plant, with a capacity of 50,000 tons/year, will begin operations at the end of 2011.

Key figures

(Million EUR)	Sales				REBIT change
	2010	1st quarter of 2010	1st quarter of 2011	1st quarter 11/ 1st quarter 10 (%)	1st quarter 11/ 1st quarter 10
CHEMICALS[9]	**2,869**	**651**	**800**	**23%**	**+55%**
Minerals cluster[10]	1,295	297	352	18%	↗
Electrochemistry and fluorinated products cluster	1,124	251	341	36%	↗
Oxygen cluster	426	98	103	5%	↗

Comments

Chemicals Sector sales (EUR 800 million) improved by 23%. Sales volumes remained high at the start of this year; they were up by 7% compared to the first quarter of 2010. The sustained level of demand contributed to an increase in sales prices (on average, up by 15%), which compensated overall for the rise in energy costs. The operating result of the Sector reached the record level of EUR 101 million; it was up by 55% compared to the first quarter of last year. This increase cut across all activities.

Minerals Cluster

- Sales for the Minerals cluster were up by 18% compared to the first quarter of 2010. Sales volumes in soda ash, appreciably improved from last year, were sustained by a recovery in the container glass and detergent sectors, more notable in Europe than in the United States; the flat glass segment remained impacted by lower demand in the construction sector. Additionally, the soda ash market continued to benefit from strong demand from Asia and South America. The average sales price of soda ash was higher than last year in Europe and on the export markets; this compensated for the rise in energy costs. The operating result for the Minerals cluster improved compared to the first quarter of last year. Specialties derived from soda ash, in particular bicarbonate, continue to perform very well.

Electrochemistry and fluorinated products cluster

- In **Electrochemistry**, sales improved by 41% compared to the first quarter of 2010. This improvement is explained primarily by the strong increase in sales prices of caustic soda in a context of continued sustained demand at the start of 2011. Sales in the allylics activities were substantially higher than in the first quarter of last year, with the sales price of epichlorohydrin supported by a strong demand in epoxy resins. The operating result for the Electrochemistry cluster reached a record level in the first quarter of 2011, with the rise in sales price largely compensating for the rise in certain costs (in particular energy and propylene).
- **Fluorinated Products** activities posted a record result in the first quarter of 2011 thanks to high sales volumes in most of the specialty products and commodities and the strong increase in sales price of refrigerants.

Oxygen cluster

- Sales of hydrogen peroxide for the first quarter of 2011 were up by 5% compared to last year. The hydrogen peroxide market, in strong recovery since the start of 2010, remained steady across all regions thanks to a strong demand for paper pulp, especially coming from Asia. The other end uses, especially the chemical industry, environmental and electronic applications and sterilized packaging also posted net growth from last year while demand from the detergents activity remained stable. The operating result from the first quarter of 2011 was slightly improved compared to the already very high level of the first quarter of last year, despite the increased energy costs.

9 Including the Organics cluster (SBU Molecular Solutions)
10 Including the Soda Ash and Derivatives SBUs and Advanced Functional Minerals

PLASTICS SECTOR

Strategic Developments underway

In the management of its activities, Solvay has implemented the principles of sustainable development that govern its strategic vision. In the Plastics Sector, this is especially seen in various current or very recently completed projects.

- The offerings by Specialty Polymers designed for photovoltaic applications have been enlarged in order to support new developments by our customers, for example with HALAR® and SOLEF® polymers used for the front- and back-sheets in the photovoltaic solar panels. Additionally, the biomaterials SOLVIVA® benefit from interesting commercial developments, especially in the area of implants designed for the spinal column, made based on ZENIVA® polyetheretherketone (PEEK) resin.
- Many innovative Specialty Polymers find their application in the solar airplane Solar Impulse, and consequently in new applications outside of the project itself.
- Electrolysis conversion at Lillo (Belgium) has begun and should be completed by the end of 2012. It will use the best membrane technologies.

Geographic expansion into high-growth countries constitutes one of the key strategic orientations of the Plastics Sector.

- In Specialty Polymers, the Group is emphasizing expansion of its portfolio of high-performance polymers, especially in Asia. Thus, in October of 2010, Solvay announced the construction of a compounding plant for specialty polymers in China (Changshu). This plant, which will first produce compounds for AMODEL®, IXEF® and KALIX®, will begin operations at the start of 2012.

- In Vinyls, construction of a new production unit in Russia of RusVinyl (a joint venture between SolVin and Sibur), with an initial PVC capacity of 330,000 tons/year, was officially launched on July 12, 2010. The EBRD will finance RusVinyl through a loan of up to 150 million EUR and will contribute up to 52 million EUR to the equity of SolVin Holding Nederland BV (the entity holding SolVin's participation in RusVinyl). Start-up of this plant is set for mid-2013.

  In Brazil, another increase in production capacity at the Solvay Indupa site is being considered.

  Southeast Asia, Mercosur and, in the future, Russia constitute significant areas of growth for vinyls.

The Sector is also expanding production capacity of certain specialty polymers, used in high-value-added applications.

- In September 2010, Solvay announced its decision to increase production capacity of TECNOFLON® (used mainly by the automotive and the semi-conductor industry) at its site in Spinetta (Italy).
- In March 2011, Solvay announced its decision to increase production capacity of SOLEF® by 50% at its site in Tavaux (France) in order to meet growing demand for this specialty fluorinated polymer with high added value. It is used mainly in production of photovoltaic cells, lithium-ion batteries, and membranes for water treatment or semi-conductors. This new production capacity will being operation in the second half of 2012.

In addition to these significant capacity expansions, numerous actions (debottlenecking and others) are being undertaken in order to maximize production capacities at different sites.

It should be recalled that Pipelife acquired the PVC pipe activity in France of Alphacan, a subsidiary of the Arkema Group. This will enable Pipelife to become a leader of this activity in France.

Key figures

(EUR million)	Sales				REBIT change
	2010	1st quarter of 2010	1st quarter of 2011	1st quarter 11/1st quarter 10 (%)	1st quarter 11/ 1st quarter 10
PLASTICS	**3,090**	**704**	**870**	**24%**	**+108%**
Specialty Polymers	1,143	256	315	23%	↗
Vinyls	1,947	447	554	24%	↗

Comments

Plastics Sector sales (EUR 870 million) were up by 24%; this increase was seen both in Specialty Polymers (+23%) and in Vinyls (+24%). Specialty Polymers continued to benefit from very strong demand at the beginning of 2011. The improvement in their sales came from continued increases in sales volumes, a better product mix and, to a lesser extent, an increase in sales prices. This explains the improvement in margins and operating result for this cluster of activities. The net improvement in sales and operating result of the vinyls activities came from growth in sales volumes in Europe (SolVin) and in South America (Indupa) and the good performance of Vinythai (Asia). The operating result for the Plastics Sector (EUR 116 million) more than doubled compared to last year.

Specialty Polymers

- Specialty Polymers continued to benefit from very strong demand at the beginning of 2011. In this context, sales volumes again increased and the product mix was improved by allocating production capacities to applications with higher added value. These two factors combined with a slight increase in sales price explained the improvement in sales (+23%) compared to last year. This improvement cut across all sectors of activity: fluorinated polymers, high-performance technical polymers, barrier polymers and performance compounds. From a geographic standpoint, the continued growth in sales in the Asia-Pacific region should be noted (+27% compared to the first quarter of 2010); 27% of the sales in this branch of activities were realized in this region in the first quarter of 2011. The operating result for Specialty Polymers was clearly improved compared to the first quarter of 2010; their operating margin posted substantial improvement. Research and development is a key strategic orientation in this branch of activity. It should be noted that the portfolio of products being developed is very promising; it includes more than 1300 active projects and should generate 30% of additional sales in the next three years, which would add to the organic growth of this activity.

Vinyls

- In Europe, sales from SolVin in the first quarter of 2011 benefited from improved sales volumes compared to last year. This growth is explained by recovering demand coming from Northern and Eastern Europe, while the countries in the south of Europe are still feeling the impact of a depressed construction market, and by well-oriented export demand. Sales prices trended higher in the first quarter of 2011, which partially compensated for the rise in costs of ethylene. The operating result for SolVin is up compared to the first quarter of last year. In Mercosur, the demand for PVC continued to grow significantly at the beginning of 2011. The increase in sales volumes, the improved industrial context and a significantly higher margin on ethylene compared to the first quarter of last year explains the substantial improvement in operating result for Solvay Indupa. In Asia, the situation remained very positive both in terms of sales volumes and in profit margin. It should be noted, however, that there was a shutdown of the production unit for a planned turnaround during the month of February.

NEW BUSINESS DEVELOPMENT (NBD)

In order to better demonstrate the research activities undertaken, outside the existing activities, in promising and important areas for development of the Group, it was decided to introduce in the financial reporting, starting in 2010, a specific segment for the activities of New Business Development (NBD).

Recent strategic developments

The NBD segment of activities aims to create innovative materials and systems using leading edge technologies, beyond those being implemented today in the existing activities, in promising and important areas for development of the Group.

The NBD activity is organized into **strategic platforms** that combine programs linked to a common theme.

- The **Printable Organic Electronics platform** is aimed at development of “inks” that should enable mass and low-cost production of different goods such as panel displays and lighting using organic electroluminescent diodes (OLEDs), as well as organic semi-conductors with low electrical consumption.
- The **Renewable Energies platform** concentrates its work on fuel cells and organic photovoltaic cells.
- The **Nanotechnology platform** manages different projects in this area that are directly linked to Group activities.
- The purpose of the **Renewable Chemistry platform** is to explore the potential development of Solvay in this area and to support several projects for operating units in the Group.

In 2011, the NBD budget amounts to 35 million EUR.

The **research and development activities** are implemented both internally and externally (“open innovation”). Thus:

- A team of about 20 scientists, based in Neder-over-Heembeek (Belgium), does research on organic electronics. In this regard it should be noted that recent tests demonstrated a life span greatly superior to 100,000 hours for OLED structures incorporating original materials developed and patented by Solvay.
- Numerous research partnerships were concluded, such as, for example, the Solvay Global Discovery Program (an international research consortium that involves prestigious universities including Georgia Tech, Princeton University, the University of Washington, Imperial College London, and the Chinese Academy of Sciences) in the area of organic semi-conductors.
- NBD and Specialty Polymers SBU continue to work on proton exchange membrane (PEM) fuel cells whose efficiency can be increased by using Aquivion™ PFSA (perfluorosulfonic acid polymers).
- Solvay is participating with a partner in a project aimed at producing bio-sourced polymers using industrial biotechnologies in the framework of the BioHub® research program.

Solvay makes **investments** in venture capital funds (Conduit Ventures Limited, Pangaea Ventures Fund II, Korea Advanced Materials Fund and Capricorn Cleantech Fund) and in start-ups (Plextronics, Inc., Polyera Corporation, ACAL Energy Ltd and Amminex A/S) active in areas similar to those in the NBD strategic platforms. To date, Solvay has committed to invest about 60 million EUR (about a quarter of which still remains to be disbursed) in these different funds and start-ups including 22 million USD in **Plextronics, Inc**. Solvay is the main minority shareholder in this US start-up, a global reference in organic materials for printed electronics, such as OLED lighting and display screens and organic photovoltaic cells.

Additionally, Solvay has a holding of 50% in **SolviCore**, a joint venture developed with Umicore. This enterprise produces membrane-electrode assemblies that constitute the heart of the fuel cell.

The NBD team continues to evaluate new investment opportunities with respect to the four platforms currently selected.

The following **recent decisions** in this segment of activities should be noted:

- Solvay committed to invest 13 million EUR in a Korean venture capital fund, Korea Advanced Materials Fund, that will invest in promising technologies in the areas of renewable energy, printed electronics, clean technologies and green chemistry.
- In September 2010, Solvay invested 4 million USD for a minority holding in Polyera Corporation, a leader in the development of materials for the printable electronics market based in the United States.
- The largest fuel cell in the world (technology: Proton Exchange Membrane Fuel Cell) is being constructed at the SolVin site near Antwerp (Belgium). With this facility with a capacity of 1 MW, Solvay intends to demonstrate the strength of its innovative specialty polymers when they are subjected to extreme conditions at the heart of the fuel cell with proton-exchange membranes.
- In 2010 and 2011, Solvay participated in the increase in capital of ACAL Energy Ltd, to finance development and marketing of stationary fuel cells using the FlowCath® technology invented by this company.

REMARKS

1. Consolidated financial statements

The consolidated financial statements were prepared in conformity with IFRS standards as currently adopted in the European Union. These standards did not have any impact on the consolidated financial statement, either for the current period or the comparison period. The primary variations in scope between the first quarter of 2010 and 2011 were due to:

- The sale of the pharmaceuticals activities on February 15, 2010.
- The reintroduction, during the second quarter of 2010, in the Chemicals segment of the assets and liabilities linked to the precipitated calcium carbonate activity, following the decision to terminate the sale process for this activity.
- The sale of Inergy Automotive Systems on July 1, 2010.

2. Change in accounting policy

Since January 1, 2011, the Solvay Group has consolidated its joint ventures by the equity method and no longer by the proportionate method (in line with IAS 31).

Nature of change in accounting policy

Consolidation by the equity method leads to recognize in the consolidated accounts only the Group share of:

- The joint ventures equity for the statement of financial position (balance sheet);
- The joint ventures net income at the level of the income statement (included in the Group REBIT);
- The cash inflows and outflows between the joint ventures and the fully consolidated subsidiaries (primarily the dividends paid by the joint ventures and the investments in the joint ventures) at the level of the cash flow statement.

The net financial situation of the joint ventures will no longer be reported.

The following tables summarize the impact of this modification of the accounting method:

a) On the income statement and the total comprehensive income:

	1st quarter of 2010		1st quarter of 2011	
	Continuing Operations[11]		Continuing operations[11]	
EUR Million	Equity method	Proportionate method	Equity method	Proportionate method
Sales	**1,355**	**1,599**	**1,670**	**1,803**
Gross Margin	230	279	348	380
REBIT	110	115	197	201
EBIT	62	67	182	186
Result before taxes	19	24	141	145
Net income	**12**	**12**	**98**	**98**
Net income Solvay share	5	5	85	85
Other comprehensive income	167	167	-158	-158
Comprehensive income	**179**	**179**	**-60**	**-60**

b) On the cash flow statement:

	1st quarter of 2010		1st quarter of 2011	
	Continuing operations[11]		Continuing operations[11]	
EUR Million	Equity method	Proportionate method	Equity method	Proportionate method
Cash flow from operating activities	-62	-80	-10	-48
Cash flow from investing activities	-281	-300	-148	-158
Cash flow from financing activities	-3,573	-3,535	880	930

11 No subsidiary is consolidated by the equity method in Discontinued Operations.

c) On the statement of financial position (balance sheet):

	12/31/2009		12/31/2010		03/31/2011	
Million EUR	Equity method	Proportionate method	Equity method	Proportionate method	Equity method	Proportionate method
Non-current assets	4,906	5,075	5,076	5,205	4,990	5,126
Current assets including:	7,173	7,471	8,633	8,809	8,503	8,740
Assets held for sale – Pharma	3,408	3,408	0	0	0	0
Assets held for sale – Other	53	53	0	0	0	0
Total assets	**12,079**	**12,546**	**13,709**	**14,014**	**13,493**	**13,866**
Total equity	5,160	5,160	6,839	6,839	6,780	6,780
Non-current liabilities	4,396	4,536	4,577	4,636	4,497	4,638
Current liabilities including:	2,524	2,851	2,294	2,540	2,215	2,448
Liabilities associated with assets held for sale - Pharma	1,012	1,012	0	0	0	0
Liabilities associated with assets held for sale - Other	11	11	0	0	0	0
Total equity & liabilities	**12,079**	**12,546**	**13,709**	**14,014**	**13,493**	**13,866**

Reason for applying the new accounting policy

a) Although today the elimination of proportionate consolidation is only a proposal (IFRS exposure draft (ED9)), it is virtually certain that this exposure draft will become effective.
b) The implementation of the new organizational structure (Horizon) and the repositioning of the Group will lead to significant changes in the financial statements. It is preferable to enact all changes in 2011, including consolidation of the joint ventures by the equity method, and in this way, avoid further modifications in financial reporting when the "ED9" is adopted.

3. Content

This press release contains regulated information and is established in compliance with the IAS 34 standard. A risk analysis is shown in the annual report, which is available on the Internet (www.solvay.com).

4. Primary exchange rates

		Closing			Average		
1 Euro =		2010	3 months 2010	3 months 2011	2010	3 months 2010	3 months 2011
Pound Sterling	GBP	0.8607	0.8898	0.8837	0.8579	0.8876	0.8538
American Dollar	USD	1.3362	1.3479	1.4207	1.3258	1.3829	1.3680
Argentine Peso	ARS	5.3287	5.2279	5.7610	5.1941	5.3150	5.4983
Brazilian Real	BRL	2.2177	2.4043	2.3058	2.3318	2.4917	2.2801
Thai Baht	THB	40.17	43.60	42.98	42.0248	45.47	41.77
Japanese Yen	JPY	108.65	125.93	117.61	116.25	125.48	112.57

5. Solvay shares

	2010	3 months 2010	3 months 2011
Number of shares issued at the end of the period	84,701,133	84,701,133	84,701,133
Average number of shares for IFRS calculation of earnings per share	81,320,011	81,918,872	81,028,332
Average number of shares for IFRS calculation of diluted income per share	81,499,005	82,072,909	81,294,014

6. Declaration by responsible persons

Mr. C. Jourquin, Chairman of the Executive Committee, and Mr. B. de Laguiche, Chief Financial Officer, declare that to the best of their knowledge:

a) the summary financial information, prepared in conformity with applicable accounting standards, reflects a faithful image of the net worth, financial situation and results of the Solvay Group;
b) the intermediate report contains a faithful presentation of significant events occurring during the three first months of 2011, and their impact on the summary financial situation;
c) there are no transactions with affiliated parties.

Key dates for financial communications

- May 10, 2011: Extraordinary (11:00 a.m.) and General Shareholders Meeting (2:30 p.m.)
- May 17, 2011: Payment of balance of dividend from 2010 (coupon no. 88)
- July 28, 2011: Results from the first half of 2011 (7:30 a.m.)
- October 27, 2011: Results for the first nine months of 2011 and announcement of prepayment on dividend for 2011 (payable in January 2012, coupon no. 89) (7:30 a.m.)

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SOLVAY is an international industrial Group active in Chemistry. It offers a broad range of products and solutions that contribute to improving quality of life. The Group is headquartered in Brussels and employs about 14,800 people in 40 countries. In 2010, its consolidated sales amounted to 7.1 billion EUR. Solvay is listed on the NYSE Euronext at Brussels (NYSE Euronext: SOLB.BE - Bloomberg: SOLB.BB - Reuters: SOLBt.BR). Details are available at www.solvay.com.

Dit persbericht is ook in het Nederlands beschikbaar – Ce communiqué de presse est aussi disponible en français