

## Press release

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Paris (France), June 16, 2010

### **RHODIA TO ACQUIRE FEIXIANG CHEMICALS (ZJG), CHINA'S LEADING PRODUCER OF AMINES AND SURFACTANTS**

*"This acquisition is a key step in the implementation of Rhodia's profitable growth strategy. Through the integration of Feixiang Chemicals, Rhodia significantly strengthens its leadership positions in the surfactant business, while enhancing its footprint in the world's fastest growing region", commented Rhodia Chairman & CEO Jean-Pierre Clamadieu. "We aim to double the size of the acquired business within the next five years. Following the completion of this acquisition, Rhodia will generate around one third of its net sales in Asia."*

This acquisition represents a unique opportunity for Rhodia to integrate specialty amine technologies into Novecare's business portfolio. The combination of Rhodia's formulation expertise and end-market applications with Feixiang Chemicals (Zhangjiagang) specialty amines capabilities will reinforce Rhodia's leadership position in specialty surfactants for the home and personal care, agrochemicals, oilfield and industrial markets.

Headquartered in Zhangjiagang near Shanghai, Feixiang Chemicals employs about 650 people. The company has demonstrated its ability to drive significant top line growth (average of 20% per year) while enhancing its profitability over the past five years. Rhodia expects to further improve this performance thanks to significant revenue synergies.

The acquisition price is based on an enterprise value of US\$489 million for 100% of the company, representing an estimated 2010 EBITDA multiple of around 9x. The current majority owner will retain 12.5% of the capital over the next two years. This transaction is expected to be accretive from year one.

The completion of the transaction is subject to various customary closing conditions, including approval of the Chinese authorities. It is expected to be finalized in the second half 2010.

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**Feixiang Chemicals (Zhangjiagang) Co. Ltd.** is one of the leading companies in the Asia-Pacific area, producing, developing and selling the full range of fatty amines and specialty amines. The company is located in Zhangjiagang city, Jiangsu province, China, which is about 110 km from Shanghai.

**Rhodia Novincare**, with net sales of €827 million in 2009, is one of the six Group's Enterprises and provides high-performance products and solutions to a wide range of industries including cosmetics, detergents, agrochemicals and oil, as well as coating and industrial applications. Thanks to a worldwide industrial footprint and global R&D and tech-support network, Rhodia Novincare holds leading positions in the surfactants, phosphorus derivatives, natural polymers, synthetic polymers and monomers technologies, and eco-friendly oxygenated solvents markets. Rhodia Novincare has developed particular expertise to answer and anticipate customer needs in protection, surface modification, rheology, active delivery, improvement of formulations and processes and sustainability.

**Rhodia** is an international chemical company resolutely committed to sustainable development. As a leader in its businesses, the Group aims to improve its customers' performance through the pursuit of operational excellence and its ability to innovate. Structured around six Enterprises, Rhodia is the partner of major players in the automotive, electronics, flavors and fragrances, health, personal and home care markets, consumer goods and industrial markets. The Group employs around 13,600 people worldwide and generated sales of €4.03 billion in 2009. Rhodia is listed on Euronext Paris.

For more information, please visit our institutional website at <http://www.rhodia.com>

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