

shareholder **NEWSLETTER**



Thierry Le Hénaff
Chairman-Chief Executive Officer

INTERVIEW WITH THIERRY LE HÉNAFF CHAIRMAN-CHIEF EXECUTIVE OFFICER

A year ahead of schedule, 2009 marks the completion of the first stage in Arkema's transformation. Can you sum up your achievements since 2005?

During the first stage of its existence, the priority for Arkema has been to improve its competitiveness while preparing its future growth. Accordingly, we set out five key targets for the 2005-2010 period at the time of our stock market listing:

- Achieve fixed costs savings of 500 million euros by end 2010 compared to 2005 in order to improve our competitiveness. By end 2009, we had saved 508 million euros, and we raised our target for end 2010 to 600 million euros.
- Increase the share of our sales in Asia. This region accounted for 13% of our sales at the time of our listing, and by end 2009 we had already achieved 18%. Our target for 2014 is to achieve 22%.
- Actively manage our portfolio of activities with the divestment of non-strategic activities representing sales of 300 to 400 million euros, as well as targeted acquisitions representing sales of 500 to 800 million euros in order to boost the coherence and integration of the portfolio and offset the divested sales. In this regard, the acquisition of certain acrylic assets from Dow in the United States, completed on January 25 2010, marks a major step in Arkema's transformation. This operation raises the value of acquisitions to 550 million euros against 480 million euros for divested businesses, both in sales terms.

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Objectif

2005-2010 objective

Achieved at end 2009

Fixed cost reduction

€500 m

€508 m



WC/Sales ratio

18%

16.2%



Net debt / equity ratio

< 40%

19%



Portfolio management

- Acquisitions
- Divestments

€500 to 800 m
€300 to 400 m

€550 m
€480 m



2005-2009: a deeply transformed group

- Reduce the working capital on sales ratio to 18% in order to limit the cash tied up in running the Company's operations. At December 31 2009, working capital accounted for just 16.2% of sales.
- Finally, maintain the gearing ratio to under 40% in order to preserve the strength of Arkema's balance sheet. At end 2009, this ratio stood at 19%. As you can see, we have attained all our objectives, in some cases one year earlier than planned.

Arkema has published results that are significantly up in the first quarter 2010. What are the key points for the first few months of the year?

Sales volumes showed a strong recovery over last year. We are enjoying sustained demand in some market segments such as automotive and electronics, as well as strong growth in our sales in Asia. In the United States, we are also seeing signs of a recovery. In this context, and thanks to internal progress achieved over recent years, our profitability has improved significantly with EBITDA at 137 million euros, multiplied by 2.4 compared to 1st quarter 2009, and a net positive income of 40 million euros, against a loss last year. Finally, I would stress the excellent performance of the Industrial Chemicals and Performance Products business segments which represent 80% of Arkema's sales and each generated a 14.5% EBITDA margin.

You are now aiming for an EBITDA margin in excess of 13.5% by 2014.

What are your growth engines?

Arkema's executive committee decided that it was important to redefine a new long-term plan for the 2010-2014 period with a very specific objective of an EBITDA margin above 13.5% in mid-cycle in a normalized environment. To achieve this objective, we will continue to implement our strategy based on 3 guiding principles: development in emerging countries, in particular with the aim to achieve 22% of our sales in Asia by 2014; innovation focused on sustainable development and ultra high performance polymers - we intend to generate 400 million euros of additional sales with new products developed by our R&D; and finally, we will also pursue our efforts to further improve our productivity.

Why are you proposing to pay out a €0.60 dividend per share, at the same level as for 2008, despite a drop in the Company's income?

This proposal by the Board of Directors reflects the confidence we have in the Group's outlook and in its strong balance sheet. It also translates our desire to involve our shareholders in Arkema's transformation.

KEY FIGURES for 1st quarter 2010

Sales: **€1 308 m**
(+ 20% compared to Q1 2009)

EBITDA: **€137 m**
(x 2.4 compared to Q1 2009)

EBITDA margin: **10.5%**
(5.2% in Q1 2009)

EBITDA margin for Industrial Chemicals and Performance Products (80% of sales):
14.5%

Net income: **€40 m**
(loss in Q1 2009)



The life of the Group

In January 2010, Arkema finalized the acquisition of part of the acrylic activities of The Dow Chemical Company in the United States. This acquisition has raised Arkema to 3rd place in the world in this market.

The chemistry of acrylics offers many possibilities

Acrylic acid, the basic molecule for the chemistry of acrylics, is used to develop a large number of derivatives which have applications in countless markets. These include superabsorbent polymers for babies nappies, acrylic paints used increasingly by both 'DIY' and professional decorators, and, finally, the water treatment industry which uses acrylic derivatives to purify wastewater.



The growing use of acrylic derivatives in countless applications offers development opportunities of the order of 4% per year over the long term.

A major activity for Arkema

Until the end of 2009, Arkema had two acrylic acid production sites in the world: Carling in France, a worldscale production plant, and Bayport in the United States, in partnership with Japanese company Nippon Shokubai.

Drawing on its technical know-how, Arkema has been investing regularly in this activity by following a twofold strategy entailing consolidating its industrial presence on every continent, and developing downstream specialty activities. The acquisition of Coatex in 2007, a company specializing in the manufacture of acrylic additives used in particular in paper and

paint production, represented a first key phase of this strategy. At the end of 2009, Arkema brought on stream at Carling a new 50,000 ton plant for the production of 2EHA (2-ethyl hexyl acrylate), an acrylic derivative typically used in the formulation of the Post-it® adhesive.

On the basis of 2009 figures and taking into account the Dow assets purchased at the beginning of 2010 representing sales of around 450 million dollars, Arkema's acrylics business (Acrylics BU, Specialty Acrylic Polymers BU (Coatex), and the new Emulsion Systems BU) represents some 17% of the Group's sales.

Acquisition of certain acrylic activities from The Dow Chemical Company in the United States: a key step in Arkema's transformation

On January 25 2010, Arkema closed the acquisition of the Clear Lake (Texas) acrylic acid plant and of downstream acrylic and vinyl latex activities from The Dow Chemical Company in North America. This operation has enabled Arkema to become the world's 3rd leading acrylic acid player, the 2nd leading player on the American continent, and

a leading supplier to the paint and coating sector. Following this acquisition, acrylic acid production at Clear Lake has been included in the existing "Acrylics" BU within the Industrial Chemicals segment, while the downstream activities formed the new "Emulsion Systems" BU within the same segment.



Looking to a green acrylic acid

The development of a sustainable chemistry using more biosourced raw materials represents one of the priorities for the Group's Research and Development. Accordingly, Arkema is developing a new process aiming to replace propylene, the current raw material for acrylic acid derived from oil, with glycerol, a byproduct of the processing of oilseed plants into biofuels.

Focus

A broader product offering for paints

Arkema's new "Emulsion Systems" business unit produces and markets latexes (aqueous polymer emulsions) for many industries, including architectural and industrial coatings, construction, traffic

paints, sealants and adhesives. With its three production sites in the United States and approximately 170 employees, this business unit enjoys a leading ranking in the North American latex paint

market, and complements Arkema's global offering in the coatings markets, in particular with Coatex's flow additives and the Kynar 500® PVDF resins for high quality paint.

Shareholders' Diary

2010 COMBINED ORDINARY AND EXTRAORDINARY GENERAL MEETING

Arkema's Combined Ordinary and Extraordinary General Meeting, chaired by Thierry Le Hénaff, was held on Tuesday June 1st 2010 at 10.30am at the Palais des Congrès in Paris.

If you own registered shares or more than 300 bearer shares, the Notice of Meeting was sent automatically to your home address in May. The full agenda, together with all practical information on the Annual General Meeting, are available on the website www.finance.arkema.com under the "Annual General Meeting" heading.

The main resolutions on the AGM's agenda pertain to the following points:

• **Distribution of a dividend (3rd resolution):**

A dividend of €0.60 per share for 2009, at the same level as for 2008, is submitted to you for approval. It will be paid on June 9 2010.

• **Changes to the Board of Directors (6th to 9th resolutions):**

You are invited to:
- ratify the appointment by cooptation of Mrs Isabelle Kocher as a Director of the Company at the Arkema Board

of Directors meeting of November 9 2009, replacing Mr Tidjane Thiam who has resigned;

- appoint Mrs Claire Pedini as a Director of the Company for a four-year term;
- finally, appoint a director representing employee shareholders, as Group employee shareholding accounted for 3.64% of the Company's share capital at December 31 2009.



• In partnership with the French Red Cross, the Arkema Shareholders Club regularly invites its members to take up first-aid training. One such course was held in Colombes on March 30 2010.

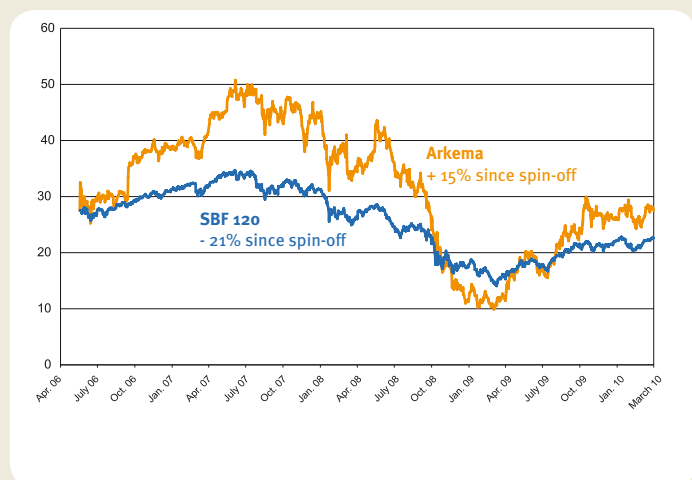
• Members are also invited to visit Arkema manufacturing plants on a regular basis.

• Finally, for the first time a guided tour of a Paris district was organized on April 15 2010, which included in particular a visit to the dyeing workshop of *Manufacture des Gobelins*.

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Share performance since spin-off

Share price as at April 30 2010



Performance since December 31 2009

High: €33,34

Low: €23,71

Variation : Arkema + 22%

SBF 120 - 1%

• Spin-off: May 18 2006

• ISIN: FR0010313833

• Market capitalization:

€1.9 bn

• Number of shares: 61,279,397

• Indices:

- SBF 120

- CAC MID 100

- DJ Stoxx Chemicals

Financial calendar

June 1st 2010: Annual General Meeting

August 3^e 2010: 1^{er} semester 2010 results

November 9 2010: 3rd quarter 2010 results

Shareholders Relations

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