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**SOLVAY Société Anonyme**  
**Corporate Headquarters: 310 rue de Ransbeek at 1120 Brussels**  
**Brussels, RPM 403.091.220**

## **EXPLANATORY NOTE**

### **GENERAL SHAREHOLDERS' MEETING ON TUESDAY MAY 10, 2016**

This note was drawn up in application of article 533bis, §2, d) of the Companies Code and contains explanations on each item listed on the agenda for the General Shareholders' Meeting.

For more information on the General Shareholders' Meeting and the applicable procedures, we refer you to the text of the convening notice which can be found on Solvay's internet site.

1. Management Report on operations for 2015 including the Declaration of Corporate Governance and External Auditor's Report.

The Board of Directors drew up a management report on operations for the year 2015 – including the Declaration of Corporate Governance --, in which all legally required elements are addressed. The External Auditor has submitted his report without reservation.

The documents are available on the Solvay SA internet site. They were given to the registered shareholders and are also available on request.

This item is for discussion only and does not require adoption of a motion.

2. Approval of the Compensation Report.

It is proposed to approve the compensation report found in chapter 6 of the Declaration of Corporate Governance.

The Code of Companies requires that the General Shareholders' Meeting approve the compensation report each year by a separate vote. This report describes, among other things, the compensation policy for Board members and members of the Executive Committee and provides information regarding their compensation.

3. Consolidated accounts from 2015 – External Audit Report on the consolidated accounts

The consolidated accounts from 2015 were verified and approved by the Board of Directors. The External Auditor has submitted his report without reservation.

The documents are available on the Solvay internet site. They were given to the registered shareholders and are also available on request.

This item is for discussion only and does not require adoption of a motion.

#### 4. Approval of annual accounts from 2015 – Allocation of earnings and setting of dividend.

It is proposed to approve the annual accounts as well as the distribution of earnings for the year and to set the gross dividend per entirely liberated share at 3.30 EUR, or 2.41 EUR net. After deduction of the prepayment of 1.36 EUR gross paid on January 21, 2016, the balance of the dividend will amount to 1.94 EUR gross, or 1.42 EUR net per share, payable as of May 17, 2016.

A copy of the annual accounts is available on the Solvay internet site. They were given to the registered shareholders and are also available on request.

The Code of Companies requires that the General Shareholders' Meeting approve by a separate vote each year the annual accounts as well as distribution of earnings and setting of the dividend.

#### 5. Discharge of liability to be given to Board members and to the External Auditor for operations for the year 2015.

It is proposed to discharge the liability of the Board members and to the External Auditor working in 2015 for the operations relating to this fiscal year.

In conformance with the Companies Code, the General Shareholders' Meeting must, after approval of the annual accounts, approve by special vote the discharge of liability for the Board members and for the External Auditor.

#### 6. Board of Directors: Term Renewal

##### a) The term of Mr. Jean-Marie Solvay will expire at the end of this General Shareholders' Meeting.

It is proposed to reelect Mr. Jean-Marie Solvay for a four-year term as Board member. His term will expire at the end of the General Shareholders' Meeting in May 2020.

Taking into consideration the advice of the Nominations Committee, the Board of Directors recommends adoption of this resolution by the General Shareholders' Meeting.

For more information regarding Mr. Jean-Marie Solvay, we refer shareholders to chapter four of the Declaration of Corporate Governance.

#### 7. External Auditor.

##### a) Term renewal of the External Auditor

The External Auditor's appointment will expire at the end of this Meeting.

It is proposed to renew the term of Deloitte Réviseurs d'Entreprises, Société Civile sous forme de SCRL, whose headquarters is located at 1831 Diegem, Berkenlaan 8b, as External Auditor for the company for a period of three years. The appointment of External Auditor will end at the close of the General Shareholders' Meeting in May 2019. During this period, Deloitte Belgium will be represented by Mr. Michel Denayer.

If for any reason the representative of Deloitte Belgium would not be able to fulfill his duties, Deloitte Belgium would be represented by Mrs Corine Magnin.

##### b) Setting auditors' fees

It is proposed that the meeting approve the annual fees for the Solvay SA External Auditor, that include an audit of the statutory accounts as well as an audit of the Group consolidation, at 1.146.000 EUR.

8. Approval of the change of control provisions relating to the December 2015 Euro-denominated senior and hybrid bonds and the USD-denominated senior notes issued to finance the acquisition of Cytec and the general corporate purposes of the Solvay group.

In order to finance the Cytec acquisition and the general corporate purposes of the Solvay group, Solvay has (i) issued EUR 2.25 billion senior bonds on 2 December 2015, (ii) irrevocably guaranteed on a subordinated basis EUR 1 billion hybrid bonds issued on 2 December 2015 by Solvay Finance S.A. and (iii) fully and unconditionally guaranteed US\$ 1.6 billion senior notes issued on 3 December 2015 by Solvay Finance (America) LLC. All of the euro-denominated senior and hybrid bonds and the US\$-denominated senior notes are listed and admitted to trading on the regulated market of the Luxembourg Stock Exchange.

The terms and conditions governing such debt instruments include typical provisions that come into effect subject to the double condition of a change of control over Solvay SA and where such change of control is accompanied by a downgrade of the credit rating of the long-term debt of Solvay below investment grade. This is for example the right of a holder to request the early redemption of its bonds/notes.

These change of control provisions are in accordance with market practice and are necessary to place these debt instruments with the investors.

In light of the shareholding structure of Solvay and, more specifically, the role of Solvac SA as an important shareholder with a long-term perspective, the occurrence of a change of control over Solvay is a rather theoretical scenario.

Belgian company law (Article 556) requires that companies submit the abovementioned change of control provisions to the shareholders' approval. In practice, such approval is sought at the first shareholders' meeting after the issuance and placement of the debt instruments, as is done now.

The EUR 2.25 billion senior bonds issue is split across a first series of EUR 1,000,000,000 bonds due 1 December 2017, having a floating rate quarterly coupon equalling the prevailing 3-month EURIBOR plus 82 basis points, a second series of EUR 750,000,000 bonds due 2 December 2022, having a fixed rate annual coupon of 1.625 per cent. and a third series of EUR 500,000,000 bonds due 2 December 2027, having a fixed rate annual coupon of 2.750 per cent.

The terms and conditions applicable to these bonds grant each bondholder the right to request the redemption of all or part of its bonds at the relevant put redemption amount determined by the calculation agent, upon the occurrence of a change of control over Solvay where the same is accompanied by a downgrade of Solvay's long term debt to sub-investment grade.

The EUR 1 billion hybrid bonds issue is split across a first series of EUR 500,000,000 undated deeply subordinated fixed to reset rate Perp-NC5.5 bonds, having a first redemption option date in June 2021 and a coupon of 5.118 per cent. until this date, with a reset every 5 years thereafter, and a second series of EUR 500,000,000 undated deeply subordinated fixed to reset rate Perp-NC8.5 bonds having a first redemption option date in June 2024 and a coupon of 5.869 per cent. until this date, with a reset every 5 years thereafter.

The terms and conditions applicable to these bonds (i) grant Solvay Finance S.A. the right to redeem all of the bonds at 100% of their principal amount together with any accrued but unpaid interest and (ii) provide for an increase of the prevailing interest rate by an additional margin of 5 per cent. per annum in case Solvay Finance S.A. decides not to redeem the bonds, in each case following the occurrence of a change of control over Solvay where the same is accompanied by a downgrade of Solvay's long term debt to sub-investment grade.

The US\$ 1.6 billion senior notes issue is split across a first series of US\$ 800,000,000 notes due December 2020, having a fixed rate semi-annual coupon of 3.40 per cent. and a second series of US\$ 800,000,000 notes due December 2025, having a fixed rate semi-annual coupon of 4.45 per cent.

The terms and conditions applicable to these notes grant each noteholder the right to request the redemption of all or part of its notes at an amount equal to 101% of the principal amount

thereof plus any accrued and unpaid interest, upon the occurrence of a change of control over Solvay where the same is accompanied by a downgrade of Solvay's long term debt to sub-investment grade.

Pursuant to article 556 of the Belgian Companies Code, the provisions referred to above relating to a change of control over Solvay will not be effective unless they are approved by the shareholders' meeting of Solvay (and such approval is filed with the clerk of the commercial court of Brussels).

The Board unanimously recommends that the shareholders approve this proposal.

9. Miscellaneous.