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UPDATE TO THE 2013 REFERENCE DOCUMENT

*This document is a free translation of the French language update to the reference document that was filed with the Autorité des marchés financiers (the "**AMF**") on 18 November 2014. It has not been approved by the AMF. This translation has been prepared solely for the information and convenience of English-speaking readers. No assurances are given as to the accuracy or completeness of this translation, and ARKEMA assumes no responsibility with respect to this translation or any misstatement or omission that may be contained therein. In the event of any ambiguity or discrepancy between this translation and the French update to the reference document, the French language update to the reference document shall prevail.*

The French version of this update was filed with the *Autorité des marchés financiers*, French Financial Markets Authority, on 18 November 2014, under number D. 14-0221–A01 in accordance with Article 212-13-IV of its General Regulation. It completes the reference document filed with the French Financial Markets Authority on 27 March 2014, under number D. 14-0221 (hereinafter the "**Reference Document"**). The Reference Document and its update can only be used to support a financial transaction if accompanied by a securities note approved by the French Financial Markets Authority. This document was prepared by the issuer under the responsibility of its signatories.

Copies of the Reference Document and this update are available at no cost from Arkema's registered office, 420, rue d'Estienne d'Orves - 92700 Colombes, on the Company website (www.arkema.com) and on the AMF (French Financial Markets Authority) website (www.amf-france.org).

General comments

In this update to the Reference Document (the "**Update to the Reference Document**"):

- the terms "**Arkema**" or "**Company**" refer to the company named Arkema whose shares are traded on the regulated market of Euronext in Paris;
- the terms "**Group**" or "**ARKEMA**" refer to the group consisting of the Company and all its subsidiaries and shareholdings, held directly or indirectly; and
- the terms "**BOSTIK**" or "**Bostik Group**" refer to the Bostik group which ARKEMA is in the process of acquiring.

This Update to the Reference Document contains information on the Group's targets and forward-looking statements, relating in particular to the acquisition of BOSTIK. Said information and statements are sometimes identified by the use of the future, conditional and forward-looking words such as "think", "target", "expect", "intend", "should", "aim to", "estimate", "believe", "wish", "may", and other similar terms. This information is based on data, assumptions and estimates which the Group considers to be reasonable. They may change or be amended due to uncertainties linked to the economic, financial, competitive and regulatory and climatic environment. In addition, the Group's business activities and its ability to meet its targets may be affected if certain of the risk factors described in section 1.7 of the Reference Document (as updated by this Update to the Reference Document) were to materialise. Furthermore, achievement of the targets implies the success of the strategy presented in section 1.1.2 of the Reference Document, as updated by this Update to the Reference Document.

The Group does not undertake to meet and does not give any guarantee that it will meet the targets described in this Update to the Reference Document.

The historic and 2014 estimated operational data relating to BOSTIK included in this Update to the Reference Document comes from the information provided to ARKEMA by the Total group as part of the acquisition process. ARKEMA has determined the mid- and long-term targets for BOSTIK on the basis of this data.

Investors are urged to pay careful attention to the risk factors described in section 1.7 of the Reference Document (as updated by this Update to the Reference Document), before making any decision to invest. One or more of these risks could have an adverse effect on the Group's activities, condition, financial results or targets as the well as the Company's share value. Furthermore, other risks not yet identified or considered as not material by the Group could have the same adverse effect.

This Update to the Reference Document presents in particular the Group's condensed pro forma consolidated financial information for the financial year ending 31 December 2013 and the half-year ending 30 June 2014, prepared in accordance with the IFRS standards. This information is intended to assess the impact of the planned acquisition of BOSTIK and its financing on the Group's main financial aggregates at 31 December 2013 and 30 June 2014 (it being specified that the financial information relating to BOSTIK used to prepare it was not the subject of an audit or a limited review by the Company's statutory auditors). This pro forma financial information is purely for illustrative purposes and, due to its nature, relates to a hypothetical situation. This information does not constitute an indication of the results of operational activities or the financial position of the newly consolidated Group which may have been obtained if the operation had been completed on these dates.

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1. BUSINESS OVERVIEW AND RISK FACTORS

Information relating to this chapter is presented in the Reference Document. This information remains accurate as at the date of this Update to the Reference Document and is updated as follows.

1.1 THE GROUP'S MAIN BUSINESSES

As at the date of this Update to the Reference Document, the Group is organised around three business segments:

- the High Performance Materials segment, including Technical Polymers (specialty polyamides and fluoropolymers), Filtration and Adsorption and Organic Peroxides;
- the Industrial Specialities segment, including PMMA, Thio-chemicals, Fluorogases and Hydrogen Peroxide; and
- the Coating Solutions segment, including Acrylics, Coating Resins, Photocure Resins and Rheological Additives.

1.1.1 Strategy and highlights since 27 March 2014

1.1.1.1 Group strategy

The Group has entered into a new phase in its development with the aim to become a global leader in speciality chemicals and advanced materials. To achieve this objective, the Group is following in particular a strategy of targeted growth of its High Performance Materials business segment. The BOSTIK acquisition project announced on 19 September 2014, is in line with this strategy (the acquisition project is detailed in section 1.4 of the present Update to the Reference Document).

Based on information provided by the Total group, BOSTIK, number 3 worldwide in adhesives[1], should generate sales of €1.53 billion and an EBITDA of €158 million in 2014. With this acquisition, the High Performance Materials business segment would represent approximately 42% of ARKEMA's 2013 pro forma sales[2] (compared to 30% of the 2013 Group sales, which by definition, excludes the effects of the acquisition of BOSTIK and of certain assets in China), the Coating Solutions segment approximately 33% of the Group's 2013 pro forma sales (compared to 37% in 2013) and the Industrial Specialities segment approximately 25% (compared to 33% in 2013).

The contribution of BOSTIK3 and the project to acquire acrylic assets in China4, the first stage of which was finalised on 20 October 2014, and which should generate sales of approximately US$600 million on a full-year basis, should all together represent a total EBITDA of approximately €230 million. The Group will have thus finalised the acquisition programme it had initially defined in September 2012 at its Investors Day.

Upon the announcement of its project to acquire BOSTIK, ARKEMA also decided to reinforce its programme to dispose of non-core businesses with a new programme to divest businesses representing, in total, sales of approximately €500 million by the end of 2017. This programme comes in addition to the initial programme to divest businesses representing total sales of €400 million announced in September 2012, around half of which was completed on the date of this Update to the Reference Document (disposal of the tin stabilisers business and disposal of the coating resins business in South Africa). As a result, the Group should dispose of several businesses representing total sales of approximately €700 million over the next three years.

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[1] Source: ARKEMA internal estimates.
[2] On the basis of the 2013 pro forma sales including the contribution of BOSTIK and the acrylic assets acquired or which should be acquired in China (project to acquire in several phases a total production capacity of 320,000 tonnes per year).
[3] Based on the EBITDA expected for 2014.
[4] On a full—year basis with mid-cycle conditions.

Taking into account a more progressive than expected return to normalized market conditions, in particular in relation to fluorogases and acrylic acid, ARKEMA announced upon the publication of its results for the 2nd quarter 2014, that the achievement of its targets initially planned for 2016 was now set for 2017 and that the operational excellence programme to generate cost savings would be accelerated, its amount being doubled to €100 million by the end of 2017 (compared to the initial amount of €50 million).

With the BOSTIK acquisition project and the increase of the programme to dispose of non-core businesses, the Group has since reviewed its EBITDA target to €1,310 million for 2017. The Group has also confirmed its long-term objectives with the aim of generating sales of €10 billion by 2020 and an EBITDA margin close to 17%, while maintaining a gearing not exceeding 40%.

Given the recent significant changes in its portfolio, the Group will present its mid- and long-term targets of sales by business segment and by region at its Investors Days, which will take place during the first half of 2015.

1.1.1.2 Highlights since 27 March 2014

The Group's significant press releases published since 27 March 2014 are detailed below (with the exception of press releases relating to the Bostik Group acquisition project and to the financial information included in section 1.4 and chapter 4, respectively, of this Update to the Reference Document).

30/04/2014 - Inauguration of new electrolysis unit at ARKEMA's Jarrie plant

"The new electrolysis unit at ARKEMA's Jarrie plant near Grenoble, France, inaugurated today, marks a new milestone in the site's modernisation. This €100 million investment has enabled the facility to adapt to the latest regulations on industrial risks ('PPRT') and to convert its mercury electrolysis to membrane technology, thereby pre-empting the mandatory deadline by several years.

The inauguration on Wednesday 30 April 2014 of the new 70,000 tonne annual capacity membrane electrolysis room, which uses the latest technologies, officially establishes the new industrial organisation of the Jarrie site's activities.

Jarrie ranks among the world's leading hydrogen peroxide sites and is also positioned in the chlorine and derivatives market.

With this investment, ARKEMA complies with the latest safety and environment regulatory requirements. The new industrial organisation, implemented as part of the plant's Technological Risks Prevention Plan (Plan de prévention des risques technologiques – PPRT), has indeed helped significantly reduce the risk exposure area for the local population. At the same time, the conversion of mercury cell electrolysis to membrane electrolysis pre-empts by several years the mandatory deadline for the phase-out of mercury cell electrolysis operations by end 2019. Furthermore, the site's energy efficiency has improved.

This industrial overhaul has represented investments of some €100 million overall, including €60 million from ARKEMA, the balance being financed by the French State as part of the above-mentioned PPRT.

Finally, this project could not have been carried through without excellent cooperation between ARKEMA, the public authorities and the local communities. The Jarrie facility, which operates in activities – hydrogen peroxide and chlorine – for which the cost structure is key, will continue to work on its competitiveness and the cost of energy and access to salt, all of which are essential for the long-term future of the activities.

With this investment, ARKEMA continues the major drive to upgrade its French facilities undertaken since the Group's stock market listing in 2006, thereby confirming its firm roots in France."

13/05/2014 - CECA joins forces with Watan Industrial Investment to enter the oilfield production chemicals market in Saudi Arabia

"CECA, Arkema's Filtration and Adsorption subsidiary, and Saudi company Watan Industrial Investment have set up a joint venture, majority-owned by ARKEMA, which will operate an oilfield production chemicals blending plant and storage facility in Saudi Arabia. Based within the Dammam industrial city, the new site will enable CECA to meet the high demand for oilfield production chemicals in the Gulf region.

This investment in the Middle East, following the organic peroxides investment announced last October, further illustrates ARKEMA's objectives to develop its High Performance Materials segment while reinforcing its presence in fast-growing countries, where the Group aims to conduct 30% of its business by 2016.

Oilfield production chemicals represent a strategic activity - with a strong growth - for CECA which supplies oil companies in Africa and the Middle East, but, to date, had no commercial or industrial presence in Saudi Arabia.

Under the terms of this partnership, the joint venture is about acquiring a storage and blending facility in Dammam, scheduled to become operative in the second half of 2014.

The site will enable CECA to establish a long-term presence in the Gulf region and in particular in Saudi Arabia, which has one of the world's largest conventional oil reserves. Thanks to these facilities, CECA will also be able to offer its customers local service and prompt response to fulfil the specific requirements of their oilfields.

"The oilfield production chemical market is growing at a steady rate of around 5% per year, and the Middle East is one of the most dynamic regions. This partnership in Saudi Arabia offers us an ideal opportunity to serve the region's major producers, and will enable us to capitalise on local growth. With this new site located in a strategic region, we aim to become a major player in the region" Marc-Antoine Mallet, Managing Director of CECA, is delighted to say."

28/07/2014 - Arkema announces the start-up of its new Methyl Acrylate plant on its Clear Lake site, Texas

"ARKEMA announces the start-up of its new plant for the production of methyl acrylate, an acrylic acid derivative used in the manufacture of polymers for water treatment, elastomers and engineering polymers. This investment, on its Clear Lake site in Texas, represents the last phase of a US$110 million investment plan intended to strengthen ARKEMA's rankings in the US acrylics market.

Following the commissioning of a 2-ethyl hexyl acrylate (2EHA) production plant in Bayport in 2012 and the opening of an acrylic acid capacity expansion in Clear Lake in June 2013, the start-up of a 45 KT methyl acrylate plant announced today represents the last phase of the revamping and capacity increase plan for ARKEMA's acrylics business in Texas announced in November 2010.

This commissioning now makes Clear Lake one of the world's leading manufacturing sites for acrylic acid and derivatives.

With the completion of this investment programme, ARKEMA aims to fully capitalise on the growth of acrylic acid and derivatives in the fast-growing markets of water treatment, superabsorbents and enhanced oil and gas recovery.

"With the finalisation of this investment plan in the United States, our world-class site in Carling, France, and our project for the acquisition of Jurong's acrylics assets in China due to be closed early September, ARKEMA more than ever ranks among the world's acrylics leaders and is well positioned to serve its customers around the world from competitive and reliable production sites", Marie-Pierre Chevallier, Global Group President for ARKEMA's Acrylics business unit, is pleased to confirm."

01/08/2014 - Signature of a propylene supply agreement in the United States

"As part of its procurement policy for strategic raw materials, ARKEMA has reached an agreement for the purchase of propylene in the United States, with Enterprise Products Partners L.P., a leading United States energy company.

Taking advantage of the development of shale gas in the United States, this contract secures a long-term supply (more than 10 years) of propylene produced by propane dehydrogenation (PDH).

This contract will account for a significant part of ARKEMA's propylene feedstock in the United States and will strengthen the competitiveness of the Coating Solutions segment.

Propylene is a key raw material for Acrylics, a major sector for ARKEMA, and where the Group is a key player in the United States and the world's third largest player.

Enterprise Products received the necessary permits for this project in May 2014 and construction of the plant has now started. The PDH plant is due to be completed in the first half of 2016.

This agreement is fully consistent with ARKEMA's growth strategy to continue its expansion in the United States."

09/09/2014 - Proposed shutdown of fluorogas production in Zaramillo, Spain

"As part of a plan to improve the profitability of its fluorogas business, on 9 September ARKEMA presented to the Zaramillo plant's trade unions a project for the closure of fluorogas productions at its Spanish site. The European fluorogas industry has been severely impacted for several years by a competitiveness gap with China and the United States. Hence the Zaramillo site is faced with this European environment as well as structural problems, which have prompted this proposed closure of the fluorogas productions.

The Zaramillo site, which manufactures HFC R32 and R143a fluorogases and blends, has been faced with a highly competitive environment for a number of years. Furthermore, European regulations are requiring investments for additional compliance standards as of 2015 for a site that is undersized and loss-making. Given this context, the project entails the definitive shutdown of production by the end of 2014.

The project is subject to the legal information and consultation process involving the trade unions of ARKEMA in Spain, and would entail the loss of 59 jobs on the site.

ARKEMA is committed to taking every possible step to provide local support and assistance to all concerned by this proposed shutdown, by offering internal and external redeployment solutions."

21/10/2014 - Closing of the first stage of acrylic assets acquisition in China

"Arkema has finalised the first stage of its acrylics assets acquisition project in Taixing, China, and now has access to a modern and competitive 160,000 t/year acrylic acid production capacity in Asia for the sum of US$ 240 million. This investment will enable the Group to serve its customers in China and in Asia in growing markets such as superabsorbents, paints, adhesives and water treatment.

Arkema has finalised the creation of Sunke, a joint venture with Jurong Chemical, in which Arkema has a majority interest, and which consists in particular of two acrylic acid production lines each amounting to 160,000 t/year located on the Taixing site in China. With the closing of this first stage, Arkema has access to half of the site's installed production.

"This new site will enable us to meet our customers' growing demand for acrylic acid and esters in China and in Asia, and to support the growth of our Coating Solutions segment in this region of the world. The successful integration of these new assets will be a priority for the Group and its personnel over the next few months", stated Marc Schuller, member of Arkema's Executive Committee."

23/10/2014 - Arkema issues perpetual hybrid bonds for €700 million

"Arkema has successfully completed the first stage of the financing of its proposed acquisition* of Bostik, a major adhesives player, with the issuance of perpetual hybrid bonds for €700 million.

The bonds will include a first call on October 29, 2020 and will carry an annual coupon of 4.75% until that date. The coupon will then be reset every five years.

The issuance has seen strong investor interest, with an order book above €2 billion.

The bonds will be subordinated to any senior debt, and will be recognised in equity in accordance with IFRS rules. They will be subject to capital treatment equivalent to 50% of their amount by Moody's and Standard and Poor's rating agencies.

> * Project subject to the legal information and consultation procedure involving the trade unions of Arkema, Bostik and Total, as well as to the approval of the relevant antitrust authorities in the countries concerned."

In addition to the highlights which were the subject of the above-mentioned press releases, the business units listed below experienced the following recent developments:

Industrial Specialities business segment / Fluorogases business unit

Since the third quarter 2013, fluorogases have been affected by increasing competitive pressure from certain Chinese producers and by an unfavourable product mix which has impacted prices and margins. Between mid-2013 and mid-2014, EBITDA decreased by €100 million compared to the prior 12 month period. However, market conditions seem to have stabilised since the end of the second quarter.

The Group aims to compensate this decrease by the end of 2017 and thus return to the historical profitability levels for this business. This target is based equally on the contribution of internal measures to optimize fixed and variable costs, and on an assumption of a gradual improvement in market conditions supported by changes in regulations.

The internal measures should primarily include actions aimed at improving the competitiveness of fluorogas facilities in Europe and the development of the upstream integration in fluorspar. In this context, in September 2014, ARKEMA announced a project to shut down the production of fluorogases at its Zaramillo site in Spain which is subject to the legal information and consultation process involving the personnel representative bodies of ARKEMA in Spain. A project to reinforce the Group's integration into fluorspar, the raw material of fluorogas, may also be announced in the forthcoming months.

The assumption of a gradual improvement in market conditions is based on several elements including: (i) the definition of quotas for R22 in the United States for the period from 2015 to 2019 announced on 16 October 2014, which was published in the Federal Register end of October and (ii) the implementation, effective 1 January 2015, of the F-gas regulation in Europe, which plans to introduce a quota system for HFC gases in Europe. However, the confirmation of the application of antidumping duties relating to 134a in the United States, which was expected before the end of 2014, was invalidated by the US International Trade Commission.

Finally, the Fluorogases Business Unit continues the developments it launched to meet the fast growing demand for fluoropolymers and to increase the share of specialities (for instance sales to the agrochemical sector). The Business Unit also continues to develop HFOs, which are new generation fluorogases with a low GWP (Global Warming Potential) such as the new refrigerant gas 1234yf for automotive air conditioning for which Arkema announced a year ago a project to build a production unit in China due to start up in 2016. In this context, ARKEMA took note of the statement of objections issued by the European Commission on 21 October 2014, against E.I. DuPont de Nemours and Company and Honeywell International Inc.

Coating Solutions business segment/Coating Resins Business Unit

ARKEMA continues to optimise its Coating Resins activities with the announcement of a project to shut down the production of resins and coatings at its Stallingborough facility (United Kingdom), which would lead to the loss of 58 jobs. The production units were shutdown in July 2014. This project contributes to achieve its mid-term target of a 15% EBITDA margin in the Coating Solutions business segment.

1.2 CAPITAL EXPENDITURE

As at the date of this Update to the Reference Document, the Group's main ongoing capital expenditures are the following:

Thiochemicals	Construction of a thiochemical production platform at Kerteh (Malaysia) combined with a project for the production of bio-methionine in partnership with CJ CheilJedang.
Fluorogases	Construction of a 1234yf fluorogas refrigerant unit at Changshu (China).
Organic peroxides	Doubling of organic peroxide production capacity at Changshu (China).

In July 2014, ARKEMA announced the start-up of its new methyl acrylate unit on its Clear Lake site (United States).

On 20 October 2014, the Group finalised the first step of the acquisition of acrylic assets in Taixing in China, by acquiring a majority holding in Taixing Sunke Chemicals Co. Ltd., owned by the Chinese company Taixing Jurong Chemical Co. Ltd. ARKEMA therefore has access to 160,000 tonnes of acrylic acid production capacity per year in Asia.

Over the full year 2014, capital expenditures should reach 470 million euros.

1.3 SIGNIFICANT CONTRACTS

On the date of this Update to the Reference Document, in addition to the contracts included in section 1.5 of the Reference Document, the following contracts have been concluded or amended:

1.3.1 Raw materials or energy supply contracts

CONTRACT FOR THE SUPPLY OF PROPYLENE IN THE UNITED STATES WITH ENTERPRISE PRODUCTS PARTNERS L.P. (ENTERPRISE)

Arkema Inc. concluded a contract for the supply of propylene in the United States with Enterprise, one of the leaders in the US energy industry. Taking advantage of the development of shale gas in the United States, this contract secures a long-term supply (more than 10 years) of propylene produced by propane dehydrogenation (PDH). The first deliveries are expected in 2016, upon completion by Enterprise of the construction phase of its Mont Belvieu production unit in Texas (United States). (See press release in paragraph 1.1.1 of this Update to the Reference Document).

CONDITIONS OF SUPPLY OF ELECTRICITY FROM EXELTIUM

Arkema France is, along with six other "electro-intensive" industrial companies, a founding member of Exeltium and continues to source a significant share of its requirements from the latter. A new agreement, concluded in July 2014 between EDF and Exeltium allows for, in a first step, a decrease in the price of the electricity paid for deliveries, which may then, as a second step, increase the price, as compensation depending on changes in the market price of electricity. This mechanism intends to add more flexibility to the contract and was defined so as not to compromise its global economic balance.

1.3.2 Industrial agreements

Contract with TAIXING Jurong Chemical for the split of acrylic acid production of SUNKE

Through its stake in the joint venture Taixing Sunke Chemicals Co. Ltd., ARKEMA initially has access to a 160,000 tonnes acrylic acid capacity per year with an option to access an additional 160,000 tonnes per year following the start-up of a third line which is currently being built on the site.

1.4 BOSTIK ACQUISITION PROJECT

On 18 September 2014, the Company made an offer (the **"Offer"**) to Total S.A ("**Total**") for the acquisition of the Bostik Group, currently part of Total's speciality chemicals, with leadership positions in the industry, hygiene, building and retail and wholesale distribution segments. This Offer is based on an enterprise value of €1.74 billion.

The Offer will expire on the first of the following dates (i) three days after the completion of the consultation process of the work councils of Total and the Bostik Group or (ii) 17 March 2015.

If Total accepts the Offer, the acquisition of the Bostik Group will be subject to the usual condition precedents, in particular the approval by the relevant antitrust authorities, described below.

ARKEMA published the following press release on 19 September 2014:

"Proposed acquisition of Bostik: Arkema strengthens its position in specialty chemicals

- Proposed acquisition of Bostik, number 3 worldwide in adhesives and part of Total's specialty chemicals
- New milestone in Arkema's transformation in line with the Group's strategy
  - Reinforcing Arkema's profile with the integration of a low cyclical and low capital-intensive activity with sales of €1.53 billion
  - Strategic priorities well aligned: innovation, expansion in emerging countries and operational excellence
- High value creating project
  - Significant potential for improving Bostik's operating margin
  - Well-identified synergies
  - Cash flow accretive from first full year and EPS accretive from second year
  - Execution facilitated thanks to common culture
- Offer made on basis of €1.74 billion enterprise value (11 times EBITDA)
- A fully secured funding

Bostik, a world leader in adhesives

With sales of €1.53 billion, a global presence in over 40 countries and 4,900 employees, Bostik is the number 3 worldwide in adhesives. The group holds leading positions in most of its markets, has internationally recognized brands and technologies, and fosters close partnerships with its customers.

Bostik develops high performance and high value added bonding and sealing solutions for the non-woven, industrial, construction and consumer markets.

With its solutions that help reduce the weight of materials, improve the energy efficiency of buildings, develop new energies, and replace traditional bonding solutions, the Bostik group is particularly well-placed to take advantage of the momentum of the adhesives market currently enjoying annual growth above global GDP.

An acquisition project fully aligned with Arkema's strategy

In accordance with the strategy implemented since its stock market listing, this operation would allow Arkema to further strengthen its position in specialty chemicals and to continue developing its High Performance Materials segment, which would account for 42% of total sales following the acquisition of Bostik.

"Since 2006 Arkema has carried through a successful in-depth transformation of its business portfolio with the aim of becoming a world leader in specialty chemicals. The proposed acquisition of Bostik represents a new major milestone towards this ambition.

The complementarities between the two companies, the quality of Bostik's management and teams, the common roots within the Total group, and the brands and technologies are all factors that will sustain value creation for our shareholders and ensure successful execution of the project.

For Arkema, this new exciting challenge complements the ambitious plan currently in progress to establish acrylics and thiochemicals in Asia through the Jurong and Kerteh projects, restore the profitability of fluorogases, carry through its €100 million savings plan announced recently, and realize the strong growth prospects in the attractive oil and gas segment" Thierry Le Hénaff, Arkema Chairman and CEO, stated.

In a steadily growing adhesives market, Bostik's current pace of development together with the synergies identified between the two groups will help improve Bostik's EBITDA margin, with the long-term objective to achieve an EBITDA margin of 14% to 15%, in line with peers average.

This strong potential for improving the results, the solid cash flow generation and the low capital-intensity of Bostik will enable Arkema to continue strengthening its profile and its resilience to the changes of the economic environment.

With the proposed acquisition of Bostik, Arkema would achieve proforma sales of some €7.6 billion while increasing its headcount to some 19,000 people.

This project would also entail increasing the divestment program of non-core activities representing some €500 million additional sales.

Taking into account the proposed acquisition of Bostik and the contemplated divestment program, the Group raises its 2017 EBITDA target to €1.310 billion.

A financing structure designed to protect the Group's balance sheet and credit rating

In order to maintain a sound balance sheet structure and preserve its financial flexibility, this project would be financed by a €350 million rights issue, the issuance of hybrid securities of between €600 and €700 million, and a senior bond issuance for the balance, i.e. between €500 and €600 million. The share capital increase would be made through preferential subscription rights for existing shareholders. These refinancing operations will be carried out at the earliest opportunity.

The target is to go back close to a 40% gearing by 2017.

This project, with no impact on jobs given the complementarity of the two groups, is subject to the legal information and consultation procedure involving the work councils of Arkema, Bostik and Total, as well as to the approval of the relevant antitrust authorities in the countries concerned."

1.4.1 A project fully in line with ARKEMA's strategy to reinforce speciality chemicals and High Performance Materials

The BOSTIK acquisition project is a major step in the transformation of ARKEMA into a global leader of speciality chemicals and advanced materials, which started in 2006 after the Company's stock market listing and was confirmed in 2012 at the Investor Day held in Paris.

This project is based on the unique combination of a speciality chemical player and an adhesive formulator and is perfectly in line with the Group's strategy. With this acquisition in the low cyclical and low capital intensive adhesive sector, ARKEMA will reinforce the quality of its business profile and its resistance to changes in the economic environment. Following the integration of the Bostik group, the High Performance Materials business segment will represent approximately 42% of ARKEMA's pro forma sales.[5]

5 On the basis of the 2013 pro forma sales including the contribution of BOSTIK and the acrylic assets acquired or which should be acquired in China (project to acquire a total production capacity of 320,000 tonnes per year in several phases).

BOSTIK is at the forefront of several growing technologies (these technologies are detailed in paragraph 1.4.3.4 of this Update to the Reference Document) and will strengthen ARKEMA's portfolio of businesses thus confirming the Group's leading position in businesses representing around 90% of its total sales.[6]

ARKEMA and BOSTIK have implemented similar strategies focusing on innovation, growing their presence in emerging countries through targeted acquisitions, and operational excellence. BOSTIK has three major technological platforms, a growing portfolio of new and innovative products thanks to greater efforts in research and development, well-known brands, a balanced industrial presence worldwide with an increasing presence in emerging countries, whose sales increased 24% a year on average between 2009 and 2013.

The complementarities between the two groups, the quality of BOSTIK's management and teams and the common roots within the Total group will facilitate the implementation of this project and the successful integration of BOSTIK within ARKEMA. In addition, in the past ARKEMA has proven its ability to improve the performance of its businesses and to successfully integrate new businesses. Thus, the Group's EBITDA margin increased from 6% in 2006 to 15% in 2013, while the EBITDA margin for Total's resin business, acquired in 2011, increased from 9% in 2010 to 13% in 2013, in line with the target set when Total's resin business was acquired, which was to achieve a margin of 14% in 2015.

The acceleration of the implementation of BOSTIK's strategy and the synergies to be put in place will help improve BOSTIK's EBITDA margin with the aim of achieving in 2020 the average for the adhesive sector, between 14% and 15%. Finally, BOSTIK's business is low capital intensive with capital expenditures which, according to the Group's estimates, should represent between 2.5% and 3% of sales.

1.4.2 A high value-creating project

Based on figures provided by Total as part of the acquisition process, BOSTIK's EBITDA margin should amount to 10.3% in 2014. It should gradually improve over forthcoming years.

The Group aims to increase BOSTIK's EBITDA by 30% over the next three years (excluding commercial synergies between the two groups). This improvement is primarily based on the acceleration of the strategy recently implemented at BOSTIK, which includes:

- continued development in emerging countries where BOSTIK has, over the past 24 months, started up or initiated the construction of several new sites particularly in China, Vietnam, India and Egypt;
- small bolt-on acquisitions such as those recently completed in the United States and Brazil;
- continued streamlining of the Group's brands portfolio with the launch of the new logo BOSTIK® Smart Adhesives and a significant reduction in the total number of brands (from 42 to 6); and
- the benefits from increased efforts in research and development which should enable to gradually increase the share of sales generated from products that are less than three years old. In this respect, BOSTIK has also streamlined its R&D organisation with the opening of three regional R&D centres located in Milwaukee (United States), Shanghai (China) and Compiègne (France), which was opened on 3 October 2014.

EBITDA growth over the next three years also includes well-identified cost synergies which should mainly result from the globalisation of certain support functions, from the purchase of raw materials, of goods and services and of logistics and from the strengthening of BOSTIK's operational excellence programme since two years.

In addition, several commercial synergies have been identified. Although these synergies cannot be quantified until the acquisition is closed, they should benefit the two groups and help in particular to achieve the long-term targets in relation to BOSTIK and ARKEMA's EBITDA margin. These synergies are based in particular on the unique combination between a formulator and speciality chemical player, a shared position in fast-growing segments supported by the development of new energies, lightweight materials, demographic changes and higher living standards, as well as geographic complementarities between the two groups. ARKEMA's strong presence in China and the United States will allow BOSTIK to accelerate its development in these two countries, while ARKEMA can also benefit from BOSTIK's already significant positions in Latin America (in particular in Brazil) and India.

Finally, ARKEMA believes that the operation should be accretive in the generation of cash flow from the first full year and in terms of the Group's net earnings per share from the second year.

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6 Note: data based on 2013 sales.

1.4.3 BOSTIK presentation

BOSTIK is one of the leading players in the adhesive sector with leading positions in the industry, hygiene, construction, and consumer segments.

1.4.3.1 Adhesive market

The global demand for adhesives and sealants is estimated at approximately €33 billion[7]. This is divided between:

- the industry sector, which represents 69% of global demand and includes very diverse end-markets such as assembly, tapes and labels, packaging, transport, the non-woven for hygiene and personal care markets and electronics;
- the construction sector, which represents 25% of global demand and includes products for the preparation of walls and floors, adhesives for tiled floors, walls and ceilings, and sealing solutions; and
- consumer products that represent 6% of global demand and include adhesive solutions for a large variety of applications such as repairs, attachment, assembly, decoration and renovation.

The annual global growth of the adhesive market is above annual GDP[8] and should be sustained by the development of solutions for lightweight materials, improvement of energy efficiency in buildings and new energies. The dynamics of the adhesive market are also based on the replacement of traditional fastening solutions by chemical bonding and the development of the use of adhesives in emerging countries. Finally, this sector should also benefit from the significant growth in the adhesive market for non-woven fabric used to manufacture baby diapers, feminine hygiene products and adult incontinence products. In addition, the strong growth momentum in emerging countries, where the consumption per capita of adhesives is much lower than in Europe and the United States, should support the growth of this sector.

This market, in which technology and experience are key, is characterised by strong barriers to entry such as close relationships and trust between customers and well-known brands.

Finally, the adhesive market is still very fragmented with a number of local players who offer the main market players numerous opportunities for consolidation through small bolt-on and accretive acquisitions. Besides BOSTIK, the other main players in this market are Henkel, Sika and HB Fuller which, in 2013, represent in total around one third of the global adhesive market[9].

1.4.3.2 BOSTIK's position

Number 3 worldwide for adhesives[10], BOSTIK was created in Boston in 1889. In 2014, it should generate sales of €1.53 billion, split between 55% in the industry and non-woven segment and 45% in the construction and consumer segment. The estimated EBITDA for 2014 is €158 million and the EBITDA margin is 10.3%. The workforce at the end of June 2014 is 4,900 people. Investments currently represent approximately 3% of BOSTIK's sales.

BOSTIK has leading positions in several end markets such as:

- the non-woven fabric used in hygiene and personal care products: on this global market characterised by a limited number of players, BOSTIK considers being number 2 worldwide and is well positioned on speciality products thanks to its technological leadership. The main competitors in this market are Henkel and HB Fuller;
- industry: in this more regional market, BOSTIK estimates being number 3 or 4 worldwide. BOSTIK has three leading and high-growth technologies. The main competitors in this market are Henkel, HB Fuller and Sika but the competition also includes local players, particularly in emerging countries;
- construction and consumers: these are local markets in which BOSTIK holds strong positions. Globally, BOSTIK estimates that it is number three in the world in this segment. In order to develop in these still fragmented markets, BOSTIK can count on its brand portfolio and its positions in growing regions (Brazil, China, South-East Asia). The main competitors in this market are Henkel, Sika and Mapei.

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7 Source: IHS Adhesives and Sealants 2012.
8 Source: BOSTIK internal estimates.
9 Source: ARKEMA internal estimates.
10 Source: ARKEMA internal estimates.

1.4.3.3 Geographic presence

BOSTIK has a global presence and high exposure in emerging countries. At the end of 2013, BOSTIK had 45 production centres and three regional research and development centres, and was present in 40 countries. The location of industrial sites and research and development centres are as follows:

- Americas: 7 sites in the United States, 2 in Mexico, 2 in Brazil, 1 in Argentina, 1 R&D centre in the United States (Milwaukee);
- Europe: 16 sites, including 6 in France and 1 R&D centre in France (Compiègne);
- Asia and rest of world: 1 site in Morocco, 1 in Egypt, 2 in Turkey, 1 in India, 2 in China, 4 in South-East Asia, 6 in Australia and New Zealand, 1 R&D centre in China (Shanghai).

BOSTIK's 2013 sales break down as follows: 49% in Europe, 21% in North America and 30% in Asia and the rest of world. Between 2009 and 2013, BOSTIK increased significantly its presence in high-growth regions (including Eastern Europe, the Middle East, Latin America and Asia) with an average 24% annual sales growth rate.

1.4.3.4 Technologies and brands

BOSTIK has three main leading technologies supporting its leadership positions, and generating 60% of its sales; these technologies are aimed at specialty applications. The technologies are: Elastic Bonding (particularly hardwood and transport), Hot-Melt PSA (particularly packaging and baby diapers) and Polymer-Modified Binders (particularly flooring and waterproofing).

The BOSTIK brands are highly recognized contributing to high customer loyalty. Brands in the construction and consumer segment include Sader®, Quelyd®, Evo-Stik®, Mem®, and Fortaleza®. BOSTIK is also working to strengthen its global brand with the launch of its new logo BOSTIK® Smart Adhesives.

1.4.3.5 Innovation

BOSTIK's R&D expenses have significantly increased since 2010 and currently represent around 2.7% of its sales. More than 10% of sales are generated by products that are less than three years old. BOSTIK has three regional R&D centres: Milwaukee (United States), Shanghai (China) and Compiègne in France, as well as a number of technical centres located close to its customers.

1.4.3.6 Financial information

BOSTIK's sales should amount to €1.53 billion in 2014 and its EBITDA margin to 10.3%, based on information provided by the Total group as part of the acquisition process. Between 2010 and 2013, sales increased on average around 3% per year at constant exchange rates.

BOSTIK has significant potential to improve its profitability with the objective to reach over the long term the average profitability of its main competitors (Henkel, HB Fuller and Sika) and to achieve an EBITDA margin between 14 and 15% by 2020.

The adhesive sector is low capital intensive. At BOSTIK, capital expenditures currently represent around 3% of sales. On average, ARKEMA's capital expenditures including BOSTIK should amount to around 5.5% of sales, slightly lower than capital expenditures usually made in speciality chemicals, which are estimated at an average of 6%.

1.4.3.7 Nature of ARKEMA's commitments and condition precedents

The BOSTIK acquisition project is subject to information and consultation procedures of the work councils of Total, BOSTIK and ARKEMA and the approval of the relevant antitrust authorities. The Company considers that there should be no difficulty in obtaining these authorisations from the relevant antitrust authorities given the very limited overlaps between the Group's and BOSTIK's respective markets.

The Offer and its financing were approved by the Arkema’s Board of Directors on 16 September 2014.

1.4.3.8 Integration of BOSTIK in the ARKEMA group

The BOSTIK group will constitute a new Business Unit within the High Performance Materials business segment. High Performance Materials business segment should represent in the long term around half of the Group's sales, and should support resilient growth for ARKEMA and a regular cash flow generation thanks to world-class assets.

1.4.3.9 Expected timetable for the transaction closing date

Subject to the information and consultation procedures of the work councils of Total, BOSTIK and ARKEMA and the approval of the operation by the relevant antitrust authorities, the acquisition of BOSTIK should be completed in first quarter 2015.

1.4.3.10 Price

The acquisition price was determined on the basis of an enterprise value of BOSTIK of €1.74 billion, this being 11 times the estimated 2014 EBITDA.

1.4.4 Financing of the transaction

ARKEMA will pay Total the acquisition price for BOSTIK in cash.

To secure the financing for the acquisition, a bridge loan agreement (*€1,500,000,000 Bridge Term Loan Facility Agreement*) for a maximum amount of €1,500 million, over a one-year period, with an optional six-month extension for Arkema (the "**Bridge**") was signed with Natixis, acting as global coordinator, underwriter, principal arranger, book runner and agent. The Bridge includes a guarantee of the availability of funds which is usual for this type of financing. In addition, it includes the Company's commitment to maintain a ratio of consolidated net debt to EBITDA of less than 3 with the possibility of increasing this ratio to 3.5 over a consecutive period of 12 months in the event of acquisition. It also includes early redemption clauses similar to those of the Company's €900 million revolving multi-currency credit facility, the terms of which are included in paragraph 4.6.1 of this Update to the Reference Document.

On the date of this Update to the Reference Document, the amount of the Bridge was reduced to €810,951,000 (the "**Bridge Balance**") as a result of the issue of super-subordinated hybrid bonds in an amount of €700 million on 23 October 2014 (for the terms of this issue, see paragraph 4.6.1 of this Update to the Reference Document).

The Bridge Balance should be refinanced by the following market operations:

- a share capital increase of around €350 million with shareholders' preferential subscription rights, which is currently the subject of a prospectus approved by the AMF; and
- a senior bond issue of €500 to €600 million to be carried out in the coming months depending on market conditions.

The aim of these operations is to strengthen the Group's financial structure and in particular its equity and to allow it to maintain a solid balance sheet while maintaining its financial flexibility.

The Group's gearing should increase significantly when it acquires BOSTIK. However, the Group aims to maintain an "Investment Grade" rating and at its current level if possible and to return to a gearing ratio of 40% at the end of 2017.

1.5 RISK FACTORS

Information relating to this section is presented in the Reference Document. This information remains correct as at the date of this Update to the Reference Document and is updated as follows.

1.5.1 Risks related to the activity of the Company and its subsidiaries

1.5.1.1 Risks related to business acquisitions

Please see paragraph 1.5.3 of this Update to the Reference Document.

1.5.2 Financial risks

1.5.2.1 Liquidity risk

As at 30 June 2014, the Group presented a strong financial profile:

- its net debt amounted to €1,106 million and represented 1.4 of the consolidated EBITDA of the past 12 months;
- its net debt to equity ratio was 46.6%;

- the Group had liquidity reserves of around €1 billion;
- moreover, it has an EMTN programme for a maximum of €2 billion, designed to facilitate its access to bond markets.

As at the date of this Update to the Reference Document:

- the average maturity of the Group's resources is close to four years, excluding the issue on 29 October 2014 of perpetual hybrid bonds registered as equity capital, but including the amount of the Bridge available to finance the acquisition of BOSTIK, as set out in paragraph 1.4.4 of this Update to the Reference Document; and
- the Group's long-term credit ratings are BBB (negative outlook) according to Standards & Poor’s and Baa2 (negative outlook) according to Moody's.

The terms and conditions of these financing resources are set out in paragraph 1.4.4 of this Update to the Reference Document with respect to BOSTIK and in paragraph 4.1.7.1 of the Reference Document regarding the Group's general financing arrangements. Consequently, at the date of this Update to the Reference Document, the Group considers that it is able to meet its payments commitments within the context of its operations and does not anticipate any difficulties in the coming months.

The breakdown of the Group's debt according to maturity, updated as at 30 June 2014, is set out in note 13.3 of the notes to the consolidated interim financial statements at 30 June 2014 in paragraph 4.4.2 of this Update to the Reference Document.

1.5.2.2 Interest rate risk

At 30 June 2014, the Group's debt amounted to €1,275 million, essentially comprising a €500 million bond issue with a 4% fixed rate, a €480 million bond issue with a 3.85% fixed rate, a €150 million bond issue with a 3.125% fixed rate, and the use of the securitisation program of up to €2 million. The Group had not used its commercial paper program at that date. The terms and conditions of this financing are described in paragraph 4.1.7.1 of the Reference Document.

On the basis of a €1,106 million net debt at 30 June 2014 and given the split between fixed-rate debt and floating-rate debt, a 1% increase in interest rates would reduce the costs of the debt by around €2 million.

At 30 June 2014, debt is distributed between variable and fixed rates as follows:

	Variable rates	**Fixed rates**		
(In millions of euro)	**Overnight – 1 year**	**1 - 5 years**	**Beyond**	**Total**
Current and non-current debt	(128)	(507)	(640)	(1,275)
Cash and cash equivalents	169	-	-	169
Net exposure before hedging	41	(507)	(640)	(1,106)
Hedging instruments	-	-	-	-
Off-balance sheet items	-	-	-	-
Net exposure after hedging	**41**	**(507)**	**(640)**	**(1,106)**

1.5.2.3 Foreign currency risk

At 30 June 2014, the Group's balance sheet exposure in transaction foreign currencies other than the euro was as follows:

Group's exposure to operating foreign currency risk *(In millions of euros)*	**USD**	**CNY**	**Other currencies**
Accounts receivable	349	46	64
Accounts payable	(159)	(40)	(28)
Balances at banks and loans	2	(54)	28
Off-balance sheet commitments *(forward foreign exchange hedges)*	(190)	0	(34)
Net exposure	**1**	**(48)**	**35**

1.5.2.4 Credit risk

At 30 June 2014, total accounts receivable net of provisions amounted to €936 million.

At 30 June 2014, the accounts receivable net of provisions were distributed as follows:

(In millions of euro)	**30/06/2014**	**31/12/2013**	**31/12/2012**
Accounts receivable net of provisions	**936**	**824**	**920**
Net receivables by maturity:			
Receivables not yet due	896	784	842
Receivables overdue by 1-15 days	29	29	29
Receivables overdue by 16-30 days	10	10	8
Receivables overdue by more than 30 days	1	1	41
TOTAL NET RECEIVABLES	**936**	**824**	**920**

1.5.2.5 Investments

At 30 June 2014, the total cash invested with banks or money market funds amounted to €169 million.

1.5.3 Risks related to the BOSTIK acquisition

1.5.3.1 Risk of non-completion of the BOSTIK acquisition

In exchange for its Offer for BOSTIK, Total granted ARKEMA an exclusivity period due to expire on 17 March 2015. The acceptance by Total of the Offer and the signature of the acquisition contract can only take place on completion of the information and consultation procedures with the work councils of Total, BOSTIK and ARKEMA. However, the possibility that these procedures will extend beyond the end of the exclusivity period cannot be excluded, which could result in the non-completion of the BOSTIK acquisition (unless Total agrees to extend the exclusivity period) and could have an adverse impact on the Group's financial position and outlook.

If the Offer is accepted by Total and once the acquisition contract has been signed, the proposed acquisition of BOSTIK will remain subject to approval by the relevant antitrust authorities. It is not possible to give any assurance as to obtaining the required approvals.

1.5.3.2 Risk of increased debt levels associated with the acquisition of BOSTIK and its financing and refinancing

As at 30 June 2014, ARKEMA's total net financial debt stood at €1,106 million.

In light of the proposed financing structure for the acquisition (see 1.4.4 of this Update to the Reference Document), should it prove impossible to refinance the transaction in accordance with the proposed financing structure in a reasonable period of time or under good market conditions, the Group's net debt would rise significantly as would the interest charged on this debt, which could have an adverse effect on the Group's financial position and outlook.

More specifically, this situation could:

- leave the Group more vulnerable to unfavourable economic and sector developments;
- oblige the Group to dedicate a substantial portion of its cash flow from operations to interest payments , thus reducing the cash available to finance capital expenditures and other Group expenses; and
- limit its ability to obtain new borrowings due to the clauses and undertakings related to its debt.

1.5.3.3 Risks related to the integration of BOSTIK

Notwithstanding the common roots and culture shared by ARKEMA and BOSTIK, difficulties could be encountered in the implementation of the plan to improve BOSTIK’s profitability, particularly with regards to synergies, which could result in an increase of integration costs, lower gains than initially anticipated, or delays in achieving targets.

Furthermore, the Group has and will continue to undertake exceptional expenses as part of the BOSTIK acquisition which are estimated at between €25 to €30 million. The integration BOSTIK's businesses with the Group could also generate additional unanticipated costs.

Any of these factors could have an adverse effect on the Group's financial position and outlook.

1.5.3.4 Risks related to the BOSTIK acquisition and to a limited due diligence on the BOSTIK's businesses

The Group cannot guarantee that the due diligence performed has identified all the difficulties or significant liabilities related to BOSTIK or that other factors, outside of the control of either BOSTIK or the Group will not emerge in the future. If the Group was not able to identify significant difficulties, it could as a result recognise an impairment or remove assets from its balance sheet, restructuring of its activities or incur other costs which could result in losses which may not be covered by the compensation undertakings negotiated under the terms of the acquisition agreement.

All of these factors could have an adverse effect on the Group's financial position and outlook.

1.5.3.5 Risks related to the integration of the acquired business in the Group's consolidated financial statements

This Update to the Reference Document contains unaudited pro forma condensed consolidated financial statements which have been prepared for investors to provide an understanding of what the Group's results and financial position would have been had the BOSTIK acquisition taken place on 1 January 2013 for the income statement, and on 30 June 2014 for the balance sheet. However, since it belongs to the TOTAL group, BOSTIK has never produced consolidated financial statements for any period whatsoever. The financial information for BOSTIK used to prepare the Group's unaudited pro forma condensed consolidated financial statements presented in this Update for the financial year ended on 31 December 2013 and the half-year ended on 30 June 2014 is pro forma information and presents BOSTIK's results and financial position as if it were a stand-alone entity independent of TOTAL during this period. This information has not been audited or reviewed by the statutory auditors. In addition, BOSTIK's past results are not necessarily an indication of its future results as an entity within the Group.

1.5.3.6 Risk related to goodwill impairment

The BOSTIK acquisition will increase the amount of goodwill recognised by ARKEMA on its balance sheet. The preliminary goodwill for the transaction presented in the pro forma condensed consolidated financial statements in section 4.3.2 of this Update to the Reference Document amounts to €823 million.

Pursuant to IFRS, goodwill is not amortised but, in accordance with IAS 36, is tested for impairment at least annually and when there is an indication of an impairment loss. An impairment is recognised if the carrying amount of goodwill exceeds its recoverable amount, especially if circumstances or events occur that indicate significant adverse changes of a lasting nature affecting the economic environment or the assumptions and objectives used on the date of acquisition.

2. CORPORATE SOCIAL RESPONSIBILITY

Information relating to this chapter is presented in the Reference Document. This information remains correct as at the date of this Update to the Reference Document and is updated as follows.

2.1 EMPLOYMENT

At 30 June 2014, the Group employed 13,910 persons, including 6,691 in France.

2.2 INCENTIVES AND PROFIT-SHARING

Based on principles similar to those previously adopted, an incentive agreement for Arkema France was signed on 17 April 2014 by the trade unions CFDT and CFE-CGC covering the 2014, 2015 and 2016 financial years. The total incentive compensation that may be paid out for any given year represents a maximum of 5.7% of total payroll.

2.3 EMPLOYEE SAVINGS SCHEME

Following negotiations conducted early in 2014 at the Group level, an amendment to the Group Savings Plan (*Plan d'Épargne Groupe* - PEG) as well as an amendment to the Collective Pension Savings Plan (*Plan d'Épargne pour la Retraite Collective* - PERCO) were signed, increasing the maximum annual matching funding from the employer from €800 to €1,000 for the PEG, and from €250 to €400 for the PERCO.

3. CORPORATE GOVERNANCE

Information relating to this chapter is presented in the Reference Document. This information remains correct as at the date of this Update to the Reference Document and is updated as follows.

3.1 COMPOSITION OF ADMINISTRATIVE AND MANAGEMENT BODIES

3.1.1 Board of Directors

At the combined annual general meeting dated 15 May 2014, the shareholders approved the following appointments and renewals of terms of office:

- renewals, for a four-year period expiring at the closing of the annual general meeting to be held in 2018 to approve the financial statements for the financial year ending on 31 December 2017, of the terms of office of:
  - Ms Claire Pedini, as director, and
  - Mr Patrice Bréant, as director representing shareholders' employees;
- the appointment, for a four-year period expiring at the closing of the annual general meeting to be held in 2018 to approve the financial statements for the financial year ending on 31 December 2017, of the *Fonds Stratégique de Participations* (FSP), as director, represented by Ms Isabelle Boccon-Gibod.

3.1.1.1 Principles for the composition of the Board of Directors

As at the date of this Update to the Reference Document, three out of the twelve Board members are women, i.e.: 25% of the Board.

3.1.1.2 Composition of the Board of Directors at of the date of this Update to the Reference Document

As at the date of this Update to the Reference Document, the Board of Directors consists as follows:

Directors	Other offices held
THIERRY LE HÉNAFF **Main office held within the Company:** Chairman and Chief Executive Officer **Date of first appointment:** 6 March 2006 **Date of last renewal:** 23 May 2012 **Date appointment expires:** AGM held to approve accounts for 2015 financial year **Number of shares held at 30 June 2014:** 78,037	***Current:*** **France** Within the Group ▶ Chairman of the Board of Directors, Arkema France Outside the Group ▶ Director, Eramet* **International** ▶ None ***Held in the past five years but now expired:*** **Expired in 2013** ▶ None **Expired 2009 to 2012** ▶ None
PATRICE BRÉANT **Main office held within the Company:** Director representing shareholder employees **Date of first appointment:** 1st June 2010 **Date appointment expires:** AGM held to approve accounts for 2017 financial year **Number of FCPE units held at 30 June 2014:** 464	***Current:*** **France** Within the Group ▶ Member of the FCPE Arkema Actionnariat France Supervisory Board **International** ▶ None ***Held in the past five years but now expired:*** **Expired in 2013** ▶ None **Expired 2009 to 2012** ▶ None

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* Listed company
** Outside the Group

FRANÇOIS ÉNAUD **Main office held within the Company:** Director **Date of first appointment:** 10 May 2006 **Date of last renewal:** 24 May 2011 **Date appointment expires:** AGM held to approve accounts for 2014 financial year **Number of shares held at 30 June 2014:** 301	***Current**:*** **France** ▶ Executive Manager, Group Steria SCA* ▶ Chairman and Chief Executive Officer and Director, Steria SA ▶ Chairman of the Board of Directors, Agence Nouvelle des Solidarités Actives (ANSA) ▶ Director, FONDACT (Association under 1901 law for participative management, employee savings plans, and responsible share ownership) **International** ▶ Director, Steria UK Limited (United Kingdom) ▶ Chairman of the Board of Directors and Director, Steria Holdings Limited (United Kingdom) ▶ Member of the Supervisory Board, Steria Mummert Consulting AG (Germany) ***Held in the past five years but now expired**:*** **Expired in 2013** ▶ None **Expired 2009 to 2012** ▶ Director, Steria Limited ▶ Director, Steria Services Limited
BERNARD KASRIEL **Main office held within the Company:** Director **Date of first appointment:** 10 May 2006 **Date of last renewal:** 4 June 2013 **Date appointment expires:** AGM held to approve accounts for 2016 financial year **Number of shares held at 30 June 2014:** 1,100	***Current**:*** **France** ▶ Director, L'Oréal* **International** ▶ Director, Nucor* (USA) ***Held in the past five years but now expired**:*** **Expired in 2013** ▶ None **Expired 2009 to 2012** ▶ Partner at LBO France
VICTOIRE DE MARGERIE **Main office held within the Company:** Director **Date of first appointment:** 7 November 2012 **Date appointment expires:** AGM held to approve accounts for 2014 financial year **Number of shares held at 30 June 2014:** 300	***Current**:*** **France** ▶ Chairman, Rondol Industrie ▶ Director, Ecoemballages ▶ Director, Eurazéo* **International** ▶ Director, Norsk Hydro* (Norway) ▶ Director, Morgan Advanced Materials* (United Kingdom) ▶ Director, Italcementi * (Italy) ***Held in the past five years but now expired**:*** **Expired in 2013** ▶ None **Expired 2009 to 2012** ▶ Director, Ciments Français ▶ Director, Flo group ▶ Director, Outokumpu
LAURENT MIGNON **Main office held within the Company:** Director **Date of first appointment:** 10 May 2006 **Date of last renewal:** 24 May 2011 **Date appointment expires:** AGM held to approve accounts for 2014 financial year **Number of shares held at 30 June 2014:** 300	***Current**:*** **France** ▶ Chief Executive Officer Natixis SA * ▶ Chairman of the Board of Directors, Natixis Global Asset Management (NGAM) ▶ Chairman of the Board of Directors, Coface SA* ▶ Member of the Executive Board, BPCE **International** ▶ Director, Lazard Ltd* ***Held in the past five years but now expired**:*** **Expired in 2013** ▶ Director, Sequana* ▶ Permanent Representative of Natixis, censor at the Supervisory Board of BPCE **Expired 2009 to 2012** ▶ Chairman, Coface Holding SAS ▶ Permanent Representative of Natixis, Director, Coface SA ▶ Chairman and Chief Executive Officer, Oddo Asset Management ▶ Permanent Representative, Oddo et Cie, Managing Partner, Oddo Corporate Finance ▶ Director, Cogefi SA

* Listed company
** Outside the Group

	▶ Director, Génération Vie ▶ Member of the Supervisory Board, Banque Postale Gestion Privée
THIERRY MORIN **Main office held within the Company:** Director **Date of first appointment:** 10 May 2006 **Date of last renewal:** 4 June 2013 **Date appointment expires:** AGM held to approve accounts for 2016 financial year **Number of shares held at 30 June 2014:** 1,000	***Current**:*** **France** ▶ Chairman, Thierry Morin Consulting (TMC) ▶ Chairman of the Management Board, Université de Technologie de Compiègne ▶ Chairman, TM France **International** ▶ Chairman, TMPARFI SA (Luxembourg) ***Held in the past five years but now expired**:*** **Expired in 2013** ▶ Chairman of the Board of Directors, Institut National de la Propriété industrielle (INPI) **Expired 2009 to 2012** ▶ Chairman and Chief Executive Officer, Valeo ▶ Chairman, Valeo Finance ▶ Chairman, Valeo Service ▶ Chairman, Valeo Thermique Habitacle ▶ Manager, Valeo Management Services ▶ Chairman, Valeo SpA ▶ Chairman, Valeo Japan Co. Ltd ▶ Chairman, Valeo (UK) Limited ▶ Manager, Valeo AutoElectric Beteiligungs GmbH ▶ Manager, Valeo Germany Holding GmbH ▶ Manager, Valeo Gründvermögen Verwaltung GmbH ▶ Manager, Valeo Holding Deutschland GmbH ▶ Director, Valeo Service España S.A. ▶ Director, Valeo Iluminacion S.A. ▶ Director, Valeo Termico S.A. ▶ Director, CEDEP
MARC PANDRAUD **Main office held within the Company:** Director **Date of first appointment:** 15 June 2009 **Date of last renewal:** 4 June 2013 **Date appointment expires:** AGM held to approve accounts for 2016 financial year **Number of shares held at 30 June 2014:** 500	***Current**:*** **France** ▶ Vice-Chairman Deutsche Bank France – Middle East and Africa **International** ▶ None ***Held in the past five years but now expired**:*** **Expired in 2013** ▶ None **Expired 2009 to 2012** ▶ None
CLAIRE PEDINI **Main office held within the Company:** Director **Date of first appointment:** 1st June 2010 **Date appointment expires:** AGM held to approve accounts for 2017 financial year **Number of shares held at 30 June 2014:** 300	***Current**:*** **France** ▶ Senior Vice-President of Compagnie Saint-Gobain in charge of Human Resources **International** ▶ None ***Held in the past five years but now expired**:*** **Expired in 2013** ▶ None **Expired 2009 to 2012** ▶ Permanent representative of Alcatel, Director, Thalès
JEAN-PIERRE SEEUWS **Main office held within the Company:** Director **Date of first appointment:** 10 May 2006 **Date of last renewal:** 23 May 2012 **Date appointment expires:** AGM held to approve accounts for 2015 financial year **Number of shares held at 30 June 2014:** 3,505	***Current**:*** **France** ▶ None **International** ▶ None ***Held in the past five years but now expired**:*** **Expired in 2013** ▶ None **Expired 2009 to 2012** ▶ None

* Listed company
** Outside the Group

PHILIPPE VASSOR	*Current**:*
Main office held within the Company: Director **Date of first appointment:** 10 May 2006 **Date of last renewal:** 4 June 2013 **Date appointment expires:** AGM held to approve accounts for 2016 financial year **Number of shares held at 30 June 2014:** 1,300	**France** ▶ Chairman, Baignas SAS ▶ Chairman, V.L.V. SAS ▶ Chairman, Triple V SAS ▶ Chairman, VLV Orfila SAS ▶ Chairman, DGI Finance SAS ▶ Director, BULL* **International** ▶None ***Held in the past five years but now expired**:*** **Expired in 2013** ▶ None **Expired 2009 to 2012** ▶ Director and Chairman, Infovista ▶ Director, Groupama S.A.
FONDS STRATÉGIQUE DE PARTICIPATIONS	*Current**:*
Main offices held within the Company: Director **Permanent representative:** Ms Isabelle BOCCON-GIBOD **Date of first appointment:** 15 May 2014 **Date appointment expires:** AGM held to approve accounts for 2017 financial year **Number of shares held at 30 June 2014:** 3,926,657	**France** ▶ Director, SEB SA*

Isabelle BOCCON-GIBOD	*Current**:*
Main offices held within the Company: permanent representative of the Fonds Stratégique de Participation on the Company's Board of Directors **Date appointed:** 15 May 2014	**France** ▶ Member of the National Orientation Board (Conseil National d'Orientation) Council of BPI France ▶ Vice-President of the Economic Commission of the MEDEF

* *Listed company.*
** *Outside the Group.*

3.1.1.3 Information on the members of the Board of Directors

Fonds Stratégique de Participations, a mutual fund created in 2012 by four major French insurance companies, BNP Paribas Cardif, CNP Assurances, Predica and Sogécap, to invest in the share capital of non-financial French listed companies for the long-term. The FSP aims to provide on-going support to the selected companies and their management in the implementation of their strategy. Accordingly, the FSP asks to be represented on such companies' governance bodies and expects clearly defined strategic objectives, discipline and a high level of financial transparency from such companies.

The FSP is an independent fund with its own governance structure. Management of the FSP has been entrusted to an entity of the Edmond de Rothschild Group (a dedicated team in Edmond de Rothschild Asset Management - EdRAM) which is in particular in charge of relations with the FSP's permanent representatives on companies' Boards of Directors and of the financial monitoring of such companies. The FSP does not act in concert with other shareholders. It votes independently at the general meeting of companies in its investment portfolio. The FSP's permanent representative on the Company's Board of Directors is Mrs Isabelle Boccon-Gibod.

Isabelle Boccon-Gibod, born in 1968, is a graduate of the *École Centrale de Paris* and the University of Columbia in the United States. She is a member of the National Orientation Board (*Conseil National d'Orientation*), of BPI France and Vice-President of the Economic Commission of the MEDEF. She was Executive Vice-President of Arjowiggins and Executive Vice-President of Sequana. Mrs Isabelle Boccon-Gibod chaired the Copacel (*Union Française des Industries des Cartons, Papiers et Celluloses*) until the end of 2013.

3.2 FUNCTIONING OF ADMINISTRATIVE AND MANAGEMENT BODIES

3.2.1 Board of Directors' Committees

3.2.1.1 The Audit and Accounts Committee

As at the date of this Update to the Reference Document, the Audit and Accounts Committee conists of four members: Philippe Vassor (Chairman), Claire Pedini, Jean-Pierre Seeuws and the FSP represented by Isabelle Boccon-Gibod, in accordance with the provisions of Article L.823-19 of the French Commercial Code (*Code de commerce*).

3.3 COMPENSATION AND BENEFITS IN ALL KIND TO EXECUTIVE AND CORPORATE OFFICERS

3.3.1 Award of stock options and performance shares

Based on the principles set out in paragraph 3.4.3.3 of the Reference Document, and within the overall framework of the Group's capital compensation policy, the principles of which are set out in section 3.5 of the Reference Document, as updated in this Update to the Reference Document (see paragraph 3.4 of this Update to the Reference Document below), the Board of Directors meeting on 13 November 2014, following a proposal from the Nomination, Compensation and Corporate Governance Committees, decided to grant Mr Thierry Le Hénaff 26,000 performance shares. The definitive award of the shares at the end of a four-year vesting period is contingent upon his continued term of office in the Group and the fulfilling of three stringent performance criteria (growth of EBITDA, comparative EBITDA margin and TSR (Total Shareholder Return)). These criteria are detailed in paragraph 3.4.1 of this Update to the Reference Document.

3.4 ELEMENTS OF CAPITAL COMPENSATION

3.4.1 Bonus share and performance share plans

2014 PERFORMANCE SHARE PLANS

In accordance with the Group's stock-based compensation policy, the Board of Directors meeting on 13 November 2014, as authorised by the shareholders annual general meeting on 4 June 2013, and on a proposal by the Nominating, Compensation and Corporate Governance Committee, decided to award 275,000 existing performance shares (i.e. 22% of the overall quota granted by the said annual general meeting for a period of 38 months) to 788 beneficiaries, including the Chairman and Chief Executive Officer and the members of the Executive Committee. The vesting period for performance share allocation rights has been maintained at four years in order to establish a medium-term compensation dimension as part of overall compensation. At the end of the vesting period, no holding period will be required, but the definitive award of the shares is conditional upon a condition of presence in the Group and the fulfilment of three performance criteria.

Over and above the criteria relating to ARKEMA's EBITDA growth and EBITDA margin compared to a panel of competitors, applicable to the 2013 performance share plan and maintained as part of the 2014 plan, the Board of Directors has decided to introduce a third performance criterion, TSR (Total Shareholder Return), in order to align the interests of performance share beneficiaries even more closely with those of shareholders.

These three demanding criteria, each applicable to a percentage of allocated rights, are defined as follows:

- growth of ARKEMA's EBITDA: for 35% of allocated rights

  The target by which all rights will be awarded under this criterion will be for the 2017 EBITDA to reach €1,310 million, with a gearing not exceeding 40%. Should gearing exceptionally exceed the 40% threshold, a review of the target EBITDA would be put forward by the Nominating, Compensation and Corporate Governance Committee to the Board of Directors.

  No share will be awarded if the 2017 EBITDA is below €1,000 million. Between €1,000 million and €1,310 million, the rate of allocation will be determined in accordance with a linear and continuous scale.

- comparative 2017 EBITDA margin: for 30% of allocated rights

All rights will be awarded if ARKEMA's 2017 EBITDA margin exceeds the average of the chosen panel by one point. If ARKEMA's 2017 EBITDA margin is equal to the average of the chosen panel, the allocation rate will be 85%. If ARKEMA's EBITDA margin is below that of the panel by 2.5 points or more, no share will be awarded.

Between both these values, the rate of allocation will be determined on the basis of an indicator, relative to 2017, determined as follows: indicator = ARKEMA's EBITDA margin – average EBITDA margin of the panel.

Objective	**Allocation rate under the criterion**
ARKEMA's EBITDA margin > average EBITDA margin for panel + 1	100%
ARKEMA's EBITDA margin = average EBITDA margin for panel	85%
- 0.5 < indicator < 0	75%
- 1 < indicator ≤ - 0.5	65%
- 1.5 < indicator ≤ - 1	50%
- 2 < indicator ≤ - 1.5	35%
- 2.5 < indicator ≤ - 2	20%
Indicator ≤ - 2.5	0%

The Board of Directors has also decided to amend the competitors' panel to take account of changes to the competitive landscape. Hence the panel now comprises: Akzo Nobel (Chemicals), BASF (excluding Oil&Gas), Clariant, Lanxess, Solvay and Evonik.

- Comparative TSR (Total Shareholder Return): for 35% of allocated rights

Arkema's TSR over a three-year period, from 2015 to 2017, will be compared to that of the same panel of competitors (see 2nd criterion).

This criterion will be 100% fulfilled if Arkema's TSR is one of the top performers among these 7 groups (Arkema and the panel's 6 competitors) ranked by decreasing order of their TSR over the period.

The share allocation rate under this third criterion will be as follows:

Arkema ranking obtained from classification of TSR of each group, in decreasing order	Allocation rate under the criterion
1st or 2nd	100%
3rd	75%
4th	50%
5th	25%
6th or 7th	0%

TSR is calculated as follows:

TSR = (share price at end of period – share price at beginning of period + sum of dividends per share paid out during the period) / share price at beginning of period.

To limit the effects of volatility on the share price, an average share price recorded over a two-month period will be used.

Hence the share price at the beginning of the period will be the average of the opening prices between 1st November 2014 and 31 December 2014; the share price at the end of the period will be the average of the opening prices between 1st November 2017 and 31 December 2017.

As regards the Chairman and Chief Executive Officer and the other members of the Executive Committee, these conditions will apply to all share allocation rights awarded to them. For all other beneficiaries, these conditions will apply to the fraction of the rights exceeding 100.

4. FINANCIAL AND ACCOUNTING INFORMATION

Information relating to this chapter is presented in the Reference Document. This information remains correct as at the date of this Update to the Reference Document and is updated as follows.

4.1 SELECTED FINANCIAL INFORMATION

The following tables describe the principal financial information for ARKEMA, consolidated under IFRS standards, as endorsed by the European Union, at 30 June 2014 and for the years ended 31 December 2013 and 2012. These tables must be read in conjunction with the Group's consolidated financial statements as included in the Reference Document and the 2012 Reference Document, which is incorporated by reference into the Reference Document.

Balance sheet items	**30 June 2014**	**31 December 2013**	**31 December 2012**
(In millions of euros)	-	-	-
Non-current assets [(1)]	3,214	3,162	3,068
Working capital	1,051	908	971
Capital employed	**4,265**	**4,070**	**4,039**
Provisions for pensions and employee benefits	401	361	432
Other provisions	352	397	400
Total provisions	753	758	832
Long-term assets covering certain provisions	55	60	58
Total provisions net of non-current assets	**698**	**698**	**774**
Net debt	1,106	923	900
Shareholders' equity	2,372	2,349	2,311

[(1)] Excluding deferred taxes

CONSOLIDATED INCOME STATEMENT	**30 June 2014**	**31 December 2013**	**31 December 2012**
(In millions of euros)	(limited review)	(audited)	(audited)
SALES	**3,043**	**6,098**	**6,395**
Operating expenses	(2,495)	(4,950)	(5,137)
Research and development expenses	**(77)**	**(144)**	**(148)**
Selling and administrative expenses	(210)	(416)	(432)
Recurring operating income	**261**	**588**	**678**
Other income and expenses	(32)	(205)	(27)
Operating income	**229**	**383**	**651**
Equity in income of affiliates	-	5	10
Financial result	(29)	(55)	(54)
Income taxes	(75)	(161)	(186)

Net income of continuing operations	**125**	**172**	**421**
Net income of discontinued operations	**-**	**-**	**(200)**
Net income	**125**	**172**	**221**
Of which: non-controlling interests	1	4	1
Net income - Group share	**124**	**168**	**220**
Of which: continuing operations	**124**	**168**	**420**
Of which: discontinued operations	**-**	**-**	**(200)**
Earnings per share (amount in euros)	*1.96*	*2.68*	*3.54*
Earnings per share of continuing operations (amount in euros)			*6.75*
Diluted earnings per share (amount in euros)	*1.95*	*2.65*	*3.49*
Diluted earnings per share of continuing operations (amount in euros)			*6.67*
Depreciation and amortization	(158)	(314)	(318)
EBITDA	**419**	**902**	**996**
Adjusted net income	**156**	**368**	
Adjusted net income of continuing operations			**441**

4.2 FINANCIAL INFORMATION CONCERNING BOSTIK

BOSTIK's results relating to 2014 nine first months are in line with the 2014 considered EBITDA of €158 millions[11].

4.3 PRO FORMA FINANCIAL INFORMATION RELATED TO THE ACQUISITION OF BOSTIK

4.3.1 Basis for preparation – Introduction

The condensed pro forma consolidated balance sheet at 30 June 2014 and the condensed pro forma consolidated income statements for the year to 31 December 2013 and the six months to 30 June 2014 (hereafter referred to as the "Condensed Pro Forma Consolidated Financial Information") presented below are expressed in millions of euros. They reflect ARKEMA's plan to acquire BOSTIK for an enterprise value of €1.74 billion, and the financing terms of this acquisition as described in section 1.4.4 of this Update to the 2013 Reference Document.

The Condensed Pro Forma Consolidated Financial Information has been established in application of European Commission regulation EC No 809/2004, using the acquisition method in compliance with IFRS.

The Condensed Pro Forma Consolidated Financial Information has been prepared on the basis of:

- ARKEMA's annual consolidated financial statements under IFRS at 31 December 2013;
- ARKEMA's condensed consolidated interim financial statements under IFRS at 30 June 2014;
- BOSTIK's combined income statement at 31 December 2013, prepared as described in section 4.3.3 of this Update to the 2013 Reference Document based on information provided by Total; and
- BOSTIK's combined balance sheet and income statement at 30 June 2014, prepared as described in section 4.3.3 of this Update to the 2013 Reference Document based on information provided by Total.

ARKEMA's annual consolidated financial statements under IFRS as endorsed by the European Union were audited by the Company's Statutory Auditors. Their report, entitled "Statutory Auditors' Report on the Consolidated Financial Statements for the year ended 31 December 2013", is presented in section 4.4.1 of the Reference Document. ARKEMA's condensed consolidated interim financial statements under IFRS were subjected to a limited review by the Company's Statutory Auditors. Their report, "Statutory Auditor's Review

[11] 2014 estimated data based on information given to Arkema by Total in the context of the acquisition process.

Report on the first half-year financial information for 2014", is presented in section 4.4.4 of this Update to the 2013 Reference Document. These audit reports do not contain any observations.

BOSTIK's combined income statement at 31 December 2013 and BOSTIK's combined balance sheet and income statement for the half-year to 30 June 2014 have not been audited or subjected to a limited review.

Based on the financial statements and the combined income statement and balance sheet described above, a certain number of restatements, reclassification, rescoping and pro forma adjustments (described in sections 4.3.3.5, 4.3.3.6 and 4.3.3.7 of this Update to Reference Document) have been applied. The result of this work forms the "Condensed Pro Forma Consolidated Financial Information". The statutory auditors have issued a report on this information, which is presented in paragraph 4.3.4 of this Update to the Reference Document.

The condensed pro forma consolidated income statement is presented as if the operation took place at 1 January 2013. The condensed pro forma consolidated balance sheet is presented as if the operation had taken place at 30 June 2014.

The Condensed Pro Forma Consolidated Financial Information does not include any economy of scale that might result from implementation of synergies or cost reductions, nor does it include any other special elements such as integration or restructuring costs that could be borne after the acquisition.

The Condensed Pro Forma Consolidated Financial Information is based on the available information, estimates and preliminary assumptions that ARKEMA considers reasonable.

The difference between the acquisition price for BOSTIK and the fair value of the identifiable assets acquired and liabilities assumed has been included in intangible assets as goodwill. Allocation of the acquisition price will be finalised after the operation's completion date.

The Condensed Pro Forma Consolidated Financial Information at 31 December 2013 and 30 June 2014 is provided purely for information purposes, and by nature relates to a hypothetical situation. It can in no way be considered indicative of the results of the operational activities or the financial position of the new consolidated group, which would have been possible if the operation had taken place at 30 June 2014 for the balance sheet and 1 January 2013 for the income statement.

Moreover, this Condensed Pro Forma Consolidated Financial Information does not necessarily represent the figures that would have been reported in the Group's consolidated financial statements if the intended acquisition of BOSTIK had in fact taken place at an earlier date. In no way does it aim to present, nor can it be used to presume, future developments in the Group's consolidated financial statements.

4.3.2 Condensed Pro Forma Consolidated Financial Information

CONDENSED PRO FORMA CONSOLIDATED BALANCE SHEET AT 30 JUNE 2014

(In millions of euros)	**ARKEMA**	**BOSTIK**	**PRO FORMA ADJUSTMENTS**	**PRO FORMA BALANCE SHEET under IFRS at 30/06/2014**
	Note 4.3.3.3	**Notes 4.3.3.3, 4.3.3.4 and 4.3.3.5**	**Notes 4.3.3.6 and 4.3.3.7**	
ASSETS				
Intangible assets, net	978	346	823	2,147
Other non-current assets	2,306	326	-	2,632
Total non-current assets	**3,284**	**672**	**823**	**4,779**
Cash and short-term investment securities	170	309	-	479
Other current assets	2,027	578	-	2,605
Total current assets	**2,197**	**887**	**-**	**3,084**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Shareholders' equity- Group share	2,337	827	187	3,351
Shareholders' equity- non-controlling interests	35	3	-	38
Total shareholders' equity	**2,372**	**830**	**187**	**3,389**

Non-current debt	1,202	163	636	2,001
Other non-current liabilities	857	152	-	1,009
Total non-current liabilities	**2,059**	**315**	**636**	**3,010**
Current debt	77	116	-	193
Other current liabilities	973	298	-	1,271
Total current liabilities	**1,050**	**414**	**-**	**1,464**

CONDENSED PRO FORMA CONSOLIDATED INCOME STATEMENT FOR 2013

(In millions of euros)	**ARKEMA**	**BOSTIK**	**PRO FORMA ADJUSTMENTS**	**Pro forma consolidated Income Statement under IFRS at 31/12/2013**
	Note 4.3.3.3	**Notes 4.3.3.3, 4.3.3.4 and 4.3.3.5**	**Notes 4.3.3.6 and 4.3.3.7**	
Sales	**6,098**	**1,501**	**(19)**	**7,580**
EBITDA	**902**	**146**	**-**	**1,048**
Recurring operating income	**588**	**105**	**-**	**693**
Other income and expenses	(205)	(2)	(13)	**(220)**
Operating income	**383**	**104**	**(13)**	**474**
Equity in income of affiliates	5	-	-	**5**
Financial result	(55)	(13)	(4)	**(72)**
Income taxes	(161)	(30)	5	**(186)**
Net income	**172**	**61**	**(12)**	**221**
Of which: non-controlling interests	4	1	-	5
Net income - Group share	**168**	**60**	**(12)**	**216**

CONDENSED PRO FORMA CONSOLIDATED INCOME STATEMENT FOR THE FIRST HALF OF 2014

(In millions of euros)	**ARKEMA**	**BOSTIK**	**PRO FORMA ADJUSTMENTS**	**Pro forma consolidated Income Statement under IFRS at 30/06/2014**
	Note 4.3.3.3	**Notes 4.3.3.3, 4.3.3.4 and 4.3.3.5**	**Notes 4.3.3.6 and 4.3.3.7**	
Sales	**3,043**	**753**	**(10)**	**3,786**
EBITDA	**419**	**77**	**-**	**496**
Recurring operating income	**261**	**58**	**-**	**319**
Other income and expenses	(32)	(0)	-	**(32)**
Operating income	**229**	**58**	**-**	**287**
Equity in income of affiliates	-	-	-	-
Financial result	(29)	(6)	(4)	**(39)**
Income taxes	(75)	(19)	1	**(93)**
Net income	**125**	**33**	**(3)**	**155**
Of which: non-controlling interests	1	0	-	1
Net income - Group share	**124**	**33**	**(3)**	**154**

4.3.3 Notes explaining the pro forma financial information

4.3.3.1 Accounting policies

The Condensed Pro Forma Consolidated Financial Information has been prepared and presented in compliance with ARKEMA's accounting policies, which are described in its consolidated financial statements at 31 December 2013 and 30 June 2014.

The entities of BOSTIK are consolidated as part of the Total group, whose accounting policies are presented in its consolidated financial statements at 31 December 2013 and 30 June 2014. There is no significant divergence from the accounting policies used by ARKEMA. As a result, no material adjustment to the accounting policies has been applied to the combined financial information concerning BOSTIK for the purpose of preparing the pro forma consolidated financial information.

It should be noted that the income statement presentation used by Total has been changed for harmonisation with the presentation adopted by ARKEMA. Additional changes may be made once the acquisition is finalised.

4.3.3.2 Description of the operation

The acquisition and its financing are described in section 1.4 of this Update to the 2013 Reference Document.

4.3.3.3 Basis for presentation and translation

- ARKEMA's historical income statement as published for the year ended 31 December 2013 is taken from the audited consolidated financial statements of the Group, in millions of euros.
- ARKEMA's historical income statement and balance sheet as published at 30 June 2014 are taken from the condensed consolidated interim financial statements of the Group at 30 June 2014 (in millions of euros), which were subjected to a limited review by the statutory auditors.
- BOSTIK's combined income statement at 31 December 2013 is presented in millions of euros and is taken from the income statement expressed in thousands of euros released by Total.
- BOSTIK's combined income statement and balance sheet at 30 June 2014 are presented in millions of euros, and are taken from the income statement and balance sheet in thousands of US dollars released by Total. They are converted respectively at the average rates of €1 = US$1.37035 and the closing rate of €1 = US$1.36580.

4.3.3.4 Principles for Total's preparation of BOSTIK financial information

In preparation for the sale of BOSTIK, Total released financial information for the businesses being sold. This information consists of a combined balance sheet at 30 June 2014, and a combined income statement for the year ended 31 December 2013 and the six months to 30 June 2014.

Total published consolidated financial statements for the year ended 31 December 2013 and consolidated interim financial statements for the six-month period ended 30 June 2014, as approved by its Board of Directors. These financial statements were established under IFRS and the associated interpretations published by the IASB as adopted by the European Union.

The financial information for BOSTIK was prepared by Total based on its consolidated financial statements as follows:

- line-by-line consolidation of the assets/liabilities and income/expenses of the businesses sold;
- recognition of adjustments in order to present the businesses sold as if those businesses had been operated independently of Total; and
- elimination of transactions between entities within the scope of the businesses sold.

4.3.3.5 Adjustments, reclassifications and rescoping applied to the BOSTIK combined financial statements

Adjustments and reclassifications have been applied to the BOSTIK combined financial statements to harmonise them with ARKEMA's balance sheet and income statement presentation.

A. Balance sheet

The reclassification concerns recognition in the balance sheet of the research tax credit (CIR) and the tax credit for competitiveness and employment (CICE), in the amount of €6.5 million (included in long-term assets by ARKEMA), in view of the Group's tax position in France.

Balance sheet rescoping concerns:

- one Bostik Group entity that was not taken over in the operation (see paragraph B); and
- an estimate of the provision for employee benefits that was not transferred in the operation: this concerns some of Bostik Ltd's obligations that have been retained by Total.

The adjustments concern:

- establishment of a provision for inventories in the United States,
- updating employee benefits in line with ARKEMA's assumptions concerning the change in discount rates at 30 June 2014.

B. Income statement

Reclassifications have been applied to BOSTIK's income statement, to harmonise it with ARKEMA's income statement presentation (e.g. reclassification of the payment discount as a reduction in sales, reclassification of the contribution based on companies' value added, *Cotisation sur la Valeur Ajoutée des Entreprises* – CVAE, as a tax, etc.).

The rescoping in the income statement concerns the income and expenses of one Bostik Group entity that has not been acquired in the operation (see paragraph A).

The adjustments mainly concern recognition of an income tax expense, which did not exist under Total's German tax consolidation system.

4.3.3.6 Intergroup operations

ARKEMA's sales to BOSTIK were eliminated for an amount of €19 million and €10 million respectively in the income statements for the year 2013 and the first half-year of 2014. The associated margin is not material and has not been adjusted.

4.3.3.7 Pro forma adjustments related to allocation of the acquisition price and financing

A) Pro forma adjustments related to allocation of the acquisition price

Figures are estimates in millions of euros.

Net book value of shareholders' equity – Group share acquired at 30 June 2014: 827

Acquisition price: 1,650

Preliminary goodwill: 823

The acquisition price of €1,650 million was determined on the basis of the enterprise value of €1.74 billion, corresponding to 11 x EBITDA. This value was adjusted in compliance with the terms of the Offer.

Due to the timing of the acquisition, the assets acquired and liabilities assumed from BOSTIK are included in the pro forma condensed consolidated balance sheet at 30 June 2014 at their historical value as presented in BOSTIK's combined financial information at 30 June 2014; the goodwill value is thus provisional. In accordance with IFRS 3 (Revised), the Group has one year from the acquisition date to allocate the excess of the acquisition price over book value, and thus finalise the amount of goodwill: certain identifiable assets acquired may be revalued. The Group's future operating results could therefore be affected by depreciation charges relating to these identifiable assets acquired.

B) Pro forma adjustments to the condensed consolidated balance sheet under IFRS

B.1 Pro forma adjustments related to financing

The operation is expected to be financed as follows:

- Hybrid financing, recorded in equity, in the amount of €689 million net of a €7 million issuance premium and €4 million arrangement costs.
- A capital increase, which should amount to €338 million net of issuance costs estimated at €12 million.
- A bridge term loan facility drawn up to €473 million with 12-month maturity (and an option to extend by a further 6 months). The average interest rate over an 18-month period would be 1.1%. The arrangement cost for this bridge term loan facility is estimated at €6 million.
- The balance would be self-financed by existing resources (French commercial paper - billets de trésorerie, securitization, etc).

B.2 Effect on Cash

The effect of this acquisition on cash in the pro forma condensed consolidated balance sheet is as follows (in millions of euros):

Acquisition price paid: (1,650)

Acquisition expenses: (7)

Total: (1,657)

Financing:

- Capital increase, net of expenses: 338
- Hybrid financing net of the issuance premium and arrangement costs: 689
- Bridge term loan facility, net of expenses : 467
- Self-financing (French commercial paper (billets de trésorerie), securitization, etc): 163
- Total: 1,657

TOTAL (Net): 0

C) Pro forma adjustments to the pro forma condensed consolidated income statement under IFRS

C.1 Pro forma adjustments related to acquisition expenses

Acquisition expenses, estimated at €7 million, have been included in the Pro Forma Income Statement at 31 December 2013.

C.2 Pro forma adjustments related to financial expenses

Financial expenses associated with the arrangement of the bridge term loan facility, estimated at €6 million, have been recorded in the Pro Forma Income Statement at 31 December 2013.

Financial expenses on the amount drawn on the bridge term loan facility and self-financing have been included in the Pro Forma Income Statement at 31 December 2013 at the amount of €4 million and in the Pro Forma Income Statement at 30 June 2014 at the same amount of €4 million (excluding tax effect).

C.3 Tax effect

ARKEMA's average rate of taxation (28.7%) was used to calculate the tax effect of pro forma adjustments.

4.3.4 Statutory auditors' report on the pro forma financial information

This is a free translation into English of the statutory auditors' report issued in the French language and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and is construed in accordance with, French law and professional auditing standards applicable in France.

Addressee: Chief executive officer

In our capacity as statutory auditors and in accordance with Commission Regulation (EC) n°809/2004, we have prepared the present report on the condensed pro forma consolidated balance sheet as of 30 June 2014 and the condensed pro forma consolidated income statements for the year ended 31 December 2013 and the six-month period ended 30 June 2014 of Arkema S.A. (the "Condensed Pro Forma Consolidated Financial Information"), included in part 4.3 of the update of the 2013 reference document dated 18 November 2014. This Condensed Pro Forma Consolidated Financial Information has been prepared for the sole purpose of illustrating the effect of the contemplated acquisition of Bostik entities by Arkema S.A. and the financing terms of this acquisition (together, the "Transactions") would have had on the consolidated balance sheet as at 30 June 2014 and the consolidated income statements for the year ended 31 December 2013 and the six-month period ended 30 June 2014 of Arkema S.A. if the Transactions had taken effect on 30 June 2014 for the condensed pro forma consolidated balance sheet and on 1 January 2013 for the condensed pro forma consolidated income statements. Because of its nature, the condensed pro forma financial information addresses a hypothetical situation and, therefore, does not necessarily represent the actual financial position or results the company might have experienced had the transactions occurred at a date earlier than their actual or intended date of occurrence.

This Condensed Pro Forma Consolidated Financial Information was prepared under your responsibility in accordance with the requirements of Commission Regulation (EC) n°809/2004 (and the ESMA's recommendations) on pro forma information.

It is our responsibility to express, on the basis of our work and in the terms required by Appendix II, paragraph 7 of Commission Regulation (EC) n°809/2004, our conclusion on the proper compilation of the preparation of this Condensed Pro Forma Consolidated Financial Information.

We conducted our work in accordance with professional auditing standards generally accepted in France. Our work, which does not include an examination of the Condensed Pro Forma Consolidated Financial Information underlying the preparation of the Condensed Pro Forma Consolidated Financial Information, consisted mainly of verifying that basis from which the Condensed Pro Forma Consolidated Financial Information has been prepared are consistent with the source documents as described in the notes to the Condensed Pro Forma Consolidated Financial Information, considering evidences supporting the pro forma restatement and meeting with the Management of Arkema S.A. in order to collect information and explanations we deemed necessary.

In our opinion:

- The Condensed Pro Forma Consolidated Financial Information has been properly compiled on the basis stated,
- This basis is consistent with the accounting policies of the issuer.

This report is issued for the sole purpose of filing of the update of the reference document with Autorité des Marchés Financiers, the French Stock Exchange Regulatory Body (AMF), and if applicable, the public offering in France and other European Union countries in which a prospectus including the update of reference document, as approved by AMF), will be notified and may not be used for any other purpose.

Paris La Défense, November 17, 2014

KPMG Audit		ERNST & YOUNG Audit
A division of KPMG S.A.		
Jacques-Francois Lethu	François Quédiniac	Valérie Quint
Partner	*Partner*	*Partner*

4.4 2014 HALF-YEAR FINANCIAL REPORT

4.4.1. Half-year financial report

FIRST HALF 2014 HIGHLIGHTS

1. Acquisition

In January 2014, ARKEMA announced the creation of Sunke, a joint venture in which ARKEMA will have a majority interest, comprising the assets of Jurong's acrylic acid production site in Taixing opened in 2012, with current capacity running at 320,000 t/year. This acquisition, in the wake of ARKEMA's recent startup of its coating resins and Coatex production plants on the Changshu site, will enable the Group to accelerate the development of its Coating Solutions segment in China and in Asia and to assist its customers in particular in fast-growing markets such as superabsorbents, paints, adhesives and water treatment. It also reinforces the Group's presence in higher growth countries.

When the deal closes[12], due in September 2014, ARKEMA will have access to half of the site's installed production, namely 160,000 t/year, for a US$240 million investment. When a third line comes on stream, ARKEMA will have the option to access 2/3rd of the site's acrylic acid installed capacity, namely 320,000 t/year, for an additional US$235 million investment. In a full year, sales corresponding to both these lines are estimated at around US$600 million.

12 This operation is subject to authorisation by the relevant authorities in China as well as a number of administrative formalities.

2. Organic growth project

In May 2014, ARKEMA announced the creation of a joint venture between CECA, its Filtration and Adsorption subsidiary, and Saudi company Watan Industrial Investment. The joint venture, majority-owned by ARKEMA, will operate a petroleum additives blending plant and storage facility in Saudi Arabia. The new site will enable CECA to meet the high demand for petroleum additives in the Gulf region, and will consolidate the Group's presence in fast-growing countries, in line with its mid-term strategy and ambition. The new site is due to come on stream in 2nd half 2014.

3. Improvement of competitiveness

In line with its medium term target to generate a 15% EBITDA margin in the Coating Solutions segment, ARKEMA continues to optimise its Coating Resins business, and has announced in May 2014 a project to discontinue production of coating resins on its Stallingborough site (UK), which will result in the loss of 58 jobs. A €9 million exceptional charge, including €5 million asset impairment, was booked in the 2nd quarter 2014 accounts. The production plants were shut down in July 2014.

On 30 April 2014, the inauguration of the new electrolysis unit at the Jarrie plant marked a new milestone in the site's modernisation. This investment of some €100 million, including €60 million for ARKEMA, has enabled the facility to adapt to the latest regulations on industrial risks ('PPRT') and to convert its mercury electrolysis to the membrane technology, thereby pre-empting the mandatory deadline by several years.

4. Other highlights

In April 2014, ARKEMA successfully conducted its fourth share capital increase operation reserved for employees. 491,502 shares were subscribed at a price of €64.19 per share, totalling €32 million. The share of the capital held by employees now stands at some 4.7%.

On 29 May 2014, American company Golden Gate Capital finalised its takeover bid for the entire capital of Canada Fluorspar Inc. This operation resulted in the accounts of ARKEMA, which owned a 19% stake in this company, in a €6 million capital loss.

ANALYSIS OF FINANCIAL RESULTS FOR FIRST HALF 2014

(In millions of euros)	**1st half 2014**	**1st half 2013**	**Variations in %**
Sales	**3,043**	**3,192**	**-4.7%**
EBITDA	**419**	**507**	**-17.4%**
EBITDA margin (%)	**13.8%**	**15.9%**	
Recurring operating income	**261**	**353**	**-26.1%**
Other income and expenses	(32)	(140)	
Operating income	**229**	**213**	**+7.5%**
Net income – Group share	**124**	**82**	**+51.2%**
Adjusted net income	**156**	**221**	**-29.4%**
Capital expenditures	**203**	**174**	**+16.7%**
Net debt	**1,106** *(30/06/14)*	**1,150** *(30/06/13)*	**-3.8%**

Sales

Sales in 1st half 2014 amounted to €3,043 million, 4.7% down on 1st half 2013, and 1.4% down at constant scope of business and foreign exchange rate. Volumes grew by 2.1% (+3.5% excluding the impact of the shutdown of the Chauny site in France effective in 1st quarter 2014), supported by High Performance Materials and Industrial Specialties. The -3.5% price effect essentially reflects lower prices and unfavourable product mix in fluorogases. The -2.3% currency effect (translation only) primarily corresponds to the weakening of the US dollar versus the euro. The -1.0% business scope effect reflects the deconsolidation of the coating resins companies in South Africa currently being divested as well as the change in the consolidation method used for certain joint ventures.

EBITDA and recurring operating income

EBITDA stood at €419 million against €507 million in 1st half 2013. This decrease reflects challenging market conditions in fluorogases, several specific and temporary unfavourable elements in polyamide 12 in 2nd quarter 2014, and volumes below expectations in Coating Solutions in 2nd quarter 2014. The other product lines reported a solid performance. Finally, the strength of the euro versus the US dollar continued to impact the Group's performance with a -€10 million translation effect in 1st half 2014.

EBITDA margin held up well as 13.8% of sales despite market conditions in fluorogases and in acrylics.

In line with the EBITDA trend, recurring operating income stood at €261 million against €353 million in 1st half 2013. It includes €158 million depreciation and amortization, slightly up on last year (€154 million). The increase in depreciation and amortization relating to the start-up of new production plants was to a large extent offset by a currency effect related to the weakening of the US dollar compared to the euro and by changes in the scope of consolidation.

Operating income

After deduction of €32 million other income and expenses (-€140 million in 1st half 2013), operating income stood at €229 million against €213 million in 1st half 2013.

In 1st half 2014, other income and expenses corresponded mainly to various restructuring charges including those related to the shutdown of production of coating resins on the Stallingborough site (United Kingdom) as well as costs related to acquisition and divestment operations. In 1st half 2013, other income and expenses mainly corresponded to a €125 million non-recurring charge booked in the accounts following the insolvency proceeding concerning Kem One SAS, the company that comprises the upstream part (chlorine / caustic soda electrolysis and PVC) of the vinyl activities sold by ARKEMA.

Financial result

Financial result stood at -€29 million against -€27 million in 1st half 2013. It includes a €3 million charge relating to actuarial losses on certain provisions for long service awards due to employees in France booked to take into account lower discount rates.

Income taxes

Income taxes in 1st half 2014 amounted to €75 million (€106 million in 1st half 2013), i.e. 28.7% of recurring operating income. They included a €4 million contribution paid on the dividend paid out in May 2014. Excluding this contribution, the tax rate would stand at 27.2% of recurring operating income. This tax rate reflects the geographic breakdown of the results and in particular the weight of North America in the Group's results.

Net income, Group share, and adjusted net income

Net income, Group share stood at €124 million against €82 million in 1st half 2013.

Excluding the impact, after tax, of non-recurring items, adjusted net income reached €156 million against €221 million in 1st half 2013.

Segment performance

<u>High Performance Materials</u>

(In millions of euros)	**1st half 2014**	**1st half 2013**	**Variations In %**
Sales	**925**	**925**	**-**
EBITDA..	**150**	**163**	**-8.0%**
EBITDA margin (%)…………………………….............	**16.2%**	**17.6%**	
Recurring operating income...	**98**	**112**	**-12.5%**

High Performance Materials sales were stable compared to 1st half 2013 at €925 million. At constant scope of business and foreign exchange rate, sales grew by 2.2%, supported by strong growth in volumes (+4.3%) compared to a relatively low basis of comparison at the beginning of 2013. Fluoropolymers, driven by the latest developments (lithium-ion batteries, etc.), and organic peroxides benefited from good growth momentum. The -2.1% price effect resulted primarily from stronger competitive pressure in polyamide 12 partly offset by a favourable product mix in the Filtration and Adsorption business at the beginning of the year. The -2.2% translation effect corresponded mostly to the strengthening of the euro versus the US dollar.

EBITDA stood at €150 million against €163 million in 1st half 2013. Following a good start to the year significantly up on the previous year, the 2nd quarter reported a lower performance due to temporary unfavourable factors in polyamide 12. These factors include the large maintenance turnaround in Mont in France (-€7 million EBITDA), increased competitive pressure, and higher negative transaction effect than in the Group's other business segments.

EBITDA margin remained high at 16.2% against 17.6% in 1st half 2013 thanks to solid performances in fluoropolymers, the Filtration and Adsorption activity, and Organic Peroxides.

Industrial Specialties

(In millions of euros)	1st half 2014	1st half 2013	Variations In %
Sales	1,005	1,079	-6.9%
EBITDA	152	218	-30.3%
EBITDA margin (%)	15.1%	20.2%	
Recurring operating income	93	161	-42.2%

The performance of the **Industrial Specialties** segment was, as expected, impacted by challenging market conditions in fluorogases for refrigeration and air-conditioning. Aside from the seasonality effect, these conditions remained stable throughout the 1st half of the year.

Sales reached €1,005 million, 3.7% down on 1st half 2013 at constant scope of business and foreign exchange rate. Volumes rose by 4.2%, in particular in fluorogases where weather conditions in 2nd quarter 2014 were more favourable than in the previous year, and in PMMA supported by the recovery in European automotive. Nevertheless, this increase did not offset a -7.9% price effect due essentially to lower prices and an unfavourable product mix in fluorogases. The -1.1% business scope effect corresponds to a change in the consolidation method used for certain joint ventures. The -2.0% translation effect corresponds mostly to the strengthening of the euro versus the US dollar.

EBITDA stood at €152 million (€218 million in 1st half 2013), and EBITDA margin at 15.1%. This lower performance than the previous year reflects lower results in fluorogases compared to the high basis of comparison of 1st half 2013 as well as the impact, in 2nd quarter, of the maintenance turnaround in Thiochemicals in Beaumont (United States) estimated at -€5 million. Thiochemicals and PMMA reported a solid performance in 1st half. The performance of the segment in 2nd quarter improved over 1st quarter thanks to more favourable seasonality and despite the impact of the maintenance turnaround in Beaumont.

Coating Solutions

(In millions of euros)	1st half 2014	1st half 2013	Variations In %
Sales	1,102	1,164	-5.3%
EBITDA	144	161	-10.6%
EBITDA margin (%)	13.1%	13.8%	
Recurring operating income	98	116	-15.5%

Following a good start to the year supported by positive momentum in the decorative paint market, growth in volumes slowed in 2nd quarter. Hence, unlike 1st quarter and the Group's assumption for the full year, volumes, below expectations, were not able to fully offset the anticipated lower unit margins in acrylic monomers.

Sales stood at €1,102 million against €1,164 million in 1st half 2013, 2.7% up at constant scope of business and foreign exchange rate, and excluding the impact of the shutdown of the Chauny site in France, effective in 1st quarter 2014. Excluding Chauny, volumes grew by 3.3%. Demand in decorative paints and construction was lower than expected in the United States, where no catching-up occurred after a harsh winter, but improved gradually in Europe. In this context, the contribution of organic growth projects remained limited in 1st half of the year, but should improve in 2nd half in particular with the start-up of the methyl acrylate plant at end of June. Prices were slightly below those of 1st half 2013 (-0.6%). The translation effect stood at -2.5%, while the -1.9% consolidation scope effect was due to the coating resins companies currently being divested in South Africa being removed from the consolidation basis.

EBITDA stood at €144 million against €161 million in 1st half 2013. Volumes together with productivity efforts partly offset the impact of unfavourable foreign exchange rates and unit margins below those of 1st half 2013 in acrylic monomers (acid and esters). In this activity, which represents 14.5% of the Group's overall sales, unit margins currently stand between the middle and the lower end of the cycle. This situation, which should continue until the end of the year, is consistent with the assumption adopted by the Group for full year 2014.

EBITDA margin at 13.1% confirms the segment's resilience in less favourable market conditions.

Cash flow

In 1st half 2014, ARKEMA generated -€100 million free cash flow[13] against -€16 million in 1st half 2013. This flow includes a -€92 million variation in working capital, which reflects the usual seasonality of working capital related to an increase in sales compared to year-end. The working capital to quarterly sales ratio[14] stood at 17.3%, stable compared to end of June 2013. Free cash flow also includes €203 million capital expenditures including €78 million exceptional capital expenditures related to the construction of the Thiochemicals platform in Malaysia and the finalisation of the investment plan in Lacq (France) designed to secure the site's sulphur feedstock over the next 30 years. Over 2014, capital expenditures should amount to some €450 million.

Net debt

Net debt stood at €1,106 million at 30 June 2014 against €923 million at 31 December 2013. It includes the payment in May of a €1.85 dividend per share, totalling €117 million, as well as the share capital increase reserved for employees totalling €32 million. Net debt was slightly below that at end of June 2013 (€1,150 million at 30 June 2013) despite the evolution in EBITDA and the higher capital expenditure. Gearing stood at 46.6%, down compared to end of June 2013 (49.6%).

TRANSACTIONS WITH RELATED PARTIES

Transactions between companies that are fully consolidated within the Group have been eliminated in the consolidation process. Furthermore, in the normal course of its operations, the Group has business relationships with certain non-consolidated companies or companies recognized under the equity method with non-significant values.

HIGHLIGHTS SINCE 30 JUNE 2014

End of July, ARKEMA announced the start-up of its new 45,000 tonnes plant for the production of methyl acrylate, an acrylic acid derivative used in the manufacture of polymers for water treatment, elastomers and engineering polymers. This investment, on its Clear Lake site in Texas, represents the last phase of a US$110 million investment plan intended to strengthen the Group's position in the US acrylics market.

2014 OUTLOOK

(Warning: attention of the reader is withdrawn on the fact that outlooks as stated below have been updated. Outlooks as updated are presented in paragraph 4.7.1 of this Update to the Reference Document)

The economic environment in 2nd half should remain in continuity with 2nd quarter 2014, in particular in fluorogases and acrylics. In these conditions, including the expected contribution from structural growth projects, 2014 EBITDA should be close to €800 million.

Beyond this, the Group maintains its targeted growth strategy and should benefit from 2015 onwards from major organic growth projects like the Thiochemicals platform in Malaysia, the contribution of acrylic assets currently being acquired in China and improvements in the oil and gas market.

However, in order to take account of current performance, Arkema is strengthening the control of its fixed and variable costs, over and above its operational excellence programme, with a further optimisation target of some €50 million over the next three years, and will continue to work to reduce the cyclicality of its business profile.

Following a thorough review of each business unit, the Group confirms its mid-term targets (€8bn sales and 16% EBITDA margin). However, their achievement, initially planned for 2016, is now set for 2017 to take into account a more progressive return to normalized conditions. The Group confirms its 2020 targets.

MAIN RISKS AND UNCERTAINTIES

The main risks and uncertainties which the Group could face over the next six months are those described in the 2013 Reference Document filed with the Autorité des marchés financiers ("AMF") on 27 March 2014 under number D.14-0221. This document is available on ARKEMA's website under the heading "Investor Relations" (www.finance.arkema.com) and on the AMF website (www.amf-france.org). Additionally, an update to contingent liabilities, where applicable, is given in a note to the half-year financial statements.

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[13] Cash flow from operations and investments excluding the impact of portfolio management (for 2013, excluding flows related to Kem One).
[14] Working capital at 30 June divided by 4 times the 2nd quarter sales.

4.4.2. Condensed consolidated interim financial statements at 30 June 2014

CONSOLIDATED INCOME STATEMENT

(In millions of euros)	Notes	**1st half 2014**	**1st half 2013**
Sales	(C1&C2)	**3,043**	**3,192**
Operating expenses		(2,495)	(2,549)
Research and development expenses		(77)	(76)
Selling and administrative expenses		(210)	(214)
Recurring operating income *	(C1)	**261**	**353**
Other income and expenses *	(C3)	(32)	(140)
Operating income *	(C1)	**229**	**213**
Equity in income of affiliates		-	3
Financial result		(29)	(27)
Income taxes	(C5)	(75)	(106)
Net income		**125**	**83**
Of which: non-controlling interests		1	1
Net income - Group share	(C4)	**124**	**82**
Earnings per share (amount in euros)	(C6)	*1.96*	*1.31*
Diluted earnings per share (amount in euros)	(C6)	*1.95*	*1.29*
Depreciation and amortization	(C1)	(158)	(154)
EBITDA *	(C1)	419	507
Adjusted net income*	(C4)	156	221
Adjusted earnings per share (amount in euros)	(C6)	*2.47*	*3.53*
Diluted adjusted earnings per share (amount in euros)	(C6)	*2.45*	*3.49*

* see note B18 to the consolidated financial statements at 31 December 2013 – Accounting policies / Main accounting and financial indicators.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(In millions of euros)	**1st half 2014**	**1st half 2013**
Net income	**125**	**83**
Hedging adjustments	(3)	(2)
Other items	-	-
Deferred taxes on hedging adjustments and other items	-	-
Change in translation adjustments	12	1
Other recyclable comprehensive income	**9**	**(1)**
Actuarial gains and losses	(41)	41
Deferred taxes on actuarial gains and losses	7	(16)
Other non-recyclable comprehensive income	**(34)**	**25**
Other comprehensive income	**(25)**	**24**
Total income and expenses recognized directly in equity	**(25)**	**24**
Comprehensive income	**100**	**107**
Of which: non-controlling interests	1	1
Comprehensive income – Group share	**99**	**106**

CONSOLIDATED BALANCE SHEET

(In millions of euros)	Notes	**30 June 2014**	**31 December 2013**
ASSETS			
Intangible assets, net	(C7)	978	973
Property, plant and equipment, net	(C8)	1,982	1,943
Equity affiliates: investments and loans		18	17
Other investments		40	52
Deferred tax assets		67	66
Other non-current assets		199	177
TOTAL NON-CURRENT ASSETS		***3,284***	***3,228***
Inventories		921	896
Accounts receivable		936	824
Other receivables and prepaid expenses		147	125
Income taxes recoverable		23	24
Other current financial assets		1	2
Cash and cash equivalents		169	377
TOTAL CURRENT ASSETS		***2,197***	***2,248***
TOTAL ASSETS		**5,481**	**5,476**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Share capital		637	630
Paid-in surplus and retained earnings		1,682	1,687
Treasury shares		(1)	(12)
Translation adjustments		19	7
SHAREHOLDERS' EQUITY - GROUP SHARE	(C9)	***2,337***	***2,312***
Non-controlling interests		35	37
TOTAL SHAREHOLDERS' EQUITY		***2,372***	***2,349***
Deferred tax liabilities		63	64
Provisions for pensions and other employee benefits	(C10)	401	361
Other provisions and non-current liabilities	(C11)	393	439
Non-current debt	(C13)	1,202	1,207
TOTAL NON-CURRENT LIABILITIES		***2,059***	***2,071***
Accounts payable		673	687
Other creditors and accrued liabilities		267	256
Income taxes payable		33	19
Other current financial liabilities		4	1
Current debt	(C13)	73	93
TOTAL CURRENT LIABILITIES		***1,050***	***1,056***
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**5,481**	**5,476**

CONSOLIDATED CASH FLOW STATEMENT

(In millions of euros)	**1st half 2014**	**1st half 2013**
Net income	125	83
Depreciation, amortization and impairment of assets	164	155
Provisions, valuation allowances and deferred taxes	(38)	(24)
(Gains)/losses on sales of assets	5	(4)
Undistributed affiliate equity earnings	5	6
Change in working capital	(92)	(156)
Other changes	5	4
Cash flow from operating activities	**174**	**64**
Intangible assets and property, plant, and equipment additions	(203)	(174)
Change in fixed asset payables	(52)	(25)
Acquisitions of operations, net of cash acquired	(1)	(10)
Increase in long-term loans	(30)	(16)
Total expenditures	(286)	(225)
Proceeds from sale of intangible assets and property, plant, and equipment	4	5
Change in fixed asset receivables	-	-
Proceeds from sale of operations, net of cash sold	-	-
Proceeds from sale of unconsolidated investments	5	-
Repayment of long-term loans	6	14
Total divestitures	15	19
Cash flow from investing activities	**(271)**	**(206)**
Issuance (repayment) of shares and other equity	38	8
Purchase of treasury shares	-	-
Dividends paid to parent company shareholders	(117)	(113)
Dividends paid to minority shareholders	(3)	-
Increase / decrease in long-term debt	(5)	(5)
Increase / decrease in short-term borrowings and bank overdrafts	(20)	191
Cash flow from financing activities	**(107)**	**81**
Net increase/(decrease) in cash and cash equivalents	(204)	(62)
Effect of exchange rates and changes in scope	(4)	1
Cash and cash equivalents at beginning of period	377	360
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**169**	**299**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(In millions of euros)	Shares issued – Number	Shares issued – Amount	Paid-in surplus	Retained earnings	Translation adjustments	Treasury shares – Number	Treasury shares – Amount	Shareholders' equity – Group share	Non-controlling interests	Shareholders' equity
At 1 January 2014	**63,029,692**	**630**	**868**	**819**	**7**	**(226,974)**	**(12)**	**2,312**	**37**	**2,349**
Cash dividend	-	-	(55)	(62)	-	-	-	(117)	(3)	(120)
Issuance of share capital	667,170	7	31	-	-	-	-	38	-	38
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-
Cancellation of purchased treasury shares	-	-	-	-	-	-	-	-	-	-
Grants of treasury shares to employees	-	-	14	(25)	-	204,603	11	-	-	-
Sale of treasury shares	-	-	-	-	-	-	-	-	-	-
Share-based payments	-	-	(14)	19	-	-	-	5	-	5
Other	-	-	-	-	-	-	-	-	-	-
Transactions with shareholders	**667,170**	**7**	**(24)**	**(68)**	**-**	**204,603**	**11**	**(74)**	**(3)**	**(77)**
Net income	-	-	-	124	-	-	-	124	1	125
Total income and expense recognized directly through equity	-	-	-	(37)	12	-	-	(25)	-	(25)
Comprehensive income	**-**	-	-	**87**	**12**	**-**	-	**99**	**1**	**100**
At 30 June 2014	**63,696,862**	**637**	**844**	**838**	**19**	**(22,371)**	**(1)**	**2,337**	**35**	**2,372**

(In millions of euros)	Shares issued – Number	Shares issued – Amount	Paid-in surplus	Retained earnings	Translation adjustments	Treasury shares – Number	Treasury shares – Amount	Shareholders' equity – Group share	Non-controlling interests	Shareholders' equity
At 1 January 2013	**62,877,215**	**629**	**977**	**610**	**82**	**(314,034)**	**(16)**	**2,282**	**29**	**2,311**
Cash dividend	-	-	(113)	-	-	-	-	(113)	-	(113)
Issuance of share capital	70,958	-	2	-	-	-	-	2	-	2
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-
Cancellation of purchased treasury shares	-	-	-	-	-	-	-	-	-	-
Grants of treasury shares to employees	-	-	-	(4)	-	87,060	4	-	-	-
Sale of treasury shares	-	-	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	4	-	-	-	4	-	4
Other	-	-	-	-	-	-	-	-	6	6
Transactions with shareholders	**70,958**	**-**	**(111)**	**-**	**-**	**87,060**	**4**	**(107)**	**6**	**(101)**
Net income	-	-	-	82	-	-	-	82	1	83
Total income and expense recognized directly through equity	-	-	-	23	1	-	-	24	-	24
Comprehensive income	**-**	-	-	**105**	**1**	**-**	-	**106**	**1**	**107**
At 30 June 2013	**62,948,173**	**629**	**866**	**715**	**83**	**(226,974)**	**(12)**	**2,281**	**36**	**2,317**

A. HIGHLIGHTS

Acquisition

In January 2014 ARKEMA announced the creation of Sunke, a company in which ARKEMA will hold the majority interest and control. This company will comprise the assets of Jurong's acrylic acid production site in Taixing which opened in 2012 and currently has an annual capacity of 320,000 tonnes.

This operation[15] is due to be completed in September 2014, giving ARKEMA access to half of the site's installed production or 160,000 tonnes per year, for a USD 240 million investment. Once a third line is on stream, ARKEMA will have the option to access two thirds of the site's installed acrylic acid capacity, or 320,000 tonnes per year, for an additional investment of USD 235 million. On a full-year basis, the sales revenues from these two lines are estimated at approximately USD 600 million. Finally, ARKEMA has a further option allowing it to acquire the remaining third of the acrylic acid production capacities in the coming 5 years, for the sum of USD 165 million.

The new company will be fully consolidated in ARKEMA's financial statements.

Improving competitiveness

In the Coating Solutions segment, ARKEMA announced in May 2014 that it was planning to stop production of coatings resins at the Stallingborough site in the United Kingdom, leading to the elimination of 58 jobs. Discontinuation of production took effect in July 2014, and as a result an expense of €9 million was recognised in other income and expenses (see note C3 "Other income and expenses").

Other highlights

In April 2014 Arkema successfully carried out its fourth capital increase reserved for employees. 491,502 shares were subscribed at the price of €64.19 per share, for a total of €31.5 million. The portion of capital held by employees is now close to 4.7%.

On 29 May 2014, the US company Golden Gate Capital finalized its takeover of the entire capital of Canada Fluorspar Inc. The transaction price was CAD 0.35 per share, and the operation is reflected in the financial statements of ARKEMA, which previously held 19% of Canada Fluorspar Inc., by recognition of a €6 million loss (see note C3 "Other income and expenses").

B. ACCOUNTING POLICIES

Arkema S.A. is a French limited liability company (*société anonyme*) with a Board of Directors, subject to the provisions of book II of the French Commercial Code and all other legal provisions applicable to French commercial companies.

The Company's head office is at 420 rue d'Estienne d'Orves, 92700 Colombes (France). It was incorporated on 31 January 2003 and the shares of Arkema S.A. have been listed on the Paris stock exchange (Euronext) since 18 May 2006.

Basis for preparation

ARKEMA's condensed consolidated interim financial statements at 30 June 2014 were prepared under the responsibility of the Chairman and CEO of Arkema S.A. and were approved by the Board of Directors of Arkema S.A. on 31 July 2014.

The condensed consolidated interim financial statements at 30 June 2014 were prepared in compliance with IAS 34 "Interim financial reporting" and established in accordance with the IFRSs (International Financial Reporting Standards) issued by the IASB (International Accounting Standards Board) and IFRSs newly adopted by the European Union at 30 June 2014. As condensed interim financial statements, they do not incorporate all of the disclosures required in full financial statements and must thus be read in conjunction with the consolidated financial statements for the year ended 31 December 2013.

The accounting framework and standards adopted by the European Union can be consulted on the following website:

http://ec.europa.eu/internal_market/accounting/ias/index_en.htm

Changes in IFRSs and interpretations

The accounting policies applied in preparing the condensed consolidated interim financial statements at 30 June 2014 are identical to those used in the consolidated financial statements at 31 December 2013, except for IFRS

[15] This operation requires the authorization of the competent authorities in China and is subject to a certain number of administrative formalities.

standards, amendments and interpretations, as adopted by the European Union and the IASB, that are obligatorily applicable for accounting periods commencing on or after 1 January 2014 (and which had not been applied early by the Group), namely:

Amendments to IAS 32	Offsetting financial assets and financial liabilities
Amendments to IAS 36	Recoverable amount disclosures for non-financial assets
Amendments to IAS 39	Novation of derivatives and continuation of hedge accounting
Amendments to IFRS 10, IFRS 11 and IFRS 12	Transition guidance for IFRS 10, IFRS 11 and IFRS 12
Amendments to IFRS 10, IFRS 12 and IAS 27	Investment entities
IFRS 10	Consolidated financial statements
IFRS 11	Joint arrangements
IFRS 12	Disclosure of interests in other entities
IAS 27 (Revised)	Separate financial statements
IAS 28 (Revised)	Investments in associates and joint ventures

IFRS 10 replaces the rules for consolidated financial statements laid down in IAS 27 “Consolidated and separate financial statements” and interpretation SIC 12 “Consolidation – special purpose entities”.

IFRS 10 defines the principle of control based on 3 criteria only:

- the fact of having power over an investee,
- exposure or rights to variable return on an investee, and
- the ability to use the power over an investee to affect the amount of the investor’s returns.

An entity must be consolidated by its parent company when these three criteria are fulfilled.

Application of this standard had no impact for the Group.

IFRS 11 replaces IAS 31, “Interests in joint ventures” and interpretation SIC 13 “Jointly Controlled Entities – Non-Monetary Contributions by Venturers”.

This new standard defines the accounting treatment of interests in a joint arrangement (jointly-controlled operation):

- a joint venture (joint arrangement where the parties exercising joint control have rights to its net assets) must be accounted for by the equity method;
- a joint operation (joint arrangement where the parties exercising joint control over an arrangement have rights to the assets and obligations for the liabilities) must be consolidated under a method similar to proportional consolidation.

The Group must refer to several factors in order to classify a joint arrangement:

- its structure,
- when it takes the form of a separate vehicle: the legal form of the vehicle, the terms of the contractual arrangements and other facts and circumstances where relevant.

Assessment of the other facts and circumstances has led the Group to classify a certain number of joint arrangements as joint operations.

Application of IFRS 11 had no significant impact on the Group, as the main joint arrangements (jointly-controlled operations) are classified as joint operations under this standard and were already proportionally consolidated.

Only two companies, Daikin Arkema Refrigerants Asia Ltd and Daikin Arkema Refrigerants Trading Ltd, were previously proportionally consolidated and are now accounted for by the equity method. The impact is non-significant in the Group’s financial statements (below 0.4% of the 1st semester sales).

IFRS 12 lists the disclosures required on interests in other entities. The first application of this standard will lead to greater detail in the notes to the annual financial statements.

The application of the other standards, amendments and interpretations did not have any significant impact on the Group's consolidated financial statements.

The standards, amendments or interpretations published by the IASB and the IFRS IC (IFRS Interpretations Committee) which were not yet in force at 1 January 2014 and have not been applied early by the Group, are:

Amendments to IAS 16 and IAS 38	Clarification of acceptable methods of depreciation and amortisation	Not adopted by the European Union at 30 June 2014
Amendments to IAS 19	Defined benefit plans: employee contributions	Not adopted by the European Union at 30 June 2014
Amendments to IFRS 9 and IFRS 7	Mandatory effective date and transition disclosures	Not adopted by the European Union at 30 June 2014
Amendments to IFRS 9	Hedge accounting and amendments to IFRS 9, IFRS 7 and IAS 39	Not adopted by the European Union at 30 June 2014
Amendments to IFRS 11	Accounting for acquisitions of interests in joint operations	Not adopted by the European Union at 30 June 2014
IFRS 14	Regulatory deferral accounts	Not adopted by the European Union at 30 June 2014
IFRS 15	Revenue from contracts with customers	Not adopted by the European Union at 30 June 2014
IFRIC 21	Levies	Adopted by the European Union on 13 June 2014
	Annual improvements to IFRS cycle 2010-2012	Not adopted by the European Union at 30 June 2014
	Annual improvements to IFRS cycle 2011-2013	Not adopted by the European Union at 30 June 2014

Use of assumptions

Preparation of the condensed consolidated interim financial statements in accordance with IFRS requires Group management to make estimates and determine assumptions that can have an impact on the amounts recognized in assets and liabilities at the balance sheet date, and have a corresponding impact on the income statement. Management made its estimates and determined its assumptions on the basis of past experience and taking into account different factors considered to be reasonable for the valuation of assets and liabilities. Use of different assumptions could have a material effect on these valuations. The main assumptions made by management in preparing the condensed consolidated interim financial statements are those used for measuring the recoverable value of property, plant and equipment and intangible assets, pension benefit obligations, deferred taxes and provisions. The disclosures provided concerning contingent assets and liabilities and off-balance sheet commitments at the date of preparation of the condensed consolidated interim financial statements also involve the use of estimates.

Impact of seasonality

ARKEMA's standard pattern of business exposes the Group to seasonality effects. Various characteristics contribute to these effects:

- demand for products manufactured by ARKEMA is generally weaker in the summer months (July-August) and in December, notably as a result of the slowdown in industrial activity observed primarily in France and the rest of Europe;
- in some of ARKEMA's businesses, particularly those serving the paints, coatings and refrigeration markets, the level of sales is generally higher in the first half of the year than in the second half;
- major maintenance turnarounds at ARKEMA's production plants have an influence on seasonality.

Seasonality effects observed in the past are not necessarily representative of future trends, but they could have a material influence on the changes in results and working capital between the different quarters of the financial year.

C. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. INFORMATION BY BUSINESS SEGMENT

As required by IFRS 8, "Operating Segments", segment information for the Group is presented in accordance with the business segments identified in the internal reports that are regularly reviewed by general management in order to allocate resources and assess financial performance.

ARKEMA has three business segments: High Performance Materials, Industrial Specialties and Coating Solutions. Two members of the Executive committee supervise these segments; they report directly to the Chairman and CEO, the Group's chief operating decision-maker as defined by IFRS 8, and are in regular contact with him for the purpose of discussing their segment's operating activity, financial results, forecasts and plans.

- High Performance Materials includes the following business units: Technical Polymers, Filtration and Adsorption (CECA) and Organic Peroxides. High Performance Materials provide innovative solutions with high value added, used in varied sectors such as transport, oil extraction, renewable energies (photovoltaics, lithium-ion batteries), consumer goods (beauty products, sports equipment, packaging, etc), electronics, construction, coatings and water treatment.
- Industrial Specialties groups the following Business Units: Thiochemicals, Fluorochemicals, PMMA and Hydrogen Peroxides. These integrated industrial niche markets on which ARKEMA is among the world leaders concern products used in several industrial sectors such as production of cold (refrigeration and air conditioning), oil and gas, paper pulp, animal nutrition, electronics and the automotive industry.
- Coating Solutions comprises the following Business Units: Acrylics, Coatings Resins, Rheology Additives (Coatex) and UV-curing resins (Sartomer). This segment proposes solutions for decorative paints, industrial coatings, adhesives and high-growth acrylic applications (superabsorbers for disposable nappies, water treatment, oil and gas extraction).

Functional and financial activities which cannot be directly allocated to operational activities (notably certain research costs and central costs) are brought together in a Corporate segment.

Operating income is allocated between business segments prior to inter segment adjustments. Sales prices between segments approximate market prices.

1st half 2014 *(In millions of euros)*	High Performance Materials	Industrial Specialties	Coating Solutions	Corporate	**Total**
Non-Group sales	**925**	**1,005**	**1,102**	**11**	**3,043**
Inter segment sales	7	58	40	-	
Total sales	**932**	**1,063**	**1,142**	**11**	
EBITDA	**150**	**152**	**144**	**(27)**	**419**
Depreciation and amortization	(52)	(59)	(46)	(1)	(158)
Recurring operating income	**98**	**93**	**98**	**(28)**	**261**
Other income and expenses	(4)	(7)	(14)	(7)	(32)
Operating income	**94**	**86**	**84**	**(35)**	**229**
Equity in income of affiliates	-	-	-	-	-
Intangible assets and property, plant, and equipment additions	43	124	34	2	203
- including: Recurring capital expenditure	40	52	31	2	125

1st half 2013 *(In millions of euros)*	High Performance Materials	Industrial Specialties	Coating Solutions	Corporate	**Total**
Non-Group sales	**925**	**1,079**	**1,164**	**24**	**3,192**
Inter segment sales	6	52	42	-	
Total sales	**931**	**1,131**	**1,206**	**24**	
EBITDA	**163**	**218**	**161**	**(35)**	**507**
Depreciation and amortization	(51)	(57)	(45)	(1)	(154)
Recurring operating income	**112**	**161**	**116**	**(36)**	**353**
Other income and expenses	(7)	-	(5)	(128)	(140)
Operating income	**105**	**161**	**111**	**(164)**	**213**
Equity in income of affiliates	-	-	-	3	3
Intangible assets and property, plant, and equipment additions	31	85	45	13	174
- including: Recurring capital expenditure	27	35	44	13	119

2. INFORMATION BY GEOGRAPHICAL AREA

Non-Group sales are presented on the basis of the geographical location of customers.

1st half 2014 *(In millions of euros)*	France	Rest of Europe	NAFTA(1)	Asia	Rest of the world	**Total**
Non-Group sales	344	936	1,039	596	128	**3,043**

1st half 2013 *(In millions of euros)*	France	Rest of Europe	NAFTA(1)	Asia	Rest of the world	**Total**
Non-Group sales	340	981	1,117	611	143	**3,192**

(1) NAFTA: United States, Canada, Mexico

3. OTHER INCOME AND EXPENSES

	1st half 2014			**1st half 2013**		
(In millions of euros)	Expenses	Income	Net	Expenses	Income	Net
Restructuring and environment	(17)	-	(17)	(6)	-	(6)
Goodwill impairment	-	-	-	-	-	-
Asset impairment (other than goodwill)	-	-	-	-	-	-
Litigation and claims	(4)	-	(4)	(8)	-	(8)
Gains (losses) on sales and purchases of assets	(11)	-	(11)	(128)	2	(126)
Other	-	-	-	-	-	-
Total other income and expenses	**(32)**	**-**	**(32)**	**(142)**	**2**	**(140)**

In the first half of 2014, restructuring and environment expenses include a €9 million expense (of which €5 million correspond to asset impairment) related to the discontinuation of coatings resins production at the

Stallingborough site in the United Kingdom. Gains and losses on sales of assets mainly comprise the disposal of shares in Canada Fluorspar Inc.

In the first half of 2013, gains and losses on sales and purchases of assets included €125 million corresponding to the provision established after insolvency proceedings began for Kem One SAS.

4. ADJUSTED NET INCOME

Net income - Group share may be reconciled to adjusted net income as follows:

(In millions of euros)	Notes	1st half 2014	1st half 2013
Net income - Group share		**124**	**82**
Other income and expenses	(C3)	32	140
Taxes on other income and expenses		-	(1)
Non-current taxation		-	-
Adjusted net income		**156**	**221**

5. INCOME TAXES

The income tax expense is broken down as follows:

(In millions of euros)	1st half 2014	1st half 2013
Current income taxes	(70)	(96)
Deferred income taxes	(5)	(10)
Total income taxes	**(75)**	**(106)**

The income tax expense amounts to €75 million at 30 June 2014, including €3 million for the CVAE and €4 million relating to the additional income tax contribution due on distributed income (compared with €106 million at 30 June 2013, including €6 million for the CVAE and €3 million relating to the additional income tax contribution due on distributed income).

6. EARNINGS PER SHARE

	1st half 2014	1st half 2013
Weighted average number of ordinary shares	63,115,022	62,630,259
Dilutive effect of stock options	411,100	485,152
Dilutive effect of free share grants	165,618	286,949
Weighted average number of potential ordinary shares	63,691,740	63,402,359

Earnings per share is determined below:

	1st half 2014	1st half 2013
Earnings per share (€)	1.96	1.31
Diluted earnings per share (€)	1.95	1.29

Adjusted earnings per share is determined below:

	1st half 2014	1st half 2013
Adjusted earnings per share (€)	2.47	3.53
Diluted adjusted earnings per share (€)	2.45	3.49

7. INTANGIBLE ASSETS

7.1 GOODWILL

	30 June 2014			31 December 2013
(In millions of euros)	Gross book value	Accumulated amortization and	Net book value	Net book value

		impairment		
Goodwill	1,074	(411)	663	661

7.2 OTHER INTANGIBLE ASSETS

		30 June 2014		31 December 2013
(In millions of euros)	Gross book value	Accumulated amortization and impairment	Net book value	Net book value
Patents	136	(111)	25	27
Trademarks	26	(2)	24	24
Software and licences	143	(93)	50	19
Capitalized REACH costs	32	(7)	25	24
Other capitalized research expenses	3	(1)	2	2
Capitalized contracts	223	(144)	79	85
Asset rights	40	(5)	35	36
Other intangible assets	21	(10)	11	10
Intangible assets in progress	64	-	64	85
Total	**688**	**(373)**	**315**	**312**

8. PROPERTY, PLANT AND EQUIPMENT

		30 June 2014		31 December 2013
(In millions of euros)	Gross book value	Accumulated depreciation and impairment	Net book value	Net book value
Land and buildings	1,351	(886)	465	457
Complex industrial facilities	3,083	(2,382)	701	643
Other property, plant and equipment	1,826	(1,406)	420	441
Construction in progress	396	-	396	402
Total	**6,656**	**(4,674)**	**1,982**	**1,943**

9. SHAREHOLDERS' EQUITY

At 30 June 2014 Arkema's share capital amounts to €637 million, divided into 63,696,862 shares with a nominal value of 10 euros.

- **CHANGES IN SHARE CAPITAL**

On 23 April 2014, the Group carried out a capital increase reserved for employees: 491,502 shares were subscribed at the price of €64.19 per share, the price set by the Board of Directors at its meeting of 3 March 2014.

After 175,668 stock options were exercised, the Company increased its capital by €2 million on 30 June 2014.

- **TREASURY SHARES**

The Company did not buy back any treasury shares during the first half of 2014.

In May 2014, ARKEMA definitively granted 204,603 free shares to employees in application of plans 2010-2, 2011-2 and 2012-1.

- **DIVIDENDS**

The shareholders' general meeting of 15 May 2014 adopted a resolution proposing to distribute a dividend of €1.85 per share in respect of the 2013 financial year, or a total amount of €117 million. This dividend was paid on 22 May 2014.

10. PROVISIONS FOR PENSIONS AND OTHER EMPLOYEE BENEFITS

(In millions of euros)	**30 June 2014**	**31 December 2013**
Pension obligations	303	269
Healthcare and similar coverage	50	46
Post-employment benefits	**353**	**315**
Long service awards	45	42
Other long-term benefits	3	4
Other long-term benefits	**48**	**46**
Provisions for pensions and other employee benefits	**401**	**361**

The discount rates used by ARKEMA are as follows:

Pension obligations, healthcare and similar coverage	**Europe (excl. UK)**	**UK**	**USA**
At 30 June 2014	2.30%	4.20%	4.30%
At 31 December 2013	3.20%	4.50%	4.85%

The present value of defined benefit obligations at the end of 2013 has been adjusted at 30 June 2014 on the basis of sensitivity analysis tables prepared by the Group's external actuaries in the context of the full year 2013 closing, to take account of the change in interest rates over the half-year. The fair value of plan assets has also been reassessed on the basis of new valuations at 30 June 2014. The change in discount rates and the revaluation of assets are included in actuarial gains and losses for the period.

The change in net provisions for post-employment benefits over the first half-year is as follows:

(In millions of euros)	Pension obligations	Healthcare and similar coverage	**Total post-employment benefits**
Net liability / (asset) at 1 January 2014	**264**	**46**	**310**
Provision recognized in liabilities	269	46	315
Amount recognized in assets	(5)	-	(5)
Operating expense for the period	5	1	6
Net interest expense	5	0	5
Net contributions and benefits paid by the employer	(11)	(1)	(12)
Other	-	-	-
Actuarial gains and losses recognized in shareholders' equity	37	4	41
Net liability (asset) at 30 June 2014	**300**	**50**	**350**
Provision recognized in liabilities	303	50	353
Amount recognized in assets	(3)	-	(3)

11. OTHER PROVISIONS AND OTHER NON-CURRENT LIABILITIES

11.1.1 Other non-current liabilities

Other non-current liabilities amount to €41 million at 30 June 2014 as against €42 million at 31 December 2013.

11.1.2 Other provisions

(In millions of euros)	**Environmental contingencies**	**Restructuring**	**Other**	**Total**
At 1 January 2014	**171**	**50**	**176**	**397**
Increases in provisions	-	6	9	15
Reversals from provisions utilized	(5)	(11)	(44)	(60)
Reversals of unutilized provisions	-	-	(1)	(1)
Changes in scope	-	-	-	-
Translation adjustments	1	-	-	1
At 30 June 2014	**167**	**45**	**140**	**352**

In addition, certain provisions are covered by non-current assets (receivables, deposits or pension assets):

(In millions of euros)	**Environmental contingencies**	**Restructuring**	**Other**	**Total**
Total provisions at 30 June 2014	**167**	**45**	**140**	**352**
Portion of provisions covered by receivables or deposits	**30**	**-**	**5**	**35**
Deferred tax asset related to amounts covered by the Total indemnity	17	-	0	17
Provisions at 30 June 2014 net of non-current assets	**120**	**45**	**135**	**300**
For information: **Provisions at 1 January 2014 net of non-current assets**	**122**	**50**	**170**	**342**

11.1.3 **Provisions for environmental contingencies**

Provisions for environmental contingencies are recognized to cover expenses related to soil and water table clean-up, mainly:

- in France for €83 million (€84 million at 31 December 2013),
- in the United States for €64 million (€67 million at 31 December 2013), of which €47 million in respect of former industrial sites covered 100% by the Total group indemnity (receivable recognized in "other non-current assets" for an amount of €30 million and €17 million of deferred taxes) (see note C15.2 "Off-balance sheet commitments / Commitments received").

11.1.4 **Restructuring provisions**

Restructuring provisions are mainly in respect of restructuring measures in France for €38 million (€46 million at 31 December 2013).

11.1.5 **Other provisions**

Other provisions amount to €140 million and mainly comprise:

- provisions for labour litigation for €42 million (€39 million at 31 December 2013),
- provisions for commercial litigation and warranties for €31 million (€40 million at 31 December 2013),
- provisions for tax litigation for €20 million (€20 million at 31 December 2013),
- provisions for other risks for €47 million (€77 million at 31 December 2013).

12. LIABILITIES AND CONTINGENT LIABILITIES

Liabilities and contingent liabilities are described in note C20 of the consolidated financial statements at 31 December 2013. There was no development in liabilities and contingent liabilities during the first half of 2014 with an actual or potential significant effect on the Group's consolidated financial statements.

The arbitration proceedings initiated by Klesch against Arkema in connection with the sale of the vinyls activity are expected to end during the first half of 2015.

13. DEBT

13.1 ANALYSIS OF NET DEBT BY CATEGORY

Group net debt amounts to €1,106 million at 30 June 2014, taking account of cash and cash equivalents of €169 million. It is mainly denominated in euros.

(In millions of euros)	**30 June 2014**	**31 December 2013**
Bonds	1,137	1,138
Finance lease obligations	2	2
Bank loans	49	53
Other non-current debt	14	14
Non-current debt	**1,202**	**1,207**
Finance lease obligations	0	0
Syndicated credit facility	-	-
Commercial paper	-	-
Other bank loans	48	65
Other current debt	25	28
Current debt	**73**	**93**
Debt	**1,275**	**1,300**
Cash and cash equivalents	169	377
Net debt	**1,106**	**923**

Bonds

At 30 June 2014, the fair values of the bonds issued by the Group are as follows:

- €549 million for the €500 million bond,
- €543 million for the €480 million bond,
- €159 million for the €150 million bond (issued as Euro Medium Term Notes (EMTN)).

Securitization of sales receivables

The securitization programme is in use for an amount of €2 million at 30 June 2014.

13.2 ANALYSIS OF DEBT BY CURRENCY

ARKEMA's debt is mainly denominated in euros.

(In millions of euros)	**30 June 2014**	**31 December 2013**
Euros	1,176	1,195
US dollars	7	7
Chinese Yuan	80	81
Other	12	17
Total	**1,275**	**1,300**

13.3 ANALYSIS OF DEBT BY MATURITY

The breakdown of debt, including interest costs, by maturity is as follows:

(In millions of euros)	**30 June 2014**	**31 December 2013**
Less than 1 year	96	120
Between 1 and 2 years	56	55
Between 2 and 3 years	57	55
Between 3 and 4 years	567	557
Between 4 and 5 years	29	46
More than 5 years	683	701
Total	**1,488**	**1,534**

14. SHARE-BASED PAYMENTS

14.1 STOCK OPTIONS

The Board of Directors has decided not to introduce any further stock option plans.

Movements in the stock option plans granted in previous years and still outstanding at 30 June 2014 are as follows:

	Plan 2006	**Plan 2007**	**Plan 2008**	**Plan 2010-1**	**Plan 2010-2**	**Plan 2011-1**	**Plan 2011-2**
Number of options granted	**540,000**	**600,000**	**460,000**	**225,000**	**225,000**	**105,000**	**105,000**
- to corporate officers: Thierry Le Hénaff	55,000	70,000	52,500	35,000	35,000	29,250	29,250
- to the 10 largest beneficiaries *	181,000	217,000	169,350	104,000	104,000	75,750	75,750
Total number of options exercised	**511,400**	**496,352**	**300,985**	**83,363**	-	-	-
- by corporate officers	55,000	60,000	48,000	-	-	-	-

- by the 10 largest beneficiaries *	181,000	188,000	85,200	60,325	-	-	-
Total number of options cancelled	15,900	22,800	18,877	7,000	7,000	-	-
Number of options							
In circulation at 1 January 2014	22,800	153,198	194,478	173,515	218,000	105,000	105,000
Granted	-	-	-	-	-	-	-
Cancelled	-	-	-	-	-	-	-
Exercised	10,100	72,350	54,340	38,878	-	-	-
In circulation at 30 June 2014	**12,700**	**80,848**	**140,138**	**134,637**	**218,000**	**105,000**	**105,000**

** Employees who are not corporate officers of Arkema SA or any other Group company*

The amount of the IFRS 2 expense recognized in respect of stock options at 30 June 2014 is below €0.5 million (also below €0.5 million at 30 June 2013).

14.2 FREE SHARE GRANTS

No new free share plan was adopted by the Board of Directors during the first half of 2014.

Movements in the free share grant plans awarded in previous years and still in force at 30 June 2014 are as follows:

	Plan 2010-2	Plan 2011-2	Plan 2011-3	Plan 2012-1	Plan 2012-2	Plan 2012-3	Plan 2013
Number of free shares granted	**50,795**	**59,380**	**52,315**	**101,860**	**74,805**	**65,335**	**250,000**
- to corporate officers: Thierry Le Hénaff	-	8,200	-	13,000	13,000	-	26,000
- to the 10 largest beneficiaries *	8,100	24,450	14,850	36,100	36,100	16,400	75,400
Number of free shares							
In circulation at 1 January 2014	47,619	57,825	50,925	100,505	73,575	64,640	250,000
Granted	-	-	-	-	-	-	-
Cancelled	1,071	-	1,070	275	125	1,190	1,825
Definitively granted	46,548	57,825	-	100,230	-	-	-
In circulation at 30 June 2014	**0**	**0**	**49,855**	**0**	**73,450**	**63,450**	**248,175**

** Employees who are not corporate officers of Arkema SA or any other Group company*

The amount of the IFRS2 expense recognized in respect of free shares at 30 June 2014 is €4 million (€4 million at 30 June 2013).

14.3 CAPITAL INCREASE RESERVED FOR EMPLOYEES

In application of the Group's employee share ownership policy, ARKEMA offered its employees the opportunity to subscribe to a capital increase reserved for employees at the subscription price of €64.19 per share. This price corresponds to the Arkema share's average opening price on the Paris stock exchange over the 20 trading days preceding the Board of Directors' meeting of 3 March 2014, less a 20% discount.

The shares subscribed must be retained for a period of 5 years, except in the United States where the required retention period is 3 years.

The employees subscribed a total of 491,502 shares, and the capital increase was recorded on 18 April 2014 and became definitive on 23 April 2014.

As part of the same operation, Arkema shares were offered to Group employees located outside France through a free share grant plan awarding one free share for every five shares subscribed, up to a maximum 20 free shares. At its meeting of 6 May 2014, the Board of Directors recorded grants of 3,619 free shares to employees in Italy and Spain, and 12,749 free shares to employees in all other countries outside France. These grants will only be definitive after a vesting period of 3 and 4 years respectively.

Valuation method
In compliance with the method recommended by France's national accounting standards authority (Autorité des Normes Comptables), the valuation of the cost of not being able to sell the shares for five years is based on the cost of a two-step strategy assuming that these shares will ultimately be sold, and that the same number of shares will be purchased and settled immediately, financed by a loan. The rate used for the loan is the rate that a bank would grant to a private individual presenting an average risk profile for a 5-year consumer loan (or a 3-year loan for an employee located in the United States).

The fair values of the shares subscribed in France and outside France have been calculated separately in order to reflect grants of free shares to Group employees established outside France.

The main market parameters used in the valuation of the cost of not being able to sell the shares are as follows:

Country of subscription	France	United States	Italy and Spain	All other countries
Date of the Board meeting which decided on the capital increase	3 March 2014	3 March 2014	3 March 2014	3 March 2014
Share price at the date of the Board meeting (€)	78.04	78.04	78.04	78.04
Risk-free interest rate (at 3 March 2014)*	0.96%	0.70%	2.24%	1.42%
Interest rate on borrowings**	6.50%	11.00%	10.50%	8.00%
Cost of not being able to sell the shares	22.57%	26.81%	32.67%	27.04%

** Risk-free interest rate on 5-year borrowings, except for the United States (3 years)*

*** 5-year borrowings, except for the United States (3 years)*

On the basis of the share price at the date of the Board meeting, the benefit granted represents a value of €8 million. As the cost of not being able to sell the shares, calculated using the above parameters, is roughly equivalent to this amount, no expense has been recognized in the income statement.

15. OFF-BALANCE SHEET COMMITMENTS

15.1 COMMITMENTS GIVEN

15.1.1 Off-balance sheet commitments given in the Group's operating activities

The main commitments given are summarized in the table below:

(In millions of euros)	**30 June 2014**	**31 December 2013**
Guarantees granted	76	81
Comfort letters	-	-
Contractual guarantees	9	15
Customs and excise guarantees	14	14
Total	**99**	**110**

Guarantees granted are mainly bank guarantees in favour of local authorities and public bodies (state agencies, environmental agencies) in respect of environmental obligations or concerning classified sites.

15.1.2 Contractual commitments related to the Group's operating activities

- Irrevocable purchase commitments

In the normal course of business, ARKEMA signs multi-year purchase agreements for raw materials and energy for the operational requirements of its factories, in order to guarantee the security and continuity of supply. Signature of such contracts over periods initially of 1 to 30 years is a normal practice for companies in ARKEMA's business sector in order to cover their needs.

These purchase commitments are valued taking into account, on a case-by-case basis, ARKEMA's financial commitment to its suppliers, as certain of these contracts include clauses which oblige ARKEMA to take delivery of the minimum volumes as set out in the contract or, otherwise, to pay financial compensation to the supplier. Depending on the case, these commitments are reflected in the purchase agreements in the form of notice periods, indemnification to be paid to the supplier in case of early termination of the contract or "take or pay" type clauses.

The total amount of the Group's financial commitments amounts to €495 million at 30 June 2014 (see maturity schedule below).

(In millions of euros)	**30 June 2014**	**31 December 2013**
2014	159	213
2015	76	79
2016	69	72
2017	55	58
2018 until expiry of the contracts	136	129
Total	**495**	**551**

- Lease commitments

In the context of its business, ARKEMA has signed lease contracts, of which the majority are operating lease agreements. Lease agreements signed by ARKEMA are mainly in respect of property rental (head offices, land) and transportation equipment (rail cars, containers).

The amounts presented in the table below correspond to the future minimum payments that will need to be made in accordance with these contracts (only the irrevocable portion of future lease payments has been valued).

	30 June 2014		**31 December 2013**	
(In millions of euros)	Capitalized leases	Non-capitalized leases	Capitalized leases	Non-capitalized leases
2014	-	9	0	20
2015	0	17	0	19
2016	0	16	0	17
2017	0	13	1	10
2018 and beyond	1	48	1	16
Nominal value of future lease payments	**2**	**103**	**2**	**82**
Finance cost	0	NA	0	NA
Present value	**2**	**NA**	**2**	**NA**

NA: not applicable

15.1.3 Off-balance sheet commitments related to changes in the scope of consolidation

Warranties related to sales of businesses

Sales of businesses sometimes involve the provision of warranties in respect of unrecorded liabilities to the purchaser. ARKEMA sometimes grants such warranties on the sale of businesses. In most cases these warranties are capped and granted for a limited period of time. They are also limited in terms of their coverage to certain types of expenses or litigation. In the majority of cases, they cover risks of occurrence of environmentally related expenses or litigation.

The cumulative residual amount of capped warranties in respect of unrecorded liabilities granted by ARKEMA is €92 million at 30 June 2014 (€96 million at 31 December 2013). This amount is stated net of provisions recognized in the balance sheet in respect of such warranties.

15.1.4 **Off-balance sheet commitments related to Group financing**

These commitments are described in note C21 to the consolidated financial statements at 31 December 2013 - Debt.

15.2 COMMITMENTS RECEIVED

Commitments received from TOTAL in 2006

In connection with the Spin-Off of Arkema's Businesses, Total S.A. and certain Total companies have extended certain indemnities, or have assumed certain obligations, for the benefit of ARKEMA, relating to (i) certain antitrust litigation, (ii) certain actual or potential environmental liabilities of the Group arising from certain sites in France, Belgium and the United States, the operations on which in the majority of cases have ceased, (iii) certain tax matters, and (iv) the Spin-Off of Arkema's Businesses. These indemnities and obligations are described in the notes to the consolidated financial statements for the year ended 31 December 2013 (note C29.2 "Commitments received").

16. **SUBSEQUENT EVENTS**

None.

D. SCOPE OF CONSOLIDATION AT 30 JUNE 2014

No change in scope significantly affecting the consolidated financial statements took place during the first half of 2014.

4.4.3 Declaration by the person responsible for the half-year financial report

I certify that, to the best of my knowledge, the condensed consolidated financial statements have been prepared in accordance with the applicable accounting standards, and give a fair view of the assets, liabilities, financial position and profit or loss of the Company and all its consolidated companies, and that the half-year activity report includes a fair review of the main events of the first six months of the year, their impact on the condensed consolidated financial statements, the major transactions between related parties, and a description of the main risks and uncertainties for the remaining six months of the financial year.

Colombes, August 5th 2014.

Thierry Le Hénaff
Chairman and CEO

4.4.4 Statutory Auditor's Review Report on the first half-year financial information for 2014 (free translation of the French original)

January 1st to June 30th 2014

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meetings, and in accordance with requirements of article L.451-1-2 III of the French Monetary and Financial code (*Code Monétaire et Financier*), we hereby report to you on:

- the review of the accompanying condensed half-year consolidated financial statements of Arkema S.A. for the period January 1st to June 30th 2014,and
- the verification of information contained in the half-year management report.

These condensed half-year consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

I. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying condensed half-year consolidated financial statements are not prepared in all material respects- in accordance with IAS 34 - standard of the IFRS as adopted by the European Union applicable to interim financial information.

II. Specific verification

We have also verified the information presented in the half-year management report in respect of the condensed half-year consolidated financial statements subject of our review. We have no matters to report as to its fair presentation and consistency with the condensed half-year consolidated financial statements.

Paris La Défense, July 31 2014

The Statutory Auditors

French original signed by

KPMG Audit *Département de KPMG S.A.*		ERNST & YOUNG Audit
Jacques-François Lethu *Partner*	François Quédiniac *Partner*	Valérie Quint *Partner*

4.5 THIRD QUARTER 2014 RESULTS

Press release : 14.11.2014 - Arkema quarterly information : 3rd quarter 2014 results

- **€1,478 million sales**
  - Stable compared to 3Q'13 at constant business scope and exchange rate
  - +3.0% organic volume growth[16]
- **€203 million EBITDA (€233 million in 3Q'13)**
  - Good resilience of **EBITDA margin** at **13.7%** in a rather challenging macro-economic environment
  - Significant improvement in **High Performance Materials** segment (16.4% EBITDA margin) compared to 2Q'14 which was impacted by temporarily unfavourable factors
  - Solid performance of **Industrial Specialties** segment with EBITDA slightly up compared to 3Q'13, confirming the stabilization of fluorogases
  - **Coating Solutions** performance down, with conditions close to low cycle in acrylic monomers
- **€63 million adjusted net income**
- **Strict control of net debt with gearing of around 40%**
- **2014 outlook confirmed**

The Board of Directors of Arkema met on 13th November 2014 to review the Group's consolidated accounts for 3rd quarter 2014. At the end of the meeting, Thierry Le Hénaff, Chairman and CEO of Arkema, stated:

"In 3rd quarter, the Group delivered a solid performance with an EBITDA margin close to 14%, demonstrating good resilience in overall contrasted market conditions. The High Performance Materials and Industrial Specialties segments, with 16% EBITDA margins, benefit from good volumes in the United States. The Coating Solutions segment was affected by lower acrylic margins which are currently close to low cycle.

With the announcement of the project to acquire[17] Bostik, the finalization of the construction of the Thiochemicals platform in Malaysia, and the acquisition from Jurong of a 160,000 tonnes acrylic acid production line, Arkema is completing a major investment phase. 2015 and subsequent years will benefit from these various projects. The Group thus enters a new phase of profitable growth with strong and regular cash generation."

3RD QUARTER 2014 KEY FIGURES

(In millions of euros)	**3Q 2013**	**3Q 2014**	**Variation**
Sales	**1,495**	**1,478**	**-1.1%**
EBITDA	**233**	**203**	**-12.9%**
EBITDA margin	**15.6%**	**13.7%**	
High Performance Materials	*18.8%*	*16.4%*	
Industrial Specialties	*16.1%*	*16.0%*	
Coating Solutions	*13.8%*	*11.5%*	
Recurring operating income	154	116	-24.7%

16 Excluding impact of shutdown of activities in Chauny, France.

17 Project subject to the legal information and consultation procedure involving the work councils of Arkema, Bostik and Total, as well as to the approval of the relevant antitrust authorities in the countries concerned.

Non-recurring items	(37)	(43)	n.a.
Adjusted net income	**101**	**63**	**-37.6%**
Net income – Group share	65	20	-69.2%
Adjusted net income per share (€)	1.61	0.99	-38.5%

3RD QUARTER 2014 PERFORMANCE

Sales stood at **€1,478 million** against €1,495 million in 3rd quarter 2013, stable at constant business scope and exchange rates. In an environment of moderate global growth, volumes grew by 1.6% (+3.0% excluding the impact of the shutdown of activities in Chauny, France, effective 1st quarter 2014), mainly supported by Industrial Specialties and solid volumes in High Performance Materials. The Group continued to benefit from its strong position in the United States (36% of the Group's sales). The -1.7% price effect essentially corresponds to lower prices in Coating Solutions. The -1.1% scope effect reflects the deconsolidation of coating resins companies in South Africa divested in August and a change in consolidation method used for certain joint ventures. The currency exchange effect was negligible.

At **€203 million** against €233 million in 3rd quarter 2013, the **EBITDA** decrease mainly reflects market conditions now close to low cycle in acrylic monomers and the high basis of comparison in 2013 in polyamide 12. As announced, the performance in fluorogases was stable compared to last year. The other product lines achieved a good performance overall.

EBITDA margin held up well in a challenging economic environment and stood at **13.7%**, stable compared to 2nd quarter 2014 despite the usual seasonality of July and August and lower acrylics margins.

Recurring operating income stood at **€116 million** against €154 million in 3rd quarter 2013. It reflects the variation of EBITDA and higher depreciation and amortization due primarily to the start-ups of new production plants.

Non-recurring items stood at **-€43 million** and mainly included restructuring charges, including those booked in relation to the project to shutdown fluorogas production on the Zaramillo site in Spain[18] as well as costs related to acquisitions and divestments. In 3rd quarter 2013, non-recurring items mostly corresponded to restructuring and depreciation charges booked following the announcement of the project to shutdown of activities on the Chauny site in France effective early 2014.

Financial result stood at **-€15 million** against -€13 million in 3rd quarter 2013.

Income taxes amounted to **€37 million**, i.e. 31.9% of recurring operating income. It reflected the share of the Group's income achieved in the United States.

Net income Group share stood at **€20 million** against €65 million in 3rd quarter 2013.

SEGMENT PERFORMANCE IN 3RD QUARTER 2014

HIGH PERFORMANCE MATERIALS

Despite the usual seasonality of the summer months, **High Performance Materials** results improved significantly compared to 2nd quarter 2014 which had been impacted by a number of specific and temporarily unfavourable elements such as the maintenance turnaround in Mont, France. They confirm the stabilization of market conditions in polyamide 12 compared to the previous quarter. Nevertheless, performance remained down on the 3rd quarter 2013 high basis of comparison. Fluoropolymers achieved a strong performance supported by innovation. Organic Peroxides benefited from good volume growth. Finally, the product mix was temporarily less favourable in the Filtration and Adsorption business.

Sales reached **€457 million**, 1.5% up on the previous year at constant business scope and exchange rate. Volumes grew by +2.5% supported by the growth in the activities in the United States. The -1.0% price effect essentially reflects lower prices than last year in polyamide 12. The translation effect was limited, at -0.2%.

EBITDA stood at **€75 million** against €85 million in 3rd quarter 2013 (€67 million in 2nd quarter 2014). **EBITDA margin** reached a solid **16.4%** despite more challenging market conditions.

18 Project subject to the legal information and consultation procedure involving the personnel representative bodies of Arkema in Spain.

INDUSTRIAL SPECIALTIES

For the first time since 1st quarter 2013, EBITDA in **Industrial Specialties** increased over last year's figure. This slight improvement reflects, as anticipated, stabilization in market conditions in fluorogases, which are similar to those of last year, and good performance in Thiochemicals. Market conditions were positive in PMMA in North America and in Europe, and the situation remained mixed in Hydrogen Peroxide, in particular in Europe.

At constant business scope and exchange rate, **sales** grew by 4.0% to **€476 million** compared to 3rd quarter 2013. Volumes increased by +4.5%, supported by fluorogases and Thiochemicals. The price effect was limited overall, at -0.5%, with price increases in PMMA offsetting the decrease in fluorogases. The -0.9% scope effect corresponds to a change in the consolidation method used for certain joint ventures.

EBITDA grew by 2.7% to **€76 million** compared to 3rd quarter 2013 (€74 million). **EBITDA margin** stood at 16%, stable compared to last year and up on the first two quarters of the year despite the seasonality of the summer months.

COATING SOLUTIONS

The performance of the **Coating Solutions** segment reflects, as expected, lower unit margins in acrylic monomers following the start-up of new production capacities in China. Market conditions in this activity were now close to their cycle low and should remain at this level through the end of the year. The performance of the other product lines was stable overall.

Sales stood at **€540 million** against €574 million in 3rd quarter 2013, down 3.9% at constant business scope and exchange rate. The volume effect was limited, at -0.7%. Excluding the impact of the shutdown of activities in Chauny, France, effective in 1st quarter 2014, it was positive at +2.9%. Volumes grew in Asia in Acrylics to prepare for the integration of Jurong's acrylics assets. However, demand remained moderate in paints in Europe. Acrylic monomer prices decreased in 3rd quarter with a -3.2% price effect. The -2.2% scope effect results from the deconsolidation of coating resins companies in South Africa, which were divested in August. The translation effect was very limited, at +0.2%.

EBITDA stood at **€62 million** (€79 million in 3rd quarter 2013), with **EBITDA** margin at **11.5%**.

CASH FLOW AND NET DEBT AT 30TH SEPTEMBER 2014

In 3rd quarter 2014, Arkema generated +**€61 million free cash flow**[19]. This included a +€56 million variation in working capital, -€19 million non-recurring items mostly corresponding to restructuring charges, and €107 million capital expenditures. The working capital to sales ratio[20] stood at 18.0%. Capital expenditures included €23 million non-recurring capital expenditures mainly relating to the construction of the Thiochemicals platform in Malaysia. Capital expenditures should amount to around €470 million for full year 2014.

Net debt stood at **€1,054 million** at 30 September 2014 against €923 million at 31 December 2013, i.e. 42% gearing, below the 30 September 2013 figure (44%). It included the payment in May of a €1.85 dividend per share, totalling €117 million. It also included the share capital increase reserved for employees totalling €32 million. However, it took no account of the impact of the first stage of the acquisition of acrylics assets in China finalized on 20 October 2014 with a US$240 million payment, and the impact of building the working capital that will be needed to run the activity.

3RD QUARTER 2014 HIGHLIGHTS

Acquisition project of Bostik[21]

On 19 September 2014, Arkema announced the intended acquisition of Bostik, number 3 worldwide in adhesives. This project is a key milestone in Arkema's transformation into a world leader in specialty chemicals and advanced materials. This acquisition in the low cyclical and low capital intensive adhesives sector will enable Arkema to strengthen the quality of its business profile and its resilience to changes in the economic environment, and to continue developing its High Performance Materials segment, which should account for 42% of total sales[22] following the acquisition of Bostik.

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19 Cash flow from operations and investments excluding the impact of portfolio management.
20 Working capital at 30 September divided by 4 times the 3rd quarter sales.
21 Project subject to the legal information and consultation procedure involving the work councils of Arkema, Bostik and Total, as well as to the approval of the relevant antitrust authorities in the countries concerned.
22 Based on 2013 pro forma sales including the contribution of Bostik and acrylics assets acquired or which could be acquired in China (project for the acquisition in two stages of 320,000 t/year total production capacity).

With sales of €1.53 billion[23] and 4,900 employees, Bostik holds leading positions in most of its markets, has internationally recognized brands and technologies, fosters close partnerships with its customers, and is particularly well-placed to take advantage of the momentum of the adhesives market currently enjoying annual growth above global GDP.

Bostik's current pace of development together with the synergies identified between the two groups will contribute to improve Bostik's EBITDA margin, with the long-term objective to achieve an EBITDA margin of 14 to 15%, in line with peers' average. In the medium term, Arkema aims to increase Bostik's EBITDA by 30% over the next three years. This objective is based on accelerating the implementation of the strategy recently launched at Bostik, together with the implementation of cost synergies.

This project would also entail increasing the divestment program of non-core activities representing some €500 million additional sales.

The offer is made on the basis of a €1.74 billion enterprise value and will be financed through a share capital increase with preferential subscription rights for existing shareholders of around €350 million, a €700 million issuance of perpetual hybrid bonds completed on 23 October 2014, and a senior bond issuance for the balance, i.e. between €500 and €600 million. This financing structure has been defined in order to protect the Group's balance sheet and credit rating. The target is to go back to a gearing close to 40% in 2017.

Organic growth projects

End of July Arkema finalized its US$110 million investment plan intended to strengthen the Group's position in the US acrylics market, with the start-up on its Clear Lake site of its new 45,000 tonnes plant for the production of methyl acrylate used in the manufacture of polymers for water treatment, elastomers and engineering polymers.

Proposed shutdown of fluorogas production in Zaramillo, Spain

Arkema announced in September 2014 a project for the closure of fluorogas production at its Zaramillo site, Spain, subject to the legal information and consultation process involving Arkema's personnel representative bodies in Spain.

Other highlights

As part of its procurement policy for its strategic raw materials, Arkema has reached an agreement for the supply of propylene in the United States with Enterprise Products L.P., a leading American midstream energy company. This contract will account for a significant part of Arkema's propylene feedstock, and will strengthen the competitiveness of the Coating Solutions segment.

POST BALANCE SHEET EVENTS

Acquisitions

Arkema has finalized the first stage of its acrylics assets acquisition project in Taixing, China, and now has access to a modern and competitive 160,000 t/year acrylic acid production capacity in Asia for an amount of US$ 240 million. This investment will enable the Group to serve its customers in China and in Asia in growing markets such as superabsorbents, paints, adhesives and water treatment.

Financing

On 23 October 2014, Arkema successfully completed the first stage of the financing of its project to acquire[24] Bostik, with the issuance of perpetual hybrid bonds for €700 million. The bonds will include a first call on 29 October 2020 and will carry an annual coupon of 4.75% until that date. The coupon will then be reset every 5 years. The bonds will be recognized in equity in accordance with IFRS rules.

On 29 October 2014, Arkema renewed its multi-currency credit facility from €700 million previously to €900 million. This credit facility is for an initial period of 5 years and may be extended for a further one or two years at the banks' option. It entails a covenant to maintain at 3.5 maximum the ratio of consolidated net debt to consolidated EBITDA, tested twice a year.

OUTLOOK

The macro-economic environment is expected to remain globally challenging up until the end of the year with contrasting trends depending on product lines and regions and a continuing volatility in foreign exchange rates

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23 Estimated figures for 2014 based on information made available to Arkema by the Total group as part of the acquisition process.
[24] Project subject to the legal information and consultation procedure involving the works councils of Arkema, Bostik and Total, as well as to the approval of the relevant antitrust authorities in the countries concerned.

and oil prices. Market conditions in fluorogases and polyamide 12 should remain stable and in line with those of the 3rd quarter. Unit margins in acrylic monomers should remain near low cycle. Finally, the 4th quarter should reflect the traditional year-end seasonality.

In the current environment, Arkema maintains a strict control of fixed and variable costs. The Group also continues its targeted growth strategy with the integration of the acrylics assets acquired in China, the start-up of the Thiochemicals platform in Malaysia, the gradual implementation of its plan to improve fluorogas profitability, and the progress of its project to acquire[25] Bostik including its financing.

In this context and while remaining cautious given the volatility of the macro-economic environment, Arkema confirms its 2014 target of an EBITDA close to €800 million. The Group also confirms its 2017 target, adjusted in September 2014 to take account of the project to acquire Bostik, to achieve €1,310 million EBITDA, as well as its long-term targets.

An Investor Day will be planned in 1st half 2015 following the closing of the acquisition of Bostik and the first few months of the ramping-up of the new 160,000 t/year acrylic acid production line in China and of the Thiochemicals platform in Malaysia.

CONSOLIDATED INCOME STATEMENT

	3rd quarter 2014	**End of September 2014**	**3rd quarter 2013**	**End of September 2013**
(In millions of euros)	*(non audited)*	*(non audited)*	*(non audited)*	*(non audited)*
Sales	1 478	4 521	1 495	4 687
Operating expenses	(1 218)	(3 713)	(1 205)	(3 754)
Research and development expenses	(38)	(115)	(35)	(111)
Selling and administrative expenses	(106)	(316)	(101)	(315)
Recurring operating income	**116**	**377**	**154**	**507**
Other income and expenses	(43)	(75)	(37)	(177)
Operating income	**73**	**302**	**117**	**330**
Equity in income of affiliates	-	-	2	5
Financial result	(15)	(44)	(13)	(40)
Income taxes	(37)	(112)	(40)	(146)
Net income	**21**	**146**	**66**	**149**
Of which non-controlling interests	1	2	1	2
Net income - Group share	**20**	**144**	**65**	**147**
Earnings per share (amount in euros)	*0,31*	*2,27*	*1,04*	*2,35*
Diluted earnings per share (amount in euros)	*0,31*	*2,26*	*1,03*	*2,32*

[25] Project subject to the legal information and consultation procedure involving the work councils of Arkema, Bostik and Total, as well as to the approval of the relevant antitrust authorities in the countries concerned.

Depreciation and amortization	(87)	(245)	(79)	(233)
EBITDA	**203**	**622**	**233**	**740**
Adjusted net income	**63**	**219**	**101**	**322**
Adjusted net income per share (amount in euros)	*0,99*	*3,46*	*1,61*	*5,14*
Diluted adjusted net income per share (amount in euros)	*0,98*	*3,43*	*1,59*	*5,08*

CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2014

(In millions of euros)	**30 September 2014** *(non audited)*	**31 December 2013** *(audited)*
ASSETS		
Intangible assets, net	1,003	973
Property, plant and equipment, net	2,072	1,943
Equity affiliates : investments and loans	18	17
Other investments	34	52
Deferred tax assets	66	66
Other non-current assets	207	177
TOTAL NON-CURRENT ASSETS	**3,400**	**3,228**
Inventories	975	896
Accounts receivable	910	824
Other receivables and prepaid expenses	124	125
Income taxes recoverable	27	24
Other current financial assets	6	2
Cash and cash equivalents	360	377
TOTAL CURRENT ASSETS	**2,402**	**2,248**
TOTAL ASSETS	**5,802**	**5,476**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Share capital	637	630
Paid-in surplus and retained earnings	1,718	1,687

Treasury shares	(1)	(12)
Translation adjustments	139	7
SHAREHOLDERS' EQUITY - GROUP SHARE	**2,493**	**2,312**
Non-controlling interests	39	37
TOTAL SHAREHOLDERS' EQUITY	**2,532**	**2,349**
Deferred tax liabilities	64	64
Provisions for pensions and other employee benefits	406	361
Other provisions and non-current liabilities	411	439
Non-current debt	1,202	1,207
TOTAL NON-CURRENT LIABILITIES	**2,083**	**2,071**
Accounts payable	648	687
Other creditors and accrued liabilities	278	256
Income taxes payable	43	19
Other current financial liabilities	6	1
Current debt	212	93
TOTAL CURRENT LIABILITIES	**1,187**	**1,056**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**5,802**	**5,476**

4.6 FINANCING RESOURCES

4.6.1 Conditions of borrowing and the Group's financing structure

Bonds

In addition to the bond issues described in paragraph 4.1.7.1 of the Reference Document, the Company issued perpetual hybrid bonds for an amount of €700 million on 23 October 2014 in order to finance the acquisition of BOSTIK. These bonds include a first call on 29 October 2020 and carry an annual coupon of 4.75% until such date. The coupon will then be reset every five years. These bonds are subordinated to any senior debt and will be registered as equity in accordance with IFRS rules. They will qualify as equity capital equivalent up to 50% of their amount by ratings agencies Standard and Poor's and Moody's, which have rated them BB+ and Ba1, respectively. The prospectus in respect of such bonds was approved by the AMF on 27 October 2014 under number 14- 574.

€900 million revolving multi-currency credit facility

On 29 October 2014, the Company and Arkema France (the "**Borrowers**") on the one hand, and a syndicate of banks, on the other, signed a revolving multi-currency credit facility agreement, to be used in the form of drawings up to a maximum of €900 million. The facility (the "**Facility**") is for an initial period of five years, with the option for the banks to extend it for one or two years. This agreement replaces the revolving multi-currency credit facility agreement dated 26 July 2011.

The purpose of the Facility is to finance, in the form of drawings and bank guarantees, the Group's general corporate needs and provides a line of credit to substitute for the commercial paper program. Other Group companies may become borrowers under the Facility, in the same capacity as the Company and Arkema France.

The Facility provides for prepayment in certain cases, including a change of control over the Company (defined as any person, acting alone or in concert, holding directly or indirectly more than one third of the voting rights of the Company). Should this clause be triggered by a lender, it could lead to prepayment and cancellation of the undertakings of that lender.

The Facility contains representations to be made by each Borrower relating, amongst others, to the accounts, litigation or the absence of events of default. Some of these representations must be reiterated at each drawdown.

The Facility also contains the standard undertakings for this type of agreement, including:

- information undertakings (mainly accounting and financial information);
- undertakings concerning, amongst others, certain restrictions in connection with (but not limited to) the granting of securities, the completion of merger or restructuring transactions, the disposal of assets, and the Group’s indebtedness. Depending on the case, such restrictions will not apply to ordinary operations or to transactions involving amounts below certain thresholds;
- a financial undertaking: the Company undertakes to maintain a ratio of consolidated net debt to consolidated EBITDA (tested twice a year) equal to or less than 3.5.

The Facility also provides for events of default similar to those described in the documentation of the above-mentioned bond issues.

Lastly, Arkema is a joint and several guarantor for the benefit of the banks in respect of Arkema France's obligations under the terms of the Facility, as well as in respect of the obligations of the other borrowers, as applicable. The Facility is not subject to any other personal guarantee or security.

4.7 FORECASTS – OUTLOOK

The 2014 outlook, and in particular the assumptions which underpin them, as well as the medium- and long-term outlook presented in this section supersede all forward-looking statements disclosed by the Group up to the publication date of this Update to the Reference Document.

4.7.1 2014 outlook

4.7.1.1 Assumptions

The 2014 EBITDA target has been determined on the basis of the consolidated financial statements as at 30 September 2014 and an EBITDA forecast for 4th quarter 2014 based on market conditions assumptions and on estimated sales defined by the 11 business units making up the Group.

The outlook set out below is based on the following main assumptions:

- a globally challenging macro-economic environment, in line with the third quarter 2014, with contrasting trends depending on product lines and geographic regions as well as a volatility of exchange rates and oil prices,
- stable margins in fluorogases and in polyamide 12 compared with 3rd quarter 2014,
- unit margins in acrylic monomers close to a cycle low, significantly down on last year,
- seasonality that is traditionally less favourable at year end, in particular in the fluorogas and decorative paint markets, but with no particular destocking by customers in December,
- an exchange rate, primarily euro versus US dollar, in line with the exchange rate observed end September 2014,

- the consistency over time of accounting methods used to prepare the Group's financial statements.

4.7.1.2 Outlook

While remaining cautious given the volatility of the macro-economic environment, Arkema confirms its 2014 target of an EBITDA close to €800 million.

The outlook presented above is based on assumptions, data and estimates deemed reasonable by the Group at the date of this Update to the Reference Document. These data, assumptions and estimates are liable to change or be amended as a result of uncertainties related in particular to the economic, financial, competitive, fiscal or regulatory environment or based on other factors of which the Group would have no knowledge to date. The occurrence of one or more risks described in the « Risk factors » paragraph of this document could have an impact on the Group's activities, financial situation, results or prospects, and therefore affect its ability to achieve its targets. ARKEMA does not undertake to meet and does not give any guarantee that it will meet the targets presented above.

4.7.2 Statutory auditors' report on the 2014 forecasts

This is a free translation into English of a report issued in French and it is provided solely for the convenience of English-speaking users.
This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

Mr Thierry Le Hénaff, Chief Executive Officer

In our capacity as statutory auditors and in compliance with the EU Regulation 809/2004, we hereby report on the profit forecast for Arkema which is included in section 4.7.1 in the update of Reference document dated November 18, 2014.

In accordance with EU Regulation 809/2004 and the relevant ESMA guidance, you are responsible for the preparation of this forecast and its principal underlying assumptions.

It is our responsibility to express our conclusion, pursuant to Appendix 1, paragraph 13.2 of the EU Regulation 809/2004, as to the proper compilation of the profit forecast.

We have performed those procedures which we considered necessary in accordance with professional guidance issued by the national auditing body *(Compagnie nationale des commissaires aux comptes)*. Our work consisted in an assessment of the preparation process for the profit forecast, as well as the procedures implemented to ensure that the accounting methods applied are consistent with those used for the preparation of the historical financial information of Arkema. We also gathered all the relevant information and explanations that we deemed necessary to obtain reasonable assurance that the profit forecast has been properly compiled on the basis stated.

It should be noted that, given the uncertain nature of forecasts, the actual figures are likely to be significantly different from those forecast and that we do not express a conclusion on the achievability of these figures.

We conclude that:

- this profit forecast has been properly compiled on the basis stated;
- the accounting methods applied in the preparation of the profit forecast are consistent with the accounting principles adopted by Arkema.

This report is issued for the sole purpose of filing of the update of the reference document with the French Stock Exchange Regulatory Body (*Autorité des Marchés Financiers - AMF*), and if applicable, the public offering in France and other European Union countries in which a prospectus including the update of reference document, as approved by AMF, will be notified and may not be used for any other purpose.

Paris-La Défense, November 17, 2014

Statutory auditors

French original signed by

KPMG Audit | ERNST & YOUNG Audit

Département de KPMG S.A.

Jacques-François Lethu | François Quédiniac | Valérie Quint

4.7.3 Outlook

The Group aims to become a world leader in specialty chemicals and advanced materials, and has set itself ambitious targets for the medium and long terms.

For 2017, the Group aims to achieve €1,310 million EBITDA. This target is based on the assumption of a return to normalized market conditions in fluorogases and acrylic monomers. It includes (i) the contribution of the proposed acquisition of BOSTIK, (ii) the contribution on a full-year basis and in normalized market conditions of two acrylic acid lines totalling a 320,000 tonne production capacity in China, the first line of which was acquired on 20 October 2014, and (iii) the strengthening of the programme to divest non-core businesses announced on 19 September 2014 which, together with the finalization of the initial programme, should result in the divestment of businesses representing overall sales of some €700 million by end 2017. Finally, it includes the benefits of the stepping-up of the operational excellence programme that should generate costs savings representing €100 million in total by end 2017. Meanwhile, in order to maintain a strong balance sheet, the Group has set itself an objective to return to a gearing close to 40% by end 2017.

The Group has also confirmed its long-term targets with the aim of achieving by 2020 €10 billion sales and an EBITDA margin in normalized conditions close to 17% while maintaining gearing at 40% maximum.

Given the recent major changes to its portfolio, the Group will set out its medium- and long-term objectives in terms of breakdown of sales by segment and by region at Investor Days planned for 1st half of 2015.

The Group indicates that the achievement of its objectives is based on assumptions that it deems reasonable over this time scale at the date of this Update to the Reference Document (in particular the evolution of world demand, conditions relating to the cost of raw materials and energy, the balance between supply and demand for products marketed by ARKEMA and their price levels, and currency exchange rates). However, it takes no account of the materialisation of certain risks described in paragraph 1.5 of this Update to the Reference Document and in the « Risk factors » chapter of the 2013 Reference Document, or of unknown factors related to the economic, financial, competitive or regulatory environment in which the Group operates, liable to affect the achievement of its objectives.

5. INFORMATION ABOUT THE COMPANY AND ITS SHARE CAPITAL

Information relating to this chapter is presented in the Reference Document. This information remains correct as at the date of this Update to the Reference Document and is updated as follows.

5.1 SHARE CAPITAL

5.1.1 Changes to the Company's share capital from 31 December 2013 to 7 November 2014

On 7 November 2014, the Company's share capital was €637,183,740 divided into 63,718,374 fully paid-up common shares of a single category, with a nominal value of €10 per share, compared with 63,029,692 shares on 31 December 2013. 22,371 of these are treasury shares.

The share capital increased by 688,682 shares through the period from 31 December 2013 to 7 November 2014: subscription of 491,502 shares as part of a capital increase reserved for employees in the Group employee savings plan (PEG) and 197,180 shares as a result of exercising an equal number of stock options.

Date	Amount of capital	Number of shares	Type of transaction
31 December 2013	€630,296,920	63,029,692	Exercise of stock options: recording of a capital increase in the amount of €815,190, plus a share premium of €2,188,091.39, by the issue of 81,519 new shares.
23 April 2014	635,211,940 €	63,521,194	Capital increase reserved for employees: capital increase in the amount of €4,915,020, plus a share premium of €26,634,493.38, by the issue of 491,502 new shares.
30 June 2014	€636,968,620	63,696,862	Exercise of stock options: recording of a capital increase in the amount of €1,756,680, plus a share premium of €4,911,000.56, by the issue of 175,668 new shares.
7 November 2014	€637,183,740	63,718,374	Exercise of stock options: recording of a capital increase in the amount of € 215,120 plus a share premium of € 449,335.64 , by the issue of 21,512 new shares.

5.1.2 Update on the share buy-back programme

The combined annual general meeting dated 15 May 2014 renewed, for a period of 18 months, the authorisation granted to the Board of Directors to trade in the Company's shares. For information on this share buy-back programme, see paragraph 5.2.4 of the Reference Document.

As at the date of this Update to the Reference Document, the Company holds 22,371 treasury shares. The Company did not implement the share buy-back programme authorised by the annual general meeting held on 15 May 2014.

5.1.3 Authorisations and transactions

The following table sets out a summary of the current delegations and authorisations granted by the annual general meeting to the Board of Directors relating in particular to capital increases and the implementation of said authorisations.

Summary of purpose	Date of general meeting	Period of authorisation	Maximum authorised nominal value	Use by the Board of Directors (date)
Delegation of authority granted to the Board of Directors to issue shares of the Company and/or securities giving access to shares in	15 May 2014	26 months	€315 million €600 million (debt	Decision to increase the Company's capital for a

the Company, **with** preferential subscription rights			securities)	maximum of €370 million (13 November 2014)
Delegation of authority granted to the Board of Directors to issue shares of the Company and/or securities giving access to shares of the Company, by means of a public offer, **with cancellation** of the preferential subscription rights	15 May 2014	26 months	10% of the Company's share capital as at 15 May 2014 €600 million (debt securities)	None
Delegation of authority granted to the Board of Directors to increase the Company's share capital, **with** cancellation of the preferential subscription rights, through the issue of shares and/or securities giving access to shares of the Company, via an offer referred to in article L.411-2 II of the French Monetary and Financial Code	15 May 2014	26 months	10% of the Company's share capital as at 15 May 2014 €600 million (debt securities)	None
Authorisation granted to the Board of Directors to increase the number of shares to be issued, in the event of a share capital increase with or without preferential subscription rights of existing shareholders	15 May 2014	26 months	15% of the initial issue, subject to the limit stated in the resolution authorising the issue	None
Overall limitation of authorisations to increase the Company's share capital immediately and/or in the future	15 May 2014	26 months	€315 million	None
Delegation of authority granted to the Board of Directors allowing the issue of shares in the Company reserved for employees subscribing to of a company savings plan	15 May 2014	26 months	€12 million	None
Authorisation granted to the Board of Directors to trade in the Company's shares	15 May 2014	18 months	€110 per share €100 million (up to 10% of the share capital at any one time)	Use at 30 June 2014: see 5.1.2 of the Reference Document
Delegation of authority granted to the Board of Directors to award free shares in the Company, subject to performance conditions	4 June 2013	38 months	1,250,000 shares (2% of the share capital as at 4 June 2013)	Use as of the date of this Update to the Reference Document: grant of 250,000 shares (6 November 2013) grant of 275,000 shares (13 November 2014)
Delegation of authority granted to the Board of Directors to reduce the Company's share capital by cancelling shares	4 June 2013	24 months	10% of the share capital	Use as at 31 December 2013: None

5.1.4 Stock option and performance share plans

At 30 June 2014, the following stock options were still in circulation:

- 233,686 stock options resulting from stock option plans introduced in the financial years 2006 to 2008; and
- 562,637 stock options resulting from the 2010 and 2011 plans.

Therefore as at 30 June 2014, the total number of outstanding share subscription options was 796,323, i.e.: 1.25% of the Company's share capital on that date.

Holders of stock options were informed on 15 October 2014 that, in accordance with the provisions of articles L. 225-149-1 and R. 225-133 of the French Commercial Code, the provisions of the stock option plans for share subscription options which exercise period is pending, and with the delegation of authority granted by the Board of Directors, the Chairman and CEO decided on 14 October 2014 to suspend the exercise of all stock options allocated according to the plans dated 14 May 2007, 13 May 2008, 10 May 2010 and 4 May 2011, as from on 7 November 2014 (00.01, Paris time) for a three-month period (maximum), i.e. until 6 February 2015 (23.59, Paris time).

Additional information on the performance shares scheme in the Group in 2014 is given in 3.4 of this Update to the Reference Document.

5.1.5 SHARE CAPITAL INCREASE RESERVED FOR EMPLOYEES

The share capital increase reserved for employees decided by the Board of Directors on 3 March 2014 was hugely successful. Almost 6,000 employees and former employees subscribed to 491,502 shares for a total of € 31.5 million.

The employee participation rate reached 41% on average worldwide, i.e. almost 5 points more than the previous operation in 2012, and 63% in France, i.e. 9 points more than in 2012.

Upon completion of this operation closed on 23 April 2014, employees held almost 4.7% of the Company's share capital.

Press release dated 28/04/2014 - Successful share capital increase reserved for ARKEMA employees

"Some 6,000 employees and former employees have subscribed for 491,502 shares totalling €31.5 million as part of the capital increase operation reserved for ARKEMA employees, which has just closed. Setting yet another record in terms of amount invested and number of participants, this latest operation is a reflection of the employees' confidence in their Group's strategy and prospects.

Six years after its initial operation, and with a desire to keep on involving its employees and former employees closely in its successes, ARKEMA conducted a fourth share capital increase on 23 April 2014. This involved some 6,000 subscribers from 20 countries around the world. The employee participation rate reached 41% on average in the world, i.e. almost five points more than with the previous operation in 2012, and 63% in France, i.e. 9 points more than in 2012.

The subscription period spanned 7 to 20 March 2014. The subscription price was set at €64.19 per share by the Board of Directors meeting on 3 March 2014. This corresponds with the average opening price of the ARKEMA share quoted on the Paris stock exchange in the last 20 trading days prior to the date of this Board of Directors meeting, minus a 20% discount.

ARKEMA's share capital has increased to €635,211,940, divided into 63,521,194 shares. On completion of this operation, employees held almost 4.7% of the Company's share capital.

The newly issued shares will be fully comparable to existing shares, and will bear interest from 1st January 2013, with entitlement to dividends for the year ended 31 December 2013.

5.2 SHARE OWNERSHIP STRUCTURE

5.2.1 Breakdown of share ownership and voting rights at 31 August 2014

The breakdown of the share capital was established on the basis of the total of 63,715,524 shares at 31 August 2014, carrying 68,259,478 voting rights (including double voting rights and after deduction of treasury shares), based on the threshold crossing declarations made to the AMF and the Company's own analysis of identifiable bearer security records (*Titres au Porteur Identifiable* - TPI).

To the best of the Company's knowledge, the breakdown of Arkema's share ownership and voting rights at 31 August 2014 was as follows:

	% of share capital	**% of actual voting rights**	**% of theoretical voting rights***
Main shareholders holding at least 5% of the capital and/or voting rights:			
Fonds Stratégique de Participations	6.0	5.6	5.6
Norges Bank	5.3	5.0	5.0
BlackRock Inc.	5.0	4.7	4.7
Employee shareholders(1)	4.9	8.6	8.6
Treasury shares	0.0	0.0	0.0
Public	78.8	76.1	76.1
TOTAL	**100**	**100**	**100**

* *Pursuant to Article 223-11 of the AMF General Regulation, the number of theoretical voting rights is calculated on the basis of all shares to which voting rights are attached, including shares whose voting rights have been suspended.*

(1) *To the best of the Company's knowledge, the Arkema Actionnariat France and Arkema Actionnariat International company mutual funds (FCPE) held 6.5% of the Company's share capital as at 31 August 2014, representing 11.4% of the voting rights. These funds include the shareholdings of the employees of ARKEMA, Total and Kem One (vinyl activities divested in July 2012). In May 2014, on behalf of the FCPE Arkema Actionnariat France, Amundi filed a declaration stating that the fund had crossed above the threshold of 10% of the voting rights of the Company (see 5 .2 of this Update to the Reference Document).*

The Company also introduced an American Depositary Receipts *(ADR)* programme in the United States, for which it concluded a Deposit Agreement with Bank of New York Mellon on 18 May 2006. At 31 August 2014, 752,694 shares were held by Bank of New York Mellon on behalf of ADR bearers.

5.2.2 Disclosures of legal thresholds crossing since 1 January 2014

The following disclosures of legal shareholding threshold crossing were filed with the AMF during the period from 1st January 2014 up to the date of this Update to the Reference Document:

Company	Threshold crossing date	Threshold crossing
BlackRock Inc.	10 January 2014	above the threshold of 5% of the share capital
FMR LLC (Fidelity Investments)	20 March 2014	below the threshold of 5% of the voting rights
FMR LLC (Fidelity Investments)	19 May 2014	below the threshold of 5% of the share capital
Amundi*	26 May 2014	above the threshold of 10% of the voting rights

** Company acting on behalf of FCPE Arkema Actionnariat France, which it manages On this occasion, Amundi filed the following declaration:*

"Amundi hereby declares on its own behalf and on behalf of FCPE Arkema Actionnariat France that the latter:

- *financed acquisitions of Arkema shares by the dividends paid which were directly reinvested in the fund, by employee subscriptions (mandatory and optional profit-sharing, employer's contribution, etc.);*
- *acts alone;*
- *does not intend to continue its purchases of Arkema shares, but since it is an open fund this position could change. All subscriptions and/or dividend rights will be used in purchases;*
- *does not intend to take control of Arkema;*
- *does not intend to change Arkema's strategy or any of the operations listed in Article 223-17 I, 6 of the General Regulation;*
- *has not concluded any temporary disposal agreement relating to the shares and/or voting rights of Arkema;*
- *is represented by a director on the Board of Directors and does not intend to request the appointment of one or more additional persons to the Board of Arkema."*

5.3 DIVIDEND POLICY

During its Investors' Day held in September 2012, the Group set the target dividend payout ratio, to be achieved on a gradual basis, at 30% of its current net income, and, where possible, aims not to reduce the amount of dividend per share. ARKEMA met this target as of 2014, with the payment of a dividend of €1.85 per share representing 32% of the 2013 net income.

Upon announcement of its the BOSTIK acquisition project, ARKEMA confirmed it would pursue its dividend policy and announced its intention, subject to confirmation by the Board of Directors meeting to approve the financial statements for the 2014 financial year, to maintain the dividend per share at €1.85, despite the increase of the number of shares which is the subject of a prospectus approved on the date hereof by the AMF.

5.4 OTHER INFORMATION

Press release dated 15/05/2014 - ARKEMA's Annual General Meeting of 15 May 2014

"During ARKEMA's Combined Annual General Meeting held on 15 May 2014 and chaired by Thierry Le Hénaff, Chairman and Chief Executive Officer of the Group, the shareholders, representing 63.19% of the voting rights, adopted by a very large majority all the resolutions approved by the Board of Directors.

In particular, the shareholders approved the 2013 financial statements as well as the distribution of a cash dividend for 2013 of €1.85 per share to be paid on 22 May 2014. They also renewed for a four-year term the terms of office of Claire Pedini, independent director, and of Patrice Bréant, director representing shareholder employees, and approved the appointment as director of the Fonds Stratégique de Participations (FSP) for a four-year term. The FSP, represented by Isabelle Boccon-Gibod, owns 6% of ARKEMA's share capital. The various financial authorisations, in particular allowing an increase in the share capital, with or without preferential rights, by way of public offer or private placement, were also approved by the Annual General Meeting.

The AGM provided the opportunity for Thierry Le Hénaff, Chairman and Chief Executive Officer, and Thierry Lemonnier, Chief Financial Officer, to review the highlights and ARKEMA's financial performance in 2013, as well as the Group's long-term outlook. Thierry Le Hénaff gave an overview of projects that will underpin the Group's future growth, referring in particular to two major projects for the Group in 2014: the construction of the

Thiochemicals platform in Malaysia and the proposed acquisition of acrylic assets from Jurong Chemical in China[26].

The full results of the votes on the resolutions will be available in the coming days under the Annual General Meeting section on www.finance.arkema.com."

6. INFORMATION ON THE REFERENCE DOCUMENT

6.1 PERSON RESPONSIBLE FOR THE UPDATE TO THE REFERENCE DOCUMENT

"I hereby declare to the best of my knowledge, and having taken all reasonable care, that the information contained in this Update to the Reference Document accurately reflects the facts and contains no omissions likely to affect its import.

I certify to the best of my knowledge that the summary interim consolidated financial statements have been prepared in accordance with the relevant accounting standards and are a true and fair representation of the assets, financial position and earnings of the Company and all companies included within the scope of consolidation, and that the interim report included in section 4 of this Update to the Reference Document gives an accurate reflection of the main events during the first six months of the 2014 financial year, their impact on the financial statements, the main related party transactions, as well as a description of the main risks and uncertainties for the remaining six months of the year.

I have obtained a letter from the statutory auditors confirming that they have completed their work, in which they state that they have verified the information contained in this Update relating to the Group's financial position and financial statements, and that they have read the Update to the Reference Document as a whole.

The statutory auditors have issued a report on the pro forma financial statements, and a report on the forecasts, as presented in this Update to the Reference Document. The report on the pro forma financial statements for the financial year ended on 31 December 2013 and for the half-year ended on 30 June 2014 is given in paragraph 4.3.4 of this Update to the Reference Document. The report on the forecasts is given in paragraph 4.7.2 of this Update to the Reference Document.

Colombes, 18 November 2014.

Thierry Le Hénaff
Chairman and Chief Executive Officer

26 Project subject to approval by the competent authorities in China and to a number of administrative formalities.

6.2 CROSS-REFERENCE TABLE

In accordance with Annex I of EC regulation n° 809/2004 of 29 April 2004		Reference document		Update to the Reference Document	
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18.1.	The name of any person other than a member of the administrative, management or supervisory bodies who, directly or indirectly, has an interest in the Company's capital or voting rights which is notifiable under the issuer's national law, together with the amount of each such person's interest or, if there are no such persons, an appropriate negative statement	5.3.1	263	5.2	71
18.2.	Different voting rights or an appropriate negative statement	5.3.3	264		
18.3.	Direct or indirect control over the Company	5.3.2	264		
18.4.	A description of any arrangements, known to the Company, the operation of which may at a subsequent date result in a change in control of the Company	5.3.2	264		
19.	**Related party transactions**	**5.1.3**	**256**		
20.	**Financial information concerning the assets, financial condition and results of the Company**	**4.3 and 4.4**	**165, 230**	**Chapter 4**	**26-68**
20.1.	Historical financial information	4.3.2 and 4.4.2	167, 232	4.4.1	34 to 38
20.2.	Pro forma financial information	Nil		4.3	27 to 33
20.3.	Financial statements	4.3.2 and 4.4.2	167, 232		
20.4.	Auditing of historical annual financial information	4.3.1 and 4.4.1	165, 230	4.4.4	57-58
20.4.1.	Declaration that the historical financial information has been audited	4.3.1 and 4.4.1	165, 230	4.4.4	57-58
20.4.2.	Other information in the reference document which has been audited by the statutory auditors	Nil	-		
20.4.3.	Where financial data in the registration document is not extracted from the Company's audited financial statements, state the source of the data and state that the data is unaudited	Nil	-		
20.5.	Date of the latest audited financial information	4.3.2 and 4.4.2	167, 232		
20.6.	Interim and other financial information	Nil	-		
20.6.1.	Quarterly or half yearly financial information published since the last financial statements and, where appropriate, the audit or review report	Nil	-	4.4.1 and 4.5	34 and 59
20.6.2.	Interim financial information, which may be unaudited, covering at least the first six months of the financial year if the reference document is dated more than nine months after the last audited financial year	Nil	-		
20.7.	Dividend policy	5.4.6	269	5.3	72
20.7.1.	Dividend per share	5.4.6	269	5.3	72
20.8.	Legal and arbitration proceedings	1.7.2.4 and note 20.2 of notes to consolidated financial statements	54, 205		
20.9.	Significant change in the issuer's financial or trading position	Nil	-		
21.	**Additional information**	**Chapter 5**	**253-273**		
21.1.	Share capital	5.2.1	256	5.1	69
21.1.1.	The amount of issued capital, the number of shares authorised, the number of shares issued and fully paid, the number of shares issued but not fully paid, the par value per share and a reconciliation of the number of shares in issue at the beginning and end of the year	5.2.1	256	5.1.1	69
21.1.2.	Shares not representing capital	Nil			
21.1.3.	The number, book value and par value of shares in the Company held by or on behalf	5.2.4	257		

In accordance with Annex I of EC regulation n° 809/2004 of 29 April 2004		Reference document		Update to the Reference Document	
N°	**Heading**	**Reference**	**Page(s)**	**Reference**	**Page(s)**
	of the issuer itself or by subsidiaries of the issuer				
21.1.4.	Convertible securities, exchangeable securities or securities with warrants	5.2.6	262		
21.1.5.	Information about and terms of any acquisition rights and/or obligations over authorised but unissued capital or an undertaking to increase the capital	Nil	-		
21.1.6.	Information about any capital of any member of the Group which is under option or agreed conditionally or unconditionally to be put under option	Nil	-		
21.1.7.	History of share capital for the period covered by the historical financial information	5.2.2	257	5.1.1	69
21.2.	Memorandum and Articles of Association	5.1 and 5.5			
21.2.1.	Company purpose	5.1.1	254		
21.2.2.	A brief description of any provision of the Company's Articles of Association, statutes, charter or bylaws concerning the members of administrative, management and supervisory bodies	3.2 and 3.3	113, 123		
21.2.3.	A description of the rights, preferences and restrictions attaching to each class of the existing shares	5.5.4	272		
21.2.4.	A description of what action is necessary to change the rights of holders of the shares	5.5.2	271		
21.2.5.	A description of the conditions governing the manner in which annual general meetings and extraordinary general meetings of shareholders are called, including the conditions of admission	5.5.1	270		
21.2.6.	A brief description of any provision of the Company's Articles of Association, statutes, charter or bylaws that would have an effect of delaying, deferring or preventing a change in control of the issuer	5.5.2.2	271		
21.2.7.	An indication of the Articles of Association, statutes, charter or bylaw provisions, if any, governing the ownership threshold above which shareholder ownership must be disclosed	5.5.6 and 5.5.7	272, 273		
21.2.8.	A description of the conditions imposed by the memorandum and Articles of Association statutes, charter or bylaw governing changes in the capital, where such conditions are more stringent than is required by law	Nil	-		
22.	**Significant contracts**	**1.5**	**37**	**1.3**	**9**
23.	**Third party information and statement by experts and declarations of any interest**	**Nil**		**Nil**	
24.	**Documents available to the public**	**5.1.1**	**254**		
25.	**Information on shares held by the Company**	**4.3.2, 4.4.2 and 5.1.2**	**167, 232, 255**		