

Focusing on Specialties Project to divest Vinyls



*Project subject to the information /
consultation of relevant Work Councils*

Project rationale

- **Since spin-off, Arkema has:**

- Developed strong leadership positions in Industrial Chemicals or niche markets in Performance Products
- Undertaken a significant restructuring plan to improve profitability of Vinyls

- **End 2010, Arkema announced its vision for 2015**

- Accelerate growth in Industrial Chemicals and Performance Products through expansion in Asia, innovation and M&A
- Further reduce the weight of Vinyls while improving its profitability

- **This project is based on the firm conviction that specialty and commodity businesses require differentiated strategies and organizations**

Project overview

- **Project to sell the Vinyl Products segment* to Klesch Group**
 - Creation of a European integrated and independent PVC leader
 - Dedicated management team, strong balance sheet and clear industrial project
 - Klesch Group specialized in the development of commodity-related industrial businesses
 - Compensation packages and terms of employment contracts safeguarded for all transferred employees

- **Arkema focused on its specialty businesses: Industrial Chemicals and Performance Products**
 - In line with Arkema's strategy to reduce the weight of Vinyls
 - Cash reallocated in specialty businesses to fund growth strategy
 - Improves margins and cash returns of Arkema

* The divestment concerns all the Vinyl Products segment except the sites of Jarrie and part of Saint-Auban in France



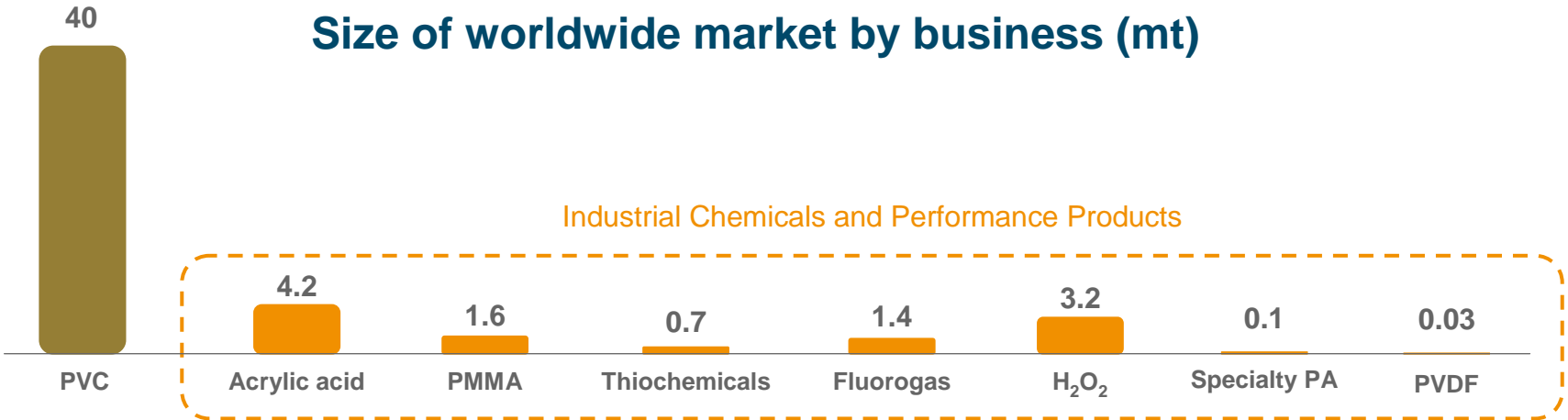
Leadership positions in many niche markets

Commodities <ul style="list-style-type: none"> • Mature markets • Many players • Easy available technology 	Specialties <ul style="list-style-type: none"> • High growth potential • Limited number of players • Proprietary technologies 	Ranking
	Technical Polymers	# 1/2*
	Functionnal Additives	# 2**
	Specialty Chemicals	# 2***
Acrylic monomers		# 3
	Spec. Acrylic polym.	
	Acrylic Emulsions	# 2 US
	PMMA	# 1/2
	Thiochemicals	# 1
	Fluorochemicals	# 2
	Hydrogen Peroxide	# 3
Vinyl Products		# 3 EU

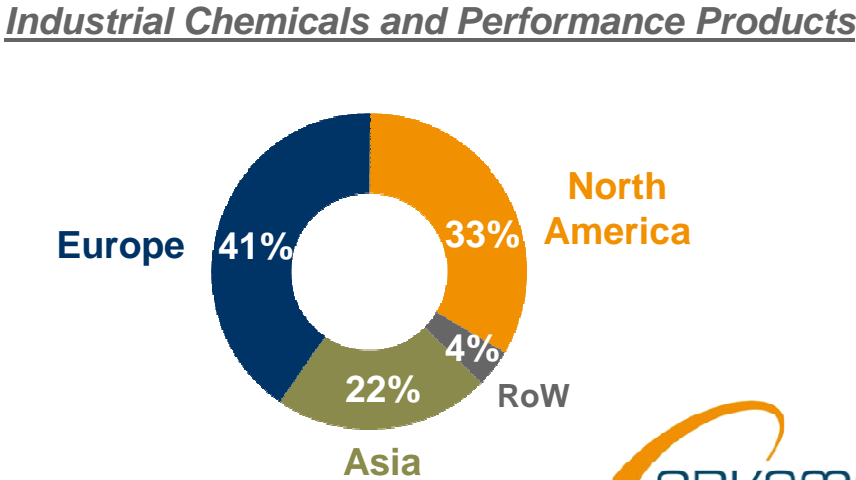
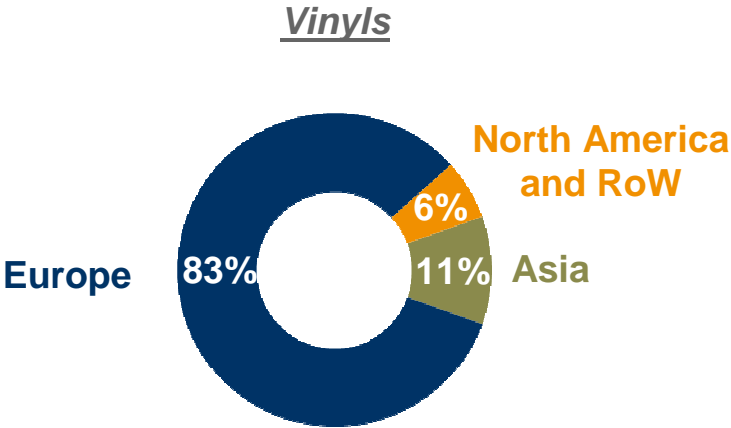
* Specialty Polyamide and PVDF
 ** Organic Peroxide
 *** Molecular sieves



Marked differences: market size and presence



Sales by region (9m'11)





Transaction overview



Project subject to the information / consultation of relevant Work Councils

Creating a major independent player in Vinyls

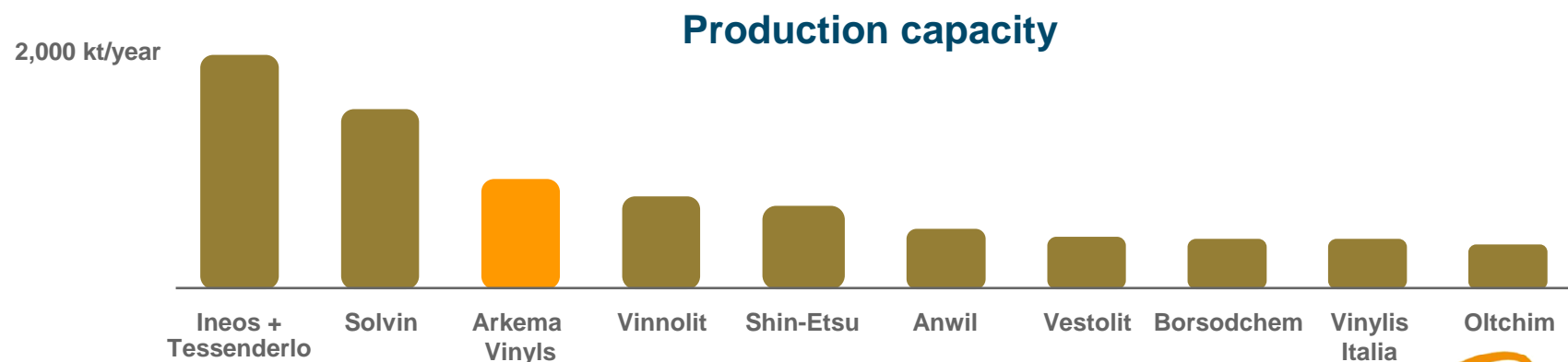
- **Creating a European PVC leader**

- # 3 in Europe behind Ineos and Solvin
- Estimated sales of ~€ 1bn

- **Strong assets**

- Recognized know-how and very skilled workforce
- Strong customer focus
- Fully integrated production line from electrolysis of salt to PVC downstream
- Solid asset base around Southern Europe
- A dedicated management team
- Strong balance sheet

- **To be part of Klesch Group specialized in developing commodity-related industrial assets (incl. electro-intensive businesses) with € 3 bn sales and 3,000 employees**

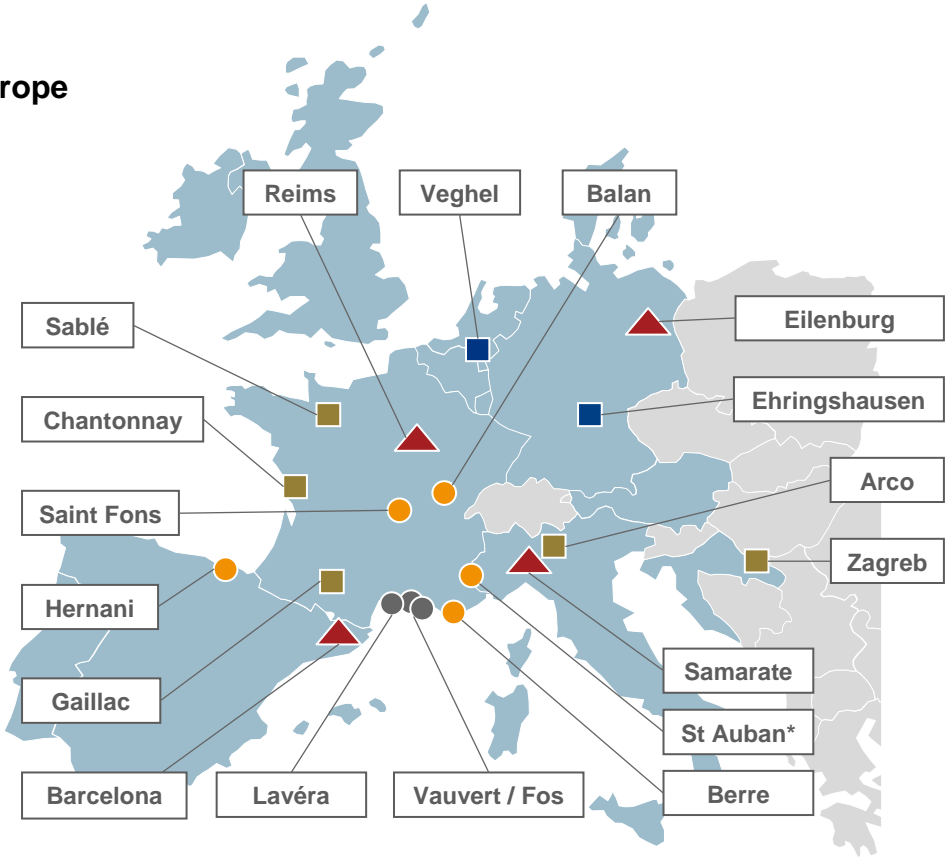


Source: CMAI, Arkema internal estimates

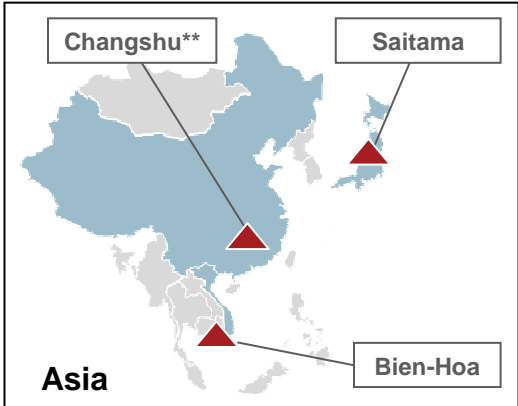


Sites transferred

Europe



● PVC
 ■ Pipes
 ■ Profiles
 ● Chlorine / Caustic soda / CVM
 ▲ Compounds



* Only the PVC Paste production unit

** Only the Vinyl Compounds production unit



Transaction scope and key points

- **2,630 employees transferred in accordance with applicable legislation**
- **End 2011, activities to be divested will be classified as discontinued operations**
- **~ € 470 million exceptional net expenses to be booked in 2011**
 - ~ € 370m exceptional net write-offs related to PPE, working capital and provisions
 - ~ € 100m cash charge
- **Vinyls divestment will bring forward the recognition of DTA on tax-loss carry-forwards**
- **Closing due mid 2012 subject to:**
 - Information / consultation of relevant work councils
 - Approval by relevant antitrust authorities

Arkema pro forma P&L (unaudited)

<i>in €m (except EPS)</i>	Reported 2010	Transaction impact	Pro forma 2010*
Sales	5,905	1,036	4,869
EBITDA	790	(19)	809
EBITDA margin	13.4%	(1.8)%	16.6%
D&A	287	40	248
Recurring operating income	503	(59)	562
Rec. operating margin	8.5%	(5.7)%	11.5%
Net income – Group share	347	(78)	425



€ 6.5bn
Pro forma 2011e sales
Including Total resins, Seppic, and HiPro / Casda excluding Vinyls

* Unaudited figures. Based on management estimates.





**Arkema
positioned as a
specialty leader**



Arkema tomorrow

- **Global leadership positions in all business lines**
- **A portfolio focused on specialty businesses with 2 strong growing segments: Industrial Chemicals and Performance Products**
- **Well-balanced global presence**
- **Competitive world-scale facilities**
- **Solid balance sheet and diversified financing sources and maturity**
- **Best-in class margins and return on capital employed**

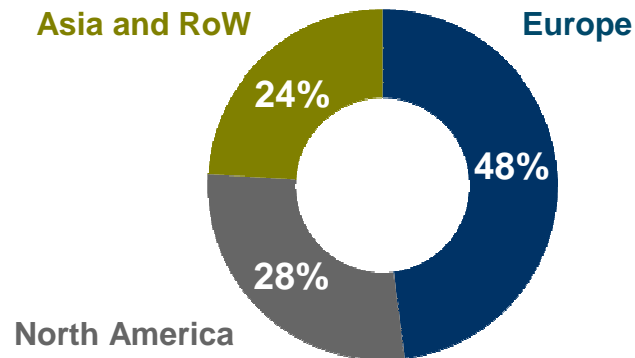
* Unaudited pro forma sales including FY contribution of Total's specialty resins



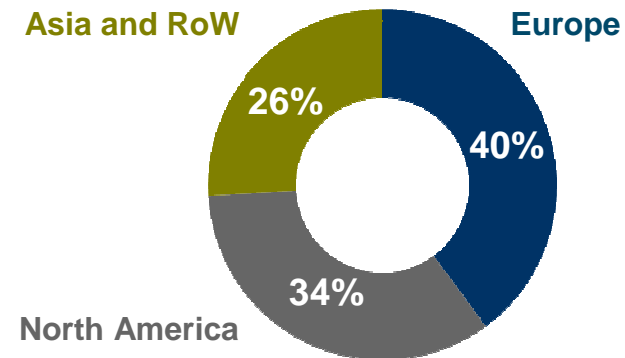
Well balanced presence

Sales by region (2011e)

Arkema including Vinyls



Arkema excluding Vinyls

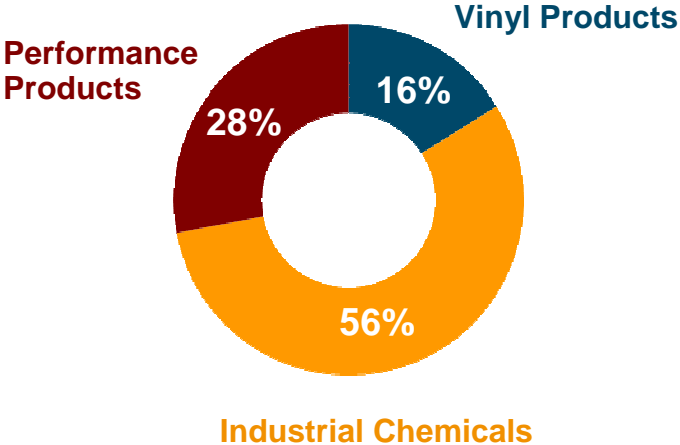


**Strong exposure
to emerging markets**

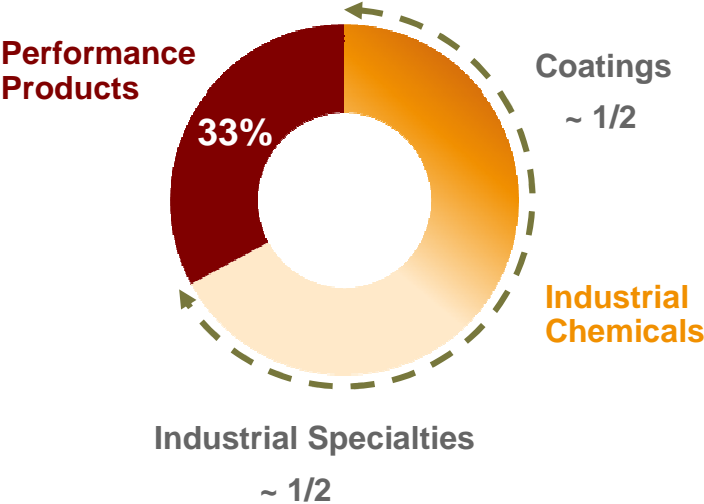
Impact on portfolio

Sales by segment (2011e)

Arkema including Vinyls

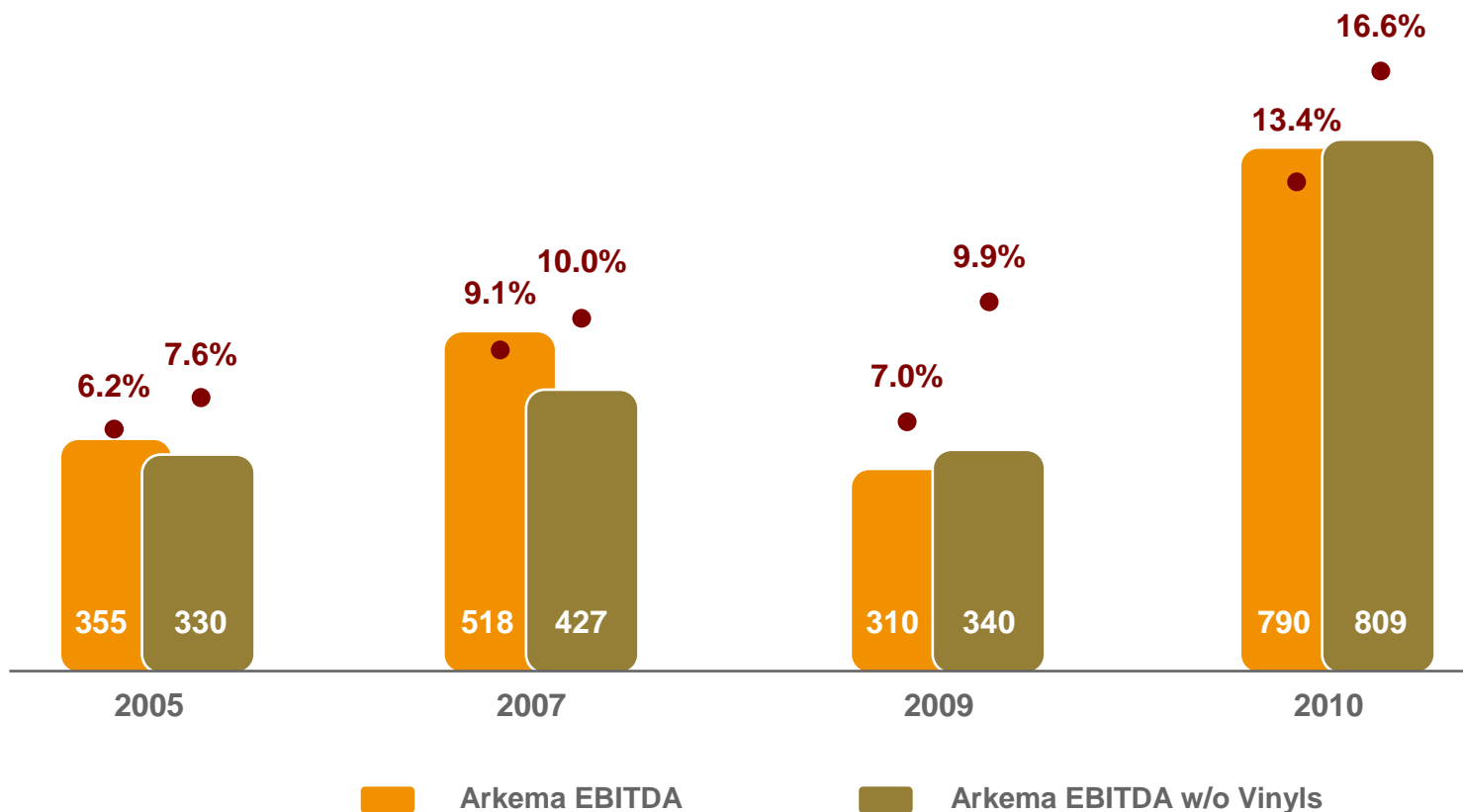


Arkema excluding Vinyls



Profitability

EBITDA (€m) and EBITDA margin (%)



* Pro forma unaudited figures. Based on management estimates



Outline of Arkema tomorrow

- **€6.5bn proforma sales***
 - Including full year acquisition impact (Total Specialty Resins, Seppic and HiPro / Casda)
 - Excluding Vinyls
- **Reduced cyclicality**
- **Strong balance sheet**
 - Net debt below 1x 2011e EBITDA
- **2015 EBITDA target increased at € 1,050m without Vinyls****
- **Reaffirm current dividend policy**

* Unaudited pro forma sales including impact of acquisitions and divestments announced in 2011

** Mid-cycle conditions in a normalized environment



Disclaimer

- The information disclosed in this document may contain forward-looking statements with respect to the financial condition, results of operations, business and strategy of Arkema. Such statements are based on management's current views and assumptions that could ultimately prove inaccurate and are subject to risk factors such as among others, changes in raw material prices, currency fluctuations, implementation pace of cost-reduction projects and changes in general economic and business conditions.
- Arkema does not assume any liability to update such forward-looking statements whether as a result of any new information or any unexpected event or otherwise. Further information on factors which could affect Arkema's financial results is provided in the documents filed with the French Autorité des Marchés Financiers.
- Financial information for 2011, 2010, 2009, 2008, 2007, 2006 and 2005 is extracted from the consolidated financial statements of Arkema. Quarterly financial information is not audited.
- The business segment information is presented in accordance with Arkema's internal reporting system used by the management.
- The definition of the main performance indicators used can be found in the press release available on www.finance.arkema.com
- A global chemical company and France's leading chemicals producer, Arkema is building the future of the chemical industry every day. Deploying a responsible, innovation-based approach, we produce state-of-the-art specialty chemicals that provide customers with practical solutions to such challenges as climate change, access to drinking water, the future of energy, fossil fuel preservation and the need for lighter materials. With operations in more than 40 countries, 15,700 employees and 9 research centers, Arkema has generated revenues of €5.9 billion in 2010 and holds leadership positions in all its markets with a portfolio of internationally recognized brands. The world is our inspiration.