

Press Release

RHODIA LAUNCHES A NEW EMPLOYEE SHAREHOLDING PLAN

Paris, June 7, 2010 ----- Rhodia is announcing the launch of a new employee shareholding plan. Pursuant to the authorization of the Combined General Shareholders' Meeting on April 28, 2010, Rhodia will conduct a share capital increase through the issuance of up to a maximum of three million new shares.

"2010 marks the beginning of a new era for Rhodia: a period of profitable and responsible growth. We wanted to allow our employees to be collectively associated with this ambition and with the Group's future success. This is why we are launching today a new share offer exclusively reserved for them", explains Yolène Coppin, Group Executive Vice-President, Human Resources.

The reservation period will be open from June 7th to June 25th, 2010 (inclusive) and the revocation period will take place from July 30th to August 3rd, 2010 (inclusive). The subscription price will be set on July 30, 2010. The settlement-delivery of the shares is expected to occur on August 17, 2010.

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

For more information, please visit our website www.rhodia.com/

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ISSUER

RHODIA (hereinafter the «Company»)
Compartment A – NYSE Euronext Paris (France)
Common share ISIN code: FR0010479956

PURPOSE OF THE OFFERING – REASONS FOR THE OFFERING

Pursuant to the authorization granted by the Combined General Shareholders' Meeting on April 28, 2010 (in its fourteenth resolution), Rhodia's Board of Directors decided at its meeting on April 28, 2010 to issue shares reserved for employees under the framework of article L. 225-138-1 of the French Commercial Code (*Code de commerce*) and articles L. 3332-1 et seq. of the French Labor Code (*Code du travail*).

This offering of shares will be made to all of the eligible Group employees located in Germany, Brazil, China, South Korea, France, Spain, the USA, India, Italy, Japan, Poland, the UK, and Singapore who are members of the Group Savings Plan, subject to approvals and the completion of legal and/or regulatory requirements in some of these countries.

The shares will either be subscribed to directly or through an FCPE (employee shareholding vehicle governed by French law), in accordance with applicable regulatory and/or fiscal legislation in the various countries in the perimeter of the offering.

The objective of this transaction is to strengthen Rhodia's relationship with its employees by offering them the possibility of being more closely associated with the Group's future performances.

FRAMEWORK OF THE OFFERING – OFFERED SECURITIES

The shareholders of the Company, during the Combined Shareholders' Meeting of April 28, 2010, authorized the Board of Directors to increase the share capital of the Company up to a maximum amount of three million shares through the issuance of new Company shares reserved for employees who are members of the Company's savings plan and for French and foreign companies affiliated with it pursuant to Article L. 225-180 of the French Code of Commerce and Article L. 3344-1 of the French Labor Code.

In accordance with this authorization, on April 28, 2010, the Board of Directors decided on the principle of an issuance of common shares for the benefit of employee members of the Group Savings Plan at a subscription price determined according to the provisions of article L. 3332-19 of the French Labor Code and including a 15% discount in relation to the Reference Price (see below).

The Chairman and Chief Executive Officer, acting on delegation of the Board of Directors, will decide on the final terms and conditions of the offering, expected to occur July 30, 2010, including that the subscription price of the new shares will be equal to 85% of the Reference Price.

The Reference Price will be declared by the Chairman and Chief Executive Officer and will be equal to the average of the opening share price of Rhodia on NYSE Euronext (Paris) during the twenty (20) trading days preceding the date of his decision finalizing the terms and conditions of the offering expected to occur on July 30, 2010

The maximum number of Rhodia shares that may be issued within the framework of this offering amounts to 3,000,000.

The new shares will be entirely assimilated to existing common shares comprising Rhodia's share capital and will give right to the payment of dividends as from January 1, 2010.

CONDITIONS OF THE SUBSCRIPTION

- **Beneficiaries of the share offering reserved for employees:** the beneficiaries of the offering are employees of companies in the offering perimeter that are members of the Group Savings Plan, regardless of the nature of their employment contract (fixed or indefinite term length, full or part time employment) and that are able to justify a two-month seniority within the Group by the end of the revocation period, at the latest. Pre-retirees and retirees of the Group's companies located in France who became members of the Group Savings Plan before the termination of their employment may participate in the offering subject to having held assets in the Group Savings Plan since their early retirement or retirement.
- **Companies in the offering perimeter:**
 - Rhodia with a share capital of 101,495,997 Euros with its registered office located at Immeuble Cœur Défense - Tour A - 110 Esplanade Charles de Gaulle 92400 Courbevoie, France and
 - Companies of the Rhodia Group in which Rhodia holds, directly or indirectly, more than 50% of the share capital and that have joined the Group Savings Plan with registered offices located in Germany, Brazil, China, South Korea, France, Spain, the USA, India, Italy, Japan, Poland, the UK, and Singapore.
- **Preferential subscription right:** This offering does not include a preferential subscription right.
- **Terms and conditions of the subscription:** the shares will either be subscribed to directly or through an FCPE, in accordance with applicable regulatory and/or fiscal legislation in the various countries of residence of the capital increase beneficiaries. The employees will be able to subscribe to Rhodia shares within the framework of a "classic" formula and/or through a guaranteed formula including a leverage component which allows the employee to benefit from a guarantee on their investment made into this offering. In certain countries, employees will received from their employer a stock appreciation right, the amount of which will be indexed by applying a comparable formula to the one offered in leveraged plan.
- **Voting rights:** when shares are subscribed to and held via the intermediary of an FCPE, voting rights on these shares will be exercised by the relevant FCPE Supervisory Board; when shares are subscribed to directly by employees, voting rights will be exercised individually by the employees.
- **Subscription threshold:** the beneficiaries' annual payments made in the Group Savings Plan shall not exceed, in accordance with article L.3332-10 of the French Labor Code, one-fourth of their gross annual remuneration in 2010.
- **Lock-up period applicable to the Rhodia shares or to the corresponding FCPE units:** the subscribers shall hold either the shares subscribed to directly, or the corresponding units of the FCPEs, during a five year period, except in the occurrence of an early exit event.

INDICATIVE TIMELINE OF THE OFFERING

- Reservation period for the beneficiaries: from June 7, 2010 (inclusive) to June 25, 2010 (inclusive).
- Determination and disclosure of the subscription price: July 30, 2010
- Revocation period: from July 30, 2010 (inclusive) to August 3, 2010 (inclusive).
- Settlement-delivery of the shares under the offering: expected to occur on August 17, 2010.

These dates are provided for information purposes only and are subject to change. They will be finalized by an upcoming decision of the Chairman and Chief Executive Officer.

LISTING

The listing of the newly-issued Rhodia shares to trading on NYSE Euronext (Paris) (ISIN code: FR0010479956), such as the listing of existing shares, will be requested as soon as possible following the completion of the capital increase scheduled to take place on August 17, 2010.

HEDGING TRANSACTIONS

The implementation of the leveraged formula is likely to generate hedging transactions conducted by the financial institution that is counterparty to the swap agreement, particularly as from the date on which the period of determination of the Reference Price will start, i.e., July 2, 2010, and throughout the entire duration of the transaction.

SPECIAL NOTE REGARDING THE INTERNATIONAL OFFERING

This press release does not constitute an offer to sell or a solicitation of offers to subscribe to Rhodia shares. The offering of Rhodia shares reserved for employees will be conducted only in countries where such an offering has been registered with the competent local authorities and/or following the approval of a prospectus by the competent local authorities or in consideration of an exemption of the requirement to prepare a prospectus or register the offering.

More generally, the offering will only be conducted in countries where all required filing procedures and/or notifications have been completed and the required authorizations have been obtained.

EMPLOYEE CONTACT

The beneficiaries may address all questions regarding this offering to their Human Resources contact person and/or to any other person specified in the documentation remitted to employees.

The present document constitutes the information document required by Article 212-4 5° of the AMF General Regulations and Article 14 of AMF circular n° 2005-11 dated December 13, 2005.