

Arkema Corporate Press Briefing
Marc Schuller
April 14, 2010

Good Morning, and thank you for attending. It is a pleasure to attend the American Coatings Show this year.

My name is Marc Schuller. I am Executive Vice President of Arkema, with overall responsibility for the businesses that serve the global coatings industry.

We appreciate this opportunity to update each of you, as key members of the global coatings and chemical business media, about Arkema and our participation in the coatings industry.

When the representatives of our various businesses make their presentations over the next 50 minutes or so, you will hear three common themes – Innovation, Sustainability and Investment.

This morning I would like to brief you on: 1) the overall Arkema Corporate structure, 2) how the recent acquisition of acrylic acid and latex assets in the USA accelerates our global strategy and enhance Arkema's ability to serve the Coatings market, and 3) the investments Arkema is making as part of its commitment to the Coatings industry.

1. Introduction to Arkema

First, a few words about Arkema. Arkema is a medium-sized global chemicals producer with annual sales revenue above 6 Billion US\$ globally, of which nearly 2 Billion US\$ is in the USA. We have a very strong balance sheet, which will enable us to fund organic growth and growth by acquisition in future.

We have 14 Global Business units organized into 3 Portfolios: Vinyl Products, Industrial Chemicals, and Performance Products. The industrial Chemicals Portfolio, which comprises roughly half of Arkema's total turnover, houses the Acrylic Monomers, Emulsion Systems, and Coatex. No doubt you recognize already these global business units and their brand names and trademarks (Kynar™, Aquatech™ EnVia™, UCAR™, NeoCAR™, POLYPHOBE™, RHEOTEC™, among others) that serve the US Coatings industry.

As a medium-sized company, our path to growth requires us to be nimble, flexible, and innovative. We have nearly 14,000 employees today, of which over 1100 are research professionals generating over 150 new patents each year. Our annual research spend of over 160 Million dollars per year is an investment in two development vectors: 1) high performance materials and 2) sustainable development. By 2014, we will have over one-half-billion dollars of new sales from such products.

Our commitment to practical innovation is helping our customers offer unique products to their customers. This morning you will hear about nanoparticle materials, and new polymers that offer formulators unique properties, including high performance at zero VOC. Sustainability continues to be a focus for the entire Arkema organization. This morning you will hear more about our EnVia certification program for sustainable formulating, as well as binders, additives and rheology control products that help formulators meet stringent regulatory guidelines.

2. The importance of the Coatings Market to Arkema

Arkema has as a corporate objective to grow the “acrylic envelope”, which we define as acrylic acid to esters to the downstream polymer producers such as Coatex and Emulsion Systems, from 17% of our global turnover to over 20% within the next five years. This should position us clearly as a strong global and integrated acrylic player.

The acquisition of the Acrylic monomer and latex related assets from Dow accelerates the corporate strategy of targeted growth in the USA. This acquisition was a perfect fit for Arkema, making us the second largest acrylic acid and esters producer in the US and the second largest latex producer in the US. We are a leader in US merchant sales of Acrylic Monomers, and are the leader in vinyl polymers into the US Architectural Coatings market. This supplements our leading position as an Acrylic Monomers producer and supplier of rheology modifiers in Europe, and our growing presence in China. This was also a good fit for the US marketplace, because it puts a 3rd globally viable acrylic monomer producer into the US supply equation where this was missing previously.

Before describing the investment situation in more detail, here are a few statistics to underscore the importance to Arkema of the US market in general and the US Coatings market in particular. With the acquisition of the new assets, we now have sales into the US coatings market of nearly 300 Million dollars per annum, which expands our footprint into this market by nearly a factor of 9X. Our total growth from both organic baseline and from the acquisition is nearly 50% as compared to last year. With the acquisition we now have 2 global business units (Emulsion Systems and Functional Additives) head-quartered in the USA. This reflects our increasing US footprint and commitment to the US marketplace.

3. Our Strategy and Investment

In-line with our objective to strengthen our position as a viable global integrated player in the acrylic envelope, we will be making investments in both the upstream monomers and downstream emulsion polymers units. The Acrylic Monomers unit at Clear Lake will be upgraded. The Emulsion Systems business will extend its reach globally. And we will continue to grow Coatex globally, with investments such as the plant currently under construction in ChangShu, China.

Such a commitment to the industry absolutely requires Arkema to be a good steward for such assets. As the entire industry is painfully aware from recent events, both supplier and customer suffer when production capability does not match demand or when upstream hydrocarbon raw materials are not available. We suffer together when the value chain between Big Oil and the Consumer compresses as hydrocarbon costs surge and these do not pass fully through to the end consumer. The pressure we all feel today is the culmination of the industry's collective actions over the past several years, or maybe more precisely, the industry's lack of action. The actions over the near term by Acrylic producers are necessary steps towards restoring stability and to put the industry on a sustainable footing.

Turning now looking towards the longer term future, we believe the industry will recover and will emerge from the current situation to stronger. While much of the focus today naturally focused on the US market we also have a strategic objective to grow in emerging economies, both in monomer and latex, which you will hear more about during the remarks by the speakers that follow me.

But the question always is: “how do these investments benefit our customers and the industry in general?” Our customers benefit in two important ways:

1. We have built a broader technology base to draw from to create innovative solutions to meet their needs.
2. Our investments represent our ongoing commitment to the global coatings industry. We expect to help our customers grow their businesses so that we can grow ours in return.

Thank you for your attention. This concludes my remarks, and I will glad to answer questions when we reach the Q&A portion of today's session. Thank you for your attention.