



The world is our inspiration

shareholder NEWSLETTER



Thierry Le Hénaff
Chairman and Chief Executive Officer

DEAR SHAREHOLDERS,

We began 2008 with confidence, following a successful 2007, with results well above our stated objectives.

We have successfully reached a new milestone. Our Group's competitiveness has improved considerably, and many new industrial and research projects have been launched to ensure profitable growth. This reflects the soundness of the strategy we have been implementing since 2004 which combines geographic development, improved competitiveness, innovation, and a strengthened portfolio.

We are committed to actively continuing Arkema's transformation in 2008. We launched several new projects at the beginning of the year, including the reorganization of the polyamides activity on the Serquigny site in France, the centralization of Human Resources and Accounting functions, the finalization of the acquisition of the PMMA business from Repsol, and the announcement of the doubling of hydrogen peroxide capacity at the Leuna plant in Germany.

By capitalizing on the progress to date and on the anticipated effects of actions launched in 2006 and 2007, we can confirm our 2008 target of achieving an EBITDA margin of 10%, fully in line with a 12% EBITDA margin by 2010.

With the Board of Directors, we have decided to propose to the Annual General Meeting on May 20th to distribute, for the first time, a dividend of €0.75 per share for 2007. This decision reflects Arkema's confidence in its ability to create value over the long term and to continue improving its results. In the future the intention is to maintain the payment of a dividend the amount of which will be determined on the basis of the progress in the Group's results.

Thank you for your loyalty. I look forward to seeing you at our Annual General Meeting on May 20th.

Thierry Le Hénaff
Chairman and Chief Executive Officer

KEY FIGURES

(2007 data)

€5.7 bn sales

Almost 15,200 employees

Present in 40 countries

80 production sites

1,400 researchers

6 R&D centers

Almost 3% of revenue allocated to R&D

€340 m capital expenditure

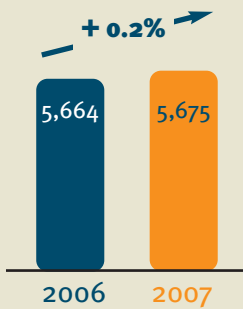
3 business segments:

- Vinyl Products
- Industrial Chemicals
- Performance Products

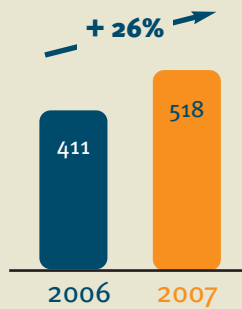


2007 full year results

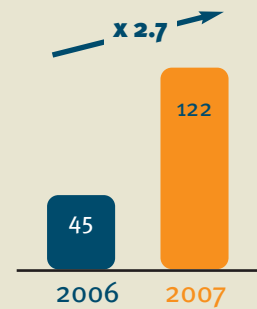
Sales
(in millions of euros)



EBITDA*
(in millions of euros)



Net income
(in millions of euros)



- **4%** increase in sales excluding the impact of exchange rates and variations in the scope of business
- EBITDA above the stated objectives
- EBITDA margin increased to **9.1%**
- Net income multiplied by **2.7**

Sales

rose slightly to €5,675 m against €5,664 m in 2006. Given constant exchange rate and scope of business, this increase in sales equates to 4%, the result of sound growth in volumes and an ongoing selective sales price increase policy.

EBITDA*

rose by 26% to €518 m, above the stated objectives. This major increase reflects the many internal growth initiatives undertaken throughout the Company's activities, with the launch of new high added value product lines, as well as competitiveness. These internal initiatives have helped us face a weak US dollar.

EBITDA margin

increased to 9.1% of sales, from 7.3% in 2006 and 6.2% in 2005. This excellent improvement allows us to confirm the 10% EBITDA margin targeted for 2008.

The net cash flow

from operations and investments stood at -€94 m. This cash flow includes the impact of divestment and acquisition operations finalized in 2007 (-€135 m) and non-recurring expenditure related primarily to the reorganization of Arkema's activities (-€160 m). After adjustment for both these items, recurring cash flow was positive and stood at €201 m against €95 m in 2006.

Net income

(group share) virtually tripled to €122 m against €45 m in 2006.

Consolidated net debt

totalled €459 m. It includes the acquisition of Coatex in October 2007. Taking into account debt-like items, i.e. non-recurring pre-spin-off items** (€122 m) at the end of 2007, the net debt to equity ratio stood at 30% (against 28% at the end of 2006), in line with Arkema's objective to maintain this ratio below 40%.

* EBITDA corresponds to the recurring operating income increased by depreciation and 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

2007, a year full of new projects around the world:

January

Signature of memorandum of understanding with Indian group Essar for the construction of an acrylics plant.

February

- Finalization of divestment of Cerexagri.
- Launch of project for the future of the Lacq industrial site (France) designed to restore its competitiveness.

March

- 10% increase in hydrogen peroxide production capacity at Jarrie site (France).
- Pierre Potier prize for innovative formulations for road bitumen.
- Launch of project for the future of Pierre-Bénite plant (France), to turn it into a competitive European site in Fluorochemicals.
- 30% increase in DMDS capacity (sulfur derivatives) at Lacq site (France).

April

Startup of cast acrylic sheet plant at Saint-Avoid (France).

May

- Divestment of specialty amines activity in North America.
- Startup of molecular sieve production at Inowroclaw in Poland.
- Announcement of doubling of polyamides production capacity in China.

June

- Relocation of headquarters to Colombes.
- Proposed plan for the future of Vlissingen site (Netherlands).
- Presentation of project for recentering specialty surfactants activity.

September

- Inauguration of the world's largest new generation fluorinated gas production plant at Calvert City (United States).
- Signature of partnership with Daikin to create the fluorinated gas leader in Asia Pacific.

- Doubling of production capacity for PVC heat stabilizer at Beijing facility, China.
- Announcement of proposed construction of fluoropolymer plant in China.

October

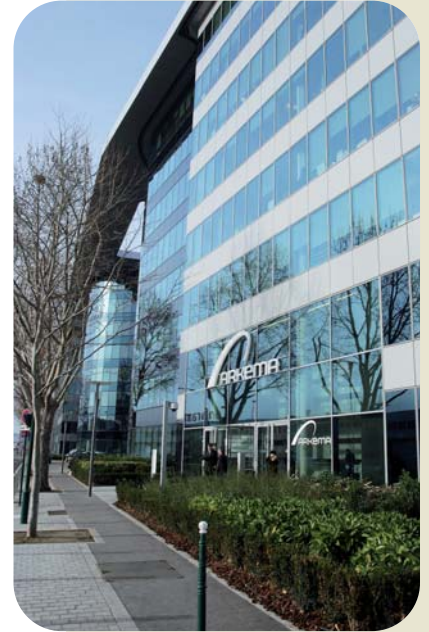
- Finalization of acquisition of Coatex.
- Project to improve productivity at Marseille site (France) with production capacity increase.

November

- Finalization of divestment of urea-formaldehyde resins business.
- Global partnership with Spraying Systems Co. for the development of coating solutions for returnable bottles.

December

Project to acquire PMMA activity from Repsol.



New headquarters
Colombes (France)

Focus

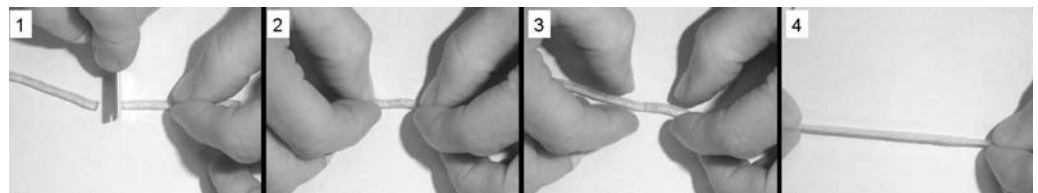
A revolutionary innovation

Supramolecular chemistry is a new concept in chemistry that offers a major improvement potential for everyday applications. Arkema, a partner in this research, is one of the first manufacturers poised to offer products derived from this chemistry in the near future:

broken or cracked rubber that can self-heal simply through new contact, ultra-tough

bitumen laid at 140°C instead of 180°C, easily-molded plastics with superior

mechanical strength and chemical stability, and hotmelt glues from vegetable origin.



Shareholders' diary

2008 Annual General Meeting:

Tuesday May 20, 2008 at 4:30 pm, at the Palais des Congrès in Paris. The Notice of Meeting inviting you to attend:

- will be sent to you automatically early May if you own registered shares or more than 100 bearer shares,
- will be available from your financial intermediary if you own fewer than 100 bearer shares. At your request, your financial intermediary will carry out the necessary formalities for you to receive an admission card or a postal vote form.

Bearer shareholders wishing to attend the Annual General Meeting in person and who have yet to receive their admission card 3 days prior to the Annual General Meeting will be required to bring a certificate of ownership as at D-3 to attend the Meeting. The agenda, together with all practical information on the Annual General Meeting, will be available on the website www.finance.arkema.com



Distribution of first dividend:

Arkema wants its shareholders to benefit from the improvement in its results. A dividend of €0.75 per share will be proposed to the Annual General Meeting on May 20, 2008 for 2007, payable on May 27, 2008.

Taxation:

For the purposes of the 2008 French solidarity tax on wealth ("ISF" in France), you may take into account:

- either the last known price of the Arkema share on December 31, 2007: €44.94
- or the arithmetic average of the last 30 closing prices: €42.87

Shareholders Club:

We are pleased to invite you, as a Member of the Club, to take up first-aid training on May 27, 2008, and to visit the Balan plant (Ain) on June 16, 2008. The Innovation conference on February 20 was a big success, and will be repeated in the 2nd half of the year. If you own at least 25 bearer shares or 5 registered shares and have yet to join the Arkema Shareholders Club, membership is free of charge and will allow you to take part in the activities offered by the Club. If you wish to join, please contact us on +33 (0) 1 49 00 82 01.



Financial calendar

April 9 2008
Meeting with Individual Shareholders in Lyon

May 14 2008
1st quarter 2008 results

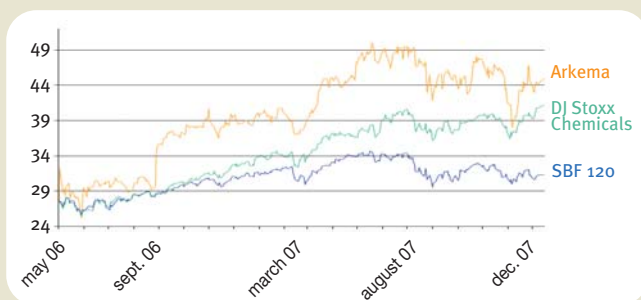
May 20 2008
Annual General Meeting at Palais des Congrès in Paris

June 2 2008
Meeting with Individual Shareholders in Nantes

June 10 2008
Meeting with Individual Shareholders in Lille

August 7 2008
2nd quarter and 1st half 2008 results

Share performance since spin-off: +63%*



* Prices at december 31, 2007

High: €50.88

Low: €24.94

Change: Arkema + 63%

SBF 120 + 14%

DJ Stoxx

Chemicals + 50%

• Spin-off: May 18, 2006

• Market capitalization: €2.7 bn

• Indices: - SBF 120

- CAC MID 100

• ISIN: FR0010313833

• Number of shares: 60,453,823

- DJ Stoxx Chemicals

Individual Shareholder Relations

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