

shareholder NEWSLETTER



Thierry Le Hénaff
Chairman and Chief Executive Officer

KEY FIGURES

(2007 data)

€5.7 bn sales

Almost 15,200 employees

Present in 40 countries

80 production sites

1,400 researchers

6 R&D centers

Almost 3% of revenue allocated to R&D

€300 m/year capital expenditure on average

3 business segments:

- Vinyl Products
- Industrial Chemicals
- Performance Products

DEAR SHAREHOLDERS,

The first half of the year marked a new key phase in Arkema's development with the payment of its first dividend and the ongoing improvement of its results in a more challenging environment.

Arkema's growth continued to rise sharply in the first half of the year, demonstrating our ability to forge ahead against a backdrop of surging raw material costs and the dollar's ongoing weakness vs the euro. Net income doubled, and operating margin reached 10.6%, sustained by the 14% margins reported by the Industrial Chemicals and Performance Products segments, these being closer to the best players in the sector. Arkema's very strong performance illustrates the major improvement in our competitiveness as well as the benefits reaped from our latest growth projects and from the integration of the company Coatex acquired at the end of 2007.

I would like to thank you for attending our Annual General Meeting in such large numbers on May 20 this year, a milestone in the Company's year. At this meeting, we presented to you the high standards of our R&D and our capacity for innovation, both significant engines of our future growth. Our Performance materials are already playing their part in the development of new sources of energy such as photovoltaics, and our experience in bio-based chemistry was recently rewarded with the 2008 Pierre Potier Top Prize for the development of new high performance polymers based on renewable raw materials. Several other projects are making swift progress, in particular in nanostructured materials and in applications of supramolecular chemistry.

On the strength of its projects, the progress already in hand, and its results, Arkema is now a more efficient and a more innovative group, and so we are convinced of its long-term growth potential.

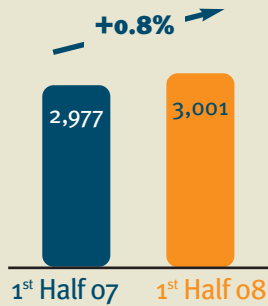
Thank you for your confidence in our Company.

Thierry Le Hénaff
Chairman and Chief Executive Officer

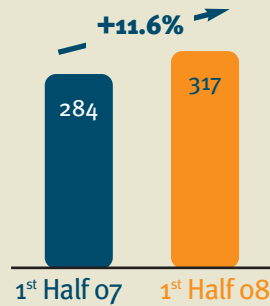


2008 Half-Year Results

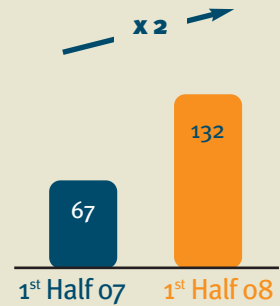
Sales
(in millions of euros)



EBITDA*
(in millions of euros)



Net income
(in millions of euros)



- **6.3%** organic growth in sales at constant exchange rate and scope of business
- **14%** EBITDA margin for Industrial Chemicals and Performance Products segments
- Net income multiplied by **2**
- **10%** EBITDA margin target for 2008

Sales

in the 1st half 2008 rose by 0.8% to €3,001 m. Given constant exchange rate and scope of business, this increase in sales equates to +6.3%, sustained primarily by increases in average sales prices.

EBITDA margin

increased to 10.6% of sales, from 9.5% in the same period in 2007. Margins for the Industrial Chemicals and Performance Products segments reached 14%. The 10% EBITDA margin target for 2008 is on course.

Cash flow

from operations and excluding change in working capital reached €207 m against €171 m in the 1st half 2007. The change in working capital stood at -€128 m, reflecting the usual seasonality of sales.

Net income (Group share)

doubled to €132 m in the first half 2008 from €67 m.

EBITDA*

was up 11.6% to €317 m against €284 m in the 1st half 2007. The contribution of new products and productivity measures, in line with the targeted €80 m EBITDA improvement announced for 2008, contributed to this rise, in a more challenging economic environment.

Net debt

stood at €592 m, after the dividend payment totaling €46 m. The ratio of net debt over shareholders' equity stood at 30%.

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

The Life of the Group

Focus on May 20 2008 Annual General Meeting



The Annual General Meeting on May 20 2008 was attended by over 650 shareholders and 62% voting rights. At the Meeting Thierry Le Hénaff presented a review of 2007, a year teeming with new projects paving the way for the future. Thierry Lemonnier, Arkema Chief Financial Officer, reviewed the significant improvement in the Company's financial performance in 2007, in excess of the stated objectives. Christian Colette, Research and Development Vice President, illustrated the growth opportunities, including the development of innovative materials in photovoltaics, in nanostructured materials, and in products developed from renewable raw materials. In terms of outlook, Thierry Le Hénaff confirmed the 12% EBITDA target margin by 2010. He stressed Arkema's growth potential over

the long term, concluding with the commitment of its personnel to keep on transforming the Group into a competitive chemical producer creating significant value. Before the 19 resolutions were adopted, Thierry Le Hénaff replied to the questions raised by the shareholders, a brief extract of which is given below.

How do you intend passing on the very sharp rise in raw material costs? Do you hedge for oil prices?

We have in fact been witnessing significant increases in raw material prices. In 2007 and in the 1st quarter 2008, these were offset overall by increases in average sales prices. We have no cover on petrol prices as we are not direct consumers of oil, but only oil derivatives.

You mentioned the importance of R&D. However, in 2007, the budget was slightly down on 2006. Is there a particular reason for this?

Part of our R&D takes place in the United States, and so there is an impact from currency variations, as indeed one dollar now is worth less compared to the euro. We have maintained



May 20 2008
Annual General Meeting

our budget over the last few years and have worked on the quality of our projects. Meanwhile our R&D shows real genuine progress, e.g. 19% of our Performance Products sales is now generated from products developed in the last five years, against 13% previously. Finally, we may have fewer projects, but we invest more into each of them, which makes them more cost-effective.

Who are your competitors?

Our competitors are very different from one segment to another. In Vinyl Products, we have Solvay, Ineos, Vinolit, Vestolit and Shin-Etsu. In Industrial Chemicals, our peers vary depending on the product line: BASF, Rohm & Haas and Dow Chemicals for acrylics, and for hydrogen peroxide, Solvay, Akzo and Evonik, for example. In Performance Products, we have Solvay and EMS, among others. Our peers in our main businesses are therefore majors from the world's chemical sector.

Focus

Distribution of first dividend of €0.75 per share

In terms of dividend, do you have an objective you want to keep to in the next few years?

Let me remind you first of all that we kept our word when in 2008 we paid out our first dividend for 2007. This dividend of €0.75 per share gives you the opportunity to share in the improvement in

Arkema's results, the fruit of its in-depth transformation, and reflects our confidence in Arkema's capacity to create value over the long term. In the future, our plans are to maintain the payment of a dividend, and its amount will be determined by the progress in the Group's results.



Shareholders' Diary

Quality and Transparency Prize

In June this year Arkema was awarded the 2nd prize in the "Quality and transparency of information and communication" category of Agefi's 2008 Corporate Governance Grand Prix. This prize rewards in particular the wealth, quality and accessibility of Arkema's financial information together with the responsiveness and availability of its management.



you wish to receive any of these publications, as well as the Pure Share Registration leaflet, the Shareholders Newsletter, or the Shareholders Club program.

New program for Arkema Shareholders Club

By joining the Shareholders Club, you will have the opportunity to visit, in the 2nd half of the year, the Serquigny R&D Center (NW France) or the Fos plant (S France), and to receive first-aid training.



Arkema Quiz at Actionaria 2008 show

For the 3rd year in a row, Arkema will be pleased to welcome you to its stand at the Actionaria show on November 21 and 22 at the Palais des Congrès in Paris. Want to test your knowledge of innovation or sustainable development? Interactive quizzes will be offered to every visitor at various times during both days. Many gifts will be handed out after each quiz.

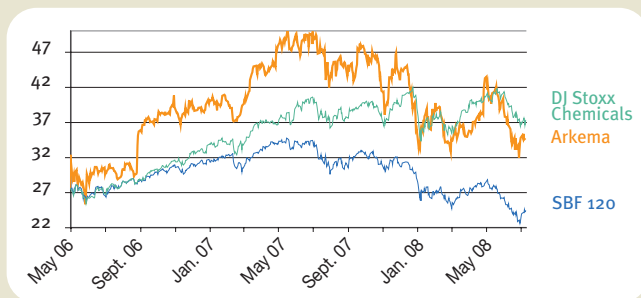
Information documents

We would remind you that the 2007 Reference Document, Annual and Sustainable Development Report, and Corporate brochure are all available. Please let us know if



Tour of the Balan plant June 16 2008 – Shareholders Club

Share performance since spin-off: +25%*



* Prices at July 25 2008.

- Spin-off: May 18 2006
- ISIN: FR0010313833
- Market capitalization: €2.1 bn
- Number of shares: 61,213,390
- Indices:
 - SBF 120
 - CAC MID 100
 - DJ Stoxx Chemicals

Financial calendar

October 20 2008
Meeting with Individual Shareholders in Bordeaux

November 13 2008
3rd quarter 2008 results

November 21-22 2008
Actionaria show in Paris

November 21 2008
at 11.20 am
Thierry Le Hénaff attends Agora des Présidents

December 4 2008
Meeting with Individual Shareholders in Marseille

June 15 2009
Annual General Meeting

Individual Shareholder Relations

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