

Prospectus dated 8 November 2013

**SOLVAY FINANCE**

(a *société anonyme* incorporated in France)

Euro 700,000,000 Undated Deeply Subordinated Fixed to Reset Rate Perp-NC5.5 Bonds (the "**Perp-NC5.5 Bonds**")

Euro 500,000,000 Undated Deeply Subordinated Fixed to Reset Rate Perp-NC10 Bonds (the "**Perp-NC10 Bonds**")

Irrevocably guaranteed on a subordinated basis by

**SOLVAY SA**

(a *société anonyme* incorporated in Belgium)

Issue Price for the Perp-NC5.5 Bonds: 100 per cent.

Issue Price for the Perp-NC10 Bonds: 100 per cent.

This document constitutes a prospectus for the purposes of Article 5.3 of Directive 2003/71/EC as amended by Directive 2010/73/EU (the "**Prospectus Directive**") and the Luxembourg law of 10 July 2005, as amended by the Luxembourg law of 3 July 2012 implementing the Prospectus Directive (the "**Luxembourg Law**"). This prospectus contains information relating to the issue by Solvay Finance (the "**Issuer**") of the Perp-NC5.5 Bonds and the Perp-NC10 Bonds (together, the "**Bonds**") irrevocably guaranteed on a subordinated basis by Solvay SA (the "**Guarantor**") and must be read in conjunction with the documents incorporated by reference herein. Together, this prospectus and the information incorporated by reference herein constitute a prospectus (the "**Prospectus**") in connection with the issue of the Bonds, prepared for the purposes of Article 5.1 of the Prospectus Directive and Article 8.1 of the Luxembourg Law.

The Bonds will be issued outside the Republic of France. The Perp-NC5.5 Bonds will bear interest (i) at the fixed rate of 4.199 per cent. per annum from (and including) 12 November 2013 (the "**Issue Date**") to (but excluding) 12 May 2019, payable annually in arrear on 12 May in each year and (ii) thereafter at a rate equal to the mid swap rate for 5-Year Euro Mid Swaps plus the relevant Margin payable annually. The Perp-NC10 Bonds will bear interest (i) at the fixed rate of 5.425 per cent. per annum from (and including) the Issue Date to (but excluding) 12 November 2023, payable annually in arrear on 12 November in each year and (ii) thereafter at a rate equal to the mid swap rate for 5-Year Euro Mid Swaps plus the relevant Margin payable annually.

The Issuer may, at its option, elect not to pay interest in respect of the Bonds, in which case any such interest shall be deferred and constitute "**Outstanding Amounts**". Outstanding Amounts will bear interest at the rate of interest then applicable to the Bonds. Outstanding Amounts and interest accrued thereon shall be payable upon the occurrence of an Outstanding Amount Payment Event (as such term is defined in "*Terms and Conditions of the Perp-NC5.5 Bonds – Definitions*" and "*Terms and Conditions of the Perp-NC10 Bonds – Definitions*", as applicable) or if the Issuer so decides.

The principal and interest on the Bonds constitute direct, unconditional, unsecured and deeply subordinated obligations of the Issuer and rank and will rank *pari passu* among themselves and *pari passu* with all other present and future Parity Securities of the Issuer, but shall be subordinated to *prêts participatifs* granted to the Issuer, to Ordinary Subordinated Obligations and to Unsubordinated Obligations of, or issued by, the Issuer (as all such terms are defined in "*Terms and Conditions of the Perp-NC5.5 Bonds – Definitions*" and "*Terms and Conditions of the Perp-NC10 Bonds – Definitions*", as applicable).

The Bonds may be redeemed (in whole but not in part) on the First Call Date, on the Second Reset Date and on any Subsequent Reset Date thereafter (each as such terms are defined in "*Terms and Conditions of the Perp-NC5.5 Bonds – Definitions*" and "*Terms and Conditions of the Perp-NC10 Bonds – Definitions*", as applicable), at the option of the Issuer. The Issuer will also have the right (and in certain circumstances the obligation) to redeem the Bonds (in whole but not in part) for certain tax reasons, upon the liquidation or insolvency of the Issuer, upon an Accounting Event or upon a Rating Methodology Event (each as such terms are defined in "*Terms and Conditions of the Perp-NC5.5 Bonds – Definitions*" and "*Terms and Conditions of the Perp-NC10 Bonds – Definitions*").

Application has been made to the *Commission de Surveillance du Secteur Financier* in Luxembourg (the "**CSSF**"), which is the Luxembourg competent authority for the purpose of the Prospectus Directive and the Luxembourg Law for the approval of this Prospectus as a Prospectus for the purposes of Article 5.3 of the Prospectus Directive and the Luxembourg Law. The CSSF assumes no responsibility as to the economic and financial soundness of the transaction contemplated by this Prospectus or the quality or solvency of the Issuer in accordance with Article 7(7) of the Prospectus Act 2005.

Application has been made to the Luxembourg Stock Exchange for the Bonds to be listed and admitted to trading on the Luxembourg Stock Exchange's Regulated Market and to be listed on the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's Regulated Market is a regulated market for the purposes of the Market and Financial Instruments Directive 2004/39/EC (the "**Regulated Market**"). References in this document to the Luxembourg Stock Exchange (the "**Luxembourg Stock Exchange**") and all related references shall include the Regulated Market.

The Bonds will be in bearer form and in the denomination of Euro 100,000 each and integral multiples of Euro 1,000 in excess thereof. The Bonds will initially be in the form of a temporary global bond (the "**Temporary Global Bond**"), without interest coupons, which will be deposited on or around the Issue Date with a common depository for Euroclear Bank, S.A./N.V. ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"). The Temporary Global Bond will be exchangeable, in whole or in part, for interests in a permanent global bond (the "**Permanent Global Bond**"), without interest coupons, not earlier than 40 days after the Issue Date upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Bonds cannot be collected without such certification of non-U.S. beneficial ownership. The Permanent Global Bond will be exchangeable in certain limited circumstances in whole, but not in part, for Bonds in definitive form in the denomination of Euro 100,000 each and with interest coupons attached. So long as the Bonds are represented by a Temporary Global Bond or a Permanent Global Bond and the relevant clearing system(s) so permit, the Bonds will be tradeable only in the minimum authorised denomination of Euro 100,000 and higher integral multiples of Euro 1,000, notwithstanding that no Definitive Bonds will be issued with a denomination above Euro 199,000. See "*Overview of Provisions Relating to the Bonds in Global Form*".

The Bonds are expected to be assigned a rating of Baa3 with negative outlook by Moody's Investors Services Ltd ("**Moody's**") and a rating of BBB- by Standard & Poor's Credit Market Services France S.A.S ("**S&P**"). Each of Moody's and S&P is established in the European Union and registered under Regulation (EU) No 1060/2009 (as amended). Moody's and S&P are displayed on the latest update of the list of registered credit rating agencies (as of 3 June 2013) on the ESMA website (<http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>). A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

**Sole Structuring Adviser, Sole Global Coordinator and Joint Bookrunner**

**HSBC**

**Joint Bookrunners**

**BNP PARIBAS**

**Credit Suisse**

**Goldman Sachs International**

**HSBC**

**ING**

This Prospectus has been prepared for the purpose of giving information with regard to the Issuer, the Guarantor and the Bonds which is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position and profit and losses of the Issuer and the Guarantor.

This Prospectus is to be read in conjunction with all the documents which are incorporated herein by reference.

The delivery of this Prospectus at any time does not imply that any information contained herein is correct at any time subsequent to the date hereof.

The Issuer has confirmed to the Managers named under "Subscription and Sale" below (the "**Managers**") that this Prospectus and the documents incorporated by reference herein contain all information regarding the Issuer, the Guarantor and the Bonds which is (in the context of the issue of the Bonds) material; such information is true and accurate in all material respects and is not misleading in any material respect; any opinions, predictions or intentions expressed in this Prospectus on the part of the Issuer or the Guarantor are honestly held or made and are not misleading in any material respect; this Prospectus does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in such context) not misleading in any material respect; and all proper enquiries have been made to ascertain and to verify the foregoing.

Neither the Issuer nor the Guarantor has authorised the making or provision of any representation or information regarding the Issuer, the Guarantor or the Bonds other than as contained in this Prospectus or as approved for such purpose by the Issuer or the Guarantor. Any such representation or information should not be relied upon as having been authorised by the Issuer, the Guarantor or the Managers.

Neither the Managers nor any of their respective affiliates have authorised the whole or any part of this Prospectus and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Prospectus. Neither the delivery of this Prospectus nor the offering, sale or delivery of any Bond shall in any circumstances create any implication that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer since the date of this Prospectus.

This Prospectus does not constitute an offer of Bonds, and may not be used for the purposes of an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised, or to any person to whom it is unlawful to make such offer or solicitation and no action is being taken to permit an offering of the Bonds or the distribution of this Prospectus in any jurisdiction where any such action is required except as specified herein.

Neither this Prospectus nor any other information supplied in connection with the offering of the Bonds (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer, the Guarantor or any of the Managers that any recipient of this Prospectus or any other information supplied in connection with the offering of the Bonds should purchase any Bonds. Each investor contemplating purchasing any Bonds should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Prospectus nor any other information supplied in connection with the offering of the Bonds constitutes an offer or invitation by or on behalf of the Issuer or any of the Managers to any person to subscribe for or to purchase any Bonds.

Neither the delivery of this Prospectus nor the offering, sale or delivery of the Bonds shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the offering of the Bonds is correct as of any time subsequent to the date indicated in the document containing the same. The Managers expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Bonds or to advise any investor in the Bonds of any information coming to their attention.

The contents of this Prospectus are not to be construed as legal, business or tax advice. Each prospective investor should subscribe for or consult its own advisers as to legal, tax, financial, credit and related aspects of an investment in the

relevant Bonds. None of the Managers undertakes to review the financial condition or affairs of the Issuer or the Guarantor during the life of the arrangements contemplated by this Prospectus nor to advise any investor or potential investor in the Bonds of any information coming to the attention of any of the Managers.

The Bonds may not be a suitable investment for all investors. Each potential investor in the relevant Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the relevant Bonds, the merits and risks of investing in the relevant Bonds and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Bonds, how the relevant Bonds will perform under changing conditions, the resulting effects on the value of the relevant Bonds and the impact the relevant Bonds will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Bonds;
- understand thoroughly the terms of the relevant Bonds and be familiar with the behaviour of the relevant financial markets and of any financial variable which might have an impact on the return on the relevant Bonds; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Bonds are complex financial instruments and such instruments may be purchased by potential investors as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Bonds are legal investments for it, (2) the Bonds can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any of the Bonds.

In this Prospectus, unless otherwise specified, references to a Member State are references to a Member State of the European Economic Area, references to EUR or euro or € are to the single currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended.

Certain figures included (or incorporated by reference in) in this Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

The distribution of this Prospectus and the offering, sale and delivery of Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Managers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Bonds and on distribution of this Prospectus and other offering material relating to the Bonds, see "Subscription and Sale".

The Bonds have not been and will not be registered under the United Securities Act of 1933, as amended (the "**Securities Act**") and, subject to certain exceptions, may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("**Regulation S**")).

A further description of the restrictions on offers and sales of the Bonds in the United States or to, or for the benefit of, U.S. persons, and in certain other jurisdictions, is set forth below under "Subscription and Sale".

**In connection with the issue of the Bonds, HSBC Bank plc (the "Stabilising Manager") (or persons acting on behalf of the Stabilising Manager) may over allot Bonds or effect transactions with a view to supporting the price of the Bonds at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the Bonds is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Bonds and 60 days after the date of the allotment of the Bonds. Any stabilisation action or over-allotment shall be conducted in accordance with all applicable laws and rules.**

### **FORWARD-LOOKING STATEMENTS**

This Prospectus contains certain statements that are forward-looking including statements with respect to the Issuer's and the Guarantor's business strategies, expansion and growth of operations, trends in the business, competitive advantage, and technological and regulatory changes, information on exchange rate risk and generally includes all statements preceded by, followed by or that include the words "believe", "expect", "project", "anticipate", "seek", "estimate" or similar expressions. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ materially from those in the forward-looking statements as a result of various factors. Potential investors are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date hereof.

## **RESPONSIBILITY STATEMENT**

The Issuer and the Guarantor accept responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Issuer and the Guarantor, having taking all reasonable care to ensure that such is the case, the information contained or incorporated by reference in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

### **Solvay Finance**

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France

Duly represented by:

Mr Pascal Hubinont, *Président du Conseil d'administration* and *Directeur Général*

### **Solvay SA**

Rue de Ransbeek, 310  
B-1120 Brussels  
Belgium

Duly represented by:

Mr Jean-Pierre Clamadieu, Chief Executive Officer and Chairman of the Executive Committee  
and

Mr Karim Hajjar, Chief Financial Officer and Member of the Executive Committee

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## **RISK FACTORS**

*The following is a description of risk factors which are material in respect of the Bonds and the financial situation of the Issuer and the Guarantor and which may affect the Issuer's and/or the Guarantor's ability to fulfil their respective obligations under the Bonds and/or the Subordinated Guarantee (as defined in the Terms and Conditions of the Bonds) and which prospective investors should consider carefully before deciding to purchase the Bonds. The sequence in which the following risk factors are listed is not an indication of their likelihood to occur or of the extent of their commercial consequences. Prospective investors should read and consider all of the information provided in this Prospectus or incorporated by reference in this Prospectus and should make their own independent evaluations of all risk factors and consult with their own professional advisers if they consider it necessary. Terms defined in "Terms and Conditions of the Perp-NC5.5 Bonds" and "Terms and Conditions of the Perp-NC10 Bonds" below shall have the same meaning where used below.*

### **Risks relating to the Issuer**

As the Issuer is a special purpose vehicle fully dedicated to the issue of securities including, but not limited to, bonds or similar or other types of debt instruments and carries out no industrial or trade activities, its ability to perform its obligations under the Bonds depends essentially on the financial support that the Guarantor will provide to the Issuer as its sole shareholder.

### **Risks relating to the Guarantor**

The following risk factors relate to the Solvay Group ("**Solvay**") taken as a whole.

### **Management of Risks**

Taking calculated risks while remaining in compliance with laws, regulations and the Code of Conduct is an inherent aspect of the business and industrial activities of the Solvay Group. The policy on ERM (Enterprise Risk Management) states that the Group will identify, quantify, assess and manage all potentially significant business risks and opportunities by applying systematic risk management integrated with strategy, business decisions and operations. Solvay is also monitoring the effects of climate change as related risks and opportunities may affect the Group's business objectives. Risk management is seen as an essential management tool and aid in making the decisions needed to achieve the company's short-, medium- and long-term objectives.

Drawing on the Federation of European Risk Management Associations Risk Management Standard, Solvay has during 2012 continued its commitment to ensure that a common approach to Risk Management permeates all levels of the organisation. An ERM department within the Corporate Finance function develops tools, provides advice and proposes strategies to help entities manage their risks more systematically.

During 2012, the emphasis has been on the integration of Rhodia, defining a common policy, risk-profiling methodology, risk appetite, property-loss prevention process and internal-control process. Risk governance is strengthened by a reinforced ERM department and a Group Management Risk Committee.

As in 2011, during the first half of 2013 another full risk-profiling exercise has been undertaken, in which each GBU and corporate function identifies, quantifies and assesses the risks to its strategic objectives. For risks assessed as falling outside the defined risk appetite, actions are developed, implemented and monitored. Results are reported both to the ERM department and, together with the strategy, to the Executive Committee. Results are consolidated and further assessed to form a Group risk profile that is proposed to the Executive Committee.

The internal-control process is applied to the most important corporate business processes. The methodology has the following steps: (i) risk analysis along the process by the process owner supported by experts from the ERM department, (ii) design of controls to reduce risks, (iii) deployment of controls, and (iv) assessment of controls' effectiveness by Internal Audit. Efficient internal controls also reduce the risk of errors in financial reporting. Please refer to page 159 of the Annual Report 2012 of Solvay for a detailed description of the internal-control system of the



Solvay Group.

During 2012, the consolidation of business processes has progressed well, however, separate processes with similar objectives and under common leadership will continue to coexist for some time.

As part of the integration, all required corporate-level policies have been listed and are being redrafted, benefiting from an exchange of best practices. In addition to existing policies, new policies are also being developed, for example a policy on human rights issues. In 2012, the Executive Committee approved 10 out of 50 policies. The remaining policies will be approved in 2013.

In relation to human rights, Solvay is assessing that its impacts on human rights are mostly related to health and safety and work-related issues (see 7 below). With its expanding activities in emerging countries, Solvay will continue to reassess its impact on human-rights matters.

In a context of global economic and political uncertainty, evolving power balances, different growth dynamics, shortening of market cycles, raw-material and energy volatility and quick technological evolution, to mention just a few factors, Solvay believes that adequate monitoring and management of risk is critical to ensure the sustainability and growth of the company. Solvay strives to pursue the deployment of a best-in-class risk management process across the Group's businesses and functions.

### **Risk description in 10 categories**

Solvay has defined 10 categories of risk:

1. Market and Growth – Strategic risk;
2. Supply Chain and Manufacturing risk;
3. Regulatory, Political and Legal risk;
4. Corporate Governance and risk attached to Internal Procedures;
5. Financial risk;
6. Product risk;
7. Risk to people;
8. Environmental risk;
9. Information and IT risk; and
10. Reputational risk.

The purpose of this report is to describe the principal risks associated with each category and to outline the actions undertaken by the Group to reduce those risks. The order in which these risk categories are listed is not an indication of their importance or probability. The mitigation efforts described are no guarantee that risks will not materialise but demonstrates the Group's efforts to manage risk exposures in an entrepreneurial way.

#### **1. Market and Growth – Strategic risk**

Strategic risk refers to Solvay's exposure to developments in its markets or its competitive environment as well as the risk of making erroneous strategic decisions. Examples of risks are technological leaps leading to the development of substitute products or more competitive manufacturing processes, economic downturn, drastic changes in energy and raw-material prices, the lack of success of a new product, scarcity of key raw materials, reduction of demand in the Group's main markets as a consequence of either new legislation or competitive actions, events affecting its most

important customers, new entrants in a market, price war, significant imbalances between supply and demand in its markets, major social crisis and risks related to climate change.

The diverse businesses within Solvay generate a variety of risks, some of which could potentially affect the Group as a whole. But diversification contributes to the reduction of the overall risk as the Group's different businesses, processes, policies and structures offset some risks against each other merely through a balanced portfolio of products.

### **Prevention and mitigation efforts**

The potential impact of adverse events is assessed and managed at Corporate level, and involves in particular:

- maintenance of a balanced portfolio of products and geographic spread;
- diversification of the customer base in different market segments;
- adaptation of operations to the changing macroeconomic and market environment;
- selective vertical integration and diversified sourcing to limit potential cumulative effects from raw material supply risks;
- strict financial policy of controlling the net-debt-to-equity ratio; and
- investment and innovation strategy.

In 2012, the Group undertook a full portfolio analysis. The market attractiveness analysis included explicitly an industry risk criterion. The conclusions in terms of the Group strategic vision and intent as well as Solvay businesses' strategic priorities were presented by the CEO to the Group's various stakeholders.

With the integration of Rhodia the strategic planning process has been updated to include best practices from both groups. A comprehensive and robust planning process is in place at Operating Segments, at Global Business Units ("GBU") and at Corporate levels. The strategy process starts with a comprehensive review of market growth dynamics, competitive environment, technology and industrial footprint, innovation and major-projects pipelines, key risks and strategic options, resulting in a five-year roadmap for each GBU. The results are presented to and reviewed by the Executive Committee. Roadmaps are then complemented by budget plans and revised as necessary, followed by a final presentation to Executive Committee for approval. GBUs are authorised to roll out the strategy within their organisation and to manage allocated resources and processes to deliver the projects and plans.

At Corporate level, the portfolio analysis mentioned above together with the consolidation of the GBU roadmaps constitutes the basis for the Group strategy, for the allocation of resources across the various operating segments, for the balancing of risks and for determining financial projections and needs. Main strategic options, larger projects and geographic expansions are assessed in terms of profitability, sustainability and risk profiles. Lessons of the past and benchmarks are integrated to mitigate risks. Key findings and proposed action plans are then submitted to the Board of Directors, which has ultimate responsibility for the Group's strategy including managing the balance of the portfolio of businesses.

## **2. Supply Chain and Manufacturing risk**

Supply chain and manufacturing risk in production units and transportation refers to risks related to raw material, suppliers, production, storage units and inbound/outbound transportation. Risks include major equipment failure or damage, natural disasters, industrial and transportation accidents, strikes and drastic shortages of raw material, utilities or critical equipment.

The geographic distribution of production units around the world reduces the overall impact of one production unit being damaged or interrupted. Some specialty products are however only produced in one single plant.

## Prevention and mitigation efforts

Key risk areas are addressed with relevant dedicated policies and risk-control programmes such as the property-loss prevention process, process safety management procedures, health and safety policies, the supplier qualification and assessment process, integrated resource planning and supply chain optimisation systems ERP (Emergency Response Plans), corporate and local crisis management procedures, business continuity planning (including for pandemic risk), and networking groups for manufacturing and supply chain managers.

Solvay buys insurance to reduce the financial impact of events potentially causing extensive damage and consequential business interruption. The property-loss prevention programme is deployed with the support of a large network of risk engineers assigned by the insurers and focusing on the prevention and mitigation of damage to assets and loss of profit due to fire, explosion, accidental chemical release and other sudden adverse events. The programme has been fully implemented across the Group since January 2012 and includes:

- bi-annual engineering visits to all locations with a EUR 100 million worst-case risk scenario;
- quarterly monitoring and update on the status of agreed risk improvement actions for all locations;
- business impact analysis; and
- loss-prevention training of plant personnel.

In addition of owning several mines and quarries for extraction of fluor, trona, limestone, salt and celestite, Solvay reduces the risk of disruption of raw material supply (availability, reliability and price) by a combination of:

- use of flexible medium- and long-term contracts;
- diversification of the sources of raw materials;
- development of partnerships with preferred suppliers;
- when possible, integration of key suppliers in the property loss prevention programme; and
- implementing processes to ensure REACH compliance up the supply chain and/or substitution, to minimise the risk of raw materials disruption.

In the field of energy supply, Solvay has consistently implemented programmes to reduce its energy consumption for many years. While Solvay has industrial activities with high energy consumption, mainly in Europe (synthetic soda ash plants, Chlorovinyls, Polyamides), it also operates a range of industrial activities with a relatively low energy consumption, particularly in the Specialty Polymers and Novicare GBUs. The Group considers secure and reliable energy supplies to be particularly important and has taken the following strategic initiatives:

- technological leadership in processes and high-performance industrial operations to minimise energy consumption;
- diversification and flexible use of the different types and sources of primary energy;
- upstream integration in steam and electricity generation (gas cogeneration, biomass or secondary fuels cogeneration...);
- periodic review of conditions of industrial sites' energy assets and connections;
- a strategy of supply coverage with long-term partnerships and medium to long-term contracts with price-hedging protection mechanisms when needed;
- direct access to energy markets when possible (gas hubs, electrical grids, financial spot and futures

exchanges); and

- regular forecast reports on energy and raw-material price trends sent to business to anticipate sales prices realignments.

On 1 January 2012, Solvay created Solvay Energy Services, a new GBU aiming at optimising energy cost and CO2 emissions for the Group and third parties. Solvay Energy Services optimises the energy purchasing and consumption for the Group and assists GBUs in their management of energy and CO2 emissions.

Before the acquisition, both Solvay and Rhodia were committed to ambitious CO2 reduction targets. New common, consolidated and equally ambitious targets have been determined during the first half of 2013.

### **3. Regulatory, Political and Legal risk**

Regulatory risk refers to Solvay's exposure to changes in legislation and regulations. This could include events like governmental price regulations, taxation, tariff policies, or new regulations banning a product or imposing manufacturing, marketing and use restrictions making it uneconomical to produce. Solvay could be exposed to important cost increases as a consequence of new legislation or regulations, or a more strict interpretation or application of current regulations by courts or authorities.

Solvay must obtain and maintain regulatory approval to operate its production facilities and sell its products. Given the international spread of the Group, these regulatory approvals emanate from authorities or agencies of many different countries. Withdrawal of any previously granted approval or failure to obtain an authorisation may have an adverse effect on its business continuity and operating results.

In particular for Europe, all substances manufactured or used by Solvay require registration under the REACH Regulation and must meet the deadlines imposed by this regulation. This is in addition to other already existing requirements. By the end of 2012, 59 dossiers out of 189 (65 for Solvay and 124 for Rhodia) were already successfully registered with the ECHA (the European Chemicals Agency). The last REACH Registration deadline was 31 May 2013.

Political risk refers to Solvay's exposure to circumstances where the normal exercise of public authority is disrupted. This could be the consequence of a social crisis, political instability, civil war, nationalisation or terrorism in countries where the Group operates or sells products, resulting in delay or failure of delivery of products or unavailability of raw materials, utilities, logistic or transport facilities.

Legal risk refers to the exposure to actual and potential judicial and administrative proceedings. The simple fact of doing business exposes Solvay to disputes and litigation. Adverse outcome of such disputes or litigation is always possible (see note on Important Litigation below). In the normal course of business the Group is or may become a party to judicial or administrative proceedings. See page 139 of the Annual Report 2012 for an overview of the ongoing legal proceedings involving the Group that are considered to involve potentially significant risks. The Group is exposed to legal risk, particularly in the areas of product liability, contractual obligations, antitrust laws, patent infringement, tax assessments and environmental matters.

The Group's operations depend on the control of its key technologies and on the capacity to innovate. The questioning by third parties of the right of Solvay to use certain technologies could have an impact on its operations. Furthermore, insufficient protection by Solvay of its innovations could limit its development potential.

The geographic spread of the Group around the world is a factor reducing the impact from adverse regulatory and political developments.

#### **Prevention and mitigation efforts**

Proper design and testing of products and their production processes contributes to the management of regulatory and legal risks, as do timely and thorough applications for necessary approvals.

Regulatory and political risk both within and outside the European Union is reduced through the continuous work of, and interactions with public authorities by, the Government and Public Affairs department and through the local Belgian Embassy.

To manage legal risk Solvay maintains in-house legal and intellectual property and regulatory resources, and relies on additional external professional resources as appropriate. In addition the Group makes appropriate financial provisions. Awareness of legal risks is raised by dedicated training, sharing of information, self-assessment procedures and internal audits.

In the chemical industry, technological know-how can remain protected by way of trade secret, which is often a good substitute for patent protection. However, Solvay is, when adequate, patenting new products and processes and maintains continuous efforts to protect its proprietary information and its position as leader in technological know-how for its production processes. Solvay implements a policy to protect its innovations and its know-how, including taking specific precautions through its choice of partners in Research and Development ("**R&D**") and through choosing the locations of its research operations.

In respect of political risks, Solvay's actions include risk-sharing with local or institutional partners as well as monitoring of political developments in sensitive areas.

#### **4. Corporate Governance and risk attached to Internal Procedures**

Solvay is governed by the Belgian Code of Corporate Governance.

In the field of corporate governance, Solvay has a comprehensive corporate governance charter (available on [www.solvay.com](http://www.solvay.com)) and publishes its yearly report on the application of the recommendations of this Code in accordance with the "comply or explain" principle.

Group-wide, Solvay has a Code of Conduct and adopts policies and procedure to enhance good governance of the Group.

The risk attached to internal procedures is Solvay's exposure to failure to comply with the Solvay Code of Conduct, other policies and procedures. Examples of risks are failure to integrate an acquired company, failure to innovate and develop business processes, failure to implement good governance in a joint venture and for contractors or distributors, direct or indirect involvement in human-rights violations, failure to implement human resources strategies, loss of key personnel, errors in financial reporting, corruption and failure to apply internal control.

#### **Prevention and mitigation efforts**

Solvay has a compliance organisation in place under the leadership of the Group General Counsel to enhance a Group-wide ethics and compliance-based culture and to promote and monitor compliance with applicable laws, the Group Code of Conduct and Solvay's Values. Compliance Officers have been appointed in all four zones in which the Group is active.

Training courses facilitated by the Legal & Compliance function are organised to ensure that ethical and compliant conduct is embodied in the way business is done at Solvay and to address behavioral risks in certain specific areas such as antitrust or corruption. Regular campaigns are organised to train new employees and to maintain the right level of awareness in the whole Group. The compliance department, in collaboration with Internal Audit, legal and other departments or functions, monitors compliance with applicable laws and Solvay's Code of Conduct. Any violation of the Code will lead to sanctions in accordance with applicable law. Reporting of violations is encouraged and various avenues are offered to employees including contact with the Compliance Officers. In most countries in which Solvay operates, Solvay has introduced the Solvay Ethics Helpline, an external resource through which employees can report in their own language ethical or compliance concerns.

As part of the integration, all required corporate-level policies have been listed and are being redrafted, benefiting from an exchange of best practices. In addition to existing policies, new policies are also being developed, for

example a policy on human rights issues. In 2012, the Executive Committee approved 10 out of 50 policies. The remaining policies will be approved in 2013.

The internal-control process is applied to the most important corporate business processes. The methodology has the following steps: (i) risk analysis along the process by the process owner supported by experts from the ERM department, (ii) design of controls to reduce risks, (iii) deployment of controls, and (iv) assessment of controls' effectiveness by Internal Audit. Efficient internal controls also reduce the risk of errors in financial reporting. Please refer to page 159 of the Annual Report 2012 of Solvay for a detailed description of the internal control system of the Solvay Group.

## **5. Financial risk**

Financial Risk is Solvay's exposure to liquidity risk, foreign-exchange risk, interest-rate risk, counterparty risk (credit risk), failure to fund pension obligations, and tax risk, mainly tax-compliance risk and transfer-pricing risk.

Liquidity risk relates to Solvay's ability to service and refinance its debt (including notes issued) and to fund its operations, and depends on its ability to generate cash from operations and not to over-pay for acquisitions.

Solvay is exposed to foreign-exchange risk as a consequence of its international activities. In its present structure, the Group's exposure is mainly associated with the EUR/USD risk, as the Group's overall activities generate a net positive USD flow. Consequently, a depreciation of the USD will generally result in lower revenues for Solvay. To a lesser extent, the Group is also exposed to EUR/JPY and BRL/USD. A sensitivity analysis to those currencies is provided in the financial section of the Annual Report 2012 (on page 107).

Interest-rate risk is Solvay's exposure to fluctuating interest rates.

Solvay is exposed to counterparty risk in its cash management and in its foreign-exchange risk and interest-rate risk management as well as in its commercial relationships with customers.

With regard to the risk of under-funding pension obligations, Solvay is exposed to a number of defined-benefit plans. Fluctuations in discount rates, salaries and social security, longevity and asset / liability matching can have a major impact on the liabilities of such pension plans. For funded plans, the risks related to the investment need to be managed, taking into account the risk-return balance. If plans are under-funded Solvay is mostly exposed to inflation and interest rate risk. Following the acquisition of Rhodia, the Group's exposure to risk of under-funding Pension Obligations has increased. Further information is provided in the Note 32 to the consolidated financial statements in page 91 of the Annual Report 2012.

Tax-compliance risk refers to the situation of involuntary non-compliance with rules and regulations. However, it may also refer to a difference of opinion with the authorities in the interpretation of legal tax rules, possibly leading to litigation. The tax charge supported by the Group depends on the interpretation of local tax regulations, bilateral or multilateral international tax treaties and administrative doctrine in each jurisdiction.

Transfer-price risk is the risk of paying penalties due to non-compliance with transfer-pricing regulations. Tax authorities of all countries wish to ensure that the commercial operations between related entities reflect the fair prices which would be agreed between independent parties in similar circumstances, especially in cross-border situations. As a global player, Solvay has to respect detailed transfer-pricing regulations and documentation requirements issued by an evergrowing number of countries. Transfer-pricing issues have become the frequent focus of specific tax audits, as they are seen by many authorities as a major source of revenue loss.

### **Prevention and mitigation efforts**

Financial risks are analysed, assessed and managed by the corporate finance function (Treasury and Tax). Loss-prevention and mitigating efforts involve a number of activities, such as:

- maintaining a strong liquidity policy;

- maintaining a natural currency hedge;
- fixed interest rates;
- hybrid pension plans, cash balance plans and defined-contribution plans internal controls dedicated to tax compliance processes;
- transfer pricing documentation prepared in line with the Organisation for Economic Co-operation and Development's ("OECD") requirements; and
- recourse to external tax expertise, should the need arise.

The Group is recognised as historically having a prudent financial profile, as illustrated by its BBB+ rating (Standard & Poor's BBB+; Moody's Baa1). The liquidity profile is strong, mainly supported by long-term bond issuance (for a total of EUR 2.8 billion, with a first significant maturity of EUR 500 million in 2014) and substantial liquidity reserves (cash and committed credit lines, including two syndicated credit facilities of EUR 1 billion and EUR 550 million respectively and a credit line of EUR 300 million with the European Investment Bank). The financial discipline remains conservative.

The geographic diversification of production and sales provides a natural currency hedge because of the resulting combination of an income stream and an expense base in local currency. Furthermore, Solvay closely monitors the foreign-exchange market and enters into hedging measures for terms of between 9 and 18 months whenever deemed appropriate. In practice, Solvay enters into forward and option contracts securing the value (in EUR and/or USD) of cash flows in foreign currency during the following months. The Group manages its foreign-exchange risk for receivables and borrowings through CICC (Solvay's in-house bank) in Belgium for all affiliates of the Group where it is possible to enter in such hedging transactions and through local financial affiliates for other regions.

In its present structure, the Group has locked in the largest part of its net indebtedness with fixed interest rates. Solvay closely monitors the interest rate market and enters into interest-rate swaps whenever deemed appropriate.

Solvay manages its financial counterparty risk by working with banking institutions of the highest caliber (selection based on major rating systems) and minimises the concentration of risk by limiting its exposure to each of these banks to a certain threshold, set in relation to the institution's credit rating.

In addition, Solvay places money with highly rated money-market funds as well as invests in short term debt securities from highly rated sovereign issuers at the appropriate moments.

Furthermore, Solvay Group manages external-customer risk and cash collection through a strong network of credit managers and collectors located in operating regions and countries. Credit-management and collection processes are supported by a set of detailed procedures and managed through corporate and GBU credit committees. Additionally, the customer portfolio risk is supported by insurance. These loss mitigation measures have led, over the past years, to a record low rate of customer defaults.

SES (Solvay Energy Services) performs a dedicated system control process. SES customer risk management is supported by the corporate Credit Management organisation and dedicated credit committees, and relies on a standard validation process of credit limits.

Solvay has defined corporate pension-governance guidelines in order to maximise its influence over local pension fund decisions within the limits provided by local law, in particular, decisions related to investment and funding, selection of advisors, appointments of employer-nominated trustees to local pension fund boards and other cost-management decisions.

The Group has reduced its exposure to defined-benefit plans by converting existing plans into pension plans with a lower risk profile for future services or by closing them to new entrants. Examples of plans with a lower risk profile are hybrid plans, cash-balance plans and defined-contribution plans.

A global Asset Liability Management analysis of Group's pension plans representing more than 90% of the Group's pension obligations was performed in 2012 to identify and manage corresponding risks on a global basis.

Solvay stresses the importance of tax compliance. It monitors its procedures and systems through internal reviews and through audits performed by reputable external consultants. Internal controls dedicated to tax-compliance processes are in place to limit the occurrence of possible errors or failures.

Solvay and Rhodia have issued transfer-pricing policies and procedures aimed at meeting the requirements of the authorities. These are in the process of being updated and integrated.

Transfer-pricing documentation is prepared annually for each relevant Group legal entity with the assistance of internal or external experts in line with OECD requirements, in order to demonstrate the arm's length nature of cross-company pricing. The existence and timeliness of the documentation are regularly audited by the internal audit department. Internal transfer-pricing specialists assist the business in setting intra-group prices compliant with the transfer pricing policy.

The prevention and mitigation efforts for the tax litigation risk are based on thorough analysis of mergers, acquisitions and divestments, or proposed changes in the business organisation and operations, with the assistance of external experts or law firms when the amounts at stake warrant it. Changes in laws and regulations are also monitored with the aim to adapt to new situations.

Solvay, as any other corporate tax payer, currently faces a large inflation in tax increases and the introduction of many new tax provisions. Solvay's Tax Department pays great attention to the right interpretation and application of these new tax rules to avoid future litigation.

## **6. Product risk**

Product-liability risk is Solvay's exposure stemming from injury to third parties or damage to their property arising from the use of a Solvay product, as well as the resulting litigation. Product liability may arise from out-of-specification products, inappropriate use, previously unidentified effects, manufacturing errors resulting in defective products, product contamination, altered product quality or inappropriate safety and health recommendations. Consequences of a faulty product could be exposure to liability for injury and damage as well as recall of a product. Product-liability risk is generally higher for products used in healthcare and food applications compared to other applications. Products with significant hazards are in general sold to industrial users and not directly to consumers.

Product-development risk is Solvay's exposure to adverse developments while developing new products and technologies or scaling up a process.

### **Prevention and mitigation efforts**

Solvay controls the quality and purity of its manufactured products through quality-assurance and quality-control programmes, by controlling industrial processes and by deploying full composition data management.

Product liability exposure is reduced by product stewardship programmes giving adequate information and technical assistance to customers, ensuring a good understanding of safe use and handling. Solvay pays particular attention to providing complete and clear information about intended use and potential hazards by means of Safety Data Sheets, labels, regulatory-compliance statements and other documentation. For example, conditions of safe use and handling, hazard levels, first aid emergency measures and emergency phone numbers are provided in the language of its customers. Recall procedures as described in the product stewardship programmes, management systems and in the health-care management process are as well developed and deployed.

Regarding product development, Solvay devotes substantial resources to R&D. Innovation is a cornerstone of the Group's strategy and Solvay considers that managing the challenges related to product development is more about opportunity than about risk for the company.



A defined project-management process ensures optimal use of resources when moving a new product from idea to market launch in a timely manner.

The New Business Development team within the R&I function manages the Group investments in internal and external research projects, start-ups and venture capital funds, allowing Solvay to remain engaged at the forefront of emerging businesses such as alternative renewable energies and organic electronics. It also includes risk-sharing through public-private partnerships or other forms of open innovation for developing breakthrough capital-intensive technologies.

## **7. Risk to people**

Accidents to employees or third party individuals on Solvay's sites are generally linked to failure of safety management relating to risks at the workplace. Personnel accidents include falls during work at height and contact with chemicals (hot, corrosive or toxic) escaping from a vessel, pump or pipe, as well as accidents caused by explosion or falling objects.

Accidents to contractors include falls during work at height during construction and maintenance, use of tools and interaction with equipment during maintenance, as well as accidents due to non-compliance with work permit procedures.

Risks of causing injury to neighbors or the public are mostly a consequence of major accidents at manufacturing sites or during transport activities.

Occupational-related diseases including chronic diseases from exposures to occupational hazards are mostly related to past exposures resulting in health effects after a long period of latency, e.g. asbestos-related diseases.

Pandemic risk can affect employees, their families and the society at large.

### **Prevention and mitigation efforts**

Safety of people is of the highest priority in the management of activities in Solvay. Health, Safety and Environment ("HSE") policies, procedures, standards and programmes for each HSE field are deployed at its plants. The Group has a long track record of good safety performance and with the integration of Rhodia's experience, sharing of good practices will allow for further progress. Within the framework of the agreement with ICEM (the International Federation of Chemical, Energy, Mining and General Workers Unions), Rhodia set up a Global Safety Panel reviewing safety programmes. The understanding and management of human and organisational factors are important to safety. Safety initiatives include programmes for behavioral safety and for increasing the safety culture of managers, employees and contractors. Most sites have a dedicated management system for safety, while the Rhodia legacy sites have an integrated HSE management system.

The Group has zero LTA (Lost Time Accidents) as the ultimate target. Integrated safety results are available since the beginning of 2011: The Group LTAR (work accidents with absence / 1 million working hours) reached again this year a record value at 0.8. The MTAR (work accidents with medical treatment / 1 million working hours), a recently additional introduced indicator, reached a record value of 2.7 at the end of 2012. The safety results are presented monthly to the Executive Committee.

In 2012, a new safety initiative was launched by the Executive Committee to implement improved safety leadership practices allowing managers to demonstrate their commitment to safety. Targets have been set for continuous improvement concerning MTAR, chemical contact accidents and irreversible accidents. Regular distribution of lesson-learning events increase awareness and help to avoid recurrence of similar events at the same or other production and R&D sites.

Existing internal and external research, academic or inter-company developments are monitored to identify new safety approaches (ICSI (*Institut pour une Culture de Sécurité Industrielle*), EPSC (European Process Safety Centre) or European Chemical Industry Council ("CEPIC") initiatives).

Solvay has put into place a global pandemic preparedness task force covering all plants and all businesses by means of a sustained network of coordinators prepared to implement regional and local prevention and mitigation activities.

Key elements of the management relating to contractor safety are organised in five successive steps: (i) qualification and pre-selection, (ii) work definition and risk analysis, (iii) contract definition (context, rules, penalties and acceptance), (iv) work execution, management and reception, and (v) HSE contractor evaluation, feedback and actions. This also includes prevention planning, additional training for specific risks for health and safety, control and feedback during work and after completion. Thanks to such management elements, safety performance of contractors improved significantly during the recent years.

During the year 2012, the LTAR and MTAR of contractors further decreased to new record values, 0.5 and 2.5 respectively. Performance has improved further by 30% for both indicators compared to 2011. Visitors at Solvay sites should always be accompanied by a responsible person informed of the safety rules and procedures.

Process safety concerns the protection of people and assets against the consequences of process incidents. Solvay's objective is to ensure a uniform, centralised and best-in-class PSM (Process-Safety Management) performance. The ownership of PSM is assigned to HSE and Solvay will extend the Rhodia concept of process safety world-wide (i.e. red lines, risk assessment matrix methodology for assessment and acceptability of risk, independent family of process-safety engineers). The concept of PSM systems as applied in USA, where PSM is mandatory and must comply with OSHA (the Operational Safety and Health Administration) and the EPA's (the Environmental Protection Agency) requirements, is also used to support safety management systems in other regions, including Europe where it supports compliance with the Seveso Regulation.

The risk of an accident in connection with hazardous chemicals transportation is reduced by optimising transport routes, relying on selected and audited hauliers and worldwide emergency assistance in case of accidents through the Carechem service. In addition, every effort is made to minimise the number of transportation activities by operating with integrated production units for hazardous intermediates. Solvay follows the safety recommendations of associations like Eurochlor, ECVM (the European Council of Vinyl Manufacturers) or CTEF (*Comité Technique Européen du Fluor*) and programmes like Responsible Care®.

Conservative approaches in risk assessment and management reduce real risk exposure when new hazards are revealed. Such conservative approaches are shared and applied by the worldwide toxicology team and also supported by the internal "Solvay Acceptable Exposure Limit" committee, chaired by the Corporate Medical Adviser.

Solvay has its own experts within the company and actively cooperates with external networks. High priority is given to nano-materials and technology, endocrine disruptors and health-related applications of Solvay products.

For decades, Solvay has had in place worldwide occupational-disease monitoring and a strong programme in industrial hygiene focusing on a comprehensive assessment of compliance with occupational-hygiene standards. In order to ensure a high standard of occupational-health protection for employees, in 2006 Solvay started rolling out the occupational-hygiene module and in 2008 the health module of the MEDEXIS IH-OH system in order to manage comprehensive hygiene data as well as the data related to medical surveillance, in order to standardise and leverage medical surveillance programmes. The principle of the MEDEXIS IH-OH system will be progressively extended to Rhodia and shared via a unique and uniform IT tool. It is designed to identify clusters of new possibly occupation-related diseases with multiple underlying causes, with the purpose of improving individual and collective exposure and medical traceability and facilitating the daily work of physicians and hygienists in Solvay.

## **8. Environmental risk**

Environmental risk is Solvay's exposure stemming from the sudden or long-term release of a chemical substance following plant-equipment failures or transport accidents, as well as from production problems resulting in exceeding permitted emission levels. Several Solvay sites are governed by regulations concerning major-risk installations.

Exceeding permitted emission levels can lead to administrative or criminal sanctions, adverse outcomes in litigation

and the risk of the loss of license to operate.

Like most other industrial companies, Solvay has to manage and remediate historical soil contamination at some sites as well as comply with future changes in environmental legislation. In Europe and elsewhere, environmental liability and the 'polluter pays' principle are increasingly embedded in environmental legislation, to prevent and remedy environmental damage. For the first time, environmental damage to land, water, natural habitats and protected species has been brought under the umbrella of a single piece of European legislation.

The legislation introduces an increasingly broader scope of soil-remediation legal liabilities than previously seen across Europe, including a requirement for primary remediation, complementary remediation and compensatory remediation. More generally, authorities worldwide are increasingly requiring management of soil and groundwater environmental legacies. The risk for Solvay is in particular that the European Liability Directive will lead to increased remediation costs and in this context, a number of administrative proceedings are under way to define the need for and approach to remediation.

The risk from climate change is a reality, with its potential consequences: sea-level rise, increased frequency and gravity of hurricanes and typhoons, water scarcity, earthquakes, tsunamis and flooding. In addition a number of manufacturing sites are exposed to water scarcity risk.

### **Prevention and mitigation efforts**

Solvay considers environmental protection a key aspect in the management of its activities. Well-defined measures to prevent pollution and accidents have been in place at Solvay for a long time. Solvay implements ISO 14001 or integrated HSE management systems equivalent to ISO14001 for the environment in all plants concerned. Policies and risk control programmes are applied in all production units and other facilities and are progressively implemented in newly acquired plants. The Group has, in particular, taken the necessary steps to comply and even go beyond compliance with regulations concerning major risks, which includes detailed accident-prevention measures.

The sites with historical soil contamination are carefully monitored and managed by a dedicated worldwide team. This team receives training in regulatory awareness and undertakes regular updates of appropriate provisions for monitoring and remediation according to a defined audit process. The Group has developed internal expertise in soil management. It is Solvay's policy to have a risk characterisation approach at all concerned sites. Hydrogeological studies and soil characterisations are conducted to diagnose potential problems, evaluate risks to aquifers and discuss relevant remediation or confinement actions with authorities. A number of such actions have been completed or are under way.

Compliance with applicable legislation is fully integrated into environment-management systems and is constantly monitored by all Solvay sites. Corrective actions are implemented whenever necessary in close cooperation with environmental authorities to assure that no adverse effect on the environment is observed.

Solvay monitors the effects of climate change as related risks and opportunities may affect the Group's business objectives. The risk is to an extent hedged through the geographic spread of both production units and markets for its products.

As regards water-scarcity risk, mitigation approaches include using alternative water sources, recycling and reducing overconsumption following an identification of sites possibly at risk. The geographic distribution of production units around the world reduces the overall impact of one production unit being slowed down or interrupted due to water shortage.

## **9. Information and IT risk**

Information- and IT-related risks for Solvay include fraud, manipulation or destruction of information, inability to ensure continuity of information systems and business processes services and inability to protect confidential, critical or sensitive information.

## **Prevention and mitigation efforts**

An independent team within the information systems function is responsible for the function's risk-management activities.

Solvay is closely monitoring developments within the area of IT security and information-systems risks. Regular risk profiling exercises are undertaken by the information-systems function in collaboration with the corporate ERM department. Risks are assessed, control efficiency is determined and controls are improved as applicable.

Information system's objective is to be ISO compliant, thus ensuring the quality of services for all Group entities.

During 2012 Solvay, together with chemical, transportation and software companies, participated in an exercise organised by US governmental agencies called Cyber Storm. The main objective was to measure the efficiency of procedures during cyber-attacks against information systems that may impact the financial, industrial and communication environment. In the same year, Solvay also participated in a similar exercise called Piranet organised by the French Government. Learnings from these events are being evaluated and activities adapted to Solvay's particular needs.

## **10. Reputational risk**

Reputational risk arises from Solvay's exposure to a deterioration of its reputation with its different stakeholders. Damage may occur due to the realisation of any of the risks described for the other risk categories in this chapter or any unexpected crisis event, whether real, supposed or alleged, and publication of any unfavorable outcome. It may also arise from the occurrence of any event or action associated with the Solvay name that would be in breach of ethics, law or corporate governance principles and which, more generally speaking, would fall short of stakeholder expectations with regard to Solvay.

Damage to corporate reputation can be accelerated and amplified by the Internet and social networking media.

Reputation is a key asset. Loss of reputation can result in competitive disadvantage. Reputational risk deals with the subjective, composite perception of a company by its different stakeholders. Trust is a fundamental ingredient of reputation.

## **Prevention and mitigation efforts**

Besides overall good management under the supervision of the Corporate Communication function, control practices and systems, including crisis anticipation and preparation, efficient communication (clear, consistent and timely) and long-term solid relationships with key stakeholders, both inside and outside the organisation, contribute in the long run to building and consolidating trust, which is a fundamental ingredient of reputation.

In addition to fostering its own good reputation, Solvay participates in specific programmes implemented by key trade organisations to improve the reputation of the entire chemical industry. Members of the Executive Committee of Solvay have recently been active as presidents of the ICCA (the International Council of Chemical Associations), CEFIC, the European Chemical Industry Council and Plastics Europe.

A study of Solvay's enterprise risk management maturity in 2009 mentioned reputational management as one of Solvay's risk-management strengths.

Solvay has established communication processes, systems, plans and programmes to create, develop and maintain a regular dialogue, including in crisis situations, with its main stakeholders: shareholders and the financial community, employees, customers and suppliers, authorities, local communities and opinion leaders. Tools include a variety of internal and external electronic and printed media tailored for internal and external audiences. Solvay maintains active press relations at the corporate and local levels, through direct contacts, press releases, conferences and visits as well as open-door and other events aimed at local communities around major sites. The Group has also adopted a set of guidelines and advice for employee use of social-networking media.

Clear values and training on practices supported by the Code of Conduct, combined with a high level of Corporate Governance, are instrumental in preventing behavior that could contribute to reputational risk.

Solvay is implementing effective management and communication systems designed to give early warning in case of actual or latent crises and to ensure an adequate response in the case of unexpected and sudden adverse events that can potentially harm the Group's reputation. Dedicated managers and employees are trained to face such situations. Crisis simulations are organised on a regular basis in the different entities of the Group.

### **Risks relating to the Bonds**

#### ***The Bonds may not be a suitable investment for all investors***

Each potential investor of the Bonds must make its own determination of the suitability of any such investment, with particular reference to its own investment objectives and experience, and any other factors which may be relevant to it in connection with such investment, either alone or with the help of a financial adviser. In particular, each potential investor should:

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation and the investment(s) it is considering, an investment in the Bonds and the impact the Bonds will have on its overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds;
- (d) understand thoroughly the Terms and Conditions of the Bonds and be familiar with the behaviour of financial markets and of any financial variable which might have an impact on the return on the Bonds; and
- (e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks; and

prospective purchasers should also consult their own tax advisers as to the tax consequences of the purchase, ownership and disposition of Bonds.

#### ***Undated Securities***

The Bonds are undated securities, with no specified maturity date. The Issuer is under no obligation to redeem the Bonds at any time (except under limited circumstances for tax reasons).

The Bondholders have no right to require redemption of the Bonds, except if a judgment is issued for the insolvent judicial liquidation (*liquidation judiciaire*) of the Issuer or if the Issuer is liquidated for any other reason or if the process for the liquidation of the Guarantor is commenced, for any reason. See "*Terms and Conditions of the Perp-NC5.5 Bonds*" and "*Terms and Conditions of the Perp-NC10 Bonds*".

Bondholders should therefore be aware that the principal amount of the Bonds may not be repaid and that they may lose the value of their capital investment.

#### ***There are no events of default under the Bonds***

The Conditions of the Bonds do not provide for events of default allowing acceleration of the Bonds if certain events occur. Accordingly, if the Issuer fails to meet any obligations under the Bonds, including the payment of any interest, investors will not have the right to require the early redemption of principal. Upon a payment default, the sole remedy available to Bondholders for recovery of amounts owing in respect of any payment of principal or interest on the Bonds will be the institution of proceedings to enforce such payment. Notwithstanding the foregoing, the Issuer will

not, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

### ***Deferral of interest payments***

On any Interest Payment Date (as defined in the Terms and Conditions of the Bonds), the Issuer may elect to defer payment of the interest accrued to that date, and the Issuer shall not have any obligation to make such payment and any failure to pay shall not constitute a default by the Issuer for any purpose.

Any interest not paid on an applicable Interest Payment Date and deferred shall, so long as the same remains outstanding, constitute Outstanding Amounts (as defined in the Terms and Conditions of the Bonds) and shall be compounded and only payable as outlined in Condition 6 (*Payments and Calculations*) of the the Terms and Conditions of the Bonds.

Any deferral of interest payments will be likely to have an adverse effect on the market price of the Bonds. In addition, as a result of the above provisions of the Bonds, the market price of the Bonds may be more volatile than the market prices of other debt securities on which interest accrues that are not subject to the above provisions and may be more sensitive generally to adverse changes in the Issuer's or the Guarantor's financial condition.

### ***Early redemption and exchange or variation risk***

The Issuer may redeem the Bonds in whole, but not in part, on the First Call Date, the Second Reset Date and on any Subsequent Reset Date thereafter in accordance with Condition 5(b)(i).

The Issuer may also, at its option, redeem the Bonds in whole (but not in part), for taxation reasons in accordance with Condition 5(b)(ii), upon a Rating Methodology Event in accordance with Condition 5(b)(iii), upon an Accounting Event in accordance with Condition 5(b)(iv), upon the liquidation or insolvency of the Issuer in accordance with Condition 5(c), or in the event that the Issuer, the Guarantor or the Guarantor's subsidiaries have purchased Bonds equal to or in excess of 90 per cent. of the aggregate principal amount of the Bonds initially issued under the Terms and Conditions of the Bonds in accordance with Condition 5(d), each as further described in Condition 5 (*Redemption and Purchase*) of the Terms and Conditions of the Bonds.

The redemption at the option of the Issuer may affect the market value of the Bonds. During any period when the Issuer may elect to redeem the Bonds, the market value of the Bonds generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to the Early Redemption Date.

The Issuer may also be expected to redeem the Bonds when its cost of borrowing is lower than the interest rate on the Bonds. There can be no assurance that, at the relevant time, Bondholders will be able to reinvest the amounts received upon redemption at a rate that will provide the same return as their investment in the Bonds. Potential investors should consider reinvestment risk in light of other investments available at that time.

If the Bonds are redeemable early in accordance with Condition 5(b)(ii), 5(b)(iii) or 5(b)(iv), this would entitle the Issuer as an alternative to such redemption, without the consent of the Bondholders, to exchange or vary the Bonds, subject to not being prejudicial to the interest of the Bondholders, so that after such exchange or variation, (i) in the case of an early redemption in accordance with Condition 5(b)(ii) (*Redemption for taxation reasons*), payments of principal and interest in respect of such Bonds (as the case may be) are not subject to deduction or withholding by reason of French or Belgian law or published regulations or are deductible to the same extent as unsubordinated obligations of the Issuer, (ii) in the case of an early redemption in accordance with Condition 5(b)(iii) (*Redemption for rating reasons*), the aggregate nominal amount of the Exchanged Bonds or Varied Bonds (as the case may be) is assigned "equity credit" by the relevant Rating Agency that is at least the same as that which was assigned to the Bonds on or around the Issue Date and (iii) in the case of an early redemption in accordance with Condition 5(b)(iv) (*Redemption for accounting reasons*), the aggregate nominal amount of the Exchanged Bonds or Varied Bonds (as the case may be) would be recorded as "equity" in full in the audited consolidated financial statements of the Guarantor

pursuant to IFRS or any other accounting standards that may replace IFRS for the purposes of preparing the audited consolidated financial statements of the Guarantor.

#### ***No limitation on issuing or guaranteeing debt***

There is no restriction in the Terms and Conditions of the Bonds on the amount of debt which the Issuer or the Guarantor may issue or guarantee. The Issuer, the Guarantor and their subsidiaries and affiliates may incur additional indebtedness or grant guarantees in respect of indebtedness of third parties, including indebtedness or guarantees that rank *pari passu* or senior to the Bonds. The issue of any such securities or the incurrence of any such other liabilities may reduce the amount (if any) recoverable by Bondholders on a winding-up of the Issuer or the Guarantor and/or may increase the likelihood of a deferral of interest payments under the relevant Bonds.

If the Issuer or the Guarantor's financial condition were to deteriorate, the Bondholders could suffer direct and materially adverse consequences, including loss of interest and, if the Issuer or the Guarantor were liquidated (whether voluntarily or not), the Bondholders could suffer loss of their entire investment.

#### ***Deeply Subordinated Obligations and Subordinated Guarantee***

The obligations of the Issuer under the Bonds are deeply subordinated obligations of the Issuer and are the most junior debt instruments of the Issuer, subordinated to and ranking behind the claims of all other unsubordinated and subordinated creditors of the Issuer and lenders in relation to *prêts participatifs* granted to the Issuer. The obligations of the Issuer under the Bonds rank in priority only to Junior Securities and Share Capital Securities (as defined in the Terms and Conditions of the Bonds) of the Issuer.

The obligations of the Guarantor under the Subordinated Guarantee (as defined in the Terms and Conditions of the Bonds) are subordinated to Ordinary Subordinated Obligations and to Unsubordinated Obligations of, or issued by, the Guarantor and will only rank ahead of the rights and claims of the holders of Junior Securities and Share Capital Securities of the Guarantor. In the case of an insolvency of the Guarantor, payments under the Subordinated Guarantee will be subject to the condition precedent that all claims of the creditors of the Guarantor other than holders of Parity Securities issued by the Guarantor will have been discharged in full.

Therefore, in insolvency or liquidation proceedings of the Guarantor, the holders of the Bonds may recover significantly less than other creditors of the Guarantor. The holders of the Bonds may receive less than the nominal amount of the Bonds and may incur a loss of their entire investment.

Prospective investors should also take into consideration that unsubordinated liabilities of the Issuer and the Guarantor may also arise out of events that are not reflected on the balance sheet of the Issuer or the Guarantor, as the case may be, including without limitation, the issuance of guarantees on an unsubordinated basis. Claims made under such guarantees will become unsubordinated liabilities of the Issuer or the Guarantor, as the case may be, and will be paid in full before the obligations under the Bonds or the Subordinated Guarantee, as the case may be, in insolvency or liquidation proceedings of the Issuer or the Guarantor, as the case may be, will be payable.

#### ***No voting rights***

The Bonds do not give the Bondholders the right to vote at meetings of the shareholders of the Issuer or the Guarantor.

#### ***No prior market for the Bonds and liquidity risk***

There is currently no secondary market for the Bonds. Application has been made to list the Bonds on the Regulated Market of the Luxembourg Stock Exchange. However, there can be no assurance that a liquid secondary market for the Bonds will develop or, if it develops, that it will continue. In an illiquid market, an investor might not be able to sell his Bonds at any time at fair market prices. The possibility to sell the Bonds might additionally be restricted by country specific reasons.

### ***Fixed Rate Bonds***

Interest on the Perp-NC5.5 Bonds will be payable at a fixed rate of interest until 12 May 2019. Interest on the Perp-NC10 Bonds will be payable at a fixed rate of interest until 12 November 2023. The holder of a fixed interest rate bond is exposed to the risk that the price of such bond falls as a result of changes in market interest rates. While the nominal interest rate of a fixed interest rate bond is fixed, in this case, during a certain period of time, the current interest rate on the market (market interest rate) typically changes on a daily basis. As the market interest rate changes, the price of such bond tends to evolve in the opposite direction. If the market interest rate increases, the price of such bond typically falls, until the yield of such bond is approximately equal to the market interest rate. Bondholders should be aware that movements of the market interest rate can adversely affect the price of the Bonds and can lead to losses for the Bondholders if they sell Bonds during the period in which the interest rate of the Bonds is fixed.

### ***Reset Rate Bonds***

Interest on the Bonds before the First Reset Date, which is calculated at a fixed rate, involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds.

Following the First Reset Date, interest on the Bonds shall be calculated on the basis of the mid swap rates for Euro swap transactions with a maturity of five years. These mid swap rates are not pre-defined for the lifespan of the Bonds. Higher mid swap rates for Euro swap transactions mean a higher interest and lower mid swap rates for swap transactions with a maturity of five years mean a lower interest.

### ***Modification and waivers***

The conditions of the Bonds contain provisions for calling General Meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant General Meeting and Bondholders who voted in a manner contrary to the majority.

### ***Potential conflicts of interest***

Potential conflicts of interest may arise between the Calculation Agent and the Bondholders, including with respect to certain discretionary determinations and judgements that such calculation agent may make pursuant to the Terms and Conditions of the Bonds that may influence the amount receivable under the Bonds.

### ***Legality of purchase***

Neither the Issuer, the Guarantor, the Manager(s) nor any of their respective affiliates has or assumes responsibility for the lawfulness of the acquisition of the Bonds by a prospective investor of the Bonds, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective investor with any law, regulation or regulatory policy applicable to it.

### ***Change of law***

The Terms and Conditions of the Bonds and the Subordinated Guarantee are based on English, French and Belgian law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in English, French and/or Belgian law or the official application or interpretation of English, French and/or Belgian law after the date of this Prospectus.

### ***Currency risk***

Prospective investors of the Bonds should be aware that an investment in the Bonds may involve exchange rate risks. The Bonds may be denominated in a currency other than the currency of the purchaser's home jurisdiction. Exchange rates between currencies are determined by factors of supply and demand in the international currency markets which



are influenced by macro economic factors, speculation and central bank and government intervention (including the imposition of currency controls and restrictions). Fluctuations in exchange rates may affect the value of the Bonds.

### ***Credit ratings may not reflect all risks***

A rating is expected to be assigned to the Bonds. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Bonds. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension, reduction or withdrawal at any time by the relevant rating agency.

### ***Market Value of the Bonds***

The market value of the Bonds will be affected by the creditworthiness of the Issuer and the Guarantor and a number of additional factors, including market interest and yield rates. The value of the Bonds depends on a number of interrelated factors, including economic, financial and political events in France, in Belgium or elsewhere, including factors affecting capital markets generally and the stock exchanges on which the Bonds are admitted to trading. The price at which a Bondholder will be able to sell the Bonds may be at a discount, which could be substantial, from the issue price or the purchase price paid by such purchaser.

### ***Global Bonds***

The Bonds will be represented by global Bonds except in certain limited circumstances described in the Permanent Global Bond. The Bonds will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Except in certain limited circumstances described in the Permanent Global Bond, investors will not be entitled to receive definitive Bonds. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Bonds. While the Bonds are represented by global Bonds, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg.

The Issuer will discharge its payment obligations under the Bonds by making payments to the common depositary for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Bond must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the Bonds. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Bonds.

Holders of beneficial interests in the Bonds will not have a direct right to vote in respect of the Bonds. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies. Similarly, holders of beneficial interests in the Bonds will not have a direct right under the Bonds to take enforcement action against the Issuer in the event of a default under the Bonds but will have to rely upon their rights under the Deed of Covenant.

### ***Taxation***

Potential purchasers and sellers of the Bonds should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Bonds are transferred or other jurisdictions. In some jurisdictions, no official statements of the tax authorities or court decisions may be available for innovative financial bonds such as the Bonds. Potential investors are advised not to rely upon the tax overview contained in this Prospectus but to ask for their own tax adviser's advice on their individual taxation with respect to the acquisition, sale and redemption of the Bonds. Only these advisors are in a position to duly consider the specific situation of the potential investor. This investment consideration has to be read in connection with the taxation sections of this Prospectus.

### ***Savings Directive***

On 3 June 2003, the European Council of Economics and Finance Ministers adopted a directive 2003/48/EC on the taxation of savings income under the form of interest payments (the "**Savings Directive**"). The Savings Directive

requires Member States, subject to a number of conditions being met, to provide to the tax authorities of other Member States details of payments of interest and other similar income made by a paying agent located within their jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories have adopted similar measures (see "*Taxation – Savings Directive*"). On 10 April 2013, Luxembourg officially announced that it will no longer apply the withholding tax system as from 1 January 2015 and will provide details of payment of interest (or similar income) as from this date.

Pursuant to the "*Terms and Conditions of the Perp-NC5.5 Bonds*" and the "*Terms and Conditions of the Perp-NC10 Bonds*", if a payment were to be made or collected through a Member State which has opted for a withholding system under the Savings Directive and an amount of, or in respect of, tax is withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Bond, as a result of the imposition of such withholding tax. The Issuer is only required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Savings Directive.

The European Commission has proposed certain amendments to the Savings Directive which may, if implemented, amend or broaden the scope of the requirements described above.

#### ***Specific French insolvency law provision regarding the rights of holders of debt securities***

Under French insolvency law, holders of debt securities are automatically grouped into a single assembly of holders (the "**Assembly**") in order to defend their common interests if a preservation procedure (*procédure de sauvegarde*), an accelerated financial preservation procedure (*procédure de sauvegarde financière accélérée*) or a judicial reorganisation procedure (*procédure de redressement judiciaire*) is opened in France with respect to the Issuer.

The Assembly comprises holders of all debt securities issued by the Issuer (including the Bonds), whether or not under a debt issuance programme and regardless of their governing law.

The Assembly deliberates on the proposed safeguard plan (*projet de plan de sauvegarde*), draft accelerated financial safeguard plan (*projet de plan de sauvegarde financière accélérée*) or draft judicial reorganisation plan (*projet de plan de redressement*) applicable to the Issuer and may agree to:

- increase the liabilities (*charges*) of holders of debt securities (including the Bondholders) by rescheduling due payments and/or partially or totally writing off receivables in form of debt securities;
- establish an unequal treatment between holders of debt securities (including the Bondholders) as appropriate under the circumstances; and/or
- decide to convert debt securities (including the Bonds) into shares or securities that give or may give right to share capital.

Decisions of the Assembly will be taken by a two-third majority (calculated as a proportion of the debt securities held by the holders attending such Assembly or represented thereat). No quorum is required to convoke the Assembly.

For the avoidance of doubt, the provisions relating to the Representation of the Bondholders described in this Prospectus will not be applicable to the extent they are not in compliance with compulsory insolvency law provisions that apply in these circumstances.

As a result, Bondholders should be aware that they will generally have limited ability to influence the outcome of a safeguard procedure (*procédure de sauvegarde*), an accelerated financial preservation procedure (*procédure de sauvegarde financière accélérée*) or a judicial reorganisation procedure (*procédure de redressement judiciaire*) of the Issuer in France, especially given the current capital structure of the Issuer.

***The Bonds are lowest ranking subordinated obligations of the Issuer***

The Issuer's obligations under the Bonds are direct, unconditional, unsecured and deeply subordinated obligations (*titres subordonnés de dernier rang*) of the Issuer and rank and will rank *pari passu* among themselves and *pari passu* with all other present and future deeply subordinated obligations (*titres subordonnés de dernier rang*) of the Issuer. In the event of any judgment rendered by any competent court declaring the judicial liquidation (*liquidation judiciaire*) of the Issuer, or in the event of a transfer of the whole of the business of the Issuer (*cession totale de l'entreprise*) subsequent to the opening of a judicial recovery procedure (*redressement judiciaire*), or if the Issuer is liquidated for any other reason, the rights of Bondholders to payment under the Bonds will be subordinated to the full payment of the unsubordinated creditors of the Issuer (including holders of Unsubordinated Obligations), of the ordinary subordinated creditors of the Issuer (including holders of Ordinary Subordinated Obligations), of lenders in relation to *prêts participatifs* granted to or to be granted to the Issuer, if and to the extent that there is still cash available for those payments. Thus, the Bondholders face a higher performance risk than holders of unsubordinated and ordinary subordinated obligations of the Issuer.

In the event of liquidation of the Issuer, the Bonds shall rank in priority only to any payments to holders of Share Capital Securities and Junior Securities. In the event of incomplete payment of creditors ranking senior to the Bondholders, the obligations of the Issuer and the relative interest will be terminated.

***Changes in rating methodologies may lead to the early redemption of the Bonds***

S&P or Moody's may change their rating methodology and as a result the Bonds may no longer be eligible for the same or higher category of equity credit assigned to the Bonds on or around the Issue Date, in which case the Issuer may redeem all of the Bonds (but not some only), as provided in "*Terms and Conditions of the Perp-NC5.5 Bonds - Redemption and Purchase - Redemption for rating reasons*" and "*Terms and Conditions of the Perp-NC10 Bonds - Redemption and Purchase - Redemption for rating reasons*", respectively.

***Any decline in the credit ratings of the Bonds or the Guarantor may affect the market value of the Bonds***

The Bonds are expected to be assigned a rating by S&P and Moody's. The rating granted by each of S&P and Moody's or any other rating assigned to the Bonds may not reflect the potential impact of all risks related to structure, market and other factors that may affect the value of the Bonds. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

If the credit ratings assigned to the Guarantor or the Issuer were to be reduced or withdrawn for any reason, this may in turn lead to one or more of the credit ratings assigned to the Bonds being reduced or withdrawn, which could have a negative effect on the market value of the Bonds. In addition, each of S&P and Moody's or any other rating agency may change its methodologies for rating securities with features similar to the Bonds in the future. This may include the relationship between ratings assigned to an issuer's senior securities and ratings assigned to securities with features similar to the Bonds, sometimes called "notching". If the rating agencies were to change their practices for rating such securities in the future and the ratings of the Bonds were to be subsequently lowered, this may have a negative impact on the trading price of the Bonds.

## DOCUMENTS INCORPORATED BY REFERENCE

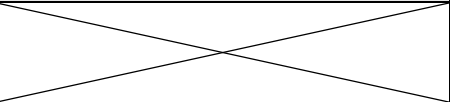
This Prospectus should be read and construed in conjunction with:

- (1) the audited unconsolidated annual financial statements for the year ended 31 December 2011 of the Issuer (French version) and the Annual Report 2011 of the Guarantor;
- (2) the audited unconsolidated annual financial statements for the year ended 31 December 2012 of the Issuer (French version) and the Annual Report 2012 of the Guarantor;
- (3) the half year 2013 financial report dated 30 August 2013 containing (i) the unaudited six month financial statements of the Issuer for the period ended 30 June 2013, and (ii) the limited review report from the auditors of the Issuer dated 30 August 2013 (the "**Issuer Half Year Report**");
- (4) the 3rd quarter and 9 months 2013 financial report dated 25 October 2013 containing (i) the unaudited nine month financial statements of the Guarantor for the period ended 30 September 2013, and (ii) the limited review report from the auditors of the Guarantor dated 24 October 2013 (the "**Guarantor Interim Report**");
- (5) the press release of the Guarantor announcing the signature by Solvay SA and INEOS of a letter of intent to combine their European chlorvinyls activities in a proposed 50-50 joint venture dated 7 May 2013;
- (6) the press release of the Guarantor relating to the construction of a hydrogen peroxide plant in Saudi Arabia in joint venture with Sadara dated 2 September 2013;
- (7) the press release of the Guarantor relating to Solvay SA and INEOS's application to the European Commission for clearance of their proposed joint venture dated 17 September 2013;
- (8) the press release of the Guarantor announcing its signature of an agreement to acquire Chemlogics dated 7 October 2013;
- (9) the investor presentation of the Guarantor in relation to the acquisition of Chemlogics dated 7 October 2013;
- (10) the press release of the Guarantor announcing the completion of the acquisition of Chemlogics dated 31 October 2013;
- (11) the press release of the Guarantor announcing that the European Commission is to continue its evaluation of the proposed chlorvinyls joint venture between Solvay and INEOS dated 5 November 2013; and
- (12) the press release of the Guarantor announcing that it will build and operate a large scale alkoxylation facility in North America dated 6 November 2013,

which have been previously published or are published simultaneously with this Prospectus and have been filed with the Luxembourg competent authority for the purpose of the Prospectus Directive and the relevant implementing measures in the Grand Duchy of Luxembourg, and shall be incorporated in, and form part of, this Prospectus.

Any statement contained in a document or part of a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, be part of this Prospectus.

This Prospectus and the documents incorporated by reference in this Prospectus are available for viewing on the website of the Luxembourg Stock Exchange, [www.bourse.lu](http://www.bourse.lu).

Annex IX Regulation CE 809/2004 (the "Prospectus Regulation")					
6	ORGANISATIONAL STRUCTURE	Solvay SA		Solvay Finance	
6.1	If the issuer is part of a group, a brief description of the group and of the issuer's position within it.	pp. 8-27 and 115-123 of Annual Report 2012			
11	FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES	Annual Report Solvay SA		Financial Statements Solvay Finance	
11.	<u>Historical Financial Information</u>	2011	2012	2011	2012
1	(a) balance sheet	p.64	p. 52	pp. (v)-(vi)	pp. (v)-(vi)
	(b) income statement	p.61	p. 49	pp (vii)-(viii)	pp. (vii)-(viii)
	(c) cashflow statement	p.63	p. 51	Not Applicable	Not Applicable
	(d) accounting policies and explanatory notes	pp. 66-173	pp. 54-123	pp. 2-17	pp.2-21
	(e) auditors report	pp.176-177	pp. 126-127	pp. (i)-(iii)	pp. (i)-(iii)
<b>OTHER DOCUMENTS INCORPORATED BY REFERENCE</b>					
			<b>Pages</b>		
The press release of the Guarantor announcing the signature by Solvay SA and INEOS of a letter of intent to combine their European chlorvinyls activities in a proposed 50-50 joint venture dated 7 May 2013		pp. 1-2			
Issuer Half Year Report		Balance sheet: pp. (iii)-(iv) Income statement: p. (v) Annex to the Issuer Half Year Report: pp. 1-18 Auditor's report on Issuer Half Year Report: pp. 19-21			
The press release of the Guarantor relating to the construction of a hydrogen peroxide plant in Saudi Arabia in joint venture with Sadara dated 2 September 2013		p. 1			
The press release of the Guarantor relating to Solvay SA and INEOS's application to the European Commission for clearance of their proposed joint venture dated 17 September 2013		p. 1			
The press release of the Guarantor announcing its signature of an agreement to acquire Chemlogics dated 7 October 2013		pp. 1-2			
Investor presentation of the Guarantor in relation to the acquisition of Chemlogics dated 7 October 2013		Agenda: p. 3 Financial considerations: p. 9 Forthcoming 2013 key events: p. 11 Annexes: p. 12 – 15			
Guarantor Interim Report		Business Review: pp. 3-12 Income Statements for Third Quarter and Nine Months 2013: pp. 14-16 Statement of Comprehensive Income: p. 16 Statement of Financial Position: p. 17 Cash Flow Statement: pp. 19-20 Notes to the IFRS Accounts: pp. 21-25 Limited Review Report: p. 25			
The press release of the Guarantor announcing the completion of the acquisition of Chemlogics dated 31 October 2013		p. 1			
The press release of the Guarantor announcing that the European Commission is to continue its evaluation of the proposed chlorvinyls joint venture between Solvay and INEOS dated 5 November 2013		p. 1			

The press release of the Guarantor announcing that it will build and operate a large scale alkoxylation facility in North America dated 6 November 2013	p.1
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The information incorporated by reference that is not included in the cross-reference list, is considered as additional information and is not required by the relevant schedules of the Prospectus Regulation.

## GENERAL DESCRIPTION

*This general description must be read as an introduction to the Prospectus, prepared by the Issuer and the Guarantor in connection with the issue of Euro 700,000,000 Undated Deeply Subordinated Fixed to Reset Rate Perp-NC5.5 Bonds (the "Perp-NC5.5 Bonds") and Euro 500,000,000 Undated Deeply Subordinated Fixed to Reset Rate Perp-NC10 Bonds (the "Perp-NC10 Bonds" and together with the Perp-NC5.5 Bonds, "Bonds"). Any decision to invest in the Bonds should be based on a consideration of the Prospectus as a whole, including the documents incorporated by reference therein.*

*Words and expressions defined in the Prospectus, including the documents incorporated by reference in the Prospectus, shall have the same meanings in this general description.*

### Essential characteristics of the Bonds and the Subordinated Guarantee

<b>Issuer:</b>	Solvay Finance
<b>Guarantor:</b>	Solvay SA
<b>Description:</b>	Euro 700,000,000 Undated Deeply Subordinated Fixed to Reset Rate Perp-NC5.5 Bonds of Solvay Finance (the " <b>Perp-NC5.5 Bonds</b> ") and Euro 500,000,000 Undated Deeply Subordinated Fixed to Reset Rate Perp-NC10 Bonds of Solvay Finance (the " <b>Perp-NC10 Bonds</b> ", and together with the Perp-NC5.5 Bonds, the " <b>Bonds</b> ") irrevocably guaranteed on a subordinated basis by Solvay SA
<b>Sole Structuring Adviser, Sole Global Coordinator and Joint Bookrunner:</b>	HSBC Bank plc
<b>Joint Bookrunners:</b>	BNP Paribas, Credit Suisse Securities (Europe) Limited, Goldman Sachs International, HSBC Bank plc and ING Bank NV, Belgian Branch
<b>Amount of Perp-NC5.5 Bonds:</b>	Euro 700,000,000
<b>Amount of Perp-NC10 Bonds:</b>	Euro 500,000,000
<b>Issue Price of Perp-NC5.5 Bonds:</b>	100 per cent.
<b>Issue Price of Perp-NC10 Bonds:</b>	100 per cent.
<b>Fiscal Agent, Principal Paying Agent and Calculation Agent:</b>	BNP Paribas Securities Services, Luxembourg Branch
<b>Luxembourg Listing Agent:</b>	BNP Paribas Securities Services, Luxembourg Branch
<b>Method of Issue:</b>	The Bonds will be issued on a syndicated basis.
<b>Issue Date of Perp-NC5.5 Bonds:</b>	12 November 2013
<b>Issue Date of Perp-NC10 Bonds:</b>	12 November 2013

<b>Currency of Perp-NC5.5 Bonds:</b>	Euro
<b>Currency of Perp-NC10 Bonds:</b>	Euro
<b>Denomination:</b>	The Bonds will be issued in denominations of Euro 100,000 and integral multiples of Euro 1,000 in excess thereof.
<b>Status of the Bonds:</b>	The Bonds (which constitute <i>obligations</i> ) are deeply subordinated bonds. The subordination provisions of the Bonds are governed by the provisions of Article L. 228-97 of the French <i>Code de Commerce</i> . The principal and interest on the Bonds constitute direct, unconditional, unsecured and deeply subordinated obligations of the Issuer and rank and will rank <i>pari passu</i> among themselves and <i>pari passu</i> with all other present and future Parity Securities of the Issuer, but shall be subordinated to <i>prêts participatifs</i> granted to, the Issuer, to Ordinary Subordinated Obligations and to Unsubordinated Obligations of, or issued by, the Issuer. The Bonds shall rank in priority to any Junior Securities and any classes of Share Capital Securities issued by the Issuer.
<b>Status of the Subordinated Guarantee:</b>	The Guarantor has in the guarantee irrevocably guaranteed, on a subordinated basis, the due payment of all sums expressed to be payable from time to time by the Issuer under the Bonds. The obligations of the Guarantor under the Subordinated Guarantee constitute direct, unsecured and subordinated obligations of the Guarantor and rank and will rank <i>pari passu</i> among themselves and <i>pari passu</i> with all other present and future Parity Securities of the Guarantor but shall be subordinated to Ordinary Subordinated Obligations and to Unsubordinated Obligations of, or issued by, the Guarantor. The obligations of the Guarantor under the Subordinated Guarantee shall rank in priority to any Junior Securities and any classes of Share Capital Securities issued by the Guarantor.
<b>Use of Proceeds:</b>	The net proceeds of the issue of the Bonds will be used to strengthen the balance sheet structure of the Guarantor, following the acquisition of Chemlogics.
<b>Negative Pledge:</b>	There is no negative pledge in respect of the Bonds.
<b>Event of Default:</b>	There are no events of default in respect of the Bonds.
<b>Optional Redemption/Early Redemption:</b>	<p>The Bonds may be redeemed (in whole but not in part) at their principal amount together with any amounts outstanding thereon on the First Call Date, the Second Reset Date and on any Subsequent Reset Date thereafter, at the option of the Issuer.</p> <p>The Issuer will also have the right (and in certain circumstances the obligation) to redeem the Bonds (in whole but not in part) at their principal amount or at the Early Redemption Amount, as applicable, for certain tax reasons, upon the liquidation or insolvency of the Issuer, upon an Accounting Event, upon a Rating Methodology Event or in the event that Bonds equal to or in excess of 90 per cent. of the aggregate principal amount of the Bonds initially issued in accordance with the Terms and Conditions of the Bonds have been purchased</p>



by the Issuer, the Guarantor or any of the Guarantor's subsidiaries (each as such terms are defined in "*Terms and Conditions of the Perp-NC5.5 Bonds – Definitions*" and "*Terms and Conditions of the Perp-NC10 Bonds – Definitions*").

**Taxation:**

The Bonds will, upon issue, benefit from an exemption from deduction of French withholding tax. If French law shall require any such deduction, the Issuer shall, to the extent permitted by law and subject to certain exceptions, pay additional amounts.

Payments under the Subordinated Guarantee will not be subject to deduction of withholding tax. The Guarantor shall pay additional amounts in the event of any such deduction.

**Interest:**

The Perp-NC5.5 Bonds will bear interest (i) at the fixed rate of 4.199 per cent. per annum from (and including) 12 November 2013 (the "**Issue Date**") to (but excluding) 12 May 2019, payable annually in arrear on 12 May in each year and (ii) thereafter at a rate equal to the applicable mid swap rate for 5-Year Euro Mid Swaps as set out in the Terms and Conditions plus the relevant Margin payable annually. The Perp-NC10 Bonds will bear interest (i) at the fixed rate of 5.425 per cent. per annum from (and including) the Issue Date to (but excluding) 12 November 2023, payable annually in arrear on 12 November in each year and (ii) thereafter at a rate equal to the applicable mid swap rate for 5-Year Euro Mid Swaps as set out in the Terms and Conditions plus the relevant Margin payable annually.

The Issuer may, at its option, elect not to pay interest in respect of the Bonds, in which case any such interest shall be deferred and constitute "**Outstanding Amounts**". Outstanding Amounts will bear interest at the rate of interest then applicable to the Bonds. Outstanding Amounts and interest accrued thereon shall be payable at any time at the Issuer's discretion and mandatorily upon the occurrence of an Outstanding Amount Payment Event (as such term is defined in "*Terms and Conditions of the Perp-NC5.5 Bonds – Definitions*" and "*Terms and Conditions of the Perp-NC10 Bonds – Definitions*", as applicable).

**Representation of Bondholders:**

The Issuer or Bondholders holding not less than 10 per cent. in principal amount of the Bonds for the time being outstanding may at any time convene a meeting of Bondholders in order to consider any matter affecting their interest. Such meetings shall have a quorum to be specified in relation to each matter to be discussed and any resolutions duly passed shall be binding on all Bondholders, whether or not they were present at such meeting.

**Selling Restrictions:**

The Bonds have not been and will not be registered under the Securities Act and are being offered and sold only outside the United States in accordance with Regulation S thereunder. Selling restrictions apply in various jurisdictions.

**Form of Bonds:**

Having been authorised for issue as "*obligations*" under French law requirements, the Bonds are issued in bearer form. Interests in the Bonds shall initially be represented by a temporary global bond ("**Temporary Global Bond**") deposited with a common depositary. The Temporary Global Bond shall be exchangeable in whole or in part for interests in a permanent global

bond ("**Permanent Global Bond**"), on a date not earlier than 40 days after the date of issue of the Bonds.

**Clearing and settlement:**

The Perp-NC5.5 Bonds have been accepted for clearance through Euroclear and Clearstream, Luxembourg with the Common Code number of 099229357. The International Securities Identification Number (ISIN) for the Perp-NC5.5 Bonds is XS0992293570. The Perp-NC10 Bonds have been accepted for clearance through Euroclear and Clearstream, Luxembourg with the Common Code number of 099229390. The International Securities Identification Number (ISIN) for the Perp-NC10 Bonds is XS0992293901. The common depository for Euroclear and Clearstream, Luxembourg will be BNP Paribas Securities Services, Luxembourg Branch, the address of which is 33, rue de Gasperich, Howald – Hesperange, L-2085 Luxembourg, Luxembourg.

**Listing/admission to trading:**

Application has been made to the Luxembourg Stock Exchange for the Bonds to be listed on the Official List and admitted to trading on the Regulated Market of the Luxembourg Stock Exchange.

**Governing Law:**

The Bonds and all matters arising from or connected with the Bonds are governed by, and shall be construed in accordance with, English law, except that the subordination provisions of the Bonds shall be governed by, and shall be construed in accordance with, French law.

The Subordinated Guarantee and all matters arising from or connected with the Subordinated Guarantee are governed by, and shall be construed in accordance with, English law, except that the subordination provisions of the Subordinated Guarantee shall be governed by, and shall be construed in accordance with, Belgian law.

**Rating:**

The Bonds are expected to be assigned a rating of Baa3 with negative outlook by Moody's and a rating of BBB- by S&P. A rating is not a recommendation to buy, sell or hold Bonds and may be subject to revision, suspension, reduction or withdrawal at any time by the relevant rating agency.

## TERMS AND CONDITIONS OF THE PERP-NC5.5 BONDS

The creation and issue outside the Republic of France of Euro 700,000,000 Undated Deeply Subordinated Fixed to Reset Rate Perp-NC5.5 Bonds (the "**Bonds**") of Solvay Finance (the "**Issuer**") irrevocably guaranteed on a subordinated basis by Solvay SA (the "**Guarantor**") has been authorised pursuant to a resolution of the *Conseil d'administration* of the Issuer dated 21 October 2013 and a decision of the *Président du Conseil d'administration* and *Directeur Général* of the Issuer dated 4 November 2013 acting pursuant to such resolution of the *Conseil d'administration* of the Issuer. The guarantee of the Bonds (the "**Subordinated Guarantee**") has been authorised pursuant to a resolution of the *Conseil d'administration* of the Guarantor dated 30 September 2013. The Bonds will be issued with the benefit of an agency agreement (the "**Agency Agreement**") dated on or about 12 November 2013 (the "**Issue Date**") between the Issuer, BNP Paribas Securities Services, Luxembourg Branch as fiscal agent and principal paying agent (the "**Fiscal Agent**", which expression shall, where the context so admits, include any successor for the time being as Fiscal Agent) and as calculation agent (the "**Calculation Agent**", which expression shall, where the context so admits, include any successor for the time being as Calculation Agent) and the other paying agents named therein (together, the "**Paying Agents**", which expression shall, where the context so admits, include the Fiscal Agent and any successors for the time being of the Paying Agents or any additional paying agents appointed thereunder from time to time). Reference below to the "**Agents**" shall be to the Fiscal Agent, the Paying Agents and/or the Calculation Agent, as the case may be. Certain provisions of these Conditions are summaries of the Agency Agreement and the Subordinated Guarantee and subject to their detailed provisions. The holders of the Bonds (the "**Bondholders**") and the holders of the related interest coupons (the "**Couponholders**" and the "**Coupons**", respectively) are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement and the Subordinated Guarantee applicable to them. Copies of the Agency Agreement and the Subordinated Guarantee are available for inspection at the specified offices of the Paying Agents. References below to "**Conditions**" are, unless the context otherwise requires, to the numbered paragraphs below.

### 1. DEFINITIONS

For the purposes of these Conditions:

"**2006 Hybrid Bonds**" means the EUR 500,000,000 6.375% Deeply Subordinated Fixed to Floating Rate Deeply Subordinated Bonds due 2104 with ISIN XS0254808214 issued by the Issuer and irrevocably guaranteed on a subordinated basis by the Guarantor in 2006.

"**5-Year Euro Mid Swap Quotations**" means the arithmetic mean of the bid and offered rates for the annual fixed leg (calculated on a 30/360 day count basis) for a fixed-for-floating euro interest rate swap which (i) has a term of 5 years commencing on the first day of the relevant Reset Period, (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market, and (iii) has a floating leg based on the 6-month EURIBOR rate (calculated on an Actual/360 day count basis).

"**Accounting Event**" means that a recognised accountancy firm, acting upon instructions of the Guarantor or the Issuer, has delivered a letter or report to the Guarantor or the Issuer, stating that as a result of a change in accounting principles (or the application thereof) since the Issue Date, the Bonds may not or may no longer be recorded as "equity" in full pursuant to IFRS or any other accounting standards that may replace IFRS for the purposes of the consolidated financial statements of the Guarantor.

"**Actual/Actual-ICMA**" means the number of days in the Calculation Period divided by the number of days in the relevant Fixed Rate Interest Period.

"**Broken Amount**" means Euro 20.82 per Euro 1,000 in principal amount of Bonds.

"**Calculation Period**" means any period of time (from and including the first day of such period to but excluding the last) in respect of the calculation of an amount of interest on any Bond.

"**Deeply Subordinated Bonds**" means any bonds or notes of the Issuer (including the Bonds, the 2006 Hybrid Bonds or the Perp-NC10 Bonds) which constitute direct, unsecured and lowest ranking subordinated Obligations (*engagements subordonnés de dernier rang*) of the Issuer and which rank and will rank, by their terms, by operation of law or otherwise, junior to *prêts participatifs* granted to the Issuer and junior to the Ordinary Subordinated Obligations and Unsubordinated Obligations of the Issuer, but in priority to any Junior Securities and any classes of Share Capital Securities issued by the Issuer.

**"Early Redemption Amount"** means an amount payable in respect of each Bond on the date set for redemption (the **"Early Redemption Date"**), which shall be (i) in the event that the Early Redemption Date takes place on or prior to the First Call Date, 101% of its principal amount together with any interest accrued to the Early Redemption Date including any Outstanding Amounts together with interest accrued thereon at the Prevailing Rate, or (ii) in the event that the Early Redemption Date takes place on any date following the First Call Date, 100% of its principal amount together with any interest accrued to the Early Redemption Date including any Outstanding Amounts together with interest accrued thereon at the Prevailing Rate.

**"First Call Date"** means the Interest Payment Date falling on 12 May 2019.

**"First Reset Date"** means 12 May 2019.

**"Initial Fixed Rate Interest Period"** means the period beginning on (and including) the Issue Date and ending on (but excluding) the first Fixed Rate Interest Payment Date (as defined in Condition 4(a)) and each successive period beginning on (and including) a Fixed Rate Interest Payment Date and ending on (but excluding) the next succeeding Fixed Rate Interest Payment Date until (but excluding) the First Call Date shall be a **"Fixed Rate Interest Period"**.

**"Interest Payment Date"** means a Fixed Rate Interest Payment Date or a Reset Rate Interest Payment Date, as the case may be, both as defined in Condition 4(a).

**"Interest Period"** means a Fixed Rate Interest Period or a Reset Rate Interest Period, as the case may be.

**"Junior Securities"** means (i) any instruments issued, entered into or guaranteed by the Issuer, including any Share Capital Securities issued by the Issuer, which rank (or in relation to which the Issuer's payment obligations under the relevant guarantee rank), by their terms, by operation of law or otherwise, junior to the Bonds or to any Parity Security issued by the Issuer and (ii) any instruments issued, entered into or guaranteed by the Guarantor, including any Share Capital Securities issued by the Guarantor, which rank (or in relation to which the Guarantor's payment obligations under the relevant guarantee rank), by their terms, by operation of law or otherwise, junior to the obligations of the Guarantor under the Subordinated Guarantee or to any Parity Security issued by the Guarantor.

**"Obligations"** means, in respect of any person, any financial obligation expressed to be assumed by or imposed on it under or arising as a result of any contract, agreement, guarantee, document, instrument, conduct or relationship or directly by law.

**"Ordinary Subordinated Creditors"** means any person(s) to whom/which the Issuer or the Guarantor, as the case may be, owes an Ordinary Subordinated Obligation.

**"Ordinary Subordinated Obligations"** means any Obligations of the Issuer or the Guarantor, as the case may be, which constitute direct, unsecured and subordinated obligations of the Issuer or the Guarantor, as the case may be, and which in an insolvency rank and will rank, by their terms, by operation of law or otherwise, *pari passu* among themselves and *pari passu* with all other present and future Ordinary Subordinated Obligations, but in the case of the Issuer, in priority to *prêts participatifs* granted to the Issuer and in the case of the Issuer or the Guarantor, as the case may be, in priority to any Parity Securities.

**"Outstanding Amount"** means any amount deferred in accordance with Condition 4(e).

**"Outstanding Amount Payment Event"** means any one or more of the following events:

- (a) the Issuer or the Guarantor has declared or paid a dividend (whether in cash, shares or any other form) or more generally declared or made a payment of any nature, on or in respect of any Share Capital Securities;
- (b) the Guarantor or any of its Subsidiaries (including the Issuer) has declared or made a payment of any nature, on or in respect of any Parity Securities or Junior Securities issued by the Issuer or the Guarantor and/or guaranteed by the Guarantor;
- (c) the Guarantor or any of its Subsidiaries (including the Issuer) has redeemed, repurchased or repaid any Parity Securities issued or entered into by it, any Junior Securities issued or entered into by it or any Share Capital Securities issued by it, or the Guarantor or any of its Subsidiaries (including the Issuer) has otherwise acquired any Parity Securities or any Junior Securities;

- (d) the Issuer making a payment of interest on the Bonds (other than discretionary payments of deferred interest and associated amounts howsoever defined) on an Interest Payment Date, or
- (e) the Bonds are redeemed.

save for, (i) in each case, any compulsory dividend, other payment, redemption, repurchase, repayment or other acquisition required by the terms of such securities, and (ii) in the case of Parity Securities only, (1) any redemption, repurchase, repayment or acquisition according to (c) above executed in whole or in part in the form of a public tender offer or public exchange offer at a consideration per Parity Security below its par value and (2) discretionary partial payments of deferred interest and associated amounts, howsoever defined.

**"Parity Securities"** means (i) any instruments issued, entered into or guaranteed by the Issuer which rank (or in relation to which the Issuer's payment obligations under the relevant guarantee rank), by their terms, by operation of law or otherwise, junior to *prêts participatifs* granted to the Issuer, to Ordinary Subordinated Obligations and to Unsubordinated Obligations of, or issued by, the Issuer and in priority to any Junior Securities and any classes of Share Capital Securities issued by the Issuer and (ii) any instruments issued, entered into or guaranteed by the Guarantor which rank (or in relation to which the Guarantor's payment obligations under the relevant guarantee rank), by their terms, by operation of law or otherwise, junior to Ordinary Subordinated Obligations and to Unsubordinated Obligations of, or issued by, the Guarantor and in priority to any Junior Securities and any classes of Share Capital Securities issued by the Guarantor.

For the avoidance of doubt, Parity Securities shall include the 2006 Hybrid Bonds and the Perp-NC10 Bonds.

**"Perp-NC10 Bonds"** means the Euro 500,000,000 Undated Deeply Subordinated Fixed to Reset Rate Perp-NC10 Bonds with ISIN XS0992293901 issued by the Issuer and irrevocably guaranteed on a subordinated basis by the Guarantor on the Issue Date.

**"Prevailing Rate"** means the rate of interest which is from time to time applicable to the Bonds in accordance with Condition 4(a).

**"Rating Agency"** means any of Moody's Investor Services Ltd, Standard & Poor's Credit Market Services France S.A.S. or any other rating agency of equivalent international standing solicited from time to time by the Guarantor to grant a rating to the Guarantor and in each case, any of their respective successors to the rating business thereof.

**"Rating Methodology Event"** means that the Guarantor or the Issuer have received written confirmation from any Rating Agency from whom the Guarantor is assigned solicited ratings either directly or via a publication by such agency, that an amendment, clarification or change has occurred in ratings methodology of such Rating Agency, which amendment, clarification or change results in a lower "equity credit" (or such other nomenclature that the relevant Rating Agency may then use to describe the degree to which an instrument exhibits the characteristics of an ordinary share) for the Bonds than the then highest respective "equity credit" assigned on or around the Issue Date.

**"Regulated Market of the Luxembourg Stock Exchange"** means the regulated market of the *Bourse de Luxembourg* which is a regulated market for the purposes of the Markets in Financial Instruments Directive 2004/39/EC.

**"Relevant Margin"** means, (i) from and including the First Reset Date, to but excluding the Second Reset Date, 3.00 per cent., (ii) from and including the Second Reset Date to but excluding 12 May 2039 (the "**2039 Step Up Date**"), 3.25 per cent., or (iii) from and including the 2039 Step-up Date, 4.00 per cent.

**"Reset Rate Interest Period"** means the period beginning on (and including) the First Call Date (the "**First Reset Date**") and ending on (but excluding) 12 May 2024 (the "**Second Reset Date**") and each successive period beginning on (and including) a Reset Rate Interest Payment Date (as defined in Condition 4(a)) and ending on (but excluding) the Reset Rate Interest Payment Date falling on or closest to the 5<sup>th</sup> anniversary of such Reset Rate Interest Payment Date (each such date a "**Subsequent Reset Date**").

**"Second Reset Date"** means 12 May 2024.

**"Share Capital Securities"** means (i) any ordinary shares (*actions ordinaires*) issued by the Issuer or preference shares (*actions de préférence*) issued by the Issuer and (ii) any ordinary shares (*actions ordinaires*) issued by the Guarantor or preference shares (*actions de préférence*) issued by the Guarantor, or any profit-sharing certificates

(*parts bénéficiaires*) issued by the Guarantor which rank or would rank, by their terms, by operation of law or otherwise, equally with any ordinary shares or preference shares, if any, issued by the Guarantor.

"**Subsidiary**" means, in relation to any person or entity at any time, any other person or entity (whether or not now existing) (i) whose affairs and policies the first person controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second person or otherwise or (ii) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first person.

"**TARGET Business Day**" means a day on which the TARGET2 System is operating.

"**TARGET2 System**" means the Trans European Automated Real Time Gross Settlement Express Transfer System or any successor thereto.

"**Unsubordinated Creditors**" means any person(s) to whom/which the Issuer or the Guarantor, as the case may be, owes an Unsubordinated Obligation.

"**Unsubordinated Obligation**" means any Obligation of the Issuer or the Guarantor, as the case may be, which is unsubordinated.

## 2. FORM, DENOMINATION AND TITLE

The Bonds are in bearer form in the denomination of Euro 100,000 each and integral multiples of Euro 1,000 in excess thereof with Coupons and talons (each, a "**Talon**") for further Coupons attached at the time of issue. Title to the Bonds, the Coupons and the Talons will pass by delivery. The holder of any Bond, or Coupon or Talon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and no person shall be liable for so treating such holder. No person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999.

## 3. STATUS OF THE BONDS AND SUBORDINATED GUARANTEE

- (a) *Status of the Bonds*: The Bonds (which constitute *obligations*) are Deeply Subordinated Bonds. The subordination provisions of the Bonds are governed by the provisions of Article L. 228-97 of the French Code de Commerce. The principal and interest on the Bonds constitute direct, unconditional, unsecured and deeply subordinated obligations of the Issuer and rank and will rank *pari passu* among themselves and *pari passu* with all other present and future Parity Securities of the Issuer, but shall be subordinated to *prêts participatifs* granted to the Issuer, to Ordinary Subordinated Obligations and to Unsubordinated Obligations of, or issued by, the Issuer. The Bonds shall rank in priority to any Junior Securities and any classes of Share Capital Securities issued by the Issuer. If any judgment is issued by any competent court for the judicial liquidation (*liquidation judiciaire*) of the Issuer or, following an order of *redressement judiciaire*, the sale of the whole of the business (*cession totale de l'entreprise*) of the Issuer or in the event of the voluntary dissolution of the Issuer or if the Issuer has been liquidated for any other reason, the rights of the Bondholders will be calculated on the basis of the principal amount of the Bonds together with accrued interest on such principal amount, Outstanding Amounts and accrued interest on such Outstanding Amounts and to the extent that all other creditors of the Issuer (including Unsubordinated Creditors of the Issuer, Ordinary Subordinated Creditors of the Issuer, lenders in relation to *prêts participatifs* granted to the Issuer) ranking in priority to the Bondholders have been or will be fully reimbursed, as ascertained by the liquidator (*mandataire liquidateur, représentant des créanciers* or *commissaire au plan*, as the case may be). On a liquidation of the Issuer, no payments will be made to holders of Junior Securities or Share Capital Securities before all amounts due, but unpaid, to all Bondholders under the Bonds have been paid by the Issuer.
- (b) *Subordinated Guarantee*: The Guarantor has in the Subordinated Guarantee irrevocably guaranteed, on a subordinated basis, the due payment of all sums expressed to be payable from time to time by the Issuer under the Bonds. The obligations of the Guarantor under the Subordinated Guarantee constitute direct, unsecured and subordinated obligations of the Guarantor and rank and will rank *pari passu* among themselves and *pari passu* with all other present and future Parity Securities of the Guarantor but shall be subordinated to Ordinary Subordinated Obligations and to Unsubordinated Obligations of, or issued by, the Guarantor. The obligations of the Guarantor under the Subordinated Guarantee shall rank in priority to any Junior Securities and any classes of Share Capital Securities issued by the Guarantor. On an insolvency of the Guarantor, payments under the

Subordinated Guarantee will be subject to the condition precedent that all claims of the creditors of the Guarantor other than holders of Parity Securities issued by the Guarantor will have been discharged in full.

#### 4. INTEREST AND DEFERRAL OF INTEREST

- (a) *General*: Each Bond bears interest on its principal amount at a fixed rate of 4.199 per cent. per annum (the "**Initial Fixed Rate of Interest**") from (and including) the Issue Date to (but excluding) 12 May 2019, payable annually in arrear on 12 May in each year commencing on 12 May 2014 (each a "**Fixed Rate Interest Payment Date**"), and thereafter at the Reset Rate of Interest (as defined in Condition 4(d)(i) below), in each case payable annually in arrear on 12 May, commencing on 12 May 2020 (each a "**Reset Rate Interest Payment Date**") in each case subject as provided in Condition 4(e) (*Deferral of Interest*).
- (b) *Interest Payments*: Interest payments will be made subject to and in accordance with Condition 6 (*Payments and calculations*). In the case of redemption as provided in Condition 5 (*Redemption and purchase*), interest will cease to accrue on each Bond on the Early Redemption Date or, as the case may be, the Liquidation Redemption Date (as defined in Condition 5(c)), unless, upon such date, payment of the principal amount, the relevant Early Redemption Amount or, as the case may be, the amount due on the Liquidation Redemption Date is improperly withheld or refused or if default is otherwise made in respect of payment thereof. In such event, such Bond shall continue to bear interest in accordance with this Condition 4 (*Interest and interest interruption*) (as well after as before judgment) until the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant Bondholder.
- (c) *Initial Fixed Rate of Interest*: Other than with respect to the Initial Fixed Rate Interest Period, the amount of interest payable on the Bonds on each Fixed Rate Interest Payment Date will be an amount equal to the product of the principal amount of the Bonds multiplied by the Initial Fixed Rate of Interest calculated for the relevant Fixed Rate Interest Period on an Actual/Actual-ICMA annual basis (the "**Fixed Rate Interest Amount**"). The first payment of interest, to be made on 12 May 2014, will be in respect of the Initial Fixed Rate of Interest Period and will amount to the Broken Amount.
- (d) *Reset Rate of Interest*

- (i) Method of determination of the Reset Rate of Interest

The Reset Rate of Interest applicable in respect of the Bonds (the "**Reset Rate of Interest**") will be determined by the Calculation Agent on the following basis:

- (a) On the second TARGET Business Day before the beginning of each Reset Rate Interest Period (the "**Interest Determination Date**") the Calculation Agent will obtain the mid swap rate for Euro swap transactions with a maturity of 5 years ("**5-Year Euro Mid Swaps**"), as published on Bloomberg Page ISDA4 (or such other page or service as may replace it for the purposes of displaying European swap rates of leading reference banks for swaps in euro) (the "**Mid Swaps Page**"), as at 11.00 am (Central European Time) on such Interest Determination Date. The Reset Rate of Interest for such Reset Rate Interest Period shall be the aggregate of the Relevant Margin and the rate which so appears as determined by the Calculation Agent.
- (b) If, for any reason, on any Interest Determination Date, no rate is calculated and is published on the Mid Swaps Page, the Calculation Agent will request any four major banks selected by it in the European inter-bank market (the "**Reference Banks**") to provide it with their respective 5-Year Euro Mid Swap Quotations offered by such banks at approximately 11.00 am (Central European time) on such Interest Determination Date, to prime banks in the European market for 5-year Euro Mid Swaps in an amount that is, in the reasonable opinion of the Calculation Agent, representative for a single transaction in the relevant market at the relevant time. The Reset Rate of Interest for such Reset Rate Interest Period shall be the aggregate of the Relevant Margin and the arithmetic mean (rounded if necessary, to the nearest second decimal place, with 0.005 being rounded upwards) of the rates so quoted.
- (c) If only two or three rates are so quoted on any Interest Determination Date, the Calculation Agent will determine the arithmetic mean (rounded, if necessary, to the nearest second decimal place, with 0.005 being rounded upwards) of the rates so quoted and the Reset Rate of Interest for such Reset Rate Interest Period shall be the aggregate of the Relevant Margin and such arithmetic mean. If fewer than two rates are so quoted on any Interest Determination Date, the Reset Rate of Interest in

respect of such Reset Rate Interest Payment Date shall be the Reset Rate of Interest already in effect on such Interest Determination Date.

(ii) Determination of Reset Rate of Interest and Calculation of Reset Rate Interest Amount by the Calculation Agent

The Calculation Agent will, as soon as practicable after 11.00 a.m. (Central European time) on each Interest Determination Date, determine the Reset Rate of Interest and calculate the amount of interest payable in respect of each Bond (the "**Reset Rate Interest Amount**") for the relevant Reset Rate Interest Period. The Reset Rate Interest Amount in respect of the Bonds shall be calculated by applying the Reset Rate of Interest to the aggregate principal amount of the Bonds on an Actual/Actual-ICMA annual basis (rounded to the nearest half cent, with half a cent being rounded upwards).

(iii) Publication of Reset Rate of Interest and Reset Rate Interest Amount

The Calculation Agent will cause the Reset Rate of Interest and the Reset Rate Interest Amount for each Reset Rate Interest Period to be notified to the Issuer, the Fiscal Agent and the Luxembourg Stock Exchange and any other stock exchange on which the Bonds may for the time being be listed and the Calculation Agent will cause publication thereof in accordance with Condition 11 (*Notices*) as soon as possible after their determination but in no event later than the fourth TARGET Business Day thereafter.

- (e) *Deferral of Interest*: On each Interest Payment Date (other than an Interest Payment Date falling on the date of redemption of the Bonds), the Issuer may, at its option, elect not to pay interest in respect of the Bonds which has, pursuant to the provisions of Condition 4(a), accrued to that date in respect of the Interest Period ending immediately prior to such Interest Payment Date, subject to such election and decision of deferral having been made by its *Conseil d'administration* and subject further to the giving of notice of election of deferral to the Bondholders as provided below. Any interest not paid pursuant to such an election shall be deferred.

Any amounts so deferred shall constitute "**Outstanding Amounts**". Such non-payment shall not constitute a default by the Issuer under the Bonds or for any other purpose. Notice of non-payment of any interest under the Bonds on any Interest Payment Date shall be given to the Bondholders in accordance with Condition 11 (*Notices*) at least ten (10) business days prior to such Interest Payment Date. So long as the Bonds are listed on the Regulated Market of the Luxembourg Stock Exchange and the rules of such stock exchange so require, notice of any such non-payment shall be given as soon as reasonably practicable to such stock exchange.

- (f) *Outstanding Amounts*: Outstanding Amounts will bear interest at the Prevailing Rate from and including the Interest Payment Date on which such Outstanding Amounts were deferred in accordance with Condition 4(e), to but excluding the date on which such Outstanding Amounts are paid, as the case may be, in accordance with this Condition. Such interest shall accrue and be calculated in accordance mutatis mutandis with Condition 4(a) and, depending on whether the Prevailing Rate is the Initial Fixed Rate of Interest or a Reset Rate of Interest, in accordance mutatis mutandis with Conditions 4(c) or 4(d). Outstanding Amounts, together with interest accrued thereon at the Prevailing Rate, such amounts ("**Additional Interest Amounts**"), in accordance with this Condition 4(f) shall be paid in cash in whole but not in part, upon the occurrence of any Outstanding Amount Payment Event or at any time, in whole or in part, at the option of the Issuer. Notice of any Outstanding Amount Payment Event or exercise by the Issuer of its option to pay all Outstanding Amounts, together with any Additional Interest Amount at the Prevailing Rate, shall be given to the Bondholders in accordance with Condition 11 (*Notices*) within ten (10) Business Days of such event or exercise. In the case of exercise of its option to pay by the Issuer (the "**Option**"), such exercise shall be deemed to have occurred on the date of giving of the notice in accordance with Condition 11 (*Notices*).

- (g) *Partial Payment of Outstanding Amounts and Additional Interest Amounts*: If amounts in respect of Outstanding Amounts and Additional Interest Amounts are paid in part:

- (A) all unpaid amounts of Outstanding Amounts shall be payable before any Additional Interest Amounts;
- (B) Outstanding Amounts accrued for any period shall not be payable until full payment has been made of all Outstanding Amounts that have accrued during any earlier period and the order of payment of Additional Interest Amounts shall follow that of the Outstanding Amounts to which they relate; and
- (C) the amount of Outstanding Amounts or Additional Interest Amounts payable in respect of any of the Bonds in respect of any period, shall be pro rata to the total amount of all unpaid Outstanding Amounts or, as the case may be, Additional Interest Amounts accrued on the Bonds in respect of that period to the date of payment.



*In the event that the Issuer has elected to defer the payment of interest on any Interest Payment Date, if an Outstanding Amount Payment Event does not occur prior to the calendar day which is the fifth anniversary of the Interest Payment Date on which the relevant Outstanding Amount was first deferred, it is the intention, though not an obligation, of the Issuer to pay all Outstanding Amounts (in whole but not in part) no later than the next following Interest Payment Date.*

## **5. REDEMPTION AND PURCHASE**

(a) *No Fixed Maturity*: The Bonds are undated without fixed maturity, and may not be redeemed otherwise than in accordance with this Condition 5 (*Redemption and purchase*).

(b) *Call options*

(i) *General call option of the Issuer*

On the First Call Date, the Second Reset Date and on any Subsequent Reset Date thereafter, the Issuer, subject to having given not less than 30, and not more than 45, calendar days' prior notice to the Bondholders (which notice shall be irrevocable) in accordance with Condition 11 (*Notices*), may redeem all, but not some only, of the Bonds at their principal amount including any amount outstanding thereon (including an amount equal to any Outstanding Amounts, together with interest accrued thereon at the Prevailing Rate). The Luxembourg Stock Exchange will be informed of any such redemption.

(ii) *Redemption for taxation reasons*

- a) If, by reason of a change in the laws or regulations of the Republic of France, or any political subdivision therein or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a judgment by a court of competent jurisdiction), becoming effective on or after the Issue Date, the Issuer would on the occasion of the next payment of principal or interest due in respect of the Bonds, not be able to make such payment without having to pay additional amounts as specified under Condition 7 (*Taxation*), the Issuer may, at any time subject to having given not more than 45 nor less than 30 days' prior notice to the Bondholders (which notice shall be irrevocable), in accordance with Condition 11 (*Notices*), redeem all, but not some only, of the Bonds outstanding at their principal amount together with amounts outstanding thereon including an amount equal to any Outstanding Amounts, together with interest accrued thereon at the Prevailing Rate and with accrued interest to the date of redemption provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the latest practicable date on which the Issuer could make payment of principal and interest without withholding for French taxes or, if such date has passed, as soon as practicable thereafter;
- b) If, by reason of a change in the laws or regulations of the Kingdom of Belgium, or any political subdivision therein or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a judgment by a court of competent jurisdiction), becoming effective on or after the Issue Date, the Guarantor would (if a demand was made under the Subordinated Guarantee of the Bonds) have to pay additional amounts as specified under Condition 7 (*Taxation*), the Issuer may, at any time subject to having given not more than 45 nor less than 30 days' prior notice to the Bondholders (which notice shall be irrevocable), in accordance with Condition 11 (*Notices*), redeem all, but not some only, of the Bonds outstanding at their their principal amount together with amounts outstanding thereon including an amount equal to any Outstanding Amounts, together with interest accrued thereon at the Prevailing Rate and with accrued interest to the date of redemption provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the latest practicable date on which the Guarantor could make a payment under the Subordinated Guarantee without withholding for Belgian taxes or, if such date has passed, as soon as practicable thereafter;
- c) If the Issuer would on the next payment of principal or interest in respect of the Bonds be prevented by French law from making payment to the Bondholders of the full amount then due and payable, notwithstanding the undertaking to pay additional amounts contained in Condition 7 (*Taxation*), then the Issuer shall forthwith give notice of such fact to the Fiscal Agent and the Issuer shall upon giving not less than seven days' prior notice to the Bondholders in accordance with Condition 11 (*Notices*), redeem all, but not some only, of the Bonds then outstanding at their principal amount together with amounts outstanding thereon including an amount equal to any Outstanding Amounts, together with interest accrued thereon at the Prevailing Rate and with accrued interest to the date of redemption provided that the due date for redemption of which notice hereunder shall be given shall be no earlier than the latest practicable date on which the

Issuer could make payment of the full amount of principal and interest payable without withholding for French taxes or, if such date has passed, as soon as practicable thereafter;

- d) If, an opinion of a recognised law firm of international standing has been delivered to the Issuer and the Fiscal Agent, stating that by reason of any change in the laws or regulations of the Republic of France, or any political subdivision therein or any authority thereof or therein having power to tax, any change in the application or official interpretation of such laws or regulations (including a judgment by a court of competent jurisdiction), or any other change in the tax treatment of the Bonds, becoming effective on or after the Issue Date, interest payments under the Bonds were but are no longer tax-deductible by the Issuer for French corporate income tax (*impôts sur les bénéfices des sociétés*) purposes to the same extent as Unsubordinated Obligations of the Issuer would be, the Issuer may, at its option, at any time, subject to having given not more than 45 nor less than 30 days' notice to Bondholders (which notice shall be irrevocable) in accordance with Condition 11 (*Notices*), redeem all, but not some only, of the Bonds at their Early Redemption Amount provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the latest practicable date on which the Issuer could make such payment with interest payable being tax deductible for French corporate income tax (*impôts sur les bénéfices des sociétés*) purposes.

(iii) *Redemption for rating reasons*

If a Rating Methodology Event has occurred, then the Issuer may, subject to having given not more than 45 nor less than 30 days' notice to the Fiscal Agent and, in accordance with Condition 11 (*Notices*), the Bondholders (which notice shall be irrevocable) redeem all, but not some only, of the Bonds at any time at their Early Redemption Amount.

(iv) *Redemption for accounting reasons*

If an Accounting Event has occurred, then the Issuer may, subject to having given not more than 45 nor less than 30 days' notice to the Fiscal Agent and, in accordance with Condition 11 (*Notices*), the Bondholders (which notice shall be irrevocable) redeem all, but not some only, of the Bonds at any time at the Early Redemption Amount.

Before the publication of any notice of redemption pursuant to Conditions 5(b)(ii)(d), 5(b)(iii) or 5(b)(iv), the Issuer shall deliver to the Fiscal Agent a certificate signed by the *Président du Conseil d'administration* and *Directeur Général* of the Issuer, or, if a separate *Directeur Général* has been appointed, by either the *Président du Conseil d'administration* or the *Directeur Général* of the Issuer, stating that the Issuer is entitled to effect such redemption and setting forth a statement of the facts showing that the conditions precedent to the right of the Issuer to so redeem have occurred which include, in the case of redemption in accordance with Condition 5(b)(ii)(d), an opinion of a recognised law firm of international standing referred to in such Condition, in the case of redemption in accordance with Condition 5(b)(iii), evidence of the written confirmation referred to in the definition of "Rating Methodology Event", and in the case of redemption in accordance with Condition 5(b)(iv), a copy of the letter or report referred to in the definition of "Accounting Event".

*In the event of an exercise by the Issuer of any of its call options or repurchase rights pursuant to this Condition 5, the Guarantor intends to raise, though does not have an obligation to do so, against issue proceeds at least equal to the amount payable on redemption, within the 12 months preceding the redemption becoming effective, Parity Securities and/or Junior Securities, and/or ordinary shares or to sell existing ordinary shares (save for shares purchased against cash within a period of 12 months prior to the relevant sales date of the respective existing ordinary shares) in each case with an aggregate "equity credit" from S&P that is at least equal to the aggregate "equity credit" of the Bonds, unless:*

- (a) *the rating assigned by S&P to the Guarantor is at least BBB+ and the Issuer is comfortable that such a rating would not fall below this level as a result of such redemption or repurchase, or*
- (b) *the Bonds do not receive equity credit from S&P at the time of such redemption or purchase, or*
- (c) *in the case of a repurchase only, a repurchase of less than (x) 10 per cent. of the aggregate principal amount of the Bonds originally issued in any period of 12 consecutive months, or (y) 25 per cent. of the aggregate principal amount of the Bonds originally issued in any period of 10 consecutive years, or*
- (d) *such redemption or repurchase occurs on or after the 2039 Step Up Date, or*

(e) such redemption is pursuant to Conditions 5(b)(ii)(d), 5(b)(iii) or 5(b)(iv).

- (c) *Liquidation*: In accordance with Condition 3 (*Status of the Bonds and Subordinated Guarantee*), if any judgment is issued by any competent court for the judicial liquidation (*liquidation judiciaire*) of the Issuer or, following an order of *redressement judiciaire*, the sale of the whole of the business (*cession totale de l'entreprise*) of the Issuer or in the event of the voluntary dissolution of the Issuer or if the Issuer is liquidated for any other reason, or if the process for the liquidation of the Guarantor is commenced for any reason, then the Bonds will become immediately due and payable at their principal amount together with any amounts outstanding thereon including an amount equal to any Outstanding Amounts, together with interest accrued thereon at the Prevailing Rate and with accrued interest to the date of redemption (the "**Liquidation Redemption Date**").
- (d) *Purchases and cancellation*: The Issuer, the Guarantor or any of the Guarantor's subsidiaries, may at any time purchase Bonds in the open market or otherwise and at any price. Such acquired Bonds may be cancelled, held or resold, subject as provided below.

All Bonds which are purchased or redeemed by the Issuer and any unmatured Coupons or unexchanged Talons attached to or surrendered with them will cease to be considered to be outstanding and shall be cancelled and accordingly may not be reissued or sold save that any Bonds so purchased by the Issuer may be held and resold in accordance with applicable laws and regulations for the purpose of enhancing the liquidity of the Bonds.

In the event that the Issuer, the Guarantor or any of the Guarantor's subsidiaries, has purchased Bonds equal to or in excess of 90 per cent. of the aggregate principal amount of the Bonds initially issued pursuant to this Condition 5(d) (*Purchases and cancellation*), the Issuer may call and redeem the remaining Bonds (in whole but not in part) at their principal amount together with any amounts outstanding thereon including an amount equal to any Outstanding Amounts, together with interest accrued thereon at the Prevailing Rate and with accrued interest to the date of redemption.

## 6. PAYMENTS AND CALCULATIONS

- (a) *Principal*: Payments of principal shall be made only against presentation and (provided that payment is made in full) surrender of Bonds at the specified office of any Paying Agent outside the United States by Euro cheque drawn on, or by transfer to a Euro account (or other account to which Euro may be credited or transferred) maintained by the payee with, a bank in a city in which banks have access to the TARGET2 System.
- (b) *Interest and Outstanding Amounts*: Payments of interest and/or, if applicable, Outstanding Amounts shall, subject to paragraph (f) (Payments other than in respect of matured Coupons) below, be made only against presentation and (provided that payment is made in full) surrender of the appropriate Coupons at the specified office of any Paying Agent outside the United States in the manner described in paragraph (a) (*Principal*) above.
- (c) *Payment subject to fiscal laws*: All payments in respect of the Bonds are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 7 (*Taxation*). No commissions or expenses shall be charged to the Bondholders or Couponholders in respect of such payments.
- (d) *Deduction for unmatured Coupons*: If a Bond is presented between the Issue Date and the First Call Date without all unmatured Coupons relating thereto, then:
- (i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; *provided, however, that* if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;
- (ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:
- (A) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the "**Relevant Coupons**") being equal to the amount of principal due for payment; *provided, however, that* where this sub-paragraph would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and

- (B) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; *provided, however, that*, if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

Each sum of principal so deducted shall be paid in the manner provided in paragraph (a) (*Principal*) above against presentation and (*provided that* payment is made in full) surrender of the relevant missing Coupons.

No payments will be made in respect of void coupons. If a Bond is presented after the First Call Date without all unmatured Coupons relating thereto, then such missing Coupons shall become void.

- (e) *Payments on business days*: If the due date for payment of any amount in respect of any Bond or Coupon is not a business day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding business day in such place and shall not be entitled to any further interest or other payment in respect of any such delay. In this paragraph, "**business day**" means, in respect of any place of presentation, any day on which banks are open for presentation and payment of bearer debt securities and for dealings in foreign currencies in such place of presentation and, in the case of payment by transfer to a Euro account as referred to above, on which the TARGET2 System is open.
- (f) *Payments other than in respect of matured Coupons*: Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Bonds at the specified office of any Paying Agent outside the United States.
- (g) *Partial payments*: If a Paying Agent makes a partial payment in respect of any Bond or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.
- (h) *Exchange of Talons*: On or after the maturity date of the final Coupon which is (or was at the time of issue) part of a coupon sheet relating to the Bonds (each, a "**Coupon Sheet**"), the Talon forming part of such Coupon Sheet may be exchanged at the specified office of the Fiscal Agent for a further Coupon Sheet (including a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 12 (*Prescription*)). Upon the due date for redemption of any Bond, any unexchanged Talon relating to such Bond shall become void and no Coupon will be delivered in respect of such Talon.
- (i) *Fiscal Agent, Paying Agents and Calculation Agent*: The name and specified office of the initial Fiscal Agent, Paying Agents and the Calculation Agent are as follows:

#### **FISCAL AGENT, PRINCIPAL PAYING AGENT AND CALCULATION AGENT**

##### **BNP Paribas Securities Services, Luxembourg Branch**

33, rue de Gasperich  
Howald – Hesperange  
L-2085 Luxembourg  
Luxembourg

The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, Paying Agent(s), Calculation Agent and/or appoint a substitute Fiscal Agent, Paying Agent, Calculation Agent and additional or other Paying Agents, provided that there will at all times be (i) a Fiscal Agent having a specified office in a European city, (ii) so long as the Bonds are listed on the Regulated Market of the Luxembourg Stock Exchange and the rules of that stock exchange so require, a Paying Agent having a specified office in Luxembourg (which may be the Fiscal Agent), (iii) so long as any Bond is outstanding, a Calculation Agent for the purposes of the Bonds having a specified office in a European city and (iv) a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to the European Council Directive 2003/48/EC or any EU Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive. If the Calculation Agent is unable or unwilling to continue to act as such or if the Calculation Agent fails to make any calculations in relation to the Bonds, the Issuer shall appoint some other leading European bank engaged in the Euro inter-bank market to act in

its place, subject to having given notice to the Bondholders in accordance with Condition 11 (*Notices*) not more than 45 nor less than 30 days prior to such appointment.

The Calculation Agent may not resign its duties without a successor having been so appointed. Any notice of a change in Fiscal Agent, Paying Agent, Calculation Agent or their specified office shall be given to Bondholders as specified in Condition 11 (*Notices*).

- (j) *Certificates to be final*: All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purpose of the provisions of these Conditions whether by the Calculation Agent or the Reference Banks (or any of them) shall (in the absence of wilful default or manifest error) be binding on the Issuer, the Calculation Agent, the Paying Agents, the Fiscal Agent, the Reference Banks, and all the Bondholders. All calculations and determinations carried out by the Calculation Agent pursuant to these Conditions must be made in good faith. No Bondholder shall (in the absence as aforesaid) be entitled to proceed against the Calculation Agent or the Reference Banks or any of them in connection with the exercise or non-exercise by them of their powers, duties and discretions.

## 7. TAXATION

- (a) *Withholding*: All payments in respect of the Bonds and the Coupons by or on behalf of the Issuer or the Guarantor shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Republic of France or the Kingdom of Belgium or any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law.
- (b) *Additional amounts*: If French law or Belgian law, as the case may be, should require that payments of principal or interest in respect of any Bond or Coupon by or on behalf of the Issuer or the Guarantor, as the case may be, be subject to deduction or withholding in respect of any present or future taxes, duties, assessments or other governmental charges of whatever nature imposed or levied by or on behalf of the Republic of France or the Kingdom of Belgium, as the case may be, or any authority therein or thereof having power to tax, the Issuer or the Guarantor, as the case may be, shall, to the fullest extent then permitted by law, pay such additional amounts as may be necessary in order that each Bondholder or Couponholder, after such deduction or withholding, will receive the full amount then due and payable thereon in the absence of such deduction or withholding; provided, however, that the Issuer or the Guarantor, as the case may be, shall not be liable to pay any such additional amounts in respect of any Bond to a Bondholder, or in respect of any Coupon to a Couponholder, (or beneficial owner (*ayant droit*)):
- (i) who is subject to such taxes, duties, assessments or other governmental charges in respect of such Bond or Coupon by reason of his having some present or former connection with the Republic of France or the Kingdom of Belgium other than the mere holding of such Bond or Coupon; or
  - (ii) by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Bond or Coupon to another Paying Agent in a member state of the European Union; or
  - (iii) when the relevant Bond or Coupon is presented for payment more than 30 days after the Relevant Date (as defined below), except to the extent that the holder thereof would have been entitled to such additional amounts on the last day of such period of 30 days; or
  - (iv) where such deduction or withholding is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC of 3 June 2003 or any other European Union Directive implementing the conclusion of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive.

For the purpose of this Condition 7 (*Taxation*), "**Relevant Date**" in relation to any Bond or Coupon means whichever is the later of (A) the date on which the payment in respect of such Bond or Coupon first becomes due and payable, and (B) if the full amount of the moneys payable on such date in respect of such Bond or Coupon has not been received by the Fiscal Agent on or prior to such date, the date on which notice is given in accordance with Condition 11 (*Notices*) to Bondholders that such moneys have been so received.

References in these Conditions to principal and interest shall be deemed also to refer to any additional amounts which may be payable under the provisions of this Condition 7.

## 8. NO EVENTS OF DEFAULT

There are no events of default in respect of the Bonds.

## 9. REPLACEMENT OF BONDS, COUPONS AND TALONS

If any Bond, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Fiscal Agent and the Paying Agent having its specified office in Luxembourg, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Bonds, Coupons or Talons must be surrendered before replacements will be issued.

## 10. REPRESENTATION OF THE BONDHOLDERS

- (a) *Meetings of Bondholders*: The Agency Agreement contains provisions for convening meetings of Bondholders to consider matters relating to the Bonds, including the modification of any provision of these Conditions. Any such modification may be made if sanctioned by an Extraordinary Resolution (as defined in the Agency Agreement). Such a meeting may be convened by the Issuer and the Guarantor (acting together) and shall be convened by them upon the request in writing of Bondholders holding not less than one-tenth of the aggregate principal amount of the outstanding Bonds. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more persons holding or representing one more than half of the aggregate principal amount of the outstanding Bonds or, at any adjourned meeting, two or more persons being or representing Bondholders whatever the principal amount of the Bonds held or represented; provided, however, that certain proposals (including any proposal to change any date fixed for payment of principal or interest in respect of the Bonds, to reduce the amount of principal or interest payable on any date in respect of the Bonds, to alter the method of calculating the amount of any payment in respect of the Bonds or the date for any such payment, to change the currency of payments under the Bonds, to amend the terms of the Subordinated Guarantee or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution (each, a "**Reserved Matter**") may only be sanctioned by an Extraordinary Resolution passed at a meeting of Bondholders at which two or more persons holding or representing not less than three-quarters or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Bonds form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Bondholders and Couponholders, whether present or not. In addition, a resolution in writing signed by or on behalf of all Bondholders who for the time being are entitled to receive notice of a meeting of Bondholders will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders.
- (b) *Modification*: The Bonds, these Conditions and the Subordinated Guarantee may be amended without the consent of the Bondholders or the Couponholders to correct a manifest error. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Bondholders, to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is, in the opinion of such parties, not materially prejudicial to the interests of the Bondholders.

## 11. NOTICES

Any notice to the Bondholders will be valid if delivered to Bondholders through Euroclear or Clearstream, Luxembourg and, so long as the Bonds are listed on the Regulated Market of the Luxembourg Stock Exchange and the rules of that stock exchange so require, if published in a leading daily newspaper having general circulation in Luxembourg (which is expected to be *Luxemburger Wort* or the *Tageblatt*) or on the website of the Luxembourg Stock Exchange, [www.bourse.lu](http://www.bourse.lu). If any such publication is not practicable, notice shall be validly given if published in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the date of such delivery or publication or, if published more than once or on different dates, on the first date on which such publication is made.

## 12. PRESCRIPTION

Claims against the Issuer for the payment of principal and interest in respect of the Bonds shall become time-barred 10 years (in the case of principal) and 5 years (in the case of interest) from the due date for payment thereof.

### 13. FURTHER ISSUES

The Issuer may from time to time, without the consent of the Bondholders or the Couponholders, create and issue further bonds having the same terms and conditions as the Bond in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Bond.

### 14. GOVERNING LAW AND JURISDICTION

- (a) *Governing law*: The Bonds and all non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law, except that the provisions of Condition 3(a) shall be governed by, and shall be construed in accordance with, French law.
- (b) *English courts*: The courts of England have exclusive jurisdiction to settle any dispute (a "**Dispute**") (including a dispute relating to the existence, validity or termination of the Bonds or all non-contractual obligations arising out of or in connection with the Bonds) arising from or connected with the Bonds.
- (c) *Appropriate forum*: The Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.
- (d) *Rights of the Bondholders to take proceedings outside England*: Condition 14(b) (*English courts*) is for the benefit of the Bondholders only. As a result, nothing in this Condition 14 (*Governing law and jurisdiction*) prevents any Bondholder from taking proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction. To the extent allowed by law, Bondholders may take concurrent Proceedings in any number of jurisdictions.
- (e) *Process agent*: The Issuer agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered for the attention of the Company Secretary to Solvay UK Holding Company Limited at Solvay House, Baronet Road, Warrington, Cheshire WA4 6HA, England or, if different, its registered office for the time being or at any address of the Issuer in Great Britain at which process may be served on it in accordance with Part 34 of the Companies Act 2006. If such person is not or ceases to be effectively appointed to accept service of process on behalf of the Issuer, the Issuer shall, on the written demand of any Bondholder addressed to the Issuer and delivered to the Issuer or to the specified office of the Fiscal Agent appoint a further person in England to accept service of process on its behalf and, failing such appointment within 15 days, any Bondholder shall be entitled to appoint such a person by written notice addressed to the Issuer and delivered to the Issuer or to the specified office of the Fiscal Agent. Nothing in this paragraph shall affect the right of any Bondholder to serve process in any other manner permitted by law. This Condition applies to Proceedings in England and to Proceedings elsewhere.
- (f) *Consent to enforcement*: The Issuer consents generally in respect of any Proceedings to the giving of any relief or the issue of any process in connection with such Proceedings including (without limitation) the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment which is made or given in such Proceedings.
- (g) *Waiver of immunity*: To the extent that the Issuer may in any jurisdiction claim for itself or its assets or revenues immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to the Issuer or its assets or revenues, the Issuer agrees not to claim and irrevocably waives such immunity to the full extent permitted by the laws of such jurisdiction.

### 15. EXCHANGE AND VARIATION

If at any time the Issuer determines that it is entitled to, or obliged to, redeem the Bonds in accordance with Condition 5(b)(ii), 5(b)(iii) or 5(b)(iv), the Issuer may, as an alternative to such redemption, on any Interest Payment Date, without the consent of the Bondholders, (i) exchange the Bonds for new bonds whether issued by the Issuer or the Guarantor replacing the Bonds (the "**Exchanged Bonds**"), or (ii) vary the terms of the Bonds (the "**Varied Bonds**"), so that in either case (A) in the case of an event described in Condition 5 (b)(ii), payments of principal and interest in respect of the Exchanged Bonds or Varied Bonds (as the case may be) are not subject to withholding by reason of French or Belgian law or published regulations and/or payments of interest payable by the Issuer in respect of the Exchanged Bonds or Varied Bonds (as the case may be) are deductible to the same extent as Unsubordinated Obligations of the Issuer, (B) in the case of a Rating Methodology Event, the aggregate nominal amount of the Exchanged Bonds or Varied Bonds (as the case may be) is assigned "equity credit" by the relevant Rating Agency that

is at least the same as that which was assigned to the Bonds on or around the Issue Date, or (C) in the case of an Accounting Event, the aggregate nominal amount of the Exchanged Bonds or Varied Bonds (as the case may be) is recorded as "equity" in the audited annual or the semi-annual consolidated financial statements of the Guarantor pursuant to IFRS or any other accounting standards that may replace IFRS for the purposes of preparing the annual audited consolidated financial statements of the Guarantor.

Any such exchange or variation is subject to the following conditions:

- (a) the Issuer giving not more than 45 nor less than 30 days' notice to the Bondholders in accordance with Condition 11 (*Notices*);
- (b) the Issuer complying with the rules of any stock exchange (or any other relevant authority) on which the Bonds are for the time being listed or admitted to trading, and (for so long as the rules of such exchange require) the publication of any appropriate supplement, listing particulars or offering circular in connection therewith, and the Exchanged or Varied Bonds continuing to be listed or admitted on the same stock exchange as the Bonds if they were listed immediately prior to the relevant exchange or variation;
- (c) with respect to exchanges only, the Issuer paying any Outstanding Amounts together with interest accrued thereon at the Prevailing Rate in full prior to such exchange;
- (d) the Exchanged or Varied Bonds shall maintain the same ranking in liquidation, the same interest rate and interest payment dates, the same First Call Date, the same First Reset Date, Second Reset Date, Subsequent Reset Dates and early redemption rights, as applicable, (provided that the relevant exchange or variation may not itself trigger any early redemption right), the same rights to accrued or Outstanding Amounts together with any interest accrued thereon at the Prevailing Rate, and any other amounts payable under the Bonds which, in each case, has accrued to Bondholders and has not been paid, the same rights to principal and interest, and, if publicly rated by a Rating Agency immediately prior to such exchange or variation, at least the same credit rating immediately after such exchange or variation by such Rating Agency if the Bonds are publicly rated by any and all such Rating Agencies, as compared with the relevant rating(s) immediately prior to such exchange or variation (as determined by the Issuer using reasonable measures available to it including discussions with the Rating Agencies to the extent practicable) and shall not contain terms providing for the mandatory deferral of interest and do not contain terms providing for loss absorption through principal write-down or conversion to shares;
- (e) the terms of the exchange or variation not being prejudicial to the interests of the Bondholders (it being deemed not prejudicial if the Guarantor is substituted for the Issuer), including compliance with (d) above, as certified for the benefit of the Bondholders by a director of the Guarantor, having consulted with an independent investment bank of international standing (for the avoidance of doubt the Fiscal Agent shall accept the certificates of the Issuer as sufficient evidence of the occurrence of an event described in Condition 5(b)(ii), an Accounting Event or a Rating Methodology Event and that such exchange or variation to the Bonds are not prejudicial to the interest of the Bondholders); and
- (f) the issue of legal opinions addressed to the Fiscal Agent from one or more international law firms of good reputation confirming (x) that the Issuer, or as the case may be, the Guarantor if substituted for the Issuer, has capacity to assume all rights and obligations under the Exchanged Bonds or Varied Bonds and has obtained all necessary corporate or governmental authorisation to assume all such rights and obligations and (y) the legality, validity and enforceability of the Exchanged Bonds or Varied Bonds.



## TERMS AND CONDITIONS OF THE PERP-NC10 BONDS

The creation and issue outside the Republic of France of Euro 500,000,000 Undated Deeply Subordinated Fixed to Reset Rate Perp-NC10 Bonds (the "**Bonds**") of Solvay Finance (the "**Issuer**") irrevocably guaranteed on a subordinated basis by Solvay SA (the "**Guarantor**") has been authorised pursuant to a resolution of the *Conseil d'administration* of the Issuer dated 21 October 2013 and a decision of the *Président du Conseil d'administration* and *Directeur Général* of the Issuer dated 4 November 2013 acting pursuant to such resolution of the *Conseil d'administration* of the Issuer. The guarantee of the Bonds (the "**Subordinated Guarantee**") has been authorised pursuant to a resolution of the *Conseil d'administration* of the Guarantor dated 30 September 2013. The Bonds will be issued with the benefit of an agency agreement (the "**Agency Agreement**") dated on or about 12 November 2013 (the "**Issue Date**") between the Issuer, BNP Paribas Securities Services, Luxembourg Branch as fiscal agent and principal paying agent (the "**Fiscal Agent**", which expression shall, where the context so admits, include any successor for the time being as Fiscal Agent) and as calculation agent (the "**Calculation Agent**", which expression shall, where the context so admits, include any successor for the time being as Calculation Agent) and the other paying agents named therein (together, the "**Paying Agents**", which expression shall, where the context so admits, include the Fiscal Agent and any successors for the time being of the Paying Agents or any additional paying agents appointed thereunder from time to time). Reference below to the "**Agents**" shall be to the Fiscal Agent, the Paying Agents and/or the Calculation Agent, as the case may be. Certain provisions of these Conditions are summaries of the Agency Agreement and the Subordinated Guarantee and subject to their detailed provisions. The holders of the Bonds (the "**Bondholders**") and the holders of the related interest coupons (the "**Couponholders**" and the "**Coupons**", respectively) are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement and the Subordinated Guarantee applicable to them. Copies of the Agency Agreement and the Subordinated Guarantee are available for inspection at the specified offices of the Paying Agents. References below to "**Conditions**" are, unless the context otherwise requires, to the numbered paragraphs below.

### 1. DEFINITIONS

For the purposes of these Conditions:

"**2006 Hybrid Bonds**" means the EUR 500,000,000 6.375% Deeply Subordinated Fixed to Floating Rate Deeply Subordinated Bonds due 2104 with ISIN XS0254808214 issued by the Issuer and irrevocably guaranteed on a subordinated basis by the Guarantor in 2006.

"**5-Year Euro Mid Swap Quotations**" means the arithmetic mean of the bid and offered rates for the annual fixed leg (calculated on a 30/360 day count basis) for a fixed-for-floating euro interest rate swap which (i) has a term of 5 years commencing on the first day of the relevant Reset Period, (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market, and (iii) has a floating leg based on the 6-month EURIBOR rate (calculated on an Actual/360 day count basis).

"**Accounting Event**" means that a recognised accountancy firm, acting upon instructions of the Guarantor or the Issuer, has delivered a letter or report to the Guarantor or the Issuer, stating that as a result of a change in accounting principles (or the application thereof) since the Issue Date, the Bonds may not or may no longer be recorded as "equity" in full pursuant to IFRS or any other accounting standards that may replace IFRS for the purposes of the consolidated financial statements of the Guarantor.

"**Actual/Actual-ICMA**" means the number of days in the Calculation Period divided by the number of days in the relevant Fixed Rate Interest Period.

"**Calculation Period**" means any period of time (from and including the first day of such period to but excluding the last) in respect of the calculation of an amount of interest on any Bond.

"**Deeply Subordinated Bonds**" means any bonds or notes of the Issuer (including the Bonds, the 2006 Hybrid Bonds or the Perp-NC5.5 Bonds) which constitute direct, unsecured and lowest ranking subordinated Obligations (*engagements subordonnés de dernier rang*) of the Issuer and which rank and will rank, by their terms, by operation of law or otherwise, junior to *prêts participatifs* granted to the Issuer and junior to the Ordinary Subordinated Obligations and Unsubordinated Obligations of the Issuer, but in priority to any Junior Securities and any classes of Share Capital Securities issued by the Issuer.

"**Early Redemption Amount**" means an amount payable in respect of each Bond on the date set for redemption (the "**Early Redemption Date**"), which shall be (i) in the event that the Early Redemption Date takes place on or prior to the First Call Date, 101% of its principal amount together with any interest accrued to the Early Redemption Date

including any Outstanding Amounts together with interest accrued thereon at the Prevailing Rate, or (ii) in the event that the Early Redemption Date takes place on any date following the First Call Date, 100% of its principal amount together with any interest accrued to the Early Redemption Date including any Outstanding Amounts together with interest accrued thereon at the Prevailing Rate.

"**First Call Date**" means the Interest Payment Date falling on 12 November 2023.

"**First Reset Date**" means 12 November 2023.

"**Initial Fixed Rate Interest Period**" means the period beginning on (and including) the Issue Date and ending on (but excluding) the first Fixed Rate Interest Payment Date (as defined in Condition 4(a)) and each successive period beginning on (and including) a Fixed Rate Interest Payment Date and ending on (but excluding) the next succeeding Fixed Rate Interest Payment Date until (but excluding) the First Call Date shall be a "**Fixed Rate Interest Period**".

"**Interest Payment Date**" means a Fixed Rate Interest Payment Date or a Reset Rate Interest Payment Date, as the case may be, both as defined in Condition 4(a).

"**Interest Period**" means a Fixed Rate Interest Period or a Reset Rate Interest Period, as the case may be.

"**Junior Securities**" means (i) any instruments issued, entered into or guaranteed by the Issuer, including any Share Capital Securities issued by the Issuer, which rank (or in relation to which the Issuer's payment obligations under the relevant guarantee rank), by their terms, by operation of law or otherwise, junior to the Bonds or to any Parity Security issued by the Issuer and (ii) any instruments issued, entered into or guaranteed by the Guarantor, including any Share Capital Securities issued by the Guarantor, which rank (or in relation to which the Guarantor's payment obligations under the relevant guarantee rank), by their terms, by operation of law or otherwise, junior to the obligations of the Guarantor under the Subordinated Guarantee or to any Parity Security issued by the Guarantor.

"**Obligations**" means, in respect of any person, any financial obligation expressed to be assumed by or imposed on it under or arising as a result of any contract, agreement, guarantee, document, instrument, conduct or relationship or directly by law.

"**Ordinary Subordinated Creditors**" means any person(s) to whom/which the Issuer or the Guarantor, as the case may be, owes an Ordinary Subordinated Obligation.

"**Ordinary Subordinated Obligations**" means any Obligations of the Issuer or the Guarantor, as the case may be, which constitute direct, unsecured and subordinated obligations of the Issuer or the Guarantor, as the case may be, and which in an insolvency rank and will rank, by their terms, by operation of law or otherwise, *pari passu* among themselves and *pari passu* with all other present and future Ordinary Subordinated Obligations, but in the case of the Issuer, in priority to *prêts participatifs* granted to the Issuer and in the case of the Issuer or the Guarantor, as the case may be, in priority to any Parity Securities.

"**Outstanding Amount**" means any amount deferred in accordance with Condition 4(e).

"**Outstanding Amount Payment Event**" means any one or more of the following events:

- (a) the Issuer or the Guarantor has declared or paid a dividend (whether in cash, shares or any other form) or more generally declared or made a payment of any nature, on or in respect of any Share Capital Securities;
- (b) the Guarantor or any of its Subsidiaries (including the Issuer) has declared or made a payment of any nature, on or in respect of any Parity Securities or Junior Securities issued by the Issuer or the Guarantor and/or guaranteed by the Guarantor;
- (c) the Guarantor or any of its Subsidiaries (including the Issuer) has redeemed, repurchased or repaid any Parity Securities issued or entered into by it, any Junior Securities issued or entered into by it or any Share Capital Securities issued by it, or the Guarantor or any of its Subsidiaries (including the Issuer) has otherwise acquired any Parity Securities or any Junior Securities;
- (d) the Issuer making a payment of interest on the Bonds (other than discretionary payments of deferred interest and associated amounts howsoever defined) on an Interest Payment Date, or

(e) the Bonds are redeemed.

save for, (i) in each case, any compulsory dividend, other payment, redemption, repurchase, repayment or other acquisition required by the terms of such securities, and (ii) in the case of Parity Securities only, (1) any redemption, repurchase, repayment or acquisition according to (c) above executed in whole or in part in the form of a public tender offer or public exchange offer at a consideration per Parity Security below its par value and (2) discretionary partial payments of deferred interest and associated amounts, howsoever defined.

**"Parity Securities"** means (i) any instruments issued, entered into or guaranteed by the Issuer which rank (or in relation to which the Issuer's payment obligations under the relevant guarantee rank), by their terms, by operation of law or otherwise, junior to *prêts participatifs* granted to the Issuer, to Ordinary Subordinated Obligations and to Unsubordinated Obligations of, or issued by, the Issuer and in priority to any Junior Securities and any classes of Share Capital Securities issued by the Issuer and (ii) any instruments issued, entered into or guaranteed by the Guarantor which rank (or in relation to which the Guarantor's payment obligations under the relevant guarantee rank), by their terms, by operation of law or otherwise, junior to Ordinary Subordinated Obligations and to Unsubordinated Obligations of, or issued by, the Guarantor and in priority to any Junior Securities and any classes of Share Capital Securities issued by the Guarantor.

For the avoidance of doubt, Parity Securities shall include the 2006 Hybrid Bonds and the Perp-NC5.5 Bonds.

**"Perp-NC5.5 Bonds"** means the Euro 700,000,000 Undated Deeply Subordinated Fixed to Reset Rate Perp-NC5.5 Bonds with ISIN XS0992293570 issued by the Issuer and irrevocably guaranteed on a subordinated basis by the Guarantor on the Issue Date.

**"Prevailing Rate"** means the rate of interest which is from time to time applicable to the Bonds in accordance with Condition 4(a).

**"Rating Agency"** means any of Moody's Investor Services Ltd, Standard & Poor's Credit Market Services France S.A.S. or any other rating agency of equivalent international standing solicited from time to time by the Guarantor to grant a rating to the Guarantor and in each case, any of their respective successors to the rating business thereof.

**"Rating Methodology Event"** means that the Guarantor or the Issuer have received written confirmation from any Rating Agency from whom the Guarantor is assigned solicited ratings either directly or via a publication by such agency, that an amendment, clarification or change has occurred in ratings methodology of such Rating Agency, which amendment, clarification or change results in a lower "equity credit" (or such other nomenclature that the relevant Rating Agency may then use to describe the degree to which an instrument exhibits the characteristics of an ordinary share) for the Bonds than the then highest respective "equity credit" assigned on or around the Issue Date.

**"Regulated Market of the Luxembourg Stock Exchange"** means the regulated market of the *Bourse de Luxembourg* which is a regulated market for the purposes of the Markets in Financial Instruments Directive 2004/39/EC.

**"Relevant Margin"** means, (i) from and including the First Reset Date, to but excluding 12 November 2043 (the **"2043 Step Up Date"**), 3.70 per cent., or (ii) from and including the 2043 Step Up Date, 4.45 per cent.

**"Reset Rate Interest Period"** means the period beginning on (and including) the First Call Date (the **"First Reset Date"**) and ending on (but excluding) 12 November 2028 (the **"Second Reset Date"**) and each successive period beginning on (and including) a Reset Rate Interest Payment Date (as defined in Condition 4(a)) and ending on (but excluding) the Reset Rate Interest Payment Date falling on or closest to the 5<sup>th</sup> anniversary of such Reset Rate Interest Payment Date (each such date a **"Subsequent Reset Date"**).

**"Share Capital Securities"** means (i) any ordinary shares (*actions ordinaires*) issued by the Issuer or preference shares (*actions de préférence*) issued by the Issuer and (ii) any ordinary shares (*actions ordinaires*) issued by the Guarantor or preference shares (*actions de préférence*) issued by the Guarantor, or any profit-sharing certificates (*parts bénéficiaires*) issued by the Guarantor which rank or would rank, by their terms, by operation of law or otherwise, equally with any ordinary shares or preference shares, if any, issued by the Guarantor.

**"Subsidiary"** means, in relation to any person or entity at any time, any other person or entity (whether or not now existing) (i) whose affairs and policies the first person controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second person or

otherwise or (ii) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first person.

"**TARGET Business Day**" means a day on which the TARGET2 System is operating.

"**TARGET2 System**" means the Trans European Automated Real Time Gross Settlement Express Transfer System or any successor thereto.

"**Unsubordinated Creditors**" means any person(s) to whom/which the Issuer or the Guarantor, as the case may be, owes an Unsubordinated Obligation.

"**Unsubordinated Obligation**" means any Obligation of the Issuer or the Guarantor, as the case may be, which is unsubordinated.

## 2. FORM, DENOMINATION AND TITLE

The Bonds are in bearer form in the denomination of Euro 100,000 each and integral multiples of Euro 1,000 in excess thereof with Coupons and talons (each, a "**Talon**") for further Coupons attached at the time of issue. Title to the Bonds, the Coupons and the Talons will pass by delivery. The holder of any Bond, or Coupon or Talon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and no person shall be liable for so treating such holder. No person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999.

## 3. STATUS OF THE BONDS AND SUBORDINATED GUARANTEE

- (a) *Status of the Bonds*: The Bonds (which constitute *obligations*) are Deeply Subordinated Bonds. The subordination provisions of the Bonds are governed by the provisions of Article L. 228-97 of the French Code de Commerce. The principal and interest on the Bonds constitute direct, unconditional, unsecured and deeply subordinated obligations of the Issuer and rank and will rank *pari passu* among themselves and *pari passu* with all other present and future Parity Securities of the Issuer, but shall be subordinated to *prêts participatifs* granted to the Issuer, to Ordinary Subordinated Obligations and to Unsubordinated Obligations of, or issued by, the Issuer. The Bonds shall rank in priority to any Junior Securities and any classes of Share Capital Securities issued by the Issuer. If any judgment is issued by any competent court for the judicial liquidation (*liquidation judiciaire*) of the Issuer or, following an order of *redressement judiciaire*, the sale of the whole of the business (*cession totale de l'entreprise*) of the Issuer or in the event of the voluntary dissolution of the Issuer or if the Issuer has been liquidated for any other reason, the rights of the Bondholders will be calculated on the basis of the principal amount of the Bonds together with accrued interest on such principal amount, Outstanding Amounts and accrued interest on such Outstanding Amounts and to the extent that all other creditors of the Issuer (including Unsubordinated Creditors of the Issuer, Ordinary Subordinated Creditors of the Issuer, lenders in relation to *prêts participatifs* granted to the Issuer) ranking in priority to the Bondholders have been or will be fully reimbursed, as ascertained by the liquidator (*mandataire liquidateur, représentant des créanciers* or *commissaire au plan*, as the case may be). On a liquidation of the Issuer, no payments will be made to holders of Junior Securities or Share Capital Securities before all amounts due, but unpaid, to all Bondholders under the Bonds have been paid by the Issuer.
- (b) *Subordinated Guarantee*: The Guarantor has in the Subordinated Guarantee irrevocably guaranteed, on a subordinated basis, the due payment of all sums expressed to be payable from time to time by the Issuer under the Bonds. The obligations of the Guarantor under the Subordinated Guarantee constitute direct, unsecured and subordinated obligations of the Guarantor and rank and will rank *pari passu* among themselves and *pari passu* with all other present and future Parity Securities of the Guarantor but shall be subordinated to Ordinary Subordinated Obligations and to Unsubordinated Obligations of, or issued by, the Guarantor. The obligations of the Guarantor under the Subordinated Guarantee shall rank in priority to any Junior Securities and any classes of Share Capital Securities issued by the Guarantor. On an insolvency of the Guarantor, payments under the Subordinated Guarantee will be subject to the condition precedent that all claims of the creditors of the Guarantor other than holders of Parity Securities issued by the Guarantor will have been discharged in full.

## 4. INTEREST AND DEFERRAL OF INTEREST

- (a) *General*: Each Bond bears interest on its principal amount at a fixed rate of 5.425 per cent. per annum (the "**Initial Fixed Rate of Interest**") from (and including) the Issue Date to (but excluding) 12 November 2023,

payable annually in arrear on 12 November in each year commencing on 12 November 2014 (each a "**Fixed Rate Interest Payment Date**"), and thereafter at the Reset Rate of Interest (as defined in Condition 4(d)(i) below), in each case payable annually in arrear on 12 November, commencing on 12 November 2024 (each a "**Reset Rate Interest Payment Date**") in each case subject as provided in Condition 4(e) (*Deferral of Interest*).

- (b) *Interest Payments*: Interest payments will be made subject to and in accordance with Condition 6 (*Payments and calculations*). In the case of redemption as provided in Condition 5 (*Redemption and purchase*), interest will cease to accrue on each Bond on the Early Redemption Date or, as the case may be, the Liquidation Redemption Date (as defined in Condition 5(c)), unless, upon such date, payment of the principal amount, the relevant Early Redemption Amount or, as the case may be, the amount due on the Liquidation Redemption Date is improperly withheld or refused or if default is otherwise made in respect of payment thereof. In such event, such Bond shall continue to bear interest in accordance with this Condition 4 (*Interest and interest interruption*) (as well after as before judgment) until the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant Bondholder.
- (c) *Initial Fixed Rate of Interest*: The amount of interest payable on the Bonds on each Fixed Rate Interest Payment Date will be an amount equal to the product of the principal amount of the Bonds multiplied by the Initial Fixed Rate of Interest calculated for the relevant Fixed Rate Interest Period on an Actual/Actual-ICMA annual basis (the "**Fixed Rate Interest Amount**").
- (d) *Reset Rate of Interest*

- (i) Method of determination of the Reset Rate of Interest

The Reset Rate of Interest applicable in respect of the Bonds (the "**Reset Rate of Interest**") will be determined by the Calculation Agent on the following basis:

- (a) On the second TARGET Business Day before the beginning of each Reset Rate Interest Period (the "**Interest Determination Date**") the Calculation Agent will obtain the mid swap rate for Euro swap transactions with a maturity of 5 years ("**5-Year Euro Mid Swaps**"), as published on Bloomberg Page ISDA4 (or such other page or service as may replace it for the purposes of displaying European swap rates of leading reference banks for swaps in euro) (the "**Mid Swaps Page**"), as at 11.00 am (Central European Time) on such Interest Determination Date. The Reset Rate of Interest for such Reset Rate Interest Period shall be the aggregate of the Relevant Margin and the rate which so appears as determined by the Calculation Agent.
    - (b) If, for any reason, on any Interest Determination Date, no rate is calculated and is published on the Mid Swaps Page, the Calculation Agent will request any four major banks selected by it in the European inter-bank market (the "**Reference Banks**") to provide it with their respective 5-Year Euro Mid Swap Quotations offered by such banks at approximately 11.00 am (Central European time) on such Interest Determination Date, to prime banks in the European market for 5-year Euro Mid Swaps in an amount that is, in the reasonable opinion of the Calculation Agent, representative for a single transaction in the relevant market at the relevant time. The Reset Rate of Interest for such Reset Rate Interest Period shall be the aggregate of the Relevant Margin and the arithmetic mean (rounded if necessary, to the nearest second decimal place, with 0.005 being rounded upwards) of the rates so quoted.
    - (c) If only two or three rates are so quoted on any Interest Determination Date, the Calculation Agent will determine the arithmetic mean (rounded, if necessary, to the nearest second decimal place, with 0.005 being rounded upwards) of the rates so quoted and the Reset Rate of Interest for such Reset Rate Interest Period shall be the aggregate of the Relevant Margin and such arithmetic mean. If fewer than two rates are so quoted on any Interest Determination Date, the Reset Rate of Interest in respect of such Reset Rate Interest Payment Date shall be the Reset Rate of Interest already in effect on such Interest Determination Date.

- (ii) Determination of Reset Rate of Interest and Calculation of Reset Rate Interest Amount by the Calculation Agent

The Calculation Agent will, as soon as practicable after 11.00 a.m. (Central European time) on each Interest Determination Date, determine the Reset Rate of Interest and calculate the amount of interest payable in respect of each Bond (the "**Reset Rate Interest Amount**") for the relevant Reset Rate Interest Period. The Reset Rate Interest Amount in respect of the Bonds shall be calculated by applying the Reset Rate of Interest

to the aggregate principal amount of the Bonds on an Actual/Actual-ICMA annual basis (rounded to the nearest half cent, with half a cent being rounded upwards).

(iii) Publication of Reset Rate of Interest and Reset Rate Interest Amount

The Calculation Agent will cause the Reset Rate of Interest and the Reset Rate Interest Amount for each Reset Rate Interest Period to be notified to the Issuer, the Fiscal Agent and the Luxembourg Stock Exchange and any other stock exchange on which the Bonds may for the time being be listed and the Calculation Agent will cause publication thereof in accordance with Condition 11 (*Notices*) as soon as possible after their determination but in no event later than the fourth TARGET Business Day thereafter.

- (e) *Deferral of Interest*: On each Interest Payment Date (other than an Interest Payment Date falling on the date of redemption of the Bonds), the Issuer may, at its option, elect not to pay interest in respect of the Bonds which has, pursuant to the provisions of Condition 4(a), accrued to that date in respect of the Interest Period ending immediately prior to such Interest Payment Date, subject to such election and decision of deferral having been made by its *Conseil d'administration* and subject further to the giving of notice of election of deferral to the Bondholders as provided below. Any interest not paid pursuant to such an election shall be deferred.

Any amounts so deferred shall constitute "**Outstanding Amounts**". Such non-payment shall not constitute a default by the Issuer under the Bonds or for any other purpose. Notice of non-payment of any interest under the Bonds on any Interest Payment Date shall be given to the Bondholders in accordance with Condition 11 (*Notices*) at least ten (10) business days prior to such Interest Payment Date. So long as the Bonds are listed on the Regulated Market of the Luxembourg Stock Exchange and the rules of such stock exchange so require, notice of any such non-payment shall be given as soon as reasonably practicable to such stock exchange.

- (f) *Outstanding Amounts*: Outstanding Amounts will bear interest at the Prevailing Rate from and including the Interest Payment Date on which such Outstanding Amounts were deferred in accordance with Condition 4(e), to but excluding the date on which such Outstanding Amounts are paid, as the case may be, in accordance with this Condition. Such interest shall accrue and be calculated in accordance *mutatis mutandis* with Condition 4(a) and, depending on whether the Prevailing Rate is the Initial Fixed Rate of Interest or a Reset Rate of Interest, in accordance *mutatis mutandis* with Conditions 4(c) or 4(d). Outstanding Amounts, together with interest accrued thereon at the Prevailing Rate, such amounts ("**Additional Interest Amounts**"), in accordance with this Condition 4(f) shall be paid in cash in whole but not in part, upon the occurrence of any Outstanding Amount Payment Event or at any time, in whole or in part, at the option of the Issuer. Notice of any Outstanding Amount Payment Event or exercise by the Issuer of its option to pay all Outstanding Amounts, together with any Additional Interest Amount at the Prevailing Rate, shall be given to the Bondholders in accordance with Condition 11 (*Notices*) within ten (10) Business Days of such event or exercise. In the case of exercise of its option to pay by the Issuer (the "**Option**"), such exercise shall be deemed to have occurred on the date of giving of the notice in accordance with Condition 11 (*Notices*).

- (g) *Partial Payment of Outstanding Amounts and Additional Interest Amounts*: If amounts in respect of Outstanding Amounts and Additional Interest Amounts are paid in part:

- (A) all unpaid amounts of Outstanding Amounts shall be payable before any Additional Interest Amounts;
- (B) Outstanding Amounts accrued for any period shall not be payable until full payment has been made of all Outstanding Amounts that have accrued during any earlier period and the order of payment of Additional Interest Amounts shall follow that of the Outstanding Amounts to which they relate; and
- (C) the amount of Outstanding Amounts or Additional Interest Amounts payable in respect of any of the Bonds in respect of any period, shall be pro rata to the total amount of all unpaid Outstanding Amounts or, as the case may be, Additional Interest Amounts accrued on the Bonds in respect of that period to the date of payment.

*In the event that the Issuer has elected to defer the payment of interest on any Interest Payment Date, if an Outstanding Amount Payment Event does not occur prior to the calendar day which is the fifth anniversary of the Interest Payment Date on which the relevant Outstanding Amount was first deferred, it is the intention, though not an obligation, of the Issuer to pay all Outstanding Amounts (in whole but not in part) no later than the next following Interest Payment Date.*

## 5. REDEMPTION AND PURCHASE

- (a) *No Fixed Maturity*: The Bonds are undated without fixed maturity, and may not be redeemed otherwise than in accordance with this Condition 5 (*Redemption and purchase*).

(b) *Call options*

(i) *General call option of the Issuer*

On the First Call Date, the Second Reset Date and on any Subsequent Reset Date thereafter, the Issuer, subject to having given not less than 30, and not more than 45, calendar days' prior notice to the Bondholders (which notice shall be irrevocable) in accordance with Condition 11 (*Notices*), may redeem all, but not some only, of the Bonds at their principal amount including any amount outstanding thereon (including an amount equal to any Outstanding Amounts, together with interest accrued thereon at the Prevailing Rate). The Luxembourg Stock Exchange will be informed of any such redemption.

(ii) *Redemption for taxation reasons*

- a) If, by reason of a change in the laws or regulations of the Republic of France, or any political subdivision therein or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a judgment by a court of competent jurisdiction), becoming effective on or after the Issue Date, the Issuer would on the occasion of the next payment of principal or interest due in respect of the Bonds, not be able to make such payment without having to pay additional amounts as specified under Condition 7 (*Taxation*), the Issuer may, at any time subject to having given not more than 45 nor less than 30 days' prior notice to the Bondholders (which notice shall be irrevocable), in accordance with Condition 11 (*Notices*), redeem all, but not some only, of the Bonds outstanding at their principal amount together with amounts outstanding thereon including an amount equal to any Outstanding Amounts, together with interest accrued thereon at the Prevailing Rate and with accrued interest to the date of redemption provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the latest practicable date on which the Issuer could make payment of principal and interest without withholding for French taxes or, if such date has passed, as soon as practicable thereafter;
- b) If, by reason of a change in the laws or regulations of the Kingdom of Belgium, or any political subdivision therein or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a judgment by a court of competent jurisdiction), becoming effective on or after the Issue Date, the Guarantor would (if a demand was made under the Subordinated Guarantee of the Bonds) have to pay additional amounts as specified under Condition 7 (*Taxation*), the Issuer may, at any time subject to having given not more than 45 nor less than 30 days' prior notice to the Bondholders (which notice shall be irrevocable), in accordance with Condition 11 (*Notices*), redeem all, but not some only, of the Bonds outstanding at their their principal amount together with amounts outstanding thereon including an amount equal to any Outstanding Amounts, together with interest accrued thereon at the Prevailing Rate and with accrued interest to the date for redemption provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the latest practicable date on which the Guarantor could make a payment under the Subordinated Guarantee without withholding for Belgian taxes or, if such date has passed, as soon as practicable thereafter;
- c) If the Issuer would on the next payment of principal or interest in respect of the Bonds be prevented by French law from making payment to the Bondholders of the full amount then due and payable, notwithstanding the undertaking to pay additional amounts contained in Condition 7 (*Taxation*), then the Issuer shall forthwith give notice of such fact to the Fiscal Agent and the Issuer shall upon giving not less than seven days' prior notice to the Bondholders in accordance with Condition 11 (*Notices*), redeem all, but not some only, of the Bonds then outstanding at their principal amount together with amounts outstanding thereon including an amount equal to any Outstanding Amounts, together with interest accrued thereon at the Prevailing Rate and with accrued interest to the date of redemption provided that the due date for redemption of which notice hereunder shall be given shall be no earlier than the latest practicable date on which the Issuer could make payment of the full amount of principal and interest payable without withholding for French taxes or, if such date has passed, as soon as practicable thereafter;
- d) If, an opinion of a recognised law firm of international standing has been delivered to the Issuer and the Fiscal Agent, stating that by reason of any change in the laws or regulations of the Republic of France, or any political subdivision therein or any authority thereof or therein having power to tax, any change in the application or official interpretation of such laws or regulations (including a judgment by a court of competent jurisdiction), or any other change in the tax treatment of the Bonds, becoming effective on or after the Issue Date, interest payments under the Bonds were but are no longer tax-deductible by the Issuer for French corporate income tax (*impôts sur les bénéfices des sociétés*) purposes to the same extent as

Unsubordinated Obligations of the Issuer would be, the Issuer may, at its option, at any time, subject to having given not more than 45 nor less than 30 days' notice to Bondholders (which notice shall be irrevocable) in accordance with Condition 11 (*Notices*), redeem all, but not some only, of the Bonds at their Early Redemption Amount provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the latest practicable date on which the Issuer could make such payment with interest payable being tax deductible for French corporate income tax (*impôts sur les bénéfices des sociétés*) purposes.

(iii) *Redemption for rating reasons*

If a Rating Methodology Event has occurred, then the Issuer may, subject to having given not more than 45 nor less than 30 days' notice to the Fiscal Agent and, in accordance with Condition 11 (*Notices*), the Bondholders (which notice shall be irrevocable) redeem all, but not some only, of the Bonds at any time at their Early Redemption Amount.

(iv) *Redemption for accounting reasons*

If an Accounting Event has occurred, then the Issuer may, subject to having given not more than 45 nor less than 30 days' notice to the Fiscal Agent and, in accordance with Condition 11 (*Notices*), the Bondholders (which notice shall be irrevocable) redeem all, but not some only, of the Bonds at any time at the Early Redemption Amount.

Before the publication of any notice of redemption pursuant to Conditions 5(b)(ii)(d), 5(b)(iii) or 5(b)(iv), the Issuer shall deliver to the Fiscal Agent a certificate signed by the *Président du Conseil d'administration* and *Directeur Général* of the Issuer, or, if a separate *Directeur Général* has been appointed, by either the *Président du Conseil d'administration* or the *Directeur Général* of the Issuer, stating that the Issuer is entitled to effect such redemption and setting forth a statement of the facts showing that the conditions precedent to the right of the Issuer to so redeem have occurred which include, in the case of redemption in accordance with Condition 5(b)(ii)(d), an opinion of a recognised law firm of international standing referred to in such Condition, in the case of redemption in accordance with Condition 5(b)(iii), evidence of the written confirmation referred to in the definition of "Rating Methodology Event", and in the case of redemption in accordance with Condition 5(b)(iv), a copy of the letter or report referred to in the definition of "Accounting Event".

*In the event of an exercise by the Issuer of any of its call options or repurchase rights pursuant to this Condition 5, the Guarantor intends to raise, though does not have an obligation to do so, against issue proceeds at least equal to the amount payable on redemption, within the 12 months preceding the redemption becoming effective, Parity Securities and/or Junior Securities, and/or ordinary shares or to sell existing ordinary shares (save for shares purchased against cash within a period of 12 months prior to the relevant sales date of the respective existing ordinary shares) in each case with an aggregate "equity credit" from S&P that is at least equal to the aggregate "equity credit" of the Bonds, unless:*

- (a) *the rating assigned by S&P to the Guarantor is at least BBB+ and the Issuer is comfortable that such a rating would not fall below this level as a result of such redemption or repurchase, or*
- (b) *the Bonds do not receive equity credit from S&P at the time of such redemption or purchase, or*
- (c) *in the case of a repurchase only, a repurchase of less than (x) 10 per cent. of the aggregate principal amount of the Bonds originally issued in any period of 12 consecutive months, or (y) 25 per cent. of the aggregate principal amount of the Bonds originally issued in any period of 10 consecutive years, or*
- (d) *such redemption or repurchase occurs on or after the 2043 Step Up Date, or*
- (e) *such redemption is pursuant to Conditions 5(b)(ii)(d), 5(b)(iii) or 5(b)(iv).*

(c) *Liquidation*: In accordance with Condition 3 (*Status of the Bonds and Subordinated Guarantee*), if any judgment is issued by any competent court for the judicial liquidation (*liquidation judiciaire*) of the Issuer or, following an order of *redressement judiciaire*, the sale of the whole of the business (*cession totale de l'entreprise*) of the Issuer or in the event of the voluntary dissolution of the Issuer or if the Issuer is liquidated for any other reason, or if the process for the liquidation of the Guarantor is commenced for any reason, then the Bonds will become immediately due and payable at their principal amount together with any amounts outstanding thereon including an amount equal to any Outstanding Amounts, together with interest accrued thereon at the Prevailing Rate and with accrued interest to the date of redemption (the "**Liquidation Redemption Date**").



- (d) *Purchases and cancellation*: The Issuer, the Guarantor or any of the Guarantor's subsidiaries, may at any time purchase Bonds in the open market or otherwise and at any price. Such acquired Bonds may be cancelled, held or resold, subject as provided below.

All Bonds which are purchased or redeemed by the Issuer and any unmatured Coupons or unexchanged Talons attached to or surrendered with them will cease to be considered to be outstanding and shall be cancelled and accordingly may not be reissued or sold save that any Bonds so purchased by the Issuer may be held and resold in accordance with applicable laws and regulations for the purpose of enhancing the liquidity of the Bonds.

In the event that the Issuer, the Guarantor or any of the Guarantor's subsidiaries, has purchased Bonds equal to or in excess of 90 per cent. of the aggregate principal amount of the Bonds initially issued pursuant to this Condition 5(d) (*Purchases and cancellation*), the Issuer may call and redeem the remaining Bonds (in whole but not in part) at their principal amount together with any amounts outstanding thereon including an amount equal to any Outstanding Amounts, together with interest accrued thereon at the Prevailing Rate and with accrued interest to the date of redemption.

## 6. PAYMENTS AND CALCULATIONS

- (a) *Principal*: Payments of principal shall be made only against presentation and (provided that payment is made in full) surrender of Bonds at the specified office of any Paying Agent outside the United States by Euro cheque drawn on, or by transfer to a Euro account (or other account to which Euro may be credited or transferred) maintained by the payee with, a bank in a city in which banks have access to the TARGET2 System.
- (b) *Interest and Outstanding Amounts*: Payments of interest and/or, if applicable, Outstanding Amounts shall, subject to paragraph (f) (Payments other than in respect of matured Coupons) below, be made only against presentation and (provided that payment is made in full) surrender of the appropriate Coupons at the specified office of any Paying Agent outside the United States in the manner described in paragraph (a) (*Principal*) above.
- (c) *Payment subject to fiscal laws*: All payments in respect of the Bonds are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 7 (*Taxation*). No commissions or expenses shall be charged to the Bondholders or Couponholders in respect of such payments.
- (d) *Deduction for unmatured Coupons*: If a Bond is presented between the Issue Date and the First Call Date without all unmatured Coupons relating thereto, then:
- (i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; *provided, however, that* if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;
- (ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:
- (A) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the "**Relevant Coupons**") being equal to the amount of principal due for payment; *provided, however, that* where this sub-paragraph would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and
- (B) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; *provided, however, that*, if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

Each sum of principal so deducted shall be paid in the manner provided in paragraph (a) (*Principal*) above against presentation and (*provided that* payment is made in full) surrender of the relevant missing Coupons.

No payments will be made in respect of void coupons. If a Bond is presented after the First Call Date without all unmatured Coupons relating thereto, then such missing Coupons shall become void.

- (e) *Payments on business days*: If the due date for payment of any amount in respect of any Bond or Coupon is not a business day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding business day in such place and shall not be entitled to any further interest or other payment in respect of any such delay. In this paragraph, "**business day**" means, in respect of any place of presentation, any day on which banks are open for presentation and payment of bearer debt securities and for dealings in foreign currencies in such place of presentation and, in the case of payment by transfer to a Euro account as referred to above, on which the TARGET2 System is open.
- (f) *Payments other than in respect of matured Coupons*: Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Bonds at the specified office of any Paying Agent outside the United States.
- (g) *Partial payments*: If a Paying Agent makes a partial payment in respect of any Bond or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.
- (h) *Exchange of Talons*: On or after the maturity date of the final Coupon which is (or was at the time of issue) part of a coupon sheet relating to the Bonds (each, a "**Coupon Sheet**"), the Talon forming part of such Coupon Sheet may be exchanged at the specified office of the Fiscal Agent for a further Coupon Sheet (including a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 12 (*Prescription*)). Upon the due date for redemption of any Bond, any unexchanged Talon relating to such Bond shall become void and no Coupon will be delivered in respect of such Talon.
- (i) *Fiscal Agent, Paying Agents and Calculation Agent*: The name and specified office of the initial Fiscal Agent, Paying Agents and the Calculation Agent are as follows:

**FISCAL AGENT, PRINCIPAL PAYING AGENT AND CALCULATION AGENT**

**BNP Paribas Securities Services, Luxembourg Branch**

33, rue de Gasperich  
Howald – Hesperange  
L-2085 Luxembourg  
Luxembourg

The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, Paying Agent(s), Calculation Agent and/or appoint a substitute Fiscal Agent, Paying Agent, Calculation Agent and additional or other Paying Agents, provided that there will at all times be (i) a Fiscal Agent having a specified office in a European city, (ii) so long as the Bonds are listed on the Regulated Market of the Luxembourg Stock Exchange and the rules of that stock exchange so require, a Paying Agent having a specified office in Luxembourg (which may be the Fiscal Agent), (iii) so long as any Bond is outstanding, a Calculation Agent for the purposes of the Bonds having a specified office in a European city and (iv) a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to the European Council Directive 2003/48/EC or any EU Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive. If the Calculation Agent is unable or unwilling to continue to act as such or if the Calculation Agent fails to make any calculations in relation to the Bonds, the Issuer shall appoint some other leading European bank engaged in the Euro inter-bank market to act in its place, subject to having given notice to the Bondholders in accordance with Condition 11 (*Notices*) not more than 45 nor less than 30 days prior to such appointment.

The Calculation Agent may not resign its duties without a successor having been so appointed. Any notice of a change in Fiscal Agent, Paying Agent, Calculation Agent or their specified office shall be given to Bondholders as specified in Condition 11 (*Notices*).

- (j) *Certificates to be final*: All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purpose of the provisions of these Conditions whether by the Calculation Agent or the Reference Banks (or any of them) shall (in the absence of wilful default or manifest error) be binding on the Issuer, the Calculation Agent, the Paying Agents, the Fiscal Agent, the Reference Banks,

and all the Bondholders. All calculations and determinations carried out by the Calculation Agent pursuant to these Conditions must be made in good faith. No Bondholder shall (in the absence as aforesaid) be entitled to proceed against the Calculation Agent or the Reference Banks or any of them in connection with the exercise or non-exercise by them of their powers, duties and discretions.

## 7. TAXATION

- (a) *Withholding*: All payments in respect of the Bonds and the Coupons by or on behalf of the Issuer or the Guarantor shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Republic of France or the Kingdom of Belgium or any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law.
- (b) *Additional amounts*: If French law or Belgian law, as the case may be, should require that payments of principal or interest in respect of any Bond or Coupon by or on behalf of the Issuer or the Guarantor, as the case may be, be subject to deduction or withholding in respect of any present or future taxes, duties, assessments or other governmental charges of whatever nature imposed or levied by or on behalf of the Republic of France or the Kingdom of Belgium, as the case may be, or any authority therein or thereof having power to tax, the Issuer or the Guarantor, as the case may be, shall, to the fullest extent then permitted by law, pay such additional amounts as may be necessary in order that each Bondholder or Couponholder, after such deduction or withholding, will receive the full amount then due and payable thereon in the absence of such deduction or withholding; provided, however, that the Issuer or the Guarantor, as the case may be, shall not be liable to pay any such additional amounts in respect of any Bond to a Bondholder, or in respect of any Coupon to a Couponholder, (or beneficial owner (*ayant droit*)):
- (i) who is subject to such taxes, duties, assessments or other governmental charges in respect of such Bond or Coupon by reason of his having some present or former connection with the Republic of France or the Kingdom of Belgium other than the mere holding of such Bond or Coupon; or
  - (ii) by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Bond or Coupon to another Paying Agent in a member state of the European Union; or
  - (iii) when the relevant Bond or Coupon is presented for payment more than 30 days after the Relevant Date (as defined below), except to the extent that the holder thereof would have been entitled to such additional amounts on the last day of such period of 30 days; or
  - (iv) where such deduction or withholding is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC of 3 June 2003 or any other European Union Directive implementing the conclusion of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive.

For the purpose of this Condition 7 (*Taxation*), "**Relevant Date**" in relation to any Bond or Coupon means whichever is the later of (A) the date on which the payment in respect of such Bond or Coupon first becomes due and payable, and (B) if the full amount of the moneys payable on such date in respect of such Bond or Coupon has not been received by the Fiscal Agent on or prior to such date, the date on which notice is given in accordance with Condition 11 (*Notices*) to Bondholders that such moneys have been so received.

References in these Conditions to principal and interest shall be deemed also to refer to any additional amounts which may be payable under the provisions of this Condition 7.

## 8. NO EVENTS OF DEFAULT

There are no events of default in respect of the Bonds.

## 9. REPLACEMENT OF BONDS, COUPONS AND TALONS

If any Bond, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Fiscal Agent and the Paying Agent having its specified office in Luxembourg, subject to all applicable laws and

stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Bonds, Coupons or Talons must be surrendered before replacements will be issued.

## 10. REPRESENTATION OF THE BONDHOLDERS

- (a) *Meetings of Bondholders*: The Agency Agreement contains provisions for convening meetings of Bondholders to consider matters relating to the Bonds, including the modification of any provision of these Conditions. Any such modification may be made if sanctioned by an Extraordinary Resolution (as defined in the Agency Agreement). Such a meeting may be convened by the Issuer and the Guarantor (acting together) and shall be convened by them upon the request in writing of Bondholders holding not less than one-tenth of the aggregate principal amount of the outstanding Bonds. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more persons holding or representing one more than half of the aggregate principal amount of the outstanding Bonds or, at any adjourned meeting, two or more persons being or representing Bondholders whatever the principal amount of the Bonds held or represented; provided, however, that certain proposals (including any proposal to change any date fixed for payment of principal or interest in respect of the Bonds, to reduce the amount of principal or interest payable on any date in respect of the Bonds, to alter the method of calculating the amount of any payment in respect of the Bonds or the date for any such payment, to change the currency of payments under the Bonds, to amend the terms of the Subordinated Guarantee or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution (each, a "**Reserved Matter**") may only be sanctioned by an Extraordinary Resolution passed at a meeting of Bondholders at which two or more persons holding or representing not less than three-quarters or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Bonds form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Bondholders and Couponholders, whether present or not. In addition, a resolution in writing signed by or on behalf of all Bondholders who for the time being are entitled to receive notice of a meeting of Bondholders will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders.
- (b) *Modification*: The Bonds, these Conditions and the Subordinated Guarantee may be amended without the consent of the Bondholders or the Couponholders to correct a manifest error. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Bondholders, to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is, in the opinion of such parties, not materially prejudicial to the interests of the Bondholders.

## 11. NOTICES

Any notice to the Bondholders will be valid if delivered to Bondholders through Euroclear or Clearstream, Luxembourg and, so long as the Bonds are listed on the Regulated Market of the Luxembourg Stock Exchange and the rules of that stock exchange so require, if published in a leading daily newspaper having general circulation in Luxembourg (which is expected to be *Luxemburger Wort* or the *Tageblatt*) or on the website of the Luxembourg Stock Exchange, [www.bourse.lu](http://www.bourse.lu). If any such publication is not practicable, notice shall be validly given if published in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the date of such delivery or publication or, if published more than once or on different dates, on the first date on which such publication is made.

## 12. PRESCRIPTION

Claims against the Issuer for the payment of principal and interest in respect of the Bonds shall become time-barred 10 years (in the case of principal) and 5 years (in the case of interest) from the due date for payment thereof.

## 13. FURTHER ISSUES

The Issuer may from time to time, without the consent of the Bondholders or the Couponholders, create and issue further bonds having the same terms and conditions as the Bond in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Bond.

#### 14. GOVERNING LAW AND JURISDICTION

- (a) *Governing law*: The Bonds and all non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law, except that the provisions of Condition 3(a) shall be governed by, and shall be construed in accordance with, French law.
- (b) *English courts*: The courts of England have exclusive jurisdiction to settle any dispute (a "**Dispute**") (including a dispute relating to the existence, validity or termination of the Bonds or all non-contractual obligations arising out of or in connection with the Bonds) arising from or connected with the Bonds.
- (c) *Appropriate forum*: The Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.
- (d) *Rights of the Bondholders to take proceedings outside England*: Condition 14(b) (*English courts*) is for the benefit of the Bondholders only. As a result, nothing in this Condition 14 (*Governing law and jurisdiction*) prevents any Bondholder from taking proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction. To the extent allowed by law, Bondholders may take concurrent Proceedings in any number of jurisdictions.
- (e) *Process agent*: The Issuer agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered for the attention of the Company Secretary to Solvay UK Holding Company Limited at Solvay House, Baronet Road, Warrington, Cheshire WA4 6HA, England or, if different, its registered office for the time being or at any address of the Issuer in Great Britain at which process may be served on it in accordance with Part 34 of the Companies Act 2006. If such person is not or ceases to be effectively appointed to accept service of process on behalf of the Issuer, the Issuer shall, on the written demand of any Bondholder addressed to the Issuer and delivered to the Issuer or to the specified office of the Fiscal Agent appoint a further person in England to accept service of process on its behalf and, failing such appointment within 15 days, any Bondholder shall be entitled to appoint such a person by written notice addressed to the Issuer and delivered to the Issuer or to the specified office of the Fiscal Agent. Nothing in this paragraph shall affect the right of any Bondholder to serve process in any other manner permitted by law. This Condition applies to Proceedings in England and to Proceedings elsewhere.
- (f) *Consent to enforcement*: The Issuer consents generally in respect of any Proceedings to the giving of any relief or the issue of any process in connection with such Proceedings including (without limitation) the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment which is made or given in such Proceedings.
- (g) *Waiver of immunity*: To the extent that the Issuer may in any jurisdiction claim for itself or its assets or revenues immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to the Issuer or its assets or revenues, the Issuer agrees not to claim and irrevocably waives such immunity to the full extent permitted by the laws of such jurisdiction.

#### 15. EXCHANGE AND VARIATION

If at any time the Issuer determines that it is entitled to, or obliged to, redeem the Bonds in accordance with Condition 5(b)(ii), 5(b)(iii) or 5(b)(iv), the Issuer may, as an alternative to such redemption, on any Interest Payment Date, without the consent of the Bondholders, (i) exchange the Bonds for new bonds whether issued by the Issuer or the Guarantor replacing the Bonds (the "**Exchanged Bonds**"), or (ii) vary the terms of the Bonds (the "**Varied Bonds**"), so that in either case (A) in the case of an event described in Condition 5 (b)(ii), payments of principal and interest in respect of the Exchanged Bonds or Varied Bonds (as the case may be) are not subject to withholding by reason of French or Belgian law or published regulations and/or payments of interest payable by the Issuer in respect of the Exchanged Bonds or Varied Bonds (as the case may be) are deductible to the same extent as Unsubordinated Obligations of the Issuer, (B) in the case of a Rating Methodology Event, the aggregate nominal amount of the Exchanged Bonds or Varied Bonds (as the case may be) is assigned "equity credit" by the relevant Rating Agency that is at least the same as that which was assigned to the Bonds on or around the Issue Date, or (C) in the case of an Accounting Event, the aggregate nominal amount of the Exchanged Bonds or Varied Bonds (as the case may be) is recorded as "equity" in the audited annual or the semi-annual consolidated financial statements of the Guarantor pursuant to IFRS or any other accounting standards that may replace IFRS for the purposes of preparing the annual audited consolidated financial statements of the Guarantor.

Any such exchange or variation is subject to the following conditions:

- (a) the Issuer giving not more than 45 nor less than 30 days' notice to the Bondholders in accordance with Condition 11 (*Notices*);
- (b) the Issuer complying with the rules of any stock exchange (or any other relevant authority) on which the Bonds are for the time being listed or admitted to trading, and (for so long as the rules of such exchange require) the publication of any appropriate supplement, listing particulars or offering circular in connection therewith, and the Exchanged or Varied Bonds continuing to be listed or admitted on the same stock exchange as the Bonds if they were listed immediately prior to the relevant exchange or variation;
- (c) with respect to exchanges only, the Issuer paying any Outstanding Amounts together with interest accrued thereon at the Prevailing Rate in full prior to such exchange;
- (d) the Exchanged or Varied Bonds shall maintain the same ranking in liquidation, the same interest rate and interest payment dates, the same First Call Date, the same First Reset Date, Second Reset Date, Subsequent Reset Dates and early redemption rights, as applicable, (provided that the relevant exchange or variation may not itself trigger any early redemption right), the same rights to accrued or Outstanding Amounts together with any interest accrued thereon at the Prevailing Rate, and any other amounts payable under the Bonds which, in each case, has accrued to Bondholders and has not been paid, the same rights to principal and interest, and, if publicly rated by a Rating Agency immediately prior to such exchange or variation, at least the same credit rating immediately after such exchange or variation by such Rating Agency if the Bonds are publicly rated by any and all such Rating Agencies, as compared with the relevant rating(s) immediately prior to such exchange or variation (as determined by the Issuer using reasonable measures available to it including discussions with the Rating Agencies to the extent practicable) and shall not contain terms providing for the mandatory deferral of interest and do not contain terms providing for loss absorption through principal write-down or conversion to shares;
- (e) the terms of the exchange or variation not being prejudicial to the interests of the Bondholders (it being deemed not prejudicial if the Guarantor is substituted for the Issuer), including compliance with (d) above, as certified for the benefit of the Bondholders by a director of the Guarantor, having consulted with an independent investment bank of international standing (for the avoidance of doubt the Fiscal Agent shall accept the certificates of the Issuer as sufficient evidence of the occurrence of an event described in Condition 5(b)(ii), an Accounting Event or a Rating Methodology Event and that such exchange or variation to the Bonds are not prejudicial to the interest of the Bondholders); and
- (f) the issue of legal opinions addressed to the Fiscal Agent from one or more international law firms of good reputation confirming (x) that the Issuer, or as the case may be, the Guarantor if substituted for the Issuer, has capacity to assume all rights and obligations under the Exchanged Bonds or Varied Bonds and has obtained all necessary corporate or governmental authorisation to assume all such rights and obligations and (y) the legality, validity and enforceability of the Exchanged Bonds or Varied Bonds.

## OVERVIEW OF PROVISIONS RELATING TO THE BONDS IN GLOBAL FORM

The Bonds will initially be in the form of a temporary global bond ("**Temporary Global Bond**") which will be deposited on or around the date of issue of the Bonds (the "**Closing Date**") with a common depository for Euroclear and Clearstream, Luxembourg. The Temporary Global Bond will be exchangeable in whole or in part for interests in a permanent global bond ("**Permanent Global Bond**") not earlier than 40 days after the Closing Date upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Bond unless exchange for interests in the Permanent Global Bond is improperly withheld or refused. In addition, interest payments in respect of the Bonds cannot be collected without such certification of non-U.S. beneficial ownership.

The Permanent Global Bond will become exchangeable in whole, but not in part, for Bonds in definitive form ("**Definitive Bonds**") in the denomination of Euro 100,000 each at the request of the bearer of the Permanent Global Bond if (i) Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (ii) any of the events described in Condition 5(c) (*Liquidation*) occurs.

Whenever the Permanent Global Bond is to be exchanged for Definitive Bonds, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Bonds, duly authenticated and with Coupons and Talons attached, in an aggregate principal amount equal to the principal amount of the Permanent Global Bond to the bearer of the Permanent Global Bond against the surrender of the Permanent Global Bond at the specified office of the Fiscal Agent within 30 days of the bearer requesting such exchange.

If:

- (i) Definitive Bonds have not been delivered by 5.00 p.m. (Central European Time) on the thirtieth day after the bearer has duly requested exchange of the Permanent Global Bond for Definitive Bonds; or
- (ii) the Permanent Global Bond (or any part of it) has become due and payable in accordance with the Terms and Conditions of the Bonds or the date for final redemption of the Bonds has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer in accordance with the terms of the Permanent Global Bond on the due date for payment,

then the Permanent Global Bond (including the obligation to deliver Definitive Bond) will become void at 5.00 p.m. (Central European Time) on such thirtieth day (in the case of (i) above) or at 5.00 p.m. (Central European Time) on such due date (in the case of (ii) above) and the bearer of the Permanent Global Bond will have no further rights thereunder (but without prejudice to the rights which the bearer of the Permanent Global Bond or others may have under a deed of covenant dated on or about the date of issue of the Bonds (the "**Deed of Covenant**") executed by the Issuer). Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg as being entitled to an interest in the Permanent Global Bond will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Permanent Global Bond became void, they had been the holders of Definitive Bonds in an aggregate principal amount equal to the principal amount of Bonds they were shown as holding in the records of Euroclear and/or (as the case may be) Clearstream, Luxembourg.

In addition, the Temporary Global Bond and the Permanent Global Bond will contain provisions which modify the Terms and Conditions of the Bonds as they apply to the Temporary Global Bond and the Permanent Global Bond. The following is an overview of certain of those provisions:

*Payments:* All payments in respect of the Temporary Global Bond and the Permanent Global Bond will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Temporary Global Bond or (as the case may be) the Permanent Global Bond at the specified office of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Bonds.

*Notices:* Notwithstanding Condition 11 (*Notices*), while all the Bonds are represented by the Permanent Global Bond (or by the Permanent Global Bond and/or the Temporary Global Bond) and the Permanent Global Bond is (or the

Permanent Global Bond and/or the Temporary Global Bond are) deposited with a common depository for Euroclear and Clearstream, Luxembourg, notices to Bondholders may be given by delivery of the relevant notice to Euroclear and Clearstream, Luxembourg and, in any case, such notices shall be deemed to have been given to the Bondholders in accordance with Condition 11 (*Notices*) on the date of delivery to Euroclear and Clearstream, Luxembourg; *provided, however, that*, so long as the Bonds are listed on the Luxembourg Stock Exchange and its rules so require, notices will also be published in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort* or the *Tageblatt*) or on the website of the Luxembourg Stock Exchange, [www.bourse.lu](http://www.bourse.lu).



## SUBORDINATED GUARANTEE

*The following is the form of the Subordinated Guarantee to be issued by the Guarantor on the date of this Prospectus.*

**THIS DEED OF GUARANTEE** is made on 12 November 2013

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### BY

- (1) **SOLVAY SA** (the "**Guarantor**")

### IN FAVOUR OF

- (2) **THE HOLDERS** for the time being and from time to time of the Bonds referred to below (each a "**Bondholder**" or the "**holder**" of a Bond); and
- (3) **THE ACCOUNTHOLDERS** (as defined below) (together with the Bondholders, the "**Beneficiaries**")

### WHEREAS

- (A) Solvay Finance (the "**Issuer**") has authorised the issue of Euro 700,000,000 in aggregate principal amount of the Undated Deeply Subordinated Fixed to Reset Rate Perp-NC5.5 Bonds (the "**Perp-NC5.5 Bonds**") and Euro 500,000,000 in aggregate principal amount of the Undated Deeply Subordinated Fixed to Reset Rate Perp-NC10 Bonds (the "**Perp-NC10 Bonds**" and together with the Perp-NC5.5 Bonds, the "**Bonds**").
- (B) The Bonds will be in bearer form and in the denomination of Euro 100,000 and integral multiples of Euro 1,000 in excess thereof. The Bonds will initially be represented by temporary global bonds (the "**Temporary Global Bonds**") which will be exchangeable for permanent global bonds (the "**Permanent Global Bonds**") in the circumstances specified in the Temporary Global Bonds. The Permanent Global Bonds will in turn be exchangeable for bonds in definitive form ("**Definitive Bonds**"), with interest coupons and a talon attached, in the circumstances specified in the Permanent Global Bonds.
- (C) The Temporary Global Bonds and the Permanent Global Bonds will be delivered to a common depository for Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearsteam, Luxembourg**").
- (D) The Issuer will, in relation to the Bonds insofar as represented by the Permanent Global Bonds, enter into a deed of covenant (the "**Deed of Covenant**").
- (E) The Issuer and the Guarantor will, in relation to the Bonds, enter into an agency agreement (the "**Agency Agreement**") with BNP Paribas Securities Services, Luxembourg Branch (the "**Fiscal Agent**", which expression includes any successor fiscal agent appointed from time to time in connection with the Bonds) and the other paying agents and the calculation agent named therein.
- (F) The Guarantor has agreed to irrevocably guarantee, on a subordinated basis, the payment of all sums expressed to be payable from time to time by the Issuer to the Bondholders in respect of the Bonds and to the Accountholders under the Deed of Covenant.

**NOW THIS DEED OF GUARANTEE WITNESSES** as follows:

### 1. INTERPRETATION

#### 1.1 Definitions

In this Deed of Guarantee the following expressions have the following meanings:

**"Accountholder"** means any Accountholder with a Clearing System which at the Determination Date has credited to its securities account with such Clearing System one or more Entries in respect of the Permanent Global Bond, except for either Clearing System in its capacity as an Accountholder of the other Clearing System;

**"Clearing System"** means each of Euroclear and Clearstream, Luxembourg;

**"Conditions"** means the terms and conditions of the Bonds (as scheduled to the Agency Agreement and as modified from time to time in accordance with their terms), and any reference to a numbered **"Condition"** is to the correspondingly numbered provision thereof;

**"Determination Date"** has the meaning ascribed to it in the Deed of Covenant;

**"Direct Rights"** means the rights referred to in Clause 2.1 of the Deed of Covenant;

**"Entry"** means any entry which is made in the securities account of any Accountholder with a Clearing System in respect of Bonds represented by the Permanent Global Bond; and

**"person"** means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality.

## 1.2 **Other defined terms**

Terms defined in the Conditions have the same meanings in this Deed of Guarantee.

## 1.3 **Clauses**

Any reference in this Deed of Guarantee to a Clause is, unless otherwise stated, to a clause hereof.

## 1.4 **Headings**

Headings and sub-headings are for ease of reference only and shall not affect the construction of this Deed of Guarantee.

## 2. **GUARANTEE AND INDEMNITY**

### 2.1 **Guarantee**

The Guarantor hereby irrevocably guarantees:

2.1.1 to the holder of each Bond the due and punctual payment of all sums from time to time payable by the Issuer in respect of such Bond (including any Outstanding Amounts and any interest accrued thereon at the Prevailing Rate) as and when the same become due and payable and accordingly undertakes to pay to such Bondholder, in the manner and currency prescribed by the Conditions for payments by the Issuer in respect of the Bonds, any and every sum or sums which the Issuer is at any time liable to pay in respect of such Bond and which the Issuer has failed to pay; and

2.1.2 to each Accountholder the due and punctual payment of all sums from time to time payable by the Issuer to such Accountholder in respect of the Direct Rights as and when the same become due and payable and accordingly undertakes to pay to such Accountholder, in the manner and currency prescribed by the Conditions for payments by the Issuer in respect of the Bonds, any and every sum or sums which the Issuer is at any time liable to pay to such Accountholder in respect of the Bonds and which the Issuer has failed to pay.

## 2.2 **Indemnity**

The Guarantor irrevocably and unconditionally agrees as a primary obligation to indemnify each Beneficiary from time to time from and against any loss incurred by such Beneficiary as a result of any of the obligations of the Issuer under or pursuant to any Bond, the Deed of Covenant or any provision thereof being or becoming void, voidable, unenforceable or ineffective for any reason whatsoever, whether or not known to such Beneficiary or any other person, the amount of such loss being the amount which such Beneficiary would otherwise have been entitled to recover from the Issuer. Any amount payable pursuant to this indemnity shall be payable in the manner and currency prescribed by the Conditions for payments by the Issuer in respect of the Bonds. This indemnity constitutes a separate and independent obligation from the other obligations under this Deed of Guarantee and shall give rise to a separate and independent cause of action.

## 3. **STATUS OF THE GUARANTEE**

The obligations of the Guarantor under this Deed of Guarantee constitute direct, unsecured and subordinated obligations of the Guarantor and rank and will rank *pari passu* among themselves and *pari passu* with all other present and future Parity Securities of the Guarantor but shall be subordinated to Ordinary Subordinated Obligations and to Unsubordinated Obligations of, or issued by, the Guarantor. The obligations of the Guarantor under this Deed of Guarantee shall rank in priority to any Junior Securities and any classes of Share Capital Securities issued by the Guarantor. On an insolvency of the Guarantor, payments under this Deed of Guarantee will be subject to the condition precedent that all claims of the creditors of the Guarantor other than holders of Parity Securities issued by the Guarantor will have been discharged in full.

## 4. **UNDERTAKING**

The Guarantor undertakes in favour of each Beneficiary that, so long as any interest or principal amount is due under or in respect of any Bond, it will not sell, charge or otherwise dispose of or in any way assign any of its rights in respect of the share capital of the Issuer.

## 5. **COMPLIANCE WITH CONDITIONS**

The Guarantor covenants in favour of each Beneficiary that it will duly perform and comply with the obligations expressed to be undertaken by it in the Conditions (including without limitation under Condition 4(f) (*Outstanding Amounts*) and Condition 7 (*Taxation*)).

## 6. **PRESERVATION OF RIGHTS**

### 6.1 **Principal obligor**

The obligations of the Guarantor hereunder shall be deemed to be undertaken as principal obligor and not merely as surety.

### 6.2 **Continuing obligations**

The obligations of the Guarantor herein contained shall constitute and be continuing obligations notwithstanding any settlement of account or other matter or thing whatsoever and shall not be considered satisfied by any intermediate payment or satisfaction of all or any of the Issuer's obligations under or in respect of any Bond or the Deed of Covenant and shall continue in full force and effect until all sums due from the Issuer in respect of the Bonds and under the Deed of Covenant have been paid, and all other actual or contingent obligations of the Issuer thereunder or in respect thereof have been satisfied, in full.

### 6.3 **Obligations not discharged**

Neither the obligations of the Guarantor herein contained nor the rights, powers and remedies conferred upon the Accountholders by this Deed of Guarantee or by law shall be discharged, impaired or otherwise affected by:

- 6.3.1 *Winding up:* the winding up, dissolution, administration, re-organisation or moratorium of the Issuer or any change in its status, function, control or ownership;
- 6.3.2 *Illegality:* any of the obligations of the Issuer under or in respect of the Bonds being or becoming illegal, invalid, unenforceable or ineffective in any respect;
- 6.3.3 *Indulgence:* time or other indulgence (including, for the avoidance of doubt, any composition) being granted or agreed to be granted to the Issuer in respect of any of its obligations under or in respect of the Bonds or the Deed of Covenant;
- 6.3.4 *Amendment:* any amendment to, or any variation, waiver or release of, any obligation of the Issuer under or in respect of the Bonds or the Deed of Covenant or any security or other guarantee or indemnity in respect thereof, however fundamental; or
- 6.3.5 *Analogous events:* any other act, event or omission which, but for this sub-clause, might operate to discharge, impair or otherwise affect the obligations expressed to be assumed by the Guarantor herein or any of the rights, powers or remedies conferred upon the Beneficiaries or any of them by this Deed of Guarantee or by law.

### 6.4 **Settlement conditional**

Any settlement or discharge between the Guarantor and the Beneficiaries or any of them shall be conditional upon no payment to the Beneficiaries or any of them by the Issuer or any other person on the Issuer's behalf being avoided or reduced by virtue of any laws relating to bankruptcy, insolvency, liquidation or similar laws of general application for the time being in force and, in the event of any such payment being so avoided or reduced, the Beneficiaries shall be entitled to recover the amount by which such payment is so avoided or reduced from the Guarantor subsequently as if such settlement or discharge had not occurred.

### 6.5 **Exercise of rights**

No Beneficiary shall be obliged before exercising any of the rights, powers or remedies conferred upon it by this Deed of Guarantee or by law:

- 6.5.1 *Demand:* to make any demand of the Issuer, save for the presentation of the relevant Bond;
- 6.5.2 *Take action:* to take any action or obtain judgment in any court against the Issuer; or
- 6.5.3 *Claim or proof:* to make or file any claim or proof in a winding up or dissolution of the Issuer,

and (save as aforesaid) the Guarantor hereby expressly waives presentment, demand, protest and notice of dishonour in respect of each Bond.

### 6.6 **Deferral of Guarantor's rights**

The Guarantor agrees that, so long as any sums are or may be owed by the Issuer in respect of the Bonds or under the Deed of Covenant or the Issuer is under any other actual or contingent obligation thereunder or in respect thereof, the Guarantor will not exercise any rights which the Guarantor may at any time have by reason of the performance by the Guarantor of its obligations hereunder:

- 6.6.1 *Indemnity:* to be indemnified by the Issuer;

- 6.6.2 *Contribution:* to claim any contribution from any other guarantor of the Issuer's obligations under or in respect of the Bonds or the Deed of Covenant; or
- 6.6.3 *Benefit of Security:* to take the benefit (in whole or in part) of any security enjoyed in connection with the Bonds or the Deed of Covenant by any Beneficiary; and/or
- 6.6.4 *Subrogation:* to be subrogated to the rights of any Beneficiary against the Issuer in respect of amounts paid by the Guarantor under this Deed of Guarantee.

## 7. **DEPOSIT OF DEED OF GUARANTEE**

This Deed of Guarantee shall be deposited with and held by the Fiscal Agent until the date which is two years after all the obligations of the Issuer under or in respect of the Bonds and the Deed of Covenant have been discharged in full. The Guarantor hereby acknowledges the right of every Beneficiary to the production of this Deed of Guarantee.

## 8. **STAMP DUTIES**

The Guarantor shall pay all stamp, registration and other taxes and duties (including any interest and penalties thereon or in connection therewith) which are payable upon or in connection with the execution and delivery of this Deed of Guarantee, and shall indemnify each Beneficiary against any claim, demand, action, liability, damages, cost, loss or expense (including, without limitation, legal fees and any applicable value added tax) which it incurs as a result or arising out of or in relation to any failure to pay or delay in paying any of the same.

## 9. **BENEFIT OF DEED OF GUARANTEE**

### 9.1 **Deed poll**

This Deed of Guarantee shall take effect as a deed poll for the benefit of the Beneficiaries from time to time.

### 9.2 **Benefit**

This Deed of Guarantee shall enure to the benefit of each Beneficiary and its (and any subsequent) successors and assigns, each of which shall be entitled severally to enforce this Deed of Guarantee against the Guarantor.

### 9.3 **Assignment**

The Guarantor shall not be entitled to assign or transfer all or any of its rights, benefits and obligations hereunder. Each Beneficiary shall be entitled to assign all or any of its rights and benefits hereunder.

## 10. **PARTIAL INVALIDITY**

If at any time any provision hereof is or becomes illegal, invalid or unenforceable in any respect under the laws of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions hereof nor the legality, validity or enforceability of such provision under the laws of any other jurisdiction shall in any way be affected or impaired thereby.

## 11. NOTICES

### 11.1 Address for notices

All notices and other communications to the Guarantor hereunder shall be made in writing (by letter or fax) and shall be sent to the Guarantor at:

Solvay SA  
Rue de Ransbeek, 310  
B-1120 Brussels  
Belgium  
Fax: + 32 2 264 32 37  
Attention: Group Treasurer

or to such other address or fax number or for the attention of such other person or department as the Guarantor has notified to the Beneficiaries in the manner prescribed for the giving of notices in connection with the Bonds.

### 11.2 Effectiveness

Every notice or other communication sent in accordance with Clause 11.1 (*Address for notices*) shall be effective upon receipt by the Guarantor, *provided that* any such notice or other communication which would otherwise take effect after 4.00 p.m. on any particular day shall not take effect until 10.00 a.m. on the immediately succeeding business day in the place of the Guarantor.

## 12. CURRENCY INDEMNITY

If any sum due from the Guarantor under this Deed of Guarantee or any order or judgment given or made in relation thereto has to be converted from the currency (the "**first currency**") in which the same is payable under this Deed of Guarantee or such order or judgment into another currency (the "**second currency**") for the purpose of (a) making or filing a claim or proof against the Guarantor, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to this Deed of Guarantee, the Guarantor shall indemnify each Beneficiary on demand against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Beneficiary may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Guarantor and shall give rise to a separate and independent cause of action.

## 13. LAW AND JURISDICTION

### 13.1 Governing law

This Deed of Guarantee, other than Clause 3 (*Status of the Guarantee*), and all matters arising from or connected with it and all non-contractual obligations arising out of or in connection with it are governed by, and shall be construed in accordance with, English law.

Clause 3 (*Status of the Guarantee*) of this Deed of Guarantee and all matters arising from or connected with it and all non-contractual obligations arising out of or in connection with it are governed by, and shall be construed in accordance with, Belgian law.

### 13.2 **English courts**

The courts of England have exclusive jurisdiction to settle any dispute (a "**Dispute**"), arising from or connected with this Deed of Guarantee (including a dispute regarding the existence, validity or termination of this Deed of Guarantee or any non-contractual obligation arising out of or in connection with this Deed of Guarantee) or the consequences of its nullity.

### 13.3 **Appropriate forum**

The Guarantor agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.

### 13.4 **Rights of the Beneficiaries to take proceedings outside England**

Clause 13.2 (*English courts*) is for the benefit of the Beneficiaries only. As a result, nothing in this Clause 13 (*Law and jurisdiction*) prevents the Beneficiaries from taking proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction. To the extent allowed by law, the Beneficiaries may take concurrent Proceedings in any number of jurisdictions.

### 13.5 **Process agent**

The Guarantor agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered for the attention of the Company Secretary to Solvay UK Holding Company Limited at Solvay House, Baronet Road, Warrington, Cheshire WA4 6HA, England or at any address of the Guarantor in Great Britain at which service of process may be served on it in accordance with Part 34 of the Companies Act 2006. Nothing in this paragraph shall affect the right of any Beneficiary to serve process in any other manner permitted by law. This clause applies to Proceedings in England and to Proceedings elsewhere.

### 13.6 **Consent to enforcement**

The Guarantor consents generally in respect of any Proceedings to the giving of any relief or the issue of any process in connection with such Proceedings including (without limitation) the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment which is made or given in such Proceedings.

### 13.7 **Waiver of immunity**

To the extent that the Guarantor may in any jurisdiction claim for itself or its assets or revenues immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to the Guarantor or its assets or revenues, the Guarantor agrees not to claim and irrevocably waives such immunity to the full extent permitted by the laws of such jurisdiction.

## 14. **MODIFICATION**

The Agency Agreement contains provisions for convening meetings of Bondholders to consider matters relating to the Bonds, including the modification of any provision of this Deed of Guarantee. Any such modification may be made by supplemental deed poll if sanctioned by an Extraordinary Resolution and shall be binding on all Beneficiaries.

**IN WITNESS** whereof this Deed of Guarantee has been executed by the Guarantor and is intended to be and is hereby delivered on the date first before written.

**EXECUTED** as a deed  
by **SOLVAY SA**  
acting by



## **REASONS FOR THE OFFER AND USE OF PROCEEDS**

The net proceeds of the issue of Bonds, of an amount of Euro 1,192,800,000, will be used to strengthen the balance sheet structure of the Guarantor, following the acquisition of Chemlogics. The total expenses for the admission to trading of the Bonds are estimated at Euro 17,500.

## RECENT EVENTS

### Acquisition of Chemlogics:

On 7 October 2013, Solvay announced that it had signed an agreement to acquire privately-held Chemlogics for a total cash consideration of \$1.345 billion. Adding the U.S.-based company to Solvay's Novecare business unit will create a leader with an extensive portfolio of tailored chemical solutions for the fast-growing oil & gas market, serving stimulation, cementing, production and water management applications.

For Solvay's Novecare business unit, this acquisition will yield significant synergies thanks to a comprehensive offering of innovative products and technologies which enables oilfield service players worldwide to competitively and safely extract oil and gas while reducing water consumption. Chemlogics has shown annual double-digit EBITDA growth over the past five years, thanks to a fast-paced innovation model combined with a strong know-how and closeness to customers.

Founded in 2002 and headquartered in Paso Robles, California, Chemlogics reported last-twelve-month sales of around \$500 million and has 277 employees. The company serves the needs of the oil and gas industry's stimulation and cementing segments. All its assets are located in the U.S. and include three manufacturing sites with annual capacity exceeding 300 KT, eight formulation centers and six research and technical facilities.

Chemlogics's expertise in friction reducers, non-emulsifiers and extraction technologies fit perfectly with the know-how of the Novecare business unit in surfactants, natural polymers and eco-friendly solvents. In addition, Chemlogics' customer portfolio in the U.S. complements the global customer base of the Novecare business unit. Together, the Novecare business unit and Chemlogics will have a significant share of the dynamic \$8 billion U.S. oil and gas exploration and production market.

Chemlogics's enterprise value represents a multiple of 10.7x last-twelve-months EBITDA, and 8.7x including tax benefits\*. The completion of the transaction, expected before the end of this year, is subject to customary closing conditions, including U.S. anti-trust clearance (see also the press release dated 7 October 2013, incorporated by reference).

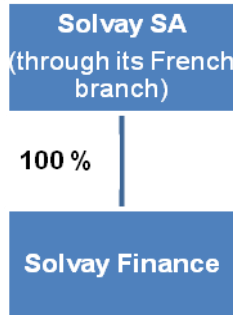
On 31 October 2013, Solvay announced the closing of the acquisition of privately-held Chemlogics, following clearance from the relevant anti-trust authorities.

*\* Net present value of cash tax benefit from intangibles amortisation close to c. \$250 million*

## DESCRIPTION OF THE ISSUER

### OVERVIEW

Solvay Finance (the "**Issuer**"), a French corporation, is a wholly-owned subsidiary of Solvay SA. Solvay SA holds the share of the Issuer through its French branch office.



The Issuer was incorporated on 24 February 2006 until 27 February 2105 and is registered with the Registry of Commerce and Companies of Paris, France (n° SIREN: 488 825 191).

Its registered office is at 25, rue de Clichy, 75009 Paris, France (telephone n°: 33 1 40 75 80 00). Its directors are:

Name	Function Issuer	Solvay Group function	Relevant activities outside Solvay
Mr. Pascal Hubinont	Chairman of the Board of Directors	Group Treasurer	None
Mr. Jean-Michel Detournay	Director	Finance Officer Holdings Europe	None
Mr. Xavier Clerget	Director	Essential Chemicals and Solvin Lead lawyer	None

The contact address of the directors is the same as the registered office of the Issuer.

The purpose of which Solvay Finance is established is to participate, in France and abroad, directly or indirectly, in any manner, in all real estate, industrial, commercial or financial transactions related to (i) the chemical industry and plastic materials in general, (ii) the processing of the aforementioned products and (iii) human health in general and more specifically (iv) the activities of the Solvay Group.

The aforementioned activities include, but are not restricted to:

- the incorporation of companies, partnerships, unions or consortia, or the holding of any interests in any such businesses;

- subscribe for or otherwise acquire, hold and dispose of and deal with shares, debentures or other equity or debt securities of all kinds; and to participate in monetary and financial markets for the benefit of the Solvay Group.

Solvay Finance can enter into all industrial, financial, commercial, property (real or personal) or private transactions linked directly or indirectly with its purposes or that are likely to directly or indirectly advance the interests of Solvay Finance.

Material contract for the Issuer: In 2006, Solvay Finance issued deeply subordinated bonds for a nominal amount of EUR 500 million and which will mature in 2104.

As the Issuer is a special purpose vehicle fully dedicated to the issue of securities including, but not limited to, bonds or similar or other types of debt instruments and carries out no industrial or trade activities, its ability to perform its obligations under the Bonds depends essentially on the financial support that the Guarantor will provide to the Issuer as its sole shareholder.

The Articles of Association of Solvay Finance and the Annual Reports for 2011 and 2012 are available at the following address:

25, rue de Clichy

75442 Paris Cedex 09

France

## DESCRIPTION OF THE GUARANTOR

### EXECUTIVE OVERVIEW

Solvay – an international industrial group active in chemistry

Founded in 1863, Solvay SA (or "**Solvay**"), a *société anonyme / naamloze vennootschap* incorporated in Belgium, is the parent company and constitutes with its affiliates an international chemical group (the "**Solvay Group**" or the "**Group**"), headquartered in Brussels (Belgium) with its registered address at Rue de Ransbeek, 310, 1120 Bruxelles (telephone n°: +32 2 264 2111). Solvay was incorporated on 26 December 1863 in accordance with Belgian law, for an unlimited duration and it is registered with the Crossroads Bank for Enterprises under number 0403.091.220.

In 2010, the Group divested its Pharmaceuticals branch to focus on the two areas of Chemicals and Plastics. In 2011, it launched a successful friendly takeover bid for the French chemical company Rhodia.

In addition to being listed on the Brussels Exchange as part of the BEL20, since 2012 Solvay has also joined the Paris Exchange, where it is part of the CAC 40 index.

As an international chemical group, Solvay assists industries in finding and implementing ever more responsible and value-creating solutions. The Group is firmly committed to sustainable development and focused on innovation and operational excellence. Solvay serves diversified markets, generating 90% of its sales in activities where it is one of the top three worldwide. The Group strategy is founded on value-creating growth and operational excellence. Its three key levers are: Research & Innovation focused on the major challenges facing society, enhanced investment in fast-growing regions and markets, and operational excellence in all areas to consolidate its competitiveness and leadership positions. With a new organisation and an increased global presence, the Group is now ready to achieve its ambition for profitable growth: EUR 3 billion of REBITDA (Recurring Earnings Before Interests, Taxes, Depreciation and Amortisation) by 2016.

The Group employs about 29,000 people in 55 countries and generated EUR 12.4 billion in net sales and EUR 2.1 billion REBITDA in 2012. In 2012, net sales breakdown by geographical area was as follows: 42% in Europe, 20% in North America, 10% in Latin America and 28% in Asia-Pacific and Rest of the World.

### CORPORATE PURPOSE

According to the Article 3 of the Articles of Association<sup>1</sup> ([www.solvay.com/EN/Investors/](http://www.solvay.com/EN/Investors/)), the purpose of Solvay is:

- to hold and manage, directly or indirectly, interests in companies, enterprises or entities with the purpose directly or indirectly linked to manufacture, exploitation, marketing, research and development of industrial and commercial activities or services primarily but not exclusively in the chemicals sector, its different disciplines and specialties, and activities that are connected, derived from and accessory to it as well as activities in the sector of exploitation and processing of natural resources, in Belgium and abroad;
- to conduct, both in Belgium and abroad, on its own account or for third parties, the manufacture, exploitation, marketing, research and development, handling, processing, transport and management activities in the business sectors noted above.

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<sup>1</sup> Translation for information purposes only – the legally binding document is the French version.

In general, it may exercise any commercial, industrial, financial or research operations, or those involving real or moveable property, in Belgium and abroad, with a direct or indirect connection or benefiting directly or indirectly the realisation of its corporate purpose.

## FINANCIAL HIGHLIGHTS

Overview of Group Financial Data (Consolidated figures – EUR millions)

Solvay bought Rhodia in September 2011. As a consequence, in addition to the consolidated IFRS accounts Solvay is disclosing "pro forma" and "Adjusted" Profit & Loss information and analysis in order to provide a more meaningful appreciation of the economic and financial performance of the Group and its business segments. On a pro forma basis Solvay historical figures were restated in order to have harmonised accounting policies among the two former legacy groups, policies that are used by the new Solvay going forward. Furthermore, pro forma results exclude impacts from i) purchase price allocation entries; ii) non-recurring acquisition costs related to the Rhodia transaction and iii) financial revenues on cash deposits and investments. Adjusted Profit & Loss indicators exclude Purchase Price Allocation (PPA) non-cash accounting impacts related to the Rhodia acquisition. All references to year-on-year (yoy) evolution must be understood on a pro forma basis for 2011, as if the acquisition of Rhodia had become effective from the 1 January 2011 and on an Adjusted basis for 2012, unless otherwise stated.

EUR million	IFRS			Pro forma	Adjusted
	2010	2011	2012	2011	2012
Net sales	5 937	7 455	12 435	12 149	12 435
REBITDA <sup>1(*)</sup>	930	1 004	2 022	2 022	2 067
REBITDA as % of sales	16%	13%	16%	17%	17%
REBIT <sup>2(*)</sup>	571	579	1 227	1 399	1 403
Total depreciation and amortization <sup>3</sup>	607	419	794	622	663
EBIT	254	555	1 275	1 420	1 451
Net income, Solvay share	1 776	247	584	727	710
Earnings per share (basic)	21.85	3.04	7.1	8.95	8.63
Research expenditure	125	156	261	218	261
Capital investments <sup>4</sup>	457	4 765	826	1 026	826
Free Cash flow <sup>5</sup>	117	371	787	656	
Financial data					
Shareholders' equity	6 708	6 653	6 596		

Net debt <sup>6</sup>	-2 993	1 760	1 125		
Net debt / shareholders' equity	n/a	26%	17%		
Gross dividend per share (EUR)	3.07	3.07	3.2		
Gross distribution to Solvay shareholders	250	250	271		
Personnel data					
Persons employed at 31 December <sup>7</sup>	14 720	29 121	29 103		
Personnel costs	1 281	1 375	2 302		

The Group net sales in 2012 amounted to EUR 12.4 billion. The following table shows the sale by the Solvay Group for the sectors in 2011 and 2012.

The Group's financial information and analysis is based on Solvay's business management organisation and reporting segments outstanding during the reference year ending on 31 December 2012 and therefore, is not reflecting the new business organisation that became effective on 1 January 2013, which is described under the section entitled "Strategy" of the Description of Solvay SA.

	Adjusted	Pro forma	YoY
EUR million	2012	2011	Evolution
			(%)
Net sales	12,435	12,149	2.35%
Plastics	3,292	3,141	4.81%
Chemicals	2,987	2,836	5.32%
Rhodia	6,156	6,171	-0.24%

Of the worldwide sales of the Group in 2012, 42% was made in Europe, 20% in North America, 10% in Latin America and 28% in Asia-Pacific and the Rest of the World.

The Group's REBITDA in 2012 amounted to EUR 2,067 million. The following table shows the REBITDA of the Solvay Group for the three sectors in 2011 and 2012

	Adjusted	Pro forma	YoY
EUR million	2012	2011	Evolution
			(%)

REBITDA	2,067	2,022	2.23%
Plastics	552	545	1.28%
Chemicals	575	491	17.11%
Rhodia	1,112	1,119	-0.63%
New Business Development	-56	-47	19.15%
Corporate and Business Support	-117	-85	37.65%

The Group's EBIT in 2012 amounted to EUR 1,451 million. The following table shows the EBIT of the Solvay Group for the three sectors in 2011 and 2012

	Adjusted	Pro forma	YoY
EUR million	2012	2011	evolution
			(%)
EBIT	1,451	1,420	2.18%
Plastics	435	376	16.00%
Chemicals	545	356	53.00%
Rhodia	694	827	-16.00%

The Guarantor Interim Report is incorporated by reference into this Prospectus by way of the cross-reference table under the Section entitled "Documents to be incorporated by reference".

On 7 May 2013, Solvay and INEOS announced that they have signed a Letter of Intent to combine their European chlorvinyls activities in a proposed 50-50 joint venture. The combination would form a polyvinyl chloride ("PVC") producer ranking among the top three worldwide. It would build on the strengths of both companies' industrial assets, the skills of both teams and the complementarity of both companies' geographical presence in order to enhance competitiveness. The joint venture would have pro-forma net sales of EUR 4.3 billion and REBITDA (1) of EUR 257 million, based on 2012 figures. The combined business would have around 5,650 employees in 9 countries and would pool each company's assets across the entire chlorvinyls chain. This includes PVC, which is the third most-used plastic in the world, caustic soda and chlorine derivatives. RusVinyl, Solvay's Russian joint venture in chlorvinyls with Sibur, is excluded from the transaction (see also the press release dated 7 May 2013). As recently published, Solvay and Ineos have submitted an application to European Commission for clearance of a proposed joint venture (see also the press release dated 17 September 2013).

In this context, the Group has forged ahead with its efficiency programmes to improve its competitive position, particularly in its soda ash and polyamide activities. The Group is making good progress in the planned creation of the chlorovinyls joint venture with Ineos and, pending anti-trust clearance, aims at closing the deal by the end of this year. These developments will significantly contribute to the reshaping of Solvay's portfolio and represent a major step towards 2016 goals.



## STRATEGY

Solvay wants to find answers and respond to the challenges of increasingly scarce resources, a growing population, climate change, and sustaining health and well-being. The Group vision is to lead the way in reshaping the global chemical industry and develop a model of chemistry that will address these crucial issues while continuing to drive value creation and profitable growth.

Its vision will be realised by:

- Imagining and producing increasingly innovative solutions
- Committed employees and multinational talents
- Simplifying and decentralising management structure
- Combining operational excellence and continuous improvement
- Expanding to emerging markets
- Clearly defining priorities: to achieve a recurring EBITDA of EUR 3 billion by 2016.

To adjust its management structure to the diversity of its businesses, Solvay has redrawn its organisation, with a focus on simplifying and decentralising its decisionmaking. Thanks to these changes, the Group is closer to its customers, more agile and better placed to seize opportunities and realise its growth ambitions

Effective 1 January 2013, Solvay is organised into five operating segments focused on the key success factors of the fields of activity. Each segment brings together, with a specific business model, Global Business Units ("**GBUs**") sharing common characteristics and similar competitive, technological and/ or regulatory dynamics. The new organisation favors an entrepreneurial approach focused on value creation. Close to its customers and markets, each GBU has the requisite operating resources to implement its strategy.

## OPERATING SEGMENTS

M EUR

		Adjusted FY 2012
<b>Net Sales</b>		
<b>Consumer Chemicals</b>		<b>2,565</b>
	Novelcare	1,684
	Aromas	376
	Coatis	506
<b>Advanced Materials</b>		<b>2,743</b>
	Specialty Polymers	1,348
	Silica	382
	Rare Earth Systems	434
	Special Chemicals	579
<b>Performance Chemicals</b>		<b>3,162</b>
	Essential Chemicals	1,811
	Acetow	616
	Eco Services	314
	Emerging Biochemicals	421
<b>Functional Polymers</b>		<b>3,809</b>
	Polyamide Materials	1,688
	P&I	933
	EP	594
	Fibras	162
	Chloro Vinyls	2,120
	Solvin	1,577
	Chlor-Chemicals	543
<b>Corporate and Energy</b>		<b>157</b>
	Solvay Energy Services	154
	Corporate Functions	3
<b>Total Group Net Sales</b>		<b>12,435</b>

		Adjusted FY 2012
<b>Adjusted REBITDA</b>		
<b>Consumer Chemicals</b>		<b>518</b>
	<i>Margin</i>	<i>20.2%</i>
<b>Advanced Materials</b>		<b>627</b>
	<i>Margin</i>	<i>22.9%</i>
<b>Performance Chemicals</b>		<b>750</b>
	<i>Margin</i>	<i>23.7%</i>
<b>Functional Polymers</b>		<b>251</b>
	<i>Margin</i>	<i>6.6%</i>
<b>Corporate and Energy</b>		<b>-79</b>
<b>Total Group REBITDA</b>		<b>2,067</b>
	<i>Margin</i>	<i>16.6%</i>

**CONSUMER CHEMICALS** serves the consumer products markets. Its growing product offering is directed at societal megatrends: demographic growth, the increasing purchasing power of emerging markets, the appearance of new modes of consumption, and a demand for safer, more sustainable products and renewable materials-based solutions. It comprises 3 GBUs:

**Novecare** is the world leader in specialty surfactants, a major player in the polymers, guar and phosphorus derivatives markets. 2012 net sales were at EUR 1,684 million and it is composed of 25 industrial sites and 3,340 employees.

Novecare creates formulations that provide specific functionalities to consumer products and to advanced industrial applications. These formulations affect the behavior of fluids, delivering cleansing, softening, moisturising, gelling, texturising, penetrating or dispersing properties. They are found in shampoos, detergents, paints, lubricants, plant protection, mining and oil extraction. Novecare relies on a global network of 25 manufacturing sites and seven R&I centers to be the preferred partner of its customers in high-growth countries and to develop sustainable solutions through innovation.

In 2012, a year of strong demand for guar-based products, Novecare stood out with its customers for the exceptional quality of its integrated offering. In response to the growing use of guar, Solvay increased its production capacity by 40%.

**Coatis** is the largest Latin American producer of phenol derivatives and the leader in oxygenated solvents. 2012 net sales were at EUR 506 million and it is composed of 1 industrial site and 650 employees.

Coatis utilises several levers to expand its business: substitute products that meet the current challenges of sustainable development, a historical presence in Latin America, a portfolio of competitive products and privileged access to bio-sourced raw materials (ethanol and glycerol). In 2012, Coatis continued to develop its range of bio-sourced solvents by expanding the Augeo® range of innovative solvents produced from glycerin (a renewable feedstock derived from biodiesel). The GBU has also launched a project to produce bio n-butanol from bagasse, a renewable by-product from the crushing of sugarcane. On 12 August 2013, GranBio, a Brazilian biotechnology company, and Rhodia, a Solvay Group company, have signed an agreement to create a partnership to produce bio n-butanol.

**Aroma Performance** is the world's largest producer of diphenols and derivatives (vanillin, inhibitors) and number three producer of trifluoric acid. 2012 net sales were at EUR 376 million and it is composed of 5 industrial sites and 770 employees. As one of the leading global providers of fluorinated intermediates, Aroma Performance is the partner of choice for producers of aroma and fragrances. The GBU also produces synthesis intermediates for the pharmaceutical, agrochemical and electronics markets, as well as monomer stabilisers for petrochemicals.

The Guarantor Interim Report is incorporated by reference into this Prospectus by way of the cross-reference table under the Section entitled "Documents to be incorporated by reference".

**ADVANCED MATERIALS** offers ultra-high-performance applications for aerospace, high-speed trains, health, low-energy tyres, automotive emission control, smartphones and hybrid vehicle batteries. It comprises 4 GBUs:

**Specialty Polymers** is the world leader in specialty polymers and high-performance polymers. 2012 net sales were at EUR 1,348 million and it is composed of 15 industrial sites and 2,700 employees.

Specialty Polymers produces the widest range of specialty polymers in the world: more than 1,500 very high added-value products and 35 brands for high-growth markets such as energy, medical applications, water, advanced transportation and communication devices. Innovations directed at sustainable development and geographic expansions are the main thrusts of its strategy.

In 2012, Specialty Polymers made significant investments at its European and Asian sites. In France, the capacity increase at the Tavaux (Jura) unit permitted a 50% increase in our local production of polyvinylidene fluoride (SOLEF® PVDF). In Asia, where it generates more than 30% of its sales, the GBU inaugurated its new compounds facility in Changshu (China). It has also announced a 70% increase in the capacity of its Indian site specialising in the production of innovative PEEK and PAEK polymers, which are at the top of the plastics performance pyramid. Parallel with this, Specialty Polymers launched a major research center at Savli (Gujarat State), India.

**Silica** is the inventor of highly dispersible silica and a world leader in this market. 2012 net sales were at EUR 382 million and it is composed of 9 industrial sites and 650 employees.

Silica is the reference supplier to manufacturers of energy-saving tyres. The GBU also serves other markets like oral hygiene, animal nutrition, and manufacturing (battery separators and high-performance rubber).

Over a two-year period, anticipating growing demand, the GBU increased its global production capacity by 40%: 2012 investments in France (Collonges-au-Mont-d'Or, Rhône) complemented those made in 2011 in the United States (Chicago Heights, Illinois) and in 2010 in Asia (Qingdao, China). With nine manufacturing sites worldwide, Silica is the only manufacturer of highly dispersible silicas to have production sites providing products of identical specifications in America, Europe and Asia.

**Rare Earth Systems** is the world's number one supplier of formulations based on rare earths, with a global market share of nearly 30%, in particular in automotive catalysis and the luminescence and electronics markets. 2012 net sales were at EUR 434 million and it is composed of 5 industrial sites and 1,120 employees.

Rare Earth Systems has the broadest portfolio of activities in the sector, with its advanced applications contributing to the strong growth of its markets. Its strategic development thrusts are automotive catalysis, electronics and recycling. In September 2012, the GBU opened its first rare earths recycling plant in France dedicated to light bulbs. Apart from light bulbs, it is actively developing technology for recycling batteries and magnets.

**Special Chemicals** is among the world leaders in fluorine chemistry. 2012 net sales were at EUR 579 million and it is composed of 21 industrial sites and 2,300 employees. Special Chemicals operates in many markets: energy conservation and storage, semiconductors, electronics, food processing, health and high performance materials. The GBU is particularly known for its solutions for high-end applications such as heat-exchanger fluids and Li-ion batteries. These developments are based on its mastery of an innovative technology for producing fluorinated gas: used as a substitute for nitrogen trifluoride gas, this cleaning gas provides significant benefits for the environment and undeniable productivity gains for its users.

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**PERFORMANCE CHEMICALS** operates in mature and resilient markets, where success is based on economies of scale, competitiveness and quality of service. It comprises 4 GBUs:

**Essential Chemicals** is the world's largest producer of sodium carbonate, sodium bicarbonate and hydrogen peroxide. 2012 net sales were at EUR 1,811 million and it is composed of 25 industrial sites and 6,290 employees.

Essential Chemicals relies on the technological innovation of its processes and on its operating excellence to develop its activities.

Sodium carbonate and bicarbonate: a product of inorganic chemistry, sodium carbonate serves the world's glass and detergents industries. In Europe Solvay's synthetic process based on sodium, limestone and ammonia; in the United States (Wyoming) it operates a natural sodium carbonate (trona) mine that is one of the largest of its kind in the world. Essential to the food, health (hemodialysis) and detergent industries, sodium bicarbonate is also used by many developing markets such as flue-gas acid neutralisation and animal nutrition. In December 2012, the Group announced the launch of a project to optimise its global industrial footprint. In Southern Europe and the Mediterranean, the Group is adapting to its evolving environment and adjusting its production capacity. Throughout the world, the Group is undertaking operating excellence initiatives to strengthen its positions.

Peroxides: Solvay is the leading global provider of hydrogen peroxide, used especially for bleaching paper pulp. More generally, peroxides serve the chemicals, mining industry, disinfection, detergents, textiles and environmental products markets. The GBU has the world's largest hydrogen peroxide plant at Map Ta Phut (Thailand).

In 2012, Essential Chemicals significantly increased its hydrogen peroxide production capacity in the world's growth regions (Asia and Latin America) and committed to a project to build a mega-plant in Saudi Arabia (Sadara).

On 2 September 2013, Solvay and Sadara announced that they had begun construction of world-scale hydrogen peroxide plant in Saudi Arabia (see also the press release dated 2 September 2013). Parallel with this, Essential Chemicals has launched an innovative technology for setting up small low-cost units at its customers' sites.

**Acetow** is the world number three producer of cellulose acetate, number 1 in the CIS and Latin America, and number 2 in Western Europe. 2012 net sales were at EUR 616 million and it is composed of 4 industrial sites and 1,350 employees.

From plants on four continents, Acetow is the reference supplier for cigarette filter manufacturers and a leading provider of cellulose acetate flake to the textile industry. The GBU is also developing new applications for packaging cosmetics, food (Europe) and computer peripherals and telephones (Asia). In 2012, Acetow signed a license agreement to manufacture and distribute the Accoya™ acetylation technology which is used to make ultra-resistant wood.

**Eco-Services** is number 1 in sulfuric acid regeneration in the United States. 2012 net sales were at EUR 314 million and is composed of 7 industrial Sites and 520 employees. Eco Services produces and regenerates the sulfuric acid used in refineries, chemicals manufacturing and other industrial applications. The GBU is a reference supplier to the largest refineries of the US West Coast, Midwest, the Gulf of Mexico and Canada.

**Emerging biochemicals** 2012 net sales were at EUR 421 million and the GBU is composed of 1 industrial site and 470 employees. Created to develop green chemistry, the Emerging Biochemicals GBU operates via the Thai subsidiary Vinythai Public Company Ltd, which is responsible for the chlorovinyl and epichlorohydrin activities in Asia. Using the innovative Epicerol® technology patented by Solvay, Vinythai produces epichlorohydrin, a key raw material for manufacture of epoxy resins. In 2012, the first epichlorohydrin production unit, with an annual capacity of 100 kilotons, started operation at the Map Ta Phut (Thailand) industrial complex.

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**FUNCTIONAL POLYMERS** brings together the chlorovinyls chain and the polyamide activities to serve mainly the construction, infrastructure, automotive and electrical/electronics markets. It comprises 2 GBUs:

**Chlorovinyls** is the world's third-largest player in the PVC (polyvinyl chloride) market. 2012 net sales were at EUR 2,120 million and is composed of 12 industrial sites and 1,690 employees. The new Chlorovinyls cluster consists of several activities:

Europe's leading Vinyls Company SolVin covers the entire chlorine production chain including SolVin@.

PVC polymers and Vinyloop@ recycled PVC, from seven production sites. In 2012, SolVin continued work on a new world-class integrated plant in Russia co-owned with the Sibur group.

The new Chlor Chemicals GBU was created in 2013 to exploit chlorinated products, such as allyls and chloromethanes that are not linked to PVC. Plastics Integration produces high performance.

PVC compounds for the European, Russian and Brazilian construction markets. In 2012, this activity continued to enhance its expertise in PVC recycling, now a major focus of its growth.

**Polyamide** 2012 net sales were at EUR 1,688 million and it is composed of 15 industrial sites and 4,110 employees. The Polyamide cluster covers the activities of the polyamide 6.6 value chain. Solvay is one of the few players to control the entire chain, both upstream (adipic acid and HMD intermediates) and downstream (polymers).

Polyamide and Intermediates is among the world's leading producers of polyamide 6.6 (nylon) and its intermediates. On 28 May 2013, Solvay Polyamide & Intermediates decided to temporarily stop one of its three production lines on the Belle-Etoile industrial platform in Saint-Fons, France. The Belle-Etoile facility is dedicated to the manufacturing of the Company Nylon 6.6 polymer product range Stabamid®. This decision will be maintained until better economic

conditions are recovered. Solvay Polyamide & Intermediates strives continuously to counteract this situation with productivity programmes and new developments. On 25 April 2013, Solvay Polyamide & Intermediates decided to invest in the production unit of PA6.10, a bio based polymer, to better serve its customers seeking more ecofriendly solutions. This investment is the final phase of an efficient and rigorous piloting and sampling process which confirmed Solvay's commitment to integrate a PA6.10 production line using state-of-the-art technologies. This strategic unit will contribute to broadening the company's product offer and strengthening its commitment to environmental care.

Engineering Plastics is a global specialist in polyamide based engineering plastics; it manufactures and sells a full range of high-performance materials under the Technyl® brand. The GBU also develops a wide range of fireproof products, as well as powders for three-dimensional printing. In 2012, the GBU structured its approach to its major customers and strengthened its R&I facilities in China and South Korea.

Fibras is number one manufacturer of polyamide (nylon) in Latin America. Fibras manufactures and markets yarns and fibers for textile and industrial applications such as smart textiles (through its Emana® and AMNI® brands). In 2012, the business began bringing its product range to Europe.

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**CORPORATE & BUSINESS SERVICES** includes the Energy Services GBU and Corporate Functions such as Business Services and the Research & Innovation Center. Energy Services' mission is to optimise energy consumption and reduce emissions.

**Energy Services** 2012 net sales were at EUR 154 million. Created on 1 January 2012, Energy Services combines the Solvay, Rhodia and Orbeo teams, 250 persons in 15 countries, to serve the aim of reducing the Group's energy consumption and its greenhouse gas emissions. The GBU operates Groupowned energy production facilities representing an installed capacity of 1 000 MW.

**Business Services** 2012 net sales were at EUR 3 million. This internal structure develops shared value-adding services for the Group in Human Resources, Accounting and IT. Its mission is to ensure business continuity, optimise costs, create value and contribute to the customer's satisfaction with superior performance.

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## MAIN MARKETS

Solvay develops high added-value, innovative and competitive solutions, tailored to the present and future demands of end users.

In % of 2012 net sales:

Consumer Goods	28%
Automotive	15%
Construction	14%
Electricity and Electronics	7%
Energy	6%
Environment	5%

Agriculture	4%
Paper	2%
Other Industries	19%

## GLOBAL PRESENCE

With a well-balanced geographic presence and solid positions in growth regions, Solvay is accelerating its geographic expansion through production capacity increases and targeted acquisitions.

In 2012, Solvay significantly expanded its production capacity in the region, by increasing capacity in India and consolidating its industrial presence in China and Thailand. The opening of a new Research & Innovation center in India makes Asia home to the group's second research cluster.

In % of 2012 net sales:

Europe	42%
North America	20%
Latin America	10%
Asia and rest of the world	28%

## INNOVATION

Solvay's Research & Innovation today has a critical mass that will enable it to accelerate its development and enhance its leadership in its areas of expertise. Research and Innovation's missions: to contribute to the Group's operational excellence, strengthen its leadership positions, identify future trends, and develop new technologies with which to expand the existing activities portfolio and open new markets for existing activities.

## HEALTH, SAFETY AND ENVIRONMENT (HSE) – SUSTAINABLE DEVELOPMENT

### A group committed to sustainable development

In 2013, the Group published a more robust social and environmental policy, with newly defined goals. Its ambition is to become a reference in global sustainable chemistry thanks to its practices recognised as among the best and its innovative solutions incorporating the requirements of sustainable development.

Historically a leader with its safety culture and at the forefront in social matters, Solvay has taken on board, from the start, demands for development that is respectful of both humans and the planet. Social and environmental responsibility is enshrined in its processes and is a major driver of value creation.

### Solvay Way, a structured and ambitious Sustainable Development policy

The new 'Solvay Way' Sustainable Development policy defined in January 2013 integrates the advances and best practices of Solvay and Rhodia, and sets ambitious goals for the new Group.

Supported by strong governance, all Solvay employees are today enlisted in deploying it.

## **Five priority objectives**

- to achieve excellence in safety, health and occupational hygiene for everyone on the sites;
- to realise an increasing share of sales in markets or with an activities portfolio meeting the requirements of sustainable development;
- to continuously improve the performance of technologies, processes and products, so as to avoid injuries and limit their environmental impact throughout product lifecycles;
- to reduce greenhouse gas emissions, energy and water consumption, and negative impacts on soil, water and air quality, as well as the use of resources, especially non-renewable ones; and
- to develop rich and balanced social dialogue with employee representatives at national and international levels.

## **An approach to progress backed by a demanding reference framework**

The Solvay Way is an integral part of a dynamic of continuous progress, based on a reference framework of practices that enables all Group entities to self-assess their sustainable development progress annually on the basis of 47 good practices. The approach integrates the requirements of ISO 26000.

## **Concrete commitments**

- The Group maintains an ongoing dialogue with its stakeholders to identify areas for improving its processes and practices.
- Customers: to industrial customers facing increasingly stringent regulations and ever more demanding consumers, Solvay offers controlled-impact solutions that are the fruit of collaborative innovation.
- Employees: the Group is committed to its employees in terms of safety and health at work, professional development, fair treatment of employees, and respect of human rights.
- Our planet: the Group seeks to reduce the environmental footprint of its manufacturing processes and to improve energy efficiency.
- Investors: by publishing the Group's modes of governance, its results and its vision in a regular and open fashion, Solvay meets the requirements of transparency and rigor demanded by market regulators and expected by investors. It wishes to be recognised as a reference responsible industrial investment.
- Suppliers: the Group wishes to involve its suppliers in relationships of trust, based on shared ethical principles established with the goal of creating sustainable value for all.
- Local communities: the Group has established relationships of trust with its site neighbors, through dialogue, clear information and strict processes for controlling of risks and nuisances.

## **SOLVAY SHARES**

Solvay shares are dually listed on NYSE-Euronext Brussels and Paris under the unique code Mnemonic of SOLB. This dual listing is fully consistent with the company's historical record and its significant presence in both Belgium and France. The primary listing is on NYSE Euronext Brussels.

Each share entitles its holder to one vote whenever voting takes place (except for the shares held by Solvay S.A. or its subsidiaries, for which the voting rights are suspended). All shares are common and equal.



At 31 December 2011, the capital of Solvay SA was represented by 84,701,133 shares, including 3,284,625 shares held by Solvay Stock Option Management SPRL in particular to cover the Solvay stock options programme.

On 17 February 2012, this shareholding fell below the 3% threshold to 2.81%.

Solvac SA ("**Solvac**"), listed on NYSE-EURONEXT in Brussels, holds 30.15% of all Solvay shares. Solvac is a stable shareholder.

On 14 May 2013, the General Shareholders Meeting approved the payment of a gross dividend of 3.20 EUR (2.40 EUR net) per share in 2012, which is 4.3% up compared to 2011.

This is in line with the dividend policy of the Group, namely to increase the dividend whenever possible, and, if possible, not to reduce it. Over the last 30 years, the dividend has progressively been increased and has never been reduced.

### Data per share (in EUR)

EUR	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Equity after distribution	32.34	33.23	34.92	45.46	50.97	52.1	54.05	57.87	77.34	75.79	80.14
REBITDA	16.69	13.16	13.88	16.13	18.97	20.13	17.44	17.52	11.44	14.87	24.57
EPS	5.59	4.78	5.92	9.51	9.57	9.46	4.92	6.28	21.85	3.04	7.10
EPS (excluding discontinued operations)	5.64	4.83	5.12	3.77	8.33	9.46	4.92	2.59	0.62	3.51	7.08
Gross dividend	2.40	2.40	2.53	2.67	2.80	2.93	2.93	2.93	3.07	3.07	3.20
Net dividend	1.80	1.80	1.90	2.00	2.10	2.20	2.20	2.20	2.30	2.30	2.40
Highest price	78.00	69.30	83.90	104.10	116.02	123.20	97.90	77.8	81.9	111.6	109.80
Lowest Price	58.70	47.60	64.10	79.95	83.10	92.30	51.45	42.00	67.8	61.5	62.11
Price at December 31	65.70	68.75	81.00	93.10	116.20	95.70	53.05	75.60	79.8	63.7	108.60
Number of shares (in thousands) at December 31	84,600	84,610	84,623	84,696	84,701	84,701	84,701	84,701	84,701	84,701	84,701
Year-end market cap. (EUR billion)	5.6	5.8	6.9	7.9	9.8	8.1	4.5	6.4	6.8	5.4	9.2

The registered capital of Solvay SA is 1,270,516,995 EUR. It is represented by 84,701,133 shares without par value. These 84,701,133 shares without par value are fully paid shares.

### RATING AND INDEX

The Solvay Group has solicited its rating by two rating agencies:

On 8 October 2013, after the announcement by Solvay of its intention to acquire Chemlogics, S&P confirmed the BBB+ rating with a stable outlook and Moody's confirmed the Baa1 rating with a negative outlook.

Each of Moody's and S&P is established in the European Union and registered under Regulation (EU) No 1060/2009 (as amended). Moody's and S&P are displayed on the latest update of the list of registered credit rating agencies (as of 3 June 2013) on the ESMA website (<http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>).

On 16 September 2013, Solvay was listed as a member of the European Dow Jones Sustainability Index (DJSI Europe). DJSI is the front-ranking, non-financial global index of the most efficient companies in the area of social and environmental responsibility.

## THE MANAGEMENT AND "CORPORATE GOVERNANCE"

### The Board of directors

The Board of Directors is the highest management body of the company. The law accords to it all powers that are not reserved, by law or by the by-laws, to the Shareholders' Meeting.

In the case of Solvay SA, the Board of Directors has reserved certain key areas for itself and has delegated the remainder of its powers to an Executive Committee (see below).

It has not opted to set up a Management Committee (*Comité de Direction/ Directiecomité*) as defined by Belgian law.

As of the date of this Prospectus, the Board of Directors consists of 15 members and is composed of:

Name	Year of birth	Year of 1st appointment	Solvay SA mandates, and expiry date of directorship	Diplomas and activities outside Solvay
Mr. Nicolas Boël (B)	1962	1998	2013  From 9 May 2012: Chairman of the Board of Directors, Chairman of the Finance Committee and Chairman of the Compensation  Member of the Nomination Committee	MA in Economics (Catholic University of Louvain), Master of Business Administration (College of William and Mary – USA)  Director of Sofina.
Mr. Jean-Pierre Clamadieu (F)	1958	2012	2013  Chairman of the Executive Committee, Director and Member of the Finance Committee and invited to the Compensation and Nomination Committees	Engineering degree from the Ecole des Mines (Paris),  Director of Axa, Faurecia
Mr. Bernard de Laguiche * (F/BR)	1959	2006	2013  Member of the Executive Committee, Director and Member of the Finance Committee	MA in economics and business administration HSG  (University of St. Gallen, Switzerland).
Mr. Jean-Marie	1956	1991	2016	Advanced Management Programme – Insead, CEO of Albrecht RE Immobilien GmbH & Co.

Solvay (B)			Director and Member of the Innovation Board	KG., Berlin (Germany), Director of Heliocentris GmbH & Co. KG., Berlin (Germany), Chairman of the Board of the International Solvay Institutes.
Chevalier Guy de Selliers de Moranville (B)	1952	1993	2013 Director  Member of the Finance and Audit Committees	Civil engineering degree in mechanical engineering, and MA in Economics (Catholic University of Louvain),  President and Co-Founder of HCF International Advisers, Member of the Supervisory Board and Chairman of the Audit Committee of Advanced Metallurgical Group (Netherlands), Vice-Chairman of the Board Committee of Ageas SA, Chairman of the Board of Ageas UK, member of the Board of Ivanplats Ltd. and various other mandates in unlisted companies.
Mr. Denis Solvay (B)	1957	1997	2014  Director, Vice-Chairman of the Board of Directors until 8 May 2012 inclusive and Member of the Compensation and Nomination Committees	Commercial engineering degree (Free University of Brussels), Director of Eurogentec, Director and Member of the Executive Committee of Abelag Holding.
Mr. Jean van Zeebroeck (B)	1943	2002	2014  Independent Director  Member of the Compensation and Nomination Committees	Doctorate of Law and diploma in Business Administration (Catholic University of Louvain), MA in Economic Law (Free University of Brussels), Master of Comparative Law (University of Michigan – USA), General Counsel of 3B-Fibreglass Company.
Mr. Jean-Martin Folz (F)	1947	2002	2014  Independent Director  Member of the Compensation and Nomination Committees  From 9 May 2012: Chairman of the Nomination Committee	Ecole Polytechnique and Mining Engineer (France), former Chairman of the managing board of PSA Peugeot-Citroën, Chairman of Eutelsat, Director of Saint-Gobain, of Société Générale, of Alstom and of Axa.
Prof. Dr. Bernhard	1953	2006	2014	MSc, Nuclear Physics & PhD, Display Physics (Freiburg University – Germany),

Scheuble (D)			Independent Director  Chairman of the Audit Committee	Former Chairman of the Executive Committee of Merck KGaA, (Darmstadt) and former Member of the E. Merck OHG Board of Directors.
Mr. Anton van Rossum (NL)	1945	2006	2014  Independent Director  Member of the Audit Committee	MA in Economics and Business Administration (Erasmus University Rotterdam),  Board Member of Crédit Suisse (Zurich), Supervisory Board Member of Munich Re (Munich), Chairman of the Supervisory Board of Royal Vopak (Rotterdam), Chairman of the Supervisory Board of Erasmus University Rotterdam and Chairman of the Netherlands Economics Institute (Rotterdam).
Mr. Charles Casimir-Lambert (B/CH)	1967	2007	2015  Independent Director  Member of the Audit Committee	MBA Columbia Business School (New York)/London Business School (London), Master's degree (lic.oec.HSG) in economics, management and finance (University of St.Gallen – Switzerland),  Supervision of family's global interests.
Ms. Petra Mateos-Aparicio Morales (ES)	N/A	2009	2013  Independent Director  Member of the Finance Committee	PhD in Economics and Business Administration (Universidad Complutense, Madrid – Spain),  Former Executive Chairwoman of Hispasat (Spain and International), Former President of Hisdesat; Tenured Professor of Finance at the University of Business Administration, UNED Madrid, Board of Trustees ANECA, Member of the International Consultive Board of Science, University and Society of CRUE, Vice President of Spain US Chamber of Commerce.
Baron Hervé Coppens d'Eeckenbrugge (B)	1957	2009	2013  Independent Director  Member of the Finance Committee	MA in Law from the University of Louvain-la-Neuve (Belgium), Diploma in Economics and Business, ICHEC (Belgium), group Director Petercam sa, Director of Vital Renewable Energy Company LLC (Delaware).
Mr. Yves-Thibault de Silguy (F)	1948	2010	2015  Independent director  Member of the Compensation and Nomination Committees	MA in Law from the University of Rennes, DES in public law from the Université de Paris I, graduate of the Institut d'Etudes Politiques de Paris and the Ecole Nationale d'Administration,  Vice-Chair and Lead Director of the VINCI group, Director of LVMH, Chairman of the

				Supervisory Board of Sofisport (France) and Trustee of the International Financial Reporting Standards Foundation (IFRS Foundation), Chairman of YTSeuropaconsultants.
Ms. Evelyn du Monceau (B)	1950	2010	2013  Independent director  Member of the Compensation and Nomination Committees	MA in Applied Economics from the Catholic University of Louvain,  Vice Chairwoman of the Board and Chairwoman of the Remuneration and Nomination Committee of UCB SA, Member of the Board of Directors of La Financière de Tubize SA,  Director of FBNet Belgium,  Member of the Fondation Commission Corporate Governance.  Member of the Orientation Council of NYSE Euronext Brussels.

**The Executive Committee** (as of the date of this Prospectus)

Name	Year of birth	Year of 1st appointment	Term of office ends	Diplomas and main Solvay activities
Mr. Jean-Pierre Clamadieu (F)	1958	2011	2013	Engineering degree from the Ecole des Mines (Paris), Deputy CEO until 10 May 2012 and CEO from 11 May 2012.
Mr. Karim Hajjar *	1963	2013	2015	Bsc (Hons) Economics degree (City University, London). Chartered Accountancy (ICAEW) qualification. CFO.
Mr. Jacques van Rijckevorsel (B)	1950	2000	2015	Civil Engineering degree in Mechanics (Catholic University of Louvain). Advanced studies in Chemical Engineering (Free University of Brussels), AMP Harvard, Executive Committee member in charge of the Plastics Sector.
Mr. Vincent De Cuyper (B)	1961	2006	2014	Chemical engineering degree (Catholic University of Louvain, Master in Industrial Management (Catholic University of Leuven), AMP Harvard, Executive Committee member in charge of the

				Chemicals Sector.
Mr. Roger Kearns (US)	1963	2008	2014	Bachelor of Science – Engineering Arts (Georgetown College – Georgetown), Bachelor of Science – Chemical Engineering (Georgia Institute of Technology – Atlanta), MBA (Stanford University). Executive Committee member in charge of Asia-Pacific Regional Management.
Mr. Gilles Auffret (F)	1947	2011	2014	Engineering degree from the Ecole Polytechnique, graduate of the Ecole Nationale d'Administration (ENA), the Ecole des Sciences Politiques and the Ecole Nationale de la Statistique et de l'Administration Economique (ENSAE), Executive Committee Member in charge of the Rhodia Sector.

Business address of the Management is at Solvay Headquarters, 310, rue de Ransbeek, 1120 Brussels, Belgium.

\* On 31 July 2013 Bernard de Laguiche announced his decision to end his 26-year career at Solvay including 7 years as Group Chief Financial Officer. He will however stay on at Solvay as a non-executive Board member. Karim Hajjar has been appointed as his successor. Karim Hajjar joined Solvay's Executive Committee on 1 October 2013. Before joining Solvay, Karim Hajjar, 50 and a British national, was Director of Finance and Planning at Imperial Tobacco Group Plc. In his first job, he became a partner at Grant Thornton Chartered Accountants which he joined in 1984. He moved on to Royal Dutch/Shell where between 1995 and 2004 he was amongst other things deputy CFO of Shell Chemicals. Karim Hajjar was CFO of Tarmac Group from 2005 to 2009 and its managing director until 2010.

### **Governance principles**

Governance rules are described on pages 142 to 167 of the Annual Report 2012 (available on [www.solvay.com/EN/Investors/InvestorsHome.aspx](http://www.solvay.com/EN/Investors/InvestorsHome.aspx)). This report presents the application of the Solvay Group's "Corporate Governance" rule according to the Belgian code of corporate governance.

### **Audit committee**

Information about the Audit Committee is provided on page 164 of the Report on the application of the Corporate Governance rules in the Annual Report 2012 (available on [www.solvay.com/EN/Investors/InvestorsHome.aspx](http://www.solvay.com/EN/Investors/InvestorsHome.aspx)).

## **SIGNIFICANT LITIGATION AND ARBITRATION PROCEEDINGS**

### **Important litigation**

With its variety of activities and its geographic reach, the Solvay Group is exposed to legal risks, particularly in the areas of product liability, contractual relations, antitrust laws, patent disputes, tax assessments and HSE matters. In this context litigation cannot be avoided and is sometimes necessary to defend the rights and interests of the Group.

The outcome of proceedings cannot be predicted with certainty. It is therefore possible that adverse final court decisions or arbitration awards could lead to liabilities (and expenses) that are not covered or not fully covered by provisions or insurance and could impact materially the Solvay Group's revenues and earnings.

Ongoing legal proceedings involving the Solvay Group currently considered to involve significant risks are outlined below. The legal proceedings described below do not represent an exhaustive list.

The fact that litigation proceedings are reported below is without relation to the merits of the cases. In all the cases cited below, Solvay is defending itself vigorously and believes in the merits of its defenses.

For certain cases, in accordance with the accounting rules, Solvay has created reserves/provisions to cover the financial risk and defense costs.

#### *Anti-trust proceedings*

In May 2006, the European Commission imposed fines in an aggregate amount of EUR 193 million against Solvay (including Ausimont SpA, acquired by Solvay in 2002) for alleged breaches of competition rules in the peroxygens market. Solvay is appealing the decision of the European Commission. Following appeal of the decision of the EU Commission by Solvay, the European General Court ruled that the fine should be reduced to EUR 139.5 million. Solvay has lodged an appeal to the Court of Justice to further reduce the fine. In November 2011, the EU Commission lodged a cross-appeal against the reduction of fine.

Joint civil lawsuits have been filed before the Court of Dortmund (Germany) in 2009 against Solvay and other producers based on the alleged antitrust violation, claiming damages from the producers on a joint and several basis. The value of the claims is approximately EUR 240 million (excluding interest).

In Brazil, Solvay is facing administrative claims related to alleged cartel activities in the Brazilian H<sub>2</sub>O<sub>2</sub> and perborate markets in the years 1998 to 2001. CADE (Brazilian antitrust authority) issued fines against Solvay and others in May 2012 (Solvay's share of the fines is EUR 29.6 million). Solvay has filed a claim contesting the administrative fines before the Brazilian Federal Court.

#### *HSE-related proceedings*

The French municipality of Metz has since 2001 filed several lawsuits against Solvay claiming that discharge of water containing some sodium chloride arising from the soda ash production process into the Meurthe river created additional costs (claimed to be about EUR 50 million) for distribution of potable water. Solvay complied with the operating permits delivered by the authorities throughout the period in question and vigorously contests the allegations.

In Ferrara, Italy, since 2002 criminal proceedings have been ongoing before the Criminal Court of Ferrara against four former employees of Solvay for alleged criminal conduct before 1975 in relation to two cases of former PVC workers with diseases allegedly due to exposure to VCM. The case was dismissed by the judge of first instance in the Criminal Court of Ferrara in April 2012 and several civil parties have appealed this decision. Solvay may be exposed to claims for civil liability in the event of a negative outcome of the proceedings.

In Spinetta Marengo, Italy, in October 2009, the Public Prosecutors charged several individuals (including employees and former employees of Solvay, and including Ausimont SpA) in relation to alleged criminal violations of environmental laws. Following a decision of the judge for preliminary hearing in January 2012, this case is now pending at trial level before the Assize Court of Alessandria. Solvay and Solvay Specialty Polymers Italy (formerly Solvay Solexis), a subsidiary of Solvay and legal successor of Ausimont SpA, may be exposed to claims for civil liability in case of a negative outcome of the proceedings.

In Bussi, Italy, the Public Prosecutor charged several individuals (including former employees of Ausimont SpA acquired by Solvay in 2002) in relation to alleged criminal violation of environmental laws (environmental disaster) and to alleged crimes against the public health (intentional poisoning of potable water). The risks for Solvay Specialty Polymers Italy (formerly Solvay Solexis, a subsidiary of Solvay, and legal successor of Ausimont SpA) of being exposed to claims for civil damages are very remote.

As a general note, authorities are increasingly active to ensure improved management of the soil and groundwater environmental legacy of industrial companies. As a result, Solvay is involved in environmental legal proceedings in a limited number of sites, most of them related to sites of Ausimont SpA (acquired in 2002) and concerning soil contamination or landfills.

#### *Rhodia activities*

Former Rhodia shareholders have brought proceedings against Rhodia, former board members of Rhodia, its auditors and Sanofi regarding alleged inaccuracy of information provided in connection with Rhodia's acquisition of Albright & Wilson and Chirex. A stay of proceedings was granted on 27 January 2006.

#### *Pharmaceutical activities (discontinued)*

In the context of the sale of the Pharmaceutical activities in February 2010, the contractual arrangements have defined terms and conditions for the allocation and sharing of liability arising out of the activities before the sale.

Subject to limited exceptions, Solvay's exposure for indemnifications to Abbott for liabilities arising out of sold activities shall be limited to an aggregate amount representing EUR 500 million and for limited durations.

This includes indemnification against certain potential liabilities for the U.S. hormone replacement therapy (HRT) litigation. Former users of HRT products have brought thousands of U.S. lawsuits against manufacturers of HRT products. As of 31 December 2012, Solvay had resolved substantially all of the HRT cases brought against its former affiliate.



## TAXATION

*The statements herein regarding taxation are based on the laws in force in the European Union, the Republic of France, the Kingdom of Belgium and the Grand Duchy of Luxembourg, respectively, as of the date of this Prospectus and are subject to any changes in law. The following overview does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to purchase, own or dispose of the Bonds. Each prospective holder or beneficial owner of Bonds should consult its tax advisor as to the European Union, France, Belgium or Luxembourg tax consequences of any investment in or ownership and disposition of the Bonds.*

### France

#### *Savings Directive*

The Savings Directive was implemented into French law under Article 242 ter of the French *Code général des impôts*, which imposes on paying agents based in France an obligation to report to the French tax authorities certain information with respect to interest payments made to beneficial owners domiciled in another Member State, including, among other things, the identity and address of the beneficial owner and a detailed list of the different categories of interest paid to that beneficial owner.

#### *Withholding tax*

Further to the French *loi de finances rectificative pour 2009 no. 3* (n° 2009-1674 dated 30 December 2009) as amended by the Finance Act for 2013 (*loi de finances pour 2013*) n°2012-1509 dated 29 December 2012 (the "**Law**"), payments of interest and other revenues made by the Issuer with respect to the Bonds will not be subject to the withholding tax set out under Article 125 A III of the French *Code général des impôts* unless such payments are made outside France in a non-cooperative State or territory (*Etat ou territoire non coopératif*) within the meaning of Article 238-0 A of the French *Code général des impôts* (a "**Non-Cooperative State**"). If such payments under the Bonds are made in a Non-Cooperative State, a 75% withholding tax will be applicable (subject to certain exceptions and to the more favourable provisions of an applicable double tax treaty) by virtue of Article 125 A III of the French *Code général des impôts*.

Furthermore, according to Article 238 A of the French *Code général des impôts* interest and other revenues on such Bonds will not be deductible from the Issuer's taxable income if they are paid or accrued to persons domiciled or established in a Non-Cooperative State or paid in such a Non-Cooperative State (the "**Deductibility Exclusion**"). Under certain conditions, any such non-deductible interest and other revenues may be recharacterised as constructive dividends pursuant to Article 109 of the French *Code général des impôts*, in which case such non-deductible interest and other revenues may be subject to the withholding tax set out under Article 119 bis of the French *Code général des impôts*, at a rate of 30% or 75% subject to the more favourable provisions of a tax treaty, if applicable.

Notwithstanding the foregoing, the Law provides that neither the 75% withholding tax set out under Article 125 A III of the French *Code général des impôts* nor the Deductibility Exclusion will apply in respect of the Bonds if the Issuer can prove that the principal purpose and effect of each issue of the Bonds was not that of allowing the payments of interest or other revenues to be made in a Non-Cooperative State (the "**Exception**"). Pursuant to the Bulletin Officiel des Finances Publiques-Impôts BOI-ANNX-000364-20120912 and BOI-ANNX-000366-20120912, each issue of the Bonds will benefit from the Exception without the Issuer having to provide any proof of the purpose and effect of such issue of the Bonds, if the Bonds are:

- admitted to trading on a regulated market or on a French or foreign multilateral securities trading system provided that such market or system is not located in a Non-Cooperative State, and the operation of such market is carried out by a market operator or an investment services provider, or by such other similar foreign entity, provided further that such market operator, investment services provider or entity is not located in a Non-Cooperative State; or

- admitted, at the time of their issue, to the clearing operations of a central depository or of a securities clearing and delivery and payments systems operator within the meaning of Article L.561-2 of the French *Code monétaire et financier*, or of one or more similar foreign depositories or operators provided that such depository or operator is not located in a Non-Cooperative State.

## **Luxembourg**

*The following is a general description of certain Luxembourg tax considerations relating to the Bonds. It specifically contains information on taxes on the income from the securities withheld at source. It does not purport to be a complete analysis of all tax considerations relating to the Bonds, whether in Luxembourg or elsewhere. Prospective purchasers of the Bonds should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of the Bonds and receiving payments of interest, principal and/or other amounts under the Bonds and the consequences of such actions under the tax laws of Luxembourg. This overview is based upon the law as in effect on the date of this Prospectus. The information contained within this section are limited to certain taxation issues, and prospective investors should not apply any information set out below to other areas, including (but not limited to) the legality of transactions involving the Bonds.*

### **Withholding Tax**

All payments of interest and principal made by the Issuer in the context of the holding, disposal, redemption or repurchase of the Bonds, which are not profit sharing, can be made free and clear of any withholding or deduction for or on account of any taxes of whatsoever nature imposed, levied, withheld, or assessed by Luxembourg or any political subdivision or taxing authority thereof or therein, in accordance with applicable Luxembourg laws and administrative practice, subject however to:

(i) the application of the Luxembourg laws of 21 June 2005, as amended, implementing the European Union Savings Directive (see section "*Savings Directive*" below) and ratifying several agreements concluded with certain dependent or associated territories and providing for the possible application of a withholding tax of 35 per cent. on payments of interest or similar income made or ascribed to certain non Luxembourg resident investors (individuals and certain types of entities called "residual entities" within the meaning of the Savings Directive) in the event of the Issuer appointing a paying agent in Luxembourg within the meaning of the above-mentioned directive (see section "*Savings Directive*" below) or agreements unless the beneficiary of such payment opts for one of the two information exchange procedures available. Luxembourg government officially announced on 10 April 2013 that it will no longer apply the withholding tax system as from 1st January 2015 and will provide with details of payment of interest (or similar income)(see "*Savings Directive*");

(ii) the application of the Luxembourg law of 23 December 2005 which provides for the application of a 10 per cent. withholding tax on savings income (i.e. with certain exemptions, savings income within the meaning of the Luxembourg laws of 21 June 2005 implementing the Savings Directive) paid by a Luxembourg paying agent to Luxembourg individual residents.

Pursuant to the law of 23 December 2005 as amended by the law of 17 July 2008, Luxembourg resident individuals can opt to self declare and pay a 10 per cent. levy on interest payments made or ascribed by paying agents located in a Member State of the European Union other than Luxembourg, a Member State of the European Economic Area or in a State or territory which has concluded an agreement directly relating to the Savings Directive on the taxation of savings income.

The 10 per cent. withholding tax as described above or the 10 per cent. levy are final when Luxembourg resident individuals are acting in the context of the management of their private wealth.

Responsibility for the withholding of tax in application of the above-mentioned Luxembourg laws of 21 June 2005 and 23 December 2005, as amended, is assumed by the Luxembourg paying agent within the meaning of these laws and not by the relevant Issuer.

## **Belgium**

*The following is a general description of the principal Belgian withholding tax consequences for investors receiving interest in respect of, or disposing of, the Bonds and is of a general nature. It does not purport to be a complete analysis of tax considerations relating to the Bonds whether in Belgium or elsewhere.*

### **Belgian withholding tax**

For Belgian tax purposes, the following amounts are qualified and taxable as "interest": (i) periodic interest income, (ii) amounts paid by the Issuer in excess of the issue price (whether or not on the maturity date), and (iii) in case of a realisation of the Bonds between two interest payment dates, the *pro rata* of accrued interest corresponding to the detention period.

#### *Belgian resident individuals*

Payments of interest on the Bonds made through a paying agent in Belgium will in principle be subject to a 25 per cent. withholding tax in Belgium (calculated on the interest received after deduction of any non-Belgian withholding taxes). The Belgian withholding tax constitutes the final income tax for Belgian resident individuals. This means that they do not have to declare the interest obtained on the Bonds in their personal income tax return, provided Belgian withholding tax was levied on these interest payments.

However, if the interest is paid outside Belgium without the intervention of a Belgian paying agent, the interest received (after deduction of any non-Belgian withholding tax) must be declared in the personal income tax return and will be taxed at a flat rate of 25 per cent.

Other tax rules apply to Belgian resident individuals who do not hold the Bonds as a private investment.

#### *Belgian resident companies*

Interest payments on the Bonds made through a paying agent in Belgium to Belgian corporate investors will generally be subject to Belgian withholding tax, currently at a rate of 25 per cent. However, an exemption may apply provided that certain formalities are complied with. The exemption does not apply for income on zero coupon or capitalization bonds. The Belgian withholding tax that has been levied is creditable in accordance with the applicable legal provisions.

#### *Belgian legal entities*

Payments of interest on the Bonds made through a paying agent in Belgium will in principle be subject to a 25 per cent. withholding tax in Belgium and no further tax on legal entities will be due on the interest.

However, if the interest is paid outside Belgium without the intervention of a Belgian paying agent and without the deduction of Belgian withholding tax, the legal entity itself is responsible for the declaration and payment of the 25 per cent. withholding tax.

#### *Belgian non-residents*

The interest income on the Bonds paid through a professional intermediary in Belgium will, in principle, be subject to a 25 per cent. withholding tax, unless the Noteholder is resident in a country with which Belgium has concluded a double taxation agreement and delivers the requested affidavit. If the income is not collected through a financial institution or other intermediary established in Belgium, no Belgian withholding tax is due.

Non-resident investors that do not hold the Bonds through a Belgian establishment can also obtain an exemption of Belgian withholding tax on interest from the Bonds paid through a Belgian credit institution, a Belgian stock market company or a Belgian-recognised clearing or settlement institution, provided that they deliver an affidavit from such institution or company confirming (i) that the investors are non-residents, (ii) that the Bonds are held in full ownership or in usufruct, and (iii) that the Bonds are not held for professional purposes in Belgium.

### **European Directive on taxation of savings income in the form of interest payments**

#### *Individuals not resident in Belgium*

Interest paid or collected through Belgium on the Bonds and falling under the scope of application of the Savings Directive will be subject to the Disclosure of Information Method.

#### *Individuals resident in Belgium*

An individual resident in Belgium will be subject to the provisions of the Savings Directive, if he receives interest payments from a paying agent (within the meaning of the Savings Directive) established in another EU Member State, Switzerland, Liechtenstein, Andorra, Monaco, San Marino, Curaçao, Bonaire, Saba, Sint Maarten, Sint Eustatius (formerly the Netherlands Antilles), Aruba, Guernsey, Jersey, the Isle of Man, Montserrat, the British Virgin Islands, Anguilla, the Cayman Islands or the Turks and Caicos Islands.

If the interest received by an individual resident in Belgium has been subject to a Source Tax, such Source Tax does not liberate the Belgian individual from declaring the interest income in the personal income tax declaration. The Source Tax will be credited against the personal income tax. If the Source Tax withheld exceeds the personal income tax due, the excessive amount will be reimbursed, provided it reaches a minimum of Euro 2.5.

### **Savings Directive**

On 3 June 2003, the European Council of Economics and Finance Ministers adopted Directive 2003/48/EC on the taxation of savings income in the form of interest payments (the "**Savings Directive**"). Pursuant to the Savings Directive and subject to a number of conditions being met, Member States are required, since 1 July 2005, to provide to the tax authorities of another Member State, *inter alia*, details of payments of interest within the meaning of the Savings Directive (interest, premium or other debt income) made by a paying agent located within its jurisdiction to, or for the benefit of, an individual resident in that other Member State or to certain limited types of entities called "residual entities, within the meaning of Article 4.2 of the Savings Directive (the "**Residual Entities**"), established in that other Member State (or certain dependent or associated territories) (the Disclosure of Information Method).

For these purposes, the term "paying agent" is defined widely and includes in particular any economic operator who is responsible for making interest payments, within the meaning of the Savings Directive, for the immediate benefit of individuals.

However, throughout a transitional period, certain Member States (the Grand-Duchy of Luxembourg and Austria), instead of using the Disclosure of Information Method used by other Member States, unless the relevant beneficial owner elects for one of the two procedures for information reporting (including the Disclosure of Information Method), or unless the Member State elects otherwise during this transitional period, withhold an amount on interest payments. The rate of such withholding tax currently equals 35%.

On 10 April 2013, Luxembourg officially announced that it will no longer apply the withholding tax system as from 1 January 2015 and will provide details of payment of interest (or similar income) as from this date.

A number of non-EU countries and dependent or associated territories have agreed to adopt similar measures

(transitional withholding or exchange of information) with effect since 1 July 2005.

The European Commission has proposed certain amendments to the Savings Directive which may, if implemented, amend or broaden the scope of the requirements described above.

## SUBSCRIPTION AND SALE

Pursuant to a subscription agreement (the "**Subscription Agreement**"), BNP Paribas, Credit Suisse Securities (Europe) Limited, Goldman Sachs International, HSBC Bank plc and ING Bank NV, Belgian Branch (the "**Managers**") will jointly and severally agree with the Issuer, subject to the satisfaction of certain conditions contained therein, to subscribe and pay for the (i) Perp NC-5.5 Bonds at their issue price of 100 per cent. less a combined management and underwriting commission of 0.6 per cent. of their principal amount, and (ii) Perp NC-10 Bonds at their issue price of 100 per cent. less a combined management and underwriting commission of 0.6 per cent. of their principal amount. The Subscription Agreement will entitle the Managers to terminate it in certain circumstances prior to payment being made to the Issuer.

### **General**

No action has been or will be taken by the Managers that would permit a public offering of the Bonds or possession or distribution of any offering material in relation to the Bonds in any jurisdiction where action for that purpose is required. No offers, sales or deliveries of the Bonds, or distribution of any offering material relating to the Bonds, may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws and regulations and will not impose any obligations on the Issuer or the Guarantor.

Each Manager has represented and agreed that, in making any offers or sales of Bonds or distributing any offering materials relating thereto in any country or jurisdiction, it has complied and will comply to the best of its knowledge with all applicable laws in such country or jurisdiction.

### **United States**

The Bonds have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act.

Each of the Managers has agreed that, except as permitted by the Subscription Agreement, it will not offer or sell the Bonds (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Issue date, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Bonds during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Bonds within the United States or to, for the account or benefit of, U.S. persons.

The Bonds are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S.

In addition, until 40 days after the commencement of the offering of the Bonds, an offer or sale of the Bonds within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

### **Belgium**

This Prospectus has not been submitted for approval to the Belgian Financial Services and Markets Authority, and no certificate of approval has been or is intended to be provided to the Belgian Financial Services and Markets Authority by any other competent authority in the European Economic Area in accordance with article 18 of the Prospectus Directive and, accordingly, the Bonds may not be distributed in Belgium by way of an offer of securities to the public, as defined in Article 2.1(d) of the Prospectus Directive and Article 3 §1 of the law of 16 June 2006 on public offerings of investment instruments and the admission of investment instruments to trading on regulated markets (as amended), save in those circumstances (commonly called "private placement") set out in Article 3.2 of the Prospectus Directive and Article 3 §2 of the law of 16 June 2006.

## **Republic of France**

Each of the Managers, the Issuer and the Guarantor has acknowledged that it has not offered or sold and will not offer or sell, directly or indirectly, any Bonds to the public in the Republic of France and that offers of Bonds will be made in the Republic of France only to (a) providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*) and/or (b) qualified investors (*investisseurs qualifiés*) as defined in Articles L.411-1, L.411-2 and D.411-1 of the *Code monétaire et financier*.

This Prospectus has not been admitted to the clearance procedures of the *Autorité des marchés financiers*.

Each of the Managers, the Issuer and the Guarantor have represented and agreed that it has not distributed or caused to be distributed and will not distribute or cause to be distributed in the Republic of France, the Prospectus or any other offering material relating to the Bonds other than to those investors (if any) to whom offers and sales of the Bonds in the Republic of France may be made as described above.

## **Italy**

The offering of the Bonds has not been registered with the *Commissione Nazionale per le Società e la Borsa* ("**CONSOB**") pursuant to Italian securities legislation. Each Manager has represented and agreed that any offer, sale or delivery of the Bonds or distribution of copies of this Prospectus or any other document relating to the Bonds in the Republic of Italy will be effected in accordance with all Italian securities, tax and exchange control and other applicable laws and regulation.

Any such offer, sale or delivery of the Bonds or distribution of copies of this Prospectus or any other document relating to the Bonds in the Republic of Italy must be:

- (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with Legislative Decree No. 58 of 24 February 1998, CONSOB Regulation No. 16190 of 29 October 2007 and Legislative Decree No. 385 of 1 September 1993 (in each case as amended from time to time); and
- (b) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or any other Italian authority.

## **United Kingdom**

Each of the Managers has represented and agreed that:

- (a) it has only communicated or caused to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**")) received by it in connection with the issue or sale of the Bonds in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

## GENERAL INFORMATION

1. This Prospectus is available on the website of the Luxembourg Stock Exchange, [www.bourse.lu](http://www.bourse.lu).
2. The Perp-NC5.5 Bonds have been accepted for clearance through Euroclear and Clearstream, Luxembourg with the Common Code number of 099229357. The International Securities Identification Number (ISIN) for the Perp-NC5.5 Bonds is XS0992293570. The Perp-NC10 Bonds have been accepted for clearance through Euroclear and Clearstream, Luxembourg with the Common Code number of 099229390. The International Securities Identification Number (ISIN) for the Perp-NC10 Bonds is XS0992293901.
3. The common depository for Euroclear and Clearstream, Luxembourg will be BNP Paribas Securities Services, Luxembourg Branch, the address of which is 33, rue de Gasperich, Howald – Hesperange, L-2085 Luxembourg, Luxembourg.
4. The address of Euroclear is 1, boulevard du Roi Albert II, B-1210, Brussels, Belgium and the address of Clearstream, Luxembourg is 42, avenue J F Kennedy, L-1855, Luxembourg.
5. The issue of the Bonds will, before the Issue Date, have been authorised pursuant to a decision of the *Président du Conseil d'administration* and *Directeur Général* of the Issuer acting pursuant to a resolution of the *Conseil d'administration* of the Issuer dated 21 October 2013.
6. The giving of the Subordinated Guarantee in respect of the issue of the Bonds has been authorised pursuant to a resolution of the *Conseil d'administration* of the Guarantor dated 30 September 2013.
7. The yield of the Perp-NC5.5 Bonds to the First Call Date, as calculated as at the Issue Date on the basis of the issue price of the Perp-NC5.5 Bonds, is 4.203 per cent. per annum. It is not an indication of future yield.
8. The yield of the Perp-NC10 Bonds to the First Call Date, as calculated as at the Issue Date on the basis of the issue price of the Perp-NC10 Bonds, is 5.425 per cent. per annum. It is not an indication of future yield.
9. Except as disclosed on page 74 in this Prospectus, there has been no significant change in the financial or trading position of the Issuer or the Guarantor since 30 September 2013.
10. There has been no material adverse change in the prospects of the Issuer or the Guarantor since 31 December 2012.
11. Except as disclosed on pages 94-96 in this Prospectus, neither the Issuer nor the Guarantor is or has been involved in any governmental litigation or arbitration proceedings (including such proceedings which are pending or threatened of which the Issuer or the Guarantor is aware) during the last 12 months preceding the date of this Prospectus which may have or have had in the recent past a significant effect on the financial position or profitability of the Issuer and/or the Guarantor.
12. The Issuer publishes audited annual non-consolidated accounts. The audited annual non-consolidated accounts of Solvay Finance will be available at the latest within 6 months from the end of the relevant financial year, in accordance with French law.
13. The Guarantor publishes (i) audited annual consolidated and non-consolidated accounts, (ii) semi-annual consolidated accounts and (iii) quarterly consolidated accounts. The Issuer's statutory auditors carry out a limited review of such semi-annual and quarterly consolidated accounts. The Issuer does not currently publish semi-annual or quarterly non-consolidated accounts.
14. So long as any of the Bonds are outstanding, the following documents will be available during usual business hours on any weekday (except Saturdays, Sundays and public holidays) for inspection and, in the case of documents listed at (i), (ii), (iii) and (iv) collection free of charge, at the specified office of each the Paying Agents:



- (i) the Agency Agreement;
- (ii) this Prospectus;
- (iii) the Subordinated Guarantee;
- (iv) the Deed of Covenant;
- (v) the audited unconsolidated annual financial statements of the Issuer and the annual reports of the Guarantor for the two previous financial years. As at the date of this Prospectus, the annual reports of the Guarantor and the audited unconsolidated annual financial statements of the Issuer which are available are those for 2011 and 2012;
- (vi) the Issuer Half Year Report and the Guarantor Interim Report;
- (vii) the documents incorporated by reference herein; and
- (viii) the *statuts* of the Issuer and the Guarantor.

In addition, the documents referred to in (ii), (v) and (vi) will be published on the website of the Luxembourg Stock Exchange, [www.bourse.lu](http://www.bourse.lu).

- 15. The Bonds and any Coupons and Talons appertaining thereto will bear a legend to the following effect: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code." The sections referred to in such legend provide that a United States person who holds a Bond, Coupon or Talon will generally not be allowed to deduct any loss realised on the sale, exchange or redemption of such Bond, Coupon or Talon and any gain (which might otherwise be characterised as capital gain) recognised on such sale, exchange or redemption will be treated as ordinary income.
- 16. To the knowledge of the Issuer, there is no conflicting interest or any potential conflicts of interest between any duties to the Issuer owed by the persons involved in the offer of the Bonds, the members of its administrative, management and supervisory bodies and their private and other duties.
- 17. To the knowledge of the Guarantor, there is no conflicting interest or any potential conflicts of interest between any duties to the Guarantor owed by the persons involved in the offer of the Bonds, the members of its administrative, management and supervisory bodies and their private and other duties.
- 18. Except as disclosed on page 76 in this Prospectus, there are no material contracts for the Issuer and the Guarantor that are not entered into in the ordinary course of the Issuer or Guarantor's business, which could result in any Group member being under an obligation or entitlement that is material to the Issuer's or the Guarantor's ability to meet its obligations to Bondholders.
- 19. **Auditors**

The auditors of the Issuer and of the Guarantor are as follows:

Solvay Finance:

Deloitte & Associés  
Immeuble « Park Avenue »  
81 Boulevard de Stalingrad  
BP 81284  
69608 Villeurbanne Centre  
France

Solvay SA:

Deloitte Bedrijfsrevisoren / Reviseurs d'Entreprises

Berkenlaan 8b

1831 Diegem

Belgium

Deloitte & Associés have audited the Issuer's accounts for the years ended 31 December 2011 and 2012, without qualification, in accordance with generally accepted auditing standards in France. Deloitte & Associés are a member of the *Compagnie Régionale des Commissaires aux Comptes de Versailles*.

Deloitte Bedrijfsrevisoren / Reviseurs d'Entreprises have audited the Guarantor's accounts for the years ended 31 December 2011 and 2012, without qualification, in accordance with generally accepted auditing standards in Belgium. Deloitte Bedrijfsrevisoren / Reviseurs d'Entreprises are a member of l'Institut des Reviseurs d'Entreprises.

**REGISTERED OFFICE OF THE ISSUER**

**Solvay Finance**  
25 rue de Clichy  
75009 Paris  
France

**REGISTERED OFFICE OF THE GUARANTOR**

**Solvay SA**  
Rue du Ransbeek, 310  
B-1120 Brussels  
Belgium

**SOLE STRUCTURING ADVISER, SOLE GLOBAL COORDINATOR AND JOINT BOOKRUNNER**

**HSBC Bank plc**  
8 Canada Square  
London E14 5HQ  
United Kingdom

**JOINT BOOKRUNNERS**

**BNP Paribas**  
10 Harewood Avenue  
NW1 6AA London  
United Kingdom

**Credit Suisse Securities (Europe) Limited**  
One Cabot Square  
London E14 4QJ  
United Kingdom

**Goldman Sachs International**  
Peterborough Court  
133 Fleet Street  
London EC4A 2BB  
United Kingdom

**HSBC Bank plc**  
8 Canada Square  
London E14 5HQ  
United Kingdom

**ING Bank NV, Belgian Branch**

24 Avenue Marnix  
1000 Brussels  
Belgium

**FISCAL AGENT AND PRINCIPAL PAYING AGENT**

**BNP Paribas Securities Services, Luxembourg Branch**

33, rue de Gasperich  
Howald – Hesperange  
L-2085 Luxembourg  
Luxembourg

**CALCULATION AGENT**

**BNP Paribas Securities Services, Luxembourg Branch**

33, rue de Gasperich  
Howald – Hesperange  
L-2085 Luxembourg  
Luxembourg

**LISTING AGENT IN LUXEMBOURG**

**BNP Paribas Securities Services, Luxembourg Branch**

33, rue de Gasperich  
Howald – Hesperange  
L-2085 Luxembourg  
Luxembourg

**AUDITORS OF THE GUARANTOR**

**Deloitte Bedrijfsrevisoren / Reviseurs d'Entreprises**

Berkenlaan 8  
B-1831 Diegem  
Belgium

**LEGAL ADVISERS**

***To the Issuer***

*(as to Belgian law)*

**Freshfields Bruckhaus Deringer LLP**

5, place du Champs de Mars  
B-1050 Brussels  
Belgium

***To the Managers***

*(as to Belgian law)*

**Clifford Chance LLP**

65, avenue Louise  
B-1050 Brussels  
Belgium

***To the Issuer***

*(as to French law)*

**Freshfields Bruckhaus Deringer LLP**

2 rue Paul Cézanne  
75008 Paris  
France

***To the Managers***

*(as to English and French law)*

**Clifford Chance Europe LLP**

9 Place Vendôme  
CS50018  
75038 Paris Cedex 01  
France