

shareholder NEWSLETTER



Thierry Le Hénaff
Chairman and Chief Executive Officer

DEAR SHAREHOLDERS,

I would first like to thank you for attending our Annual General Meeting in such large numbers on June 5th this year when we presented to you Arkema's results for 2006, its performance and its outlook. In order to give you a clearer understanding of our Group, I am pleased to announce the creation of the Arkema Shareholders Club, to be launched at the upcoming Actionaria show.

When we were first listed on the stock market, we set ourselves an ambitious target of a 10 to 15% EBITDA increase on average from 2006 to 2008. With a 20 % growth in 2006, the ongoing improvement in our financial results has enabled us to raise our objective for 2007 and anticipate a further improvement of 20 %. This excellent performance confirms the validity of the strategy that has been in place since Arkema's creation in October 2004.

Arkema is pursuing its transformation through many projects. Since the beginning of 2007, Arkema has announced a memorandum of understanding with the Indian group Essar for an acrylic acid production plant in India, the divestment of its agrochemicals business, the acquisition of the company Coatex, and the signature of a partnership agreement with the Japanese group Daikin for the production and marketing of fluorinated refrigerant gases in Asia. These projects represent four important new steps in the creation of a major player in tomorrow's chemical industry, which is responsible, innovative and a creator of value.

Next year, our main growth, productivity and portfolio management projects will generate EBITDA amounting to € 80 m. Accordingly, we are confident for 2008, while remaining attentive to the evolution of the global economy.

Finally, our target of 12 % EBITDA margin by 2010 is a concrete reflection of Arkema's in-depth transformation into a high-performance group that is coherent and more resilient to the ups and downs of the economy, with a solid growth potential by 2010 and beyond.

Thank you again for your trust and confidence, and let me assure you that all Arkema employees are fully committed to the ongoing development of the Group.

Thierry Le Hénaff
Chairman and Chief Executive Officer

KEY FIGURES

(2006 data)

€5.7 bn sales

Over 17,000 employees

Present in 40 countries

80 production sites

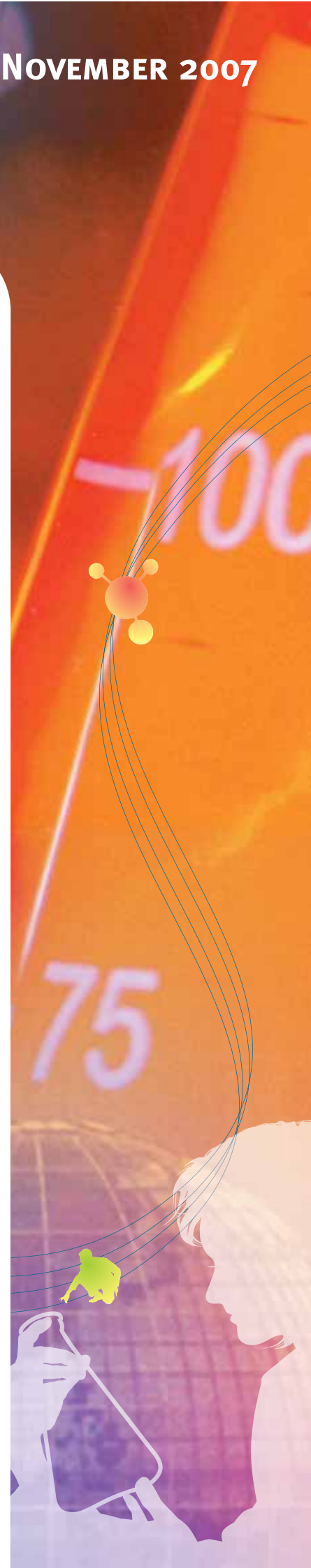
1,350 researchers

6 R&D centers

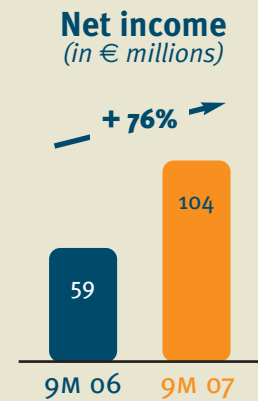
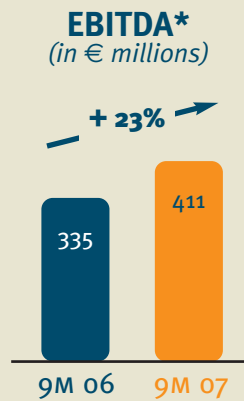
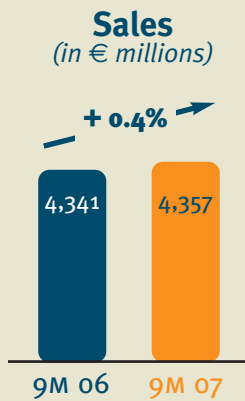
Over 3% of revenue allocated to R&D

€336 m in capital expenditure

- 3 business segments:
- Vinyl Products
 - Industrial Chemicals
 - Performance Products



Results for the first nine months of 2007



- **3.3%** increase in sales excluding the impact of exchange rates and of variations in the scope of business
- **€411 m** EBITDA* up **23%**
- EBITDA* on sales of **9.4%**
- Net income up **76%**

Sales

over the first 9 months of 2007 were stable at €4,357 m, against €4,341 m in 2006. Excluding the impact of exchange rates and of variations in the scope of business, sales rose by +3.3%, this growth being sustained by a major increase in volumes in some activities and a rise in average sales prices.

Net debt

at the end of September stood at €156 m, and the balance of non-recurring pre-spin off items**, equivalent to debt, at €150 m. The ratio between the sum of both these items and the shareholders' equity stood at 16% at the end of September compared to 28% at the end of December 2006.

EBITDA*

rose by 23% to €411 m, against €335 m for the same period in 2006. Over the first 9 months of 2007, Arkema reported the same result as for the whole of 2006. This very significant improvement results from a sound organic growth in volumes in an overall globally satisfactory market environment, as well as from the impact of the many productivity plans launched by Arkema. EBITDA* margin stood at 9.4% of sales for the first 9 months (7.7% for the same period in 2006).

Net income

rose by +76% to €104 m.

Cash flow

related to operations and investments in the first 9 months of the year was positive, at €+191 m, against €-265 m for the first 9 months of 2006. It includes in particular the impact of divestment and acquisition operations finalized in the first 9 months of the year (€+136 m). Following adjustments for these operations and for non-recurring pre-spin off items**, cash flow remained significantly positive at €+113 m, despite expenditure incurred with various restructuring plans launched since the spin off (€30 m) and the amount of tangible and intangible investments (€160 m).

* EBITDA corresponds to the recurring operating income increased by current amortization.

** Non-recurring pre-spin off items correspond to items taken into account for the computation of theoretical financial debt at the time of spin off.

The Life of the Group

Arkema continues with its transformation. The Group has announced since the beginning of 2007 a large number of strategic projects, in particular with new plans to improve its competitiveness, major developments in Asia, and the launch of new products developed from its research. The management of its portfolio has continued at a rapid pace with the very first acquisition, of the company Coatex, in July 2007, following the divestment of a number of assets representing sales of €400 m.



Arkema's first acquisition, Coatex achieves sales of € 150 m, employs some 300 people, and operates on 5 continents. Its headquarters and main production site are located near Lyon, France. Coatex manufactures and markets acrylic polymers used as dispersants and thickeners in the paper industry, coating, water treatment, cosmetics and textile. Coatex's business offers strong synergies with Arkema's, as the main raw material used by Coatex is the acrylic acid produced by Arkema. By using Coatex's unique know-how in rheology, the study of the deformation and flow of matter, and their knowledge of markets and

new materials, Arkema and Coatex will be able to jointly develop new products and new technologies. This new activity therefore fully fits into Arkema's portfolio.



Paper industry

Arkema is strengthening its industrial presence in Asia, a region which should account for 20% of all sales by 2012 against 13% today. Arkema concluded a partnership agreement with Daikin in September for the production and marketing of new generation refrigerant fluids. This new joint venture is poised to become the leader in fluorinated gases in Asia-Pacific. Arkema's commitment to expand in Asia is also reflected in the announcement of a new Kynar® fluorinated polymer production plant on the Changshu industrial platform. The Changshu site is therefore becoming a leading platform in the fluorine industry.



Changshu plant – China

Did you know?

With its innovative formulations, Arkema has been awarded a medal for the «Pierre Potier» prize in the category «chemistry at the service of environment». Based on raw materials of renewable origin, this major innovation helps produce «green bitumen» for roads as it lowers by 50°C the application temperature of the road surfacing material. This therefore helps reduce energy consumption on road

construction sites, while significantly improving environmental impact and working conditions.

Pebax®, a high added value product, was chosen by Le Coq Sportif as the main material for the sole of their two latest rugby shoes. Pebax® first trod the grass at Stade de France during the Rugby World Cup in September, at the feet of French player Frédéric Michalak.



Arkema's Evatane® is used in the composition of the «Crocs®» range of colorful leisure shoes which became fashionable this summer on both sides of the Atlantic.

Shareholders' diary



An important milestone, the Annual General Meeting

Arkema's first Annual General Meeting was held on June 5th 2007 and attended by over 800 shareholders. Thierry Le Hénaff reviewed the Company's activities, performance, transformation and outlook. At the close of the meeting, shareholders adopted all the resolutions put forward by the Board of Directors.

Meetings

Arkema is meeting with its shareholders through:

- meetings across France, with some 2,300 people met in Lyon, Marseille, Lille and Nantes;
- the Actionaria show, with some 1,500 visitors to the Arkema stand and an interview with Thierry Le Hénaff at the «Agora des Présidents» in 2006.

Communication tools

A dedicated space on the website, a 24/7 telephone number, and a vast range of publications are available to shareholders. You can at any time request a copy of the Reference Document, share registration form, the Activity and Sustainable Development Report, the corporate brochure, the Club programme, or the Shareholder Newsletter. Arkema also keeps you informed in the press through the regular publication of financial announcements.

Awards

With its various shareholder meetings and shareholder communication tools, Arkema rose to 5th place the very first time it took part in the «Fils d'Or» prize for the best shareholder service in the CAC MID100 category (award ceremony organized on October 18th 2007 by La Vie Financière and Les Echos in partnership with Synerfil). Arkema has also been rewarded by Agefi's «Grand Prix du Gouvernement



de l'entreprise 2007» with the 2nd prize in the dynamics of corporate governance category. This prize rewards the progress made by a company in terms of corporate governance.

And now a Club

The Arkema Shareholders Club is open free of charge to all individual shareholders who own at least 5 registered shares or 25 bearer shares. Its purpose above all is to increase knowledge of Arkema, its organization and its activities, in particular through plant visits. Your Club membership will also allow you to attend first-aid training with the French Red Cross, an organization partnered by Arkema. Arkema Shareholders Club will be launched officially at the Actionaria 2007 show; all interested shareholders can register directly on the Arkema stand E6 (level 2) or by returning the membership form available on the website, by contacting our individual shareholders' dedicated phone line, or by email.

Club
des Actionnaires
ARKEMA

Financial calendar

November, 16-17 2007
Actionaria Show,
Stand E6 (level 2)

November, 16 2007
11.20am
«Agora des Présidents»
with Thierry Le Hénaff

December, 6 2007
Meeting with Individual
Shareholders
in Marseille

February, 15 2008
2007 full year sales

March, 5 2008
2007 full year results

May, 20 2008
Annual General
Meeting

Share performance since spin-off: +69%



High: €50.88

Low: €24.94

Change: **Arkema + 69%**
SBF 120 + 16%

Prices at oct. 23, 2007

• Spin-off: **May 18, 2006**

• ISIN : **FR0010313833**

• Market capitalization:
€2.81 bn

• Number of shares: **60,453,823**

• Indices:

- SBF 120
- CAC MID 100
- DJ Euro STOXX Chemicals

Individual Shareholder Relations

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