Dear Shareholders,

The first 9 months of 2011 will have been a particularly important period in the development of our Group in terms of both financial performance, which testifies to the faster pace of the Group’s growth, and implementation of our strategic priorities.

The very significant improvement in the results of the first 9 months of the year, with sales up by 20%, reflects the many progress initiatives undertaken across our activities in recent years as well as the strong growth momentum in Asia, a region that now accounts for 20% of our overall sales. These results, fully in line with our expectations, represent the Group’s best ever performance over 9 months, and reflect the success of our strategy.

The first 9 months of the year have also seen many achievements:

• The acquisition of Total’s specialty resins was finalized on July 1st, and so we welcomed 1,750 new employees working on 22 sites around the world. The addition of these new activities to our portfolio makes us a world leader in the coating products market, and represents a milestone in the Group’s transformation.

• Our high performance polymers are enjoying very strong growth thanks to applications in wide-ranging areas, including new energies, water treatment, and bio-plastics. These newly developed markets illustrate the efforts of our R&D in sustainable development solutions.

• Finally, continuing its growth strategy in Asia, the Group brought on stream two new production units in China: the first plant, opened in March, manufacturing fluorinated polymers marketed under the tradename Kynar®, is already making a significant contribution to our sales, while the second plant, producing rheology additives marketed by our subsidiary Coatex, was opened in August. Both plants were inaugurated during a trip to China organized in October. During this visit we confirmed our ambition to achieve 25% of our sales in Asia by 2015.

Finally, I want to mention the economic environment that is currently raising many questions. The end of the 3rd quarter was marked by growing vigilance on the part of our customers in managing their inventories, which undoubtedly reflects their caution in today’s more uncertain macro-economic context, in particular in Europe and the US. As 2011 draws to a close, we will therefore continue to watch market trends closely. However, 2011 will be an outstanding year for Arkema, with EBITDA expected to pass the symbolic milestone of one billion euros.

On the strength of the many progress actions already completed and of other projects underway, I remain very confident in our ability to continue in the medium term the significant progress we have made since the Group’s stock market listing.

Thank you for your loyalty and your confidence in our Group.

THIERRY LE HÉNAFF, Chairman and Chief Executive Officer
Arkema reported record results for the first 9 months of 2011, exceeding the previous record in 2010, so what are the main factors of this improvement?

This excellent performance is the consequence on the one hand of an economic environment that has been favorable, and on the other of the Group’s transformation which has shifted its position in the last few years in terms of geographic coverage and towards high added value markets. We have in fact stepped up our presence in Asia significantly with the startup of several new units in China in the last two years; this has helped us benefit from the stronger growth in demand in this region. Furthermore, the Group’s sound performance in most of its activities is the result of the excellent repositioning of business lines in growth markets, and of Arkema’s ability to pass on raw material increase to its sales prices. Finally, we have also made major development investments as well as acquisitions, which have made a significant contribution to the growth in the Group’s performance.

As part of its growth strategy, Arkema has announced many development projects during the year. Can you tell us about the most important ones?

The first 9 months of the year were marked by the successful completion of major projects. First there was the closing of the acquisition of Total’s specialty resins on July 1st. Then there was the startup of two new plants in China (Kynar® fluorinated polymers, and Coatex rheology additives in downstream acrylics).

Arkema has also announced new development projects that will contribute to the Group’s future growth, including in particular:

- A project for the construction of a world-scale platform for thiochemicals (sulfur derivatives for animal feed in particular) in Malaysia.
- Several projects on the Changshu platform in China: the extension of production capacity for HFC-125 fluorogas, the construction of a plant for refrigerant fluid blends, and the creation of a new R&D center in Asia.

Since August, the economic conditions appear to have grown more volatile. In this context, what are the Group’s prospects?

For Arkema the level of activity is traditionally lower in the 2nd half of the year than in the 1st half because of the specific seasonality of demand for our products used in certain markets such as construction, coatings, and refrigeration. Add to this, this year, the effect of a growing caution of our customers in managing their inventory very probably because of the uncertainties related to the current macro-economic context. The 4th quarter will also be marked by several maintenance turnarounds at our sites.

In spite of this, the Group has confirmed that EBITDA should pass the symbolic milestone of one billion euros for 2011. This is almost double the figures achieved in 2007, which was a very good year for the chemical industry. This gives you an idea of the distance covered by Arkema these last few years.
Arkema finalized the acquisition of Total’s specialty resins on schedule on July 1st 2011. The Group welcomed 1,750 new employees working on 22 sites around the world. The activities acquired comprise:

- Coating resins which represent approximately two thirds of the sales of the activities acquired.
- Photocure resins, high added value high tech products used in particular in fiber optics, graphic arts and electronics, and representing around one third of the sales of the activities acquired. These activities form a fine group of specialty products for the paint and industrial coatings markets.

A new world leader in the coating and paint materials market

These new businesses have helped Arkema become one of the world leaders in the coating and paint materials market. These specialty resins indeed boost Arkema’s product portfolio for coating applications, including the waterborne polymer emulsions acquired from Dow early 2010, the Kynar® PVDF resins, the Coatex rheology additives, and the Rilsan® and Orgasol® fine powders. Thanks to synergies between its existing R&D centers and those that were part of the assets bought from Total, Arkema will be in a position to partner its global customers in their search for innovative and environmentally sound formulations.

An acquisition perfectly in line with Arkema’s growth strategy

In November 2010, the Group set out an ambitious 5-year growth plan based in particular on a commitment to achieve additional sales of 1 billion euros through targeted acquisitions. With the integration of Total’s specialty resins which account for 750 million euro sales once consolidated within Arkema’s scope, Arkema has carried out a large part of this acquisition program. This acquisition also illustrates the Group’s growth strategy building on:
- The expansion of the Group’s positions in Asia. By integrating these new activities, Arkema indeed benefits from new sources of growth in Asia, with sites in India and Malaysia, as well as a newly opened site in Nansha, south of Canton in China.
- A strengthening of its specialty activities.

This acquisition is also bolstering Arkema’s downstream acrylics as the next logical step from the acquisitions of Coatex in 2007 and of Dow’s emulsions in North America early 2010. The acrylics integration rate now stands at 40%.

“The acquisition of Total’s specialty resins is a new major step in Arkema’s expansion. These activities will allow Arkema to boost its position in its markets, making the Group one of the leading supplier to the paint and coating industry with a global offering in terms of technologies and world wide coverage” confirms Thierry Le Hénaff, Arkema Chairman and Chief Executive Officer.
KEEPING YOU INFORMED

• **Meeting our shareholders**
  In 3rd quarter 2011, Arkema had the pleasure of meeting almost one thousand shareholders at meetings held in Annecy, Strasbourg, Lille and Lyon. At these meetings, Sophie Fouillat, Arkema Vice President Financial Communication, reviewed the Group’s in-depth transformation 5 years after its stock market listing, before presenting its ambitions for the next 5 years, and then answered to questions from present shareholders.

• **Arkema at Actionaria show**
  Arkema is present at the Actionaria show held at Palais des Congrès in Paris. Our teams will welcome you to our Stand F11, and a member of Palais de la découverte will take you through the world of chemistry during demonstration organized from 14.00 to 18.00hrs.

**The International Year of Chemistry**

2011 celebrates Chemistry around the world. To mark the International Year of Chemistry, organized by UNESCO, Arkema has taken part in a number of events.

In particular, the Group has been involved in the operation « l’Art en la matière » initiated by the French chemical industry, which consisted in exhibiting simultaneously in the city centers of Paris, Marseille, Lyon and Lille, a work of art related to sustainable development. Arkema took part in this operation by sending some fifty ‘ambassadors’ to the four exhibition venues.

Partner of Palais de la découverte, the Group decided to celebrate the International Year of Chemistry in this temple of science. Arkema has devised an educational high-tech laboratory, called ‘Astonishing Chemistry’, which includes demonstrations on four themes inspired by recent innovations. These fun and interactive animated exhibits give visitors a glimpse of another facet of chemistry and its contribution to everyday applications.

**SHARE PERFORMANCE since spin-off**

**PERFORMANCE SINCE 31st DECEMBER 2010**
- **High:** €78.0
- **Low:** €38.21
- **Change:**
  - Arkema: -8.2%
  - SBF 120: -13.8%

**FOCUS**

• Indices
  - SBF 120
  - CAC Next 20
  - DJ Stoxx Chemicals
  - MSCI

**SHARE PERFORMANCE**

Share price as at October 31st 2011

- **Spin-off** 18th May 2006
- **ISIN** FR0010313833
- **Market capitalization** €3.1 bn
- **Number of shares** 61,858,527
- **Change**
  - SBF 120: -31% since spin off
  - Arkema: +80% since spin off

**FINANCIAL calendar**

- **March 8th 2012**
  2011 Full Year Results
- **May 23rd 2012**
  Annual General Meeting

**Shareholders’ diary**

No12 November 2011

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